



Report 09.597
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Committee Council
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Annual Report and Summary Annual Report for the year ended 30 June 2009

1. Purpose

To gain the approval of Council for the Annual Report and Summary Annual Report for the year ended 30 June 2009.

2. Consideration by Committee

The matters raised in this report were considered by the Finance, Audit and Risk Committee at its meeting on 22 September 2009, (Report 09.555 refers). The recommendations contained in this report have been endorsed by the Committee for the Council's consideration and decision.

3. Significance of Decision

The matters in this report do not trigger the significance policy of the Council or otherwise trigger section 76(3) (b) of the Local Government Act 2002.

4. Background

Under the Local Government Act 2002, the Council is formally required to adopt its Annual Report by 31 October each year. The draft Annual Report is included under separate cover (**Attachment 1**).

The Annual Report 2009 reports against the Council's 10-Year Plan 2006-16. Therefore, its format is similar to the 2008 Annual Report. This draft is not the final "designed" version as some pages have been inserted directly from our excel files.

The Council is also required to prepare a summary of the information contained in its Annual Report. A draft Summary is included under separate cover (**Attachment 2**). This draft has yet to be "designed".

Audit New Zealand has substantially completed its audit and there are no unresolved issues at this stage. The remaining matters to be completed by the auditors are fairly minor in nature and it is not expected that there will be any changes required. The auditors will be in a position to give the Council clearance on the Annual Report and

the Summary Annual Report at the meeting. They will issue their audit opinion once the Council approves the Annual Report and the Summary Annual Report.

Karen Young, Engagement Director, from Audit New Zealand, will be in attendance at the meeting on 29 September to summarise the results of the annual audit and to answer any questions that the Council may have.

5. Reconciliation of the preliminary and final result

The Council reviewed the preliminary Council results for the year at their meetings in August (Report 09.463). A copy of this report is attached (**Attachment 3**).

The preliminary result for the Council was a deficit of \$314,000. The final result is unchanged.

6. Representation letter

A representation letter to the auditor must be signed by the Chair, Chief Executive and Chief Financial Officer. The representation letter for 2009 will include a list of the unadjusted errors (in the opinion of the auditors) in respect of the 2008/09 financial statements.

A copy of the representation letter will be sent out under separate cover once it has been received from the auditors (**Attachment 4**).

7. Reserves

A detailed analysis of reserve movements during the 2008/09 year is provided, along with explanations of variances between budgeted and actual reserve movements (**Attachment 5**). All variances between budgeted and actual reserve movements will need to be approved by the Council at its meeting as part of its adoption of the 2009 Annual Report. The budgeted reserve movements were implicitly approved as part of the 2008/09 Annual Plan.

The Council has four types of reserves which are categorised as follows:

- *Reserves for each Different Area of Benefit.*

These reserves are used where there is a discrete set of rate or levy payers as distinct from the general rate, e.g. Regional Water Supply, Transport, Bovine Tb, River Rates, and Wairarapa Schemes.

Any funding surplus or deficit relating to these separate areas of benefit is applied to the specific reserves, in proportion to their respective revenue and financing policy ratios.

- *Contingency Reserves*

The Council has traditionally set aside reserves that can be made available when a specific unforeseen event occurs, for example, the Flood contingency reserve.

The release of these funds generally can only be approved by the Committee and/or Council, with some delegation to Divisional Managers. These reserves are long-term in nature.

- *Reserves where there has been Rebudgeting of Expenditure*

If a specific project has not been completed during the financial year, if it is appropriate, it is rebudgeted for the following year.

Funds are made available in the following year to fund these projects. The main mechanism for this is the use of a reserve, so that the Council does not rate the community twice for the same project.

- *Special Reserves*

The only special reserves of the Council are the Election Reserve and Systems Reserve. The Reserves smooth the costs of elections and system upgrades.

Under our Revenue and Financing Policy, the Council can use surplus funds from previous years (in the form of reserves) to fund future expenditure.

The major example of this in the attached list of reserves transfers is the transfer of \$1.85 million to the System Reserve. This amount arose from increased dividends from the WRC Holdings Group and higher revenue from rates than was budgeted for.

The transfer to the System Reserve will allow a reduction in rates in 2010/11 and subsequent years.

The timing and the extent of the reduction will be discussed by Council at their workshop in October.

8. Non Financial Results

The Council is required to compare its actual activities and actual performance in the year with the intended activities and the intended level of performance as set out in respect of the year in the 10 Year Plan 2006-16 and the Annual Plan 2008/09.

