

Report 15.459  
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Committee Finance, Risk and Assurance Committee  
Author Mark Ford, Strategic Finance Manager

## Draft Annual Report for the year ended 30 June 2015

### 1. Purpose

To provide the Committee for review Greater Wellington Regional Council's (GWRC) Draft Annual Report and Summary Annual Report for the year ended 30 June 2015.

### 2. 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 and Draft Summary Annual Report will be sent under separate cover (**Attachment 1 and 2**).

The Annual Report 2015 reports against the Annual Plan 2014/15 and the Long Term Plan 2012-22.

The Council received full year end reviews for all groups for review in report 15.238. These financial statements are consistent with those reports.

We are continuing to work with Audit NZ to finalise the annual report, but at this stage it is not expected that there will be any major changes required. We expect they will issue their clear audit opinion once the Council approves the Annual Report on 30 September 2015.

Andy Burns, Director and Gregory McDonald from Audit New Zealand will be in attendance at the Council meeting on the 30 September 2015 to summarise the results of the annual audit and to answer any questions that the Council may have.

### 3. Role of the Committee

In respect of the Annual Report 2015, the Committee is acting as the Audit Committee of the Council. Its role is to carry out a detailed review of the Annual Report, and recommend that Council approves the Annual Report, subject to any changes required.

## 4. Reserves

A detailed analysis of reserve movements during the 2014/15 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 at its meeting on 30 September 2015 as part of its adoption of the Annual Report 2015.

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, Public Transport, 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 the Chief Executive and General Managers. These reserves are long-term in nature.

- *Special reserves*

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

- *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.

## 5. 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 2014/15.

The Long Term Plan 2012-22 introduced a new performance management framework for GWRC. 2014/15 has been a very successful year for GWRC, as

detailed in the “Key Achievements” section of the Draft Annual Report. GWRC has achieved its intended level of performance, with nearly all performance targets met.

## **6. Communications**

A press release will be prepared for the Council meeting on 30 September. 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. The decision-making process and significance**

Officers recognise that the matters referenced in this report may have a high degree of importance to affected or interested parties.

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). Part 6 sets out the obligations of local authorities in relation to the making of decisions.

### **7.1 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.

This Committee is being asked to recommend to Council that it adopt the Annual Report. 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.

## **8. Engagement**

No engagement is required.

## **9. Recommendations**

*That the Committee:*

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

3. **Recommends** that Council 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:

Reserve	Balance	Ref.
Public Transport Rate Reserve	2,351,290	B1
Sustainable Transport Department Reserve	57,854	B2
Transport Planning Reserve	43,978	A1
Transport Data & Analysis Reserve	-54,690	B3
Wai Bovine TB Rate - Bov TB	-32,754	B4
Possum Predator Rate Reserve	59,192	A2
Wai Rating Schemes-Catchment Awhea	-7,989	B5
Wai Rating Schemes-Catchment Whareama	-1,737	A3
Wai Rating Schemes-Catchment Homewood	268	A4
Wai Rating Schemes-Catchment Mataikona	2,524	A5
Wai Rating Schemes-Catchment Maungaraki	-5,021	B6
Wai Rating Schemes-Catchment Kaiwhata	82	A6
Wai Rating Schemes-Drainage	111,962	A7
Wai Shingle Royalty	3,542	A8
Wai Rating Schemes-River LWVD-Opex	-252,566	A9
Wai Rating Schemes-River Waiohine-Opex	-7,467	A10
Wai Rating Schemes - Gladstone	9,314	A11
Wai Rating Schemes-River Waipoua	5,381	A12
Wai Rating Schemes-River Waingawa	4,332	A13
Wai Rating Schemes-River Lower Taueru	-451	B7
Wai Rating Schemes-River Lower Whangaehu	11	B8
Wai Rating Schemes- Te Ore Ore	30,434	A14
Wai Rating Schemes - Mt Bruce	4,952	A15
Wai Rating Schemes - Kopuaranga	-3,001	B9
Wai Rating Schemes-River LWVD - Capex	257,360	B10
Wai Rating Schemes-River Waiohine - Capex	19,730	B11
Wairarapa Workshop	6,746	A16
WREMO Reserve (TA contributions)	309,812	B12
Biodiversity Key Native Eco System Reserve	55,849	A17
Wairarapa Moana Ministry for the Environment Reserve	-50,935	B13
Forestry Infrastructure Reserve	500,000	A18
Regional Parks Reserve	760,000	A19
Akura Nursery Reserve	-31,023	B14
Bioworks	120,000	A20
River Rate Reserve-Hutt City	-152,324	A21
River Rate Reserve-Kapiti Coast	-65,406	A22
River Rate Reserve-Porirua City	1,126	A23
River Rate Reserve-Upper Hutt City	2,598	A24
River Rate Reserve-Wellington City	8,826	A25
Wellington	-141,527	A26
Election Reserve	174,224	A27
IT Operations Capex Reserve	1,500,000	B15
Wgtn Regional Strategy - Office Wakefield street Wellington	87,220	A28
Rebudget 15/16:Bus Rapid Transit Implementation	240,000	A29
Rebudget 15/16:KNE Other Activities	100,000	A30
Rebudget 15/16:Strategy and Advice wbs	100,000	A31
Rebudget 15/16:Annual Plan & LTCCP Costs	80,000	A32
Rebudget 15/16:Aro Reservoir overflow pipe recoating	35,000	A33

