



If calling, please ask for Democratic Services

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## Finance, Risk and Assurance Committee

Tuesday 17 October 2023, 9.30am

Taumata Kōrero, Council Chamber, Greater Wellington Regional Council,  
100 Cuba Street, Te Aro, Wellington

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*Quorum: Three Members*

### Members

#### Independent Chair

Martin Matthews (Chair)

#### Councillors

David Bassett (Deputy Chair)

Chris Kirk Burnnand

Yadana Saw

Ros Connelly

Hikitia Ropata

Simon Woolf

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

## **Finance, Risk and Assurance Committee**

### **1 Purpose**

Oversee, review, and report on Greater Wellington's discharge of its responsibilities in the areas of financial management; risk management; statutory reporting; internal and external audit and assurance; and monitoring of compliance with laws and regulations (including health and safety).

### **2 Specific responsibilities**

- 2.1 Apply Council's Te Tiriti o Waitangi principles when conducting the Committee's business and making decisions.
- 2.2 Review and monitor performance under Council's Financial Strategy (adopted under section 101A of the Local Government Act 2002).
- 2.3 Review the effectiveness of Greater Wellington's financial management and performance, including proposed changes, with a particular focus on the effectiveness of Greater Wellington's:
  - a Financial management policies and frameworks for, and the robustness of, the organisation's financial performance
  - b Accounting policies and principles.
- 2.4 Review the effectiveness of Greater Wellington's risk management process, including overseeing changes to the risk management policy and approach, with a particular focus on:
  - a Providing guidance to Council on the appetite for risk
  - b Whether Greater Wellington is taking effective action to mitigate significant risks, including cyber security and climate change.
- 2.5 Review Greater Wellington's systems to manage legislative compliance (including health and safety), significant projects, and work programmes.
- 2.6 Review and monitor Greater Wellington's compliance with regulatory requirements.
- 2.7 Review Greater Wellington's health, safety and wellbeing management system to obtain assurance that the organisation is identifying and managing risks in accordance with the Health and Safety at Work Act 2015.
- 2.8 Approve the internal assurance programme, review the results of internal assurance work, and review the effectiveness of actions to address audit recommendations from Greater Wellington's internal auditors.
- 2.9 Receive, at the start of each external audit, the terms of engagement with the external auditor, including the nature and scope of the audit, timetable and fees.
- 2.10 Review any external audit reports and Greater Wellington's actions on significant issues and audit recommendations raised in these reports.
- 2.11 Review annually the appropriateness of Council's insurance.

- 2.12 Recommend to Council changes to improve the effectiveness of Greater Wellington's policies and frameworks for financial management, assurance, and risk management.
- 2.13 Review:
- a The draft Annual Report to ensure it complies with statutory requirements and provides a sound basis for the public accountability of Council's and Greater Wellington's performance and position for each financial year
  - b Any proposed formal announcements relating to Council's financial performance.
- 2.14 Recommend the Annual Report for adoption by Council.

### **3 Delegations**

The Committee has the authority to approve:

- a The internal assurance programme; in particular, whether Greater Wellington's approach to maintaining an effective internal control framework is sound and effective
- b Submissions to external organisations on matters pertaining directly to the Committee's purpose.

### **4 Members and Chair**

- 4.1 Six Councillors.
- 4.2 One external member, appointed by Council, who has the necessary independence, expertise, and knowledge of local government relevant to the Committee's purpose and responsibilities.
- 4.3 Where Council appoints the external member under section 4.2, Council shall also appoint that member as the Chair.

### **5 Quorum**

Three Committee members.

## Finance, Risk and Assurance Committee

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Tuesday 17 October 2023, 9.30am

Taumata Kōrero, Council Chamber, Greater Wellington Regional Council,  
100 Cuba Street, Te Aro, Wellington

<b>No.</b>	<b>Item</b>	<b>Report</b>	<b>Page</b>
1.	Apologies		
2.	Conflict of interest declarations		
3.	Public participation		
4.	<a href="#">Confirmation of Public minutes of the Finance, Risk and Assurance Committee meeting on 15 August 2023</a>	23.395	5
5.	<a href="#">Confirmation of Public Excluded minutes of the Finance, Risk and Assurance Committee meeting on 15 August 2023</a>	PE23.396	10
6.	<a href="#">Draft 2022/23 Annual Report</a>	23.529	12
7.	<a href="#">Adoption of Public Benefit Entity International Public Sector Accounting Standards 41: Financial Instruments</a>	23.333	184



Please note these minutes remain unconfirmed until the Finance, Risk and Assurance Committee meeting on 17 October 2023.

Report 23.395

## Public minutes of the Finance, Risk and Assurance Committee meeting on Tuesday 15 August 2023

Taumata Kōrero – Council Chamber, Greater Wellington Regional Council  
100 Cuba Street, Te Aro, Wellington, at 9.31am

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### Members Present

Martin Matthews (Chair)  
Councillor Bassett (Deputy Chair)  
Councillor Connelly  
Councillor Kirk-Burnnand  
Councillor Ropata  
Councillor Saw  
Councillor Woolf

### Karakia timatanga

The Committee Chair invited Sue McLean, Group Manager, Corporate Services to open the meeting with a karakia timatanga.

### Public Business

#### 1 Apologies

There were no apologies.

#### 2 Declarations of conflicts of interest

David Bassett declared a conflict with Agenda Item 8 – Risk and Assurance Update – Report 23.358.

#### 3 Public participation

There was no public participation.

**4 Confirmation of the Public minutes of the Finance, Risk and Assurance Committee meeting on 2 May 2023- Report 23.171**

Moved: Cr Bassett / Cr Kirk-Burnnand

That the Committee confirms the Public minutes of the Finance, Risk and Assurance Committee meeting on 2 May 2023 – Report 23.171.

The motion was **carried**.

The Committee Chair advised that the Public Excluded minutes of the Finance, Risk and Assurance Committee meeting on 2 May 2023 no longer required confidentiality. The Committee Chair accorded priority to agenda item 19 in accordance with Standing Order 3.5.2.

**19 Confirmation of the Public Excluded minutes of the Finance, Risk and Assurance Committee meeting on 2 May 2023 – Report PE23.172**

Moved: Cr Bassett / Cr Saw

That the Committee confirms the Public Excluded minutes of the Finance, Risk and Assurance Committee meeting on 2 May 2023 – Report PE23.172.

The motion was **carried**.

**5 Update on Progress of Action Items from Previous Finance, Risk and Assurance Committee meetings – August 2023 – Report 23.226 [For Information]**

Ali Trustrum-Rainey, Chief Financial Officer, spoke to the report.

**6 Forward Work Programme – Report 23.349**

Martin Matthews, Committee Chair, and Ali Trustrum-Rainey, Chief Financial Officer, spoke to the report.

Moved: Cr Kirk-Burnnand / Cr Bassett

That the Committee:

- 1 Endorses the Forward Work Programme (Attachment 1).

The motion was **carried**.

**7 Quarterly Finance Update – Quarter Four – Report 23.366**

Darryl Joyce, Manager, Accounting Services, spoke to the report.

Moved: Cr Ropata / Cr Kirk-Burnnand

That the Committee:

- 1 Accepts the financial report, including Attachment 1, noting this is an interim report and subjected to possible change upon completion of the Annual Report audit.
- 2 Notes that the final Annual Report will be signed off on or before 31 October 2023.

The motion was **carried**.

**8 Risk and Assurance Update – Report 23.358**

Jacob Boyes, Head of Corporate Risk and Assurance, spoke to the report.

Moved: Cr Connelly / Cr Kirk-Burnnand

That the Committee:

- 1 Approves the assurance plan for 2023/24.
- 2 Notes that the assurance plan may be amended during the year if issues arise that warrant an independent review, including following the Committee's scheduled deep-dives into various aspects of organisational risk.

The motion was **carried**.

The meeting adjourned at 11am and resumed at 11.17am.

**9 Health, Safety and Wellbeing Update – Report 23.264** [For Information]

Julie Barber, Head of Health, Safety and Wellbeing, spoke to the report.

**10 Audit New Zealand Interim Management Report – Report 23.334** [For Information]

Ashwin Pai, Financial Controller, spoke to the report.

**11 Greater Wellington Regional Council Audit Engagement, Audit Plan and Audit Proposal – Report 23.335** [For Information]

Ashwin Pai, Financial Controller, spoke to the report.

**12 Affordable Waters Reform Update – Report 23.328** [For Information]

Sue McLean, Group Manager, Corporate Services, spoke to the report.

**13 Review of Financial Delegations – Report 23.327** [For Information]

Ali Trustrum-Rainey, Chief Financial Officer, spoke to the report.

**14 Financial Policies – Report 23.325** [For Information]

Ali Trustrum-Rainey, Chief Financial Officer, spoke to the report.

The Committee Chair accorded priority to agenda item 16 – Harbours Management – Risk and Compliance Update – August 2023 in accordance with Standing Order 3.5.2.

**16 Harbours Management – Risk and Compliance Update – August 2023 – Report 23.328** [For Information]

Grant Nalder, Harbour Master, spoke to the report.

**15 Greater Wellington's Compliance Assessment – Report 23.379** [For Information]

Fathima Iftikar, Director, Strategy, Policy and Regulation, and Jack, Mace, Director, Delivery, spoke to the report.

**17 Environmental Management Risk – Birchville Dam – Report 23.328 [For Information]**

Steven Fargher, Team Leader, Parks Maintenance, Jack Mace, Director, Delivery, spoke to the report.

**Resolution to exclude the public**

**18 Resolution to exclude the public – Report <number>**

Moved: Cr Kirk-Burnnand / Cr Bassett

That the Committee excludes the public from the following parts of the proceedings of this meeting, namely:

Insurance Update – Report PE23.363

Cybersecurity Update – Report PE23.381

The general subject of each matter to be considered while the public is excluded, the reasons for passing this resolution in relation to each matter, and the specific ground/s under section 48(1) of the Local Government Official Information and Meetings Act 1987 (the Act) for the passing of this resolution are as follows:

<b>Insurance Update – Report PE23.363</b>	
<i>Reason/s for passing this resolution in relation to each matter</i>	<i>Ground/s under section 48(1) for the passing of this resolution</i>
<p>The report contains information provided by insurance providers relating to pricing for the renewal of Greater Wellington’s insurance. Release of this information would likely prejudice the insurer’s and Greater Wellington’s commercial position in the market as it would reveal the related pricing.</p> <p>Greater Wellington has not been able to identify a public interest favouring disclosure of this particular information in public proceedings of the meeting that would override this prejudice to the insurers’ commercial position.</p>	<p>The public conduct of this part of the meeting is excluded as per section 7(2)(b)(ii) of the Act, as making available the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.</p>
<b>Cybersecurity Update – PE23.381</b>	
<i>Reason/s for passing this resolution in relation to each matter</i>	<i>Ground/s under section 48(1) for the passing of this resolution</i>
<p>The report contains information about Greater Wellington’s cyber security status. Release of this information</p>	<p>The public conduct of this part of the meeting is excluded as per section 7(2)(j) of the Act, to prevent the</p>

<p>exposes Greater Wellington to cyber-attack threats by making it easier for the public to know Greater Wellington's cyber security status and utilise the information for improper gain or improper advantage. It is necessary for Greater Wellington to exclude the information contained in this report from the public domain to protect our information assets and reduce the likelihood of cyber-attack and the information contained in this report being used for improper gain or advantage.</p> <p>Greater Wellington has not been able to identify a public interest favouring disclosure of this particular information in public proceedings of the meeting that would override this risk.</p>	<p>disclosure or use of official information for improper gain or improper advantage.</p>
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This resolution is made in reliance on section 48(1)(a) of the Act and the particular interest or interests protected by section 6 or section 7 of that Act or section 6 or section 7 or section 9 of the Official Information Act 1982, as the case may require, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public.

The motion was **carried**.

The public part of the meeting closed at 12.34pm.

Martin Matthews

**Chair**

Date:



The matters referred to in these minutes were considered by the Finance, Risk and Assurance Committee in Public Excluded business. These minutes do not require confidentiality and may be considered in the public part of the meeting.

Please note these minutes remain unconfirmed until the Finance, Risk and Assurance Committee meeting on 17 October 2023.

Report PE23.396

## Public Excluded minutes of the Finance, Risk and Assurance Committee meeting on Tuesday 15 August 2023

Taumata Kōrero – Council Chamber, Greater Wellington Regional Council  
100 Cuba Street, Te Aro, Wellington, at 12.34pm

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### Members Present

Martin Matthews (Chair)  
Councillor Bassett (Deputy Chair)  
Councillor Connelly  
Councillor Kirk-Burnnand  
Councillor Ropata  
Councillor Saw  
Councillor Woolf

### Public excluded Business

- 1 Insurance Update – Report PE23.363** [For Information]  
Jacob Boyes, Head of Risk and Assurance, spoke to the report.
- 2 Cyber Security Update – Report PE23.381** [For Information]  
Sue McLean, Group Manager, Corporate Services, and Ross Lynch, Chief Technology Officer, spoke to the report.

The public excluded part of the meeting closed at 12.55pm.

Martin Matthews

**Chair**

Date:

Finance, Risk and Assurance Committee  
17 October 2023  
Report 23.529



For Decision

## DRAFT 2022/23 ANNUAL REPORT

### Te take mō te pūrongo

#### Purpose

1. To advise the Finance, Risk and Assurance Committee (the Committee) of Council's draft Annual Report for the year ended 30 June 2023.

### He tūtohu

#### Recommendations

That the Committee:

1. **Notes** that the audit is yet to be completed and that changes to the Annual Report for the year ended 30 June 2023, may be required once the audit process has been completed.
2. **Agrees** that the draft 2022/23 Annual Report provides a suitable representation of the performance of Greater Wellington for the year ended June 2023.
3. **Recommends** that Council adopt the 2022/23 Annual Report, subject to any changes required once the audit process has been completed.

### Te tāhū kōrero

#### Background

2. Under the Local Government Act 2002 Council must prepare and adopt, in respect of each financial year, an annual report within four months after the end of the financial year to which it relates.
3. The Annual Report documents Greater Wellington's achievement of financial and non-financial performance from the 2021-31 Long Term Plan. It also includes the audited financial statements for the Council and its subsidiaries, reported as a group.
4. Prior to Council receiving the Annual Report, the Committee is responsible for reviewing the report to ensure it as an accurate representation of non-financial and financial performance for the year ended 30 June 2023.
5. The Audit Director, Clint Ramoo, will attend the 17 October 2023 Committee meeting and provide an update as to the status of the audit.

## **Te tātaritanga Analysis**

### *Non-Financial Performance*

6. Greater Wellington reports on 51 non-financial performance measures in the Annual Report and achieved 59 percent (30) of these in the year ended 30 June 2023. This compares with 63 percent (32) achieved in the year ended 30 June 2022. We exceeded our targets in several areas. For example, this year we:
  - a Reduced erosion into watersheds by treating 1,405 hectares of erosion prone hill country, against a target of 825 hectares.
  - b Planted 158,000 stems of native plant species, against a target of 60,000.
  - c Made paying for public transport more convenient through implementing Snapper on Rail, as evidenced by a score of 87 percent in customer satisfaction with payment options, against a target of 78 percent.
  - d Provided trained and capable people to staff the Emergency Coordination Centre and to support the Cyclone Gabrielle response and recovery.
  - e Reduced Greater Wellington's overall greenhouse gas emissions from 50,342 tonnes of CO<sub>2</sub>e to 48,438 tonnes of CO<sub>2</sub>e.
7. Greater Wellington did not achieve 41 percent (21) of our measures (this compares with 37 percent (26) in the previous financial year). Some of the measures that were not achieved were very close to the target, for example:
  - a Customer's overall satisfaction rating for Metlink's bus services was 97 percent against a target of 98 percent, and for Metlink's rail services was 92 percent against a target of 94 percent.
  - b Customers' satisfaction ratings with the quality of public transport stations, stops, and wharfs rated 91 percent against a target of 92 percent, showing a slight drop for Rail and a slight increase for Ferry.
  - c Per capita boardings on public transport services reached 61.9 against a target of 65, in line with a continuing trend towards pre-COVID (2019) levels. This is a major improvement from last year's result of 48.5 boardings per capita.

### *Financial Performance*

8. The operating deficit is around \$17.9 million as compared to a budgeted surplus of \$3.5 million. The key drivers for the above difference are summarised below:
  - a Grants and subsidies revenue is higher than budget mainly due to Waka Kotahi funding of half price fares and additional Crown funding to support lost fare revenue.
  - b Other revenue is lower than budget mainly due to capital projects eligible for Waka Kotahi funding not being completed as anticipated.
  - c Finance costs are higher than budget due to rising interest costs.

- d Fair value movements are favourable to budget reflecting the increase in the fair value of interest rate swaps due to the continuing increase in market interest rates.
  - e Impairment loss of \$36.7 million relates to the buildings acquired for the Riverlink project. A memorandum of agreement was agreed with Waka Kotahi towards the end of June 2023, whereby some land and buildings would be sold to Waka Kotahi for their infrastructure projects. Further, a demolition schedule of the relevant buildings was also agreed in August 2023. As the RiverLink project has progressed considerably since year end, accounting standards require us to impair the value of the buildings as at 30 June 2023. Audit are currently reviewing the RiverLink project related disclosures in the draft Annual Report and we expect minor changes following their review.
9. Capital expenditure for the full year at \$130 million was 30 percent below the budgeted spend of \$187 million. This was mainly driven by construction delays due to poor weather, procurement and contractor availability, and due to delays in the National Ticketing Solution.
  10. Refer to note 33 in the *Notes to the Financial Statements* of the draft 2022/23 Annual Report ([Attachment 1](#)) for explanations to major variances between actual and budget numbers.
  11. The actual reserve balance as at 30 June 2023 as compared to the 2022-23 Annual Plan is set out in [Attachment 2](#).

#### *Audit Opinion*

12. At the time of preparing this paper the audit of Greater Wellington Regional Council is in progress and not completed by Audit NZ. We anticipate that audit clearance will be provided at the 26 October Council meeting.
13. Audit have indicated that they will issue a qualified audit opinion with one emphasis of matter paragraph regarding the Three Waters Reform (a standard paragraph that will appear in Audit NZ opinions for all councils that will transfer functions and assets to a new water services entity as part of the Three Waters Reform).
14. The qualification is carried across from the qualification received on our 2021/22 Annual Report, relating to Greater Wellington's two Carbon Emission measures; 'Tonnes of CO2 emitted per year on Metlink Public Transport Services' and 'Reduction in tonnes of CO2 equivalent (tCO2e) emissions'. This is due to Audit NZ being unable to verify the full set of Scope 3<sup>1</sup> data that is included in Greater Wellington's CO2 calculations (which includes data provided by our public transport operators and grazing licence holders)<sup>2</sup>. This is a technical issue facing all of local government in the carbon reporting space.

<sup>1</sup> Scope 3 covers: Indirect emissions from products used by the organisation (Category 4); Indirect emissions associated with the use of products from the organisation (Category 5); and Indirect emissions from other sources (Category 6).

<sup>2</sup> Obtaining assurance over scope 3 data was limited to a large extent by the extensive sources of the information used to calculate this result.

### **Ngā hua ahumoni**

#### **Financial implications**

15. The Draft 2022/23 Annual Report includes the financial statements for Greater Wellington, as at 30 June 2023 (**Attachment 1**). A summary of financial performance from the draft 2022/23 Annual Report is outlined in paragraphs 7-10 above.

### **Ngā Take e hāngai ana te iwi Māori**

#### **Implications for Māori**

16. The Draft 2022/23 Annual Report (**Attachment 1**) includes reporting on what has been delivered or progressed during the reporting year to improve outcomes for mana whenua and Māori.

### **Ngā tikanga whakatau**

#### **Decision-making process**

17. The matters requiring decision in this report were considered by officers against the requirements of Part 6 of the Local Government Act 2002.

### **Te hiranga**

#### **Significance**

18. Officers considered the significance (as defined by Part 6 of the Local Government Act 2002) of these matters, taking into account Council's Significance and Engagement Policy and Greater Wellington's Decision-making Guidelines. Officers recommend that these matters are of medium significance, as the 2022/23 Annual Report is a key accountability document for the Council to our communities.

### **Te whakatūtakitaki**

#### **Engagement**

19. In line with the Significance and Engagement Policy, officers determined that no engagement on the matters for decision is required.

### **Ngā tūāoma e whai ake nei**

#### **Next steps**

20. Present the final Annual Report (and Summary of the Annual Report) for the year ended 30 June 2023 to Council for adoption on 26 October 2023.
21. The Council is required within one month of adoption of the Annual Report, to make the report and a summary report available to the public. The Annual Report and Summary Report will be published on the Council's website and limited hard copies will be produced.

**Ngā āpitihanga****Attachments**

<b>Number</b>	<b>Title</b>
1	Draft 2022/23 Annual Report
2	Reserve balances as at 30 June 2023

**Ngā kaiwaitohu****Signatories**

Writers	<p>Daniel Ma – Kaitaki-a-tīma Team Leader, Financial Accounting</p> <p>Sam Ripley – Kaitohutohu   Advisor, Corporate Planning and Reporting</p> <p>Tyler Dunkel – Kaiwhakahaere Matua   Manager, Corporate Planning and Reporting</p>
Approvers	<p>Ashwin Pai – Kaikaute Pūtea   Financial Controller</p> <p>Alison Trustrum-Rainey – Kaiwhakahaere Matua, Pūtea me ngā Tūraru   Group Manager, Finance &amp; Risk</p> <p>Zofia Miliszewska – Kaiwhakahaere Matua   Manager, Strategy and Performance</p> <p>Luke Troy – Kaiwhakahaere Matua Rautaki   Group Manager, Strategy</p>

<b>He whakarāpopoto i ngā huritaonga Summary of considerations</b>
<b><i>Fit with Council's roles or with Committee's terms of reference</i></b> The Committee has the responsibility to review the draft Annual Report to ensure it complies with statutory requirements and provides a sound basis for the public accountability of Council's and Greater Wellington's performance and position for each financial year.
<b><i>Contribution to Annual Plan / Long Term Plan / Other key strategies and policies</i></b> The draft 2022/23 Annual Report, reports against the second year of the 2021-31 Long Term Plan. This will be provided to Council for adoption within the extended statutory timeframes.
<b><i>Internal consultation</i></b> The Finance and Corporate Planning and Reporting departments were consulted in preparing this Committee report. The Draft 2022/23 Annual Report (Attachment 1) was prepared in consultation with ELT and departmental managers.
<b><i>Risks and impacts: legal / health and safety etc.</i></b> There are no specific risks arising from the matters for decision.

**Te Pane Matua Taiao | Greater Wellington Regional Council**  
**2022/23 Pūrongo ā Tau | 2022/23 Annual Report**



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

Kia ora koutou,

In short, this year has been one of change – some positive, and some challenging. In the second year of the 2021-31 Long Term Plan (LTP) we continued to deliver for our rohe and for te taiao, amid significant events which impacted much of the country.

In October 2022 the triennial Local Government Elections took place and we welcomed in a new Council – including five new Councillors – and re-elected the Chair. The new Council have shown a commitment to continuing to deliver for the environment and climate, delivering a reliable public transport network, and partnering with mana whenua.

As we continued to take action to navigate the impacts of the COVID-19 pandemic on our operations, we began to see some positive trends and movement towards pre-COVID levels of service. At the start of the year the impacts of COVID-19 on frontline public transport staffing levels was being felt across public transport operators across New Zealand. These staffing impacts had a major flow-on effect to Greater Wellington's Metlink public transport services, so we worked with our public transport operators and Central Government to support changes to driver wages and hiring conditions. In February 2023 we had a shortage of 120 drivers across our public transport network, and by June 2023 the shortage was down to 83, with all signs indicating that trend will continue to improve into 2023/24. While this systems-changing work was ongoing, we also made it easier for people to pay for public transport with the full rollout of Snapper on Rail, and payWave options for the airport bus services.

In January and February 2023, Ex-tropical Cyclone Hale and Cyclone Garbielle hit New Zealand one after another, causing severe impacts and disruptions to communities across the North Island, including the Wairarapa. While supporting our response and recovery in our own Region we also supported the national emergency response by providing trained staff to work in the national coordination centre and deploying staff to support the response in other regions. These storms and other severe weather events throughout the year had a major impact on many of our environmental restoration activities, requiring us to pivot some of our work to manage the impacts.

This year we launched our new catchment-based approach to delivery, adapting Greater Wellington's internal structure to better support services within each catchment. Reaching this stage is the result of a major commitment for our staff, and engagement with partners across the rohe.

We have continued to work closely with our mana whenua partners this year. The Council established a Long Term Plan Committee which includes one representative and one alternate for each of Greater Wellington's six mana whenua partners, and also established a Te Tiriti Komiti of Council. This year we also commenced a Te Tiriti o Waitangi internal audit, which includes feedback from our partners, and continued the momentum from last year in progressing our commitment to Te Whāriki – our Māori Outcomes Framework.

To continue our response to the climate emergency, we progressed our strategy for reducing our overall greenhouse gas emissions, increasing the number of electric vehicles in our public transport



fleet (currently sitting at 98 buses, including a fully electric airport bus service), improving flood protection, and building more natural resilience by restoring habitats and supporting healthy ecosystems. We reduced our overall organisational greenhouse gas emissions by 5 percent from our baseline.

While we continue to reduce emissions, we must also cope with the fact that climate impacts are already in motion and require mitigation and adaptation now. Te Wai Takamori o Te Awa Kairangi | RiverLink project met several key milestones this year, moving to construction of better flood protection and weaving in natural buffers that also support ecosystem health. Through our Recloaking Papatūānuku programme, we restored wetlands at Queen Elizabeth Park and put 400,000 plants into the ground. We also treated 1,405 hectares of erosion-prone land, including retiring former grazed land in our Regional Parks. Restoring and protecting te taio is an important part of our goal to improve ecosystem health, as well as creating stronger natural protections from climate-change driven severe weather events.

We are proud of the achievements, and grateful to everyone involved. Whether positive or challenging, making the best of any change requires mahi and collaboration. Thank you to all the people that made this year possible – our mana whenua partners, partner agencies in Central and Local Government, communities across the rohe, and all our staff, contractors, and volunteers.

Daran Ponter <i>Heamana Kaunihera   Council Chair</i>	Nigel Corry <i>Tumu Whakarae   Chief Executive</i>
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# Wāhanga tuatahi: He tiro whānui i ngā mahi i tutuki i a mātou | Section one: Overview of our performance



# Ko te Tau kua pahure | A Year in Review

We are proud of the mahi we achieved this year. Highlights include:

## *Planned and delivered projects with co-benefits*

We pursued work that delivers benefits for people, the environment, and the economy.

- Progressed the Te Wai Takamori o Te Awa Kairangi | RiverLink project to the construction stage for flood protection and continuing engagement on environmental and economic benefits.
- Restored formerly grazed Regional Park lands through the Recloaking Papatūānuku programme, which improve biodiversity, protects our water from run off and erosion, and creates attractive landscapes and places for recreation.
- Improved the health of our waterways by delivering the Whaitua Implementation Programmes in Ruamāhanga, Te Awarua-o-Porirua, and Te Whanganui-a-Tara. These programmes are developed with community, mana whenua, and territorial authorities to achieve a community vision for water in the area.

## *Grew collaborative planning partnerships*

We engaged with our partners across the region to collaborate on wider outcomes.

- Facilitated regional transportation partnerships and programmes to enable better decision making and supporting options for travel throughout the Region.
- Improved options for low/no carbon travel through mode shift programmes and workplace travel programmes with Regional employers
- Supported the development of the Wellington Regional Leadership Committee's key projects: Wellington Regional Emissions Reduction Plan, Wellington Regional Climate Change Impact Assessment, and the Future Development Strategy.

## *Worked to improve outcomes for mana whenua and Māori*

We embedded a focus on mana whenua and Māori outcomes into key plans and processes.

- Established mana whenua roles on committees for the Long Term Plan and for Regional Emergency Management governance.
- Launched an audit of how we're addressing Te Tiriti o Waitangi within Greater Wellington, which will provide more actionable insight on how we can improve our partnership.
- Expanded ways of working with Māori-owned businesses through environmental restoration contractors.

## *Responded to the threat of climate change*

We progressed our plans for a low carbon future and reduced our overall greenhouse gas emissions.

- Increased our electric buses to a total of 98, including a fully electric airport bus service.



- Progressed procurement for hybrid trains, which will extend some rail services that are currently reliant on diesel engines.
- Promoted low/zero carbon travel options and regional travel plans that decrease the need for individual car trips.
- Continued to plan and deliver environmental restoration and flood protection projects that support climate adaptation.
- Reduced our organisational greenhouse gas emissions by five percent from our 2018/19 baseline.

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# Ko ngā hua mō te hapor | Community Outcomes

We promote the social, economic, environmental, and cultural well-being of our communities through our three community outcomes:

- **Thriving Environment:** healthy fresh and coastal water, clean and safe drinking water, unique landscapes and indigenous biodiversity, sustainable land use, a prosperous low carbon economy.
- **Connected Communities:** vibrant and liveable region in which people can move around, active and public transport, sustainable rural and urban centres that are connected to each other, including mana whenua and mātāwaka Māori communities.
- **Resilient Future:** safe and healthy communities, a strong and thriving regional economy, inclusive and equitable participation, adapting to the effects of climate change and natural hazards, community preparedness, modern and robust infrastructure.

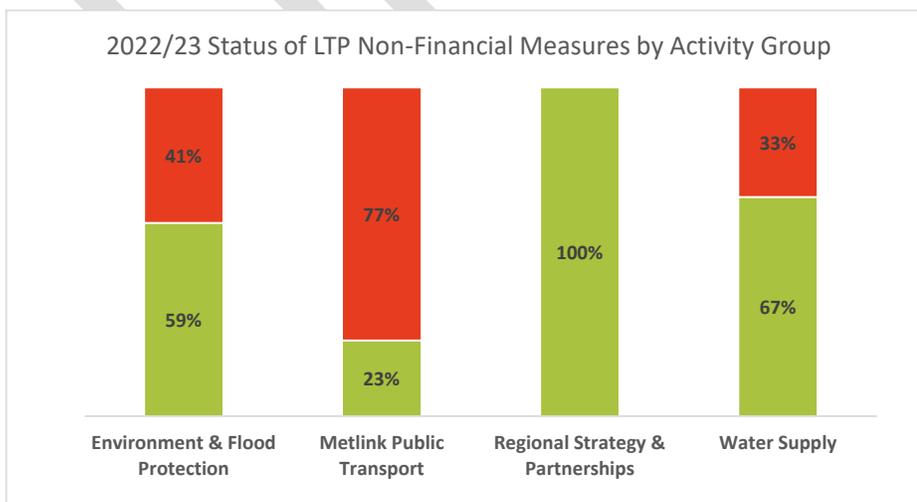
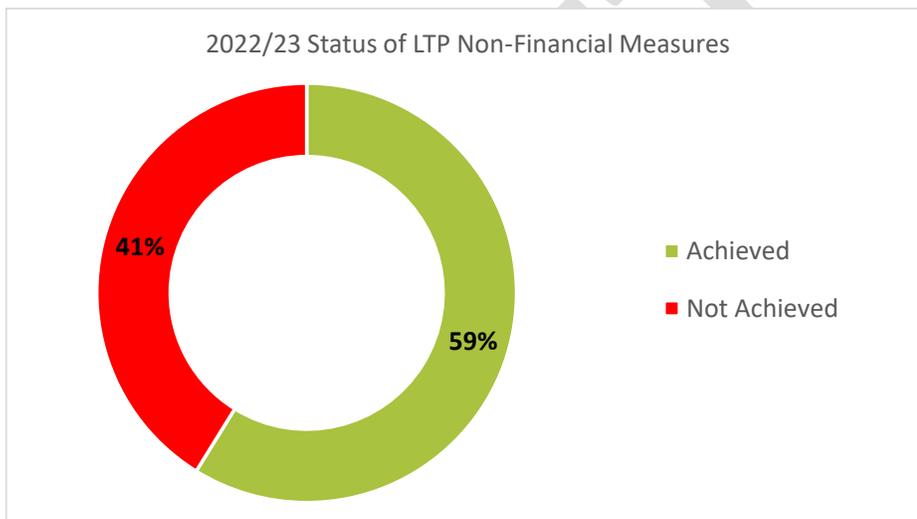
The table below shows Community Outcomes through the lens of each of our Activity Groups.

		Community Outcomes		
		Thriving Environment	Connect Communities	Resilient Future
Activity Group	<b>Environment and Flood Protection</b> (page 31)	We look after the region's special places to ensure they thrive and prosper	Our work with the community connects people with the environment they live in	We manage and protect the region's resources so they can be enjoyed for generations to come
	<b>Metlink Public Transport</b> (page 39)	With electrification of our network we are creating a more sustainable and low carbon region	People can get to the places they want to go to by using an accessible and efficient network	People can move around the region on a public transport network that is future proofed
	<b>Regional Strategy and Partnerships</b> (page 45)	We lead from the front to ensure our environment is front and centre	People are engaged in the decisions that affect them	We plan for the big issues by connecting the dots, ensuring the future is resilient
	<b>Water Supply</b> (page 52)	Water supply is respectful to the environment that we live in	The region has sufficient water supply that is of high quality and safe	Bulk water supply is sustainable to the community as our environment changes



# He whakarāpopototanga o te tiro whānui i te rawa | Summary of Non-financial performance

Greater Wellington reports against 51 non-financial performance measures in the Annual Report. These measures were set during the preparation of the 2021-31 Long Term Plan. Overall Greater Wellington achieved 59 percent (30) of the non-financial performance measures and did not achieve 41 percent (21) of the measures. In 2021/22, we achieved 63 percent (32) of measures and did not achieve 37 percent (19) of measures.





*Challenges in our operating environment impacted our ability to achieve in some areas*

- Cyclones and severe weather impacted most outdoor work, particularly environmental restoration and pest management.
- Shortages with frontline public transport staff and rail disruptions caused service cancellations and delays to the public transport network.
- Ongoing staffing and resourcing challenges have had compounding impacts across various projects and programmes.
- A significant scale and rate of change for many Central Government agencies and policies have slowed down progress on some work, as Greater Wellington and our partner agencies adjust.

*Several 'Not Achieved' measures were very close to their target*

- Customer's overall satisfaction rating for Metlink's bus services was 97 percent against a target of 98 percent, and for Metlink's rail services was 92 percent against a target of 94 percent.
- Customer's satisfaction ratings with the quality of public transport stations, stops, and wharfs rated 91 percent against a target of 92 percent, showing a slight drop for rail and a slight increase for Ferry.
- Per capita boardings on public transport services reached 61.9 against a target of 65, in line with a continuing trend towards pre-COVID (2019) levels. This is a major improvement from last year's result of 48.5 boardings per capita.

*We still achieved a lot this year*

- Reduced erosion into watersheds by planting 1,405 hectares of erosion prone hill country.
- Planted 158,000 stems of native plant species.
- Reduced Greater Wellington's overall greenhouse gas emissions by five percent.
- Made paying for public transport more convenient through implementing Snapper on Rail.
- Provided trained and capable people to staff the Emergency Coordination Centre and to support the Cyclone Gabrielle response and recovery.
- Launched three new workplace travel programmes with major Regional employers.

You can read more about our non-financial performance in **Section Two: He tiro whānui i te rawa | Non-financial performance** beginning on page 25.



# He Pūrongo Pūtea | Finances at a Glance

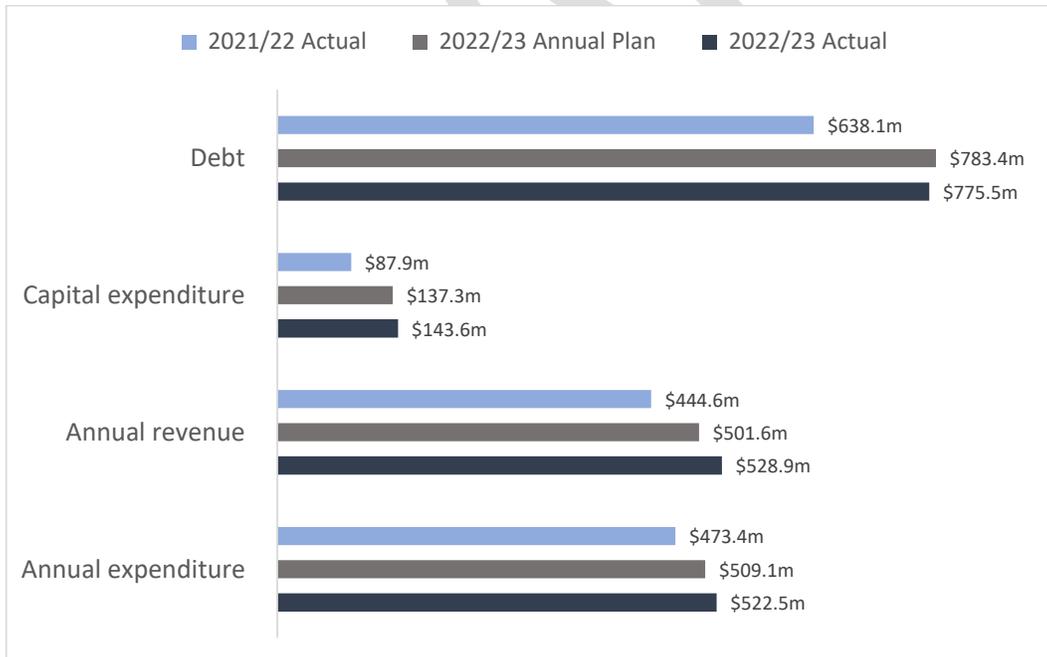
While the year has been one of economic challenges and financial pressures, overall Greater Wellington has had a successful financial year and performed very close to budgeted levels. Summary highlights from the year include:

- We received an AA+ credit rating with Standard & Poor's, which indicates a very strong capacity to meet financial commitments and good financial health overall.
- The net deficit after tax for 2022/23 was \$20.5 million.
- The cost of delivering all our services amounted to \$6.8 per rating unit per day.
- Our total assets held this year were worth \$2.2 billion.

Greater Wellington's revenue is sourced primarily through rates and grants from central government. Other revenue sources include water supply levy, fees, charges, including public transport fares, and investment income.

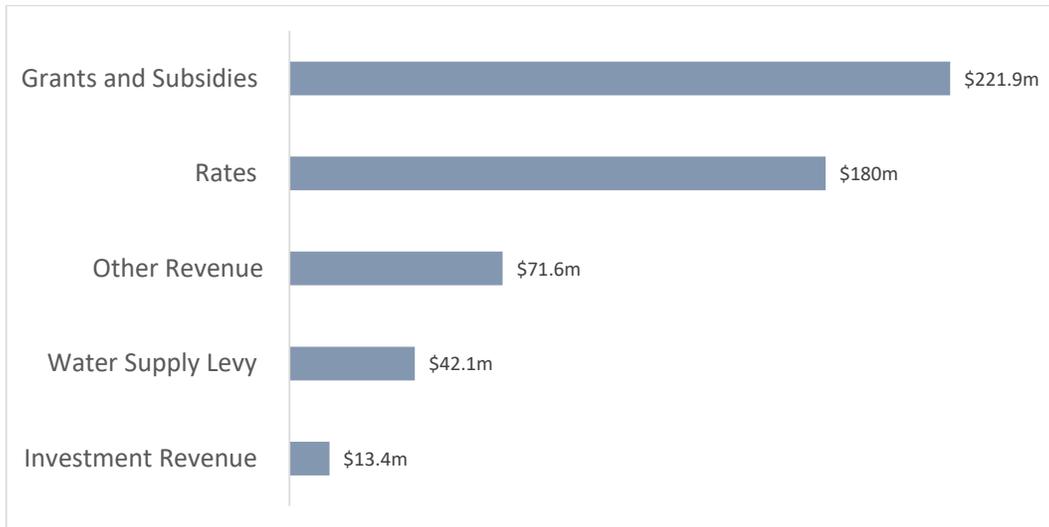
- Our annual revenue from rates this year was \$180 million.
- Revenue from grants and other sources was \$348.9 million.

