



**If calling, please ask for Democratic Services**

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

Tuesday 25 February 2025, 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 25 February 2025, 9.30am

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

No.	Item	Report	Page
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 21 November 2024</a>	24.622	5
5.	<a href="#">Confirmation of Public Excluded minutes of the Finance Risk and Assurance Committee meeting on Tuesday 21 November 2024</a>	PE24.623	10
6.	<a href="#">Update on the progress of action items from previous Finance, Risk and Assurance Committee meetings</a>	25.50	12
7.	<a href="#">Quarterly Finance Update – Quarter Two</a>	25.43	18
8.	<a href="#">Audit New Zealand Management Reports for Council and WRC Holdings Limited Group</a>	25.15	36
9.	<a href="#">Harbour Management – Risk and Compliance Update</a>	25.46	85
10.	<a href="#">Health, Safety and Wellbeing Update February 2025</a>	25.68	90
11.	<a href="#">Risk and Assurance Update</a>	25.49	96
12.	<a href="#">Forward Work Programme – February 2025</a>	25.51	111
<b>Resolution to Exclude the Public</b>			
13.	<a href="#">Resolution to Exclude the Public</a>	25.69	118
<b>Restricted Public Excluded Business</b>			
14.	<a href="#">Legal Update</a>	RPE25.65	120



Please note these minutes remain unconfirmed until the Finance, Risk and Assurance Committee meeting on 11 February 2025.

Report 24.622

## Public minutes of the Finance, Risk and Assurance Committee meeting on Thursday 21 November 2024

Taumata Kōrero – Council Chamber, Greater Wellington Regional Council  
100 Cuba Street, Te Aro, Wellington at 1.03pm

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### Members Present

Martin Matthews (Chair)  
Councillor Bassett (Deputy Chair)  
Councillor Connelly  
Councillor Kirk-Burnnand (until 2.54pm)  
Councillor Ropata  
Councillor Saw  
Councillor Woolf (until 1.56pm and from 2.15pm)

Councillors Ropata and Woolf participated at this meeting remotely via Microsoft Teams and counted for the purpose of quorum in accordance with clause 25A of Schedule 7 to the Local Government Act 2002.

### Karakia timatanga

The Committee Chair invited Alison Trustrum-Rainey, Group Manage Finance and Risk, to open the meeting with a karakia timatanga.

### Public Business

#### 1 Apologies

There were no apologies

#### 2 Declarations of conflicts of interest

There were no declarations of conflicts of interest.

**3 Public participation**

There was no public participation.

**4 Confirmation of the Public minutes of the Finance, Risk and Assurance Committee meeting on 10 October 2024 – Report 24.569**

Moved: Cr Kirk-Burnnand / Cr Bassett

That the Committee confirms the Public minutes of the Finance, Risk and Assurance Committee meeting on 10 October 2024 – Report 24.569.

The motion was **carried**.

**5 Update on the Progress of Action Items from Previous Finance, Risk and Assurance Committee Meetings – Report 24.601 [For Information]**

Alison Trustrum-Rainey, Group Manager Finance and Risk, spoke to the report.

**6 Wellington Water Active Risks – Report 24.637 [For Information]**

Nick Leggett, Chair, Wellington Water, Pat Dougherty, Chief Executive, Wellington Water, and Jeremy McKibbin, Group Manager Network Management Group, Wellington Water, spoke to the report.

**7 Bulk Water Internal Audit – Preparedness for Summer Water Shortage – Report 24.636 [For Information]**

Jacob Boyes Head of Corporate Risk and Assurance, and Vaughan Harrison, PwC Partner (Risk Services), spoke to the report.

**Noted:** The Committee asked officers to arrange for a deep dive into bulk water risks at a full Council workshop, to be held in the first quarter of 2025, with the Chair of the Finance, Risk and Assurance Committee to be invited to attend.

**8 Tax Risk Management Policy and Plan – Report 24.553**

Kyn Drake, Principal Finance Policy Advisor, and Ashwin Pai, Head of Finance, spoke to the report.

Moved: Cr Kirk-Burnnand / Cr Connelly

That the Committee:

- 1 Endorses the Tax Risk Management Policy and Plan for approval and internal use at Greater Wellington Regional Council.

The motion was **carried**.

Councillor Woolf left the meeting at 1.56pm, at the start of the above item.

**9 Financial Policies Update – Report 24.554 [For Information]**

Kyn Drake, Principal Finance Policy Advisor, spoke to the report.

The flipchart document *Guidance for Financial Policies* was tabled.

**10 Quarterly Finance Update – Quarter One – Report 24.594**

Darryl Joyce, Manager Accounting Services, and Ashwin Pai, Head of Finance, spoke to the report.

Moved: Cr Bassett / Cr Kirk-Burnnand

That the Committee:

- 1 Accepts the financial report for the first quarter ended 30 September 2024, including Attachment 1.

The motion was **carried**.

**11 Harbour Management – Risk and Compliance Update – Report 24.579** [For Information]

Grant Nalder, Manager Harbours (Harbourmaster), spoke to the report.

**Noted:** The Committee requested that officers provide a graphic showing the layout of buoys and separation of swimmers from water craft in Wellington Harbour.

Councillor Woolf rejoined the meeting at 2.15pm at the start of the above item.

**12 Health, Safety and Wellbeing Update – November 2024** [For Information]

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

**13 Update on Climate Change and Associated Risks – Report 24.608** [For Information]

Jake Roos, Manager Climate Change, spoke to the report.

**14 Risk and Assurance Update – Report 24.635** [For Information]

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

**15 Forward Work Programme – November 2024 – Report 24.627**

Alison Trustrum-Rainey, Group Manager Finance and Risk, spoke to the report.

Moved: Cr Bassett / Cr Saw

That the Committee:

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

The motion was **carried**.

Councillor Kirk-Burnnand left the meeting at 2.54pm at the start of the above item, and did not return.

## **Resolution to exclude the public**

**16 Resolution to exclude the public – Report 24.633**

Moved: Cr Bassett / Cr Saw

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

Cyber Security Update – November 2024 – Report PE24.600

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>Cyber Security Update – November 2024 – Report PE24.600</b>	
<i>Reason 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 information security and cybersecurity status. Release of this information 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 (section 7(2)(j)). 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.</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>The public conduct of this part of the meeting is excluded under section 7(2)(j) of the Act in order to prevent the disclosure or use of official information for improper gain or improper advantage.</p>

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/lost**.

The public part of the meeting closed at 2.55pm



M Matthews

**Chair**

Date:



Please note these minutes remain unconfirmed until the Finance, Risk and Assurance Committee meeting on 11 February 2025.

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

Report PE24.623

## Public Excluded minutes of the Finance, Risk and Assurance Committee meeting on Thursday 21 November 2024

Taumata Kōrero – Council Chamber, Greater Wellington Regional Council  
100 Cuba Street, Te Aro, Wellington at 2.55pm

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### Members Present

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

Councillors Ropata and Woolf participated at this meeting remotely via Microsoft Teams and counted for the purpose of quorum in accordance with clause 25A of Schedule 7 to the Local Government Act 2002.

### Public excluded Business

#### 1 Cyber Security Update – November 2024 – Report PE24.600 [For Information]

Julie Knauf, Group Manager Corporate Services, David Young, Manager Technology Operations, and Ross Lynch, Chief Technology Officer, spoke to the report.

### Karakia whakamutunga

The Committee Chair invited Alison Trustrum-Rainey to close the meeting with a karakia whakamutunga.

The public excluded part of the meeting closed at 3.05pm.

M Matthews

**Chair**

Date:

PUBLIC EXCLUDED

**Finance, Risk and Assurance Committee**  
**25 February 2025**  
**Report 25.50**



**For Information**

## **UPDATE ON THE PROGRESS OF ACTION ITEMS FROM PREVIOUS FINANCE, RISK AND ASSURANCE COMMITTEE MEETINGS**

**Te take mō te pūrongo**

### **Purpose**

1. To update the Finance, Risk and Assurance Committee (the Committee) on the progress of action items arising from previous Committee meetings.

**Te horopaki**

### **Context**

2. Items raised at Committee meetings, that require actions from staff, are listed in the table of action items from previous Committee meetings ([Attachment 1 – Action items from previous Finance, Risk and Assurance Committee meetings – November 2024](#)). All action items include an outline of the current status and a brief comment.

**Ngā hua ahumoni**

### **Financial implications**

3. There are no financial implications from this report, but there may be implications arising from the actions listed.

**Ngā tūāoma e whai ake nei**

### **Next steps**

4. Completed items will be removed from the action items table for the next report. Items not completed will continue to be progressed and reported. Any new items will be added to the table following this Committee meeting and circulated to the relevant business group/s for action.

**Ngā āpitihanga  
Attachment**

<b>Number</b>	<b>Title</b>
1	<a href="#">Action items from previous Finance, Risk and Assurance Committee meetings – November 2024.</a>

**Ngā kaiwaitohu  
Signatories**

Writer	Jacob Boyes – Head of Corporate Risk & Assurance
Approver	Alison Trustrum-Rainey – Kaiwhakahaere Matua Pūtea me ngā Tūraru   Group Manage Finance and Risk

<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 action items are of an administrative nature and support the functioning of the Committee
<b><i>Contribution to Annual Plan / Long Term Plan / Other key strategies and policies</i></b> Action items contribute to Council's and Greater Wellington's related strategies, policies and plans to the extent identified in <b>Attachment 1</b> .
<b><i>Internal consultation</i></b> There was no internal consultation.
<b><i>Risks and impacts - legal / health and safety etc.</i></b> There are no known risks.

**Action items from previous Finance, Risk and Assurance Committee Meetings**

<b>Date</b>	<b>Action item</b>	<b>Status and comment</b>
2 May 2023	<p><b>Finance, Risk and Assurance Committee Update – Report 23.137</b></p> <p><b>Noted:</b></p> <p>The Committee requested that staff report back to a future Committee meeting on the separation of swimmers from craft at Oriental Bay.</p>	<p><b>Status:</b> In progress</p> <p><b>Comment:</b></p> <p>The reported incident highlights the potential consequences of this issue.</p> <p>We currently do not have capacity to directly consider changes to the rules in this area.</p> <p>However, the Harbours report refers to possible changes in this area, resulting from discussion with swimmers, that while not directly addressing the issues raised, should provide improved safety.</p>
13 August 2024	<p><b>Rates Remission update – Report 24.383</b> [For Information]</p> <p><b>Noted:</b> The Committee requested annual reporting on the exercise of delegated authority to the Group Manager Finance and Risk regarding rates remissions</p>	<p><b>Status:</b> In progress</p> <p><b>Comment:</b> We will bring the report to FRAC in August 2025. Following the end of the rating year we are able to report on the total remissions and postponements applied.</p>
13 August 2024	<p><b>Health, Safety and Wellbeing update – Report 24.415</b> [For Information]</p> <p><b>Noted:</b> The Committee requested that officers provide advice on Councillor and appointed members’ health and safety legal duties and obligations.</p>	<p><b>Status:</b> In progress</p> <p><b>Comment:</b> This has been included in the work programme for the Committee’s February meeting.</p>

**Action items from previous Finance, Risk and Assurance Committee Meetings**

<p>13 August 2024</p>	<p><b>Risk and Assurance update August 2024 – Report 24.371</b></p> <p><b>Noted:</b> The Committee requested that Metlink officers provide information on bus safety risks for a future committee meeting.</p>	<p><b>Status:</b> Closed</p> <p><b>Comment:</b> Email sent to FRAC November 2024.</p>
<p>10 October 2024</p>	<p><b>Greater Wellington Regional Council 2023/24 Annual Report – Report 24.555</b></p> <p><b>Noted:</b> the Committee asked officers to consider:</p> <ul style="list-style-type: none"> <li>○ for future Annual Reports, how they can be designed as digital products to increase accessibility and allow the public to navigate the document more easily, and</li> <li>○ whether there are other, complementary ways to provide the public with enhanced regular information about Greater Wellington’s performance.</li> </ul>	<p><b>Status:</b> Ongoing</p> <p><b>Comment:</b> Officers will consider this through the post-adoption review of the 2023/24 Annual Report and preparation of the 2024/25 Annual Report process. An update will be provided to the Committee in May.</p>
<p>21 November 2024</p>	<p><b>Bulk Water Internal Audit – Preparedness for Summer Water Shortage – Report 24.636</b> [For Information]</p> <p><b>Noted:</b> The Committee asked officers to arrange for a deep dive into bulk water risks at a full Council workshop, to be held in the first quarter of 2025, with the Chair of the Finance, Risk and Assurance Committee to be invited to attend.</p>	<p><b>Status:</b> In progress</p> <p><b>Comment:</b> Workshop scheduled with the Full Council in 11 March 2025.</p>



**Action items from previous Finance, Risk and Assurance Committee Meetings**

<p>21 November 2024</p>	<p><b>Harbour Management – Risk and Compliance Update – Report 24.579</b> [For Information]</p> <p><b>Noted:</b> The Committee requested that officers provide a graphic showing the layout of buoys and separation of swimmers from watercraft in Wellington Harbour.</p>	<p><b>Status:</b> Closed</p> <p><b>Comment:</b> Graphic showing the layout of buoys and separation of swimmers from watercraft in Wellington Harbour will be included in the Harbours report.</p>
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**Finance Risk and Assurance Committee**  
**25 February 2025**  
**Report 25.43**



**For Decision**

## **QUARTERLY FINANCE UPDATE – QUARTER TWO**

### **Te take mō te pūrongo**

#### **Purpose**

1. To advise the Finance, Risk and Assurance Committee (the Committee) of Greater Wellington Regional Council's (Greater Wellington) summary financial reports for the period ended 31 December 2024.

### **He tūtohu**

#### **Recommendation**

That the Committee:

2. **Accepts** the financial report for the second quarter ended 31 December 2024, including [Attachment 1](#).

### **Te tāhū kōrero**

#### **Background**

3. The Committee is responsible for overseeing, reviewing and reporting on Greater Wellington's financial management, including tracking how the financial result is performing against the first year of 2024-34 Long Term Plan.
4. Regular review of financial results is needed for effective management enabling informed decision making, performance evaluation and for compliance and accountability while highlighting potential risks to assets and services.
5. The full year forecast has been updated after the second quarter, except for Metlink Group, whose updated forecast will be provided in the next report.

