

Report 14.495
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Committee Council
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Adoption of the Annual Report for the year ended 30 June 2014

1. Purpose

To request that Council adopt the Annual Report for the year ended 30 June 2014.

2. Background

Under the Local Government Act 2002 the Council is formally required to adopt its Annual Report by 31 October each year. The Annual Report 2013/14 and Summary Annual Report 2013/14 will be sent under separate cover (refer **Attachments 1 and 2**).

The Annual Report 2013/14 reports against the Annual Plan 2013/14 and the Long-Term Plan 2012-2022.

At its meeting on 18 September 2014, the Risk and Assurance Committee reviewed the draft accounts and recommended that they be adopted by the Council at its meeting on 30 September 2014, subject to final audit clearance (Report 14.450 refers).

In finalising the accounts, there has been the need to make two adjustments in the consolidated group numbers:

- a change in the group deferred tax calculation; and
- a reclassification of Shed 39 in CentrePort's accounts from an investment property to property plant and equipment at the council group level, for accounting standard purposes.

Audit New Zealand has now substantially completed its audit. There are no unresolved issues at this stage. The Auditors should be in a position to issue their audit opinion once the Council approves the Annual Report 2013/14.

Andy Burns, Director, will be in attendance at the meeting to summarise the results of the annual audit and to answer any questions that the Council may have.

3. Reserves

A detailed analysis of reserve movements during the 2013/14 year is provided, along with explanations of variances between budgeted and actual reserve movements (**Attachment 3**). All variances between budgeted and actual reserve movements were reviewed by the Risk and Assurance Committee at its meeting on 18 September 2014, and the Committee recommended that they be adopted by the Council at its meeting on 30 September 2014 as part of its adoption of the Annual Report 2013/14 (Report 14.450 refers).

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, Public Transport, Wellington Regional Strategy, Bovine Tb, River Rates, and Wairarapa Schemes.

Any funding surplus or deficit relating to these 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 a Committee and/or the Council. There is some delegation to General 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, and if it is appropriate, it is rebudgeted for the following year.

Funds are made available in the following year for 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 the IT operations Capex Reserve. The reserves smooth the cost of elections and IT system upgrades.

4. Non-financial results

The Council is required to compare its actual performance with the intended level of performance set out in the Long Term Plan 2012-22 and the Annual Plan 2013/14.

The Long-Term Plan introduced a new performance management framework for Greater Wellington Regional Council (GWRC). The aims in doing this included making reporting on GWRC's activities clearer and more meaningful for the community. The Annual Report 2013/14 shows we have made good progress in achieving these aims.

2013/14 has been a successful year for GWRC, as detailed in the "Key Achievements" section of the Annual Report 2013/14. GWRC has achieved its intended level of performance, with nearly all performance targets met.

5. Communications

A press release will be prepared for the Council meeting on 30 September 2014. The Council is required, one month after adoption of its Annual Report, to make the report and a summary document available to the public.

6. The decision-making process and significance

The matter requiring decision in this report has been considered by officers against the requirements of Part 6 of the Local Government Act 2002 (the Act). Part 6 sets out the obligations of local authorities in relation to the making of decisions.

6.1 Significance of the decision

Part 6 requires GWRC to consider the significance of the decision. The term 'significance' has a statutory definition set out in the Act.

Officers have considered the significance of the matter, taking the Council's significance policy and decision-making guidelines into account. Officers recommend that the matter be considered to have low significance.

The Council is required to formally adopt the Annual Report 2013/14.

Officers do not consider that a formal record outlining consideration of the decision-making process is required in this instance.

7. Recommendations

That the Council:

- 1. Receives the report.*
- 2. Notes its contents*

3. *Approves the following new amounts, in addition to those budgeted, being added to or (deducted) from the respective reserves:*