## Financial overview

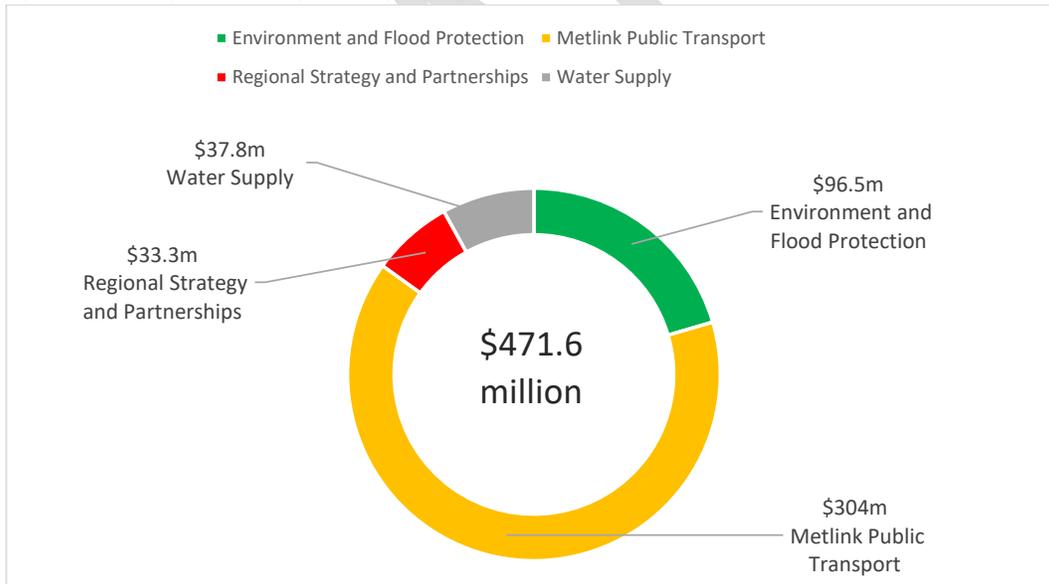




Revenue

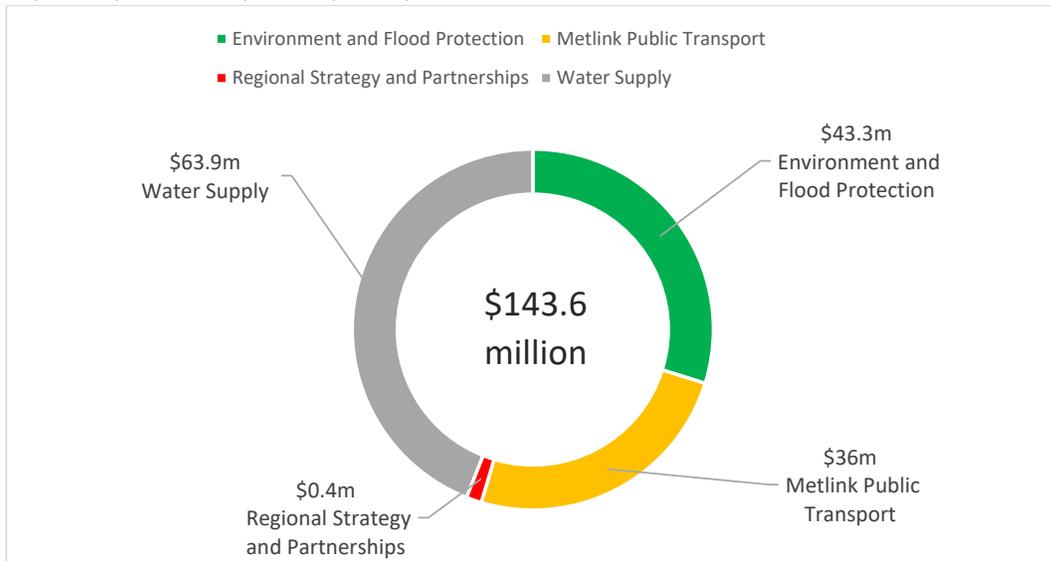


Operational expenditure by Activity Group

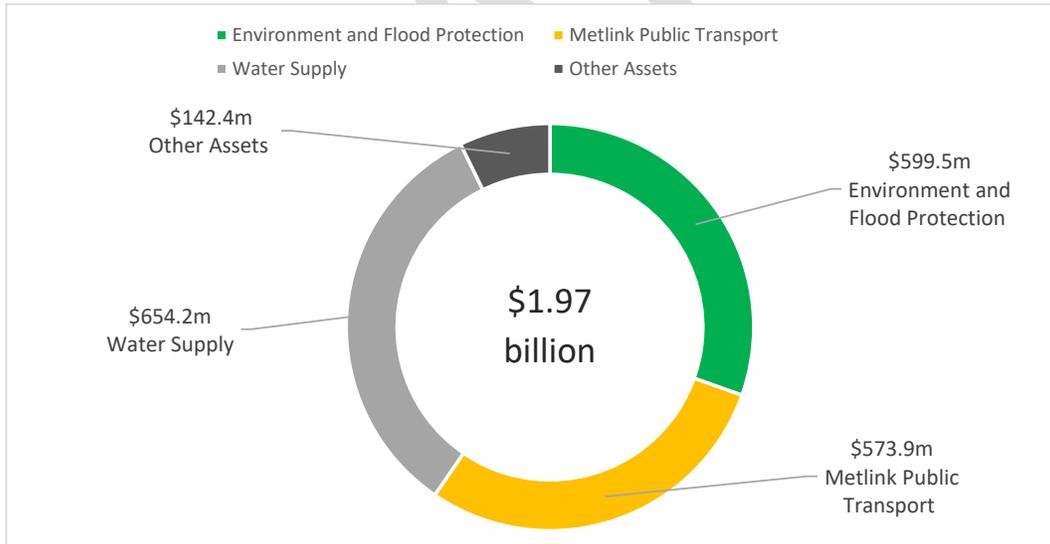




*Capital expenditure by Activity Group*

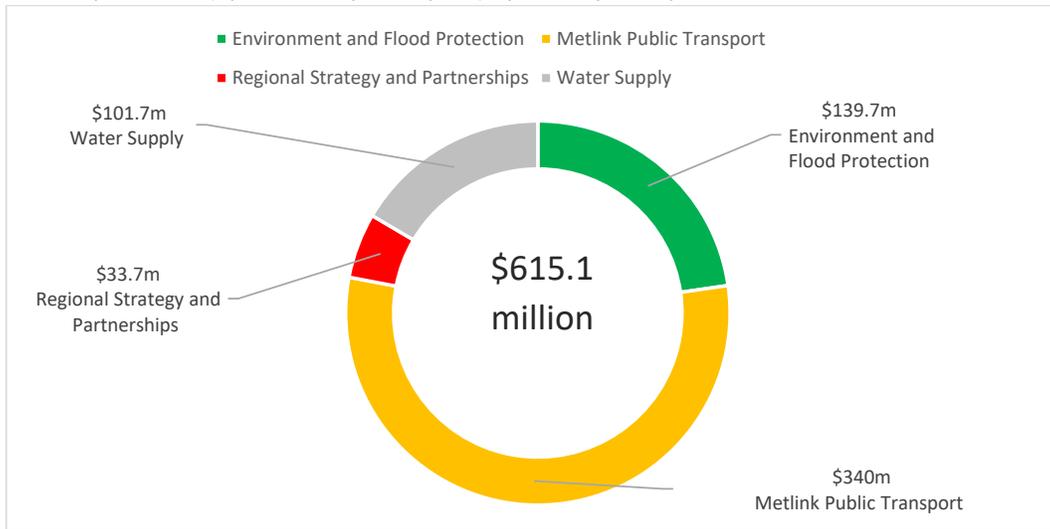


*Property, plant, and equipment by Activity Group*





Total Expenditure (operational plus capital) by Activity Group



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# Wāhanga tuarua: He tiro whānui i te rawa | Section Two: Non-financial performance



# Ko ā mātou whakaarotau rautaki matua | Our Overarching Strategic Priorities

Greater Wellington identified four key overarching strategic priorities as part of the 2021-32 Long Term Plan. These overarching priorities are woven across each Activity Group.

<b>Improving outcomes for mana whenua and Māori</b>	Proactively engage mana whenua and mātāwaka Māori in decision making, and incorporate Te Ao Māori and mātauranga Māori perspectives, so we can achieve the best outcomes for Māori across all aspects of our region.
<b>Responding to the climate emergency</b>	Meeting the challenge of climate change by demonstrating leadership in regional climate action and advocacy, and ensuring our operations are carbon neutral by 2030.
<b>Adapting and responding to the impacts of COVID-19</b>	Take a leadership role in responding to the economic consequences of COVID-19 and support the region’s transition to a sustainable and low carbon economy.
<b>Aligning with Government direction</b>	Rise to the challenges set by Central Government to ramp up environmental protection and continue to provide high quality public transport services.



## Ko te whakarahi ake I ngā hua mō te mana whenua me te Māori | Improving outcomes for mana whenua and Māori

Greater Wellington is committed to continuous improvement in how we give effect to the principles of the Te Tiriti o Waitangi, and in acting in a manner consistent with those principles. We continue to build on a strong foundation and mature our Te Tiriti of Waitangi obligations and our partnerships with mana whenua. Greater Wellington has six mana whenua partners, represented by the following entities:

- Ngā Hapū o Ōtaki
- Ātiawa ki Whakarongotai Charitable Trust
- Te Rūnanga o Toa Rangatira Inc (Ngāti Toa)
- Taranaki Whānui o te Ūpoko o te Ika
- Rangitāne ō Wairarapa Inc
- Ngāti Kahungunu ki Wairarapa Charitable Trust

Through the 2021-31 Long Term Plan (LTP) Greater Wellington developed and adopted Te Whāriki – the Māori Outcomes Framework, to support the organisation with delivering improved outcomes for mana whenua and Māori, a strategic priority for the LTP. Te Whāriki sets out Greater Wellington's vision and purpose, establishes key principles and values, and describes desired outcomes and focus areas for action.

The focus areas of the Māori Outcome Framework are:

- Effective partnering
- Engagement for equitable outcomes
- Strong, prosperous and resilient Māori communities
- A capable workforce



### *Effective partnering*

We invest meaningfully in our relationships with mana whenua regionally and creating the 'tika' – the right relationships. Building strong relationships with mana whenua is supported by accountability and transparency on how we give effect to Te Tiriti o Waitangi. This year we launched our **Te Tiriti Audit**, which will provide a clear benchmark of where we are successfully meeting our obligations, and where further work is needed. The audit is underway, and results will be reviewed and actioned in 2023/24. Greater Wellington's **Te Tiriti o Waitangi Komiti** will also support Councillors to understand and act on our Te Tiriti obligations.

For the development and delivery of Greater Wellington's 2024-34 Long Term Plan Council established a **Long Term Plan Committee** of the full council, which includes seats for one representative and one alternative representative from each of Greater Wellington's mana whenua



partners. To support succession planning and further development of future opportunities, each representative may also be accompanied by a rangatahi observer.

We also continue to support the board of **Te Matarau a Māui**. This year, Te Matarau a Māui achieved independent status, expanding their ability to implement a 'for Māori by Māori' approach to economic development.



### *Engagement for equitable outcomes*

We strive for equitable outcomes for Māori through effective and resourced engagement. This year we supported equitable investment through **Tūāpapa (foundational) and Kaupapa (project-specific) funding agreements**, which supports mana whenua entities grow their capacity and to work alongside Greater Wellington on specific projects and programmes. Engaging in a high trust model of resourcing allows partners to more effectively use of funding within the context of their models, while collaboration and partnership agreements enable Greater Wellington and mana whenua to own a shared vision.

We continue to progress restoration and enrichment of our Region's whaitua – the natural catchments that support people and feed our waterways. **Whaitua Implementation Programmes** are built on a collaborative approach, including representation from mana whenua and the communities that live and work in their whaitua. This year, the Kāpiti Whaitua Committee have begun implementing a Te Tiriti House model for decision making which looks to create a truly co-designed process including decision making.

Engaging and collaborating with mana whenua on environmental restoration offers opportunities to combine restoration with storytelling and highlighting the history of our Region. As part of partnerships that give effect to settlements of mana whenua, we are storytelling the history of places through projects in our Regional Parks which will include signage and other storytelling media in key recreation spaces such as Whitireia Park, Pakuratahi Forest and Parangarahau Lakes area.

**Mahi Waiora** initiatives focus on restoring water quality in local streams and wetlands, and are founded on collaboration between mana whenua, Council, and local communities. As part of our Regional Parks and land management programmes, we have also been working with mana whenua to develop plant nurseries.

Mātauranga Māori and community engagement have been key to the successful development of **Mauri Tūhono**, a regional biodiversity framework led by Mauri Tūhono ki te Upoko o te ika a Māui working group, an independent group supported by Greater Wellington. The framework is a karanga – a call to affirm our collective roles, connect, protect and sustain te taiao for future generations. Mana whenua have been intrinsic in the design of Mauri Tūhono ensuring that everyone everywhere reconnects with the treasure that is te Taiao, listens to the voice of Te Taiao and connects in an intentional and heartfelt way as to collective action. Feedback received during the public engagement period was largely supportive of the values and the vision expressed in the framework and included direct public feedback on options for implementation.



**Te Wai Takamori o Te Awa Kairangi | RiverLink project** will deliver environmental restoration and flood resilience, alongside benefits to the social and economic vitality of communities around Te Awa Kairangi. This year we worked with the Ministry for Social Development on establishing a Jobs and Skills Hub as part of the project. The hub will support local training opportunities for Māori and improve connections with the local Māori business network. Embracing the name gifted by mana whenua has had a positive effect on the programme, as we look to enhance and support the cultural and historical narrative of the area.

We also continued to work with Te Herenga Waka | Victoria University of Wellington on their **Living Pā** development, which includes relocating a bus stop. Relocating the stop and building a new bus shelter provides an opportunity to include cultural designs created by local artists and showcase the story of the Pā.



#### *Strong, prosperous, and resilient Māori communities*

We are committed to enhancing wellbeing, supporting thriving communities, and growing community ownership of outcomes. We are supporting opportunities to work with mana whenua and Māori communities on initiatives that are mātauranga Māori led. This includes opportunities for mana whenua and Māori to partner, input and influence decision making from beginning to end and to identify and achieve their aspirations and succeed as Māori.

This year Wellington Region Emergency Management Office (WREMO) progressed the **Māori Integration Programme**, which expands partnership and embeds mana whenua and Māori expertise in the wider emergency management system. Progress this year included an agreement for mana whenua to be a part of regional emergency management governance alongside representatives from territorial authorities, supporting marae to create their own emergency plans, and delivering preparedness workshops for mana whenua and Māori.

We are developing Greater Wellington's Māori workforce through changes in our HR processes and policies, and the establishment of specialised Māori roles. Leveraging a positive working relationship between Greater Wellington and the Ministry of Business, Innovation and Employment, the Ministry will review Greater Wellington's supplier database to identify which of our suppliers are classified as Māori. In line with our commitment to **Te Ūpoko o te Ika a Māui** supplier diversity accord, next steps include implementing baseline reporting against targets to uplift our use of Māori suppliers.

We are already capitalising on opportunities to work with **Māori owned businesses** as part of our environmental restoration contracts. This year, we began working with Mills Albert, a local Māori owned business and main contractor on several of Greater Wellington's environmental restoration projects. In addition to their ability to deliver restoration projects, Mills Albert maintains a focus on ongoing professional development of their staff, as well as supporting physical and mental wellbeing. We have welcomed a range of Māori sole trade providers to support the uplift of capability within the organisation implemented through Te Iti Kahurangi – our capability framework for the organisation.



We also welcomed three interns in our Metlink Public Transport team as part of the Māori and Pacific Island Summer Intern Scheme with Tupu Toa, and continued discussions with Ngāti Toa regarding their involvement in a bus driver recruitment initiative.

Undertaking opportunities to showcase and protect Māori culture and heritage are a part of how Greater Wellington supports Māori communities. This year we held several events and other opportunities to engage Māori culture, including celebrations and reflections for **Matariki**, internal and external messaging supporting **Te Wiki o te Reo Māori**, and **mihī whakatau** for all new staff.



### *A capable workforce*

We are building our kete of resources to support our staff. By supporting our staff, we grow to our ability develop strong, meaningful and enduring relationships with mana whenua and Māori.

After significant planning and mahi across the organisation, we have now implemented a new internal operating model for how we plan and deliver for te taiao. Māori outcomes are a core part of the new operating model, including a focus on effective partnership.

We continued to implement **Te Iti Kahurangi** – a Māori capability framework to support staff and enable them to build and maintain strong relationships with mana whenua. Our training courses are designed with the context of the region and our mana whenua partners in mind. Courses delivered this year included Mātauranga Māori, Pakiaka – Te reo Māori and Te Tiriti o Waitangi. We also offered iwi-led courses centred on the mātauranga of mana whenua in our Region, including courses for Ūpane (Ngāti Toa) and Taranaki Whānui. We are also offering training and a review process for how 'Implications for mana whenua and Māori' are reported in decision-making papers that go to Council and Council Committees. The aim of these trainings is to ensure that what we report – and what we ultimately are posing for decision – is both relevant and actionable.



## He urupare ki te huringa āhuarangi | Responding to climate change

### Governance

Responding to the climate emergency is a strategic priority for Greater Wellington, and we embed climate action across many of the services we deliver now, as well as how we plan for the future. Planning and decision-making on climate change is also supported by:

- The Council's *Climate Committee*, which provides governance for the Climate Emergency Response Programme.
- Greater Wellington partnerships with mana whenua, Central Government agencies and local government entities, as part of the *Wellington Regional Leadership Committee*.
- The *Long Term Plan Committee*, which includes councillors and mana whenua representatives, and will consider our climate change response as part of the development of the 2024-34 Long Term Plan.
- The *Finance Risk and Assurance Committee* is tasked with reviewing the effectiveness of Greater Wellington's risk management process, including overseeing changes to the risk management policy and approach. The committee has a particular focus on providing guidance to Council on the appetite for risk, and, whether Greater Wellington is taking effective action to mitigate significant risks, including climate change.
- The *Climate Emergency Response Programme Board*, a forum of senior leadership responsible for coordinating, directing, and overseeing the implementation of the Climate Emergency Response Programme.
- The *Corporate Carbon Neutral Steering Group* which supports and reports to the Climate Emergency Response Programme Board.

### Strategy for climate action

Greater Wellington has a Climate Change Strategy and two 10-point Climate Emergency Action Plans – the Organisational Climate Emergency Action Plan and the Regional Climate Emergency Action Plan – which collectively represent the Climate Emergency Response Programme.

Greater Wellington declared a climate emergency in 2019 and at this time adopted the goal of a 40 percent reduction in net greenhouse gas emissions by 2025, and to be carbon neutral by 2030. Our 2021-31 Long Term Plan sets a clear organisational emissions reduction pathway, focused on reducing carbon emissions from activities such as public transport, and retirement of grazing licences and environmental restoration across our Regional Parks.

We continue to increase the number of electric buses in our fleet; we now have a total of 98 electric buses in service on the Metlink network. The **Airport Express service** is operated by a fully electric bus fleet, and these vehicles are estimated to have saved 300-400 tonnes of carbon dioxide equivalent (CO<sub>2</sub>-e) emissions when compared to what a diesel fleet would have produced. Our staff vehicle fleet is now 22 percent full-electric or hybrid. The remaining 78 percent are diesel utes which are required to operate in the various terrain and remote environments that staff go into. We continue to monitor and are actively in discussions with major suppliers with respect to a heavy terrain ute replacement being available in the NZ market.



To continue our investment in emissions reduction, Council approved funding under **Low Carbon Acceleration Fund (LCAF)** for several projects, including the installation of solar generation on the Masterton Railway Station roof – a project which will commence during 2023/24.

Accuracy and transparency of our emissions accounting is an important part of our climate programmes. We led the process of obtaining and updating the **Regional Greenhouse Gas Inventory**, which was last prepared in 2018/19. The overall result shows a nine percent reduction in emissions across the region between 2019 and 2021. To support transparency, we make our emissions publications and documentation available and accessible online via our Document Library on the Greater Wellington website.

Mode shift – enabling ways to shift from cars to other travel options – is a cornerstone of how we support a low-carbon future. In August 2022 Council approved the **Wellington Rail Programme Business Case – Wellington Strategic Rail Plan**. The plan supports a strong mode shift from cars to rail options, including plans to procure hybrid trains that will reduce our reliance on diesel locomotives, in step with Regional and national targets to build public transport and rail networks that are functional and resilient. We are also in early development of a **Wellington Regional Transport Emissions Reduction Pathway** which integrates land use and transport planning to reduce reliance on individual car trips to active or mass transit options and the overall need to travel long distances to access amenities.

Change happens at all levels, from big plans to the mahi of individuals. This year we launched a Climate Change staff training programme to help staff connect their work to Greater Wellington's targets and plans to address climate change. Our people are also a source of knowledge, and Greater Wellington's Climate Risk Assessment Report included input and engagement from staff across the business. Over the next 12 months our Organisation Climate Risk Assessment will be further developed and will lead into the development of Greater Wellington's Climate Adaptation Plan.

#### *Managing climate risk*

As part of the **Climate Resilience Programme**, we've advanced integral flood protection works to protect local communities, including work at 22 different sites in three different catchments. The Climate Resilience Programme began in 2021 and was co-funded by Kānoa (part of Ministry for Business, Innovation and Employment), KiwiRail, Hutt City Council, and Greater Wellington. The Programme team received 'Highly Commended' at the 2023 Taituarā Local Government Awards in recognition of our excellent work delivering broader outcomes. Judges for the awards said this project is "...a shining example of the kind of integrated approach to community wellbeing." The Climate Resilience Programme team were one of three finalists in the Engineering New Zealand ENVI Awards, in the Engineering Impact Award Category.

Over the past year we reached several key milestones for **Te Wai Takamori o Te Awa Kairangi | RiverLink project**, including receiving our final consents from the Environment Court, and selecting AECOM-Fletcher as the preferred team of designers and constructors to deliver the programme. The flood protection works will deliver an increase in protection to a 1 in 440-year event, and safeguard residents from large flood events that could affect up to 3,000 homes, five schools and 600 businesses, with the potential to cause an estimated \$1.1 billion worth of damage. We also began the first stage of property relocations and demolition to enable our flood protection works to begin later this year. Partnership with all the communities tied to Te Awa Kairangi is important to the success of the project.



### Metrics

We have a number of indicators that demonstrate the work we are undertaking towards our goal of being carbon neutral by 2030. Many of these indicators were set through our 2021-31 Long Term Plan as non-financial performance measures. The table below illustrates some of the indicators which help tell the story of how we are actively adapting to and mitigating climate change.

Measure	2022/23 Target	2022/23 Result	Comments
<b>Carbon Emissions Reduction</b>			
Reduction in tonnes of CO2 equivalent (tCO2e) emissions	<50,342 tCO2e	48,438 tCO2e	LTP non-financial performance measure, see page 50 for more detail
Tonnes of CO2 emitted per year on Metlink Public Transport Services	19,223 tCO2e	21,019 tCO2e	LTP non-financial performance measure, see page 43 for more detail
Increase the number of electric buses	110 in total	98 in total	Delayed while options are considered for articulated buses.
<b>Environmental Restoration and Regional Resilience</b>			
Erosion-prone hill country treated	825 ha	1,405 ha	LTP non-financial performance measure, see page 35 for more detail
Grazed Regional Park land retired and restored to its native state	100 ha	43 ha	LTP non-financial performance measure, see page 35 for more detail
Indigenous species planted in our Regional Parks	60,000 stems planted	158,000 stems planted	LTP non-financial performance measure, see page 35 for more detail
Percentage of identified vulnerable floodplains with a flood management plan in place	35%	57%	LTP non-financial performance measure, see page 35 for more detail
<b>Mode Shift</b>			
Annual Public Transport boardings per capita	65	61.9	LTP non-financial performance measure, see page 43 for more detail
Percentage of Year 0-8 schools in the Wellington region registered for Movin March in 2023	Maintain or increase from previous year (60% in 2021/22)	63%	Registrations set a record high for the second year in a row.



## Greenhouse Gas Emissions Performance Measures Disclosure

Greater Wellington has committed to measuring its carbon emissions since 2015. From 2019 onwards, Greater Wellington's carbon footprint was audited by Toitū Envirocare in accordance with their Carbon Reduce programme. The programme includes the international standard ISO 14064-1:2018 on emission measurement and verification.

### *Organisational and operating boundaries*

Greater Wellington's organisational boundaries were set with reference to the methodology described in the Greenhouse Gas Protocol and international standards ISO 14064-1:2018.

Greater Wellington has applied an equity share consolidation approach. Under this approach, Greater Wellington accounts for Greenhouse Gas (GHG) emissions from operations according to its share of equity in the operation. For example, Greater Wellington owns 19 percent of Wellington Water Limited (WWL), therefore is accountable for 19 percent of WWL's GHGs.

Greater Wellington's share of emissions from equity in Wellington NZ and Creative HQ are not recognised as the other shareholder Wellington City Council (WCC) has included 100 percent of the emissions in its own emissions calculation. This is not considered significant to the total footprint.

### *Measurement of greenhouses gases*

The emissions reported in this year's annual report are for the year ending 30 June 2022. This is a result of the time needed to collect information on emissions across the Greater Wellington Council group and its suppliers.

To quantify Greater Wellington's emissions inventory, the following calculation methodology has been used unless otherwise stated: *Emissions = activity data x emissions factor*.

### *Significant assumptions and judgements*

Where available, Greater Wellington has used published emissions factors issued by the Ministry for the Environment (MfE) or other providers of emissions factors and obtained appropriate quantity data directly from suppliers and invoice management systems.

However, we have needed to rely on modelling and assumptions to measure emissions for some activities. To measure the emissions associated with diesel and electricity use on Metlink bus services, we have developed a bespoke model which estimates fuel consumption. This collates data for each specific trip, including distance travelled, average speed, some passenger loading information and whether journeys were completed. Additional assumptions are then applied such as average passenger weights, passenger loading for remaining passengers (where 'tag-on/tag-off' data is not available) and re-positioning distance travelled. This is matched to the specific bus that ran the service.

To convert this data into estimated litres of fuel and kWh of electricity, consumption factors developed for use in the European Union by the European Environment Agency are used. Consumption data is then converted to emissions using MfE's published diesel and electricity emission factors.

For enteric fermentation emissions generated from our grazing licences, we have estimated emissions based on an estimated maximum number of livestock for each piece of land, as actual stock numbers are not available. We are working to further refine these models in the future.



### Reporting boundary

A full carbon footprint accounts for emissions from Greater Wellington's value chain. This means emissions from upstream goods and services received as well as downstream use of the goods and services provided are considered. It is currently not practicable to measure all these emissions with the data and systems currently available. Below we have disclosed the sources that we are currently including and those that are currently excluded from the reported result.

Greater Wellington's emissions included:

- Greater Wellington's corporate footprint activities included air travel, electricity, natural gas, vehicle travel, fleet management, and waste disposal.
- Our Metlink Public Transport service activity sources included diesel use on our services (bus, rail, ferry, and Total Mobility Taxi), electricity (ferry, rail, busses, bus and rail infrastructure), and public waste collection from our railway stations.
- Our Environment and Catchment services included infrastructure electricity, grazing (sheep, cattle, and horses), heavy machinery (e.g., helicopters, tractors), fertiliser, and waste disposal.
- Corporate footprints of our CCOs.

Greater Wellington's emissions excluded:

In line with Toitū guidelines, some GHG sources were determined as *de minimis*<sup>1</sup> and therefore excluded from our GHG inventory. These include:

- Air travel, rental car travel, and accommodation reimbursed to employees.
- Office refrigeration for Greater Wellington and CentrePort Limited (fridges emit various fluorocarbons).
- Corporate courier and postage services

Other Greater Wellington GHG exclusions include:

- Fertiliser use in plant nurseries and all lease holdings (with the exception Queen Elizabeth Park), due to no data being available. Work is underway to obtain this data for future years.
- Waste to landfill from the following CCOs and COs: CentrePort Limited, Wellington Water Limited (corporate), WellingtonNZ, and the Wellington Regional Stadium Trust.
- Rental vehicles for Greater Wellington's COs.
- Travel reimbursements from CentrePort Limited workplace.
- Wellington Water Limited (corporate) refrigeration and workplace travel reimbursements.

### Inherent uncertainty

There is a level of inherent uncertainty in reporting GHG emissions, due to the inherent scientific uncertainty in measuring emissions factors, as well as estimation uncertainty in the measurement of activity quantity data. Including in the significant assumptions and judgements disclosed above.

Greater Wellington is working to improve data quality and controls over the measurement of GHG emissions which may lead to lower estimation uncertainty in future.

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<sup>1</sup> De minimis is defined as an issue that is insignificant to a GHG inventory, usually <1% of an organisation's total inventory for an individual emissions source. Often there is a limit to the number of emission sources that can be excluded as de minimis



*2018/19 baseline change*

In the 2021/22 audit on 13-14 December 2022 Greater Wellington revised its 2018/19 baseline. The new baseline includes new measurement of rail replacement buses, an improved measurement of sludge, electricity on-charged to Greater Wellington by KiwiRail Limited, a new measurement of flood protection grazing, and updated the average electricity emissions factors for 2018 and 2019 as published by Ministry for the Environment in August 2022. The previous baseline was 43,879.91 tonnes CO<sub>2</sub>e. The revised baseline is 51,044.61 tonnes CO<sub>2</sub>e.

The revised baseline has been updated in the Regional Strategy and Partnerships 'Measuring our Performance' table on page 50 of this Annual Report for the performance measure related to Greater Wellington's GHG emissions.

DRAFT



## Ko tā Te Pane Matua Taiao whakahoki ki te mate urutā KOWHEORI-19 | How Greater Wellington is Responding to the COVID-19 pandemic

Mitigating the risks of COVID-19 and ensuring the wellbeing of our staff and our customers included running public transport at reduced capacity and promoting COVID-19 testing and taking sick leave. With COVID-19 no longer a driving focus for Aotearoa New Zealand, we continue to promote staff health and wellbeing as a cornerstone of how Greater Wellington operates.

### *Putting health, safety and wellbeing first*

Our vision is “Everyone, Everyday – Home, Safe and Well: Ngā tangata katoa, mo nga rā katoa, ka hoki ora ai ki te kainga.” Mitigating the risks of COVID-19 and ensuring the wellbeing of our staff and our customers included running public transport at reduced capacity and promoting COVID-19 testing and taking sick leave.

### *Flexible working arrangements*

Towards the beginning of the 2022/23 financial year, COVID impacts continued to affect staff and ways of working. We continued to offer flexible working arrangements, allowing staff to reduce their exposure to themselves and others.

Many of the initiatives originally intended to adapt to COVID-19 have demonstrated a strong overall benefit for staff wellbeing. We continue to support these measures, including ongoing offers for Employee Assistance Programmes, flexible working arrangements, and staff training for building personal resilience.



## Te urupare ki ngā whakahau a te Kāwanatanga | Aligning to Government direction

Central Government is heading multiple reforms that have impacted Greater Wellington over the course of our 2021-31 Long Term Plan, particularly over the past 12 months. The scope of reform ranges from the roles of regional councils, funding structures, environmental regulation, to how we might operate public transport and deliver water services. There are ongoing considerations for how we implement or give effect to policy direction and government reform, and how we prepare for the possibility of further changes following the next national election (in October 2023).

### *Affordable Water reforms*

Greater Wellington have taken a proactive approach to participating in the Affordable Waters reform programme since it began. We have worked closely with councils across the Region to ensure that our Region benefits from the reform, and the process doesn't negatively impact our communities. Greater Wellington only deals with bulk drinking water supply, not with wastewater or stormwater. As the implementation of the reform programme continues, it is expected that bulk water supply will no longer be an activity of Greater Wellington, likely within the 2024/25 financial year. This is being considered and planned for through the development of the 2024-34 Long Term Plan.

### *Key planning and policy changes*

This year we prepared for, navigated and enacted key shifts in national and regional policies. In August 2022 we notified on **Proposed Change 1 to the Regional Policy Statement** to implement and support the National Policy Statement on Urban development, and to start the implementation of the National Policy Statement for Freshwater Management. The proposed change also addresses issues related to climate change and indigenous biodiversity. Hearings on the change commenced in June 2023. We also adopted the **Natural Resources Plan** and public engagement on the next steps for the **Kāpiti Coast Whaitua Implementation Programme**.

### *Advocacy to central government*

As a driver of regional planning and partnerships, Greater Wellington advocates to Central Government to promote positive regional outcomes and better linkages between local and Central Government planning. Examples of our advocacy include changes to the Resource Management Act, Government plans for emissions reduction, implementation of the Affordable Waters Reform, and the Land Transport Management Act.



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

**Activity Groups** provide an important link between the 2021-31 LTP's strategic priorities and the way they're implemented through day-to-day activities. Greater Wellington has four key Activity Groups:

<b>Environment and Flood Protection</b>	<ul style="list-style-type: none"> <li>• Resource management (environmental regulation, environmental policy and environmental science)</li> <li>• Biodiversity management</li> <li>• Pest management</li> <li>• Regional parks</li> <li>• Harbour management</li> <li>• Flood protection and control works</li> </ul>
<b>Metlink Public Transport</b>	<ul style="list-style-type: none"> <li>• Strategy and customer</li> <li>• Operations and commercial partnerships</li> <li>• Assets and infrastructure</li> </ul>
<b>Regional Strategy and Partnerships</b>	<ul style="list-style-type: none"> <li>• Regional partnerships with mana whenua and Māori</li> <li>• Climate change</li> <li>• Regional transport planning and programmes</li> <li>• Regional spatial planning</li> <li>• Regional economic development</li> <li>• Emergency management</li> <li>• Democratic services</li> </ul>
<b>Water Supply</b>	<ul style="list-style-type: none"> <li>• Bulk water supply</li> </ul>

For each of these Activity Group, we report on:

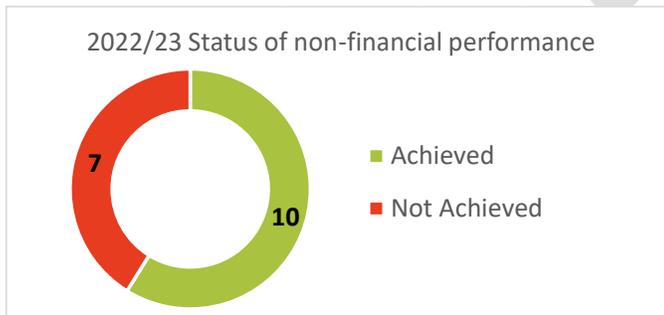
1. An overall summary of performance
2. Results of non-financial measures
3. Funding Impact Statements (in section 3: financial performance)

Performance measures were developed as part of the 2021-31 Long Term Plan and were developed to meet the requirements of the Local Government Act 2002, and with best practice in mind for accurate and understandable presentation. The reporting against these performance measures in this Annual Report also considers and complies with the requirements of the PBE FRS 48 reporting standards.



# Ko te Haumaru Taiao me te Waipuke | Environment and Flood Protection

## Overall Summary of the year's performance



Greater Wellington's Environment and Flood Protection activities achieved 59 percent of their seventeen performance measures this year.

For more detailed information on these performance measures including explanations for measures that were not achieved, please see the 'Measuring our Performance' section below.

Greater Wellington is responsible for the regulation, protection, and enhancement of the Region's natural resources. We are responsible for regulating the use of these natural resources, protecting the highest value biodiversity areas, managing flood risk across the Region, and managing public land on behalf of the community including eight Regional Parks. We also look after the Region's harbours and manage environmental threats such as pest plants and animals. We do this work through regional policies, plans, resource consents and working collectively alongside our community and partners.

## Overview of the year

This year has been defined by its severe weather events, which required us to re-evaluate work programmes, and focus on delivering high priority work. The impacts of severe weather were both direct and indirect; certain work was unsafe to undertake during severe weather, and many of our subject matter experts were engaged in supporting partners and communities to recover from the worst of the impacts, most notably from Cyclone Gabrielle.

This year Greater Wellington implemented a significant organisational change process for our environment and flood protection activities. In design and development for several years, the change enables Greater Wellington to better organise staff, align strategies, and embed a focus on



Māori outcomes. Underpinning the change is a new operating model for the Environment Group (te Rōpū Taiao), which was effective from May 2023 and drives an integrated and more holistic approach to undertaking our mahi, alongside the aspirations of our mana whenua partners and others. This model is supported by four focus areas for work ahead:

1. Co-design and co-delivery, working closely with communities
2. Investing in new ways to manage flood risks
3. Implementing Toitū Te Whenua Parks Network Plan
4. Regional pest management focus on deer and goats

We are focused on engagement and partnership with mana whenua throughout our mahi and especially in our environmental restoration programmes and our work towards regional natural resource and biodiversity planning. These programmes also deliver on our commitment to the climate emergency, for example, reducing grazed land is an important part of our overall emissions reduction, and treating erosion-prone areas supports greater resilience to climate-driven severe weather.

For more information on how we're delivering outcomes for mana whenua and Māori see page 18, and for how we're responding to the climate emergency see page 22.

#### *Improving the health of our waterways*

This year we used **skyTEM aerial surveying** over the Ruamāhanga Valley in the Wairarapa to scan for aquifers. Using this non-invasive scanning technology enables us to provide valuable insights about how water filters and cycles through the ground, and an overall better understanding of critical ground water resources.

The **Regional Riparian Programme** was delivered to target areas, including 89 percent of high impact areas. By implementing stock exclusion rules and increasing adoption of riparian management as a regular farming practice, the programme aims to improve water quality and support on-farm biodiversity.

As part of the **Hill Country Erosion Programme**, we treated 1,405 hectares of land. The Hill Country Erosion programme improves water quality through more sustainable land use and better mitigation of erosion on high-risk land, ultimately preventing silt and other material entering the waterway. A new contract of \$3.6m is in place to support the continuation of this work over the next four years.

The **Mahi Wairoa Project** has completed its first phase of work, which was centred on testing our approach for Catchment planning and implementation. As a result, three new approaches have been identified:

1. Sediment reduction options analysis and mitigations in Pouewe and Takapu water management units
2. Inanga habitat and riparian restoration along the Waitohu stream
3. Reducing the effects of nitrogen on and in local waterways through water races work with the Parkvale catchment community and others.

**Whaitua Implementation Programmes** are tracking well, with progress on recommendations for the Ruamāhanga, Te Awarua-o-Porirua and Te Whanganui-a-Tara Whaitua. Whaitua programmes focus on maintaining and growing the health of catchments – the areas of land that focus water into streams and rivers. By planning restoration at a catchment level, we can take a holistic approach and



improve the health of the waterways over time. The majority of key regulatory recommendations have now been made, with recommendations for Porirua and Te Whanganui-a-Tara now underway.

#### *Protecting and restoring ecosystems*

Our region-wide **wetland restoration programme** supports the protection, management and restoration of wetlands in the Wellington region, including administering incentives for landowners on predominantly private land. This year was very successful; delivering 32 restoration management plans (ready to be signed/approved), fencing of 17 sites and undertaking weed control at 44 sites.

Our **pest management programmes** delivered 'on target' this year, including providing protection to native bird species such as black billed gulls, banded dotterel, black shags, New Zealand pipits, bittern, dabchicks and pied stilts. Predator Free Wellington achieved a significant result with 80 percent of the Miramar Peninsula eliminated from rats, possums and mustelids.

We hit our targets for pest plant and animal control for **Wairarapa Moana Wetlands**, extending our coverage of restoration activities carried out to over 8.2 hectares. This work boosts recreational and economic opportunities and ensures Wairarapa Moana is highly valued as a place of historical and cultural significance. Community groups and schools are important partners in this work and have participated extensively in freshwater education programmes and community action planning.

We advanced our **Recloaking Papatūānuku** programme this year, completing the wetland restoration work at Queen Elizabeth Park, undertaking pest plant and animal management, and putting 400,000 plants into the ground as part of our winter planting activities.

#### *Holistic planning for te taiao*

We completed the public engagement process, including feedback assessment, on **Mauri Tūhono** – an environmental framework co-designed by mana whenua, Greater Wellington and the Department of Conservation. The intent of the framework is to answer the karanga (call) from te taiao (the environment) and transform how we relate to it.

This year the **Natural Resources Plan** graduated from 'proposed' to 'approved', representing 12 years of *māhiti* in partnership with Greater Wellington, mana whenua and communities. The Natural Resources Plan takes a holistic approach, whereas previous plans took separate approaches to manage air quality, freshwater, soil, and discharges to land and coastal areas. The Natural Resources Plan is a unique and transformative leap forward, enabling an integrated way to manage natural resources across the entire region. We also notified on **Proposed Change 1 to the Regional Policy Statement**, relating to proposed changes to address issues related to climate change and indigenous biodiversity. Hearings on these changes began in June 2023.



## Measuring our performance

Strategic Priorities	Key Result Areas	Levels of Service	Performance Measures	Baseline (2019/20)	2021/22 Result	2021/22 Status	2022/23 Target	2022/23 Result	2022/23 Status	Narrative Key
Protect and restore our freshwater quality and blue belt	Delivery of the Ruamāhanga, Te Awarua-o-Porirua and Te Whanganui-a-Tara Whaitua implementation programmes	Water quality in the region is maintained or improved	Macroinvertebrate Community Index (MCI) score is maintained or improved <sup>2</sup>	New Measure	Achieved <sup>3</sup>	<b>Achieved</b>	Achieved	Achieved <sup>4</sup>	<b>Achieved</b>	
		Support landowners through incentive funding and advice to develop and implement Farm Environment Plan actions, which reduce nutrient and sediment discharges or enhance biodiversity	Percentage of Greater Wellington incentive funding <sup>5</sup> used to advance Whaitua Implementation Programme priorities or to enhance or protect threatened biodiversity, through completion of high impact actions on private land	New Measure	98.3%	<b>Achieved</b>	75%	94%	<b>Achieved</b>	A
		Deliver treatment programme on identified erosion-prone land	Erosion-prone hill country treated	755 ha	850 ha	<b>Achieved</b>	825 ha	1,405 ha	<b>Achieved</b>	B

<sup>2</sup> Aquatic macroinvertebrates (i.e. animals without backbones that can be seen with the naked eye, e.g. shrimps, worms, crayfish, aquatic snails, mussels, aquatic stage of some insect larvae, such as dragonfly larvae, mayflies, caddisflies, etc.) are commonly used biological indicators for freshwater ecosystem health throughout New Zealand and around the world. Macroinvertebrates are widely used because they are abundant, easy to collect and identify, have relatively long life-cycles, and are sensitive to multiple pressures (e.g. pollution, habitat removal, floods, and droughts). This makes macroinvertebrate communities useful to identify where we need to improve our management of these pressures and to show when these pressures are sufficiently addressed.

<sup>3</sup> For 2021/22 97.5% of monitoring sites have maintained or improved their MCI score – only one monitoring site has recorded a decrease, and this is within the variability observed at the site over recent years. Weather conditions and river flows before sampling are a possible cause of this variability with the site assessment around the band A/B threshold.

<sup>4</sup> For 2022/23 97.6% of monitoring sites have maintained or improved their MCI score – only one monitoring site has recorded a decrease, and this is within the variability observed at the site over recent years. Weather conditions and river flows before sampling are a possible cause of this variability with the site assessment around the band A/B threshold.

<sup>5</sup> Greater Wellington incentive funding used to complete high impact actions will be assessed in respect to the three substantive incentive funds aimed at assisting landowners to undertake beneficial freshwater or biodiversity action on their land – these three programmes being: the Riparian Programme, the Farm Planning services fund, and the Wetland Programme.