### **Te tātaritanga**

#### **Analysis**

6. The result to December 2024 is a \$3 million operating surplus. Greater Wellington had budgeted for an operating surplus of \$26 million. The main drivers for the variance have been outlined below.

**Total Operating Revenue is \$52 million lower than budgeted, materially driven by the following items:**

7. Grants and subsidies revenue is lower than budget by \$47 million, mainly due to reassessed revenue recognition milestones with Lower North Island Rail Integrated Mobility (LNIRIM), as well as the New Zealand Transport Agency – Waka Kotahi (NZTA) decision not to fully fund National Land Transport Plan (NLTP) projects. Full year forecasts have been updated, resulting in a variance of \$67 million - \$21 million relating to the National Land Transport Plan (NLTP), \$47 million relating to LNIRIM spending delays and \$5 million relating to lower OPEX spend. This is partially offset by unbudgeted crown revenue for flood protection.
8. Other revenue is lower by \$5 million materially driven by farebox revenue being lower than anticipated (\$8 million), offset by higher interest revenue. Metlink is currently reviewing their Year-End forecasts including the \$9.5 million lower fare revenue assumption and finding OPEX savings to ensure GW maintains a balanced budget.

**Total Operating Expenditure is \$29 million lower than budgeted, materially driven by the following items:**

9. Year to date Grants and Subsidies expenditure is under by \$20 million largely due to delays in rail network renewals and the National Ticketing Solution (NTS) project moving from an expense to a prepaid asset. The change in NTS accounting treatment is expected to result in a \$27 million variance by the end of June 2025, with the expenditure still expected to be incurred but recorded on the balance sheet.
10. Year to date Consultants, Contractors and Suppliers are lower than budget by \$14 million, primarily due to lower spending across Environment and Public Transport. A full year forecast of \$12 million underspend is expected across all groups.

**Capital Delivery**

11. Year-to-date capital expenditure is lower than budget due to delays in Riverlink property purchase negotiations and the agreed reduction in the Metlink capital programme to align with reduced NLTP funding.
12. The forecast is indicating a full year underspend of \$39 million driven by a \$21 million underspend from unapproved funding from Waka Kotahi on NLTP projects. Water's Te Mārua capacity optimisation project is expecting a \$14 million underspend, of which an agreed amount up to \$9 million would be rebudgeted into the next year. The remaining amount of \$4 million is composed of smaller projects across the groups.
13. LNIRIM spend profile and cashflow has changed from the initial business case due to revised revenue recognition milestones. The 24/25 reduction in spend (\$14m from \$67m) does not indicate a material delay or reduction in overall programme cost.

**Ngā hua ahumoni**  
**Financial implications**

14. This report presents the financial health and performance of Greater Wellington for the Committee's consideration. Metlink financial performance is being closely monitored and an update will be provided in the next FRAC meeting. There are no other immediate financial implications to the report.

**Ngā Take e hāngai ana te iwi Māori**  
**Implications for Māori**

15. There are no known implications for Māori.

**Ngā tikanga whakatau**  
**Decision-making process**

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

**Te hiranga**  
**Significance**

17. Officers considered the significance (as defined by Part 6 of the Local Government Act 2002) of the matters for decision, taking into account Council's *Significance and Engagement Policy* and Greater Wellington's *Decision-making Guidelines*. Officers consider that the matters outlined in the report are of low significance because of their administrative nature.

**Te whakatūtakitaki**  
**Engagement**

18. Because of the low significance no external engagement is necessary.

**Ngā tūāoma e whai ake nei**  
**Next steps**

19. The third quarterly financial report will be presented at the Committee's meeting on 13 May 2025.

**Ngā āpitihanga**

**Attachment**

Number	Title
1	<a href="#">Financial Report – Q2</a>

**Ngā kaiwaitohu**

**Signatories**

Writers	Darryl Joyce – Kaiwhakahaere Matua   Manager Accounting Services
Approvers	Ashwin Pai – Kaiwhakahaere Matua   Head of Finance Alison Trustrum-Rainey – Kaiwhakahaere Matua, Pūtea me ngā Tūraru   Group Manager Finance and Risk

<p style="text-align: center;"><b>He whakarāpopoto i ngā huritaonga</b> <b>Summary of considerations</b></p>
<p><b><i>Fit with Council’s roles or with 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.</p>
<p><b><i>Contribution to Annual Plan / Long Term Plan / Other key strategies and policies</i></b></p> <p>The report reviews performance against the budget set in the first year of 2024-34 Long Term Plan.</p>
<p><b><i>Internal consultation</i></b></p> <p>This report has been drafted following contributions from Finance Business Partners of Metlink, Environment and Corporate Services.</p>
<p><b><i>Risks and impacts - legal / health and safety etc.</i></b></p> <p>There are no risks arising from this report.</p>

# FRAC Report (Q2)

This report provides the financials for the period ended 31 December 2024:

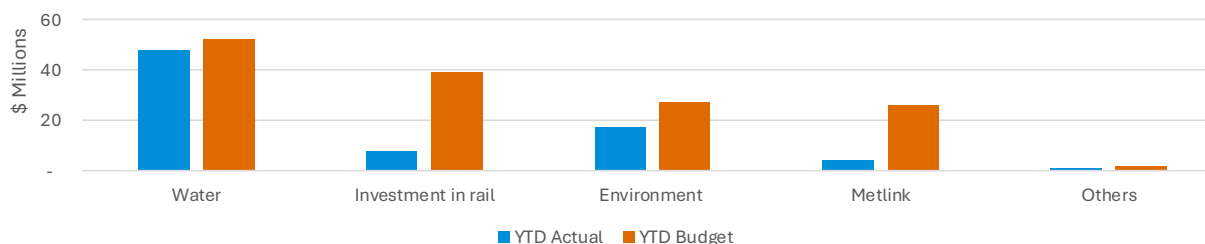
1. Comparisons to the budget set in the first year of 2024/2034 Long Term Plan and includes re-budgets approved by Council.
2. Projected variance for the full-year compares the approved budgets to the current forecast updated in January 2025, with the exception of Metlink Group. A Metlink updated forecast will be available in the next report.

## Summarised Profit and Loss as at December 2024

	Year to date				Full Year			
	Actual \$000s	Revised Budget \$000s	Variance \$000s		Forecast \$000s	Revised Budget \$000s	Variance \$000s	
<b>Operating Revenue</b>								
Rates and Levies	160,930	160,697	233	0%	321,821	321,531	290	0%
Grants and Subsidies	82,973	130,091	(47,118)	-36%	192,262	259,515	(67,253)	-26%
Other Revenue	66,461	71,892	(5,431)	-8%	149,591	147,866	1,726	1%
<b>Total Operating Revenue</b>	<b>310,364</b>	<b>362,680</b>	<b>(52,316)</b>	<b>-14%</b>	<b>663,675</b>	<b>728,912</b>	<b>(65,237)</b>	<b>-9%</b>
<b>Operating Expenditure</b>								
Personnel	50,469	50,992	(523)	-1%	101,460	101,168	292	0%
Grants and Subsidies	139,544	159,864	(20,320)	-13%	288,830	319,708	(30,878)	-10%
Consultants, Contractors and Suppliers	68,339	82,036	(13,698)	-17%	150,576	162,739	(12,162)	-7%
Finance Costs	30,972	26,827	4,144	15%	62,534	56,154	6,380	11%
Depreciation	18,417	16,904	1,513	9%	34,257	34,149	108	0%
<b>Total Operating Expenditure</b>	<b>307,740</b>	<b>336,623</b>	<b>(28,883)</b>	<b>-9%</b>	<b>637,657</b>	<b>673,918</b>	<b>(36,261)</b>	<b>-5%</b>
<b>Operating Surplus/(Deficit) before other items</b>	<b>2,624</b>	<b>26,057</b>	<b>(23,433)</b>	<b>-90%</b>	<b>26,017</b>	<b>54,994</b>	<b>(28,976)</b>	<b>-53%</b>
Fair Value Movements	(24,758)	-	(24,758)	0%	(35,857)	(5,407)	(30,450)	563%
<b>Operating Surplus/(Deficit)</b>	<b>(22,134)</b>	<b>26,057</b>	<b>(48,191)</b>	<b>-185%</b>	<b>(9,840)</b>	<b>49,587</b>	<b>(59,427)</b>	<b>-120%</b>
<b>Capital Expenditure</b>	<b>69,821</b>	<b>106,736</b>	<b>(36,915)</b>	<b>-35%</b>	<b>177,182</b>	<b>216,370</b>	<b>(39,188)</b>	<b>-18%</b>
Investment in Greater Wellington Rail	7,505	39,157	(31,652)	-81%	24,439	78,315	(53,875)	-69%

\*\* Revised budget is budget set in the first year of 2024-34 Long-Term Plan plus re-budgets approved by Council

### Capital Expenditure by Group



- Year-to-date **Grants and Subsidies revenue** is lower by \$47 million due to revised revenue recognition milestones with Lower North Island Rail Integrated Mobility (LNIRIM) and the decision on the National Land Transport Plan (NLTP) projects. Full year forecasts have been updated to reflect this, resulting in a full year variance of \$67 million - NLTP funding (\$21 million), lower OPEX spend (\$5 million) and LNIRIM spending delays (\$47 million). This is partially offset by unbudgeted crown revenue for flood protection (\$6 million).
- Year-to-date **Other revenue** is \$5 million lower mainly due to Farebox Revenue being \$8 million lower than anticipated, offset by higher interest revenue. Metlink is currently reviewing all their Year-End forecasts including the \$9.5 million lower fare revenue assumption and finding OPEX savings to ensure GW maintaining a balanced budget.
- Year-to-date **Grants and Subsidies expenditure** is \$20 million under primarily due to delays in rail network renewals and the change in the National Ticketing Solution (NTS) accounting treatment with the OPEX still being incurred but required to be recorded on the balance sheet. Of the full year variance of \$31 million, \$27 million relates to the NTS accounting treatment change.
- Year-to-date **capital expenditure** is lower than budgeted due to delays in Riverlink property purchase negotiations and the agreed reduction in the Metlink capital programme to align with reduced NLTP funding.
- The forecast is indicating a full year underspend of \$39 million driven by a \$21 million underspend from unapproved funding from Waka Kotahi on NLTP projects. Water's Te Mārua capacity optimisation project is expecting a \$14 million underspend, of which an agreed amount up to \$9 million will be rebudgeted into 2025/26. The remaining \$4 million is composed of smaller projects across the groups.
- The **LNIRIM** spend profile and cashflow has changed from the initial business case. The 24/25 reduction in spend (\$14m from \$67m) does not indicate a material delay or reduction in overall programme cost. The project is still targeting to award the rolling stock contract before the end of 24/25, but now without significant down payments once awarded.

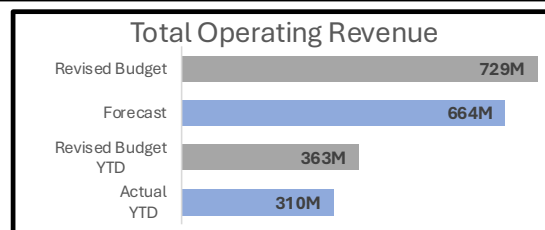
#### Other Items of Interest:

- Council is fully compliant with the Treasury Risk Management Policy as of 31 December 2024.
- Council currently holds investments (excluding subsidiaries) of \$404 million up from a starting balance of \$315 million on 1 July 2024. This includes water contingency investments of \$50 million, and pre-funding of \$175 million.
- Council currently has gross external debt of \$1.2 billion with a net debt of \$787 million, of which \$175 million is pre-funded debt.



## Key Variance Commentary

Attachment 1 to Report 25.43



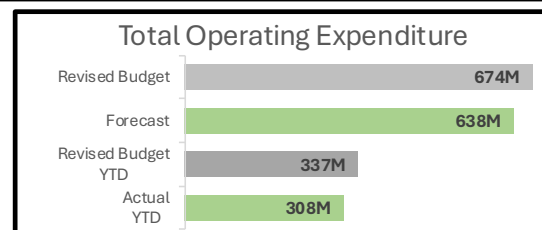
**Metlink PT** – Year-to date grants and subsidies are below budget mainly due to reassessed revenue recognition milestones with LNIRIM and as well as the NZTA decision not to fully fund NLTP projects, **\$51 million**. Full year forecasts have been updated to reflect this resulting in a variance of **\$73 million** - \$21 million relating to the NLTP and \$47 million relating to LNIRIM spending delays and a \$5m reduction from lower operational costs and other Capital Projects.

Year-to date farebox revenue is under budget by **\$8 million** driven by changing travel patterns for longer distance customers and the mix of passengers. Metlink is currently reviewing all their Year-End forecasts including the **\$9.5 million** lower fare revenue assumption.

**Environment** - Grants and subsidies is **\$3 million** above budget mainly due to unbudgeted Crown revenue for the Flood Resilience capex programme (full year forecast of **\$6 million** favourable).

**Investment** – YTD additional financing and interest revenue, **\$5 million**. This is partially offset by additional financing costs.

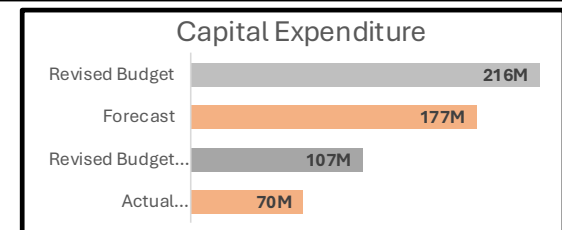
This trend flows into the full year forecast numbers and should provide a net **\$2 million** positive impact once additional revenues have been partially offset with additional costs.



**Metlink PT** – Year-to date grants and subsidies are under by **\$20 million** due to changes in the accounting treatment for the NTS project moving from an expense to a Prepaid Asset. This will be released when the NTS system goes live (\$11 million YTD variance). The remaining \$9 million is due to delays in rail network renewals and decarbonisation. Of the **\$31 million** full year variance, \$27 million is related to NTS.