Reporting is according to the Council's Groups of Activities:

- Environment Management
- Transport
- Water Supply
- Land Management
- Safety and Flood Protection
- Parks
- Community
- Investments.

The report shows that, on the whole, we have achieved the intended level of performance.

9. Communications

A press release will be prepared and circulated at the meeting. The Council is required, one month after adoption of its Annual Report, to make the report and a Summary Annual Report available to the public.

10. Recommendations

That the Council:

- (1) **Receives** the report.
- (2) **Notes** its contents.
- (3) **Approves** the following net amounts, in addition to those budgeted, being added to or deducted from the respective reserves, subject to any changes requested by the Committee:

	\$
(a) Wai Bovine TB Rate - Bov TB	57,979
(b) Wai Rating Schemes-Catchment Awhea	2,489
(c) Wai Rating Schemes-Catchment Whareama	4,951
(d) Wai Rating Schemes-Catchment Homewood	(1,878)
(e) Wai Rating Schemes-Catchment Mataikona	1,512
(f) Wai Rating Schemes-Catchment Maungaraki	2,251
(g) Wai Rating Schemes-Catchment Kaiwhata	3,455
(h) Wai Rating Schemes-Drainage	(141,632)
(i) Wai Shingle Royalty	(105,451)
(j) Wai Rating Schemes-River LWVD	1,001
(k) Wai Rating Schemes-River Waiohine	(48,238)
(l) Wai Rating Schemes - Gladstone	(27,438)
(m) Wai Rating Schemes-River Waipoua	(33,595)
(n) Wai Rating Schemes-River Waingawa	(21,196)
(o) Wai Rating Schemes-River Lower Tauera	(244)
(p) Wai Rating Schemes-River Lower Whangaehu	574
(q) Wai Rating Schemes-River Upper Mangatarere	906
(r) Wai Rating Schemes- Te Ore Ore	13,149
(s) Wai Rating Schemes - Mt Bruce	6,153
(t) Kopuranga Scheme Reserve	1,257
(u) Akura Nursery Reserve	11,132
(v) Bioworks	176,577
(w) Wairarapa Wetlands	(50,000)
(x) River Rate Reserve-Hutt City	(54,342)
(y) River Rate Reserve-Kapiti Coast	64,361
(z) River Rate Reserve-Porirua City	(8,525)
(aa) River Rate Reserve-Upper Hutt City	(44,654)
(bb) River Rate Reserve-Wellington City	(23,186)
(cc) Consents Management	(92,257)
(dd) Wellington Flood contingency	(43,000)
(ee) Wairarapa Flood contingency	(150,000)
(ff) Plantation Forestry	(2,558)
(gg) System Reserve	1,850,000
(hh) Wgtn Regional Strategy - Grow Wellington	238,767

(ii)	Rebudget to 07/08-Whiteria Park Ranger Service	(118,170)
(jj)	Rebudget 09 - Completion of TDM review	21,000
(kk)	Rebudget 09 - Vehicle Replacements	71,000
(ll)	Rebudget 09 - Vehicle Replacements	25,000
(mm)	Rebudget 09 - Waiwhetu Stream restoration	300,000
(nn)	Rebudget 09 - QE2 - private land protection covenants	100,000
(oo)	Rebudget 09 - Transport Model	48,750
(pp)	Rebudget 09 - Chrystalls Extended stopbank	22,287
(qq)	Rebudget 09 - Waiwhetu flood improvements	37,065
(rr)	Rebudget 09 - Wairarapa Accommodation Project	20,649
(ss)	Rebudget 09 - Ampla Reporting System	11,027
(tt)	Rebudget 09 - Emergency PS Whitehead	8,238
(uu)	Rebudget 09 - TM Hypochlorite	2,891
(vv)	Rebudget 09 - Karori Fault	1,818
(ww)	Rebudget 09 - Beacon Hill building	68,962
(xx)	Rebudget 09 - AQS Kapiti	9,195
(yy)	Rebudget 09 - WRS office	65,119

(4) **Adopts** the Annual Report for the year ended 30 June 2009, subject to any changes requested by the Committee.

Report prepared by:

Report prepared by:

Report approved by:

Barry Turfrey
Chief Financial Officer

Jane Bradbury
Divisional Manager
Corporate & Strategy

David Benham
Chief Executive

Attachment 1: 2009 Draft Annual Report is enclosed as a separate attachment to this report

Attachment 2: Summary Annual Report

Attachment 3: 2009 Financial report for the year ended 30 June 2009

Attachment 4: Representation letter *(to come)*

Attachment 3: Explanations of Unbudgeted Reserve Movements (2008/2009)