Strategic Priorities	Key Result Areas	Levels of Service	Performance Measures	Baseline (2019/20)	2021/22 Result	2021/22 Status	2022/23 Target	2022/23 Result	2022/23 Status	Narrative Key
		Provide environmental information to the community and our stakeholders	Timely Information from core environmental monitoring programmes is made available to the public via the Greater Wellington website	New Measure	3 of 14 (21%) of 2020/21 annual reports published on time	<b>Not Achieved</b>	Achieved <sup>6</sup>	5 of 16 (31%) of 2021/22 annual reports published on time	<b>Not Achieved</b>	C
		Monitor compliance with resource consents	Where rates of compliance for high risk activities are less than 80 percent, develop and implement a strategy to improve the rate of compliance	> 80%	Water Takes: Improved from 60.1% to 67.6%	<b>Achieved</b>	Improved <sup>7</sup>	Improved <sup>8</sup>	<b>Achieved</b>	D
		Customer satisfaction for the resource consent service	Level of overall satisfaction with consent processing services <sup>9</sup>	4.33	4.41	<b>Achieved</b>	>4	4.2	<b>Achieved</b>	
Protect and restore indigenous biodiversity and ecosystem health	Re-forestation and protection and restoration of wetlands across our regional parks network	Protect and care for the environment, landscape and heritage	Grazed land retired and restored to its native state	New Measure	102 ha	<b>Achieved</b>	100 ha	43 ha	<b>Not Achieved</b>	E
			Indigenous species planted	63,000	46,500	<b>Not Achieved</b>	60,000	158,000	<b>Achieved</b>	F
Implementing nature based solutions to	Improve recreational enjoyment and	Customer satisfaction and improved public access	Percentage of regional park visitors that are satisfied with their experience	98% <sup>10</sup>	86.4%	<b>Not Achieved</b>	95%	84%	<b>Not Achieved</b>	G

<sup>6</sup> This target requires 85% of annual monitoring reports to be published within 3 months of completion of the yearly monitoring cycle. For most monitoring programmes the cycle finishes end of June, meaning 12 reports (out of a total of 14 reports for the year) should have been published on Greater Wellington's website by the end of September 2022.

<sup>7</sup> Where the rate of compliance for 2022/23 is better than it was in 2021/22.

<sup>8</sup> Compliance improved for strategies in place, with Earthworks reaching 81% (above the 80% compliance standard.)

<sup>9</sup> On a scale of 1 (very dissatisfied) to 5 (very satisfied)

<sup>10</sup> The 2019/20 result was arrived at via a survey of a randomly selected sample of 500 residents 16+yr in the Wellington Region, telephone interviewing and face to face interviews with questionnaire, 90 percent confidence interval.



Strategic Priorities	Key Result Areas	Levels of Service	Performance Measures	Baseline (2019/20)	2021/22 Result	2021/22 Status	2022/23 Target	2022/23 Result	2022/23 Status	Narrative Key
climate change	environmental value of regional parks		Annual number of visits to a regional park	1.76 million	1.89 million	<b>Achieved</b>	Increase from previous year	1.68 million	<b>Not Achieved</b>	H
	Implement the Regional Pest Management Plan (RPMP) and support Predator Free Wellington Initiatives	Provide pest species control services across the region	Provide pest animal and plant management as per RPMP Operational Plans <sup>11</sup>	Not Achieved	Not Achieved	<b>Not Achieved</b>	Achieved	Not Achieved	<b>Not Achieved</b>	I
			Provide pest species control services as agreed under Predator Free Wellington	New Measure	Achieved	<b>Achieved</b>	Achieved	Achieved	<b>Achieved</b>	
		Implement the objectives of the Greater Wellington Biodiversity Strategy	Biodiversity Strategy objectives are being actively progressed by Greater Wellington <sup>12</sup>	New Measure	Achieved	<b>Achieved</b>	Achieved	Achieved	<b>Achieved</b>	
Communities safeguarded from major flooding	RiverLink flood control works completed	Progress towards completion of the RiverLink flood control works	Implement RiverLink in accordance with the approved Preliminary Design	New Measure	Achieved	<b>Achieved</b>	Construction started	Achieved	<b>Achieved</b>	
		Provide the standard of flood protection agreed with communities	Major flood protection and control works are maintained, repaired, and renewed to the key standards defined in relevant planning documents <sup>13</sup> <sup>14</sup>	Yes	Yes	<b>Achieved</b>	Yes	No	<b>Not Achieved</b>	J
		Provide information and understanding of	Percentage of identified vulnerable floodplains with a	30%	63%	<b>Achieved</b>	35%	57%	<b>Achieved</b>	K

<sup>11</sup> Operational Plans can be accessed via Greater Wellington's website: <https://www.gw.govt.nz/environment/pest-management/pest-management-operations/>

<sup>12</sup> There are 15 Biodiversity Strategy objectives. Information is gathered at the end of the financial year on the activities that support each objective to determine progress and status of achievement.

<sup>13</sup> DIA Mandatory Measure

<sup>14</sup> Detailed reporting of maintenance, repair and renewal or upgrade works is included in annual asset management and implementation reports to Greater Wellington Environment Committee.



Strategic Priorities	Key Result Areas	Levels of Service	Performance Measures	Baseline (2019/20)	2021/22 Result	2021/22 Status	2022/23 Target	2022/23 Result	2022/23 Status	Narrative Key
		flood risk in the community	flood management plan in place							
		Manage the safety of marine activities in the region's waters	Percentage of identified risks within the Harbour Risk Assessment that have been reviewed	New Measure	25%	<b>Not Achieved</b>	60%	15%	<b>Not Achieved</b>	L

### Narrative on Results

**A** – The target for this measure was developed as part of the 2021-31 Long Term Plan, based on past experience with wetland and riparian (river) restoration work. Because of increased staff resources, increasing regulatory requirements for freshwater standards, and an overall high demand for works, a significant portion of Whaitua programme priorities were suitable for incentive funding.

**B** – This year included a significant amount of native reversion retirement – a process of fencing off land with existing native plants and allowing them to grow to a greater coverage. Native reversion is a cost-effective method of erosion control, allowing us to treat more land with a given budget. Further work was accomplished by using budget underspend from other areas of the erosion control programme.

**C** – Additional resource was brought on in 2022/23 to improve timely completion of reporting, however because of delays in on-boarding new staff and prioritisation of other work the target was missed. The resource gap may be considered again in 2023/24 work programmes.

**D** – Based on compliance rates in 2021/22 four strategies are required for water takes, earthworks, municipal water supplies, and municipal wastewater. All strategies have been developed and in various stages of implementation. Implementation will continue in 2023/24, with the exception of earthworks which reached 81 percent compliance, which is above the threshold.

**E** – The shortfall is due to several factors. Procurement of plants and contractors to plant them takes time to ramp up and meet increased demand. Mana whenua partnerships are a key part of how we plan and implement restoration, and these partnerships require time to develop. Staff changes and turnover in this reporting period also had an effect, as it takes time to embed new people and re-affirm relationships with our partners.

**F** – This measure is over-target because the density of plantings can vary significantly depending on what is required for a given area. Plantings are estimated at an average of 2,500 'stems' per hectare but may be as dense as 10,000 stems per hectare.



**G** – In 2021/22 a new survey system was used, changing from a small phone-based sample to an online survey open to the general public. In the 2021/22 survey it was apparent that some parks were incorrectly identified by respondents, including respondents referencing parks not managed by Greater Wellington. In the 2022/23 survey, maps were added to help respondents correctly identify regional parks. As such the 2022/23 data will be used as a baseline and a means of assessing ways to improve satisfaction scores in 2023/24 and beyond.

**H** – The main contributors to the drop in visitors were related to poor weather and counter reliability. Poor weather, particularly during summer, resulted in many park events being cancelled. Counters have reached the end of their maintenance life. A new system for visitor counting will be rolled out during the 2023/24 financial year.

**I** – Work was completed in the Key Native Ecosystem, Biosecurity Services, and Regional Species programmes, however only 85 percent of the Regional Predator Control Programme was completed, primarily due to disruptions caused by Cyclone Gabrielle and other severe weather events.

**J** – Delays are primarily due to the availability of materials and equipment, unpredictable weather, and a reduced construction season. These factors have slowed work programme delivery across the region, particularly in the Hutt Valley. Additional delays are due to pending resource consents for the Ōtaki, Waikanae, and Upper Wairarapa rivers. While we have an agreement to undertake temporary works in the Waikanae River, further work is needed to improve the approach to resource consents and engaging with mana whenua.

**K** – There were 19 Vulnerable floodplains identified as 'Catchments of Interest' in the '2022 Regional Flood Exposure Assessment' considering flood history, community at risk, and infrastructure at risk. A floodplain is an area of land adjacent to a watercourse which experiences flooding during periods of high discharge. Additional floodplains may become vulnerable as new development occurs in areas which flood. We develop floodplain management plans (FMPs) for these areas. We currently have FMPs in place for 12 of these 19 vulnerable floodplains.

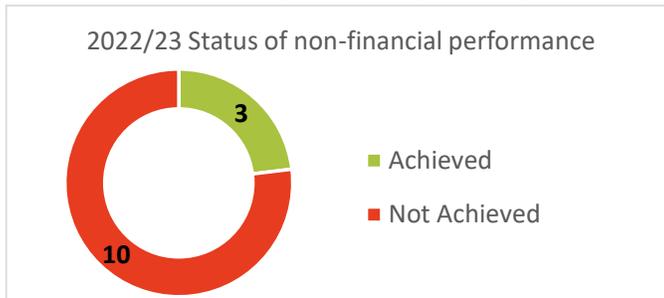
**L** – The Kaitaki ferry power outage in January and the breakdown of the shipping container vessel Shiling were significant unplanned events and took priority over other work. Our response included immediate coordination work at the time of each incident, and ongoing work afterwards with Maritime NZ around emergency towing procedures and risk management approaches.



# Ngā waka Tūmatanui | Metlink

## Public Transport

### Overall Summary of the year's performance



Greater Wellington's Metlink Public Transport activities achieved 23 percent out of their 13 performance measures this year.

For more detailed information on these performance measures including explanations for measures that were not achieved, please see the 'Measuring our Performance' section below.

Greater Wellington manages the Metlink Public Transport network and delivers public transport services to the region. We deliver services across an integrated network of bus routes, five passenger rail lines, the harbour ferries, and Total Mobility services. Passengers, ratepayers, and road users fund these services through fares, rates, and a subsidy from Waka Kotahi NZ Transport Agency. We are also responsible for developing and maintaining public transport infrastructure including railway stations, train maintenance depots, bus and ferry shelters, signs, and Park & Ride facilities.

### Overview of the year

Staff shortages have had a significant impact on the operation of our bus and rail services. To improve bus driver numbers we have supported improvements to driver conditions, and successfully lobbied Government to improve immigration rules and expand recruitment options. Operators are actively recruiting staff from across New Zealand and from overseas, with a goal of hiring enough drivers to reinstate the levels of service targets originally established for 2020. Starting from a shortage gap of 120 drivers in February 2023, hiring efforts shrunk the gap to 83 drivers by June 2023.

Improving driver wages was an important part of closing the driver shortages gap. On 30 March 2023, Council agreed to increase base rates paid to bus drivers, in accordance with a Central Government funding offer. On 1 April 2023, bus driver wages increased to an average of \$30 per hour for 'urban' services and \$28 per hour for 'regional' services. Projections on hiring indicate that we will have a full complement of drivers by the end of September 2023. Train services have reached



sufficient frontline staff levels, and our rail operator Transdev continues to review requirements and increase staff cover to ensure reliable services.

Slips and slope stability issues on the Kāpiti Line and the work on the Wairarapa Line caused disruptions to rail services throughout the year. Further significant disruptions occurred in May 2023 after Metlink was advised by KiwiRail that there were unforeseen technical issues with the Track Evaluation Car, which prevented important regular safety inspections of the rail network. Two reviews (one commissioned by Central Government, one internal to KiwiRail) are being undertaken into KiwiRail's response, which will provide future direction and aide in preventing the issue from reoccurring.

Amidst these challenges, there are strong signs of improvement and positive trends in our public transport operations. Patronage on bus and rail continues a positive trend to pre-COVID levels. Bus patronage reached 90 percent and rail reached 75 percent of pre-COVID (2019) levels.

While we continue to restore and expand transport services, we are engaging with engaging with mana whenua partners on ways to include storytelling and history as part of transport infrastructure and continuing to mitigate climate impacts through emissions reduction programmes. For more information on how we're delivering outcomes for mana whenua and Māori see page 18, and for how we're responding to the climate emergency see page 22.

#### *New services and easier payment options*

The **new Airport bus service** commenced operation on 1 July 2022, providing express service between Wellington Railway Station and Wellington Airport. The service operates on electric buses, and includes features such as WiFi and payWave, enabling an easier way for visitors to access the service. The service has been very popular, with 364,191 passengers in the first year of operation – 28 percent more than forecast.

Metlink rail customers can now pay for trips using their Snapper card. **Snapper on Rail** went live on the Kāpiti Line on 12 November 2022, and the Melling, Hutt Valley and Wairarapa trains on 27 November 2022. Paper ticket sales at stations ceased on 31 December 2022. The inclusion of Snapper on Rail has had a major impact on convenience, as shown by a 12 percent increase in satisfaction with payment services in Metlink's annual Passenger Satisfaction Survey.

#### *Future Fares Direction*

Council adopted **Future Fares Direction** initiatives in August 2022, following a consultation period with over 1,100 submissions. In February 2023, the Council agreed to implement a suite of fare initiatives, including increasing the off-peak fare discount and providing for cumulative discounts. In addition, Council agreed to implement six percent fare increase as a result of the Annual Fares Review. The fare changes went live on 1 April 2023.

#### *Lower North Island Rail Integrated Mobility*

Following confirmation of Central Government funding, procurement is now underway for 18 four-car tri-mode trains, and associated infrastructure for the Wairarapa and Manawatū Lines. The new trains are expected to significantly increase peak-time services and improve customer experience. Peak time services between Palmerston North and Wellington on the Manawatū line are expected to quadruple, and double between Masterton and Wellington on the Wairarapa line.



## Measuring our Performance

Strategic Priorities	Key Result Areas	Levels of Service	Performance Measures	Baseline (2019/20)	2021/22 Result	2021/22 Status	2022/23 Target	2022/23 Result	2022/23 Status	Narrative Key
An efficient, accessible, and low carbon public transport network	Improving the customer experience across all areas of the public transport network	Provide a consistent and high quality customer experience across the public transport network	Passengers' overall satisfaction with the Metlink public transport <sup>15</sup>	New Measure	Bus: 93.2%	Achieved	94%	92%	Not Achieved	A
					Rail: 95.8%	Achieved	94%	94%	Achieved	
					Ferry: 96.1%	Not Achieved	98%	97%	Not Achieved	B
			Passenger satisfaction with convenience of paying for Metlink public transport <sup>16</sup>	New Measure	83.1%	Achieved	>78%	87%	Achieved	C
			Passenger satisfaction with Metlink information currently available <sup>17</sup>	New Measure	77.7%	Not Achieved	>89%	75%	Not Achieved	D
Passenger satisfaction with Metlink public transport being on time <sup>18</sup>	New Measure	73.3%	Not Achieved	>82%	69%	Not Achieved	E			

<sup>15</sup> The Metlink Public Transport Passenger Satisfaction Survey, which is run twice yearly, is used to determine Customer Satisfaction. Satisfied = score of 6-10 on a scale of 0-10. The question used to determine this measure is: *Thinking about the vehicle you are on now, how satisfied or dissatisfied are you with this trip overall?*

<sup>16</sup> The Metlink Public Transport Passenger Satisfaction Survey is used for this measure. Satisfied = score of 6-10 on a scale of 0-10. The question used to determine this measure is: *Thinking about your experience of public transport (including trains, buses, and harbour ferries) in the Wellington region over the last three months, how satisfied or dissatisfied are you with how convenient it is to pay for public transport?*

<sup>17</sup> The Metlink Public Transport Passenger Satisfaction Survey is used for this measure. Satisfied = score of 6-10 on a scale of 0-10. The question used to determine this measure is: *Overall, how satisfied, or dissatisfied are you with the information about public transport services that is currently available?*

<sup>18</sup> The Metlink Public Transport Passenger Satisfaction Survey is used for this measure. Satisfied = score of 6-10 on a scale of 0-10. The question used to determine this measure is: *Thinking about the vehicle you are on now, how satisfied, or dissatisfied are you with the service being on time (keeping to the timetable)?*



Strategic Priorities	Key Result Areas	Levels of Service	Performance Measures	Baseline (2019/20)	2021/22 Result	2021/22 Status	2022/23 Target	2022/23 Result	2022/23 Status	Narrative Key
			Percentage of scheduled bus trips that depart their timetabled starting location on time (punctuality) – to 5 minutes <sup>19</sup>	94.2% <sup>20</sup>	95.5%	<b>Achieved</b>	95%	94.4%	<b>Not Achieved</b>	F
			Percentage of scheduled rail services on-time (punctuality) – to 5 minutes <sup>21</sup>	89.4%	89.9%	<b>Not Achieved</b>	95%	80%	<b>Not Achieved</b>	G
	40 percent increase in regional mode share for public transport and active modes by 2030	Promote and encourage people to move from private vehicles to public transport	Annual Public Transport boardings per capita	63 per capita	48.4 per capita	<b>Not Achieved</b>	65 per capita	61.9 per capita	<b>Not Achieved</b>	H
		Provide fit-for-purpose vehicles, infrastructure, and services to continually deliver a high quality core network that meets ongoing demand	Percentage of passengers who are satisfied with the condition of the station/stop/wharf <sup>22</sup>	New measure (88% Nov 2020)	87.6%	<b>Not Achieved</b>	92%	91%	<b>Not Achieved</b>	I
			Percentage of passengers who are satisfied with the condition of the vehicle fleet <sup>23</sup>	New measure (94% Nov 2020)	94.9%	<b>Achieved</b>	93%	94%	<b>Achieved</b>	

<sup>19</sup> This measure is based on services that depart from origin, departing between one minute early and five minutes late. Punctuality does not include cancelled services. Cancelled services are accounted for in 'reliability', which is not a measure included in the 2021-31 Long Term Plan. Reliability is reported monthly on [www.metlink.org.nz/news-and-updates/surveys-and-reports/performance-of-our-network](http://www.metlink.org.nz/news-and-updates/surveys-and-reports/performance-of-our-network)

<sup>20</sup> 2019/20 result: Measure excludes trips where the start time of the trip was not recorded. This could have been due to trip being cancelled or not run, an equipment failure or driver did not trip on at origin. Trips where there is no origin data represents 11.5 percent of total trips.

<sup>21</sup> The rail punctuality measure is based on rail services arriving at key interchange stations and final destination, within five minutes of the scheduled time.

<sup>22</sup> The Metlink Public Transport Passenger Satisfaction Survey is used for this measure. Satisfied = score of 6-10 on a scale of 0-10. The question used to determine this measure is: *How satisfied or dissatisfied are you with the condition of the stop/station/wharf?*

<sup>23</sup> The Metlink Public Transport Passenger Satisfaction Survey is used for this measure. Satisfied = score of 6-10 on a scale of 0-10. The question used to determine this measure is: *How satisfied or dissatisfied are you with the condition of this vehicle?*



Strategic Priorities	Key Result Areas	Levels of Service	Performance Measures	Baseline (2019/20)	2021/22 Result	2021/22 Status	2022/23 Target	2022/23 Result	2022/23 Status	Narrative Key
	Reducing public transport emissions by accelerating decarbonisation of the vehicle fleet (bus, rail, ferry)	Gross emissions for Metlink's public transport fleet will be minimised, reducing the offsets required to reach net carbon neutrality	Tonnes of CO <sub>2</sub> emitted per year on Metlink Public Transport Services	New Measure (22,761) <sup>24</sup>	23,442 tCO <sub>2</sub> e (2020/21) <sup>25</sup>	<b>Not Achieved</b>	19,223 tCO <sub>2</sub> e	21,019 tCO <sub>2</sub> e (2021/22) <sup>26</sup>	<b>Not Achieved</b>	J
		Reduction of accidental death and serious injury on the public transport network and prioritisation of safety and maintenance on the Public Transport network to encourage safe behaviours	Accidental deaths and serious injuries sustained on the Public Transport network as a result of Metlink or operator activity <sup>27</sup>	New Measure	Completed	<b>Achieved</b>	5% decrease from previous year	3 serious injuries	<b>Not Achieved</b>	K

**Narrative on Results**

**A** – Frontline Public Transport staff shortages have had a significant impact on the operation of our bus services this year. Our operators are actively recruiting staff from overseas and domestic markets and have reported that they expect a full complement of drivers by the end of September 2023.

<sup>24</sup> The baseline was amended from what was published in the 2021-31 Long Term Plan. The amendment baseline includes emissions for rail replacement bus services, resulting in an additional 719.6 tonnes of CO<sub>2</sub>e. A correction was also made due to an error in the financial period reported as June-May to the correct July, which resulted in an additional 0.1% (~25 additional tonnes of CO<sub>2</sub>e) in the baseline figure.

<sup>25</sup> 2020/21 financial year results are reported against the 2021/22 target figure as 2021/22 data from all the operational sources was not available on-time.

<sup>26</sup> 2021/22 financial year results are reported against the 2022/23 target figure as 2022/23 data from all the operational sources was not available on-time.

<sup>27</sup> This measures events on the Metlink Public Transport network that have resulted in an accidental death or serious injury to a member of the public or Metlink staff member.



**B** – Satisfaction with the ferry trip increased 1 percent (to 97 percent) compared to 2021/22. This is a relatively high score, despite some disruption through the year due to fleet availability. Improvements to this should see an improvement in satisfaction.

**C** – Satisfaction with the convenience of paying has improved considerably. The introduction of Snapper payment onto the rail network has had a strong influence, with the increase in satisfaction of 12 percent from the previous year, to a total of 87 percent.

**D** – This score has been influenced by disruptions on the rail network, with rail showing a significant drop of 10 percent (to 75 percent) when compared to the previous year. Improvements to the Metlink website and app were launched after the survey, which aim to improve the customer experience by keeping them up to date when disruptions occur.

**E** – The delivery of bus services continues to be negatively impacted by significant driver shortages. As at 30 June 2023 we are approximately 83 drivers short across the bus network. Ongoing issues related to the slips/slope stability and associated speed restrictions on the Kāpiti Line, and work on the Wairarapa Line, affected performance on the rail network.

**F** – The majority of our network achieved well over the 95 percent target. Bus punctuality is affected by external factors such as traffic, particularly in Wellington City, Porirua and the Wairarapa. Lower scores in these areas have affected the overall percentage.

**G** – Ongoing issues related to slope stability and the associated speed restrictions on the Kāpiti Line significantly impacted on-time performance. Most speed restrictions were lifted at the beginning of March 2023, and performance immediately improved in those areas. Remaining speed restrictions were lifted at the end of May 2023, after KiwiRail monitoring equipment was in place.

**H** – While we have continued to see reduced passenger boardings compared to pre-COVID (2019), the 2022/23 result (61.9 annual boardings per capita) shows a marked improvement from the prior year (48.4 annual boardings per capita). Bus patronage is now 90 percent of pre-COVID levels and rail patronage is 75 percent.

**I** – Satisfaction with the condition of the station/stop/wharf is consistent with previous years, with a slight drop for rail and slight increase for ferry. We have an ongoing programme to put in new and improved bus shelters across the network.

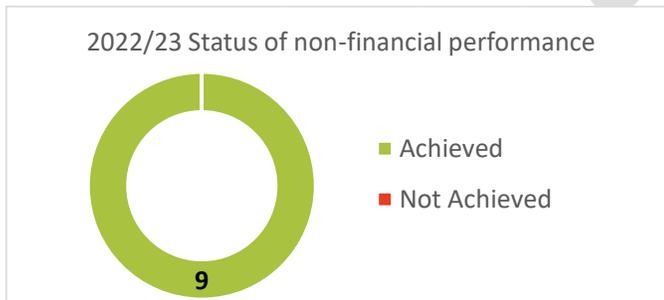
**J** – Our Metlink Public Transport service activity sources included diesel use on our services (bus, rail, ferry, and total Mobility Taxi), electricity (ferry, rail, busses, bus and rail infrastructure), and public waste collection from our railway stations. While most sources of transport-related emissions reduced from the previous year, they were slightly above the target.

**K** – There were three incidents of serious injuries, and no deaths reported in 2022/23. This is an increase compared to no reported incidents the previous year. Two years of data is not sufficient to set trends or projections. We will continue work to refine our targets for accident reduction.



# Ko te mahere ā-rohe me ngā rangapū | Regional Strategy and Partnerships

## Overall Summary of the year's performance



Greater Wellington's Regional Strategy and Partnerships activities achieved 100 percent out of their nine performance measures this year. For more detailed information on these performance measures including explanations for measures that were not achieved, please see the 'Measuring our Performance' section below. Greater Wellington coordinates Regional Strategy and Partnership activities on a range of issues and priorities across the Region. Our approach is to build, develop and maintain strong relationships so we can achieve integrated decision making at a regional level and ensure the successful delivery of key regional projects. This includes building sustainable partnerships with mana whenua, and regional planning with territorial authorities and Central Government. We also coordinate regional spatial and transport planning, planning for action on climate change, regional economic development plans and regional emergency management.

## Overview of the year

The year saw steady progress on major regional projects and collaborative regional plans. We coordinated action across the Region to address climate change, support economic development and improve transport systems. We welcomed a new Council, following the 2022 Local Government Elections, and continued to support emergency response.

The largest challenge this year was responding to the impacts of Cyclone Gabrielle. These impacts extended into our Region, with severe impacts to communities in the Wairarapa. Recovery is an ongoing process, and for those affected it will be a part of their story for years to come. We also responded to significant change coming from Central Government with advocacy and advice to our Central and Local Government partners.



Our partnerships with mana whenua and Māori are a significant part of our work and are embedded directly and indirectly into our programmes and the way we engage with communities. Examples from this year include establishing a Long Term Plan committee that includes mana whenua representatives, engaging with mana whenua in developing regional programmes, and implementing Te Whāriki – an outcomes-based framework for how we plan and deliver our work.

For information on how we're delivering outcomes for mana whenua and Māori see page 18, and for how we're responding to the climate emergency see page 22.

### *Let's Get Wellington Moving*

A huge amount of work has gone into planning and collaborating on the Let's Get Wellington Moving programme this year. We provided strategic support and advice on the **Golden Mile** and **Hutt Road-Thorndon Quay** facets of the programme, ahead of the final design work slated for 2022/23. We also worked with Wellington City Council to establish the team that will deliver the **Travel Demand Management Programme**.

### *Collaborating on transportation activities*

This year we have provided expertise in transport analytics and facilitated regional partnerships between cities and regional partners. We led the development of the first **Regional Speed Management Plan** as part of Waka Kotahi's Road to Zero project and developed a new strategic transport modelling tool. This tool provides more robust transport modelling, which can then be used to decide where we should invest our money. The model has already been useful to inform several projects including Let's Get Wellington Moving and the Wellington Region's Future Development Strategy.

The **Movin' March** programme hit record registrations for the second year in a row. The programme gets schools involved low-carbon means of travel, including safe and sustainable ways that kids can travel to and from school such as walking and cycling.

### *Emergency response and recovery*

Greater Wellington staff were deployed to other regions to support responses following severe weather events during the year, including Auckland, Gisborne and the Hawkes' Bay Emergency Coordination Centres, and the National Crisis Management Centre for Cyclone Gabrielle. Cyclone Gabrielle has left lasting impacts on communities in the Wairarapa, and working with other councils and community partners to support recovery will be ongoing. **Wellington Region Emergency Management Office (WREMO)** continued to work with Greater Wellington managers and people leaders throughout the year to train staff and to improve our collective ability to activate and support the Emergency Coordination Centre.

### *Environmental and economic partnerships*

Greater Wellington are leading the coordination, analysis, and facilitation of regional plans and partnerships with benefits across environmental and economic sectors. We worked with **WellingtonNZ** to support their implementation of the **Wellington Regional Economic Development Plan**, which works to create sustainable economic growth in the Region.

### *Wellington Regional Leadership Committee (WRLC)*

Greater Wellington continued in its role as the Administrating Authority for the **Wellington Regional Leadership Committee (WRLC)**. We supported the WRLC work programme by contributing to the



**Future Development Strategy, Regional Emission Reduction Plan, Wellington Regional Climate Change Impact Assessment, and Regional Adaptation Plan.** The WRLC is expected to be undertaking public consultation on the Future Development Strategy in the first half of 2023/24, and the Wellington Regional Climate Change Impact Assessment will be published during 2023/24.

#### *2022 Elections*

For the 2022 Local Government Elections we ran an awareness campaign to encourage more candidates and voters. The result of the elections led to seven returning Councillors and five new Councillors forming Greater Wellington's Council for the next three years. Councillors Daran Ponter and Adrienne Staples were confirmed as Chair and Deputy Chair of the Council respectively for a second term.

Greater Wellington Councillors were provided with a robust induction process and interactive reference materials to ensure they were well supported into their roles and able to effectively establish how they would govern over the next three years.

The Council established two new Committees for this triennium, the Long Term Plan Committee, which includes mana whenua representation, and the Te Tiriti Komiti.



## Measuring our Performance

Strategic Priorities	Key Result Areas	Levels of Service	Performance Measures	Baseline (2019/20)	2021/22 Result	2021/22 Status	2022/23 Target	2022/23 Result	2022/23 Status	Narrative Key
Taking regional climate action through regional strategy, collaboration, and advocacy	Working collectively with partners to take regional climate action	Reduction of Greater Wellington's corporate carbon emissions	Reduction in tonnes of CO <sub>2</sub> equivalent (tCO <sub>2</sub> e) emissions <sup>28</sup>	New measure  Revised 2018/19 baseline: 51,044.61 tCO <sub>2</sub> e <sup>29</sup>	50,342 tCO <sub>2</sub> e <sup>30</sup>	<b>Not Achieved</b>	Reduction from previous year	48,438 tCO <sub>2</sub> e <sup>31</sup>	<b>Achieved</b>	<b>A</b>
Regional economic development and recovery in a COVID-19 era	Regional economic recovery including low carbon economic transition	Alignment of Greater Wellington's activities and investment with the priorities of the Wellington Regional Leadership Committee <sup>32</sup>	As the Administering Authority, Greater Wellington will ensure the Committee has an agreed annual work programme and regular progress reporting	New measure	Achieved <sup>33</sup>	<b>Achieved</b>	Achieved	Achieved	<b>Achieved</b>	
Leading regional spatial planning	Implement the Wellington Regional Growth Framework									

<sup>28</sup> This measure is for all of Greater Wellington's corporate greenhouse gas emissions. This includes all business units, and the share for the jointly owned Council Controlled Organisations based on ownership share.

<sup>29</sup> The 2018/19 baseline was revised in in December 2022. The previous baseline was 43,879.91 tonnes CO<sub>2</sub>e, and the revised baseline is 51,044.61 tonnes CO<sub>2</sub>e.

<sup>30</sup> The 2021/22 reported result relates to the 2020/21 financial year. Greater Wellington's Corporate carbon emissions are reported one year in arrears due to the data collection and Toitū Envirocare independent audit process.

<sup>31</sup> Corporate emissions declined by 5.1% from base year, from 51,045 tonnes CO<sub>2</sub>e in 2018/19 to 48,438 tonnes CO<sub>2</sub>e in 2021/22. Reductions were due primarily to reduced grazing activity on Greater Wellington managed land and from Metlink continuing to increase the number of electric busses.

<sup>32</sup> As the Administering Authority Greater Wellington supports and enables the operations and success of the Wellington Regional Leadership Committee.

<sup>33</sup> An agreed work programme for 2021/22 was provided by Greater Wellington to the Wellington Regional Leadership Committee (WRLC), which is monitored through regular reporting at WRLC meetings and through the WRLC Annual Report, published in July 2022.



Strategic Priorities	Key Result Areas	Levels of Service	Performance Measures	Baseline (2019/20)	2021/22 Result	2021/22 Status	2022/23 Target	2022/23 Result	2022/23 Status	Narrative Key
		Maintain a state of readiness of the Emergency Coordination Centre that is appropriately staffed and equipped to respond to an emergency	A team of CIMS <sup>34</sup> trained Greater Wellington staff is ready to respond to an activation of the Emergency Coordination Centre	New measure	Achieved	<b>Achieved</b>	Achieved	Achieved	<b>Achieved</b> <sup>35</sup>	
An efficient, accessible, and low carbon public transport network	40 percent increase in regional mode share for Public Transport and active modes by 2030	Regional transport, planning, leadership, advice, and coordination to guide development and delivery of an integrated, multi-modal regional transport network	Wellington Regional Land Transport Plan is prepared and updated in accordance with the LTMA <sup>36</sup> and central government guidance	New measure	Achieved	<b>Achieved</b>	Annual Monitoring report is presented to RTC <sup>37</sup>	Achieved	<b>Achieved</b>	
			Coordinate and deliver new workplace travel programmes with major regional employers	New measure	0 programmes	<b>Not Achieved</b>	3 new programmes	Achieved	<b>Achieved</b>	
Effective partnerships and co-designed agreements with mana whenua	Collaborative decision making with mana whenua partners	Effective decision making achieved through active involvement with mana whenua through strong partnership arrangements	Mana whenua report evidence of strong partnership arrangements and progress towards positive outcomes <sup>38</sup>	New measure	Not Achieved	<b>Not Achieved</b>	Achieved	Achieved	<b>Achieved</b>	B

<sup>34</sup> CIMS = Coordinated Incident Management System

<sup>35</sup> This is measured through annual reporting by the Wellington Regional Emergency Management Office (WREMO) stating the number of trained staff for the Emergency Coordination Centre based on the training requirements by the National Emergency Management Agency.

<sup>36</sup> LTMA = Land Transport Management Act

<sup>37</sup> RTC = Regional Transport Committee

<sup>38</sup> Annual Qualitative Survey of our six mana whenua partners.



Strategic Priorities	Key Result Areas	Levels of Service	Performance Measures	Baseline (2019/20)	2021/22 Result	2021/22 Status	2022/23 Target	2022/23 Result	2022/23 Status	Narrative Key
		Positive outcomes for Māori achieved through effective and resourced planning and engagement	Increased incorporation and use of mātauranga Māori across services delivered by Greater Wellington	New measure	Achieved <sup>39</sup>	<b>Achieved</b>	Achieved	Achieved	<b>Achieved</b>	C
		Mana whenua and Māori are enabled to achieve strong, prosperous, and resilient outcomes	Deliver Te Matarau a Māui annual work programme as agreed to by independent Board	New measure	Not Achieved	<b>Not Achieved</b>	Achieved	Achieved	<b>Achieved</b>	D
			Mana whenua and Māori report they are prepared for managing effective responses to civil defence and other emergencies	New measure	Not Achieved	<b>Not Achieved</b>	Achieved	Achieved	<b>Achieved</b>	E

### Narrative on Results

**A** - Corporate emissions reduced by 5.1 percent from base year, from 51,045 tonnes CO<sub>2</sub>e in the revised 2018/19 baseline to 48,438 tonnes CO<sub>2</sub>e in 2021/22. Reductions were due primarily to reduced grazing activity on land managed by Greater Wellington and from Metlink continuing to increase the number of electric busses. For more details see the Greenhouse Gas Emissions Performance Measures Disclosure on page 25.

**B** – All Kaupapa (project related) Funding agreements have been signed along with first tranche funding (of 50 percent of overall amount) and joint work programmes agreed. Regular operational meetings are in place with five of our mana whenua partners.

**C** – In 2022/23 there has been an increase in participation of staff attending the range of in-house capability training to improve their understanding of te ao Māori. Development of Mauri Tūhono with iwi has ensured a Māori perspective is recognised within our Biodiversity operations. The stand up of the new operating model for our Environment Group and the employment of a new Director Mātauranga Taiao and a team of kaimahi enables delivery with a mātauranga approach. We have also made significant progress in developing a Mātauranga Māori Framework as part of the Te Whāriki, our Māori Outcomes framework.

<sup>39</sup> The implementation of Te Whariki – Greater Wellington’s Māori Outcomes Framework has been a focus for 2021/22 and has resulted in increased focus on lifting organisational capability with regards to mātauranga Māori.



D – An annual work programme for Te Matarau a Māui has been developed. Work deliver in 2022/23 includes the He Tipu Pakihi / regional Māori business summit, recruitment of a Ministry of Social Development-funded work broker to assist rangatahi with work opportunities, a Māori land research project based in Ōtaki, and a Māori eco-system development project.

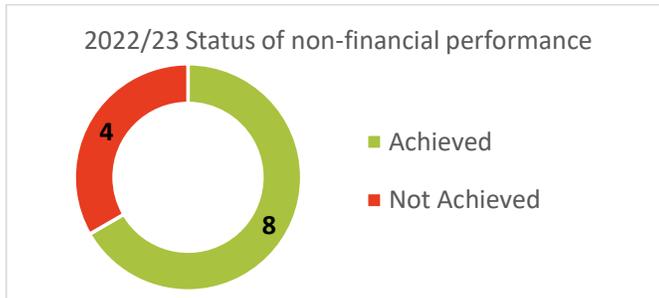
E – Progress has been made on all five kaupapa of the Māori Integration Programme this year, a key body of work to expand partnership and include mana whenua and Māori expertise in the wider emergency management system. Progress this year included an agreement for mana whenua to be a part of regional emergency management governance alongside representatives from territorial authorities, marae creating their own emergency plans, and delivery of preparedness workshops for mana whenua and Māori across the rohe.

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# Ngā Puna Wai | Water Supply

## Overall Summary of the year's performance



Greater Wellington's Water Supply activities have achieved 67 percent of their 12 performance measures this year. For more detailed information on these performance measures including explanations for measures that were not achieved, please see the 'Measuring our Performance' section below.

Greater Wellington is responsible for collecting, treating and distributing safe and healthy drinking water to Wellington, Hutt, Upper Hutt and Porirua City councils. This work is carried out for Greater Wellington by Wellington Water Limited (WWL), a joint council-owned water management company. City and district councils are responsible for the distribution of water to households and businesses through their own networks. Providing the bulk water supply to the city councils involves managing an extensive network of infrastructure, ensuring safe, high-quality, secure and reliable water sources, and that our freshwater is sustainable.

## Overview of the year

As we prepare for the changes signalled through Central Government's Affordable Waters Reform Greater Wellington continued to deliver bulk water services through Wellington Water Limited, support key projects to improve our Region's bulk water supply and increase the resilience of infrastructure.

### *Progressed capital projects*

Work commenced during the year to increase the resilience of the **Silverstream Pipe Bridge**. Once completed, the upgrades will improve the resilience of the water network by upgrading one of the Region's most critical water supply pipelines, while also improving the walking and cycleways along the bridge.

Work to upgrade **Te Marua Water Treatment Plant** continued through the year as well. These upgrades will increase the capacity of the plant and overall capacity of drinking water supply for the Region. While the project progressed this year, there have been delays while seismic risks are further considered and appropriate options explored.

The **Kaitoke Flume Bridge** provides an important walkway for Kaitoke Park visitors, as well as a key water pipeline that provides approximately 50 percent of the Region's raw water supply. In April



2023 the old concrete bridge was upgraded to a modern steel arch bridge. The new bridge was built with the Region's seismic risk in mind, and is designed to flex rather than break during a major earthquake.

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## Measuring our Performance

Strategic Priorities	Key Result Areas	Levels of Service	Performance Measures	Baseline (2019/20)	2021/22 Result	2021/22 Status	2022/23 Target	2022/23 Result	2022/23 Status	Narrative Key
A clean, safe, and sustainable future drinking water supply		Provide water that is safe, and pleasant to drink	Compliance with part 4 of the drinking-water standards (bacteria compliance criteria) <sup>40</sup>	100%	100%	<b>Achieved</b>	100%	Not achieved	<b>Not Achieved</b>	A
			Compliance with part 5 of the drinking-water standards (protozoal compliance criteria) <sup>40</sup>	100%	100%	<b>Achieved</b>	100%	Not achieved	<b>Not Achieved</b>	A
			Customer satisfaction: number of complaints regarding water clarity, taste, odour, pressure/flow, and supply <sup>40</sup>	0	0	<b>Achieved</b>	<0.2	0	<b>Achieved</b>	
			Number of waterborne disease outbreaks	0	0	<b>Achieved</b>	0	0	<b>Achieved</b>	
Reduce water demand to support a sustainable water supply to avoid unnecessary investment in significant new water supply infrastructure	Support the reduction of the overall bulk water supply to the four metropolitan cities by 25 percent by 2030	Provide a continuous and secure bulk water supply	Average consumption of drinking water per day per resident within the TA districts <sup>40</sup>	369.8 L/d/p	382 L/p/d	<b>Not Achieved</b>	<375 L/p/d	398 L/p/d	<b>Not Achieved</b>	B
			Maintenance of the reticulation network: Percentage of real water loss from the networked reticulation system <sup>40, 41</sup>	0.07% <sup>42</sup>	0%	<b>Achieved</b>	±2.5 %	0.03%	<b>Achieved</b>	
		Provide a continuous and	Response times to attend urgent call-outs in response to a fault or	Time to reach site: 0 min <sup>44</sup>	0 minutes (no urgent call-outs)	<b>Achieved</b>	<90 min	0 min (no urgent call-outs) <sup>45</sup>	<b>Achieved</b>	

<sup>40</sup> Non-Financial Performance Measures Rules 2013, Water Supply (DIA Mandatory Measure).

<sup>41</sup> All connections are metered, production flows are subtracted from supply flows and weekly mass balance checks carried out to identify losses. Differences in metering accuracy account for the loss or gain of water supplied rather than leakage or unauthorised use.

<sup>42</sup> This is the non-revenue bulk water as a percentage of the annual production volume. Non-revenue bulk water is the total amount of bulk supplied water that has been used for scouring plus the amount of main leakage from the bulk mass balance.

<sup>44</sup> Zero minutes/hours means there were no urgent call-outs during the 2019/20 year.

<sup>45</sup> Placeholder: disclosure statement to come from Audit.