**Environment** – Underspend across Knowledge & Insights, Policy Natural Resources Plan, Catchment Management, Sustainable land use fund, Resource Consents, Cracked Willows, and Predator Free Wellington, **\$5 million**. By year end, the group is forecasting **\$7 million** underspend for Pinehaven, FMP planning, Policy and Sustainable Land Use projects.

**Investment** – YTD Finance costs are **\$4 million higher**, mainly due to prefunding. This is offset by additional interest revenue. This trend flows into the full year forecast numbers and should provide a net **\$2 million** positive impact once additional costs have been offset with additional revenue.



**Metlink PT** – Council have decided to re priorities Greater Wellingtons budgeted contribution of remaining NLTP projects, causing delays in spending, **\$22 million** year to date. Full year NLTP forecasts have had the NZTA funding portion of **\$21 million** removed.

**Environment** – RiverLink implementation and property purchases are behind budget due to timing of negotiations, **\$11 million**. This variance is expected to reduce to **\$3.5 million** by year end.

**Water Supply** – The projects are overall progressing well, with just **\$4 million** lower spend YTD. The group is forecasting a **\$14 million** underspend in full year, largely driven by Te Marua Water Treatment Capacity Optimisation, with work rescheduled to better support network water supply constraints. An agreed amount of up to \$9 million will be rebudgeted to next year.

# Environment December 2024

Attachment 1 to Report 25.43

Favourable:  Caution:  Unfavourable: 

## Environment Group

December 2024

	Year to Date				Full Year			
	Actual \$000	Budget \$000	\$ Variance \$000	% Variance	Forecast \$000	Budget \$000	\$ Variance \$000	% Variance
<b>Operational Revenue</b>								
Rates	53,465	53,465	-	0%	107,067	107,067	(00)	0%
Grants & Subs	4,941	1,575	3,367	214%	9,019	2,699	6,319	234%
Fees Charges & Other	12,266	12,432	(166)	-1%	24,100	23,787	313	1%
<b>Total Operating Revenue</b>	<b>70,672</b>	<b>67,471</b>	<b>3,201</b>	<b>5%</b>	<b>140,185</b>	<b>133,552</b>	<b>6,633</b>	<b>5%</b>
<b>Operational Expenditure</b>								
Personnel	20,996	21,295	(300)	-1%	42,454	42,662	(208)	0%
Materials, Supplies & Services	5,031	4,662	369	8%	10,188	9,649	539	6%
Contractor & Consultants	14,233	19,679	(5,446)	-28%	31,580	39,043	(7,463)	-19%
Grants & Subsidies Expenditure	128	83	45	55%	199	214	(15)	-7%
Other	2,924	2,489	435	17%	5,186	4,654	532	11%
Interest	6,290	6,349	(60)	-1%	13,225	13,496	(271)	-2%
<b>Total Operating Expenditure</b>	<b>49,601</b>	<b>54,557</b>	<b>(4,956)</b>	<b>-9%</b>	<b>102,833</b>	<b>109,718</b>	<b>(6,885)</b>	<b>-6%</b>
Overheads	13,514	13,516	(02)	0%	27,041	27,024	17	0%
<b>Operational Surplus/(Deficit)</b>	<b>7,557</b>	<b>(602)</b>	<b>8,159</b>	<b>-1355%</b>	<b>10,311</b>	<b>(3,190)</b>	<b>13,501</b>	<b>-423%</b>
<b>Net Capital Expenditure</b>	<b>16,953</b>	<b>27,234</b>	<b>(10,281)</b>	<b>-38%</b>	<b>56,866</b>	<b>57,367</b>	<b>(501)</b>	<b>-1%</b>

### Top Projects by Direct Expenditure for Environment Group

Project Name	Year to Date			Full Year			Project Type
	Actual \$000's	Budget \$000's	Variance \$000's	Forecast \$000's	Budget \$000's	Variance \$000's	
RiverLink Implementation	12,058	14,788	-18.46%	27,233	28,015	782	Capital - New
RiverLink Property Purchase	164	8,492	-98.07%	14,233	16,985	2,752	Capital - New
Flood Operations Delivery	4,236	4,669	-9.29%	8,650	9,128	479	Operational
Total Knowledge - Flood	1,439	2,824	-49.02%	4,621	5,635	1,014	Operational
Pinehaven FMP Implementation	869	1,000	-13.06%	1,169	4,000	2,831	Operational
Pest Animals	2,380	2,218	7.33%	4,456	4,414	(42)	Operational

Operating Revenue is **\$3.2m favourable** due to:

- **Grants and subsidies** is \$3.4m above budget with \$2.3m due to unbudgeted Crown revenue for Flood Resilience Tranche 1 capex programme (full year forecast of \$6.3m favourable). Ruamahanga Buffers, Wairarapa Moana, Hill Country Erosion and Fish Passage being ahead of schedule, offset by additional expenditure.
- **Fees and charges** is \$0.2m below budget- Sustainable land use (\$0.4m unfavourable) and Cracked Willows (\$0.8m unfavourable) offset by reduced expenditure. Akura Plan Nursery, Flood Operations and Environment Restoration are favourable.



Operating Expenditure is **favourable \$5.0m** due to:

- **Personnel** is \$0.3m below budget due to vacancies across several activities.
- **Materials** is \$0.4m above budget due to parks restoration winter planting progress. Forecast to be \$0.5m over budget relating to work carried forward from 2023/24.
- **Contractor & Consultants** is \$5.4m behind budget due to underspends in Knowledge & Insights (\$1m mainly for Floodplain Management Planning), Policy Plan Change (\$1m), Catchment Management (\$0.7m), Sustainable land use fund (\$0.7m), Consents Management (\$0.5m), Cracked Willows (\$0.6m) and Pinehaven (\$0.1m). The forecast incorporates underspends for Pinehaven (\$3m) (under review), FMP planning, Policy Plan Change (\$1.5m) and Sustainable Land Use projects.



Capital Expenditure is **under budget by \$10.3m** due to:

- RiverLink property purchases are \$8.3m behind budget due to delays with negotiation.
- RiverLink Implementation is \$2.7m under budget due to contractor cost savings on below ground demolition and Mills Street stopbank.
- The full year forecast includes \$4.8m of additional Flood Resilience works (Crown funded) and is offset by underspends against various flood implementation programs and RiverLink.



# Metlink December 2024

Favourable: ● Caution: ● Unfavourable: ●

## Metlink

December 2024

	Year to Date				Full Year			
	Actual \$000	Budget \$000	\$ Variance \$000	% Variance	Forecast \$000	Budget \$000	\$ Variance \$000	% Variance
<b>Operational Revenue</b>								
Rates	68,803	68,968	(166)	0%	137,937	137,937	00	0%
Grants & Subs	75,591	127,044	(51,453)	-41%	180,329	253,898	(73,568)	-29%
Fees Charges & Other	42,607	52,185	(9,577)	-18%	93,797	104,369	(10,572)	-10%
<b>Total Operating Revenue</b>	<b>187,001</b>	<b>248,197</b>	<b>(61,196)</b>	<b>-25%</b>	<b>412,063</b>	<b>496,204</b>	<b>(84,140)</b>	<b>-17%</b>
<b>Operational Expenditure</b>								
Personnel	7,547	7,427	120	2%	14,707	14,607	100	1%
Materials, Supplies & Services	3,325	4,391	(1,066)	-24%	8,162	8,777	(614)	-7%
Contractor & Consultants	9,826	16,400	(6,574)	-40%	30,129	32,811	(2,683)	-8%
Grants & Subsidies Expenditure	136,995	157,446	(20,450)	-13%	283,980	314,824	(30,843)	-10%
Other	00	38	(38)	-100%	123	73	50	68%
Interest	8,574	9,180	(606)	-7%	18,011	18,937	(927)	-5%
<b>Total Operating Expenditure</b>	<b>166,267</b>	<b>194,882</b>	<b>(28,614)</b>	<b>-15%</b>	<b>355,113</b>	<b>390,030</b>	<b>(34,917)</b>	<b>-9%</b>
Overheads	10,128	10,169	(41)	0%	20,235	20,256	(21)	0%
<b>Operational Surplus/(Deficit)</b>	<b>10,605</b>	<b>43,146</b>	<b>(32,540)</b>	<b>-75%</b>	<b>36,715</b>	<b>85,918</b>	<b>(49,202)</b>	<b>-57%</b>
<b>Net Capital Expenditure</b>	<b>4,090</b>	<b>25,848</b>	<b>(21,757)</b>	<b>-84%</b>	<b>28,839</b>	<b>51,695</b>	<b>(22,856)</b>	<b>-44%</b>
<b>Investment in Greater Wellington Rail</b>	<b>7,505</b>	<b>39,157</b>	<b>(31,652)</b>	<b>-81%</b>	<b>24,439</b>	<b>78,315</b>	<b>(53,875)</b>	<b>-69%</b>

### Top Projects by Direct Expenditure for Metlink & Rail

December 2024

Project Name	Year to Date			Full Year			Project Type
	Actual	Budget	Variance	Forecast	Budget	Variance	
AI - Fixed Asset Maintenance CAPEX	2,209	2,293	(84)	4,141	4,586	(445)	Capital - New
Lower North Island Rail Integrated Mobility (LNIRIM) Program	3,337	33,570	(30,232)	13,868	67,139	(53,271)	Capital - New
AI - Rolling Stock Capex	2,089	2,321	(232)	4,061	4,642	(581)	Capital - New
GWRC - Ticketing/Transition	4,559	10,377	(5,818)	24,271	34,704	(10,433)	Opex & Capex

### Operating Revenue unfavourable \$62m due to:

- **Grants and Subsidies** – The year-to-date variance is primarily due to capital delays and changes in project approvals and spending. Significant impacts are:
  - LNIRIM milestones have been adjusted and account for \$30 million lower than budget.
  - Approval delays in the NLTP Significant and Low Cost Low Risk Projects have a \$3 million variance
  - Lower operational spending and farebox revenue contribute \$18 million.
- The full-year forecast now reflects these adjustments, resulting in a \$73 million variance from the budget. This includes \$21 million from NLTP decisions, \$47 million from LNIRIM spending delays, and a \$5m reduction from lower operational costs and other Capital Projects.
- **Fees and Charges** This is primarily due to Farebox Revenue being lower than anticipated by \$8m. Mainly due to patronage for Rail being below forecast, driven by changing travel patterns for longer distance customers and the mix of passengers. Full year forecasts have been reduced by \$9.5m in the October full year Forecast to account for the latest estimated farebox revenue shortfall as current budget phasing is straight line and not reflecting seasonal patterns. An updated forecast for the farebox revenue will be available in the next report.



### Operating Expenditure is favourable \$28.6m due to:

- **Contractors & Consultants** due to delays in spending for the second spine, new bus routes and accessibility projects while government and WCC decide its direction.
- **Grants & subsidies expenditure** are under due to changes in the accounting treatment for the NTS project moving from an expense to a Prepaid Asset because of advice from PwC. This will be released when the NTS system goes live (\$11m YTD variance). The remaining \$9m is due to delays in rail network renewals and decarbonisation. Of the \$31m full year variance, \$27m is related to NTS.



### Capital Expenditure Bus and Investment in Rail is underspent \$53.4m due to:

- LNIRIM milestones have been adjusted. Project is expected to begin in the third quarter of the year with the forecast for full year being \$14m.
- Significant projects including the Asset Control Strategy and all Low Cost Low Risk has not been approved for funding support from Waka Kotahi. Council have decided to re priorities Greater Wellingtons budgeted contribution of remaining NLTP projects.



# Water Supply December 2024

Favourable:  Caution:  Unfavourable: 

## Water Supply

December 2024

	Year to Date				Full Year			
	Actual \$000	Budget \$000	\$ Variance \$000	% Variance	Forecast \$000	Budget \$000	\$ Variance \$000	% Variance
<b>Operational Revenue</b>								
Rates	33,866	33,866	00	0%	67,731	67,731	00	0%
Fees Charges & Other	1,745	1,582	164	10%	3,332	3,092	241	8%
<b>Total Operating Revenue</b>	<b>35,611</b>	<b>35,447</b>	<b>164</b>	<b>0%</b>	<b>71,064</b>	<b>70,823</b>	<b>241</b>	<b>0%</b>
<b>Operational Expenditure</b>								
Materials, Supplies & Services	5,544	5,623	(79)	-1%	11,322	11,216	106	1%
Contractor & Consultants	13,833	13,870	(37)	0%	27,647	27,740	(94)	0%
Other	-	01	(01)	-100%	01	02	(01)	-42%
Interest	8,730	8,517	213	3%	18,473	18,353	120	1%
<b>Total Operating Expenditure</b>	<b>28,107</b>	<b>28,011</b>	<b>96</b>	<b>0%</b>	<b>57,443</b>	<b>57,311</b>	<b>132</b>	<b>0%</b>
Overheads	1,594	1,592	02	0%	3,186	3,189	(02)	0%
<b>Operational Surplus/(Deficit)</b>	<b>5,910</b>	<b>5,844</b>	<b>65</b>	<b>1%</b>	<b>10,434</b>	<b>10,323</b>	<b>111</b>	<b>1%</b>
<b>Net Capital Expenditure</b>	<b>47,870</b>	<b>52,201</b>	<b>(4,331)</b>	<b>-8%</b>	<b>90,000</b>	<b>104,402</b>	<b>(14,402)</b>	<b>-14%</b>

### Top Capex Projects by Direct Expenditure for Water Supply December 2024

Project Name	Year to Date			Full Year			Project Type
	Actual \$000's	Budget \$000's	Variance \$000's	Forecast \$000's	Budget \$000's	Variance \$000's	
TM WTP Capacity Optimisation	20,045	19,642	403	29,673	45,239	(15,566)	Capital - New
Relocate Kaitoke Main on SS Bridge	19,574	18,923	651	33,933	23,838	10,095	Capital - New
Kaitoke Flume Bridge	1,609	2,530	(921)	1,939	4,789	(2,850)	Capital - New
Te Marua Treatment Plant Equipment	601	277	324	1,818	1,485	333	Capital - New
GI and WL Wells Replace Stage2	440	1,239	(799)	2,337	5,373	(3,036)	Capital - New
Waterloo Treatment Plant Equip	364	277	87	1,480	1,484	(4)	Capital - New
Treatment Plants Reactive Renewals	206	382	(176)	1,545	2,047	(502)	Capital - New
Rocky Pt & Ngauranga Pipe Connect	163	316	(153)	972	2,866	(1,894)	Capital - New
WL WTP Building Ventilation SP2 Upgrade	60	776	(716)	234	1,535	(1,301)	Capital - New
Johnsonville Pump Station Renew	26	520	(494)	220	1,300	(1,080)	Capital - New

Operating Revenue is **favourable by \$0.2m** due to:

- **Fees charges & other** is \$0.2m above budget due to an insurance claim for George Creek bridge.



