

Report 11.530
Date 19 October 2011
File CFO/13/02/01

Committee Council
Author Chris Gray, Manager, Finance & Support

Annual report for the year ended 30 June 2011

1. Purpose

To request that the Council adopts the Annual Report 2011.

2. 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.

2.1 Significance of the decision

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.

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

3. 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 2011 and Summary Annual Report 2011 are attached (refer **Attachments 1 and 2**).

The Annual Report 2011, reports against the approved Annual Plan 2010/11.

Karen Young, Engagement Director, and Beverley Alloway, Audit Manager, from Audit New Zealand, 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.

4. Reserves

A detailed analysis of reserve movements during the 2010/11 year is provided, along with explanations of variances between budgeted and actual reserve movements (**Attachment 3**). All variances between budgeted and actual reserve movements will need to be approved by the Council as part of its adoption of the Annual Report 2011.

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, eg, Regional Water Supply, Transport, 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 can generally 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 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 Corporate Systems Reserve. The reserves smooth the costs of elections and system upgrades.

5. 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 2009-19 and the Annual Plan 2010/11.

Reporting is according to the Council's groups of activities:

- Resource Management
- Transport
- Water supply
- Land management
- Safety and flood protection
- Parks and forests
- Regional sustainable development
- Community.

The Council also reports on its investments.

The Annual Report 2011 shows that, on the whole, we have achieved the intended levels of performance.

Some changes to the programming of key activities have occurred over the last year, including changes to the following projects:

- construction of the Boulcott Hutt Stopbank
- upgrading of the Stuart Macaskill lakes
- introducing Real Time Information
- bringing the Matangi trains into service.

A review of Masterton flood risk, a report on health of ecosystems of parks and forest areas, and a mini hydro-generator at Te Marua pumping station were deferred. Programmes working with businesses to improve environmental performance were scaled back due to the need to refocus resources on higher priorities.

Unplanned activity included responding to the Canterbury earthquakes and bringing recently acquired land at Baring Head into the parks network.

6. Communications

A press release will be prepared for the Council meeting.

The Council is required, one month after adoption of its Annual Report, to make the report and a summary document available to the public.

7. 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 Council:

	\$
(a) Wai Bovine TB Rate - Bov TB	(70,739)
(b) Wai Rating Schemes-Catchment Awhea	3,421
(c) Wai Rating Schemes-Catchment Whareama	6,723
(d) Wai Rating Schemes-Catchment Homewood	(4,588)
(e) Wai Rating Schemes-Catchment Mataikona	(559)
(f) Wai Rating Schemes-Catchment Maungaraki	(722)
(g) Wai Rating Schemes-Catchment Kaiwhata	(810)
(h) Wai Rating Schemes-Drainage	81,709
(i) Wai Shingle Royalty	(28,505)
(j) Wai Rating Schemes-River LWVD	(95,084)
(k) Wai Rating Schemes-River Waiohine	(37,402)
(l) Wai Rating Schemes - Gladstone	(29,589)
(m) Wai Rating Schemes-River Waipoua	(20,050)
(n) Wai Rating Schemes-River Waingawa	5,671
(o) Wai Rating Schemes-River Lower Tauera	1,206
(p) Wai Rating Schemes-River Lower Whangaehu	(1,284)
(q) Wai Rating Schemes-River Upper Mangatarere	0
(r) Wai Rating Schemes- Te Ore Ore	(9,803)
(s) Wai Rating Schemes - Mt Bruce	(13,531)
(t) Wai Rating Schemes - Kopuraranga	135
(u) Bioworks Reserve	154,017
(v) River Rate Reserve-Hutt City	(61,417)
(w) River Rate Reserve-Kapiti Coast	56,191
(x) River Rate Reserve-Porirua City	(7,491)
(y) River Rate Reserve-Upper Hutt City	(59,754)
(z) River Rate Reserve-Wellington City	(27,497)
(aa) Wellington Flood Contingency Reserve	(1,863,313)
(bb) Wairarapa Flood Contingency Reserve	1,708,156
(cc) Wgtn Regional Strategy - Grow Wellington	330,574
(dd) Rebudget 11/12 Boulcott/Hutt Stopbank Construction.	118,379
(ee) Rebudget 11/12 Ebdentown rocklining	35,178
(ff) Rebudget 11/12 South Waitohu Stopbank	19,335
(gg) Rebudget 11/12 Lower Waitohu Improvements	20,103
(hh) Rebudget 11/12 Crystals Extended Stopbank	17,362
(ii) Rebudget 11/12 Pinehaven Flood Hazard Study	1,512
(jj) Rebudget 11/12 Waiohine stopbank design	3,857
(kk) Rebudget 11/12 UH Aquifer invest	3,636
(ll) Rebudget 11/12 Raise SM Lakes	9,089
(mm) Rebudget 11/12 Seismic work at SM Lakes	3,636
(nn) Rebudgets 11/12 Control Strategy Research	5,708

(oo)	<i>Rebudgets 11/12 Valve Replacement 2011</i>	6,181
(pp)	<i>Rebudget to 2011/12 - Electronic ticketing</i>	78,000
(qq)	<i>Rebudget to 2011/12 - Wellington Review</i>	25,000
(rr)	<i>Rebudget 11/12 Transport Model</i>	8,862
(ss)	<i>Rebudget 11/12 Democratic Services vehicle</i>	22,000
(tt)	<i>Rebudget 11/12 Elected Members Office Alterations</i>	100,000
(uu)	<i>Rebudget 11/12 Treasury & Investments vehicle</i>	22,000
(vv)	<i>Rebudget 11/12 Marketing Admin (Water)</i>	80,000
(ww)	<i>Rebudget 11/12 Whitireia - Ranging</i>	64,000
(xx)	<i>Rebudget 11/12 Western Region vehicles</i>	45,000
(yy)	<i>Rebudget 11/12 Wetland General</i>	148,000
(zz)	<i>Rebudget 11/12 Genuine Progress Index</i>	35,000
(aaa)	<i>Rebudget 11/12 Iwi Projects</i>	65,000
(bbb)	<i>Rebudget 11/12 Telemetry of water takes</i>	75,000
(ccc)	<i>Rebudget 11/12 Environmental Support vehicles</i>	23,500
(ddd)	<i>Rebudgets 11/12 EMI vehicles</i>	55,375
(eee)	<i>Rebudget 11/12 Hutt Corridor Study</i>	94,000
(fff)	<i>Rebudget 11/12 Corridor Studies - Western</i>	123,000

(4) Adopts the Annual Report for the year ended 30 June 2011, subject to any changes requested by the Council.

Report prepared by:

Report approved by:

Report approved by:

Chris Gray
Manager, Finance & Support

Bruce Simpson
Chief Financial Officer

David Benham
Chief Executive

Attachment 1: 2011 Draft Annual Report for the year ended 30 June 2011

Attachment 2: 2011 Summary Draft Annual Report for the year ended 30 June 2011

Attachment 3: Explanations of Unbudgeted Reserve Movements (2010/11)