Strategic Priorities	Key Result Areas	Levels of Service	Performance Measures	Baseline (2019/20)	2021/22 Result	2021/22 Status	2022/23 Target	2022/23 Result	2022/23 Status	Narrative Key	
		secure bulk water supply <i>(continued)</i>	unplanned interruption to the network reticulation system <sup>43</sup>	Time to confirm resolution: 0 hours <sup>46</sup>	0 hours (no urgent call-outs)	<b>Achieved</b>	<8 hrs	0 hrs (no urgent call-outs)	<b>Achieved</b>		
			Response times to attend non-urgent call-outs in response to a fault or unplanned interruption to the network reticulation system <sup>37</sup>	Time to reach site: 0.9 hours	0 hours (no non-urgent call-outs)	<b>Achieved</b>	<72 hrs	0 hrs (no non-urgent call-outs)	<b>Achieved</b>		
				Time to confirm resolution: 1.25 days	0 days (no non-urgent call-outs)	<b>Achieved</b>	<20 days	0 days (no non-urgent call-outs)	<b>Achieved</b>		
				Number of events in the bulk water supply preventing the continuous supply of drinking water to consumers	0	0	<b>Achieved</b>	0	0	<b>Achieved</b>	
				Sufficient water is available to meet normal demand except in a drought with a severity of greater than or equal to 1 in 50 years	6.9%	20%	<b>Not Achieved</b>	<2%	7.4%	<b>Not Achieved</b>	C

### Narrative on Results

**A** – Wellington Water Limited’s compliance assessments for the Region’s Water Treatment Plants for the period of July – December 2022 highlighted a number of technical non-compliances that meant we were unable to demonstrate compliance for this period. Taumata Arowai’s new compliance rules took effect in November 2022, and Wellington Water Limited have moved their focus to measuring compliance with those rules rather than against the two DIA Mandatory Measures for drinking water standards. DIA have not yet revoked their mandatory measures so Councils are still required to report on these measures. Wellington Water Limited

<sup>43</sup> Non-Financial Performance Measures Rules 2013, Water Supply (DIA Mandatory Measure).

<sup>46</sup> Zero minutes/hours means there were no urgent call-outs during the 2019/20 year



will provide reporting against the Taumata Arowai standards going forward and Greater Wellington will use these as a proxy indicator for drinking water safety in 2023/24.

**B** – Per capita consumption across all councils in the metro area (Wellington City, Hutt City, Upper Hutt City, and Porirua City) has continued to increase, primarily due to leakage, but also in part due to high residential use relative to other cities in New Zealand. Wellington Water Limited continues to promote increased investment in water loss activities and network renewals to bring down water loss to more sustainable levels, together with investment in universal smart metering and additional source capacity work in the near future to better manage the increasing supply/demand balance risk.

**C** – Completion of the Te Mārua capacity upgrade project is required to return the region to within the target level of service for drought resilience. Work continues on the capacity upgrade project, but has experienced delays this year as seismic risks are further considered. Alongside this project are additional activities to help manage demand are being considered, such as smart metering to provide better insights on water use.

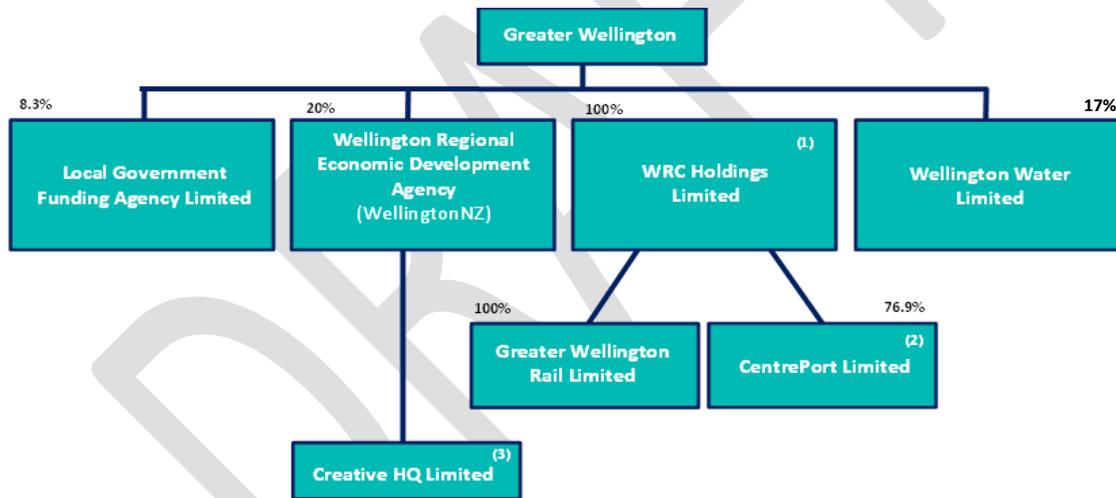
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# Tā te Kaunihera Rōpū me ngā Mahi Haumi | Council Controlled Organisations and Investments

Greater Wellington has a number of subsidiary entities that deliver services to the Region. These subsidiaries are “council organisations” as defined in the Local Government Act 2002 (section 6.)

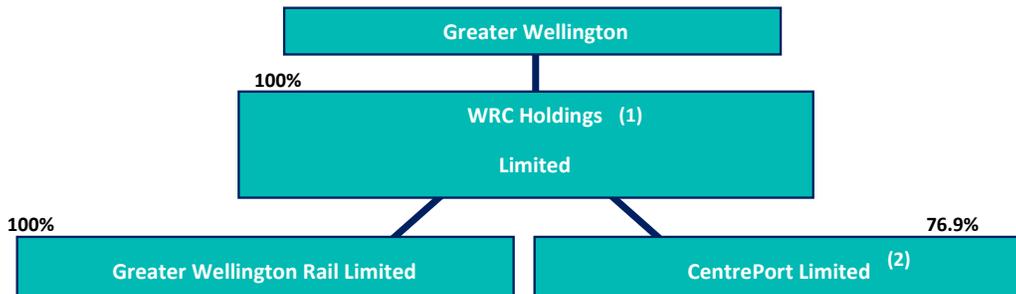
For further descriptions of Greater Wellington’s Council Controlled Organisations (CCOs), Council Controlled Trading Organisations (CCTOs), Council Organisations (COs) and Investments, please see pages 99-111 of the 2021-31 Long Term Plan.



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

## WRC Holdings Group

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



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

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

The main operating companies in the Group are CentrePort Limited and Greater Wellington Rail Limited. Each year WRC Holdings Limited provides to Greater Wellington, as 100 percent shareholder, a Statement of Intent for the WRC Holdings Group.

#### WRC Holdings group financial performance targets

	Actual 2023 \$'000	Target 2023 \$'000	Actual 2022 \$'000
Net (deficit) / surplus before tax	(20,902)	(5,774)	(31,340)
Net (deficit) / surplus after tax	(16,513)	(4,456)	1,266
Earnings before interest, tax, depreciation and amortisation (EBITDA)	17,738	21,948	1,313
Return on Shareholder's equity	(2.50) %	(0.70) %	0.20%
Return on total assets	(2.00) %	(0.60) %	(3.10)%
Shareholders equity to total assets	80.00 %	80.50 %	68.60%
Dividends	2,400	2,300	3,800

Directors of WRC holdings and its subsidiaries for the 2022/23 financial year (excluding CentrePort Limited) are:

- Chris Kirk-Burnnand
- David Lee
- David Bassett
- Thomas Nash
- Nick Leggett (independent director)
- Helen Mexted (independent director)
- Nancy Ward (independent director)
- Prue Lamason (ceased 24 November 2022)
- Roger Blakely (ceased 24 November 2022)
- Glenda Hughes (ceased 24 November 2022)



## Greater Wellington Rail Limited

Greater Wellington Rail Limited (GWRL) is owned by WRC Holdings Limited. All capital purchases are funded via issuance of shares from WRC Holdings. The board of GWRL has external directorships providing advice and expertise, common with WRC Holdings Limited. GWRL is asset holding (rolling stock and rail infrastructure) and contracts out the maintenance of these assets. GWRL is wholly owned by WRC Holdings Limited who in turn is wholly owned by Greater Wellington.

GWRL owns Greater Wellington's investments in metro rail assets, which include:

### Rolling Stock

- 18 SW Carriages
- 6 SE Carriages
- 1 AG Luggage Van
- 2 Remote controlled electric Shunt crabs
- 83 2 Car Matangi units
- 1 Matangi driving simulator

### Infrastructure Assets

- Thorndon electric multiple unit (EMU) depot and EMU train wash Metro wheel lathe and building
- 48 Railway stations
- 14 Pedestrian over-bridges
- 11 Pedestrian underpasses
- A range of carparks, station improvements and ancillary rail related assets.

### GWRL non-financial performance targets

Level of Service	2022/23 Result	2022/23 Target	2021/22 Result
Percentage of passengers who are satisfied with their current trip	94%	≥93%	96%
Percentage of customers who are satisfied with the condition of the station	90% <sup>1</sup>	≥92%	93%
Percentage of customers who are satisfied with the inside temperature of vehicles	93%	≥93%	95%
Percentage of passengers who are satisfied with the condition of the vehicle fleet	96%	≥92%	97%
Percentage of passengers who are satisfied with overall station	94%	≥92%	96%
Percentage of customers who are satisfied with the cleanliness of the trains	89% <sup>1</sup>	≥91%	92%
Percentage of passengers who are satisfied with provision of shelter from weather at shelter/station	84%	≥84%	85%
Percentage of customers who are satisfied with their personal safety at station	91% <sup>1</sup>	≥93%	93%
Percentage of passengers who are satisfied with information about service delays or disruptions	53% <sup>1</sup>	≥73%	66%
<b>ROLLING STOCK – ASSET MANAGEMENT</b>			
Matangi Mean Distance between failure	66,529 km	≥40,000km	50,262 km
Carriage Mean distance between failure	95,446 km	≥80,000km	73,352 km
<b>RAIL FIXED ASSET – ASSET MANAGEMENT</b>			



Percentage of pedestrian bridges and subways which meet at least 67% of NBS earthquake rating	79% <sup>2</sup>	88%	75%
Percentage of stations with CCTV coverage	96%	96%	96%
<b>Average condition grade of:</b>			
Station buildings and shelter	1.5	≤2.5	1.5
Structures (subways & bridges)	2.4	≤2.5	2.4
Park & Ride	2.1	≤2.5	2.1
<b>Percentage of assets in condition grade 4 (Poor) or worse</b>			
Station buildings and shelters	1.0%	≤5%	2.3%
Structures (subways & bridges)	5.4%	≤8%	5.4%
Park & Ride	5.0%	≤8%	4.8%

1. The customer satisfaction survey was undertaken in May 2023.
2. The addition of the new Trentham Subway into the asset population saw an improved result in 2022/23 compared to 2021/22, however the 2022/23 target was not met due to seismic strengthening work underway not being completed at Epuni and Taita by 30 June 2023.

### GWRL financial performance targets

	2023 Actual	2023 Target	2022 Actual
Operating expenditure (\$ million)	53.7	39.1	46.3
Capital expenditure (\$ million)	19.1	18.0	13.9
Shareholder fund to total asset*	81.5%	83.1%	81.1%

\* Shareholders' Funds (or equity) is defined as the total issued capital plus the balance of undistributed profits and capital reserves.

\* Total Assets are defined as all the recorded current and non-current assets of GWRL at their current value as determined by the GWRL's Accounting Policies.

## CentrePort Limited (CPL)

CPL is a Port Company under the Port Companies Act 1988. WRC Holdings holds the shares of CPL. CPL is a commercial organisation and is run by an independent board of directors, unrelated to the Council. CPL provides a commercial return to WRC Holdings Limited by way of dividends.

### CPL financial performance targets

	2023 Actual \$'000	2023 Target \$'000	2022 Actual \$'000
Net profit before tax	15,500	14,300	8,200
Net profit after tax (1)	12,000	10,700	8,000
Return on total assets (2)	2.1%	2.2%	1.6%
Return on equity (3)	2.5%	2.3%	1.8%
Dividend as a % of underlying net profit after tax before earthquake impacts and changes in fair value	50.3%	56.2%	74.6%
Dividend	6,000	6,000	6,000

(1) Underlying net profit after tax before earthquake impacts and changes in fair value includes abnormal items.

(2) Return on assets = earnings before interest, tax, earthquake impacts, and changes in fair value divided by the average opening and closing non-current assets.

(3) Return on equity = underlying net profit after tax before earthquake impacts and changes in fair value divided by the average opening and closing total equity.

The Statement of Corporate Intent (SCI) targets are from the SCI for the financial years ended 30 June 2023 to 2025 which was approved for issue in June 2023.



## CPL non-financial performance targets

Objective	Performance measure	2022 Result	2023 Target	2023 Result
A zero-harm workplace	Lost Time Injury Frequency (per 200,000 hours worked)	3.03	≤ 2.5	1.70
	Lost Time Injury Severity (per 200,000 hours worked)	8.66	≤ 7.75	6.17
	bSafe reports (incidents and near miss reports)	914	>1,100	943 <sup>1</sup>
	Standard operating procedures (SOPs) reviewed and updated	160	120	140
Improve health and safety, staff wellbeing and engagement at work	Health & Safety and employee engagement culture surveys – score improving every survey (18 months)	70% (FY21)	Improvement on FY21 result	Survey to be carried out in 2024
Increase gender diversity	Overall gender balance (F/M); ELT gender balance (F/M); Board gender balance (F/M)	18%/82% All; 14%/86% ELT; 33%/67% Board.	Improve on 2022	18%/82% All; 14%/86% ELT; 33%/67% Board.
Improved productivity across port	Gross crane rate (as measured by Ministry of Transport)	28.2	30.0	29.6
	Manage the safety of marine activities	Marine activities conducted in accordance with the current Port and Harbour Marine Safety Code (PHSC)	100% compliance	100% compliance
	100% of new tasks or newly identified hazards risk assessed in collaboration with the Wellington Harbourmaster team	100% compliance	100% compliance	100% compliance
Operate in a sustainable manner	Net zero emissions by 2040. 30% emission reduction by 2030 relative to 2019 (excluding growth)	31.4% reduction	20% reduction on base year, excluding growth	30.6% reduction based on draft calculation (to be finalised and
Financial performance	Group EBITDA	\$18.4m	\$22.5m	\$22.3m
	Underlying Net Profit After Tax	\$8.0m	\$10.7m	\$11.9m
	Underlying NPAT Return on Group Equity	1.8%	2.3%	2.5%
	Dividend	\$6.0m	\$6.0m	\$6.0m
Major Regeneration Investments	Investment Execution Performance	Focus on close out works for Container Berth following operationalisation of reinstated berth in March 2022.  Seaview Wharf Renewal mobilisation	Business Case approved for Inner Harbour Precinct – Stage1	A draft report has been presented by JLL to discuss potential opportunities for the Inner Harbour Precinct, with an initial focus on Waterloo Wharf. CentrePort is investigating market





## Wellington Regional Economic Development Agency (WellingtonNZ)

WellingtonNZ was established in late 2014. It is owned jointly by Wellington City Council and Greater Wellington. The ownership reflects the proportion of funding by the two shareholding councils. It is run by an independent board of directors. WellingtonNZ is the key agency for economic development in the region, combined with tourism, venues and major events management for Wellington city.

### *WellingtonNZ performance targets*

The performance targets for WellingtonNZ are set through their 2022/23 Statement of Intent. Results against the 2022/23 year will be published in their Annual Report by the end of September 2023.

## Wellington Water Limited (WWL)

WWL was established in September 2014. It is run by an independent board of directors and is accountable to the Wellington Water Committee – a joint committee of elected representatives from each of the shareholding councils and mana whenua representatives. WWL manages water supply activities, delivers capital works programmes and provides councils with asset management and planning advice. WWL manages Greater Wellington's bulk water supply function. They manage local supply, storm-water and waste-water service delivery for five of the territorial authorities in the Wellington Region.

### *WWL performance targets*

Wellington Water Limited's performance measures are set out in the Water Supply section of the 2021-31 Long Term Plan and performance targets for the 2022/23 year are set through Wellington Water Limited's 2022/23 Statement of Intent. Wellington Water Limited's performance against these measures can be found in the Water Supply section of this report, as well as in Wellington Water Limited's 2022/23 Annual Report, available on their website.

## Council Organisations

### *Predator Free Wellington Limited (PFW)*

PFW is a charitable company established in 2018 to implement the Predator Free Wellington Project. Greater Wellington, together with Wellington City Council, holds 49 percent of the total shares (24.5 percent each). NEXT Foundation holds the remaining shares in the PFW (51 percent).

### *Civic Financial Services Limited*

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

### *Local Government Funding Agency (LGFA)*

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



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

#### *Wellington Regional Stadium Trust (Sky Stadium)*

Sky Stadium<sup>47</sup> is a regional facility which provides a high quality, multi-purpose venue for sporting and cultural events. Greater Wellington appoints one of its Councilors to the Wellington Regional Stadium Trust and jointly with Wellington City Council appoints other trustees. Greater Wellington also monitors the trust's performance against its Statement of Trustees Intent.

## Investments

Greater Wellington has a significant portfolio of investments, comprising: liquid financial deposits, administrative properties (e.g. depots), forestry, equity investments in the WRC Holdings Group (including CentrePort Limited), rail rolling stock and related assets.

Greater Wellington's approach in managing investments is to balance risk against maximising returns. We recognise that as a responsible public authority, investments should be held for the long-term benefit of the community, with any risk being managed appropriately. We also recognise that lower risk generally means lower returns. From a risk management point of view, Greater Wellington is well aware that investment returns to the rate line are exposed to the success or otherwise of two main investments – the WRC Holdings Group (including CentrePort Limited) and our liquid financial deposits. Investments offset the need for rates revenue. Regional rates would need to be higher without the revenue from Greater Wellington's investments.

#### *Treasury management*

Greater Wellington's treasury management is carried out centrally to maximise our ability to negotiate with financial institutions. We then on-lend these funds to activities that require debt finance. This allows the true cost of debt funding to be reflected in the appropriate areas. The surplus is used to offset regional rates.

#### *Liquid financial deposits*

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

<sup>47</sup> Wellington Regional Stadium Trust was established under the Wellington Regional Council (Stadium Empowering) Act 1996 and is a self-contained statutory body. While it is not a Council Organisation under the Local Government Act 2002, it is treated consistently with organisations that are Council Organisations.



#### *Administrative properties*

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

#### *Forestry*

Greater Wellington and our predecessor organisations have been involved in forestry for many years, primarily for soil conservation and water quality purposes. The organisation holds 6,000ha of forested land, of which about 4,000ha is in the western or metropolitan part of the region, with the remaining 2,000ha in Wairarapa. The cutting rights to these forests were sold for a period of up to 60 years in the 2013/14 year. Our overall investment policy with regard to forestry is to maximise long-term returns while meeting soil conservation, water quality and recreational needs.

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# Wāhanga tuatoru: He pūrongo pūtea | Section three: Financial performance



# He Tauākī Pūtea a Te Pane Matua Taiao mō ngā Hua | Activity Group Funding Impact Statements

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<b>Ngā Waka Tūmatuanui</b> Metlink Public Transport	70
<b>Ko te Mahere ā-Rohe me Ngā Rangapū</b> Regional Strategy and Partnerships	72
<b>Ngā Puna Wai</b> Water Supply	75



## Ko te Haumarū Taio me te waipuke | Environment and Flood Protection

<b>Environment and Flood Protection Funding Impact Statement</b>	Actual 2023 \$'000	Long-term plan 2023 \$'000	Actual 2022 \$'000	Long-term plan 2022 \$'000
<b>Sources of operating funding</b>				
General rate	63,797	62,640	56,333	57,222
Targeted rates	9,657	10,632	8,504	9,172
Subsidies and grants for operating purposes	5,724	3,391	8,160	10,994
Interest and dividends from investments	338	-	111	-
Fees and charges	5,654	7,998	1,586	8,270
Fines, infringement fees, and other receipts 1	14,058	10,697	17,079	15,333
<b>Total operating funding</b>	<b>99,228</b>	<b>95,358</b>	<b>91,773</b>	<b>100,991</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	69,683	61,961	56,876	65,312
Finance costs	5,607	5,785	5,073	5,578
Internal charges and overheads applied	21,203	17,914	18,400	17,406
<b>Total applications of operating funding</b>	<b>96,493</b>	<b>85,660</b>	<b>80,349</b>	<b>88,296</b>
<b>Surplus/(deficit) of operating funding</b>	<b>2,735</b>	<b>9,698</b>	<b>11,424</b>	<b>12,695</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	5,789	-	-	-
Increase (decrease) in debt	33,787	30,261	28,511	20,529
Gross proceeds from sale of assets	521	288	73	261
<b>Total sources of capital funding</b>	<b>40,097</b>	<b>30,549</b>	<b>28,584</b>	<b>20,790</b>
<b>Applications of capital funding</b>				
to meet additional demand	-	-	-	-
to improve the level of service	38,431	34,715	34,352	29,481
to replace existing assets	4,820	5,274	1,972	3,966
Increase (decrease) in reserves	(850)	7	3,388	(203)
Increase (decrease) of investments	431	251	296	241
<b>Total applications of capital funding</b>	<b>42,832</b>	<b>40,247</b>	<b>40,008</b>	<b>33,485</b>
<b>Surplus/(deficit) of capital funding</b>	<b>(2,735)</b>	<b>(9,698)</b>	<b>(11,423)</b>	<b>(12,695)</b>
<b>Surplus/(deficit) of funding</b>				
Depreciation on assets	6,671	6,170	5,048	5,314



<b>Environment and Flood Protection Funding Impact Statement</b>	Actual 2023 \$'000	Long-term plan 2023 \$'000	Actual 2022 \$'000	Long-term plan 2022 \$'000
<b>Sources of operating funding</b>				
Flood protection and control works	27,633	28,585	30,452	33,454
Regional parks	8,724	8,673	8,359	8,033
Resource management	29,893	28,347	26,097	27,794
Land management	11,051	12,291	8,872	11,856
Biodiversity management	8,737	6,789	6,921	6,291
Pest management	10,583	7,972	8,445	10,967
Harbour management	2,607	2,701	2,627	2,597
<b>Total operating funding</b>	<b>99,228</b>	<b>95,358</b>	<b>91,773</b>	<b>100,992</b>
<b>Applications of operating funding</b>				
Flood protection and control works	25,274	21,382	23,342	22,478
Regional parks	7,644	7,522	7,032	6,998
Resource management	31,033	27,223	24,964	27,139
Land management	11,266	12,118	7,943	11,679
Biodiversity management	8,239	6,773	6,392	6,282
Pest management	9,949	8,015	7,911	11,154
Harbour management	3,088	2,627	2,766	2,567
<b>Total applications of operating funding</b>	<b>96,493</b>	<b>85,660</b>	<b>80,350</b>	<b>88,297</b>
<b>Capital expenditure</b>				
Capital Projects	30,802	38,862	11,001	32,345
Land and Buildings	12,449	-	24,791	-
Plant and Equipment	-	165	597	165
Vehicles	-	962	-	937
<b>Total capital expenditure</b>	<b>43,251</b>	<b>39,989</b>	<b>36,389</b>	<b>33,447</b>



## Ngā Waka Tūmatuanui | Metlink Public Transport

	Actual 2023 \$'000	Long-term Plan 2023 \$'000	Actual 2022 \$'000	Long-term Plan 2022 \$'000
<b>Metlink Public Transport Funding Impact Statement</b>				
<b>Sources of operating funding</b>				
Targeted rates	90,574	92,354	81,810	81,810
Subsidies and grants for operating purposes	188,418	107,475	129,664	97,488
Fees and charges	37,712	100,934	52,290	97,348
Fines, infringement fees, and other receipts	5,459	4,143	4,221	5,016
<b>Total operating funding</b>	<b>322,163</b>	<b>304,906</b>	<b>267,985</b>	<b>281,662</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	277,800	270,725	254,033	251,991
Finance costs	9,376	9,623	9,814	10,259
Internal charges and overheads applied	16,872	15,195	16,259	14,764
<b>Total applications of operating funding</b>	<b>304,048</b>	<b>295,543</b>	<b>280,106</b>	<b>277,014</b>
<b>Surplus/(deficit) of operating funding</b>	<b>18,115</b>	<b>9,363</b>	<b>(12,121)</b>	<b>4,648</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	17,838	28,075	12,520	18,285
Increase (decrease) in debt	(1,665)	13,281	14,826	9,262
Gross proceeds from sale of assets	-	10	-	10
<b>Total sources of capital funding</b>	<b>16,173</b>	<b>41,366</b>	<b>27,346</b>	<b>27,557</b>
<b>Applications of Capital funding</b>				
to meet additional demand	-	-	-	-
to improve the level of service	5,157	5,738	3,659	3,328
to replace existing assets	12,375	31,160	5,722	13,468
Increase (decrease) in reserves	(1,720)	(4,194)	(7,841)	(2,246)
Increase (decrease) of investments	18,476	18,024	13,685	17,655
<b>Total capital expenditure</b>	<b>34,288</b>	<b>50,728</b>	<b>15,225</b>	<b>32,205</b>
<b>Surplus/(deficit) of capital funding</b>	<b>(18,115)</b>	<b>(9,363)</b>	<b>12,121</b>	<b>(4,648)</b>
<b>Surplus/(deficit) of funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Depreciation on council assets	4,773	7,299	5,392	6,296



	Actual 2023 \$'000	Long-term Plan 2023 \$'000	Actual 2022 \$'000	Long-term Plan 2022 \$'000
<b>Metlink Public Transport Funding Impact Statement</b>				
<b>Sources of operating funding</b>				
Strategy and Customer	13,829	4,470	20,777	2,406
Operations and Commercial Relationships	214,300	244,343	189,342	225,231
Assets and Infrastructure	94,034	56,092	57,867	54,025
<b>Total operating funding</b>	<b>322,163</b>	<b>304,905</b>	<b>267,986</b>	<b>281,662</b>
<b>Applications of operating funding</b>				
Strategy and Customer	8,190	3,487	2,458	2,099
Operations and Commercial Relationships	208,115	250,792	197,948	233,682
Assets and Infrastructure	87,743	41,264	79,700	41,233
<b>Total operating funding</b>	<b>304,048</b>	<b>295,543</b>	<b>280,106</b>	<b>277,014</b>
<b>Surplus/(deficit) of operating funding</b>	<b>18,115</b>	<b>9,362</b>	<b>(12,120)</b>	<b>4,648</b>
<b>Investment in Greater Wellington Rail Limited</b>				
Rail operations and asset management	18,476	18,024	13,685	17,655
<b>Total sources of capital funding</b>	<b>18,476</b>	<b>18,024</b>	<b>13,685</b>	<b>17,655</b>
Public transport network and infrastructure	17,532	36,858	6,259	16,756
<b>Total capital project expenditure</b>	<b>17,532</b>	<b>36,858</b>	<b>6,259</b>	<b>16,756</b>
Vehicles	-	40	-	40
Land and Building	-	-	74	-
Plant and Equipment	-	-	3,048	-
<b>Total Capital Expenditure</b>	<b>17,532</b>	<b>36,898</b>	<b>9,381</b>	<b>16,796</b>
Total Investment in Public Transport Infrastructure	36,008	54,922	23,066	34,451



## Ko te Mahere ā-Rohe me Ngā Rangapū | Regional Strategy and Partnerships

Regional Strategy and Partnerships Funding Impact Statements	Actual	Long-term	Actual	Long-term
	2023 \$'000	Plan 2023 \$'000	2022 \$'000	Plan 2022 \$'000
<b>Sources of operating funding</b>				
General rates, uniform annual general charge, rates penalties	13,692	14,158	12,572	12,572
Targeted rates	5,985	7,255	7,569	7,559
Subsidies and grants for operating purposes	3,686	1,507	1,739	1,531
Fees and charges	17	19	18	18
Interest and dividends from investments	-	-	722	-
Local authorities fuel tax, fines, infringement fees, and other receipts	5,590	3,785	6,174	3,744
<b>Total operating funding</b>	<b>28,970</b>	<b>26,724</b>	<b>28,794</b>	<b>25,424</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	28,173	39,931	24,403	36,776
Finance costs	290	1,531	622	1,184
Internal charges and overheads applied	4,826	87	3,852	77
<b>Total applications of operating funding</b>	<b>33,289</b>	<b>41,549</b>	<b>28,877</b>	<b>38,037</b>
<b>Surplus/(deficit) of operating funding</b>	<b>(4,319)</b>	<b>(14,825)</b>	<b>(83)</b>	<b>(12,613)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	57	650	510
Increase (decrease) in debt	14,610	15,073	(7,394)	14,425
Gross proceeds from sale of assets	-	31	-	30
<b>Total sources of capital funding</b>	<b>14,610</b>	<b>15,161</b>	<b>(6,744)</b>	<b>14,965</b>
<b>Applications of Capital funding</b>				
to meet additional demand	-	-	-	-
to improve the level of service	105	-	63	-
to replace existing assets	313	228	1,007	1,145
Increase (decrease) in reserves	9,873	(239)	(7,897)	(172)
Increase (decrease) of investments	-	347	-	1,379
<b>Total application of capital funding</b>	<b>10,291</b>	<b>336</b>	<b>(6,827)</b>	<b>2,352</b>
<b>Surplus/(deficit) of capital funding</b>	<b>4,319</b>	<b>14,825</b>	<b>83</b>	<b>12,613</b>
<b>Surplus/(deficit) of funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Deprecation on council assets	83	596	88	395



Regional Strategy and Partnerships Funding Impact Statements	Actual	Long-term	Actual	Long-term
	2023	Plan	2022	Plan
	\$'000	\$'000	\$'000	\$'000
<b>Sources of operating funding</b>				
Regional economic development	2,784	4,761	5,347	4,693
Emergency management	4,425	4,608	3,999	4,805
Democratic Services	3,164	2,863	2,636	2,642
Relationships with mana whenua and Māori	5,440	2,782	2,741	2,743
Regional transport and planning programmes	8,353	6,560	8,160	5,309
Regional integrated planning	3,590	3,731	4,641	4,105
Climate change	1,214	1,418	1,272	1,128
<b>Total operating funding</b>	<b>28,970</b>	<b>26,724</b>	<b>28,796</b>	<b>25,425</b>
<b>Applications of operating funding</b>				
Regional economic development	1,796	4,761	3,944	4,691
Emergency management	4,862	4,572	4,513	4,735
Democratic Services	3,075	3,060	2,287	2,521
Relationships with mana whenua and Māori	4,856	2,781	2,947	2,741
Regional transport and planning programmes	12,116	18,588	9,626	15,818
Regional integrated planning	3,580	4,858	4,499	4,685
Climate change	3,004	2,929	1,062	2,845
<b>Total applications of operating funding</b>	<b>33,289</b>	<b>41,549</b>	<b>28,878</b>	<b>38,037</b>
<b>Capital expenditure</b>				
Capital Projects	418	112	865	1,000
Land and Buildings	-	-	-	-
Plant and Equipment	-	17	-	45
Vehicles	-	99	205	100
<b>Total capital expenditure</b>	<b>418</b>	<b>228</b>	<b>1,070</b>	<b>1,145</b>



## Ngā Puna Wai | Water Supply

Water Supply Funding Impact Statement	Actual	Long-term	Actual	Long-term
	2023	Plan	2022	Plan
	\$'000	\$'000	\$'000	\$'000
<b>Sources of operating funding</b>				
General rates, uniform annual general charge, rates penalties	-	-	-	-
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	-	-	-	-
Internal charges and overheads recovered	-	-	-	-
Interest and dividends from investments	1,927	-	746	-
Local authorities fuel tax, fines, infringement fees, and other receipts	42,475	43,284	39,511	39,881
<b>Total operating funding</b>	<b>44,402</b>	<b>43,284</b>	<b>40,257</b>	<b>39,881</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	30,224	25,564	29,639	23,863
Finance costs	5,077	5,454	4,173	5,001
Internal charges and overheads applied	2,526	2,914	2,831	2,831
<b>Total operating funding</b>	<b>37,827</b>	<b>33,932</b>	<b>36,643</b>	<b>31,695</b>
<b>Surplus/(deficit) of operating funding</b>	<b>6,575</b>	<b>9,352</b>	<b>3,614</b>	<b>8,186</b>
<b>Sources of capital funding</b>				
Increase (decrease) in debt	61,569	32,571	26,542	29,931
Gross proceeds from sale of assets	-	-	-	5,000
Other dedicated capital funding	-	-	-	-
<b>Total sources of capital funding</b>	<b>61,569</b>	<b>32,571</b>	<b>26,542</b>	<b>34,931</b>
<b>Applications of Capital funding</b>				
to meet additional demand	-	-	-	-
to improve the level of service	21,597	14,217	11,499	12,976
to replace existing assets	42,307	24,763	14,265	22,271
Increase (decrease) in reserves	18	-	1,236	-
Increase (decrease) of investments	4,222	2,943	3,156	7,870
<b>Total application of capital funding</b>	<b>68,144</b>	<b>41,923</b>	<b>30,156</b>	<b>43,117</b>
<b>Surplus/(deficit) of capital funding</b>	<b>(6,575)</b>	<b>(9,352)</b>	<b>(3,614)</b>	<b>(8,186)</b>
<b>Surplus/(deficit) of funding</b>				
	-	-	-	-
Depreciation on council assets	19,929	17,055	16,439	16,369
Water supply levy	42,069	42,674	39,319	39,319

**Sources of operating funding**

Water Supply	44,402	43,284	40,257	39,881
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<b>Total operating funding</b>	<b>44,402</b>	<b>43,284</b>	<b>40,257</b>	<b>39,881</b>
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**Applications of operating funding**

Water Supply	37,827	33,932	36,643	31,695
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<b>Total applications of operating funding</b>	<b>37,827</b>	<b>33,932</b>	<b>36,643</b>	<b>31,695</b>
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**Capital Expenditure**

Water Sources	-	-	-	-
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Water treatment plants	16,417	16,886	5,865	10,579
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Pipelines	45,491	15,726	18,743	14,326
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Pump Stations	1,424	3,275	1,623	440
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Reservoirs	51	810	32	470
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Monitoring and Control	521	1,076	494	1,129
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Seismic protection	-	-	-	-
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Other	-	1,149	126	8,246
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<b>Capital project expenditure</b>	<b>63,904</b>	<b>38,922</b>	<b>26,883</b>	<b>35,190</b>
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Land and Buildings	-	-	-	-
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Plant and Equipment	-	57	24,029	57
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Vehicles	-	-	-	-
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<b>Total Capital Expenditure</b>	<b>63,904</b>	<b>38,979</b>	<b>50,912</b>	<b>35,247</b>
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# He tauākī pūtea | Financial statements

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## He tauākī whakamahuki whiwhinga me Utu | Statement of comprehensive revenue and expense

For the year ended 30 June 2023

		Council		Actual	Actual	Group
	Note	Actual 2023 \$'000	Budget 2023 \$'000	2022 \$'000	2023 \$'000	Actual 2022 \$'000
<b>Operating revenue</b>						
Rates and levies	3	222,068	222,281	200,265	222,068	200,265
Transport operational grants and subsidies	3	204,048	112,784	139,991	204,048	139,991
Transport Improvement grants and subsidies	3	17,838	29,346	13,170	17,838	13,170
Other revenue	3	84,990	137,202	91,164	186,188	179,403
		<u>528,944</u>	<u>501,613</u>	444,590	<u>630,142</u>	532,829
Other gains / (losses) - net		(280)	(8)	(657)	(1,523)	(569)
<b>Total operating revenue and gains</b>		<b>528,664</b>	<b>501,605</b>	443,933	<b>628,619</b>	532,260
<b>Operating expenditure</b>						
Employee benefits	4	(75,145)	(75,421)	(67,660)	(103,744)	(93,622)
Grants and subsidies		(245,498)	(242,387)	(232,776)	(230,143)	(217,814)
Depreciation and amortisation	5	(34,388)	(30,109)	(31,857)	(75,819)	(66,332)
Finance expenses		(35,832)	(22,768)	(23,099)	(35,549)	(23,099)
Other operating expenses	6	(133,403)	(138,451)	(117,989)	(202,405)	(181,083)
<b>Total operating expenditure</b>		<b>(524,266)</b>	<b>(509,136)</b>	(473,381)	<b>(647,660)</b>	(581,950)
<b>Operating surplus/(deficit) before other items and tax</b>		<b>4,398</b>	<b>(7,531)</b>	(29,448)	<b>(19,041)</b>	(49,690)
Share of associate's surplus/(deficit)		-	-	-	1,249	1,537
<b>Other fair value changes</b>						
Impairment on building	7	(36,720)	-	-	(36,720)	-
Fair value - Other assets	7	-	-	-	-	(21,000)
Gain / (loss) on financial instruments	7	14,361	11,037	64,561	14,361	64,561
Fair value gain/(loss) on investment property	7, 19	-	-	-	(1,509)	4,842
<b>Total fair value movements</b>		<b>(22,359)</b>	<b>11,037</b>	64,561	<b>(23,868)</b>	48,403
<b>Surplus/(deficit) before tax</b>		<b>(17,961)</b>	<b>3,506</b>	35,113	<b>(41,660)</b>	250
Tax (expense)/benefit	8	-	-	-	8,821	10,548
<b>Surplus from continuing operations</b>		<b>(17,961)</b>	<b>3,506</b>	35,113	<b>(32,839)</b>	10,798
<b>Operating surplus / (deficit) after tax</b>		<b>(17,961)</b>	<b>3,506</b>	35,113	<b>(32,839)</b>	10,798
<b>Other comprehensive revenue and expenses</b>						
Revaluation gain/(loss) on infrastructure assets after tax	15	1,957	10,524	120,177	(3,001)	204,437
Deferred Tax recognised in Reserves		-	-	-	4,084	(19,852)
Increases/ (Decreases in valuations of other financial assets		(10,971)	-	11,717	(10,971)	11,717
<b>Total other comprehensive income</b>		<b>(9,014)</b>	<b>10,524</b>	131,894	<b>(9,888)</b>	196,302
<b>Total comprehensive income</b>		<b>(26,975)</b>	<b>14,030</b>	167,007	<b>(42,727)</b>	207,100
<b>Surplus is attributable to:</b>						
<b>Attributed to:</b>						
Equity holders of the Parent		(26,975)	14,030	167,007	(47,078)	198,984
Non-controlling interest		-	-	-	4,351	8,116
		<u>(26,975)</u>	<u>14,030</u>	167,007	<u>(42,727)</u>	207,100



## He tauākī ahumoni | Statement of financial position

For the year ended 30 June 2023

		Council		Actual	Group	
	Note	Actual 2023 \$'000	Budget 2023 \$'000	2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	10	17,243	20,370	16,517	131,873	158,141
Trade and other receivables	11	76,530	50,519	79,942	88,842	92,142
Other financial assets	13	172,768	97,894	117,167	172,224	117,167
Inventories	12	4,170	2,700	4,272	6,882	7,590
Derivatives	21	7,075	-	-	7,075	-
Current tax receivables		-	-	-	-	475
Assets held for disposal	16	9,680	-	-	9,680	-
<b>Total current assets</b>		<b>287,466</b>	<b>171,483</b>	<b>217,898</b>	<b>416,576</b>	<b>375,515</b>
<b>Non-current assets</b>						
Other financial assets	13	71,584	70,306	67,210	37,518	30,880
Property, plant and equipment	15	1,468,207	1,533,420	1,417,828	2,228,050	2,185,252
Intangible assets	17	16,873	30,940	28,608	17,041	28,965
Investment in subsidiaries	20	337,295	339,149	317,095	-	-
Investment properties	19	-	-	-	86,125	62,617
Derivatives	21	21,164	-	18,811	21,164	18,811
Investments accounted for under the equity method		-	-	-	13,819	13,821
Deferred tax assets	9	-	-	-	42,339	35,007
<b>Total non-current assets</b>		<b>1,915,123</b>	<b>1,973,815</b>	<b>1,849,552</b>	<b>2,446,056</b>	<b>2,375,353</b>
<b>Total assets</b>		<b>2,202,589</b>	<b>2,145,298</b>	<b>2,067,450</b>	<b>2,862,632</b>	<b>2,750,868</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Derivatives	21	-	-	96	-	96
Trade and other payables	22	118,257	75,163	87,163	125,939	95,960
Interest bearing liabilities	23	153,477	138,850	124,064	146,517	115,603
Employee benefits liabilities and provisions	24	6,427	5,960	6,912	10,380	10,571
Income tax payable		-	-	-	2,725	-
<b>Total current liabilities</b>		<b>278,161</b>	<b>219,973</b>	<b>218,235</b>	<b>285,561</b>	<b>222,230</b>
<b>Non-current liabilities</b>						
Interest bearing liabilities	23	622,000	644,585	514,000	622,000	514,000
Derivatives	21	496	-	5,451	496	5,451
Deferred tax liabilities	9	-	-	-	131,050	140,650
Employee benefits liabilities and provisions	24	164	-	139	287	302
Service concession liability	15	22,861	22,864	24,615	22,861	24,615
<b>Total non-current liabilities</b>		<b>645,521</b>	<b>667,449</b>	<b>544,205</b>	<b>776,694</b>	<b>685,018</b>
<b>Total liabilities</b>		<b>923,682</b>	<b>887,422</b>	<b>762,440</b>	<b>1,062,255</b>	<b>907,248</b>
<b>Net assets</b>		<b>1,278,907</b>	<b>1,257,876</b>	<b>1,305,010</b>	<b>1,800,377</b>	<b>1,843,620</b>
<b>EQUITY</b>						
Retained earnings		323,767	340,208	331,247	620,817	647,698
Other reserves		955,140	917,668	973,763	1,069,954	1,089,282
Minority interest		-	-	-	109,606	106,640
<b>Total equity</b>		<b>1,278,907</b>	<b>1,257,876</b>	<b>1,305,010</b>	<b>1,800,377</b>	<b>1,843,620</b>



Daran Ponter  
Chair  
26 October 2023

Nigel Corry  
Chief Executive  
26 October 2023

Alison Trustrum-Rainey  
Chief Financial Officer  
26 October 2023

DRAFT



## He tauākī whakamārama Moni Taurite | Statements of changes in equity

For the year ended 30 June 2023

Note	Council		Actual 2022 \$'000	Group	
	Actual 2023 \$'000	Budget 2023 \$'000		Actual 2023 \$'000	Actual 2022 \$'000
<b>Opening equity</b>	<b>1,305,010</b>	<b>1,243,848</b>	1,137,997	<b>1,843,618</b>	1,637,897
Adjustments on adoption of PBE IPSAS 41*	26(f) <b>870</b>	-	-	<b>870</b>	-
	<b>1,305,881</b>	<b>1,243,848</b>	1,137,997	<b>1,844,488</b>	1,637,897
Operating surplus /(deficit) after tax	<b>(17,961)</b>	<b>3,506</b>	35,112	<b>(32,839)</b>	10,799
Dividend to non-controlling interest	-	-	-	<b>(1,385)</b>	(1,385)
Asset revaluation movements	<b>1,957</b>	<b>10,524</b>	120,177	<b>1,083</b>	184,585
Revaluation movement of other financial assets	<b>(10,971)</b>	-	11,717	<b>(10,971)</b>	11,717
<b>Total closing equity at 30 June</b>	<b>1,278,907</b>	<b>1,257,876</b>	1,305,010	<b>1,800,377</b>	1,843,620
<b>Non-controlling interest</b>					
Opening non-controlling interest	-	-	-	<b>106,639</b>	99,908
Share of operating surplus/(deficit)	-	-	-	<b>2,125</b>	5,005
Share of reserves movements	-	-	-	<b>2,226</b>	3,111
Dividends paid	-	-	-	<b>(1,385)</b>	(1,385)
<b>Non-controlling interest at end of year</b>	-	-	-	<b>109,605</b>	106,639
<b>Asset revaluation reserves</b>					
Opening asset revaluation reserves	<b>895,107</b>	<b>878,921</b>	774,930	<b>992,814</b>	811,233
<b>Subs opening equity adjustments</b>	-	-	-	-	-
Increase (Decrease) in Asset Revaluation Reserves	<b>1,957</b>	<b>10,524</b>	120,177	<b>1,083</b>	184,692
Share of non-controlling interest	-	-	-	<b>(2,226)</b>	(3,111)
	-	-	-	-	-
<b>Closing asset revaluation reserve</b>	<b>897,064</b>	<b>889,445</b>	895,107	<b>991,671</b>	992,814
	-	-	-	-	-
<b>Fair value reserve</b>					
Opening fair value reserve	<b>25,393</b>	-	13,675	<b>25,392</b>	13,675
Current year movement	<b>(10,971)</b>	-	11,717	<b>(10,971)</b>	11,717
<b>Closing fair value reserve</b>	<b>14,422</b>	-	25,392	<b>14,421</b>	25,392
<b>Other reserves</b>					
Opening other reserves	<b>41,408</b>	<b>34,854</b>	47,336	<b>7,989</b>	25,847
Transfers from accumulated funds	<b>6,021</b>	-	11,930	-	-
Transfers to accumulated funds	<b>(8,684)</b>	<b>(6,631)</b>	(18,525)	<b>(8,684)</b>	(18,525)
Interest earned	<b>416</b>	-	667	<b>416</b>	667
<b>Closing other reserves</b>	<b>39,161</b>	<b>28,223</b>	41,408	<b>(279)</b>	7,989



<b>Retained earnings</b>					
Opening accumulated funds	<b>343,098</b>	<b>330,073</b>	302,058	<b>710,780</b>	687,128
Adjustments on adoption of PBE IPSAS 41*	26(f) <b>870</b>	-	-	<b>870</b>	-
Adjusted opening equity	<b>343,968</b>	<b>330,073</b>	302,058	<b>711,650</b>	687,128
Operating surplus / (deficit) after tax	<b>(17,961)</b>	<b>3,506</b>	35,112	<b>(32,839)</b>	10,799
Interest allocated to reserves	<b>(416)</b>	-	(667)	<b>(416)</b>	(667)
Other transfers to reserves	<b>(6,021)</b>	-	(11,930)	-	-
Transfers from reserves	<b>8,684</b>	<b>6,631</b>	18,525	<b>8,684</b>	18,525
Share on non-controlling interest	-	-	-	<b>(2,125)</b>	(5,005)
<b>Closing accumulated funds</b>	<b>328,254</b>	<b>340,210</b>	343,098	<b>684,953</b>	710,780
<b>Total closing equity at 30 June</b>	<b>1,287,907</b>	<b>1,257,876</b>	1,305,010	<b>1,800,377</b>	1,843,620
Non-controlling interest	-	-	-	<b>4,351</b>	8,116

\*Remeasurements as a result of the Council's adoption of PBE IPSAS 41 have been recognised directly in accumulated funds - for more details refer to Note 26(f).