Operating Expenditure is **unfavourable by \$0.1m** due to:

- **Materials, Supplies & Services** \$0.1m favourable due to underspend on rent, insurance & power, partially offset by increased rates.
- **Interest costs** is \$0.2m unfavourable mainly due to higher debt opening balance. Savings on interest cost is forecasted at the end of this year due to Capex underspend, therefore, this variance will decrease.



Capital Expenditure **\$4.0m** underspend.

- TM WTP Capacity Optimisation – Forecasting a \$15.6m underspend this year which an agreed amount of up to \$9m will be rebudgeted to next year.
- Silverstream Pipe Bridge works are progressing well. Full year forecast have significantly increased, allows for design changes and potential contractor claims.
- Kaitoke Flume Bridge physical works are now complete, and the total cost is expected to be within the overall project budget.
- Gear Island and Waterloo Wells replacement is in the design phase, Waterloo Treatment Plant equipment project has been re-profiled and Waterloo WTP Building ventilation project rescheduled.
- The Rocky Point to Ngauranga Valve Chamber Connections project has been scheduled to Q4, due to managing delivery around peak summer demand periods. Johnsonville pump station renewal in design phase.



# Investment December 2024

Attachment 1 to Report 25.43

Favourable:  Caution:  Unfavourable: 

## Investment Management

December 2024

	Year to Date				Full Year			
	Actual \$000	Budget \$000	\$ Variance \$000	% Variance	Forecast \$000	Budget \$000	\$ Variance \$000	% Variance
<b>Operational Revenue</b>								
Rates	(7,280)	(7,280)	-	0%	(14,560)	(14,560)	-	0%
Fees Charges & Other	10,112	5,113	4,999	98%	27,083	15,113	11,970	79%
<b>Total Operating Revenue</b>	<b>2,832</b>	<b>(2,167)</b>	<b>4,999</b>	<b>-231%</b>	<b>12,523</b>	<b>553</b>	<b>11,970</b>	<b>2163%</b>
<b>Operational Expenditure</b>								
Personnel	2	1	1	138%	3	2	1	60%
Materials, Supplies & Services	16	37	(21)	-56%	(64)	(54)	(10)	18%
Contractor & Consultants	113	86	27	31%	180	194	(14)	-7%
Other	347	347	-	0%	693	693	-	0%
Interest	6,485	1,807	4,678	259%	11,200	3,368	7,832	233%
<b>Total Operating Expenditure</b>	<b>6,963</b>	<b>2,278</b>	<b>4,685</b>	<b>206%</b>	<b>12,013</b>	<b>4,204</b>	<b>7,810</b>	<b>186%</b>
Overheads	26	25	-	0%	52	52	-	1%
<b>Operational Surplus/(Deficit)</b>	<b>(4,157)</b>	<b>(4,470)</b>	<b>313</b>	<b>-7%</b>	<b>458</b>	<b>(3,702)</b>	<b>4,159</b>	<b>-112%</b>
<b>Net Capital Expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>

Operating Revenue is **favourable \$5.0m** due to:

- Fees Charges & Other - this is a favourable variance due to \$5.0m additional financing and interest revenue that are:
  - investing funds raised in advance of the contractual repayment date of LGFA maturities
  - prefunding of future CAPEX payments by issuing Commercial paper and raising LGFA debt
  - investing excess liquidity
- The full year variance of \$12m is mainly due to \$3.5m higher subvention revenue, investing monies from prefunded debt as well as investing liquidity in short dated term deposits.



Operating Expenditure is **unfavourable by \$4.7m** due to:

- External interest costs are \$4.7m above budget, primarily because of prefunding which is offset by increased revenue.
- External interest costs are forecasted to be \$7.8m above budget, mainly due to the cost of prefunding debt maturities, offset by lower than budgeted interest expense on unhedged floating debt.



# People & Customer December 2024

Attachment 1 to Report 25.43

Favourable:  Caution:  Unfavourable: 

## People & Customer

December 2024

	Year to Date				Full Year			
	Actual \$000	Budget \$000	\$ Variance \$000	% Variance	Forecast \$000	Budget \$000	\$ Variance \$000	% Variance
<b>Operational Revenue</b>								
Fees Charges & Other	97	95	1	1%	188	191	(2)	-1%
<b>Total Operating Revenue</b>	<b>97</b>	<b>95</b>	<b>1</b>	<b>1%</b>	<b>188</b>	<b>191</b>	<b>(2)</b>	<b>-1%</b>
<b>Operational Expenditure</b>								
Personnel	6,101	6,065	35	1%	11,986	11,986	-	0%
Materials, Supplies & Services	679	824	(145)	-18%	1,540	1,648	(108)	-7%
Contractor & Consultants	292	299	(7)	-2%	450	599	(149)	-25%
Other	724	503	221	44%	1,448	1,006	442	44%
Interest	04	80	(76)	-95%	04	179	(175)	-98%
<b>Total Operating Expenditure</b>	<b>7,800</b>	<b>7,772</b>	<b>28</b>	<b>0%</b>	<b>15,428</b>	<b>15,417</b>	<b>11</b>	<b>0%</b>
Overheads	(7,802)	(7,863)	60	-1%	(15,571)	(15,605)	33	0%
<b>Operational Surplus/(Deficit)</b>	<b>99</b>	<b>187</b>	<b>(87)</b>	<b>-47%</b>	<b>332</b>	<b>378</b>	<b>(47)</b>	<b>-12%</b>
<b>Net Capital Expenditure</b>	<b>302</b>	<b>890</b>	<b>(588)</b>	<b>-66%</b>	<b>361</b>	<b>1,780</b>	<b>(1,419)</b>	<b>-80%</b>

Operating Revenue is **on budget**



Operating Expenditure is **on budget** with:



- Materials, Supplies & Services \$145k favourable driven by an underspend in Customer Engagement. At this stage, we forecast savings in Advertising and Campaigns.
- Other \$221k unfavourable with vehicle running costs higher than anticipated. Cost pressures as well as increased vehicle usage are driving costs up higher than budget.

Capex Projects for People & Customer  
December 2024

Project Name	Year to Date			Full Year			Project Type
	Actual \$000's	Budget \$000's	Variance \$000's	Forecast \$000's	Budget \$000's	Variance \$000's	
Website Development	-	39	(39)	78	78	-	Capital - New
Vehicle Purchases	302	851	(549)	1,702	1,702	-	Capital - New

Capital Expenditure is **\$0.6m underspent** due to vehicle purchases



# Strategy December 2024

Attachment 1 to Report 25.43

Favourable: ● Caution: ● Unfavourable: ●

## Strategy

December 2024

	Year to Date				Full Year			
	Actual \$000	Budget \$000	\$ Variance \$000	% Variance	Forecast \$000	Budget \$000	\$ Variance \$000	% Variance
<b>Operational Revenue</b>								
Rates	6,196	6,147	49	1%	12,294	12,294	(00)	0%
Grants & Subs	1,467	1,863	(397)	-21%	3,410	3,700	(290)	-8%
Fees Charges & Other	482	464	17	4%	883	883	-	0%
<b>Total Operating Revenue</b>	<b>8,144</b>	<b>8,474</b>	<b>(330)</b>	<b>-4%</b>	<b>16,586</b>	<b>16,876</b>	<b>(290)</b>	<b>-2%</b>
<b>Operational Expenditure</b>								
Personnel	3,743	3,962	(219)	-6%	7,436	7,738	(302)	-4%
Materials, Supplies & Services	979	830	148	18%	1,783	1,777	06	0%
Contractor & Consultants	636	775	(139)	-18%	1,574	1,879	(305)	-16%
Grants & Subsidies Expenditure	2,420	2,435	(15)	-1%	4,651	4,671	(20)	0%
Other	64	77	(13)	-17%	148	155	(07)	-4%
Interest	114	68	45	67%	154	136	18	13%
<b>Total Operating Expenditure</b>	<b>7,957</b>	<b>8,148</b>	<b>(192)</b>	<b>-2%</b>	<b>15,745</b>	<b>16,355</b>	<b>(610)</b>	<b>-4%</b>
Overheads	131	187	(56)	-30%	219	262	(43)	-16%
<b>Operational Surplus/(Deficit)</b>	<b>57</b>	<b>139</b>	<b>(82)</b>	<b>-59%</b>	<b>622</b>	<b>259</b>	<b>363</b>	<b>140%</b>
<b>Net Capital Expenditure</b>	<b>06</b>	<b>32</b>	<b>(26)</b>	<b>-81%</b>	<b>54</b>	<b>64</b>	<b>(10)</b>	<b>-16%</b>

Operating Revenue **\$0.3m unfavourable** due to:

- **Grants & Subs:** with revenue from WRRLC that will not be invoiced this year as we are now expecting to utilise WRRLC's existing reserve.



Operating Expenditure is **favourable \$0.2m** due to:

- **Personnel** \$219k favourable due to vacancies in the group.
- **Contractors and Consultants** \$139k underspend mainly in the regional transport planning.



Capex Project for Strategy  
December 2024

Project Name	Year to Date			Full Year			Project Type
	Actual \$000's	Budget \$000's	Variance \$000's	Forecast \$000's	Budget \$000's	Variance \$000's	
Transport Model	6	32	(26)	64	64	-	Capital - New

Capital Expenditure is **\$26k underspent** which we are forecasting to spend in the second half of the financial year.



# Corporate Services December 2024

Attachment 1 to Report 25.43

Favourable:  Caution:  Unfavourable: 

## Corporate Services

December 2024

	Year to Date				Full Year			
	Actual \$000	Budget \$000	\$ Variance \$000	% Variance	Forecast \$000	Budget \$000	\$ Variance \$000	% Variance
<b>Operational Revenue</b>								
Rates	1,043	875	168	19%	2,000	1,749	251	14%
Grants & Subs	547	200	346	173%	653	400	252	63%
Fees Charges & Other	530	473	57	12%	932	904	28	3%
<b>Total Operating Revenue</b>	<b>2,120</b>	<b>1,548</b>	<b>572</b>	<b>37%</b>	<b>3,585</b>	<b>3,053</b>	<b>531</b>	<b>17%</b>
<b>Operational Expenditure</b>								
Personnel	7,878	7,755	123	2%	15,547	15,254	293	2%
Materials, Supplies & Services	5,791	6,269	(478)	-8%	11,742	12,538	(796)	-6%
Contractor & Consultants	3,634	5,154	(1,520)	-29%	9,572	10,359	(787)	-8%
Other	442	288	154	54%	673	488	186	38%
Interest	739	787	(49)	-6%	1,539	1,617	(79)	-5%
<b>Total Operating Expenditure</b>	<b>18,484</b>	<b>20,253</b>	<b>(1,769)</b>	<b>-9%</b>	<b>39,074</b>	<b>40,256</b>	<b>(1,183)</b>	<b>-3%</b>
Overheads	(17,619)	(17,658)	40	0%	(35,217)	(35,237)	20	0%
Warm Wellington	(49)	(287)	238	-83%	(99)	(582)	483	-83%
<b>Operational Surplus/(Deficit)</b>	<b>1,303</b>	<b>(760)</b>	<b>2,063</b>	<b>-271%</b>	<b>(173)</b>	<b>(1,384)</b>	<b>1,211</b>	<b>-88%</b>
<b>Net Capital Expenditure</b>	<b>600</b>	<b>531</b>	<b>69</b>	<b>13%</b>	<b>1,062</b>	<b>1,062</b>	<b>-</b>	<b>0%</b>

### Capex Projects for Corporate Services December 2024

Project Name	Year to Date			Full Year			Project Type
	Actual \$000's	Budget \$000's	Variance \$000's	Forecast \$000's	Budget \$000's	Variance \$000's	
EUS Hardware	446	431	15	862	862	-	Capital - New
Office Upgrades (CAPEX)	154	100	54	200	200	-	Capital - New

#### Operating Revenue is \$0.6m favourable due to:

- **Rates** \$168k favourable, due to rates penalties
- **Grants & Subs** \$346k favourable with additional revenue from DIA for Better-Off funded projects, this is fully offset in OPEX below



#### Operating Expenditure is \$1.6m favourable due to:

- **Materials, Supplies & Services** \$478k favourable, driven by delayed Software Licences in the first quarter of the year.
- **Contractors & Consultants** \$1.5m favourable mainly driven by ICT, with the ICT Strategy tracking under budget. We expect some delay in this programme of work which will seek to rebudget into future years.



Capital Expenditure is currently **\$69k overspent** due to the timing of the Ngāumatawa road office upgrade as well as the Cuba Street locker purchases.