Reserve	Balance
(a) Public Transport Rate Reserve	3,080,251
(b) Sustainable Transport Department Reserve	4,439
(c) Transport Planning Reserve	152,763
(d) Transport Data & Analysis Reserve	178,244
(e) Wai Bovine TB Rate - Bov TB	47,755
(f) Possum Predator Rate Reserve	102,343
(g) Wai Rating Schemes-Catchment Awhea	(2,756)
(h) Wai Rating Schemes-Catchment Whareama	3,841
(i) Wai Rating Schemes-Catchment Homewood	(316)
(j) Wai Rating Schemes-Catchment Mataikona	(359)
(k) Wai Rating Schemes-Catchment Maungaraki	(3,550)
(l) Wai Rating Schemes-Catchment Kaiwhata	(1,015)
(m) Wai Rating Schemes-Drainage	(16,859)
(n) Wai Shingle Royalty	33,057
(o) Wai Rating Schemes-River LWVD-Opex	(52,778)
(p) Wai Rating Schemes-River Waiohine-Opex	(22,265)
(q) Wai Rating Schemes - Gladstone	(12,839)
(r) Wai Rating Schemes-River Waipoua	(2,693)
(s) Wai Rating Schemes-River Waingawa	2,495
(t) Wai Rating Schemes-River Lower Taueru	1,158
Reserve	Balance
(u) Wai Rating Schemes-River Lower Whangaehu	23
(v) Wai Rating Schemes-River Upper Mangatarere	(15)
(w) Wai Rating Schemes- Te Ore Ore	12,342
(x) Wai Rating Schemes - Mt Bruce	(8,008)
(y) Wai Rating Schemes - Kopuaranga	1,498
(z) WREMO Reserve (TA contributions)	551,000
(aa) Biodiversity Key Native Eco System Reserve	76,244
(bb) Wairarapa Moana Ministry for the Environment Reserve	195,094
(cc) Iwi Projects Reserve	25,000
(dd) Akura Nursery Reserve	(30,415)
(ee) Bioworks	85,080
(ff) River Rate Reserve-Hutt City	(193,149)
(gg) River Rate Reserve-Kapiti Coast	47,142
(hh) River Rate Reserve-Porirua City	9,469
(ii) River Rate Reserve-Upper Hutt City	(5,360)
(jj) River Rate Reserve-Wellington City	14,440
(kk) Election Reserve	169,000
(ll) IT Operations Capex Reserve	332,416
(mm) WRS – GWRC WRS Office	60,919
(nn) WRS Reserve - Grow Wellington	(100,000)
(oo) Rebudget 14/15 Trolley Bus - Contract Investigation Funding	120,000
(pp) Rebudget 14/15 Integrated Ticketing Investigation	427,500
(qq) Rebudget 14/15 Aro Reservoir overflow pipe recoating	22,000
(rr) Rebudget 14/15 SAP Data Structure - implementation	25,000
(ss) Rebudget 14/15 GIS Improvements	30,000
(tt) Rebudget 14/15 Consent Compliance	37,500
(uu) Rebudget 14/15 Wgtn-Airport PT Scheme Assessment	21,700
(vv) Rebudget 14/15 RLTS	21,580
(ww) Rebudget 14/15 Climate Change (SCEG)	27,000

(xx)	Rebudget 14/15 Strategic Projects (SCEG)	42,000
(yy)	Rebudget 14/15 BMA - PP Operational	40,000
(zz)	Rebudget 14/15 Biodiversity Management Areas Legal Protection	40,000
(aaa)	Rebudget 14/15 Kaitoke Strainers Replace 2011	727
(bbb)	Rebudget 14/15 Cathodic Protection - 14-15	2,109
(ccc)	Rebudget 14/15 Touch voltage protection on pipelines 12-13	3,999
(ddd)	Rebudget 14/15 Telemetry IP repeater upgrade investigat	6,181
(eee)	Rebudget 14/15 Reservoir Inlet Standpipes	2,545
(fff)	Rebudget 14/15 Network Resilience Improvements Budget O	17,815
(ggg)	Rebudget 14/15 Te Marua Filter to Waste Improvements	5,454
(hhh)	Rebudget 14/15 Transport Model CAPEX.	2,630
(iii)	Rebudget 14/15 EH Muritai-Butterfly realignment	1,585
(jjj)	Rebudget 14/15 QEP LTP Heritage precinct	4,945
(kkk)	Rebudget 14/15 Wairarapa Water Use staff time	6,000
		5,641,906

4. *Adopts the Annual Report and the Summary Annual Report for the year ended 30 June 2014, subject to receiving final audit clearance.*
5. *Authorises the Council Chair and Chief Executive Officer to make minor changes that may arise as part of finalising the audited Annual and Summary Annual Reports for the year ended 30 June 2014.*

Report prepared by:

Chris Gray
Manager, Finance & Support

Report approved by:

Mike Timmer
Treasurer/Acting Chief
Financial Officer

Report approved by:

Jane Davis
General Manager, Strategy
and Community Engagement

Attachment 1: Annual report for the year ended 30 June 2014

Attachment 2: Summary annual report for the year ended 30 June 2014

Attachment 3: Explanations of unbudgeted reserve movements for the year ended 30 June 2014