## He tauākī kapewhiti | Statement of cash flow

for the year ended 30 June 2023

	Council			Group		
	Note	Actual 2023 \$'000	Budget 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
		-	-	-	<b>99,397</b>	
Receipts from customers						83,648
		<b>176,808</b>	<b>180,175</b>	158,566	<b>176,808</b>	
Rates revenue received		<b>42,063</b>	<b>42,069</b>	39,319	<b>42,063</b>	158,566
Water supply levy received		<b>213,286</b>	<b>142,131</b>	183,854	<b>213,286</b>	39,319
Government subsidies received		<b>7,511</b>	<b>5,950</b>	2,630	<b>9,141</b>	183,853
Interest received		<b>2,491</b>	-	3,864	<b>91</b>	4,859
Dividends received		-	-	-	<b>7,125</b>	64
Rent income		-	-	-	<b>6</b>	6,665
Subsidy revenue		<b>114,037</b>	<b>132,330</b>	34,018	<b>108,903</b>	-
Fees, charges and other revenue						33,232
Payments to suppliers and employees		<b>(210,580)</b>	<b>(447,589)</b>	(161,525)	<b>(306,364)</b>	(250,556)
		<b>(245,498)</b>	-	(232,776)	<b>(230,145)</b>	
Payment of grants and subsidies		<b>(31,335)</b>	<b>(22,769)</b>	(21,300)	<b>(30,974)</b>	(217,815)
Interest paid		-	-	-	<b>(823)</b>	(21,813)
Income tax paid / (refund)		-	-	-		(2,450)
<b>Net cash from (used in) operating activities</b>	25	<b>68,783</b>	<b>32,297</b>	<b>6,650</b>	<b>88,514</b>	<b>17,572</b>
<b>Cash flows from investing activities</b>						
Receipts from sale of property, plant, and equipment		<b>391</b>	<b>374</b>	-	<b>394</b>	113
		<b>480</b>	<b>2,495</b>	-	<b>480</b>	-
Investment withdrawals						
Sale of investments (bonds & term deposits)		-	-	-	<b>501</b>	19,902
Cash balance from acquired joint venture		-	-	-	<b>1,250</b>	<b>100</b>
		<b>871</b>	<b>2,869</b>	-	<b>2,625</b>	20,115
Purchase of property, plant and equipment		<b>(129,319)</b>	<b>(158,797)</b>	(74,041)	<b>(195,117)</b>	(139,441)
		<b>(24)</b>	-	(3,261)	<b>(24)</b>	(3,261)
Purchase of intangible assets		-	-	-	<b>(97)</b>	(2,340)
Development of investment properties		<b>(76,998)</b>	<b>(29,931)</b>	(23,254)	<b>(56,797)</b>	(28,314)
Acquisition of investments		-	-	(466)	-	(466)
Disposal of Property, plant and equipment		-	-	-		(10,845)
Investment in joint venture		-	-	-	<b>(2,400)</b>	



<b>Net cash flow from investing activities</b>	<b>(205,470)</b>	<b>(185,859)</b>	<b>(101,022)</b>	<b>(251,810)</b>	<b>(164,552)</b>
<b>Cash flows from financing activities</b>					
Loan funding	167,413	183,962	131,214	168,413	134,714
Debt repayment	(30,000)	(30,000)	(25,000)	(30,000)	(25,000)
Dividends paid to non-controlling interests	-	-	-	(1,385)	(1,385)
<b>Net cash from financing activities</b>	<b>137,413</b>	<b>153,962</b>	<b>106,214</b>	<b>137,028</b>	<b>108,329</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>726</b>	<b>400</b>	<b>11,842</b>	<b>(26,268)</b>	<b>(38,651)</b>
Cash and cash equivalents at the beginning of year	16,517	19,971	4,675	158,141	196,792
<b>Cash, cash equivalents, and bank overdrafts at the end of the year</b>	<b>17,243</b>	<b>20,371</b>	<b>16,517</b>	<b>131,873</b>	<b>158,141</b>

## He tauākī pūtea kawekawe | Funding impact statement

for whole of Council

	Actual 2023 \$'000	Annual Plan 2023 \$'000	Actual 2022 \$'000	Long-term Plan 2022 \$'000
<b>Sources of operating funding</b>				
General rate	73,790	73,338	63,126	63,115
Targeted rates	107,393	106,837	98,885	98,541
Subsidies and grants for operating purposes	198,259	112,784	139,990	109,964
Interest and dividends from investments	13,964	5,950	7,154	4,930
Fees and charges	43,594	109,431	54,105	100,714
Fines, infringement fees, and other receipts <sup>1</sup>	68,255	63,926	67,855	64,839
<b>Total operating funding</b>	<b>505,255</b>	<b>472,266</b>	<b>431,115</b>	<b>442,103</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	453,711	456,211	411,187	404,976
Finance costs	36,472	22,769	23,099	19,942
<b>Total applications of operating funding</b>	<b>490,183</b>	<b>478,980</b>	<b>434,286</b>	<b>424,918</b>
<b>Surplus / (deficit) of operating funding</b>	<b>15,072</b>	<b>(6,714)</b>	<b>(3,171)</b>	<b>17,185</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	23,627	29,347	13,170	18,795
Increase / (decrease) in debt	135,660	153,962	104,539	74,822
Gross proceeds from asset sales	912	374	112	321
<b>Total sources of capital funding</b>	<b>160,199</b>	<b>183,683</b>	<b>117,821</b>	<b>93,938</b>
<b>Applications of capital funding</b>				
- to meet additional demand	-	-	-	-
- to improve the level of service	65,314	77,432	49,573	45,785
- to replace existing assets	64,720	81,365	26,298	45,037
Increase / (decrease) in investments	76,815	25,263	33,488	25,398
Increase / (decrease) in reserves	(31,578)	(7,091)	5,290	(5,097)
<b>Total applications of capital funding</b>	<b>175,271</b>	<b>176,969</b>	<b>114,649</b>	<b>111,123</b>



<b>Surplus / (deficit) of capital funding</b>	<b>(15,072)</b>	<b>6,714</b>	<b>3,172</b>	<b>(17,185)</b>
<b>Funding balance</b>	-	-	-	-
Depreciation on council assets	34,388	30,109	31,857	30,546
Water supply levy	42,069	42,069	39,319	39,319

1 This includes the water supply levy charged to Wellington, Upper Hutt, Lower Hutt and Porirua City councils. This statement is not an income statement. It excludes all non-cash transactions such as depreciation and valuations. For more information on the revenue and financing mechanisms, please refer to the "Revenue and Financing Policy" in the Long Term Plan 2021-31  
All figures on this page exclude GST

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## He pūtea penapena | Financial reserves

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

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

Other reserves are split into four categories:

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

Council created reserves	Purpose of the fund	Opening balance Jul-22 \$'000	Deposits \$'000	Withdrawals \$'000	Closing balance Jun-23 \$'000
<b>Area of benefit reserves</b>					
Regional parks reserve	Any funding surplus or deficit relating to the provision of regional parks is used only on subsequent regional parks expenditure	58	1	-	59
Public transport reserve	Any funding surplus or deficit relating to the provision of public transport services is used only on subsequent public transport expenditure	5,434	65	(1,949)	3,550
Transport planning reserve	Any funding surplus or deficit relating to the provision of public transport planning services is used only on subsequent public transport planning expenditure	261	3	-	264
WRS reserve	Any funding surplus or deficit relating to the Wellington Regional Strategy implementation is used only on subsequent Wellington Regional Strategy expenditure	673	223	-	896
Iwi reserve	Any funding surplus or deficit relating to the provision of iwi project fund is used only on subsequent iwi project funding expenditure	82	633	-	715
WREMO reserve	Contributions by other local authorities to run the WREMO	235	202	-	437
Catchment scheme reserves	Any funding surplus or deficit relating to the provision of flood protection and catchment management schemes is used only on subsequent flood protection and catchment management expenditure	9,629	716	(143)	10,202
Land management reserves	Any funding surplus or deficit relating to the provision of targeted land management schemes is used only on subsequent land management expenditure	<u>2,638</u>	<u>256</u>	<u>(81)</u>	<u>2,813</u>
		<b>19,010</b>	<b>2,099</b>	<b>(2,173)</b>	<b>18,936</b>

**Contingency reserves**

Environmental legal reserve	To manage the variation in legal costs associated with resource consents and enforcement	10	-	-	10
Flood contingency reserves	To help manage the costs for the repair of storm damage throughout the region	3,407	41	-	3,448
Rural fire reserve	To help manage the costs of rural fire equipment.	82	1	-	83
		<u>3,499</u>	<u>42</u>	<u>-</u>	<u>3,541</u>

**Special reserves**

Election reserve	To manage the variation in costs associated with the election cycle	357	74	(185)	246
Corporate systems reserve	To manage the variation in costs associated with key IT infrastructure and software.	1,016	12	-	1,028
Long Term Plan reserve	To manage variation in costs associated with Long term plan process	386	5	-	391
Masterton Building Reserve	To manage variation in costs associated with the Masterton Building	308	4	-	312
Wellington Analytics Reserve	Contribution by other local authorities for set up costs	921	11	-	932
Environmental Restitution Reserve	To manage variation in costs associated with environmental restoration projects	389	5	(129)	265
Low Carbon Acceleration Fund Reserve	To manage costs associated with reducing Council's carbon footprint	(81)	(3)	-	(84)
General Reserve	To manage variation in costs associated with new initiative projects	9,554	282	(917)	8,919
		<u>12,850</u>	<u>390</u>	<u>(1,231)</u>	<u>12,009</u>

**Re-budget reserve**

Re-budgeted reserve	Expenditure that has been rated for in 2022/23 when the project will not be completed until 2023/24	5,454	3,900	(5,281)	4,073
Earthquake proceeds reserve	to manage future repair and maintenance due to the Kaikoura earthquake	595	7	-	602
		<u>6,049</u>	<u>3,907</u>	<u>(5,281)</u>	<u>4,675</u>
		<u>41,408</u>	<u>6,438</u>	<u>(8,685)</u>	<u>39,161</u>

All figures on this page exclude GST.



## Ko te moni tārewa | Debt

	Opening balance 2022 \$'000	Additions \$'000	Repayments \$'000	Closing balance 2023 \$'000	Finance costs \$'000
<b>Regional leadership</b>					
Strategic planning	5,580	16,003	(540)	21,043	258
Warm Wellington	1,590	71	(1,020)	641	38
<b>Public transport</b>					
Public transport	252,699	17,455	(17,366)	252,788	8,251
<b>Water supply</b>					
Water supply	138,278	66,863	(5,295)	199,846	5,077
<b>Environment</b>					
Environment	6,992	2,465	(723)	8,734	255
<b>Flood protection and control works</b>					
Flood protection and control works	143,730	35,531	(6,126)	173,135	5,020
<b>Parks</b>					
Parks	10,111	3,412	(772)	12,751	361
<b>Investments</b>					
Property and other	51,663	3,959	(6,377)	49,245	1,666
	<u>610,643</u>	<u>145,759</u>	<u>(38,219)</u>	<u>718,183</u>	<u>20,926</u>
					<b>Council Actual 2023 \$'000</b>
Total activities debt					718,183
Treasury internal funding (1)					<u>57,294</u>
					<u>775,477</u>
					<u>775,477</u>
External debt (current)					153,477
External debt (non-current)					<u>622,000</u>
					<u>775,477</u>

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

All figures on this page exclude GST



## He whakamārama mō ngā Tauākī Pūtea | Notes to the financial statements

### 1 Reporting entity

#### 1.1 Reporting entity

Greater Wellington Regional Council (Greater Wellington) is a regional local authority governed by the Local Government Act 2002. Greater Wellington's principal address is 100 Cuba Street, Wellington, New Zealand. Greater Wellington Group consists of Greater Wellington and its subsidiaries as disclosed below.

Greater Wellington provides water, parks, transport, infrastructure, environmental regulation and monitoring to the Greater Wellington region for community and social benefit, and not for a financial return. Accordingly Greater Wellington has designated itself and the Group as public benefit entities (PBE's) and applies New Zealand Tier 1 Public Sector Public Benefit Entity accounting standards (PBE Accounting Standards).

The financial statements of Greater Wellington are for the year ended 30 June 2023. The financial statements were authorised for issue by the council on 26 October 2023.

#### Accounting judgements and estimations

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

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

Revisions to accounting estimates are recognised in the period in which the estimate is revised, when the revision affects only that period. If the revision affects current and future periods, it is reflected in those periods.

#### (i) Property, Plant and Equipment and Investment Property

Operational Port Land was independently valued by Colliers International, a registered valuer, on 30 June 2023.

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



**(ii) Capital Work in Progress**

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

**(iii) Income tax calculations**

See note 8 for details

*2 Accounting policies*

**2.1 Basis of preparation**

**Statement of compliance**

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

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

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

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

**2.2 Basis of consolidation**

The consolidated financial statements include the Group. Subsidiaries are those entities controlled directly or indirectly by the Parent. The financial statements of subsidiaries are included in the consolidated financial statements using the purchase method. A list of subsidiaries is included in note 20.

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

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

All significant intercompany transactions are eliminated on consolidation.



### Interests in joint ventures

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

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

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

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

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

### 2.3 Borrowing costs

Borrowing costs are recorded at amortised cost. Borrowing costs directly attributable to capital construction are capitalised as part of those assets. All other borrowing costs are recognised as an expense in the period in which they are incurred.

### 2.4 Investment properties

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

The Group has the following classes of Investment Property:

1. Developed investment properties
2. Land available for development

### 2.5 Financial guarantee contract

A financial guarantee contract requires Greater Wellington or group to make specified payments to reimburse the holder of the contract for a loss it incurs because a specified debtor fails to make payment when due.



Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract was issued in a stand alone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received, the fair value of the liability is initially measured using a valuation technique, such as considering the credit enhancement arising from the guarantee or the probability that Greater Wellington will be required to reimburse a holder for a loss incurred discounted to present value. If the fair value of a guarantee cannot be reliably determined at initial recognition, a liability is recognised at the amount of the loss allowance determined in accordance with the expected credit loss (ECL) model described in Note 11.

Financial guarantees are subsequently measured at the higher of:

- the amount determined in accordance with the ECL model described in Note 11; and
- the amount initially recognised less, when appropriate, cumulative amortisation as revenue.

## 2.6 Foreign currency

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

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

## 2.7 Employee entitlements

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

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the statement of revenue and expenses as incurred. Greater Wellington belongs to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme. Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme.

## 2.8 Provisions

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



## 2.9 Goods and services tax

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

## 2.10 Leases

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

*Consolidated entity as lessee:*

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

*Consolidated entity as lessor:*

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

*Lease incentive*

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

## 2.11 Service concession asset and liability

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

## 2.12 Overhead allocation and internal transactions

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

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

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



### 2.13 Equity

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

#### *Asset revaluation reserve*

This reserve relates to the revaluation of property, plant, and equipment to fair value.

#### *Fair value reserve*

This reserve comprises the cumulative net change in the fair value of assets classified as fair value through other comprehensive revenue and expense.

### 2.14 Statement of cash flow

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

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

### 2.15 Budget figures

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

### 2.16 Change in accounting policies

#### *PBE IPSAS 41 Financial Instruments*

Greater Wellington and Group have adopted PBE IPSAS 41: Financial instruments as at the transition date of 1 July 2022, replacing PBE IPSAS 29: Financial instruments: Recognition and Measurement.

Information about the transition to PBE IPSAS 41 is disclosed in Note 26.

In accordance with, the transitional elections provided in PBE IPSAS 41, comparative information for financial instruments is as reported in the prior year under PBE IPSAS 29.



### 3 Revenue from exchange and non-exchange transactions

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

#### (i) Rates and levies

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

#### (ii) Government grants and subsidies

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

#### (iii) User charges

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

#### (iv) Dividends

Revenue from dividends is recognised on when the right to receive payment has been established and in surplus & deficit.

#### (v) Interest

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

#### (vi) Sales of goods

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

	Actual 2023 \$'000	Council Budget 2023 \$'000	Actual 2022 \$'000	Group Actual 2023 \$'000	Actual 2022 \$'000
<b>Revenue from exchange transactions:</b>					
Water supply	42,063	42,069	39,319	42,063	39,319
Subsidiaries revenue	-	-	-	80,468	66,003
Dividends	2,491	2,380	3,864	91	139
Interest received	10,929	3,571	3,290	13,898	5,304
Rental income	5,733	3,975	5,237	31,027	30,084
<b>Total exchange</b>	<b>61,216</b>	<b>51,995</b>	<b>51,710</b>	<b>167,547</b>	<b>140,849</b>
<b>Revenue from non-exchange transactions:</b>					
General rates	73,790	72,457	62,395	73,790	62,395
Targeted rates	106,215	107,719	98,551	106,215	98,551
Rates, penalties, remissions &	1,178	-	1,001	1,178	1,001



rebates					
Grants & subsidises	204,048	112,784	139,991	204,048	139,991
Transport improvement grants	17,838	29,346	13,170	17,838	13,170
Provision of goods & services	64,660	127,312	77,772	59,526	76,874
<b>Total non-exchange</b>	<b>467,729</b>	<b>449,618</b>	<b>392,880</b>	<b>462,595</b>	<b>391,982</b>
<b>Total exchange and non-exchange</b>	<b>528,945</b>	<b>501,613</b>	<b>444,590</b>	<b>630,142</b>	<b>532,831</b>

#### 4 Employee benefits

##### Employee benefits expense

Employment costs relate to the remuneration paid directly to staff, other employee benefits such as other associated costs such as recruitment and training.

##### Defined contribution schemes

Defined contribution schemes Employer contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are expensed in the surplus or deficit as incurred.

	Actual 2023 \$'000	Council Budget 2023 \$'000	Actual 2022 \$'000	Group Actual 2023 \$'000	Actual 2022 \$'000
Other employee benefits expense	70,984	71,260	64,021	99,583	89,983
Defined contribution plan employer contributions	4,161	4,161	3,639	4,161	3,639
<b>Total personnel costs</b>	<b>75,145</b>	<b>75,421</b>	<b>67,660</b>	<b>103,744</b>	<b>93,622</b>

#### 5 Depreciation and amortisation

	Council Actual 2023 \$'000	Actual 2022 \$'000	Group Actual 2023 \$'000	Actual 2022 \$'000
Port wharves and paving	-	-	5,508	3,730
Land and buildings	2,759	689	3,525	2,101
Plant and equipment	2,547	3,591	7,849	8,600
Rail rolling stock	-	-	24,207	19,800
Motor vehicles	878	944	879	944
Flood protection	1,005	1,171	1,005	1,171
Water infrastructure	18,570	16,434	18,570	16,361
Transport infrastructure	2,850	3,135	8,494	7,734
Navigational aids	67	97	67	97
Parks and forests	3,218	1,900	3,218	1,900
Right to use	1,528	1,536	1,528	1,536
Amortisation-Computer software	966	2,360	1,154	2,360
	<b>34,388</b>	<b>31,857</b>	<b>76,004</b>	<b>66,332</b>



## 6 Operating expenditure

	Actual 2023 \$'000	Council Budget 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
<b>Other operating expenses</b>					
Fees to principal auditor for financial statements audit	387	417	272	799	626
Impairment of trade receivables	-	-	(65)	-	(65)
Rates and insurance	4,318	3,153	4,229	12,384	11,207
Directors' fees	-	-	-	610	616
Subscriptions LGNZ	337	753	393	337	393
Operating lease rentals	6,991	6,127	5,053	6,991	5,053
Energy and utilities	3,533	3,800	3,296	3,533	3,296
Councillor fees and costs	1,190	1,281	1,268	1,190	1,268
Repairs and maintenance expenses	4,121	7,200	3,752	25,113	24,424
Materials and supplies	23,120	29,903	23,463	23,120	23,463
Contractors and consultants	86,727	84,468	74,771	110,952	95,121
Other operating expenses	2,679	1,349	1,557	17,376	15,681
<b>Total other expenditure</b>	<b>133,403</b>	<b>138,451</b>	<b>117,989</b>	<b>202,405</b>	<b>181,083</b>

## 7 Fair value movements through surplus or deficit

	Actual 2023 \$'000	Council Budget 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
<b>Fair value movements in financial instruments</b>					
Interest rate swaps	14,478	11,037	64,561	14,478	64,561
LGFA Borrower notes	(117)	-	-	(117)	-
	<u>14,361</u>	<u>11,037</u>	<u>64,561</u>	<u>14,361</u>	<u>64,561</u>
<b>Fair value change in other assets</b>					
Impairment on other assets	-	-	-	-	(21,000)
Impairment on building	(36,720)	-	-	(36,720)	-
	<u>(36,720)</u>	<u>-</u>	<u>-</u>	<u>(36,720)</u>	<u>(21,000)</u>
<b>Fair value movements of investment properties</b>					
Investment properties	-	-	-	(1,509)	4,842
<b>Total</b>	<b>(22,359)</b>	<b>11,037</b>	<b>64,561</b>	<b>(23,868)</b>	<b>48,403</b>



## 8 Taxation

### Accounting policy

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

Current tax is the amount of income tax payable based on the taxable surplus for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

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

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which Greater Wellington and the Group expects to recover or settle the carrying amount of its assets and liabilities.

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

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

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive income or directly in equity.

### CentrePort Binding Ruling Tax Treatment Insurance Proceeds

During the year ended 30 June 2022, CentrePort finalised its binding ruling with Inland Revenue to confirm the key assumptions underpinning the tax treatment of the insurance proceeds.

Inland Revenue disagreed with the classification of specific assets deemed to be disposed, which resulted in an additional income tax expense of \$23.5m which was recognised in the 30 June 2021 year. An alternative tax treatment was subsequently agreed with Inland Revenue and included in the finalised binding ruling, resulting in a reversal of this income tax expense adjustment in the year ended 30 June 2022.

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
<b>Income tax recognised in profit or loss</b>				
<b>Tax expense/(benefit) comprises:</b>				
Current tax expense/(benefit)	-	-	4,026	(222)
Adjustments recognised in the current period in relation to the deferred tax of prior periods	-	-	-	961
Deferred tax expense/(income) relating to the origination	-	-	(12,848)	(11,287)



and reversal of temporary differences				
<b>Tax expense</b>	-	-	<b>(8,822)</b>	<b>(10,548)</b>
Surplus/(deficit) from operations	<b>(9,088)</b>	35,113	<b>(32,787)</b>	250
Income tax expense/(benefit) calculated at 28%	<b>(2,545)</b>	9,832	<b>(9,180)</b>	70
Surplus/(deficit) not subject to taxation				
Non-deductible expenses	<b>135,782</b>	125,368	<b>140,174</b>	130,739
Non-assessable income	<b>(145,983)</b>	(133,995)	<b>(150,090)</b>	(141,170)
Land and buildings reclassification	-	-	<b>422</b>	(1,325)
Tax effect of unimputed portion of intercompany dividend	-	-	-	-
Tax loss offsets from or subventions paid to Group companies	-	-	-	-
Unused tax losses and temporary differences not recognised as deferred tax assets	<b>4,464</b>	273	-	-
Tax effect of imputation credits	-	(1,477)	-	-
Temporary differences	-	-	-	-
Recognition of deferred tax on buildings / Change in use of assets	-	-	<b>76</b>	460
Insurance Proceeds on non-depreciable assets	-	-	<b>(85)</b>	(1,478)
Permanent differences	-	-	<b>1,682</b>	2,140
(Under)/over provision of income tax in previous year	-	-	<b>(103)</b>	16
<b>Tax expense</b>	<b>(8,282)</b>	<b>1</b>	<b>(17,104)</b>	<b>(10,548)</b>

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

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
<b>Tax expense/(benefit) is attributable to:</b>				
Continuing operations	-	-	<b>(8,822)</b>	<b>(10,548)</b>
	-	-	<b>(8,822)</b>	<b>(10,548)</b>

(b) Tax loss sharing

On 26 April 2023, the Greater Wellington Group (including WRC Holdings Limited and its wholly owned subsidiaries) and the CentrePort Consolidated Group ("Centreport Tax Consolidated Group") entered into a Tax Loss Sharing Agreement. Under the Tax Loss Sharing Agreement, the Greater Wellington Group will receive subvention payments from the Centreport Tax Consolidated Group, with the equivalent losses offset, where the companies elect to do so.

During the 2023 year, no subvention payments were received (2022: Nil) for the utilisation of the Greater Wellington Group's losses.

## 9 Deferred tax

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
<i>The balance comprises temporary differences attributable to:</i>				
Tax losses	-	-	<b>41,425</b>	34,018
Temporary differences	-	-	<b>914</b>	989
	-	-	<b>42,339</b>	<b>35,007</b>



<i>Other</i>				
Temporary differences	-	-	(131,051)	(140,650)
Sub-total other	-	-	(131,051)	(140,650)
Total deferred tax liabilities	-	-	(88,712)	(105,643)

Movements - Group	Property, plant and equipment \$'000	Trade and other payables \$'000	Other financial liabilities \$'000	Tax losses \$'000	Insurance Recoverable \$'000	Total \$'000
<b>Group</b>						
Balance at 1 July 2021	(100,831)	584	-	30,522	(26,392)	(96,117)
Charged to income	676	405	(393)	3,496	6,142	10,326
Charge to equity	(19,852)	-	-	-	-	(19,852)
Balance at 30 June 2022	(120,007)	989	(393)	34,018	(20,250)	(105,643)

Movements - Group	Property, plant and equipment \$'000	Trade and other payables \$'000	Other financial liabilities \$'000	Tax losses \$'000	Insurance Recoverable \$'000	Total \$'000
<b>Group</b>						
Balance at 1 July 2022	(120,007)	989	(393)	34,018	(20,250)	(105,643)
Charge to income	2,256	(75)	(99)	7,406	3,360	12,847
Charge to equity	4,084	-	-	-	-	4,084
Balance at 30 June 2023	(113,667)	914	(492)	41,424	(16,890)	(88,712)

	Council	Group
	Actual 2023 \$'000	Actual 2022 \$'000
Tax losses	18,222	13,758
Temporary differences	-	-
	18,222	13,758

### Tax losses not recognised

Greater Wellington has \$65.077 million of unrecognised tax losses at Parent level (2022: \$49.134 million) available to be carried forward and to be offset against taxable income in the future. The tax effect of losses at 28% was \$18.222 million (2022: \$13.758 million).

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



## 10 Cash and cash equivalents

### Accounting policy

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

Although cash and cash equivalents at 30 June 2023 are subject to the expected credit loss requirements of PBE IPSAS 41, no allowance has been recognised as the estimated allowance is negligible due to the high credit quality of the counterparty banks.

### Interest rates

Cash at bank and on hand earns interest at the official cash rate. Short term deposits are made for varying terms of between one day and three months depending on the immediate cash requirements of Greater Wellington and the Group. They earn interest at the respective short term deposit rates and the fair value of cash and cash equivalents is the stated value. As at 30 June 2023 there are \$10,000,000 (2022: \$10,000,000) at 5.72% (2022: 2.42%) invested in a money market term deposit.

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Cash at bank and in hand	<u>17,243</u>	<u>16,517</u>	<u>131,873</u>	<u>158,141</u>
<b>Total cash and cash equivalents</b>	<b><u>17,243</u></b>	<b><u>16,517</u></b>	<b><u>131,873</u></b>	<b><u>158,141</u></b>

## 11 Trade and other receivables

### Accounting policy

Short term receivables are recorded at the amount due, less an allowance for expected credit losses (ECL).

Greater Wellington and the Group apply the simplified ECL model of recognising lifetime ECL for short term receivables.

In measuring ECLs, receivables have been grouped into rates receivables, and other receivables, and assessed on a collective basis as they possess shared credit risk characteristics. They have then been grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

Rates are "written off":

- when remitted in accordance with the Council's rates remission policy; and
- in accordance with the write off criteria of sections 90A (where rates cannot be reasonably recovered) and 90B (in relation to Maori freehold land) of the Local Government (Rating) Act 2002.

Amounts in other non rates categories of receivables are written off when there is no reasonable expectation of recovery.

### Rates receivable



Greater Wellington does not provide for ECL on rates receivable as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding rates.

#### Other categories of receivable

Due to minimal historical credit losses, Greater Wellington and Group do not provide for ECL on other non rates categories of receivable unless the effect of forward looking factors is considered material.

#### Previous accounting policy

In the previous year, the allowance for credit losses was based on the incurred credit loss model. An allowance for credit losses was recognised only when there was objective evidence that the amount due may not be fully collected with a presumption that amounts past due more than 90 days may not be fully collected.

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
<b>Receivable from non-exchange transactions</b>				
Rates and water levies Receivable*	22,850	21,613	22,850	21,613
Accrual revenue	8,921	41,806	8,921	41,806
Other receivable**	889	1,282	889	1,282
<b>Total Receivables from non-exchange transactions</b>	<b>32,660</b>	<b>64,701</b>	<b>32,660</b>	<b>64,701</b>
<b>Receivable from exchange transactions</b>				
Trade Customer	29,242	11,737	37,020	20,417
Prepayment & other receivable	14,628	4,641	19,162	8,161
<b>Total Receivable from exchange transactions</b>	<b>43,870</b>	<b>16,378</b>	<b>56,182</b>	<b>28,578</b>
Less provision for impairment of receivables	-	(1,137)	-	(1,137)
<b>Total Receivable</b>	<b>76,530</b>	<b>79,942</b>	<b>88,842</b>	<b>92,142</b>

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

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

#### Provision for impairment of receivables

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Opening balance	(1,137)	(1,202)	(1,137)	(1,202)
Movement	1,137	65	1,137	65
Closing balance	-	(1,137)	-	(1,137)

The impairment provision for 30 June 2022 was determined based on a review of outstanding balances as at 30 June 2022.

#### Trade customer receivables



The ECL rates for trade customer receivables at 30 June 2023 and 1 July 2022 are based on the payment profile of revenue on credit over the prior two years at the measurement date and the corresponding historical credit losses experienced for that period. The historical loss rates are adjusted for current and forward looking macroeconomic factors that might affect the expected recoverability of receivables. Given the short period of credit risk exposure, the effects of macroeconomic factors are not considered significant.

There have been no changes since 1 July 2022 in the estimation techniques or significant assumptions in measuring the loss allowance. The allowance for credit losses based on GWRC and the group's credit loss matrix is as follows:

	Current	31 to 60 days	61 to 90 days	More than 90 days	Total
<b>Council 2023</b>					
Expected credit loss rate	0.0%	0.0%	0.0%	0.0%	-
Gross receivable amount (\$000)	28,865	5	110	262	29,242
Lifetime ECL (\$000)	-	-	-	-	-
<b>Group 2023</b>					
Expected credit loss rate	0.0%	0.0%	0.0%	0.0%	-
Gross receivable amount (\$000)	35,049	664	539	584	36,836
Lifetime ECL (\$000)	-	-	-	-	-
<b>Council 2022</b>					
Expected credit loss rate	0.0%	0.0%	0.0%	0.0%	-
Gross receivable amount (\$000)	3,482	165	8,006	84	11,737
Lifetime ECL (\$000)	-	-	-	-	-
<b>Group 2022</b>					
Expected credit loss rate	0.0%	0.0%	0.0%	0.0%	-
Gross receivable amount (\$000)	11,399	655	8,320	204	20,578
Lifetime ECL (\$000)	-	-	-	-	-

## 12 Inventories

### Accounting policy

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

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Harbours	-	-	-	1,117
Kaiwhararahwhara crushed concrete	-	-	465	-
Water supply	3,025	3,268	3,025	3,268
Wairarapa	1,145	1,004	1,145	1,004
<i>Other inventories</i>				
CentrePort spare stock	-	-	2,042	1,869
CentrePort fuel and stock	-	-	205	332
<b>Total inventory</b>	<b>4,170</b>	<b>4,272</b>	<b>6,882</b>	<b>7,590</b>

No inventories are pledged as securities for liabilities (2022: Nil)



### 13 Other financial assets

#### Accounting policy

Other financial assets are initially recognised at fair value.

Purchases and sales of financial assets are recognised on trade date, the date on which Greater Wellington and the Group commits to purchase or sell the asset.

Financial assets are derecognised when the contractual rights to receive cash flows from the financial asset expire, are waived, or have been transferred in a way that qualifies for derecognition.

At acquisition, other financial assets are classified as, and subsequently measured under, the following categories:

- amortised cost;
- fair value through other comprehensive revenue and expense (FVTOCRE); and
- fair value through surplus and deficit (FVTSD).

Transaction costs are included in the value of the financial asset at initial recognition unless it is classified at FVTSD, in which case any directly attributable transaction costs are recognised in surplus or deficit.

The classification of a financial asset depends on its cash flow characteristics and Greater Wellington and Group's management model for managing them.

A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal outstanding and is held within a management model whose objective is to collect the contractual cash flows of the asset.

A financial asset is classified and subsequently measured at FVTOCRE if it gives rise to cash flows that are SPPI and held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets; or if it is an equity investment not held for trading that has been designated at initial recognition as subsequently measured at FVTOCRE.

Financial assets that do not meet the criteria for measurement at amortised cost or FVTOCRE are subsequently measured at FVTSD.

#### Subsequent measurement of financial assets at amortised cost

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses (ECL). Where applicable, interest accrued is added to the investment balance. Instruments in this category include term deposits, receivables, and loans to subsidiaries.

#### Subsequent measurement of financial assets at FVTOCRE

Financial assets in this category are unlisted equity investments designated as FVTOCRE. They are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense. There is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to accumulated funds within equity.



Unlisted equity investments held by Greater Wellington and Group are strategic investments intended to be held for the medium to long term and not for trading. Greater Wellington and Group designate all unlisted equity investments into the FVOTCRE category other than equity interests in subsidiaries and associates (see Note 19) and equity interests in joint ventures (see Note 14).

The fair value of unlisted equity investments is calculated based on Greater Wellington's share of net assets of the companies.

#### **Subsequent measurement of financial assets at FVTSD**

Financial assets in this category are subsequently measured at fair value with fair value gains and losses recognised in surplus or deficit.

#### **Expected credit losses (ECL) allowance**

Greater Wellington and Group recognise an allowance for ECL for all debt instruments not classified as FVTSD. ECL are the probability weighted estimate of credit losses, measured at the present value of cash shortfalls, which is the difference between the cash flows due to Greater Wellington and Group in accordance with the contract and the cash flows it expects to receive. ECL are discounted at the effective interest rate of the financial asset.

ECL are recognised in two stages. ECL are provided for credit losses that result from default events that are possible within the next 12 months (12 month ECL). However, if there has been a significant increase in credit risk since initial recognition, the loss allowance is based on losses possible for the remaining life of the financial asset (Lifetime ECL).

When determining whether the credit risk of a debt instrument has increased significantly since initial recognition, Greater Wellington and Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Greater Wellington and the Group's historical experience and informed credit assessment and including forward looking information.

Greater Wellington and Group consider a debt instrument to be in default when a contractual cash flow is more than 90 days past due. Greater Wellington and Group may determine a default occurs prior to this if internal or external information indicates the counterparty is unlikely to pay its credit obligations in full. The Greater Wellington measures ECL on loan commitments at the date the commitment becomes irrevocable. If the ECL measured exceeds the gross carrying amount of the debt instrument, the ECL are recognised as a provision.

#### **Previous accounting policy (summarised)**

In the previous year, other financial assets were classified into the following categories:

- loans and receivables at amortised cost;
- held to maturity investments at amortised cost (including contingency fund deposits and loans/advances);
- fair value through other comprehensive revenue and expense (unlisted shares).

The main differences to the prior year policies are that Impairment was recorded only when there was objective evidence of impairment.



For equity investments, a significant or prolonged decline in the fair value of the investment below its cost was considered objective evidence of impairment. For debt instruments, significant financial difficulties of the debtor, probability the debtor would enter into bankruptcy, receivership or liquidation, and default in payments were indicators the asset is impaired.

Impairment losses on shares were recognised in surplus or deficit.

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
<b>Loan/Advances</b>				
Loan to WRC Holdings Limited	44,544	44,000	-	-
Loans and Advances to Joint Venture	-	-	9,934	7,670
Stadium advance	2,028	2,100	2,028	2,100
Warm Wellington funding	3,811	3,516	3,811	3,516
<b>Unlisted equity investments</b>				
Civic Financial Services Limited shares	80	80	80	80
New Zealand Local Government Funding Agency Limited shares	7,804	7,804	7,804	7,804
<b>Deposits</b>				
Bank deposits with maturity terms more than three months	102,892	54,000	102,892	54,000
New Zealand Local Government Funding Agency Limited borrower notes	14,878	10,630	14,878	10,630
<b>Contingency fund</b>				
Bulk water supply contingency fund	47,941	43,390	47,941	43,390
Material damage property insurance contingency fund	12,093	11,165	12,093	11,165
Major flood contingency fund	8,280	7,692	8,280	7,692
	<u>244,352</u>	<u>184,377</u>	<u>209,742</u>	<u>148,047</u>
Current financial assets	172,768	117,167	172,224	117,167
Non-current financial assets	71,584	67,210	37,518	30,880
<b>Total financial assets</b>	<u>244,352</u>	<u>184,377</u>	<u>209,742</u>	<u>148,047</u>

The investment amounts stated below as part of the note are nominal amounts and do not include accrued interest.

#### Loan to WRC Holdings Limited

Greater Wellington loaned \$44.0 million (2022: \$44.0 million) to its wholly owned subsidiary WRC Holdings Limited. The rate per 30 June 2023 is 6.1075% (2022:2.3775%) and is reset quarterly.