Rebudget 15/16:Waterloo Wellfield Seismic Damage Inves	35,000	A34
Rebudget 15/16:Iron Bacteria Studies	28,000	A35
Rebudget 15/16:Waterloo Well Field Risk Planning	38,000	A36
Rebudget 15/16:Water Supply Risk Management Framework	40,000	A37
Rebudget 15/16:IMM Improvement Plan	28,000	A38
Rebudget 15/16:Pipeline Resilience Planning	40,000	A39
Rebudget 15/16:Integrated Ticketing Investigation	40,000	A40
Rebudget 15/16: Bio Plants Admin	50,000	A41
Rebudget 15/16:Waiwhetu FMP .	4,951	A42
Rebudget 15/16:Upper Wairarapa FMP Phase 1	5,211	A43
Rebudget 15/16:Resource consent project	13,029	A44
Rebudget 15/16:River Works Chrystalls to Gorge	13,592	A45
Rebudget 15/16:Lower Waitohu Improvements	15,784	A46
Rebudget 15/16:Jim Cook Park Stopbank	28,937	A47
Rebudget 15/16:Transport Model CAPEX.	1,208	A48
Rebudget 15/16:Minor Works budgets	3,636	A49
Rebudget 15/16:Structural assessment of WS buildings 14-15	5,068	A50
Rebudget 15/16:Riverstone Terraces direct supply pipeline	1,200	A51
Rebudget 15/16:Install Sar St Pump Starters and standby pump	1,545	A52
Rebudget 15/16:UH Depot Capex	3,508	A53
Rebudget 15/16:EH Muritai-Butterfly realignment	1,585	A54
Rebudget 15/16:QEP LTP Heritage precinct	14,043	A55
Rebudget 15/16:CAPEX - Hummingbird replacement (EDRMS) (approved)	111,995	A56
	<u>6,761,008</u>	

4. **Recommends** that Council adopts the Annual Report and Summary Annual Report for the year ended 30 June 2015, subject to receiving final audit clearance and any changes requested by the Committee.
5. **Recommends** that Council 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 2015.

Report prepared by:

**Mark Ford**  
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Report approved by:

**Dave Humm**  
General Manager, Corporate Services / CFO

Report approved by:

**Luke Troy**  
General Manager, Strategy

**Attachment 1:** Draft Annual Report for the year ended 30 June 2015

**Attachment 2:** Summary Draft Annual Report for the year ended 30 June 2015

**Attachment 3:** Explanations of Unbudgeted Reserve Movements for the year ended 30 June 2015