# Te Hunga Whiriwhiri December 2024

Attachment 1 to Report 25.43

Favourable: ● Caution: ● Unfavourable: ●

## Te Hunga Whiriwhiri

December 2024

	Year to Date				Full Year			
	Actual \$000	Budget \$000	\$ Variance \$000	% Variance	Forecast \$000	Budget \$000	\$ Variance \$000	% Variance
<b>Operational Revenue</b>								
Rates	3,110	3,090	20	1%	6,180	6,180	-	0%
Grants & Subs	-	-	-	0%	-	-	-	0%
Fees Charges & Other	61	-	61	0%	120	-	120	0%
<b>Total Operating Revenue</b>	<b>3,171</b>	<b>3,090</b>	<b>81</b>	<b>3%</b>	<b>6,300</b>	<b>6,180</b>	<b>120</b>	<b>2%</b>
<b>Operational Expenditure</b>								
Personnel	1,573	1,546	27	2%	3,198	3,158	40	1%
Materials, Supplies & Services	51	40	11	28%	100	100	-	0%
Contractor & Consultants	1,484	1,574	(90)	-6%	1,900	1,880	20	1%
Other	08	13	(04)	-34%	14	14	-	0%
<b>Total Operating Expenditure</b>	<b>3,116</b>	<b>3,173</b>	<b>(57)</b>	<b>-2%</b>	<b>5,212</b>	<b>5,152</b>	<b>60</b>	<b>1%</b>
Overheads	514	518	(05)	-1%	1,027	1,027	-	0%
<b>Operational Surplus/(Deficit)</b>	<b>(459)</b>	<b>(601)</b>	<b>142</b>	<b>-24%</b>	<b>61</b>	<b>01</b>	<b>60</b>	<b>5874%</b>

Operating Revenue is **\$0.1m favourable** due to:

- **Fees Charges & Other** with internal revenue from the Environment Group to fund an additional role support Mauri Tūhono. This is being offset in OPEX below.



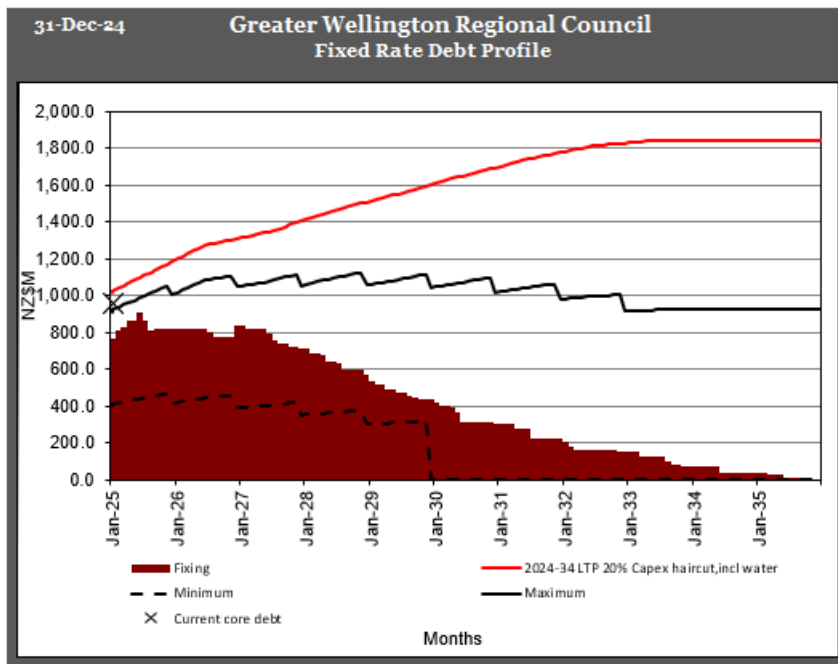
Operating Expenditure is **\$0.1m favourable** due to:

- **Personnel** slightly unfavourable at the end of December due to the additional role, funded by additional internal revenue from the Environment Group.  
 - **Contractors and Consultants** \$0.1m favourable at the end of December.



# Compliance with Treasury Risk Management Policy December 2024

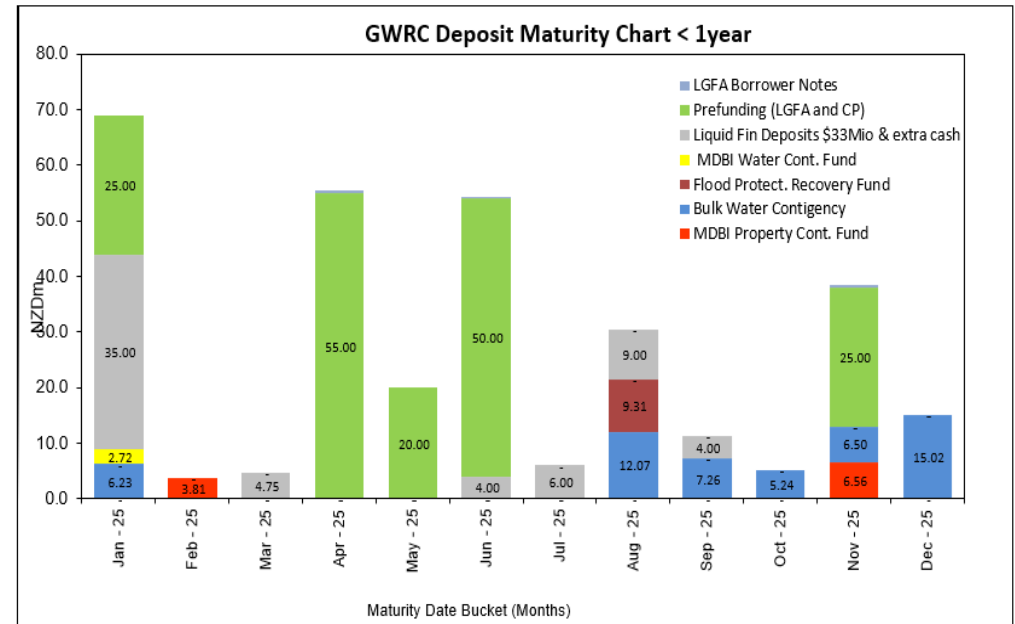
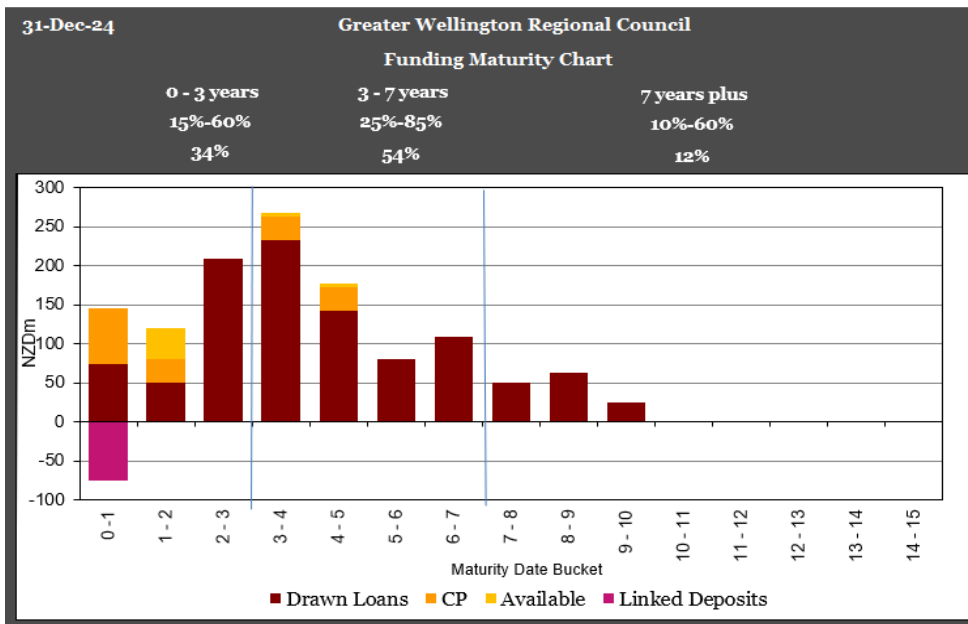
Attachment 1 to Report 25.43



Total Council Limit Compliance Analysis As at 31 December				Compliant		
				Yes	No	actual %
<b>Debt Interest Rate Policy Parameters - based on 2024-34 LTP less 20% haircut</b>						
Current	40% - 90%		✓			66%
year 1	40% - 90%		✓			69%
year 2	35% - 85%		✓			64%
year 3	30% - 80%		✓			51%
year 4	25% - 75%		✓			38%
year 5	20% - 70%		✓			27%
year 6	0% - 65%		✓			18%
year 7	0% - 60%		✓			13%
year 8	0% - 55%		✓			8%
year 9	0% - 50%		✓			4%
year 10	0% - 50%		✓			2%
year 11	0% - 50%		✓			0%
year 12	0% - 50%		✓			0%
year 13	0% - 50%		✓			0%
year 14	0% - 50%		✓			0%
year 15	0% - 50%		✓			0%
<b>The maturity of total external debt to fall within the following timebands</b>						
0 - 3 years	15% - 60%		✓			34%
3 - 7 years	25% - 85%		✓			54%
> 7 years	10% - 60%		✓			12%
<b>Counterparty credit exposure with New Zealand registered banks which have a credit rating of at least A-, long term, and A2 short term</b>						
				✓		
<b>Other counterparty exposure within policy limits</b>						
				✓		
<b>Maximum counterparty exposure with a NZ registered bank is within \$192 million limit</b>						
				✓		
<b>The repricing of liquid financial investments are to occur within the following timebands</b>						
0 - 1 year	70% - 100%		✓			100%
1 - 5 years	0% - 30%		✓			0%
<b>Core Council External Borrowing Limits - Ratios</b>						
Net Debt / Total Revenue < 285%				✓		116.6%
Net interest / Total Revenue < 20%				✓		6.4%
Net interest / Annual rates and levies < 30%				✓		11.6%
Liquidity > 110%				✓		120.4%

# GWRC Debt and Investment Maturity Profiles as at December 2024

Attachment 1 to Report 25.43



**Finance, Risk and Assurance Committee**  
**25 February 2025**  
**Report 25.15**



**For Information**

## **AUDIT NEW ZEALAND MANAGEMENT REPORTS FOR COUNCIL AND WRC HOLDINGS LIMITED GROUP**

### **Te take mō te pūrongo**

#### **Purpose**

1. To provide to the Finance, Risk and Audit Committee (the Committee) the June 2024 management reports, for Greater Wellington Regional Council (Greater Wellington) and WRC Holdings Limited Group (WRCHL), on any arising issues from Audit New Zealand (Audit NZ), the Council's external auditors.

### **Te tāhū kōrero**

#### **Background**

2. Audit NZ completes annual audit reviews as part of the 30 June financial year-end audit of Greater Wellington (and WRCHL).
3. Following the audit reviews, Audit NZ have sent an audit management report on both the entities.
4. The reports set out the audit findings, draws attention to areas where Greater Wellington and WRCHL is performing well and recommends areas for improvement.

### **Te tātaritanga**

#### **Analysis**

##### ***Greater Wellington***

5. Please refer to [Attachment 1 - Audit NZ management report to the Council – 30 June 2024](#).
6. The report notes that:
7. Audit NZ issued a non-standard audit report for the June 2024 financial year.
  - a. Audit NZ have qualified their audit opinion on the Council's service performance information relating to the reporting on greenhouse gas emissions.
  - b. Apart from the above, the financial statements and performance information are free from material misstatements.

8. Audit NZ have raised 3 new recommendations in the report:
  - a Intercompany journals
  - b Performance reporting
  - c Flood protection asset valuation report

**WRCHL**

9. Please refer to [Attachment 2 – Report to the Board on the audit of WRC Holdings Limited Group.](#)
10. The report notes that:
  - a Audit NZ issued an unmodified audit opinion on WRCHL group including Greater Wellington Rail Limited (GWRL)
  - b The financial statements and performance information are free from material misstatements, including omissions
11. There were no significant misstatements identified during the audit.
12. Audit NZ have raised 3 new recommendations in the report:
  - a Intercompany journals
  - b Performance reporting
  - c Cut off testing.

**Ngā hua ahumoni  
Financial implications**

13. There are no financial implications arising from this report.

**Ngā Take e hāngai ana te iwi Māori  
Implications for Māori**

14. There are no known impacts for Māori.

**Ngā tūāoma e whai ake nei  
Next steps**

15. Officers will report to the Committee in future meetings on progress in implementing the actions to address Audit NZ recommendations.

**Ngā āpitihanga  
Attachments**

Number	Title
1	<a href="#">Report to the Council on the audit of Greater Wellington Regional Council - June 2024</a>
2	<a href="#">Report to the Board on the audit of the WRC Holdings Limited Group – June 2024</a>

**Ngā kaiwaitohu  
Signatories**

Writer	Rajesh J Ratanjee – Kaikaute Pūtea   Financial Controller
Approvers	Ashwin Pai – Kaiwhakahaere Matua   Head of Finance Alison Trustrum-Rainey – Kaiwhakahaere Matua, Pūtea me ngā Tūraru   Group Manager, Finance & Risk

<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’s specific responsibilities include to “review the Council’s responses to any reports from the external auditors.”
<b><i>Contribution to Annual Plan / Long Term Plan / Other key strategies and policies</i></b> External audit provides assurance that the policies, controls, processes and systems in place at the Council will enable efficient delivery of the Long Term Plan and Annual Report.
<b><i>Internal consultation</i></b> The Finance and Risk and Strategy departments were consulted.
<b><i>Risks and impacts - legal / health and safety etc.</i></b> The Council’s management of relevant risks is addressed in the report.

# Report to the Council on the audit of

Greater Wellington Regional  
Council

For the year ended 30 June 2024



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## Key messages

We have completed the audit for the year ended 30 June 2024. This report sets out our findings from the audit and draws attention to areas where Greater Wellington Regional Council (Regional Council) is doing well and where we have made recommendations for improvement.

### Audit opinion

We have issued a non-standard audit report.

We qualified our audit opinion on the Regional Council's service performance information as our work was limited in relation to the measurement of greenhouse gas emissions (GHG).

The Regional Council's performance information includes a performance measure on the quantity of GHG emissions from the Regional Council and Group. This includes emissions generated directly by the Group itself, emissions from the services that the Council is responsible for (such as public transport) and emissions from the use of the Council's assets (such as grazing in regional parks). The Regional Council is still developing the systems and controls needed to produce reliable evidence to support the data inputs and estimations used in the measurement of GHG emissions.

Therefore, we were unable to obtain sufficient appropriate evidence to conclude whether the reported performance is materially correct.

Apart from the above-mentioned matters, we were satisfied that the financial statements and performance information are free from material misstatement.