#### Loans and advances to Join Venture

##### *Direct Connect Container Services Limited*

CentrePort provided a secured and interest bearing long term shareholder advance to Direct Connect Container Services Ltd of \$7.0m, in October 2021. Interest is payable on the principal of 7.0% per annum, income from the loan for the year ended 30 June 2023 was \$490k (2022: \$490k). The loan is repayable on 29 November 2029.



During the period, CentrePort provided a secured and interest bearing long term shareholder advance to Direct Connect Container Services Ltd of \$1.9m. Interest is payable on the principal of 7.0% per annum, income from the loan for the year ended 30 June 2023 was \$93k. The loan is repayable on 4 August 2025.

At 30 June 2023, CentrePort has \$1.1m of unsecured advances to Direct Connect Container Services there were no new advances made during the year (2022: nil). There is no interest charged on these advances and they are repayable on demand. This cash advance is shown on the balance sheet net of CentrePort's share of losses, \$534k (2022: \$670k).

#### *Marlborough Inland Hub Limited*

During the year, CentrePort provided a secured and interest bearing long term shareholder loan to Marlborough

Inland Hub Limited of \$500k. Interest is payable on the 30th of June each year or as otherwise provided by agreement at an interest rate of the OCR from time to time plus a margin of 1.5%. Income from the loan for the year ended 30 June 2023 was \$18k. The loan is repayable on demand.

#### **Advance to Wellington Regional Stadium Trust**

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

#### **Later advance to Wellington Regional Stadium Trust**

Greater Wellington advanced \$2.1 million (2022:\$2.1 million) to Wellington Regional Stadium Trust as part of a joint loan facility with Wellington City Council. The advance was drawn progressively across the 2021 and 2022 financial years with the first two years after initial drawdown being interest free and an interest rate of 3% thereafter. The advance is unsecured and matures in December 2030.

The carrying value of the advance is recognised at a discount to the total loan amount, reflecting the interest rate terms. The discount will unwind progressively over the remaining term until the advance matures at the full principal amount.

#### **Civic Financial Services Limited**

Greater Wellington holds 80,127 shares (2022: 80,127 shares) in the New Zealand Local Government Insurance Corporation, trading as Civic Financial Services Limited.

#### **New Zealand Local Government Funding Agency Limited**

Greater Wellington is a founding shareholder of the New Zealand Local Government Funding Agency Limited (LGFA) and holds 1,866,000 fully paid shares (2022: 1,866,000). It has also invested \$14.1 million (2022: \$10.6 million) in LGFA borrower notes, which return on average 5.96% as at 30 June 2023 (2022: 2.56%). The LGFA has the right to elect to convert the borrower notes into redeemable shares. This can only occur after it has fully called on its unpaid capital and only in the situation of their being at risk of imminent default.

**LGFA borrower notes**

LGFA borrower notes are subordinated convertible debt instruments that Greater Wellington is required to subscribe for when borrowing from the LGFA. The subscription rate is 2.5% of the total amount borrowed. The borrower notes plus interest will be redeemed when the related Greater Wellington borrowing is repaid or NZ LGFA may convert them to redeemable shares under certain circumstances.

LGFA borrower notes are measured at fair value using discounted cash flows based on the interest rate yield curve at the reporting date.

**Warm Wellington**

The Warm Wellington programme provides funding to ratepayers for home insulation and clean heating in association with the Energy Efficiency and Conservation Authority. Under this programme Greater Wellington provided up to \$5,000 assistance to ratepayers. The assistance is fully recovered by way of a targeted rate on those ratepayers that participate in the programme. The Programme has been discontinued in the latter part of the 2020/21 financial year. A review is expected in 2023/2024 on the continuance of the scheme.

**Bank deposits with maturity terms more than three months**

Greater Wellington has invested \$102.0 million (2022: \$54.0 million) of its funds in short term deposits with an average rate of 5.99% (2022: 2.85%).

**Bulk water supply contingency fund**

Greater Wellington is holding \$47.3 million (2022: \$43.4 million) in bulk water supply contingency funds. The funds are invested in term deposits. The weighted average rate is 5.95% (2022: 2.48%).

**Material damage property insurance contingency fund**

Greater Wellington has invested \$12.0 million (2022: \$11.2 million) of its material damage property insurance contingency fund in short term deposits with an average rate of 6.11% (2022: 2.83%).

**Major flood contingency fund**

Greater Wellington has invested \$8.1 million (2022: \$7.7 million) of its major flood contingency fund in a short term deposit with a rate of 5.87% (2022: 1.96%).



#### 14 Aggregated joint venture information

Name of joint venture	Principal activity	2023 Percentage ownership %	2022 Percentage ownership %
Harbour Quays D4 Limited*	Commercial rental property	76.9%	76.9%
Direct Connect Container Services Limited	Transport hubbing and logistics	38.5%	38.5%
Marlborough Inland Hub Limited	Development	38.5%	38.5%
Dixon & Dunlop Limited	Construction & development	38.5%	38.5%
<b>Marlborough Inland Hub Limited</b>			

On 23 December 2021, the Group purchased land and assets used to fulfil a Grape Supply Agreement in Marlborough for \$13.5m which was treated as an asset held for sale. On 29 June 2022, Marlborough Inland Hub Limited was established as a joint venture between the Group and Port of Marlborough New Zealand Limited. The joint venture purchased this property from the Group for \$13.5m. The land component of the property was revalued at 30 June 2022 from \$10.6m to \$12.3m.

##### **Dixon & Dunlop Limited**

On 31 August 2021, CentrePort Limited purchased 50% of the shares in Dixon & Dunlop Limited for \$4.1m. CentrePort's interest in Dixon & Dunlop has been accounted for using the equity method. During the year ended 30 June 2023, CentrePort received cash dividends of \$1.25m (2022: \$100k).

\* All companies are incorporated and operate in New Zealand



## Summarised balance sheet

	Actual 2023 \$'000	Actual 2022 \$'000
<b>Current</b>		
Cash and cash equivalents	3,449	1,744
Other current assets (excluding cash)	<u>1,962</u>	<u>2,002</u>
<b>Total current assets</b>	<u>5,411</u>	<u>3,746</u>
Other current liabilities (including trade payables)	<u>(1,833)</u>	<u>(1,831)</u>
<b>Total current liabilities</b>	<u>(1,833)</u>	<u>(1,831)</u>
<b>Non-current</b>		
Assets	<u>38,321</u>	<u>35,322</u>
<b>Total non-current assets</b>	<u>38,321</u>	<u>35,322</u>
Financial liabilities	(19,060)	(16,160)
Other liabilities	<u>(1,746)</u>	<u>-</u>
<b>Total non-current liabilities</b>	<u>(20,806)</u>	<u>(16,160)</u>
<b>Net assets</b>	<u>21,093</u>	<u>21,077</u>
<b>Summarised statement of comprehensive income</b>		
	Actual 2023 \$'000	Actual 2022 \$'000
Revenue	19,582	16,564
Operating expenses	(16,542)	(14,192)
Net finance cost	<u>-</u>	<u>-</u>
	<u>3,040</u>	<u>2,372</u>
<b>Reconciliation of summarised financial information</b>		
	Actual 2023 \$'000	Actual 2022 \$'000
<b>Opening carrying value</b>	12,818	10,845
Profit/(loss) for the year	1,521	1,186
Adjustments	(19)	-
Movement through OCI	-	813
Applied against loan	141	74
Dividend	<u>(1,250)</u>	<u>(100)</u>
<b>Closing carrying value</b>	<u>13,211</u>	<u>12,818</u>



### 15 Property, plant and equipment

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

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

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

- Wharves, paving and Seawalls
- Operational land and buildings
- Operational plant and equipment
- Operational vehicles
- Flood protection infrastructural assets
- Transport infrastructural assets
- Rail rolling stock
- Navigational aids infrastructural assets
- Parks and forests infrastructural assets
- Capital work in progress
- Regional water supply infrastructural assets
- Right of use assets

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

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

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

Property, plant, and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

#### Revaluation

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

Revaluation movements are accounted for on a class of asset basis. The fair value of revalued assets is recognised in the financial statements of Greater Wellington & the Group and reviewed at the end of each reporting period to ensure that the carrying value is not materially different from its fair value. Any revaluation increase in the class of asset is recognised in other comprehensive revenue and expenses and accumulated as a separate component of equity in the asset revaluation reserve, except to the extent it reverses a previous revaluation decrease for the same asset previously recognised in the statement of



revenue and expenses, in which case the increase is credited to the statement of revenue and expenses to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation is charged to the statement of revenue and expenses to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation.

The following assets are revalued at least every five years:

#### **Flood protection**

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

The valuations were carried out by a team of qualified and experienced flood protection engineers from within the Flood Protection department. The asset valuation was reviewed by John Vessey, Principal Engineering Economist and Opus International Consultants. He concluded that the 2020 valuation of Greater Wellington's flood protection assets is deemed acceptable and appropriate for financial reporting purposes.

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

Management performed a desktop assessment to assess if there are any indications that the carrying value of these revalued assets is materially different to the estimated fair value. The flood protection desktop assessment indicated that no adjustment to carrying values was required. The outcome of the assessment is supported by separate review performed by Damwatch.

#### **Parks and forests**

The parks and forests land and buildings were valued at 30 June 2022. Land and improvements have been valued using the market value methodology by Fergus Rutherford, Registered Valuer of Baker and Associates Limited. Roads, fences, bridges, tracks and other park infrastructure were valued at 30 June 2022 and have been valued using ODRC methodology. Peter Ollivier, Senior Project Director of Calibre Consulting Limited reviewed the unit rate methodology.

#### **Public transport**

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

GWRL public transport rail station infrastructural assets and rolling stock were independently valued by Mike Morales, FPINZ, FNZIV, PINZ Registered Plant and Machinery Valuer, a Director of Bayleys Valuations Limited as at 30 June 2023 using Optimised Depreciated Replacement Cost (ODRC) methodology.

GWRC public transport bus stops, bus hubs and park & ride land assets were independently valued by Mike Morales, FPINZ, Registered Plant and Machinery Valuer, Director of Bayleys Valuations Limited and Paul Butchers FPINZ as at 30 June 2023 using Optimised Depreciated Replacement Cost (ODRC) methodology.



### **Regional water supply**

Regional water supply infrastructure assets were valued by Mike Morales Director of Bayleys as at 30 June 2022 using ODRC methodology. Water supply buildings were revalued by Paul Butcher, BBS, FPINZ, Registered Valuer, a Director of Bayleys Valuations Limited as at 30 June 2022 using ODRC methodology.

Water urban based land assets were valued by Telfer Young (Martin J Veale, Registered Valuer, ANZIV, SPINZ) as at 30 June 2022 using current market value methodology in compliance with PINZ professional Practice (Edition 5) Valuation for Financial Reporting and NZ PBE IPSAS 17 Property Plant and Equipment.

Water catchment and rural based assets were valued by Baker & Associates (Fergus T Rutherford, Registered Valuer, BBS (VPM), ANZIV) as at 30 June 2022 using current market value methodology in compliance with PINZ Professional Practice (Edition 5) Valuation for Financial Reporting and NZ PBE IPSAS 17 Property Plant and Equipment.

### **Greater Wellington Regional Council Group (including CentrePort Limited)**

Operational Port Land is stated at fair value at the date of revaluation and is determined by reference to the highest & best use of land as determined by the independent valuer. Operational Port Land was last independently valued by the firm Colliers International, a registered valuer, on 30 June 2022.

Operational Port Land which was transferred to Investment Property during the year was valued by Colliers International at the date of transfer.

For the year ended 30 June 2023, management in conjunction with Colliers International have performed a desktop assessment of port operational land which has concluded that the carrying values are not materially different to their fair values as at that date. On that basis there are no changes to the assessed values or assumptions other than the transfer of certain properties to investment property and the reduction in provision for land resilience as amounts are spent and capitalised in the assets.

At 30 June 2011 the Group purchased the Metropolitan rail assets from Kiwi Rail wholly owned by the New Zealand Government.

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

The assets were recognised in the Group accounts via the statement of revenue and expense. Greater Wellington Rail public transport rail station infrastructural assets and its rolling stock were valued by Bayleys using ODRC methodology at 30 June 2023.

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

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



### Additions

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

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

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

### Disposals

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

### Depreciation

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

Port, wharves and paving	2 to 100 years
Operational port freehold land	Indefinite
Operational land	Indefinite
Operational buildings	5 to 75 years
Operational plant and equipment	2 to 40 years
Operational vehicles	2 to 34 years
Flood protection infrastructural assets	10 years to indefinite
Transport infrastructural assets	4 to 150 years
Rail rolling stock	20 to 30 years
Navigational aids infrastructural assets	10 to 50 years
Parks and forests infrastructural assets	5 to 155 years
Regional water supply infrastructural assets	3 to 214 years
Right to use	20 years



### **Impairment of property, plant, and equipment**

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

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

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

The Riverlink Project buildings classified under asset class land & buildings, were identified in demolition schedule from September 2023 due to Riverlink strategic and project development purposes. A subsequent impairment review, given the decrease in the note, led to the recognition of an impairment charge of \$36.7 million in the surplus or deficit.

#### *Value in use for non cash generating assets*

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

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

#### *Value in use for cash generating assets*

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



Council 2023	Land & Buildings \$'000	Plant & Equipment \$'000	Motor Vehicle \$'000	Flood Protection \$'000	Navigational aids \$'000	Parks & Forests \$'000	Transport Infrastructure \$'000	Water Infrastructure \$'000	Right to use \$'000	Total \$'000
Opening net book value	35,608	29,628	2,893	472,602	1,949	129,514	58,094	662,821	24,720	1,417,829
Disposals/written off net	-	(9)	-	(9)	(9)	(125)	(386)	(110)	-	(648)
Reclassification **	-	-	-	(9,680)	-	-	-	-	-	(9,680)
Revaluation gain/loss	-	-	-	-	-	-	1,957	-	-	1,957
Impairment	(36,720)	-	-	-	-	-	-	-	-	(36,720)
Additions	15,439	46	2,302	15,077	-	794	3,497	9	-	37,164
Depreciation charge	(2,758)	(2,547)	(878)	(1,005)	(67)	(3,218)	(2,850)	(18,570)	(1,528)	(33,421)
Work in progress movement	-	59,478	277	18,232	38	(400)	4,079	10,022	-	91,726
<b>Total</b>	<b>11,569</b>	<b>86,596</b>	<b>4,594</b>	<b>495,217</b>	<b>1,911</b>	<b>126,565</b>	<b>64,391</b>	<b>654,172</b>	<b>23,192</b>	<b>1,468,207</b>
At cost and valuation	15,464	29,220	10,090	449,887	2,280	127,150	53,896	617,727	30,889	1,336,603
Work in progress	-	71,074	427	51,033	38	2,627	17,362	54,994	-	197,555
Accumulated depreciation	(3,895)	(13,698)	(5,923)	(5,703)	(407)	(3,212)	(6,867)	(18,549)	(7,697)	(65,951)
<b>Total</b>	<b>11,569</b>	<b>86,596</b>	<b>4,594</b>	<b>495,217</b>	<b>1,911</b>	<b>126,565</b>	<b>64,391</b>	<b>654,172</b>	<b>23,192</b>	<b>1,468,207</b>

\*\* See note 16 for details of the reclassification of assets held for disposal.

Council 2022	Land & Buildings \$'000	Plant & Equipment \$'000	Motor Vehicle \$'000	Flood Protection \$'000	Navigational aids \$'000	Parks & Forests \$'000	Transport Infrastructure \$'000	Water Infrastructure \$'000	Right to use \$'000	Total \$'000
Opening net book value	29,345	30,881	3,039	447,569	2,046	88,606	41,044	592,295	26,256	1,261,081
Disposals/written off net	-	(22)	(49)	-	-	-	-	(139)	-	(210)
Reclassification	-	-	-	-	-	58	-	(656)	-	(598)
Revaluation gain/loss	(120)	-	-	-	-	41,834	11,600	66,863	-	120,177
Additions	7,072	1,807	705	3,450	-	-	-	6,743	-	19,777
Depreciation charge	(689)	(3,591)	(944)	(1,171)	(97)	(1,901)	(3,137)	(16,434)	(1,536)	(29,500)
Work in progress movement	-	553	142	22,754	-	917	8,587	14,148	-	47,101
<b>Total</b>	<b>35,608</b>	<b>29,628</b>	<b>2,893</b>	<b>472,602</b>	<b>1,949</b>	<b>129,514</b>	<b>58,094</b>	<b>662,820</b>	<b>24,720</b>	<b>1,417,828</b>
At cost and valuation	39,609	29,187	9,044	444,498	2,292	126,487	54,262	617,850	30,889	1,354,118
Work in progress	-	11,598	150	32,801	-	3,027	13,284	44,970	-	105,830
Accumulated depreciation	(4,001)	(11,157)	(6,301)	(4,697)	(343)	-	(9,452)	-	(6,169)	(42,120)
<b>Total</b>	<b>35,608</b>	<b>29,628</b>	<b>2,893</b>	<b>472,602</b>	<b>1,949</b>	<b>129,514</b>	<b>58,094</b>	<b>662,820</b>	<b>24,720</b>	<b>1,417,828</b>



Group 2023	Land & Buildings	Plant & Equipment	Motor Vehicle	Flood Protection	Navigational aids	Parks & Forests	Transport Infrastructure	Water Infrastructure	Wharves & paving	Rolling stock	Right to use	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening net book value	161,484	72,737	2,893	472,602	1,949	129,514	204,772	662,821	85,792	365,975	24,720	2,185,259
Disposals/written off net	-	(27)	-	(9)	(9)	(125)	(1,348)	(111)	(293)	-	-	(1,922)
Reclassification	(24,925)	3,078	-	(9,680)	-	-	-	-	(3,078)	-	-	(34,605)
Revaluation gain/loss	9,636	-	-	-	-	-	(26,618)	-	-	13,981	-	(3,001)
Impairment	(36,720)	-	-	-	-	-	-	-	-	-	-	(36,720)
Additions	31,188	9,008	2,302	15,077	-	794	20,235	9	15,219	2,536	-	96,368
Depreciation charge	(3,525)	(7,849)	(879)	(1,005)	(67)	(3,218)	(8,494)	(18,570)	(5,508)	(24,207)	(1,528)	(74,850)
Work in progress movement	29	58,535	277	18,232	38	(400)	2,387	10,022	6,904	1,497	-	97,521
<b>Total</b>	<b>137,167</b>	<b>135,482</b>	<b>4,593</b>	<b>495,217</b>	<b>1,911</b>	<b>126,565</b>	<b>190,934</b>	<b>654,171</b>	<b>99,036</b>	<b>359,782</b>	<b>23,192</b>	<b>2,228,050</b>
At cost and valuation	165,535	138,420	10,089	449,887	2,280	127,150	167,218	617,728	130,521	355,710	30,889	2,195,427
Work in progress	750	72,319	427	51,033	38	2,627	30,583	54,992	29,152	4,072	-	245,993
Accumulated depreciation	(29,118)	(75,257)	(5,923)	(5,703)	(407)	(3,212)	(6,867)	(18,549)	(60,637)	-	(7,697)	(213,370)
<b>Total</b>	<b>137,167</b>	<b>135,482</b>	<b>4,593</b>	<b>495,217</b>	<b>1,911</b>	<b>126,565</b>	<b>190,934</b>	<b>654,171</b>	<b>99,036</b>	<b>359,782</b>	<b>23,192</b>	<b>2,228,050</b>
<b>Group 2022</b>	<b>Land &amp; Buildings</b>	<b>Plant &amp; Equipment</b>	<b>Motor Vehicle</b>	<b>Flood Protection</b>	<b>Navigational aids</b>	<b>Parks &amp; Forests</b>	<b>Transport Infrastructure</b>	<b>Water Infrastructure</b>	<b>Wharves &amp; paving</b>	<b>Rolling stock</b>	<b>Right to use</b>	<b>Total</b>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening net book value	130,505	83,047	3,039	447,569	2,046	88,606	149,684	592,295	65,724	343,826	26,256	1,932,597
Disposals/written off net	(2)	(40)	(49)	-	-	-	-	(139)	-	-	-	(230)
Reclassification	621	(2,000)	-	-	-	-	-	-	1,377	-	-	(2)
Revaluation gain/loss	10,047	-	-	-	-	41,892	47,600	66,207	-	34,900	-	200,646
Impairment	(1,433)	(6,441)	-	-	-	-	-	-	(10,414)	-	-	(18,288)
Additions	21,503	6,315	705	3,450	-	-	1,054	6,743	43,100	5,800	-	88,670
Depreciation charge	(1,800)	(8,600)	(944)	(1,171)	(97)	(1,901)	(7,958)	(16,434)	(3,730)	(19,801)	(1,536)	(63,972)
Decrease in fair value	(107)	-	-	-	-	-	-	-	-	-	-	(107)
Provision for Resilience	2,487	-	-	-	-	-	-	-	-	-	-	2,487
Work in progress movement	(337)	456	142	22,754	-	917	14,392	14,148	(10,265)	1,246	-	43,453
<b>Total</b>	<b>161,484</b>	<b>72,737</b>	<b>2,893</b>	<b>472,602</b>	<b>1,949</b>	<b>129,514</b>	<b>204,772</b>	<b>662,820</b>	<b>85,792</b>	<b>365,971</b>	<b>24,720</b>	<b>2,185,254</b>
At cost and valuation	203,690	125,810	9,044	444,498	2,292	126,487	199,034	617,851	119,705	416,495	30,889	2,295,795
Work in progress	721	13,784	150	32,801	-	3,027	28,197	44,970	22,248	2,565	-	148,463
Accumulated depreciation	(42,928)	(66,857)	(6,301)	(4,697)	(343)	-	(22,459)	-	(56,161)	(53,089)	(6,169)	(259,004)
<b>Total</b>	<b>161,483</b>	<b>72,737</b>	<b>2,893</b>	<b>472,602</b>	<b>1,949</b>	<b>129,514</b>	<b>204,772</b>	<b>662,821</b>	<b>85,792</b>	<b>365,971</b>	<b>24,720</b>	<b>2,185,254</b>



### Infrastructural assets – further disclosures

Council 2023	Closing book value \$'000	Additions		Estimated replacement cost \$'000
		Constructed by Council \$'000	Assets transferred to Council \$'000	
Infrastructural assets				
Water treatment plants and facilities	347,691	-	-	378,448
Other water assets	251,488	-	9	265,629
Flood protection and control works	444,184	-	15,077	513,047
<b>Total infrastructural assets</b>	<b>1,043,363</b>	<b>-</b>	<b>15,086</b>	<b>1,157,124</b>

Council 2022	Closing book value \$'000	Additions		Estimated replacement cost \$'000
		Constructed by Council \$'000	Assets transferred to Council \$'000	
Infrastructural assets				
Water treatment plants & facilities	275,133	6,743	-	275,133
Other water assets	342,718	-	-	342,718
Flood protection and control works	439,802	-	3,450	462,888
<b>Total infrastructural assets</b>	<b>1,057,653</b>	<b>6,743</b>	<b>3,450</b>	<b>1,080,739</b>

### Capital Work in Progress

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

2022			2023	
Group (\$000)	Parent (\$000)		Group (\$000)	Parent (\$000)
721	-	Land & Buildings	750	-
13,784	11,598	Plant & Equipment	72,319	71,074
150	150	Motor Vehicle	427	427
32,801	32,801	Flood Protection	51,033	51,033
-	-	Navigational aids	38	38
3,027	3,027	Parks and Forests	2,627	2,627
28,197	13,284	Transport infrastructure	30,583	17,362
44,970	44,970	Water infrastructure	54,992	54,992
22,248	-	Wharves and paving	29,152	-
2,565	-	Rolling stock	4,072	-
<b>148,463</b>	<b>105,830</b>		<b>245,993</b>	<b>197,553</b>

### Service Concession Arrangement

#### Background

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



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

#### *Service concession asset*

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

#### *Service concession liability*

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

#### **Operational Port Land**

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

Operational Port Land was independently valued by Colliers International, a registered valuer, on 30 June 2023. The assessed value at that time was \$83.8m which was adjusted by \$14.4m for estimated Operational Port Land resilience costs, to arrive at fair value for financial reporting purposes.

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Industrial Zoned Land	-	-	98,245	113,511
Commercial Zoned	-	-	-	-
Other Port Land	-	-	29,566	29,566
	-	-	127,811	143,077
Less Provision for Land Resilience	-	-	(14,425)	(27,763)
Additions, Transfers, and Disposals of Port Land since valuation	-	-	-	-
<b>Total Operational Port Land</b>	-	-	<b>113,386</b>	<b>115,314</b>
<b>Industrial Zoned Land</b>				
Industrial Zoned Land as at 1 July	-	-	113,511	105,396
Additions*	-	-	23	262
Transfers to Investment Property	-	-	(24,925)	-
Increase / (decrease) in fair value*	-	-	9,636	7,853
	-	-	98,245	113,511
<b>Other Port Land</b>				
Other Port Land as at 1 July	-	-	29,566	27,359
Additions	-	-	-	-
Transfers/Reclassifications	-	-	-	-
Increase / (decrease) in fair value*	-	-	-	2,207
	-	-	29,566	29,566
<b>Provision for Land Resilience</b>				
Provision for Land Resilience as at 1 July	-	-	(27,763)	(43,588)
Additions	-	-	13,338	13,338
Transfers/Reclassifications	-	-	-	-
Change in Provision for Land Resilience charged to Revaluation Reserve	-	-	-	2,487
	-	-	(14,425)	(27,763)



### Valuation approach operational Port Land

The fair value of Industrial Zoned Land is on a vacant basis, reflecting the land in its current state, however ignoring any and all operational buildings, structures and improvements involved in the day to day operation of port related activities. Industrial Zoned Land is made up of Freehold land and Land leased out to third parties ("Leasehold Land") as part of port operations.

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

- sales of land or development sites within the wider Wellington region
- size, shape, location and access to services including road frontage, exposure to vehicles, allowable height, and density of use
- the current state of the Wellington and wider New Zealand economy.
- the current state of Wellington property markets including the office, industrial, large format retail, residential accommodation, and hotel accommodation markets

Each leasehold parcel of land is valued using a Capitalised Net Rental approach, where market ground rental is capitalised with reference to sales of lessors interests, with an allowance made for differences between contract and market rents adjusted for the terms of the lease. Significant inputs into this valuation approach are:

- comparable recent rental settlements on a rate per square metre of land;
- perpetually renewable or terminating lease
- rental review periods; and
- forecast trends for interest rates and market based property yields.

Market rental is assessed using both the:

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

Key assumptions underlying the valuation are set out below:

- It is assumed that there is a structural sea wall along the reclamation edge to ensure that all sites offer appropriate stability for commercial development. All costs associated with ensuring the land is resilient are to be borne by CentrePort and have been excluded from the valuer's assessed value. This has been taken into account in the fair value as noted in the "Operational Port Land Resilience" adjustment below.

The following table summarises the valuation approach used by the valuers in 2022 to arrive at an assessed value together with the Provision for Land Resilience and the sensitivity of the valuation to movements in unobservable inputs. Given the desktop exercise completed at 30 June 2023 the value and assumptions remain unchanged other than an adjustment for transfers to investment property in the 2023 financial year and movements in the provision for land resilience:



Industrial Zoned Land	Assessed Value	Valuation approach	Key valuation assumptions	Valuation impact
Freehold Land	\$ 86.8m (2022: \$102.0m)	Direct Sales Comparison approach	Weighted average land value the rate per sqm applied to the subject property. This ranges from \$50psqm to \$1,650psqm (2022: \$50psqm to \$1,650psqm)	+ 5% \$4.4m (2022: + 5% \$5.1m)
		Market Capitalisation	Capitalisation rate the rate of return determined through analysis of comparable, market related sales transactions, which is applied to a property's sustainable net income to derive value. The rate selected was 6.25% (2022: 6.25%)	+ 0.25% \$0.1m (2022: + 0.25% \$0.1m)
		Discounted Cash Flow	Discount rate the rate of return used to determine the present value of future cash flows. The rate used was 7.5% (2022: 7.5%)	+ 0.25% \$0.1m (2022: + 0.25% \$0.1m)
Leasehold Land	\$11.5m (2022: \$11.5m)	Capitalised Net Rental approach	Weighted average land value the rate per sqm applied to the subject property. This ranges from \$1,500psqm to \$1,750psqm (2022: \$1,500psqm to \$1,750psqm)	+ 5% \$0.6m (2022: + 5% \$0.6m)
<b>Assessed Value</b>	<b>\$98.2m (2022: \$113.5m)</b>			
Provision for Land Resilience	\$14.4m (2022: \$27.8m)	Cost estimates	Estimated cost of completing land resilience work.	+ 15% \$2.2m (2022: + 15% \$4.2m)
<b>Total Fair Value</b>	<b>\$83.8m (2022: \$85.7m)</b>			



### Operational Port Land resilience

An adjustment of \$14.4m has been made to the fair value of Operational Port Land at 30 June 2023 (2022: \$27.8m) to recognise the resilience work that needed to be undertaken to support the land and achieve the assessed value determined by Colliers International in their independent valuation. The resilience works costs are estimated with reference to the costs for remediation works already undertaken for part of the operational port land and third party cost estimates. \$13.3m of remediation works were completed during the year (2022: \$13.3m). The land resilience provision was unchanged (2022: \$2.5m) for the total estimate of the cost to complete the remediation works.

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

### Valuation approach – other port land

Other Port Land is made up of Freehold land and land leased out to third parties (“Leasehold Land”). Significant ancillary services are provided to these third parties. Leasehold Land is valued using a combination of the following approaches:

- Capitalised Net Market Rental approach this is where market ground rental is capitalised with reference to sales of lessors interests, with an allowance made for differences between contract and market rents adjusted for the terms of the lease.
- Market Capitalisation approach This is where fair value is determined by assessing the property's market ground rental and then capitalising this using an appropriate yield.
- Discounted Cashflow approach This is where fair value is determined by a present value of the projected cashflow of the property over a period, making allowances for such variables as discount rates, growth rates, rental levels, vacancy allowances, capital expenditure and outgoings, and terminal yields.

Significant inputs into these valuation approaches are:

- comparable recent rental settlements on a rate per square metre of land
- perpetually renewable or terminating lease
- rental review periods; and
- forecast trends for interest rates and market based property yields.

Market ground rental is assessed using the traditional approach whereby the valuer assesses a market land value and applies a market based ground rental percentage against this value.

Other key assumptions underlying the valuation are set out below:

The 2022 rent reviews have not been undertaken or initiated by either party. The valuation assumes the rentals have remained at those levels previously payable.

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



Other Port Land	Assessed Value	Valuation approach	Key valuation assumptions	Valuation impact
Leasehold Land	\$24.5m (2022: \$26.5m)	Capitalised Net Market Rental	Weighted average land value the rate per sqm applied to the subject property. This ranges from \$150psqm to \$750psqm(2022: \$150psqm to \$750psqm)	+ 5% \$1.2m (2022:+ 5% \$1.3m)
Freehold Land	\$5.0m (2022: \$3.1m)	Market Capitalisation	Market capitalisation rate the rate of return determined through analysis of comparable, market related sales transactions, which is applied to a property's sustainable net income to derive value. This is set at 8.25% (2022: 8.25%)	+ 0.25% \$0.3m (2022: + 0.25% \$0.3m)
		Discounted Cashflow	Discount rate the rate of return used to determine the present value of future cash flows. The rate used was 8.75% (2022: 8.75%)	+ 0.25% \$0.2m (2022: + 0.25% \$0.2m)
Total Fair Value	\$29.6m (2022: \$29.6m)			

#### Greater Wellington Rail Limited (GWRL)

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



## 16 Non-current assets held for sale

### Accounting policy

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value, less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. The sale of the asset or disposal group is expected to be completed within one year from the date of classification.

Impairment losses, if any are recognised in the surplus or deficit. Increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised. Non-current assets are not depreciated or amortised while they are classified as held for sale.

	Council		Group	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Land	9,680	-	9,860	-
<b>Non-current assets held for disposal</b>	<b>9,680</b>	<b>-</b>	<b>9,860</b>	<b>-</b>

Te Wai Takamori o Te Awa Kairangi project is a once in a lifetime opportunity to transform Te Awa Kairangi ki Tai - Lower Hutt. It is a collaborative project between Greater Wellington Regional Council, Hutt City Council, Waka Kotahi New Zealand Transport Agency, iwi mana whenua Taranaki Whanui ki te Upoko o te Ika (Taranaki Whanui), Ngati Toa Rangatira (Ngati Toa), and the AECOM Fletcher alliance who are working collaboratively to transform Te Awa Kairangi ki Tai Lower Hutt by providing better flood protection, enabling urban growth and improving transport safety and connections in central Te Awa Kairangi ki Tai | Lower Hutt and around the Melling Interchange.

The above assets held for disposal are comprised of residential and commercial units on Pharazyn and Marsden streets. The portion of the assets are held for transfer to Waka Kotahi as part of the Riverlink project. The transfer is subject to the final survey.



## 17 Intangible assets

### Software

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

### New Zealand Emission Trading Scheme

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

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

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

Council	Software	Emission Units	Total
<b>Year ended 30 June 2023</b>			
Opening net book amount	2,598	26,010	28,608
Additions	-	178	178
Revaluation	-	(10,971)	(10,971)
Amortisation charge **	(966)	-	(966)
Work in progress movement	24	-	24
Closing net book amount	<u>1,656</u>	<u>15,217</u>	<u>16,873</u>
<b>At 30 June 2023</b>			
Cost and valuation	14,575	15,217	29,792
Valuation	-	-	-
Accumulated amortisation and impairment	<u>(12,919)</u>	<u>-</u>	<u>(12,919)</u>
Net book amount	<u>1,656</u>	<u>15,217</u>	<u>16,873</u>
<b>Council</b>			
	<b>Software \$'000</b>	<b>Emission units \$'000</b>	<b>Total \$'000</b>
<b>Year ended 30 June 2022</b>			
Opening net book amount	1,693	14,658	16,351
Additions	3,261	-	3,261
Revaluation	-	11,352	11,352
Amortisation charge **	<u>(2,356)</u>	<u>-</u>	<u>(2,356)</u>
Closing net book amount	<u>2,598</u>	<u>26,010</u>	<u>28,608</u>
<b>At 30 June 2022</b>			
Cost and valuation	14,551	26,010	40,561
Valuation	-	-	-
Accumulated amortisation and impairment	<u>(11,953)</u>	<u>-</u>	<u>(11,953)</u>
Net book amount	<u>2,598</u>	<u>26,010</u>	<u>28,608</u>



Group	Software \$'000	Emission Units \$'000	Total \$'000	
<b>Year ended 30 June 2023</b>				
Opening net book amount	2,955	26,010	28,965	
Additions	-	178	178	
Revaluation	-	(10,971)	(10,971)	
Amortisation charge **	(1,154)	-	(1,154)	
Working in progress movement	23	-	23	
Closing net book amount	<u>1,824</u>	<u>15,217</u>	<u>17,041</u>	
<b>At 30 June 2023</b>				
Cost and valuation	17,900	15,217	33,117	
Valuation	-	-	-	
Accumulated amortisation and impairment	(16,076)	-	(16,076)	
Net book amount	<u>1,824</u>	<u>15,217</u>	<u>17,041</u>	
Group	Goodwill \$'000	Software \$'000	Emission units \$'000	Total \$'000
<b>Year ended 30 June 2022</b>				
Opening net book amount	2,674	2,210	14,657	19,541
Additions	-	3,345	-	3,345
Disposal	-	(51)	-	(51)
Revaluation	-	-	11,353	11,353
Impairment	(2,674)	-	-	(2,674)
Amortisation charge **	-	(2,549)	-	(2,549)
Closing net book amount	<u>-</u>	<u>2,955</u>	<u>26,010</u>	<u>28,965</u>
<b>At 30 June 2022</b>				
Cost	-	20,837	26,010	46,847
Accumulated amortisation and impairment	-	(17,882)	-	(17,882)
Net book amount	<u>-</u>	<u>2,955</u>	<u>26,010</u>	<u>28,965</u>

No intangible assets are pledged as security for liabilities.

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



### 18 Insurance coverage, asset values and contingency funds

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

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

	Value of assets covered by insurance \$'000	Maximum level of insurance coverage \$'000
Council assets	1,971,923	670,362
Rolling stock	<u>591,383</u>	<u>195,000</u>
<b>Total</b>	<b><u>2,563,306</u></b>	<b><u>865,362</u></b>

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

	Value of fund maintained \$'000	Total value of assets self-insured \$'000
Council assets	114,041	1,595,521
Rolling stock	-	<u>396,383</u>
<b>Total</b>	<b><u>114,041</u></b>	<b><u>1,991,904</u></b>

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

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

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

Council's insurance cover is shared with Hutt City Council, Upper Hutt City Council, Kapiti Coast District Council and Porirua City Council. The Council shares its building and equipment insurance with these four Councils to the value of \$600 million, based on our Council assets of \$1.055 million and sharing group assets of \$2.296 million.



## 19 Investment properties

### Accounting policy

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

Greater Wellington holds no investment in properties.

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

The Group has the following classes of Investment Property:

- Developed Investment Property
- Land Available for Development

### Valuation approach

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

The fair value of investment properties is based on the highest and best use for commercial property.

### Developed Investment Property - Valuation

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

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

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

### Land Available for Development - Valuation

Land Available for Development consists of the Harbour Quays Development Land and the site of the former BNZ Building (2022: Harbour Quays Development Land).



Land Available for Development is valued using a Direct Sales Comparison approach. This is where the subject property is compared with recently sold properties of a similar nature with fair value determined through the application of positive and negative adjustments for their differing features. In carrying out this comparison, consideration is given to sales of similar property within the wider Wellington region, along with adjustments for factors such as the size, shape, location, access to services including road frontage, exposure to vehicles, allowable height, and density of use of the property.

Other key assumptions underlying the valuation are set out below:

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

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



Class of Property	Fair Value \$'000	Valuation approach	Key valuation assumptions	Valuation impact
Developed Investment Property	\$30.5m (2022: \$31.8m)	Contract Income	Capitalisation rate the rate of return determined through analysis of comparable, market related sales transactions, which is applied to a property's sustainable net income to derive value. The rate selected was 7.8% (2022: 7.0%)	+0.5% \$1.0m (2022: +0.25% \$1.5m)
		Market Capitalisation	Capitalisation rate the rate of return determined through analysis of comparable, market related sales transactions, which is applied to a property's sustainable net income to derive value. The rate selected was 7.0% (2022: 6.25%)	+0.25% \$1.5m 0.25% \$1.0m +0.25% \$1.5m 0.25% \$2.0m
		Discounted Cashflow	Discount rate the rate of return used to determine the present value of future cashflows. The rate selected was 8.25% (2022: 7.5%)	+0.25% \$0.6m 0.25% \$0.6m (2022:+0.25% \$0.72m 0.25% \$0.74m)
Land Available for Development	\$64.6m (2022: \$39.7m)	Direct Sales Comparison	Weighted average land value the rate per sqm applied to the subject property. The rates applied ranged from \$125 – \$2,625 per sqm (2022: \$125 – \$2,625 per sqm)	+ 5.0% \$3.4m (2022: + 5.0% \$2.0m)
<b>Assessed Value</b>	<b>\$95.1 m (2022: \$71.4m)</b>			
Cost to repair services to undeveloped sites, rebuild a seawall and complete ground improvement works	(\$9.0m) (2022: (\$8.8m))	Cost estimates	Estimated cost of completing works on Land Available for Development.	+ 10% \$0.9m (2022: + 10% \$0.9m)
<b>Total Fair Value</b>	<b>\$86.1m (2022: \$62.6m)</b>			

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Developed investment properties	-	-	30,500	31,767
Land available for development	-	-	55,625	30,850
	-	-	86,125	62,617

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Developed investment properties brought forward	-	-	31,767	26,000
Additions	-	-	155	124
Increase / (decrease) in fair value	-	-	(1,253)	5,643
Disposals	-	-	(169)	-



<b>Developed investment properties carried forward</b>	-	-	<b>30,500</b>	31,767
Land available for development brought forward	-	-	<b>30,850</b>	29,493
Additions / (disposals)	-	-	<b>106</b>	2,157
Transfer from / (to) developed investment properties	-	-	<b>24,925</b>	-
Impairment on Earthquake damage	-	-	-	-
Increase / (decrease) in fair value	-	-	<b>(256)</b>	(800)
<b>Land available for development carried forward</b>	-	-	<b>55,625</b>	30,850
<b>Total investment properties</b>	-	-	<b>86,125</b>	62,617

## 20 Investments in subsidiaries and associates

### Accounting policy

Greater Wellington consolidates as subsidiaries in the group financial statements all entities over which Greater Wellington may direct the governance policies so as to obtain benefits from the activities of the entity. This power generally exists where Greater Wellington has an interest of 50% or more of council controlled organisations or more than one half of the voting rights on the governing body.

The investment in subsidiaries is carried at cost in the council's parent entity financial statements. The breakdown of investments in subsidiaries and associates is:

		2023	2022
		%	%
WRC Holdings Limited	Subsidiary of Greater Wellington	100	100
CentrePort Limited*	Subsidiary of WRC Holdings Limited	76.9	76.9
Greater Wellington Rail Limited	Subsidiary of WRC Holdings Limited	100	100
Wellington Regional Economic Development Agency Limited (trading as WellingtonNZ)	Minority Interest	20	20
Wellington Water Limited	Associates of Greater Wellington	17	17

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

All significant intra-group transactions have been eliminated on consolidation.

\* CentrePort Limited established CentrePort Captive Insurance Limited. CentrePort is in the process of applying to the Reserve Bank of New Zealand for a licence under The Insurance (Prudential Supervision) Act 2010 for this company to operate as an insurance company.

	Actual 2023	Actual 2022
WRC Holdings Limited (shares)	337,145	316,945
Wellington Water Limited (voting shares)	150	150
<b>Total investment in subsidiaries</b>	<b>337,295</b>	<b>317,095</b>

For commercial sensitivity purposes, the financial information of associates is not disclosed.



## 21 Derivative financial instruments

### Accounting Policy

Derivative financial instruments are used to manage exposure to interest rate risks arising from Greater Wellington's financing activities and exposure to foreign exchange risks arising from operational activities. In accordance with its Treasury management policies, Greater Wellington does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance date based on the forward interest rate yield curve. The resulting gain or loss is recognised in surplus or deficit.

The portion of the fair value of an interest rate swap derivative that is expected to be realised within 12 months of balance date is classified as current, with the remaining portion of the interest rate swap classified as non current.

The full fair value of any foreign exchange contract derivative is classified as current if the contract is due for settlement within 12 months of balance date; otherwise foreign exchange contract derivatives are classified as non current.

At 30 June 2023 Greater Wellington and Group had entered into the following interest rate swap agreements:

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
<b>Current asset portion</b>				
Interest rate swaps	7,075	-	7,075	-
<b>Total current asset portion</b>	<b>7,075</b>	<b>-</b>	<b>7,075</b>	<b>-</b>
<b>Non-current asset portion</b>				
Interest rate swaps	21,164	18,811	21,164	18,811
<b>Total non-current asset portion</b>	<b>21,164</b>	<b>18,811</b>	<b>21,164</b>	<b>18,811</b>
<b>Total derivative financial instruments - assets</b>	<b>28,239</b>	<b>18,811</b>	<b>28,239</b>	<b>18,811</b>
<b>Current liability portion</b>				
Interest rate swaps	-	96	-	96
<b>Total current liability portion</b>	<b>-</b>	<b>96</b>	<b>-</b>	<b>96</b>
<b>Non-current liability portion</b>				
Interest rate swaps	496	5,451	496	5,451
<b>Total non-current liability portion</b>	<b>496</b>	<b>5,451</b>	<b>496</b>	<b>5,451</b>
<b>Total derivative financial instruments - liabilities</b>	<b>496</b>	<b>5,547</b>	<b>496</b>	<b>5,547</b>
<b>Total net fair value</b>	<b>27,743</b>	<b>13,264</b>	<b>27,743</b>	<b>13,264</b>

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



## 22 Trade and other payables

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Trade payables	81,390	70,301	95,295	85,843
Deposits and bonds	21,562	-	21,571	88
Revenue in advance	504	5,957	504	5,957
Accrued interest on borrowings	8,569	4,072	8,569	4,072
Amounts due to related parties	6,232	6,833	-	-
<b>Total current creditors and other payables</b>	<b>118,257</b>	<b>87,163</b>	<b>125,939</b>	<b>95,960</b>

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

## 23 Debt

	Note	Council		Group	
		Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
<b>Current debt liabilities</b>					
<b>Secured</b>					
Commercial paper	(ii)	103,477	94,064	84,517	74,603
Floating rate notes	(iii)	50,000	30,000	50,000	30,000
NZ Green Investment Finance	(vi)	-	-	12,000	11,000
<b>Total current debt liabilities</b>		<b>153,477</b>	<b>124,064</b>	<b>146,517</b>	<b>115,603</b>
<b>Non-current debt liabilities</b>					
Fixed rate bond	(v)	25,000	25,000	25,000	25,000
Floating rate notes	(iii)	597,000	489,000	597,000	489,000
<b>Total non-current debt liabilities</b>		<b>622,000</b>	<b>514,000</b>	<b>622,000</b>	<b>514,000</b>
<b>Total debt liabilities</b>		<b>775,477</b>	<b>638,064</b>	<b>768,517</b>	<b>629,603</b>

### Terms and conditions

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

(i) Greater Wellington has no overdraft facility. As at 30 June 2023 Greater Wellington has \$120 million (2022: \$120 million) credit lines of which \$120 million (2022: \$120 million) is undrawn. Two credit lines are for \$35 million (2022: \$35 million) each with one maturing in May 2028 and the other one maturing in June 2027. These two facilities can be repaid or drawn down until expiry and have the ability to be extended annually at the discretion of the bank. A third facility is for \$50 million (2022: \$50 million) and has no maturity date with the provider having a 15 month notice period. All three facilities are subject to a charge over rates.

As at 30 June 2023 the Group had no bank overdraft balance (2022: \$0).

(ii) Greater Wellington has issued five (2022: four) commercial paper as at 30 June 2023. Three mature within three months from balance date and two matures between 3 month and 1 year. Their weighted average interest rate is 5.77% (2022: 2.26%).

(iii) As at 30 June 2023 GWRC has issued 24 (2022: 20) Floating Rate Notes (FRN) as per the below table. The interest rates are ranging between 5.7675% and 6.5475% (2022: 2.1275% and 3.6175%) and are reset quarterly based on the 90 day bank bill rate plus a margin.



Maturity	2023	2022
Apr 23	-	30,000,000
Oct 23	25,000,000	25,000,000
Jun 24	25,000,000	25,000,000
Oct 24	46,000,000	46,000,000
Apr 25	25,000,000	25,000,000
Jun 25	25,000,000	25,000,000
Nov 25	25,000,000	25,000,000
Jun 26	25,000,000	25,000,000
Apr 27	25,000,000	25,000,000
Apr 28	25,000,000	25,000,000
May 28	28,000,000	-
Aug 28	30,000,000	-
Oct 28	25,000,000	25,000,000
Feb 29	40,000,000	-
Apr 29	25,000,000	25,000,000
Jul 29	13,000,000	13,000,000
Oct 29	25,000,000	25,000,000
Apr 30	25,000,000	25,000,000
Nov 30	30,000,000	-
May 31	25,000,000	25,000,000
Aug 31	30,000,000	-
Nov 31	30,000,000	30,000,000
Apr 32	25,000,000	25,000,000
Apr 33	25,000,000	25,000,000
Apr 34	<u>25,000,000</u>	<u>25,000,000</u>
	<u>647,000,000</u>	<u>519,000,000</u>

(iv) WRC Holdings Limited has received a \$44.0 million loan from Greater Wellington which matures on 15 October 2024 and is repriced quarterly. The loan has an interest rate of 6.0175%. (2022: 2.3775%)

(v) The \$25.0 million fixed rate bond has a 4.31% coupon and is due for repayment in April 2031.

(vi) NZ Green Investment Finance

CentrePort entered has a \$15.0m debt facility with New Zealand Green Investment Finance (NZGIF) to accelerate investment into low carbon projects.

The Group has drawn down \$12.0m of this facility at balance date (2022: \$11.0m). The interest rate is based on BKBM (bank bill bid settlement) rate plus a margin payable on funds drawn. A commitment fee is also payable on the facility limit. The facility was renewed on 7 June 2022 for a term of 13 months. The Lender has first ranking security over all current and future assets held by the Group.



## 24 Employee entitlements and provisions

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
<b>Current liability</b>				
Employee benefits	6,427	6,846	10,380	10,505
Provision	-	66	-	66
	<u>6,427</u>	<u>6,912</u>	<u>10,380</u>	<u>10,571</u>
<b>Non-current portion</b>				
Employee benefits	164	139	287	302
<b>Total employee benefit liabilities</b>	<u>6,591</u>	<u>7,051</u>	<u>10,667</u>	<u>10,873</u>

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

The rate used for discounting the provision for future payments is 4.6% (2022: 3.6%).

Many public and private sector entities, including Greater Wellington Regional Council, are continuing to investigate historic underpayment of holiday entitlements. For such employers that have workforces that include differential occupational groups with complex entitlements, non standard hours, allowances and/or overtime, the process of assessing compliance with the Holidays Act (2003) (the Act) and determining the underpayment is time consuming and complicated. For the current year, Greater Wellington has a provision balance of \$1.12m (2022: \$1.31m) for the Holiday Act remediation payment.

	Annual leave \$'000	Long service leave \$'000	Earthquake repair works \$'000	ESCT \$'000	Total \$'000
<b>Council 2023</b>					
Opening carrying value	6,846	139	66	-	7,051
Addition	(419)	25	(66)	-	(460)
<b>Carrying amount at end of year</b>	<u>6,427</u>	<u>164</u>	<u>-</u>	<u>-</u>	<u>6,591</u>
<b>Council 2022</b>					
Opening carrying value	8,177	160	96	100	8,533
Amounts used	(1,331)	(21)	(30)	(100)	(1,482)
<b>Carrying amount at end of year</b>	<u>6,846</u>	<u>139</u>	<u>66</u>	<u>-</u>	<u>7,051</u>



## 25 Note to statement of cash flows

## Reconciliation of surplus/ (deficit) after income tax to net cash flow from operating activities

	Council		Group	
	Actual	Actual	Actual	Actual
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<b>Surplus/(deficit) after tax</b>	<b>(17,961)</b>	35,113	<b>(32,839)</b>	10,798
<b>Add/(less) non-cash items</b>				
Depreciation and amortisation	34,388	31,857	76,004	66,522
Non cash assets	-	7,051	-	7,051
Impairment of property, plant and equipment	36,720	-	36,720	-
Net (loss) gain on sale of fixed assets	303	657	1,546	569
Impairment of Property, Plant and Equipment, Goodwill and Software	-	-	-	21,000
Gain on fair value of financial instruments	(14,361)	(64,561)	(14,361)	(64,561)
Interest accrued on investments	(3,361)	-	(3,361)	-
Equity accounted earnings from associate companies	-	-	(1,107)	(1,461)
Change in value of future tax benefit	-	-	(5,775)	(10,320)
Increase/decrease of emission units allocations	(178)	368	(178)	368
Decrease (Increase) in Value of Investment property	-	-	1,509	(4,842)
<b>Add/(less) movements in working capital</b>				
Accounts receivable	35,977	(26,288)	37,511	(24,407)
Warm Wellington receivable	(295)	2,595	(295)	2,595
Inventory	100	(784)	705	(1,603)
Accounts payable	(2,089)	22,127	(5,058)	19,402
Employee provisions	(460)	(1,483)	(205)	(1,004)
Tax	-	-	(3,873)	(2,673)
<b>Add / (less) items classified as investing or financing</b>				
Accounts payable related to fixed assets	-	-	1,571	(666)
Accounts receivable related to investment property	-	-	-	58
Prepayments related to property plant and equipment	-	-	-	749
<b>Net cash inflow/(outflow) from operating activities</b>	<b>68,783</b>	<b>6,652</b>	<b>88,514</b>	<b>17,575</b>

## Reconciliation of liabilities arising from financing activities

	Council		Group	
	Actual	Actual	Actual	Actual
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Loan Funding	167,413	131,214	168,413	134,714
Debt repayment	(30,000)	(25,000)	(30,000)	(25,000)
Dividends paid to non-controlling interests	-	-	(1,385)	(1,385)
	<b>137,413</b>	<b>106,214</b>	<b>137,028</b>	<b>108,329</b>

	Council			Total
	Commercial	LGFA Floating	LGFA Bonds	
	paper	Rate Notes	\$'000	
	\$'000	\$'000	\$'000	\$'000
<b>Cashflows from financing activities</b>				
Opening balance 1 July 2022	94,064	519,000	25,000	638,064
Additions	405,481	158,000	-	563,481
Repayments	(396,068)	(30,000)	-	(426,068)
<b>Closing balance 30 June 2023</b>	<b>103,477</b>	<b>647,000</b>	<b>25,000</b>	<b>775,477</b>



Cashflows from financing activities	Group				Total \$'000
	Commercial paper \$'000	LGFA Floating Rate Notes \$'000	LGFA Bonds \$'000	NZ Green Investment \$'000	
Opening balance 1 July 2022	74,603	519,000	25,000	11,000	629,603
Additions	386,521	158,000	-	1,000	545,521
Repayments	(376,607)	(30,000)	-	-	(406,607)
Closing balance 30 June 2023	<u>84,517</u>	<u>647,000</u>	<u>25,000</u>	<u>12,000</u>	<u>780,517</u>

## 26 Financial instruments

Greater Wellington and Group have a series of policies to manage the financial risks associated with its operations. These risks include market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk, other price risk off market equity price risk), credit risk, and liquidity risk.

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

### (a) Market risk

#### Currency risk

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

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

As at 30 June 2023 Greater Wellington does not have any foreign exchange contracts (2022: Nil). In the Group there is no FX contract as per 30 June 2023 (2022: no contract).

#### Fair value interest rate risk

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

Greater Wellington and Group are exposed to fair value interest rate risk on fixed interest rate debt and investments, and on financial instruments carried at fair values based on market interest rates.



To minimise the risk on external debt, management monitors the levels of interest rates on an ongoing basis and uses forward rate and swap agreements as well as interest rate collars (options) to manage interest rate exposures for future periods. At 30 June 2023 Greater Wellington and the Group had entered into the following interest rate swap agreements:

Movement in interest rate:	Council		Group	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Less than one year	30,000	20,000	30,000	20,000
One to two years	55,000	20,000	55,000	20,000
Two to five years	205,000	190,000	205,000	190,000
Greater than five years	320,000	300,000	320,000	300,000
Total fair value interest rate risk	610,000	530,000	610,000	530,000

At 30 June 2023, the fixed interest rates of swaps of the Council and Group vary from 1.20% to 5.40% (2022: 1.20% to 5.40%).

#### Cashflow interest rate risk

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

Generally, Greater Wellington and the Group raises long term borrowings at floating rate and swaps this back into fixed rates using interest rate swaps to manage the cashflow interest rate risk. Under the interest rate swaps Greater Wellington and the Group agrees with other parties to exchange, at specific intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

#### Other price risk – off-market equity price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

Greater Wellington is exposed to off market equity price risk in the valuation of its non listed equity investments. The valuation is based on the net asset backing of the issuer companies and therefore subject to variation according to the operating results and capital structure of those entities.

#### Sensitivity analysis

The tables below illustrate the potential profit and (loss) impact for reasonably possible market movements, with all other variables held constant, based on Greater Wellington and the Group's financial instrument exposures at balance date.



30 June 2023	Council +1% Surplus/ (deficit) \$'000	Council +1% Equity \$'000	Council -1% Surplus/ (deficit) \$'000	Council -1% Equity \$'000	Group +1% Surplus/ (deficit) \$'000	Group +1% Equity \$'000	Group -1% Surplus/ (deficit) \$'000	Group -1% Equity \$'000
<b>Interest rate risk</b>								
<b>Financial assets</b>								
Cash at bank and term deposits	172	-	(172)	-	1,319	-	(1,319)	-
New Zealand Local Government Funding Agency Limited borrower notes	137	-	(137)	-	137	-	(137)	-
Bank deposits	1,020	-	(1,020)	-	1,020	-	(1,020)	-
Bulk water supply contingency fund	473	-	(473)	-	473	-	(473)	-
Material damage property insurance contingency fund	120	-	(120)	-	120	-	(120)	-
Major flood contingency fund	81	-	(81)	-	81	-	(81)	-
Loan to WRC Holdings Limited	440	-	(440)	-	-	-	-	-
Derivatives	21,156	-	(22,817)	-	21,156	-	(22,817)	-
<b>Financial liabilities</b>								
NZ Green Investment Fund	-	-	-	-	(120)	-	120	-
Commercial paper	(1,035)	-	1,035	-	(845)	-	845	-
Floating rate notes	(6,470)	-	6,470	-	(6,470)	-	6,470	-
Derivatives	1,456	-	(1,517)	-	1,456	-	(1,517)	-
<b>Total sensitivity to interest rate risk</b>	<b>17,550</b>	<b>-</b>	<b>(19,272)</b>	<b>-</b>	<b>18,327</b>	<b>-</b>	<b>(20,049)</b>	<b>-</b>
<b>30 June 2022</b>								
<b>Interest rate risk</b>								
<b>Financial assets</b>								
Cash at bank and term deposits	165	-	(165)	-	1,581	-	(1,581)	-
New Zealand Local Government Funding Agency Limited borrower notes	102	-	(102)	-	102	-	(102)	-
Bank deposits with maturity terms more than 3 months	540	-	(540)	-	540	-	(540)	-
Bulk water supply contingency fund	434	-	(434)	-	434	-	(434)	-
Material damage property insurance contingency fund	112	-	(112)	-	112	-	(112)	-
Major flood contingency fund	77	-	(77)	-	77	-	(77)	-
Loan to WRC Holdings Limited	440	-	(440)	-	-	-	-	-
Derivatives	15,097	-	(16,777)	-	15,097	-	(16,777)	-
<b>Financial liabilities</b>								
NZ Green Investment Ltd	-	-	-	-	(110)	-	110	-
Commercial paper	(941)	-	941	-	(746)	-	746	-
Floating rate notes	(5,190)	-	5,190	-	(5,190)	-	5,190	-
Derivatives	6,764	-	(7,183)	-	6,764	-	(7,183)	-
<b>Total sensitivity to interest rate risk</b>	<b>17,600</b>	<b>-</b>	<b>(19,699)</b>	<b>-</b>	<b>18,661</b>	<b>-</b>	<b>(20,760)</b>	<b>-</b>

**(b) Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Financial instruments that expose Greater Wellington and the Group to credit risk are principally bank balances, bonds and deposits, loans and advances to community and related entities, receivables, investments and derivatives. Greater Wellington also provides financial guarantees that expose it to credit risk.

Bank balances, bank bonds and notes as well as short term investments are held with New Zealand registered banks in accordance with Greater Wellington's Treasury Risk Management Policy. No collateral is held by Greater Wellington in respect of bank balances or investments. CentrePort Limited performs credit evaluations on all customers requiring credit and generally does not require collateral.

The initial Stadium advance from 1998 is reliant on the Stadium Trust repaying all its external debt prior to making repayments to the settling trustees. The repayment of the stadium advance is not expected to be realised. The December 2020 advance to the Wellington Regional Stadium Trust matures in December 2030 and is expected to be repaid.

**Concentration of credit risk**

Greater Wellington derives the majority of its income from rates, the regional water supply levy, train fares and transport subsidies. Regional water supply levies are collected from the four Wellington metropolitan cities and rates are collected for Greater Wellington by the territorial authorities in the region on an agency basis. Funding for public transport is received from the Waka Katahi/New Zealand Transport Agency and the Te Manatu Waka/Ministry of Transport.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

	Council		Group	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Cash at bank and term deposits	120,135	70,517	234,765	212,141
Trade and other receivables	76,530	89,711	88,842	92,142
New Zealand Local Government Funding Agency Limited borrower notes	14,878	10,630	14,878	10,630
Stadium advance	2,028	2,100	2,028	2,100
Derivative financial instrument assets	28,239	18,811	28,239	18,811
Bulk water supply contingency fund	47,941	43,390	47,941	43,390
Material damage property insurance contingency fund	12,093	11,165	12,093	11,165
Major flood contingency fund	8,280	7,692	8,280	7,692
Loan to WRC Holdings Limited	44,544	44,000	-	-
Loans and Advances to Joint Ventures	-	-	9,934	7,670
Total credit risk	<u>354,668</u>	<u>298,016</u>	<u>447,000</u>	<u>405,741</u>

Greater Wellington is exposed to credit risk as a guarantor of all of the LGFA's borrowings. Information about this exposure is explained in Note 27.



### Credit quality of financial assets

The credit quality of financial assets can be assessed by reference to Standard & Poor's credit rating or to historical information about counterparty default rates.

Counterparties with credit ratings	Council		Group	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>New Zealand Local Government Funding Agency Limited borrower notes</b>				
AAA	14,878	10,630	14,878	10,630
<b>Total LGFA borrower notes</b>	<b>14,878</b>	<b>10,630</b>	<b>14,878</b>	<b>10,630</b>
<b>Cash at bank and term deposits</b>				
AA-	145,274	71,402	252,898	185,022
Moody's A1 = A+ S&P	20,466	40,080	20,466	40,080
A	22,708	21,282	29,708	49,282
<b>Total cash at bank and term deposits</b>	<b>188,448</b>	<b>132,764</b>	<b>303,072</b>	<b>274,384</b>
<b>Derivative financial instruments</b>				
AA-	21,813	14,319	21,813	14,319
Moody's A1 = A+ S&P	6,426	4,492	6,426	4,492
<b>Total derivative financial instruments</b>	<b>28,239</b>	<b>18,811</b>	<b>28,239</b>	<b>18,811</b>

### (c) Liquidity risk

Liquidity risk is the risk that Greater Wellington and the Group will encounter difficulty in raising funds to meet financial commitments as they fall due.

Greater Wellington minimises liquidity risk principally by maintaining liquid financial investments and undrawn committed lines with its relationship banks in accordance with the Treasury Risk Management Policy. The investments are in either short term deposits or negotiable securities that are readily traded in the wholesale market. All counterparties have an A or better S&P rating. CentrePort Limited reduces its exposure to liquidity risk through a bank overdraft and a New Zealand dollar commercial bill facility.

### Contractual maturity analysis of financial liabilities

The table below analyses Greater Wellington and the Group's financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date.

Future interest payments on floating rate debt are based on the floating rate applicable to the instrument at balance date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.



	Less than 1 year	1-2 years	2-5 years	More than 5 years	Contractual cashflows	Carrying amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Council 2023</b>						
<b>Financial liabilities</b>						
Payables	118,257	-	-	-	118,257	118,257
Commercial paper	106,000	-	-	-	106,000	103,477
Derivatives	(7,298)	(5,846)	(8,500)	(11,472)	(33,116)	(27,743)
Floating rate notes	88,019	129,634	208,775	420,876	847,304	647,000
Fixed rate bonds	1,078	1,078	3,233	28,008	33,397	25,000
Service concession liability	-	-	-	-	-	22,861
<b>Total financial liabilities</b>	<b>306,056</b>	<b>124,866</b>	<b>203,508</b>	<b>437,412</b>	<b>1,071,842</b>	<b>888,852</b>
<b>Council 2022</b>						
<b>Financial liabilities</b>						
Payables	65,882	-	-	-	65,882	65,882
Commercial paper	95,000	-	-	-	95,000	94,064
Derivatives	1,871	(1,517)	(5,551)	(12,400)	(17,597)	(13,264)
Floating rate notes	43,703	62,667	197,843	291,946	596,159	519,000
Fixed rate bonds	1,078	1,078	3,233	29,086	34,475	25,000
Service concession liability	-	-	-	-	-	24,615
<b>Total financial liabilities</b>	<b>207,534</b>	<b>62,228</b>	<b>195,525</b>	<b>308,632</b>	<b>773,919</b>	<b>715,297</b>
<b>Group 2023</b>						
<b>Financial liabilities</b>						
Payables	125,939	-	-	-	125,939	125,939
Commercial paper	86,000	-	-	-	86,000	84,517
Derivatives	(7,298)	(5,846)	(8,500)	(11,472)	(33,116)	(27,743)
Floating rate notes	88,019	129,634	208,775	420,876	847,304	647,000
Fixed rate bonds	1,078	1,078	3,233	28,008	33,397	25,000
Service concession liability	-	-	-	-	-	22,861
NZ Green Investment Finance	12,006	-	-	-	12,006	12,000
<b>Total financial liabilities</b>	<b>305,744</b>	<b>124,866</b>	<b>203,508</b>	<b>437,412</b>	<b>1,071,530</b>	<b>889,574</b>
<b>Group 2022</b>						
<b>Financial liabilities</b>						
Payables	95,960	-	-	-	95,960	95,960
Commercial paper	95,000	-	-	-	95,000	94,064
Derivatives	1,871	(1,517)	(5,551)	(12,400)	(17,597)	(13,264)
Floating rate notes	43,703	62,667	197,843	291,946	596,159	519,000
Fixed Rate Bond	1,078	1,078	3,233	29,086	34,475	25,000
Service concession liability	-	-	-	-	-	24,615
NZ Green Investment Finance	11,443	-	-	-	11,443	11,000
<b>Total financial liabilities</b>	<b>249,055</b>	<b>62,228</b>	<b>195,525</b>	<b>308,632</b>	<b>815,440</b>	<b>756,375</b>

### Financial guarantees

Greater Wellington is exposed to liquidity risk as a guarantor of all of the LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in Note 27 Contingencies.

**(d) Fair value**

For those financial instruments recognised at amortised cost in the statement of financial position, fair value is approximately their carrying value

**Fair value hierarchy**

For those instruments recognised at fair value in the balance sheets, fair values are determined according to the following hierarchy:

- **Quoted market price (level 1)** Financial instruments with quoted prices for identical instruments in active markets.
- **Valuation technique using observable inputs (level 2)** Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- **Valuation techniques with significant non observable inputs (level 3)** Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position.

	Significant non observable inputs Level 3 \$'000	Observable inputs Level 2 \$'000	Quoted market price Level 1 \$'000	Total \$'000
<b>Council</b>				
<b>30 June 2023</b>				
<b>Financial assets at fair value</b>				
New Zealand Local Government Funding Agency Limited borrower notes	-	14,878	-	14,878
Civic Financial Services Limited shares	80	-	-	80
New Zealand Local Government Funding Agency Limited shares	7,804	-	-	7,804
Derivative financial assets	-	28,239	-	28,239
<b>Total asset at fair value</b>	<b>7,884</b>	<b>43,117</b>	<b>-</b>	<b>51,001</b>
<b>Financial liabilities at fair value</b>				
Derivative financial liabilities	-	496	-	496
<b>Total liabilities at fair value</b>	<b>-</b>	<b>496</b>	<b>-</b>	<b>496</b>
<b>30 June 2022</b>				
<b>Financial assets at fair value</b>				
New Zealand Local Government Funding Agency Limited borrower notes	-	10,630	-	10,630
Civic Financial Services Limited shares	80	-	-	80
New Zealand Local Government Funding Agency Limited shares	7,804	-	-	7,804
Derivative financial assets	-	18,811	-	18,811
<b>Total assets at fair value</b>	<b>7,884</b>	<b>29,441</b>	<b>-</b>	<b>37,325</b>



<b>Financial liabilities at fair value</b>				
Derivative financial liabilities	-	5,547	-	5,547
<b>Total liabilities at fair value</b>	-	5,547	-	5,547

**Group****30 June 2023****Financial assets at fair value**

New Zealand Local Government Funding Agency Limited borrower notes	-	14,878	-	14,878
Civic Financial Services Limited shares	80	-	-	80
New Zealand Local Government Funding Agency Limited shares	7,804	-	-	7,804
Derivative financial assets	-	28,239	-	28,239
<b>Total financial assets at fair value</b>	<b>7,884</b>	<b>43,117</b>	<b>-</b>	<b>51,001</b>

**Financial liabilities at fair value**

Derivative financial liabilities	-	496	-	496
<b>Total liabilities at fair value</b>	-	496	-	496

**30 June 2022****Financial assets at fair value**

New Zealand Local Government Funding Agency Limited borrower notes	-	10,630	-	10,630
Civic Financial Services Limited shares	80	-	-	80
New Zealand Local Government Funding Agency Limited shares	7,804	-	-	7,804
Loans and Advances to Joint Venture	-	-	-	-
Derivative financial assets	-	18,811	-	18,811
<b>Total financial assets at fair value</b>	<b>7,884</b>	<b>29,441</b>	<b>-</b>	<b>37,325</b>

**Financial liabilities at fair value**

Derivative financial liabilities	-	5,547	-	5,547
<b>Total liabilities at fair value</b>	-	5,547	-	5,547

There were no transfers between the different levels of the fair value hierarchy.

**(e) Financial instrument categories**

Financial instruments are classified into one of the following measurement categories depending on the nature and characteristics of the financial instrument and the purpose for which it is held:

- Financial assets and liabilities measured at fair value through surplus or deficit (FVTSD);
- Financial assets and liabilities measured at amortised cost;
- Financial assets and liabilities measured at fair value through other comprehensive revenue and expense (FVTOCRE).

In 2022, financial assets in the category for Measured at amortised cost were in two separate amortised cost categories Loans and receivables, and Held to maturity investments.



Financial assets	Mandatorily measured at FVTSD	Measured at amortised cost	Designated measured at FVTOCRE	Total
	\$'000	\$'000	\$'000	\$'000
<b>Council</b>				
<b>30 June 2023</b>				
Cash and cash equivalents	-	17,243	-	17,243
Receivables and pre-payments	-	76,530	-	76,530
NZ Local Government Funding Agency shares	-	-	7,804	7,804
Civic Financial Services Limited shares	-	-	80	80
NZ Local Government Funding Agency borrower notes	14,878	-	-	14,878
Warm Wellington Funding	-	3,811	-	3,811
Bank Deposits with maturity terms more than 3 months	-	102,892	-	102,892
Stadium advance	-	2,028	-	2,028
Bulk Water Supply Contingency Fund	-	47,941	-	47,941
Material Damage Property Insurance Contingency Fund	-	12,093	-	12,093
Major Flood Contingency Fund	-	8,280	-	8,280
Derivative financial assets	28,239	-	-	28,239
Loan to WRC Holdings Limited	-	44,544	-	44,544
<b>Total financial assets</b>	<b>43,117</b>	<b>315,362</b>	<b>7,884</b>	<b>366,363</b>
<b>30 June 2022</b>				
Cash and cash equivalents	-	16,517	-	16,517
Receivables and pre-payments	-	38,452	-	38,452
NZ Local Government Funding Agency shares	-	-	7,804	7,804
Civic Financial Services Limited shares	-	-	80	80
NZ Local Government Funding Agency borrower notes	10,630	-	-	10,630
Warm Wellington Funding	-	3,516	-	3,516
Bank Deposits with maturity terms more than 3 months	-	54,000	-	54,000
Stadium advance	-	2,100	-	2,100
Bulk Water Supply Contingency Fund	-	43,390	-	43,390
Material Damage Property Insurance Contingency Fund	-	11,165	-	11,165
Major Flood Contingency Fund	-	7,692	-	7,692
Derivative financial assets	18,811	-	-	18,811
Loan to WRC Holdings Limited	-	44,000	-	44,000
<b>Total financial assets</b>	<b>29,441</b>	<b>220,832</b>	<b>7,884</b>	<b>258,157</b>
<b>Group</b>				
<b>30 June 2023</b>				
Cash and cash equivalents	-	131,873	-	131,873
Receivables and pre-payments	-	88,842	-	88,842
NZ Local Government Funding Agency shares	-	-	7,804	7,804
Civic Financial Services Limited shares	-	-	80	80
NZ Local Government Funding Agency borrower notes	14,878	-	-	14,878
Warm Wellington Funding	-	3,811	-	3,811
Bank Deposits with maturity terms more than 3 months	-	102,892	-	102,892
Stadium advance	-	2,028	-	2,028
Bulk Water Supply Contingency Fund	-	47,941	-	47,941
Material Damage Property Insurance Contingency Fund	-	12,093	-	12,093
Major Flood Contingency Fund	-	8,280	-	8,280
Loans and Advances to Joint Venture	-	-	-	-
Derivative financial assets	28,239	-	-	28,239
<b>Total financial assets</b>	<b>43,117</b>	<b>397,760</b>	<b>7,884</b>	<b>448,761</b>

**30 June 2022**

Cash and cash equivalent	-	158,141	-	158,141
Receivables and prepayments	-	92,142	-	92,142
NZ Local Government Funding Agency shares	-	-	7,804	7,804
Civic Financial Services Limited shares	-	-	80	80
NZ Local Government Funding Agency borrowers notes	10,630	-	-	10,630
Warm Wellington Funding	-	3,516	-	3,516
Bank Deposits with maturity terms more than 3 months	-	54,000	-	54,000
Stadium advance	-	2,100	-	2,100
Water Supply Contingency Investment	-	43,390	-	43,390
Material Damage Property Insurance Contingency Fund	-	11,165	-	11,165
Major Flood Contingency Fund	-	7,692	-	7,692
Loans and Advances to Joint Ventures	-	7,670	-	7,670
Derivative financial assets	18,811	-	-	18,811
<b>Total financial assets</b>	<u>29,441</u>	<u>379,816</u>	<u>7,884</u>	<u>417,141</u>

<b>Financial Liabilities</b>	<b>Mandatorily measured at FVTSD \$'000</b>	<b>Measured at amortised cost \$'000</b>	<b>Total \$'000</b>
<b>Council</b>			
<b>30 June 2023</b>			
Payables	-	118,257	118,257
Commercial paper	-	103,477	103,477
Floating rate notes	-	647,000	647,000
Fixed rate bond	-	25,000	25,000
Derivative financial liabilities	496	-	496
Service concession liability	-	22,861	22,861
<b>Total financial liabilities</b>	<u>496</u>	<u>916,595</u>	<u>917,091</u>

**30 June 2022**

Payables	-	87,163	87,163
Commercial paper	-	94,064	94,064
Floating rate notes	-	519,000	519,000
Fixed rate bond	-	25,000	25,000
Derivative financial liabilities	5,547	-	5,547
Service concession liability	-	24,615	24,615
<b>Total financial liabilities</b>	<u>5,547</u>	<u>749,842</u>	<u>755,389</u>

**Group****30 June 2023**

Payables	-	126,483	126,483
Commercial paper	-	84,517	84,517
Floating rate notes	-	647,000	647,000
Fixed rate bond	-	25,000	25,000
NZ Green Investment Finance	-	12,000	12,000
Derivative financial liabilities	496	-	496
Service concession liability	-	22,861	22,861
<b>Total financial liabilities</b>	<u>496</u>	<u>917,861</u>	<u>918,357</u>

**30 June 2022**

Payables	-	95,960	95,960
Commercial paper	-	74,603	74,603
Floating rate notes	-	519,000	519,000
Fixed rate bond	-	25,000	25,000
NZ Green Investment Finance	-	11,000	11,000
Derivative financial liabilities	5,547	-	5,547
Service concession liability	-	24,615	24,615
<b>Total financial liabilities</b>	<u>5,547</u>	<u>750,178</u>	<u>755,725</u>

**(f) Adoption of PBE IPSAS 41**

GWRC and Group are required to adopt PBE IPSAS 41 with effect from 1 July 2022.

In accordance with the transitional provisions in PBE IPSAS GWRC and Group have elected not to restate the comparative information. The comparative information continues to be reported under PBE IPSAS 29. Adjustments arising from the adoption of PBE IPSAS 41 are recognised in opening equity at 1 July 2022 (the date of initial application).

The accounting policies for the year ended 30 June 2022 have been updated to comply with PBE IPSAS 41. The main changes to GWRC and the Group's accounting policies are:

- **Note 11 Trade and other receivables** This policy has been updated to reflect that the impairment of short term receivables is now determined by applying the simplified expected credit loss model.
- **Note 13 Other financial assets** This policy has been updated to reflect:
  - the new measurement classification categories
  - the measurement and recognition of loss allowances based on the new expected credit loss (ECL) model; and
  - the removal of impairment loss considerations for equity instruments measured at Fair Value through Other Comprehensive Revenue and Expense (FVOCRE).

The measurement of derivative financial instruments remains unchanged as GWRC has not elected to apply the hedging requirements of PBE IPSAS 41.

PBE IPSAS 41 also significantly amended the financial instruments disclosures of PBE IPSAS 30. This has resulted in new or amended disclosures, mostly in relation to the financial instrument categories and to credit risk.

On the date of initial application of PBE IPSAS 41, the classification and carrying amounts of financial assets under PBE IPSAS 41 and PBE IPSAS 29 is outlined in the tables below.



	Measurement classification PBE IPSAS 29	PBE IPSAS 41	30 June 2022 PBE IPSAS 29 \$'000	1 July 2022 PBE IPSAS 41 \$'000	Adoption adjustment \$'000
<b>Council</b>					
<b>Financial assets</b>					
Cash and cash equivalents	Loans and receivables	Amortised cost	16,517	16,517	-
Trade receivables	Loans and receivables	Amortised cost	11,883	13,020	1,137
Derivatives	FVTSD	FVTSD	18,811	18,811	-
<i>Other financial assets</i>					
Unlisted equity investments	FVTOCRE	FVTOCRE	7,884	7,884	-
LGFA borrower notes	Held to maturity	FVTSD	10,630	10,451	(179)
Loans/advances	Held to maturity/ Loans and receivables	Amortised cost	49,616	49,529	(87)
Bank Deposits with maturity terms more than 3 months	Held to maturity	Amortised cost	54,000	54,000	-
Contingency Funds	Held to maturity	Amortised cost	62,247	62,247	-
<b>Group</b>					
<b>Financial assets</b>					
Cash and cash equivalents	Loans and receivables	Amortised cost	158,141	158,141	-
Trade receivables	Loans and receivables	Amortised cost	20,417	21,554	1,137
Derivatives	FVTSD	FVTSD	18,811	18,811	-
<i>Other financial assets</i>					
Unlisted equity investments	FVTOCRE	FVTOCRE	7,884	7,884	-
LGFA borrower notes	Held to maturity	FVTSD	10,630	10,451	(179)
Loans/advances	Held to maturity/ Loans and receivables	Amortised cost	13,286	12,893	(393)
Bank Deposits with maturity terms more than 3 months	Held to maturity	Amortised cost	54,000	54,000	-
Contingency Funds	Held to maturity	Amortised cost	62,247	62,247	-

The measurement categories and carrying amounts for financial liabilities have not changed on transition to PBE IPSAS 41.

#### Additional information in relation to subsequent measurement classification assessment

PBE IIPSAS 41 requires debt instruments to be subsequently measured at FVTSD, amortised cost, or FVTOCRE. This classification is based on the business model for managing the debt instruments, and whether the payments are for solely payments of principal or interest on the principal amount outstanding.

GWRC assessed the business model for its classes of financial assets at the date of initial application. Debt instruments are held to collect the contractual cash flows in accordance with GWRC's Treasury Management Policy to meet capital requirements.



GWRC's debt instruments (other than borrower notes) are comprised of contractual cash flows solely for payments of principal and interest, in line with basic lending arrangements. This assessment was based on the facts and circumstances as at the initial recognition of the assets.

LGFA borrower notes that were previously measured at amortised cost are now measured at FVTSD as the notes contain an option for LGFA to convert them to redeemable shares in certain limited circumstances. This conversion option differs from the terms of a basic lending arrangement so the notes are required to be measured at FVTSD.

PBE IPSAS 41 requires equity instruments to be classified at FVTSD. However, it permits entities to make an irrevocable election on transition to PBE IPSAS 41 to subsequently measure at FVTOCRE if the instruments are not held for trading. GWRC has elected to subsequently measure all equity investments at FVTOCRE.

Financial instrument categories. The tables at Note 26 e) provide comparisons of carrying amounts of the Group's financial assets and liabilities in each of the financial instrument categories.

## 27 Contingencies

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Legal proceedings and obligations	1,255	-	1,255	-
<b>Uncalled capital - WRC Holdings Limited</b>				
50,000,000 \$1 shares uncalled and unpaid	50,000	50,000	-	-
17,300,000 \$1 shares called and paid	-	3,226	-	-
3,000,000 \$1 shares, called and partly paid	826	-	-	-
<b>New Zealand Local Government Funding Agency Limited</b>				
1,866,000 \$1 shares uncalled and unpaid	1,886	1,886	-	-
<b>Total contingencies liability</b>	<b>53,967</b>	<b>55,112</b>	<b>1,255</b>	<b>-</b>

### Legal proceedings and obligations

Legal proceedings and obligations against the group and the council exist as a result of past events which are currently being contested. The amounts shown reflect potential liability for financial reporting purposes only and do not represent an admission that any claim is valid. The outcome of these remains uncertain at the end of the reporting period. The maximum exposure to the Group is anticipated to be less than \$1.255 million.

### Contingent assets

Following a shipping incident during the year CentrePort has made a claim for salvage services in respect of the assistance rendered by the CentrePort tugs Tapuhi and Tiaki and the pilot launch Te Haa. CentrePort's salvage claim is guided by the Maritime Transport Act 1994, the International Convention on Salvage and relevant salvage awards published by Lloyds. CentrePort is working with the ship owner to agree an appropriate salvage reward (2022: nil).

### New Zealand Local Government Funding Agency

Greater Wellington is a founding shareholder of the New Zealand Local Government Funding Agency Limited (LGFA). As part of the arrangement Greater Wellington has guaranteed the debt obligations of the



LGFA along with other shareholders of the LGFA in proportion to its level of rates revenue. Greater Wellington believes the risk of this guarantee being called on is extremely low, given the internal liquidity arrangements of the LGFA, the lending covenants of the LGFA and the charge over rates the LGFA has from councils. Total security stock certificates on issue are \$18.570 billion (2022: \$16.770 billion).

#### **Unquantifiable contingent liabilities**

Potential civil claim against the Council in relation to a legal dispute which is currently under investigation. Since the amount cannot be quantified an unquantified contingent liability has been disclosed.

#### **CentrePort contingent liabilities**

CentrePort Limited and CentrePort Properties Limited were added as defendants on 27 April 2021 to proceedings commenced by Statistics New Zealand against Beca Limited and Dunning Thornton Consultants Limited. The proceedings concern Statistics House which sustained damage and was subsequently demolished following the Kaikoura earthquake in November 2016. The claim against CentrePort Limited has subsequently been discontinued but a claim remains against CentrePort Properties Limited. CentrePort continues to defend these proceedings. The plaintiff's claim against the three parties involved is for \$17.3m. CentrePort has denied any liability. The proceeding is unresolved at 30 June 2023 and a four week trial is scheduled for November 2023.

At 30 June 2022, there was a contingent liability for a former contractor who had instigated a second set of proceedings against CentrePort for the alleged unlawful suspension, and then termination, of their contract in relation to a health and safety incident that occurred on the 2nd of October 2019. During the year ended 30 June 2023, CentrePort has successfully contested this claim and it is therefore no longer a Contingent Liability.

#### **28 Related party transactions**

Related party disclosures have not been made for transaction with related parties that are with a normal supplier or client/recipient relationship on terms and condition no more favourable than those that it is reasonable to expect Greater Wellington and the Group would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within the Greater Wellington Group, where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such transactions.

#### **Related party transactions required to be disclosed**

Greater Wellington has paid Wellington NZ totals grants of \$4.7m during the year (2022: \$5.0m). This grant partly funds Wellington NZ activities, of supporting the development of economic development strategies and initiatives for Wellington. Greater Wellington has collected these funds for the grant via the targeted WREDA rate from all ratepayers.

During the year Greater Wellington issued commercial paper of \$19.0m (2022:\$19.5 m) to its subsidiary CentrePort Limited through private placement transaction. All terms and conditions were consistent with those prevailing in the market at the time.