### Matters arising during the audit

#### *Riverlink project accounting treatment*

The Regional Council obtained external accounting advice in relation to the treatment of the properties disposed to Waka Kotahi NZTA as part of the Riverlink project in June 2023. The accounting advice received recommended that the transaction be treated as a finance lease arrangement which we concurred with. We are satisfied that this is correctly accounted for and disclosed in the financial statements.

### Thank you

We would like to thank the Council, management and staff for their positive engagement and assistance during the audit. The audit was completed ahead of the original schedule and in a timelier manner, despite challenges with certain transactions. This is attributable to the open and collaborative way management and staff worked with us to address audit queries and findings.



Clint Ramoo  
Appointed Auditor  
19 December 2024

# 1 Recommendations



Our recommendations for improvement and their priority are based on our assessment of how far short current practice is from a standard that is appropriate for the size, nature, and complexity of the Regional Council. We use the following priority ratings for our recommended improvements.

Priority	Explanation
Urgent	<p><b>Needs to be addressed <i>urgently</i></b></p> <p>These recommendations relate to a significant deficiency that exposes the Regional Council to significant risk or for any other reason need to be addressed without delay.</p>
Necessary	<p><b>Address at the earliest reasonable opportunity, <i>generally within six months</i></b></p> <p>These recommendations relate to deficiencies that need to be addressed to meet expected standards of best practice. These include any control weakness that could undermine the system of internal control.</p>
Beneficial	<p><b>Address, <i>generally within six to 12 months</i></b></p> <p>These recommendations relate to areas where the Regional Council is falling short of best practice. In our view it is beneficial for management to address these, provided the benefits outweigh the costs.</p>

## 1.1 New recommendations

The following table summarises our recommendations and their priority.

Recommendation	Reference	Priority
<p><b>Intercompany journals</b></p> <p>Management to ensure that journals processed are complete for an entity and avoid cross entity journals.</p>	4.1	Necessary
<p><b>Performance reporting</b></p> <p>We recommend that the Regional Council ensures that all data collected to report on greenhouse gas emissions is accurate and complete.</p>	4.2	Necessary
<p><b>Flood protection asset valuation report</b></p> <p>We recommend that future revaluation reports include a listing of annual depreciation for each depreciable asset class and provide a confidence rating for the revaluation.</p>	4.3	Necessary

**1.2 Status of previous recommendations**

Set out below is a summary of the action taken against previous recommendations. Appendix 1 sets out the status of previous recommendations in detail.

Priority	Priority			
	Urgent	Necessary	Beneficial	Total
Open	-	1	-	1
Implemented or closed	-	8	-	8
<b>Total</b>	-	9	-	9

## 2 Our audit report

### 2.1 We issued a non- standard audit report



We issued a non-standard audit report which included a qualified opinion on the Regional Council's service performance information relating to greenhouse gas emissions. We issued our report on 31 October 2024.

This means we were satisfied that the financial statements and statement of service performance (excluding the two performance measures relating to greenhouse gas emissions) present fairly the Regional Council's activities for the year and its financial position at the end of the year.

In forming our audit opinion, we considered the following matters.

#### Measurement of greenhouse gas emissions

The Regional Council included two measures on greenhouse gas (GHG) emissions as part of its performance information. We considered these measures to be material because of the Regional Council's declared climate emergency and because of the public interest in climate change related information. The two measures were:

- Reduction in tonnes of CO<sub>2</sub> equivalent (tCO<sub>2</sub>e) emissions
- Tonnes of CO<sub>2</sub> emitted per year on Metlink Public Transport Services

The reported results measures emissions generated directly by the Regional Council Group, emissions from the services that the Regional Council is responsible for (such as public transport) and emissions from the use of the Council's assets (such as grazing in regional parks).

We reviewed the supporting evidence submitted for the measure and noted that an average diesel usage was used for certain days of the year as the actual bus information was not available.

We are unable to calculate what the actual diesel consumption should be for these days and considered the use of the average not to be appropriate.

### 2.2 Uncorrected misstatements

During the audit, we have discussed with management any misstatements that we found, and the below misstatement was not corrected.

Note	Statement of comprehensive income		Statement of financial position	
	Dr \$000	Cr \$000	Dr \$000	Cr \$000
1			Structured Flood protection infrastructure cost \$16,712	Flood protection revaluation reserve. \$16,712

### Explanation for not correcting

- 1 Variance between valuation report and auditor's recalculation, management decided not to adjust as amount not material.

### 2.3 Corrected misstatements

During the audit, we have discussed with management any misstatements that we found, and the below misstatement were corrected for disclosure deficiencies.

Detail of disclosure deficiency	How deficiency was corrected
<b>Note 31 Severance payments</b> The severance payment disclosure note included only the total amount and not every single severance payment.	Management confirmed it was an error and this was corrected in version 5 of the draft AFS.
<b>Note 28 Related party's transactions</b> ELT remuneration and FTE figures were not accurate.	Management it was an error and this was corrected in version 5 of the draft AFS.
<b>Other Financial Assets: Note 13</b> Warm Wellington- sentence on the expected review date was incorrect.	Management confirmed it was an error and this was corrected in version 5 of the draft AFS.
<b>Intangible assets-Note 17</b> The note did not show a breakdown that included disposals.	Management accepted the comment and it was corrected in version 6 of the draft financial statements.
<b>Statement of Cash flow</b> There was error to non-cash items and investing activities included prepayment amount.	Management accepted the comment and it was corrected in version 5 of the draft financial statements.
<b>Commitments</b> Operating commitments included open leases which resulted to incorrect figures disclosed.	Management accepted the dcomment and it was corrected in version 5 of the draft financial statements.

Detail of disclosure deficiency	How deficiency was corrected
<p><b>Note 19 Investment Properties</b></p> <p>The note had incorrect figures for the comparatives.</p>	<p>Management accepted the comment and it was corrected in version 5 of the draft financial statements.</p>
<p><b>Service performance measure- Percentage of identified vulnerable floodplains with FMP in place</b></p> <p>There was no result for the 2024 FY.</p>	<p>Management accepted the comment and it was corrected in version 6 of the draft financial statements.</p>
<p><b>Investment in subsidiaries and Associates</b></p> <p>The disclosure to include the entitlement to profit and losses for WWL based on type B shareholding which is 15%.</p>	<p>Management accepted the comment and it was corrected in version 6 of the draft financial statements.</p>
<p><b>Note 27 Contingencies</b></p> <p>The sentence for maximum exposure to the group referred to prior year amount and not current year.</p> <p>LGFA number of shares amount was incorrect in the note.</p>	<p>Management accepted the comment and it was corrected in version 6 of the draft financial statements.</p>

## 2.4 Quality and timeliness of information provided for audit



Management needs to provide information for audit relating to the annual report of the Regional Council and Group. This includes the draft annual report with supporting working papers. We provided a listing of information we required to management via the AuditDashboard. This included the dates we required the information to be provided to us. We were satisfied that the delivery of audit requests was done in a timely manner, however we did have challenges receiving the data on time from Snapper for the data analytics team to perform the analysis for fare revenue, bus, and rail punctuality measures. There were also delays in receiving a report on time for the controls tested by business and assurance in order for us to use the work of internal audit in concluding whether we can rely on controls or not for fare revenue.

We received the full group financial statements on 15 September 2024, which was within the agreed times, however there were some areas which were highlighted in yellow indicating that the Regional Council was still working on those areas which impacted the teams work on the consolidation. The draft financial statements contained errors which resulted in us received multiple versions of the statements.

### Management Comment

*The audit of Snapper related controls was performed by a third party on behalf of the Council. Audit NZ requested additional work (ITGC controls review) and wanted to reperform testing that was done by the 3rd party for the 2024 audit. The delay was mainly due to the finalisation of the report by the 3rd party as they were waiting for information from Snapper. It should be noted that the 2024 report was finalised in August compared to October for 2023. Going forward the Council will ensure that deadlines are being met.*

*From the start we had agreed with the audit team that the Council Controlled Organisation's (CCO's) clearance would be prioritised as it has a flow on impact on the Council consolidation. The audit team delayed the CCO clearance from 24 September to 30 September, which in turn delayed our consolidation.*

*The audit team had also agreed to check the consolidated numbers only in October, after the CCO clearance. Still the Council finance team put in extra effort to present a draft group financial statements in September with a caveat that some notes which have a CCO impact would be highlighted in yellow. Going forward it would be good to clearly agree the deliverables between us.*



### 3 Matters raised in the Audit Plan



In our Audit Plan of the Regional Council, we identified the following matters as the main audit risks and issues:

Audit risk/issue	Outcome
<b>The risk of management override of internal controls</b>	
<p>There is an inherent risk in every organisation of fraud resulting from management override of internal controls. Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Auditing standards require us to treat this as a risk on every audit.</p>	<p>Our audit response to this risk included:</p> <ul style="list-style-type: none"> <li>• testing the appropriateness of selected journal entries;</li> <li>• reviewing accounting estimates for indications of bias; and</li> <li>• evaluating any unusual or one-off transactions, including those with related parties.</li> </ul> <p>We have not identified any issues of management overriding controls.</p>
<b>Valuation of flood protection assets</b>	
<p>The Council revalue its infrastructure assets held at fair value whenever there is expected to be a material movement in the fair value of these assets. The last revaluation was performed in 2020. Because of the recent inflationary environment most councils have been revaluing more frequently.</p> <p>The accuracy of the valuation depends on the valuation method applied, the completeness and accuracy of the source data and the appropriateness of underlying assumptions. Because of the large value of the assets held by the Council, a small movement in the key assumptions can have a significant impact on the valuation and consequential depreciation expense recognised in the financial statements.</p>	<p>Our audit response to this risk included:</p> <ul style="list-style-type: none"> <li>• We reviewed the valuation report to assess the competency and experience of the valuers and to ensure the valuation was met the requirements of PBE IPSAS 17.</li> <li>• We considered and assessed the significant assumptions used by the experts in making accounting estimates, including fair value accounting estimates and we did not find any errors that these assets were valued inappropriately.</li> <li>• We used an auditor’s expert to review the report in ensuring that it is in line with the requirements of the standard.</li> </ul> <p>We are satisfied that the assets subject to a revaluation are fairly stated.</p>
<b>Fair value assessment of property, plant and equipment (non-revaluation year)</b>	
<p>For those assets that the Council is not planning to revalue, the Regional Council should perform a fair value movement assessment (assessment) to determine whether there is a significant</p>	<p>We reviewed management’s workings and replacement cost information. We reperformed the calculation and estimated a fair value movement of all the assets that were fair valued. Managements calculations and ours were below</p>

Audit risk/issue	Outcome
<p>difference between the fair value and the carrying value. Where the estimated difference is significant a revaluation may be necessary.</p> <p>An assessment should:</p> <ul style="list-style-type: none"> <li>• factor in local cost information;</li> <li>• utilise relevant and reliable price movement indicators; and</li> <li>• involve consulting with valuers, if necessary.</li> </ul> <p>Alternatively, the Regional Council could engage valuers to assist in preparing a fair value assessment.</p>	<p>managements threshold to trigger a full revaluation. Our threshold of asset intensive materiality of \$97.5m was also not breached.</p> <p>Based on this we are satisfied that the carrying value is not materially different to the fair value for park and forests and water infrastructure assets at year end.</p>
<b>Measurement of greenhouse gas emissions</b>	
<p>The Council has included two measures of greenhouse gas emissions (GHG) in its performance information. We consider these to be material performance measures because the Council has declared a climate emergency and because of the public interest in climate change related information.</p> <p><b>Reduction in tonnes of CO2 equivalent (tCO2e) emissions</b></p> <p>The Council’s performance information includes a performance measure on the quantity of GHG emissions from the Council and Group. This includes emissions generated directly by the Group itself, emissions from the services that the Council is responsible for (such as public transport) and emissions from the use of the Council’s assets (such as grazing in regional parks). The Council is still developing the systems and controls needed to produce reliable evidence to support the data inputs and estimations used in the measurement of GHG emissions. This includes the measurement of material emissions from public transport and grazing activities which rely on data from third parties.</p> <p><b>Tonnes of CO2 emitted per year on Metlink Public Transport Services</b></p>	<p>Our audit response to this risk included:</p> <ul style="list-style-type: none"> <li>• We obtained evidence to conclude whether the reported performance is materially correct.</li> <li>• The evidence obtained was not sufficient to conclude that the data used was complete and accurate, we considered alternative audit procedures to test the months where data was missing, however we could not proceed with the alternative procedure.</li> </ul> <p>We concluded that there was limitation of scope and as we were unable to obtain assurance over the completeness of the data used which resulted in us qualifying the two GHG measures included in the statement of service provision.</p>

Audit risk/issue	Outcome
<p>The Council’s performance information also includes a performance measure specifically on the quantity of emissions generated from Metlink Public Transport services.</p> <p>In the 2022/23 financial year we modified our opinion, because we did not obtain sufficient appropriate evidence to conclude whether the reported performance for both measures was materially correct as we were unable to verify the reliability of inputs into the model used to calculate emissions or the robustness of the model itself.</p>	
<b>Completeness of revenue</b>	
<p>During the 2022/23 financial year, the Council migrated its Public Transport fare collection systems to Snapper for both trains and buses.</p> <p>Obtaining assurance over the completeness and accuracy of fare revenue is complex due to:</p> <ul style="list-style-type: none"> <li>• Different fares applied throughout the period;</li> <li>• Different fares applicable to different users at different times of the day;</li> <li>• Changes in patrons behaviours post Covid; and</li> <li>• The reliability of services due to driver shortages etc.</li> </ul> <p>In the past we have been able to perform a high-level analytical review of fare revenue month by month using patronage data and compared this to previous year’s data and evaluate any material variances.</p> <p>Given the migration to Snapper this approach is no longer possible.</p>	<p>Our response to this risk included:</p> <ul style="list-style-type: none"> <li>• We reperformed the work of internal audit over Information Technology General Controls of the Snapper IT environment and concluded that controls were designed and operating effectively and could therefore place reliance on these controls.</li> <li>• We used data analytics for perform a reconciliation between fares collected by Snapper and the amounts recorded in the Council’s general ledger and we concluded that the fare revenue disclosed was accurate and complete.</li> <li>• We used the approved fare rates and the scheduled timetable for bus and rail to ensure that correct rate was charged for actual distance travelled. We did not identify any material difference between the amount collected by Snapper and that recorded in the council general ledger.</li> </ul> <p>We concluded that the fare revenue recorded in the Regional Council’s financial statement is materially correct.</p>

## 4 Matters raised during the audit



### 4.1 Intercompany Journals

#### Background

We noted that intercompany journals are currently processed at a global level rather than on a per-entity basis. This practice results in individual entities having non-balancing journals, as the corresponding entry is recorded in a different entity. This discrepancy poses a fraud risk, as it becomes easier to conceal fraudulent activities with unbalanced journals.