### Key management personnel

	Parent Actual 2023 \$'000	Parent Actual 2022 \$'000
<b>Council</b>		
Remuneration	1,261	1,147
Full-time equivalent members	13	13
<b>Executive Leadership Team including the Chief Executive</b>		
Remuneration	2,831	2,871
Full-time equivalent members	10	12
<b>Total key management personnel remuneration</b>	<b>4,092</b>	<b>4,018</b>
<b>Total full-time equivalent personnel</b>	<b>23</b>	<b>25</b>

Due to the difficulty in determining the full-time equivalent for Councillors, the full-time equivalent figure is taken as the number of Councillors.

### 29 Remuneration

#### Chief Executive remuneration

For the year ending 30 June 2023, Greater Wellington's Chief Executive, appointed under section 42(1) of the Local Government Act 2002, received a total remuneration from Greater Wellington of \$433,493 (2022: \$476,094).

	Actual 2023 \$	Actual 2022 \$
<b>Councillor remuneration</b>		
Councillor R Blakeley (until 21 October 2022)	24,806	83,714
Councillor J Brash (until 21 October 2022)	24,806	84,106
Councillor P Lamason (until 21 October 2022)	24,806	87,202
Councillor G Hughes (until 21 October 2022)	24,806	83,683
Councillor J van Lier (until 21 October 2022)	20,022	69,350
Councillor A Staples	94,833	104,382
Councillor P Gaylor	85,696	90,924
Councillor K Laban	78,845	67,543
Councillor and Chair D Ponter	170,067	170,855
Councillor C Kirk-Burnnand	75,015	70,043
Councillor D Lee	82,723	80,628
Councillor R Connelly	78,845	67,543
Councillor T Nash	85,696	86,874
Councillor H Ropata	59,073	-
Councillor D Bassett	50,555	-
Councillor S Woolf	50,555	-
Councillor Y Saw	50,555	-
Councillor Q Duthie	48,486	-
<b>Total Councillors remuneration</b>	<b>1,130,188</b>	<b>1,146,847</b>

The following table identifies the number of full-time employees, including employees on maternity leave and their fixed term replacements, and the full time equivalent number of all other part time, fixed term and casual employees as at the end of the reporting period, 30 June 2023.



	Number of employees	
	2023	2022
\$60,000 and below	15	47
\$60,001 - \$79,999	142	183
\$80,000 - \$99,999	193	170
\$100,000 - \$119,999	121	109
\$120,000 - \$139,999	86	73
\$140,000 - \$159,999	37	23
\$160,000 - \$179,999	31	26
\$180,000 - \$199,999	24	13
\$200,000 - \$239,999	14	10
\$240,000 - \$440,000	15	8
Total employees	678	662
The number of full time employees as at 30 June	606	600
The full time equivalent number of all other non-full time employees	51	46
The number of employees receiving total remuneration of less than \$60,000	15	47

A full time employee or full time equivalent is based on a 40 hour week.

Total annual remuneration has been calculated to include any non-financial benefits and other payments in excess of normal remuneration such as employer KiwiSaver contribution.

If the number of employees for any band was 5 or less then it has been combined with the next highest band. Including the Chief Executive, the top band range is \$240,000 – \$450,000.

### 30 Capital commitments and operating leases

#### Capital commitments

Capital commitments relate to obligations which the group and the council have committed to. This specifically relates to work that is yet to commence and the expenditure that is yet to be incurred. The group's and the council's capital commitments are as follows:

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Property, plant and equipment	-	987	322	16,787
Water infrastructure	58,348	-	58,348	-
Flood protection	3,978	-	3,978	-
Transport infrastructure	-	-	48,207	52,379
<b>Total capital commitments</b>	<b>62,326</b>	<b>987</b>	<b>110,855</b>	<b>69,166</b>

WRC Holdings Limited has no capital or operating commitments as at 30 June 2023 (2022: Nil).

At balance date CentrePort had entered into commitments for the acquisition of property, plant, and equipment amounting to \$332k for the Group (2022: \$15.8m).

Greater Wellington Rail at balance date had commitments in respect of contracts for capital expenditure of \$48.2 million (2022: \$52.4 million). This relates to the heavy maintenance the rolling stock.



### Operating leases as lessee

Future minimum lease payments under non-cancellable operating leases as at 30 June are as follows:

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Within one year	21,543	18,258	21,877	18,599
After one year but no more than five years	67,434	75,535	68,602	76,765
More than five years	100,533	55,951	103,243	58,496
<b>Total non-cancellable operating leases</b>	<b>189,510</b>	<b>149,744</b>	<b>193,722</b>	<b>153,860</b>

These leases have an average life of between 1 and 13 years with some renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

During the year \$5.052 million was recognised as an expense in the statement of comprehensive income (2022: \$5.052 million).

### Operating leases as lessor

Greater Wellington and the Group leases its investment properties under operating leases. The lease terms have non-cancellable terms from one to four years. The future aggregated minimum lease receipts to be collected under non-cancellable operating leases are as follows:

	Council		Group	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Within one year	3,255	3,280	24,102	21,847
After one year but no more than five years	8,802	8,727	62,059	71,165
More than five years	164,318	167,106	319,617	194,025
Future minimum lease payments expected to be received in relation to non-cancellable sub-leases of operating leases not recognised in the financial statements	176,375	179,113	405,778	287,037

No contingent rents have been recognised in the statement of comprehensive income during the period.

### Electric vehicle commitments

Greater Wellington agreed to a series of greenhouse gas (carbon) reduction targets for its corporate operations and areas of direct influence. As a result, Greater Wellington has endorsed an action plan which puts forward a preference to accelerate the implementation of an electric bus fleet in the region by 2030.

In the 2019 financial year council had resolved to add 98 electric buses to the fleet of 10 electric buses in the Metlink fleet and entered into contracts with operators for the supply of these. 88 (2022: 62) of 98 electric buses have been added into the fleet by financial year 2023 plus an additional 1 has been converted from the diesel fleet to electric. However the amounts payable are still commercially sensitive and have not been disclosed.



### 31 Severance payments

There were no employees (2022: two) who received a severance payment (2022: \$62,255). This disclosure has been made in accordance with section 33 of Schedule 10 of the Local Government Act 2002.

### 32 Rating base information

	Total 2023	Total 2022
(a) the number of rating units within the district or region of the local authority at the end of the preceding financial year:	<b>210,045</b>	206,440
(b) the total capital value of rating units within the district or region of the local authority at the end of the preceding financial year:	<b>\$217.342bn</b>	\$167.211bn
(c) the total land value of rating units within the district or region of the local authority at the end of the preceding financial year.	<b>128.6bn</b>	87.1bn



## 33 Major variances between actual and budget

	Council Actual 2023 \$'000	Council Budget 2023 \$'000
<b>Statement of comprehensive revenue and expenses</b>		
Revenue		
Rates and levies	222,068	222,281
Grants and subsidies	204,048	112,784
Other revenue	<u>84,990</u>	<u>137,202</u>
Total operational revenue	<u>511,106</u>	<u>472,267</u>
<b>Expenditure</b>		
Finance costs	(35,832)	(22,768)
Employee benefits	(75,145)	(75,421)
Grants and subsidies	(245,498)	(242,387)
Other operating expenses including depreciation	<u>(168,071)</u>	<u>(168,568)</u>
<b>Operational surplus/(deficit) for the year before transport improvements</b>	<b>(13,440)</b>	<b>(36,877)</b>
Grants and subsidies	17,838	29,346
<b>Net revenue/(expenditure) for transport improvements</b>	<u>17,838</u>	<u>29,346</u>
<b>Surplus/(deficit) for the year before tax and fair value gains / losses</b>	<b>4,398</b>	<b>(7,531)</b>
Fair value gains/(losses) in revenue and expenditure statement	<u>(22,359)</u>	<u>11,037</u>
<b>Total comprehensive income/(deficit) for the year</b>	<u><b>(17,961)</b></u>	<u><b>3,506</b></u>
<hr/>		
<b>Balance sheet</b>		
<b>Assets</b>		
- Current	287,466	171,483
- Non-current	<u>1,915,123</u>	<u>1,973,815</u>
<b>Total assets</b>	<u><b>2,202,589</b></u>	<u><b>2,145,298</b></u>
<b>Liabilities</b>		
- Ratepayers equity	1,278,907	1,257,876
- Current liabilities	278,161	219,973
- Non-current liabilities	<u>645,521</u>	<u>667,449</u>
<b>Total equity and liabilities</b>	<u><b>2,202,589</b></u>	<u><b>2,145,298</b></u>
<hr/>		
<b>Statement of cash flow</b>		
Cashflows from operating activities	68,783	32,297
Cashflows from investing activities	(205,470)	(185,859)
Cashflows from financing activities	<u>137,413</u>	<u>153,962</u>
<b>Net increase / (decrease) in cash, cash equivalents and bank overdraft</b>	<b>726</b>	<b>11,843</b>
Cash and cash equivalents at the beginning of the year	<u>16,517</u>	<u>19,971</u>
<b>Cash and cash equivalents at the end of the year</b>	<u><b>17,243</b></u>	<u><b>20,371</b></u>

Greater Wellington's 2022/23 net operating deficit before fair value gains and losses is \$13.4 million, compared to a budgeted deficit of \$36.9 million. Total comprehensive deficit is \$18 million including asset revaluation (\$ nil), fair value movements (-\$22.4 million) which is \$33.4 million under budget.



### Statement of comprehensive revenue and expenses

- Grants and subsidies revenue

Grants and subsidies revenue is significantly higher than budget mainly due to Waka Kotahi funding of half price fares and additional Crown funding to support loss fare revenue.

- Other revenue

Other revenue is significantly lower than budget mainly due to capital projects eligible for Waka Kotahi funding not being completed as anticipated.

- Finance costs

Finance costs are significantly higher than budget due to rising interest costs.

- Fair value gains/(losses) in revenue and expenditure statement

Fair value movements are unfavourable to budget due to impairment of Riverlink properties which more than offsets the favourable increase in the fair value of interest rate swaps due to the continuing increase in market interest rates.

### Statement of financial position

- Total assets

The current assets are significantly higher than budget mainly due to additional funds received from Waka Kotahi and other surplus funds being invested in maturities not exceeding twelve months.

The non-current assets balance is significantly lower than budget mainly due to reclassification of the Riverlink related properties to assets held for disposal and a downward movement in the price of emission units.

- Ratepayers equity

Ratepayers equity is higher than budget

- Current and non-current liabilities

Current liabilities are significantly higher than budget mainly due to the receipt of funds from Waka Kotahi for the Riverlink project and the timing of raising more short term debt and lower long term debt as reflected in the lower non-current liabilities against budget.

### 34 Events occurring after the balance date

#### Rates

In a recent rates modelling exercise undertaken by Greater Wellington, it was discovered the differentials on the Wellington city general rate had not been applied correctly since it was introduced in 2019/20. The impact of this meant Residential ratepayers have overpaid on average \$30 per year, and Rural ratepayers have overpaid on average \$36 per year. The CBD and business categories counterbalanced this over payment by underpaying, on average \$2,331 for CBD and \$641 for Business ratepayers. The total revenue collected for Greater Wellington was correct, hence the issue was not found earlier. This issue was corrected for the 2023/24 rating year.



Currently, Greater Wellington is working through practical solutions for resolving this issue and Council is expected to make a decision in late October 2023.

#### **Water services reform program**

The New Zealand Government is implementing a water services reform program that is intended to ensure all New Zealanders have safe, clean and affordable water services. The Government believes this will be achieved by establishing new public entities to take on the delivery of drinking water, wastewater and stormwater services across New Zealand. The reform will be enacted by three pieces of legislation:

- The Water Services Entities Act 2022, which (as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023) establishes ten publicly owned water services entities and sets out their ownership, governance and accountability arrangements. A water services entity is established (for transitional purposes) on the date on which the appointment of the entity's establishment board takes effect, and its establishment date (operational date) will be a date between 1 July 2024 and 1 July 2026.
- The Water Services Legislation Act 2023, which amended the Water Services Entities Act 2022 on 31 August 2023 to provide for the transfer of water services assets and liabilities to the water services entities.
- The Water Services Economic Efficiency and Consumer Protection Act 2023, which provides the economic regulation and consumer protection framework for water services. The consumer protection framework will come into force on 1 July 2024 and the rest of the Act came into force on 31 August 2023

There were no other subsequent events up to the date of these financial statements which would affect the amounts or disclosures in the financial statements.

No dividend was declared post balance date by WRC Holdings (2022: Nil).



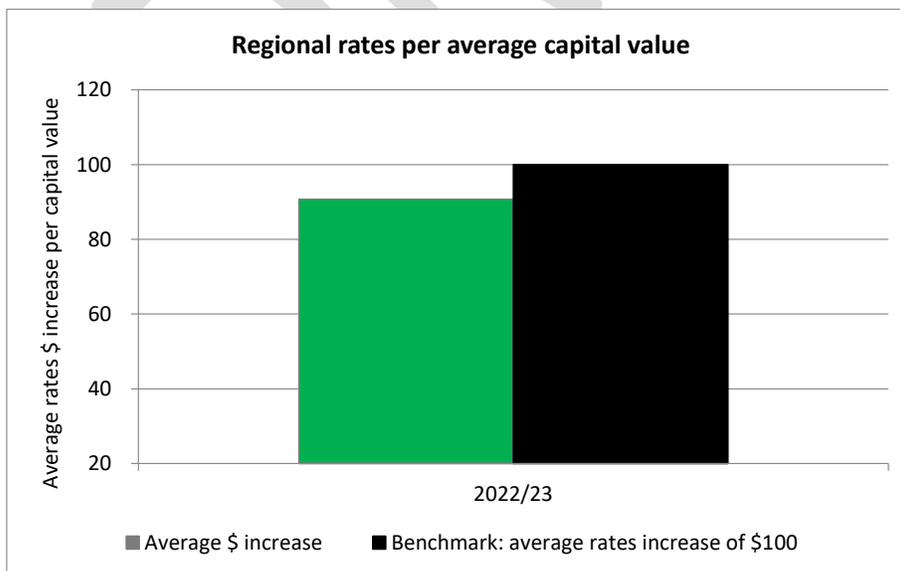
# He tauākī whākinga a te Pūrongo ā-Tau mō te tau ka oti i te 30 o Hune 2023 | Annual Report disclosure statement for year ended 30 June 2023

## *What is the purpose of this statement?*

The purpose of this statement is to disclose the Council's financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

The following graphs need to be read collectively and in conjunction with the attached financial statements. Individually these graphs show a particular view on one aspect of the financial health and management of the Council. It is also important to keep in mind the overall strategy and policies the Council has also adopted when reading these graphs. These are included within the Long-Term Plan 2021-31.



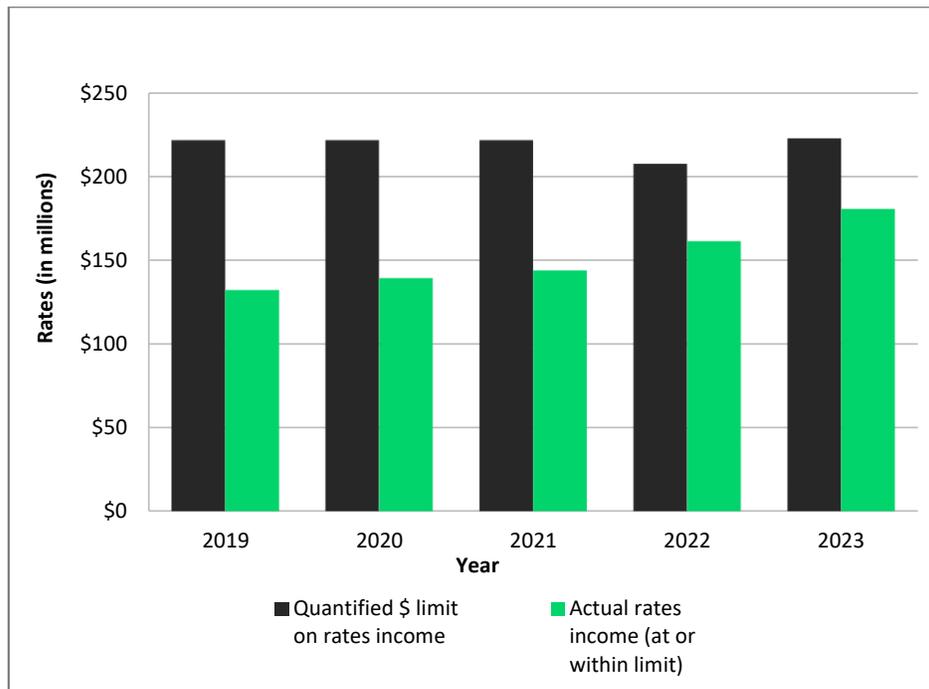


*Rates (income) affordability*

The council meets the rates affordability benchmark if:

- Its actual rates income equal or is less than each quantified limit on rates; and
- Its actual rates increase equal or are less than each quantified limit on rates increases.

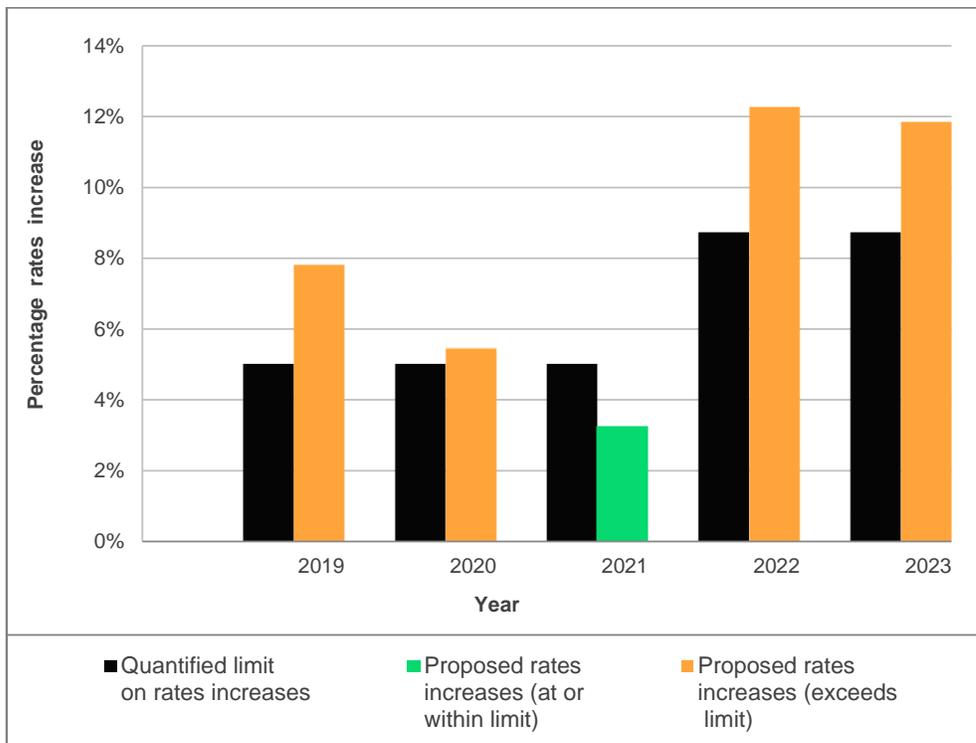
The following graph compares the council’s actual rates income with a quantified limit on rates contained in the financial strategy included in the council’s Long-Term Plan. The quantified limit is the estimated rates requirement at 45 percent of total that years’ operating revenue.





*Rates (increase) affordability*

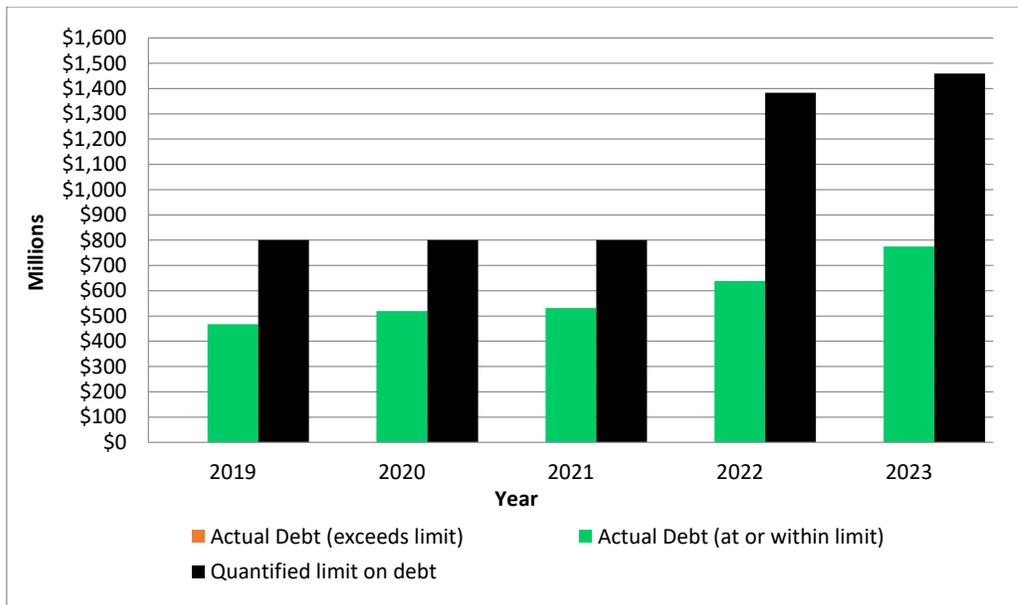
The following graph compares the council’s actual rates increases with a quantified limit on rates increases included in the financial strategy included in the council’s Long-Term Plan. The quantified limit is the estimated rates requirement at 45 percent of total that years’ operating revenue.





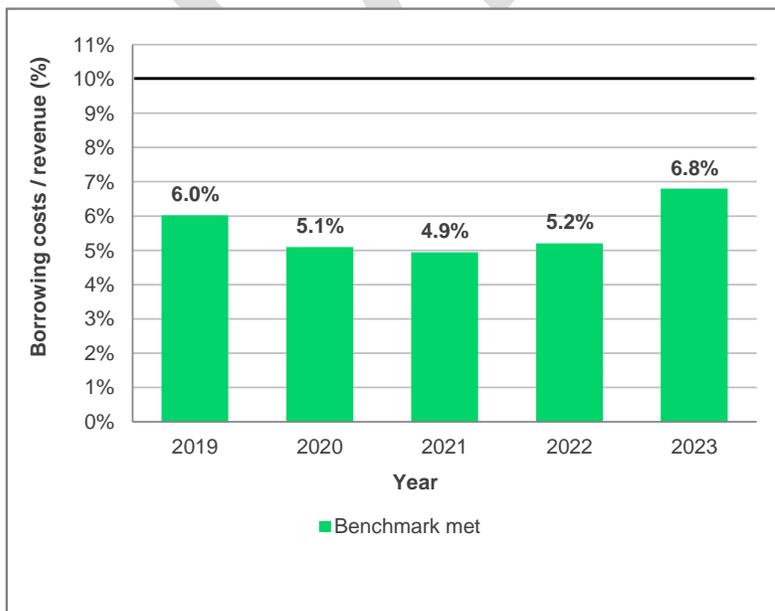
*Debt affordability benchmark*

The council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. The following graph compares the council’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in council’s Long-Term Plan. The quantified limit is that net debt/total revenue is lower than the allowable maximum as indicated in the Financial Strategy. The Council continues to satisfy this benchmark test.



*Debt servicing benchmark*

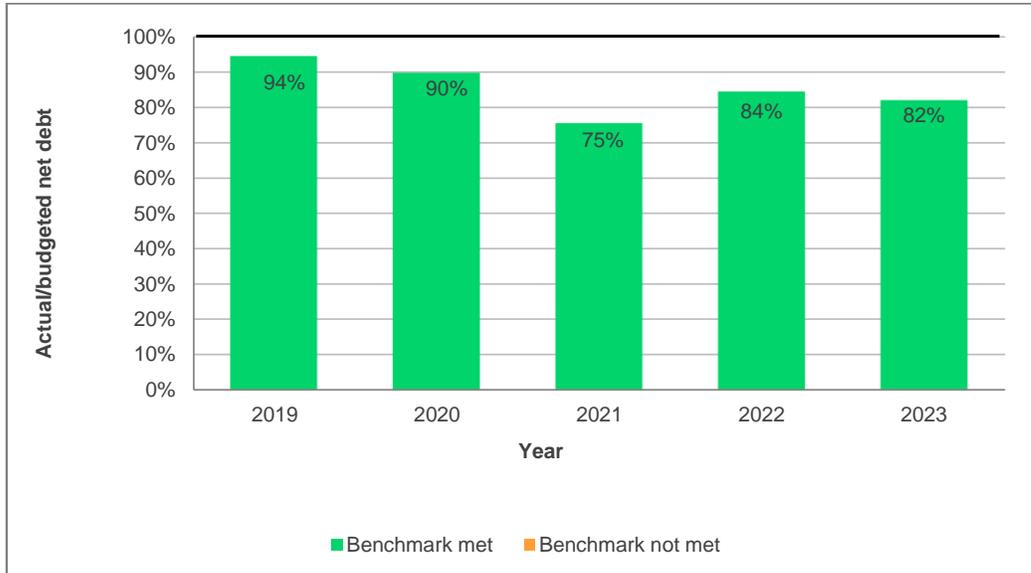
The following graph displays the council’s borrowing costs as a proportion of planned revenue. The benchmark prudential limit is set by Central Government at 10% for non-high population growth regions. The Council meets this benchmark.





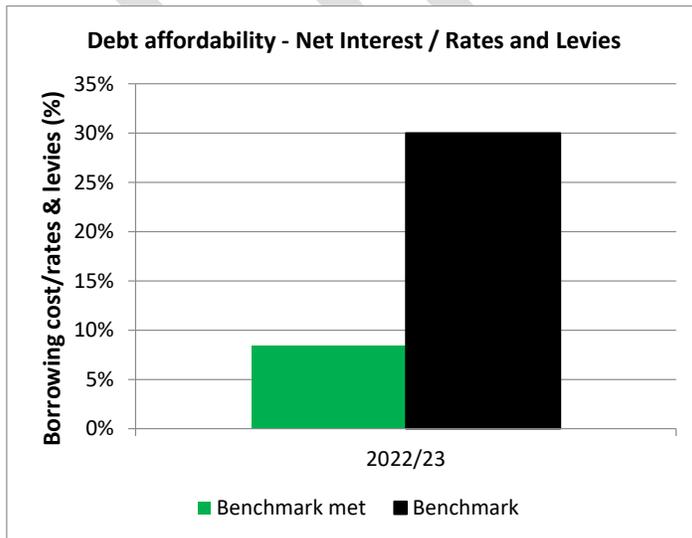
*Debt control benchmark*

The following graph displays the council’s actual net debt as a proportion of planned net debt. Percentages close to 100% indicate that our actual result is close to what we planned. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables). The council meets the debt control benchmark.



*Debt affordability*

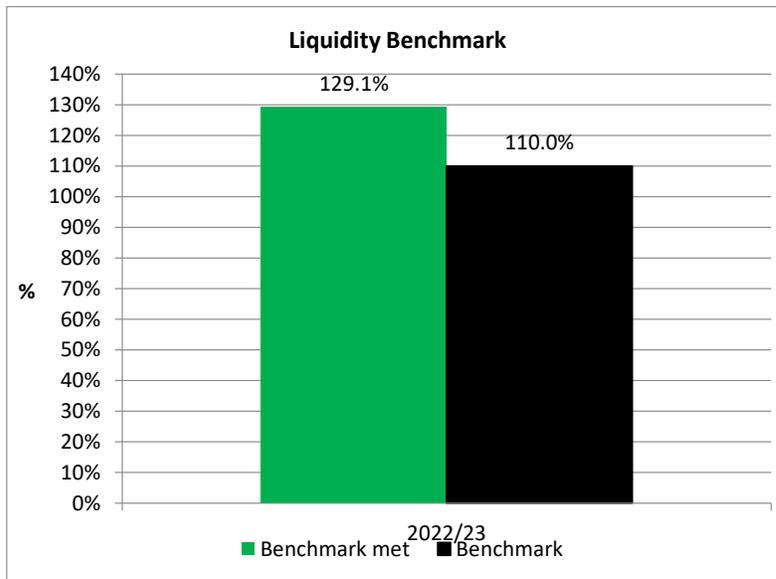
The graph opposite compares the council’s planned debt with a quantified limit on borrowing contained in the financial strategy included in Long-Term Plan. The quantified limit is that net interest/total rates & levies is less than 30 percent.





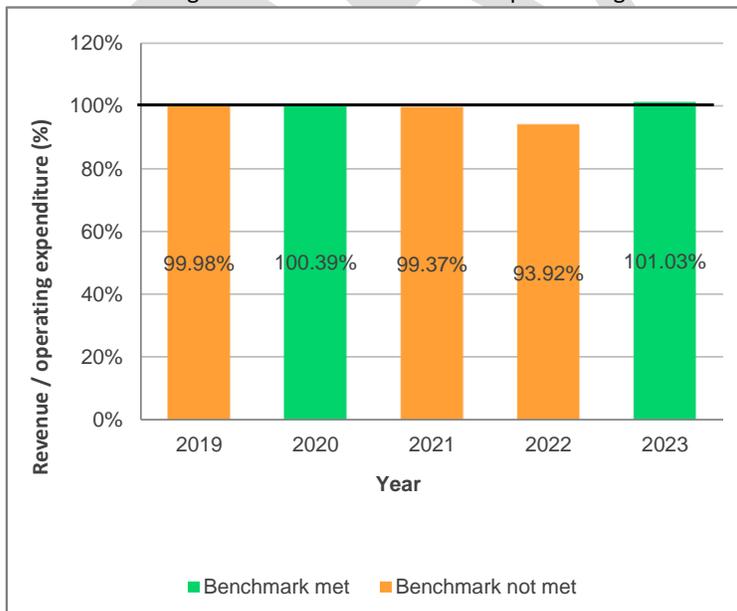
*Liquidity benchmark*

The graph opposite compares the council’s borrowing with a quantified limit on borrowing contained in the financial strategy included in the Long-Term Plan. The qualified limit is that liquidity is more than 110 percent. Liquidity is defined as external debt plus committed loan facilities plus liquid investments divided by external debt.



*Balanced budget benchmark*

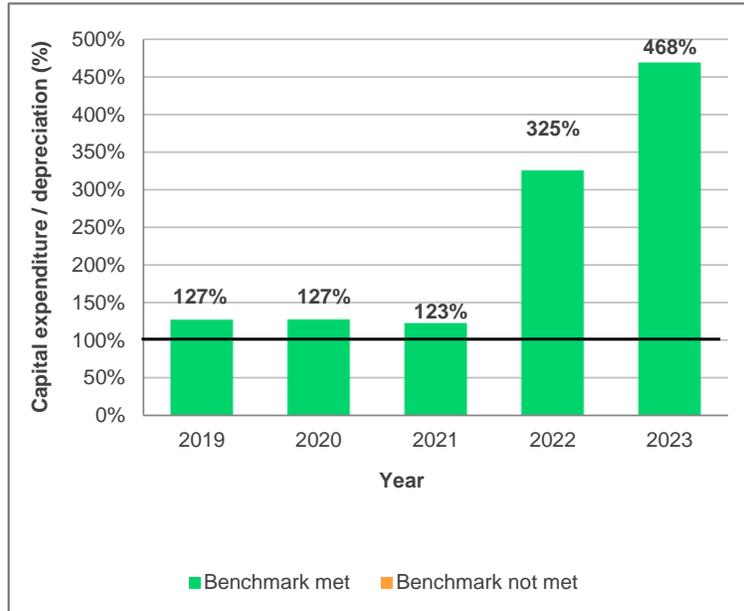
The following graph displays the Council’s revenue (excluding gains on derivative financial instruments) as a proportion of operating expenses (excluding losses on derivative financial instruments). The Council meets the balanced budget benchmark if its revenue equals or is greater than its operating expenses.





Capital expenditure and depreciation

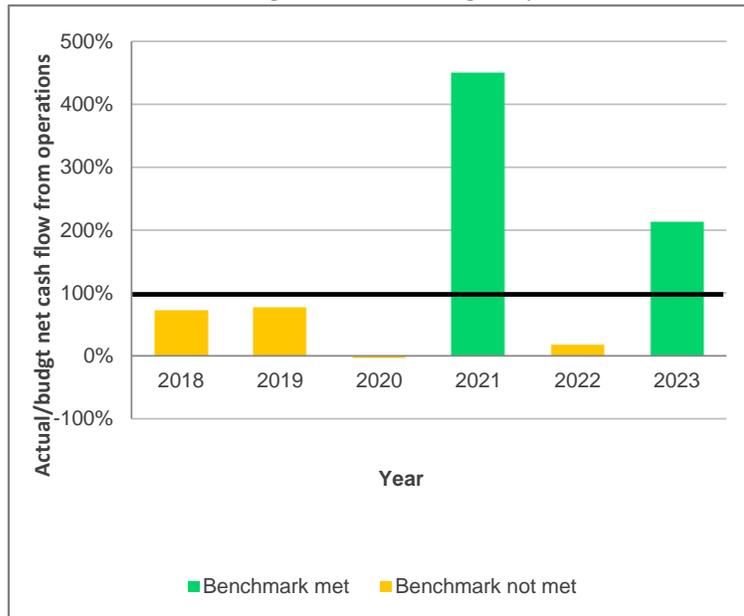
The following graph displays the council’s capital expenditure on network services as a proportion of depreciation on network services. The council meets this benchmark as its capital expenditure on network services is greater than depreciation on network services.





*Operational control benchmark*

This graph displays the council’s actual net cashflow from operations as a proportion of its planned net cash flow from operations. With infrastructure projects, there are often variations in timing that cause large differences between budget and actual in a given period.



DRAFT



# He tauākī mō te tutukinga o ngā tūtohu me ngā haepapa | Statement of compliance and responsibility

## *Compliance*

The Council and Greater Wellington's management confirm that all the statutory requirements of the Local Government Act 2002 in relation to the annual report have been complied with.

## *Responsibility*

The Council and Greater Wellington management accept responsibility for preparing the annual financial statements and judgements used in them. The Council and Greater Wellington management accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and Greater Wellington management, the annual financial statements for the year ended 30 June 2023 fairly reflect the financial position and operations of the Greater Wellington Regional Council.

**Daran Ponter**

*Chair*

26 October 2023

**Nigel Corry**

*Chief Executive*

26 October 2023

**Alison Trustrum-Rainey**

*Chief Financial Officer*

26 October 2023

## Attachment 2 to Report 23.529

## Reserve balance as at 30 June 2023 as compared to the Annual Plan

Council created reserves	Purpose of the fund	Annual Plan balance at 30 June 2023 \$000s	Actual reserve balance at 30 June 2023 \$000s
<b>Area of benefit reserves</b>			
Public transport reserve	Any funding surplus or deficit relating to the provision of public transport services is used only on subsequent public transport expenditure	4,097	3,550
Transport planning reserve	Any funding surplus or deficit relating to the provision of transport planning services is used only on subsequent transport planning expenditure.	295	264
WRS reserve	Any funding surplus or deficit relating to the Wellington Regional Strategy implementation is used only on subsequent Wellington Regional Strategy expenditure.	547	896
WREMO reserve	Contributions by other local authorities to run the WREMO	134	437
Catchment scheme reserves	Any funding surplus or deficit relating to the provision of flood protection and catchment management schemes is used only on subsequent flood protection and catchment management expenditure	10,683	13,788
<b>Contingency reserves</b>			
Environmental legal reserve	To manage the variation in legal costs associated with resource consents and enforcement	7	10
Flood contingency reserves	To help manage the costs for the repair of storm damage throughout the region.	3,203	3,448
Rural fire reserve	To help manage the costs of rural fire equipment.	83	83
<b>Special reserves</b>			
Election reserve	To manage the variation in costs associated with the election cycle	187	246
Corporate systems reserve	To manage the variation in costs associated with key IT infrastructure and software.	1,040	1,028
General reserve	To manage variation in costs associated with new initiative projects	6,392	8,919
Other reserve balances	Re-budgets and other reserve funds	1,555	6,492
<b>Total reserves (GST exclusive)</b>		<b>28,223</b>	<b>39,161</b>

Finance, Risk and Assurance Committee  
15 August 2023  
Report 23.333



For Information

## ADOPTION OF PUBLIC BENEFIT ENTITY INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS 41: FINANCIAL INSTRUMENTS

### Te take mō te pūrongo Purpose

1. To advise the Finance, Risk, and Audit Committee (the Committee) on the adoption of the Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS) 41: Financial Instruments for Greater Wellington Regional Council (Greater Wellington) and its Council Controlled Organizations (CCOs), including Greater Wellington Rail Limited and WRC Holdings Limited (the Group).

### He tūtohu Recommendations

That the Committee:

- 1 **Endorses** the use of the new accounting policy on the recognition and measurement of financial instruments.

### Te tāhū kōrero Background

2. A new accounting standard PBE IPSAS 41 is effective for the first time in financial year 2022/2023 with the date of initial application for Greater Wellington and Group entities being 1 July 2022.
3. PBE IPSAS 41 covers the recognition and measurement criteria for financial instruments and replaces *PBE IPSAS 29: Financial Instruments: Recognition and Measurement*.
4. The new accounting policy on the recognition and measurement of financial instruments is stated below:

**PBE IPSAS 41 Financial Instruments**

*PBE IPSAS 41 supersedes PBE IPSAS 29 Financial Instruments: Recognition and Measurement. GWRC has adopted PBE IPSAS 41 with a date of application at 1 July 2022. The main changes between PBE IPSAS 29 and PBE IPSAS 41 are:*

- *New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.*
- *A new impairment model for financial assets based on expected credit losses, which may result in earlier recognition of impairment losses.*
- *Revised hedge accounting requirements to better reflect the management of risks.*

*Information about the transition to PBE IPSAS 41 is disclosed in notes to the financial statements.*

### **Te tātaritanga Analysis**

5. A transitional assessment has been undertaken for Greater Wellington and the Group entities. For Greater Wellington, there is an impact on three areas – provision for doubtful debts, stadium advance and Local Government Funding Agency (LGFA) borrower notes.
6. The impact on provision for doubtful debts on trade receivables has been assessed as being negligible based on prior years amounts written off. The previous years provision has been written back since it is no longer required.
7. The impact of the interest rate differential on stadium advance is also assessed as being negligible. The interest concession will be recognised over the remaining advance term until 2030.
8. LGFA borrower notes are required to be measured at fair value and the impact thereon is also assessed as being negligible. Going forward, the gain or loss on the remeasurement will be recognised in the financial statements.
9. The above net transitional financial adjustments amount to \$0.871 million and are summarised below:

<b>Transition details</b>	<b>Reason</b>	<b>Transition adjustments</b>
Trade receivables doubtful debts provision	Minimal rates provision required as secured against property	\$1,136,984
Stadium Advance	Below-market interest rate concession	-\$87,000
LGFA borrower notes	Revalue to fair value	-\$179,066
<b>Net equity adjustment increase / (decrease)</b>		<b>\$870,918</b>

10. Other than the transitional financial adjustments recommended for Greater Wellington, it is considered there are no transitional financial adjustments required for any other Group entity.
11. As a for-profit entity, CentrePort Limited (CPL) adopted *International financial Reporting Standards (IFRS) 9: Financial Instruments* (the for-profit equivalent to PBE IPSAS 41) in June 2019.
12. There are no differences between CPL IFRS 9 accounting policies and GWRC PBE IPSAS 41 accounting policies that would result in any transitional financial adjustments for CPL transactions or balances as at 1 July 2022.

### **Ngā hua ahumoni**

#### **Financial implications**

13. There are financial implications arising from this report as summarised in paragraph 9. However, the adjustments have been recognised against the opening equity position thereby having no impact on the current year's results.
14. Going forward management expects minimal impact from the IPSAS 41 adoption on the financial results.

### **Ngā Take e hāngai ana te iwi Māori**

#### **Implications for Māori**

15. Greater Wellington's 2022/23 Annual Plan outlines numerous initiatives that have implications for Mana Whenua and Māori. "*Improving outcomes for Mana Whenua and Māori*" is one of four overarching strategic priorities, and alongside Te Whariki, our Māori Outcomes Framework, underpin Greater Wellington's 2021-31 Long Term Plan, and therefore 2023/24 Annual Plan.
16. There are no known impacts for Maori.

### **Ngā tikanga whakatau**

#### **Decision-making process**

17. The matters requiring decision in this report have been considered by officers against the requirements of Part 6 of the Local Government Act 2002 (the Act).

### **Te hiranga**

#### **Significance**

18. Officers have considered the significance of the matters, taking into account the Council's *Significance And Engagement Policy* and Greater Wellington's *Decision Making Guidelines*. Officers consider that the matters to be considered have low significance, due to their administrative nature.

### **Te whakatūtakitaki**

#### **Engagement**

19. Due to the low significance of the matters for decision, no engagement was considered necessary.

### **Ngā tūāoma e whai ake nei**

#### **Next steps**

20. Officers have already shared the financial impact of PBE IPSAS 41 adoption with Audit NZ. Audit NZ are comfortable with the assessment and management will keep the Committee updated on any changes.

### **Ngā kaiwaitohu**

#### **Signatories**

Writer	Ashwin Pai – Financial Controller
Approver	Alison Trustrum-Rainey – Āpiha Mātāmua Pūtea   Chief Financial Officer

<b>He whakarāpopoto i ngā huritaonga</b> <b>Summary of considerations</b>
<p><b><i>Fit with Council's roles or Committee's terms of reference</i></b></p> <p>The Committee's specific responsibilities include to review the effectiveness of Greater Wellington's financial management and performance, including proposed changes, with a particular focus on the effectiveness of Greater Wellington's Accounting policies and principles.</p>
<p><b><i>Contribution to Annual Plan / Long term Plan / Other key strategies and policies</i></b></p> <p>The IPSAS 41 adoption will enable efficient delivery of the Annual Report.</p>
<p><b><i>Internal consultation</i></b></p> <p>The Finance team and relevant people involved with the IPSAS 41 adoption were consulted.</p>
<p><b><i>Risks and impacts: legal / health and safety etc.</i></b></p> <p>The Council's management of relevant risks is addressed in the report.</p>