We did not identify any issues during the journal testing but recommend that intercompany journals be processed at a per-entity basis rather than on a global level. This is to ensure there are no unbalancing journals which reduces the risk of inappropriate transactions.

#### Management comment

*In a complex reporting structure, it is more efficient to do inter-entity journals at a global level rather than at a per entity level, as the latter would take up time and resources.*

*The ERP system configuration manages the integrity of entity level Trial Balances. It does this by automatically generating the corresponding current account entries whenever a journal is processed with more than one entity. There is a system control that ensures that journals balance before they can be posted and approved. The audit team were provided with Trial Balance fully balanced by entity.*

*Further, this is also consistent with how inter entity journals were processed in the previous SAP system. Prior year audits did not raise this issue.*

*Going forward we can include a document number which will ensure that all manual journals have a unique identifier for the intercompany Journals.*

### 4.2 Performance reporting- Greenhouse Gas emissions

#### Background

The Regional Council has included two measures of greenhouse gas emissions (GHG) in its performance information. We considered these to be material performance measures because the Regional Council has declared a climate emergency and because of the public interest in climate change related information. We noted that the Regional Council has

developed the systems and controls needed to produce reliable evidence to support the data inputs and estimations used in the measurement of GHG emissions

### ***Reduction in tonnes of CO<sub>2</sub> equivalent (tCO<sub>2</sub>e) emissions***

We have confirmed through review of a report from TOITU that there is limited assurance given for grazing activities and identified completeness over public transport emissions specifically diesel consumption between December 2022 and January 2023 where average consumption amounts were used due to missing data. Both these activities account for almost 70% of the total emissions reported.

We are unable to calculate what the actual diesel consumption should be for the days where there is no data as using the average was not considered appropriate, as patronage numbers are volatile during this period.

We recommend management ensure that all data used for each category of emissions is complete and accurate and can be clearly referenced to source documents, where information is not available for certain periods credible information is used as an alternative that is subject to verification.

### **Management comment**

*Greater Wellington agrees with the overall importance of credible and complete information but disagrees that information used was not credible or sufficiently accurate in the context of current practices for emissions inventories. We note that the interpolation was based on bus service kilometres rather than patronage, as this gives a more accurate reflection of fuel use.*

*A lack of data for December and January was due to an unavoidable gap in data collection rather than a systems oversight or incomplete methodology. Analysis of 2021/22 bus service kilometres Greater Wellington provided to Audit NZ shows that the months where data was missing varied both above and below the monthly average (Dec -0.6%, Jan -2.6%, May 4.9%, Jun -1.1%), so using average monthly diesel consumption is unlikely to under-estimate emissions and is a low-risk of green washing or creating a more favourable result.*

*The total amount of diesel fuel consumption calculated by interpolation was 1,000,274 litres, which represents 2,715 tonnes of CO<sub>2</sub>e. Analysis of 2021/22 monthly bus service kilometres data shows a maximum variation month to month of +/- 7.2%. Applying this percentage to the interpolated amount of emissions (that was based on average monthly service kilometres for 2022/23) gives a possible impact of a maximum 0.6% underestimate on the final emissions total of Greater Wellington as a whole. This is not material*

## **4.3 Infrastructure assets valuation report improvement**

We have reviewed the valuation report prepared by valuers and confirmed that they were competent and had experience to perform such valuation. The report however omitted to include a listing annual depreciation for each depreciable asset class or a confidence rating for the revaluation.

We recommend the future revaluations include the above two tables.

**Management comment**

*Greater Wellington accepts this recommendation and going forward management will ensure that a table listing the annual depreciation rates and confidence ratings will be included in future valuation reports.*

## 5 Public sector audit



The Regional Council and Group is accountable to ratepayers and to the public for its use of public resources. Everyone who pays taxes or rates has a right to know that the money is being spent wisely and, in the way, the Regional Council and Group said it would be spent.

As such, public sector audits have a broader scope than private sector audits. As part of our audit, we have considered if the Regional Council and Group has fairly reflected the results of its activities in its Financial Statements and Performance information.

We also consider if there is any indication of issues relevant to the audit with:

- compliance with its statutory obligations that are relevant to the annual report;
- the Regional Council and Group carrying out its activities effectively and efficiently;
- waste being incurred as a result of any act or failure to act by Regional Council and Group;
- any sign or appearance of a lack of probity as a result of any act or omission, either by the Regional Council and Group or by one or more of its members, office holders, or employees; and
- any sign or appearance of a lack of financial prudence as a result of any act or omission by the Regional Council and Group or by one or more of its members, office holders, or employees.

There were no matters to bring to your attention.

## 6 Group audit



The group comprises:

- WRC Holdings Limited
- Greater Wellington Rail Limited; and
- CentrePort Group

We have not identified any of the following during our audit for the year ended 30 June 2024:

- Instances where our review of the work of component auditors gave rise to a concern about the quality of that auditor's work.
- Limitations on the group audit.
- Fraud or suspected fraud involving group management, component management, employees with significant roles in group-wide controls, or others where the fraud resulted in a material misstatement of the group financial statements.



## 7 Useful publications



Based on our knowledge of the Regional Council and Group, we have included some publications that the Council and management may find useful.

Description	Where to find it
<b>Performance reporting</b>	
Public organisations are responsible for reporting their performance to Parliament and the public in a way that meaningfully reflects their organisation's aspirations and achievements. The Auditor-General published a discussion paper that explores five areas for improvement in performance reporting.	On the Office of the Auditor-General's website under publications. Link: <a href="#">The problems, progress, and potential of performance reporting</a>
The Office of the Auditor-General, the Treasury and Audit New Zealand have jointly prepared good practice guidance on reporting about performance. The guidance provides good practice examples from public organisations in central government. Those working in other sectors may also find this useful.	On Audit New Zealand's website under good practice. Link: <a href="#">Good practice in reporting about performance — Office of the Auditor-General New Zealand (oag.parliament.nz)</a>
<b>Local government risk management practices</b>	
The Covid-19 pandemic is a stark reminder for all organisations about the need for appropriate risk management practices. In our audit work, we often see instances where councils do not have effective risk management. This report discusses the current state of local government risk management practices and what councils should be doing to improve their risk management.	On the Office of the Auditor-General's website under publications. Link: <a href="#">Observations on local government risk management practices</a>
<b>Public accountability</b>	
Public accountability is about public organisations demonstrating to Parliament and the public their competence, reliability, and honesty in their use of public money and other public resources. This discussion paper explores how well New Zealand's public accountability system is working in practice.	On the Office of the Auditor-General's website under publications. Link: <a href="#">Building a stronger public accountability system for New Zealanders</a>
<b>Managing conflicts of interest involving council employees</b>	
This article discusses findings across four councils on how conflicts of interest of council employees, including the chief executive and staff, are managed.	On the Office of the Auditor-General's website under publications. Link: <a href="#">Getting it right: Managing conflicts of interest involving council employees</a>

Description	Where to find it
<b>Model financial statements</b>	
<p>Our model financial statements reflect best practice we have seen. They are a resource to assist in improving financial reporting. This includes:</p> <ul style="list-style-type: none"> <li>• significant accounting policies are alongside the notes to which they relate;</li> <li>• simplifying accounting policy language;</li> <li>• enhancing estimates and judgement disclosures; and</li> <li>• including colour, contents pages and subheadings to assist the reader in navigating the financial statements.</li> </ul>	<p>Link: <a href="#">Model Financial Statements</a></p>
<b>Tax matters</b>	
<p>As the leading provider of audit services to the public sector, we have an extensive knowledge of sector tax issues. These documents provide guidance and information on selected tax matters.</p>	<p>On our website under good practice Link: <a href="#">Tax Matters</a></p>
<b>Client substantiation file</b>	
<p>When you are fully prepared for an audit, it helps to minimise the disruption for your staff and make sure that we can complete the audit efficiently and effectively.</p> <p>We have put together a collection of resources called the Client Substantiation File to help you prepare the information you will need to provide to us so we can complete the audit work that needs to be done. This is essentially a toolbox to help you collate documentation that the auditor will ask for.</p>	<p>On our website under good practice. Link: <a href="#">Client Substantiation File</a></p>

Description	Where to find it
<b>The Auditor-General’s report on the results of recent audits</b>	
<b>Good practice</b>	
<p>The OAG’s website contains a range of good practice guidance. This includes resources on:</p> <ul style="list-style-type: none"> <li>• audit committees;</li> <li>• conflicts of interest;</li> <li>• discouraging fraud;</li> <li>• good governance;</li> <li>• service performance reporting;</li> <li>• procurement;</li> <li>• sensitive expenditure; and</li> <li>• severance payments.</li> </ul>	<p>On the OAG’s website under good practice.</p> <p>Link: <a href="#">Good practice</a></p>
<b>Procurement</b>	
<p>The OAG are continuing their multi-year work programme on procurement.</p> <p>They have published an article encouraging reflection on a series of questions about procurement practices and how processes and procedures can be strengthened.</p> <p>Whilst this is focused on local government, many of the questions are relevant to all types of public sector entities.</p>	<p>On the OAG’s website under publications.</p> <p>Links: <a href="#">Strategic suppliers: Understanding and managing the risks of service disruption</a></p> <p><a href="#">Getting the best from panels of suppliers</a></p> <p><a href="#">Local government procurement</a></p>

## Appendix 1: Status of previous recommendations

### Open recommendations

Recommendation	First raised	Status
<p><b>Annual leave approved after taken</b></p> <p>Management should ensure that leave is approved before the employee takes it and comments are included for any annual leave used in the absence of employee’s sick leave days. Monthly reconciliation of the leave balance against the leave taken by employees and any late approved leave should be included as reconciling item and only deduct leave that is taken for that month and not future leave.</p>	<p><b>Interim 2024</b></p>	<p><i>Not implemented</i></p> <p><b>Management response</b></p> <p><i>For the 2023/24 financial year 91% of annual leave was submitted and approved before the leave was taken. There is a variety of reasons as to why annual leave may be captured and approved after the actual leave dates. IE Manager unwell or urgent leave required. Leave can also be verbally agreed prior to the leave been taken and submitted on return.</i></p> <p><i>Currently the system automatically updates the leave balances once leave has been requested and approved. There are system reports in place that ensures that leave balances captures are correct. Payroll is satisfied that leave balances are reducing fortnightly, this was confirmed through annual leave manual calculations.</i></p> <p><i>Therefore, Greater Wellington is satisfied that leave balances are adequately reconciled.</i></p>

**Closed recommendations**

Recommendation	First Raised	Status
<p><b>Sensitive expenditure record keeping</b></p> <p>We have noted that sensitive expenditure information on approvals outside the system is not kept in the system once received from the relevant approver. We also noted that the supporting information is not filled appropriately as it takes time for the staff to retrieve it and submit to auditors which has resulted in delays in completing the relevant section</p>	<p><b>Interim 2024</b></p>	<p><b>Closed</b></p> <p>Documentation was subsequently added to the transactions and all approvals outside the system were submitted as proof of approval.</p>
<p><b>ELT declaration register completed at year end only</b></p> <p>Management should ensure that ELT register is kept as an open document and updated each time the members declare interest during the financial year and send through their declarations to the person responsible. At year end a completeness check should be performed against each members declaration and with company search to ensure all interest has been declared</p>	<p><b>Interim 2024</b></p>	<p><b>Closed</b></p> <p>Audit team performed work on related party’s transactions and did not identify any completeness issues and through minutes review we confirmed that ELT do declare interest and the register is kept on updating throughout the year</p>
<p><b>Risk and Assurance</b></p> <p>We recommended that the Regional Council revisit the effectiveness of the risk and assurance function as a fundamental process to support business decision making by:</p> <ul style="list-style-type: none"> <li>• performing a fraud risk assessment;</li> <li>• developing and formalising the assurance function in addressing the key risks facing the Regional Council;</li> <li>• enhancing the Regional Council’s risk management approach by implementing an integrated entity-wide approach which incorporates strategic, operational and programme/project risks; and</li> <li>• updating its risk management policy/framework so it aligns with an entity-wide risk approach.</li> </ul>	<p><b>Final 2019</b></p>	<p><b>Closed</b></p> <p>The assurance function has been formalised as part of the Risk &amp; Assurance (R&amp;A) team. The R&amp;A team is responsible for establishing the 3-year assurance programme, working alongside PWC to plan and close out internal audits, tracking the implementation of audit recommendations, and reporting on audit outcomes and recommendation tracking through to ELT &amp; FRAC. 3-year assurance programme is developed based on the risk framework.</p>

## Attachment 1 to Report 25.15

Recommendation	First Raised	Status
<p><b>Shared Administrator account use for privileged network access</b></p> <p>We recommended that the generic Administrator network login account be locked and only used in extreme emergencies.</p>	Final 2021	<p><b>Closed</b></p> <p>As with all policies and rules there are situations that require an exception to be made. A new and specific shared use account may be created. These exceptions are actively managed and reviewed. The requirement for exception, specific risks and mitigations encountered by not following policy are weighed and appropriate mitigations are put in place. The exceptions to policy/rules are periodically reviewed to ensure the outcomes, mitigations and risk are still relevant.</p> <p>Passwords are periodically reviewed and changed based on the specific circumstances of that account. Built-in or default accounts are not typically eligible for exception, and are not made available for routine use.</p>
<p><b>Rates collection error</b></p> <p>We recommend advise be obtained on how to treat the rates collection error in the 2023/2024 financial year should the current circumstances change such as having the rates validated or receiving claims from ratepayers.</p>	Final 2023	<p><b>Closed</b></p> <p>Since there is no change to circumstances in the current year, Management is expecting to disclose an unquantified contingent liability in the 2023/24 annual report relating to the rates collection error.</p>
<p><b>Non-current asset held for sale</b></p> <p>We recommend that where the Regional Council enters into complex transactions that the business units engage with the Finance team upfront to determine the appropriate accounting treatment and secondly that a detailed analysis of the contract is undertaken against the relevant accounting standards.</p>	Final 2023	<p><b>Closed</b></p> <p>GWRC have engaged the services of an external provider for a technical opinion of the accounting treatment relating to the Riverlink project. We obtained the external provider technical opinion which was inline with our technical opinion. This has therefore been closed.</p>
<p><b>Monitoring of compliance with resource consents</b></p> <p>We recommend that a tool be developed to record the monitoring of compliance consents results for high- risk activities in order to obtain assurance over the completeness of the results which informs the development of plans.</p>	Final 2023	<p><b>Closed</b></p> <p>We obtained the information for testing and obtained reasonable assurance over the completeness of the results which informs the development of plans.</p>
<p><b>Reliance of third parties for financial information and service performance reporting</b></p>	Final 2023	<p><b>Closed</b></p>

Attachment 1 to Report 25.15

Recommendation	First Raised	Status
We recommend that the Regional Council develop an assurance programme that provides the right level of assurance over information used by the Regional Council for external reporting purposes.		During the Snapper revenue testing, we confirmed that the client obtained right level of assurance over the information obtained from Snapper, we have closed this as implemented in the current year, it will be our focus in coming years.

## Appendix 2: Disclosures

Area	Key messages
Our responsibilities in conducting the audit	<p>We carried out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the financial statements and performance information and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001.</p> <p>The audit of the financial statements does not relieve management or the Council of their responsibilities.</p> <p>Our Audit Engagement Letter contains a detailed explanation of the respective responsibilities of the auditor and the Council.</p>
Auditing standards	<p>We carried out our audit in accordance with the Auditor-General's Auditing Standards. The audit cannot and should not be relied upon to detect instances of misstatement, fraud, irregularity or inefficiency that are immaterial to your financial statements. The Council and management are responsible for implementing and maintaining your systems of controls for detecting these matters.</p>
Auditor independence	<p>We are independent of the Regional Council and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: <i>International Code of Ethics for Assurance Practitioners</i>, issued by New Zealand Auditing and Assurance Standards Board.</p> <p>In addition to our audit and our report on the disclosure requirements, we have performed a limited assurance engagement related to the Regional Council's debenture trust deed and the Long-Term Plan 2024-34. These engagements are compatible with those independence requirements.</p> <p>Other than this engagement, we have no relationship with or interests in the Regional Council or its subsidiaries and controlled entities.</p>
Fees	<p>The audit fee for the year is \$415,867 as detailed in our Audit Proposal Letter.</p> <p>Other fees charged in the period are \$6,500 for the limited assurance engagement relating to the Regional Council's debenture trust deed and \$197,677 for the audit of the Long-Term Plan 2024-34.</p>



**Attachment 1 to Report 25.15**

Area	Key messages
Other relationships	<p>We are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the Regional Council or its subsidiaries that is significant to the audit.</p> <p>We are not aware of any situations where a staff member of Audit New Zealand has accepted a position of employment with the Regional Council or its subsidiaries during or since the end of the financial year.</p>

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**Report to the Board on  
the audit of the**

**WRC Holdings Limited Group**

For the year ended 30 June 2024

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## Key messages

We have completed the audit for the year ended 30 June 2024. This report consolidates our findings from the audits of:

- WRC Holdings Limited and group (WRCH group or Group); and
- Greater Wellington Rail Limited (GWRL).

Collectively referred to as “entities”.

This report sets out our findings from the audits and draws attention to areas where the entities are doing well and where we have made recommendations for improvement.

### Audit opinion

We issued unmodified audit opinions for both entities on 30 September 2024. This means that the financial statements and performance information are free from material misstatements, including omissions. There were no significant misstatements identified during the audit that have not been corrected.

### Matters identified during the audit

#### Adjustments to ensure CentrePort results are correctly consolidated into WRCH group results

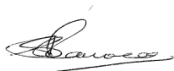
CentrePort Limited prepares its financial statements using NZ IFRS for profit standards while GWRC reports under IPSAS PBE standards.

The Appointed Auditor for CentrePort Limited reviewed the adjustments to the financial statements which mainly related to leases and restatement of the asset revaluation reserves. These were then processed by the Group as part of the consolidation adjustments.

We are satisfied that the Group financial statements have been appropriately adjusted to ensure reporting under PBE standards.

### Thank you

We would like to thank the Board, management and staff for their positive engagement and assistance during the audit.



Clint Ramoo  
Appointed Auditor  
21 November 2024

# 1 Recommendations



Our recommendations for improvement and their priority are based on our assessment of how far short current practice is from a standard that is appropriate for the size, nature, and complexity of your business. We use the following priority ratings for our recommended improvements.

Priority	Explanation
Urgent	<b>Needs to be addressed <i>urgently</i>.</b> These recommendations relate to a significant deficiency that exposes the entities to significant risk or for any other reason need to be addressed without delay.
Necessary	<b>Address at the earliest reasonable opportunity, <i>generally within six months</i></b> These recommendations relate to deficiencies that need to be addressed to meet expected standards of best practice. These include any control weakness that could undermine the system of internal control.
Beneficial	<b>Address, <i>generally within six to 12 months</i></b> These recommendations relate to areas where the entities are falling short of best practice. In our view it is beneficial for management to address these, provided the benefits outweigh the costs.

## 1.1 New recommendations

The following table summarises our recommendations and their priority.

Recommendation	Reference	Priority
<b>Intercompany journals</b>		
Management to ensure that journals processed are complete for an entity and avoid cross entity journals.	4.1	Necessary
<b>Performance reporting</b>		
The Board obtains the necessary assurance that all performance measures results are verified and supported before being included in the annual report	4.2	Necessary
<b>Cut off testing</b>		
Management should review all invoices received after the year-end to determine whether they need to be accrued or if they pertain to the following year.	4.3	Necessary

**1.2 Status of previous recommendations**

Set out below is a summary of the action taken against previous years' recommendations. Appendix 1 sets out the status of previous year's recommendations in detail.

Priority	Priority			
	Urgent	Necessary	Beneficial	Total
Open	-	-	1	1
Implemented or closed	-	1	-	1
<b>Total</b>	-	1	1	2

## 2 Our audit reports

### 2.1 We issued unmodified audit reports



We issued an unmodified audit report for the Group on 30 September 2024. This means we were satisfied that the financial statements and statement of service performance present fairly the Group's activities for the year and its financial position at the end of the year.

We also issued an unmodified audit opinion for Greater Wellington Rail Limited (GWRL) on the same date.

### 2.2 Uncorrected misstatements

The financial statements are free from material misstatements, including omissions. During the audit, we have discussed with management any misstatements that we found, other than those which were clearly trivial. The misstatements that have not been corrected are listed in Appendix 2 along with management's reasons for not adjusting these misstatements. We are satisfied that these misstatements are individually and collectively immaterial and do not affect the readability and presentation of the financial statements and performance information.

### 2.3 Quality and timeliness of information provided for audit



Management provides information for audit relating to the annual report of the entities. This includes the draft annual report with supporting working papers. We provided a listing of information we required to management during our pre final audit visit. This included the dates we required the information to be provided to us.

We received the Annual Report and other information for the entities in a timely manner.



### 3 Matters raised in the Audit plan



In our audit plan of the group and GWRL we identified the following matters as the main audit risks and issues:

Audit risk/issue	Outcome
<b>The risk of management override of internal controls (WRCH and GWRL)</b>	
<p>There is an inherent risk in every organisation of fraud resulting from management override of internal controls. Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Auditing standards require us to treat this as a risk on every audit.</p>	<p>We completed audit procedures on journal entries and considered significant transactions outside the normal course of business for the Group. We assessed the accounting treatment for identified transactions fitting the criteria as reasonable. Based on our journals testing at year end, we confirmed that journals were appropriately prepared and there were no issues with the accuracy or level of support for journals.</p> <p>Please refer to 4.1 for our findings in respect of journals.</p>
<b>Adjustments to ensure CentrePort results are correctly incorporated into the WRC Holdings' group results (WRCH)</b>	
<p>CentrePort is a for-profit entity as its primary objective is to provide a financial return to equity holders.</p> <p>On the other hand, WRC Holdings is a public benefit entity as its primary objective is to provide goods or services for community or social benefit rather than to provide a financial return to equity holders.</p> <p>Different accounting standards apply to public benefit entities and for-profit entities resulting in differences in the treatment of certain transactions and events.</p> <p>Therefore, when preparing the group financial statements, consideration needs to be given to any accounting adjustments that need to be made to adjust CentrePort results so that they are appropriate for inclusion in the group results.</p>	<p>The Appointed Auditor for CentrePort Limited reviewed the adjustments to the financial statements which mainly related to leases and restatement of the asset revaluation reserves.</p> <p>These were then processed by the Group as part of the consolidation adjustments.</p> <p>We are satisfied that the Group financial statements have been appropriately adjusted to ensure reporting under PBE standards.</p>

## 4 Other matters arising from the audit



### 4.1 Greater Wellington Rail Limited

#### Intercompany Journals

##### Background

We noted that intercompany journals are currently processed at a global level rather than on a per-entity basis. This practice results in individual entities having non-balancing journals, as the corresponding entry is recorded in a different entity. This discrepancy poses a fraud risk, as it becomes easier to conceal fraudulent activities with unbalanced journals.

We did not identify any issues during the journal testing but recommend that intercompany journals be processed at a per-entity basis rather than on a global level. This is to ensure there are no unbalancing journals which reduces the risk of inappropriate transactions.

##### Management comment

*GW disagree with this recommendation. In a complex reporting structure inter-entity journals at a per entity level would take up time and resources. It is more efficient to do these Journals at a global level.*

*The ERP system configuration manages the integrity of entity level Trial Balances. It does this by automatically generating the corresponding Current Account entries whenever a journal is processed with more than one entity.*

*Greater Wellington provided transaction lists where the Trial Balances's were fully balanced by entity.*

*Other aspects to note is that GW have not changed how inter-entity transactions are being processed in the system since moving to Tech One in Financial Year 2022. This is also consistent with how GW processed inter entity Journal in the previous FMIS system SAP. During these audits no issues were raised by AuditNZ on this.*

*Greater Wellington is working on improvements to speed up the audit process for example we are now able to include a document number to the listing. This will ensure that for all manual journals there will be a unique identifier for the intercompany Journals.*

## 4.2 Performance reporting

### Background

We noted that the percentage of buildings and structures meeting at least 67% of the NBS earthquake rating was reported as 79% in the previous year. This year we selected this measure as a material measure for the first time and because of our enquiries and audit work noted that the reported result was revised down to 30%. The main reason for a lower result being reported in 2023/24 was because management was unable to provide evidence to support a higher rate of compliance.

We recommended that the Board obtains the necessary assurance that all performance measures results are verified and supported before being included in the annual report

### Management comment

*Metlink has not been able to locate complete documentation to verify seismic ratings for all bridges and subways. As such, the 30% figure reflects only the number of structures for which we have reports (7 out of 23 assets).*

*In order to determine whether pedestrian subways and bridges meet the 67% New Building Standard (NBS) rating, Metlink would be required to obtain and provide the relevant engineering reports and certification.*

*Metlink is endeavouring to locate more documentation. However, our ability to do this may be impacted by project documents that were required/created at the time that the seismic strengthening work was undertaken. Metlink is confident that the figures previously reported relating to the number of pedestrian bridges and subways that meet at least 67% of NBS is correct; we have done work to strengthen these assets (which is documented through invoices and other supporting project documentation).*

## 4.3 Cut off testing

### Background

As part of our cut-off testing, which involves testing to ensure transactions are reported in the correct accounting period, we noted a couple of transactions that were not included in the accruals listing at 30 June 2024 thereby understating liabilities and assets/expenditure.

We recommend that Management should review all invoices received after the year-end to determine whether they need to be accrued or if they pertain to the following year.

### Management comment

*Since the year end audit, Management have implemented a cut off review of invoices post month end as part of the recurring monthly financial process. This is in addition to the existing controls over the open Purchase orders, accruals review and variance analysis verses anticipated spend with the business.*

## 5 Public sector audit



The WRCH group is accountable to Greater Wellington Regional Council and to the public for its use of public resources. Everyone who pays taxes or rates has a right to know that the money is being spent wisely and, in the way, the WRCH group said it would be spent.

As such, public sector audits have a broader scope than private sector audits. As part of our audit, we have considered if the WRCH group has fairly reflected the results of its activities in its financial statements and non-financial information.

We also consider if there is any indication of issues relevant to the audit with:

- compliance with its statutory obligations that are relevant to the annual report;
- the WRCH group carrying out its activities effectively and efficiently;
- waste being incurred as a result of any act or failure to act by WRCH group;
- any sign or appearance of a lack of probity as a result of any act or omission, either by the WRCH group or by one or more of its members, office holders, or employees; and
- any sign or appearance of a lack of financial prudence as a result of any act or omission by the WRCH group or by one or more of its members, office holders, or employees.

There are no issues to bring to your attention as a result of our audit work in the above areas.

## 6 Group audit



The group comprises:

- WRC Holdings Limited
- Greater Wellington Rail Limited
- The CentrePort Limited Group

We have not identified any of the following during our audit for the year ended 30 June 2024:

- Instances where our review of the work of component auditors gave rise to a concern about the quality of that auditor's work.
- Limitations on the group audit.
- Fraud or suspected fraud involving group management, component management, employees with significant roles in group-wide controls, or others where the fraud resulted in a material misstatement of the group financial statements.

### 6.1 Working with management and CentrePort Group's auditors

A key aspect of the audit of the WRCH group has been working throughout the year with management and with the auditors of CentrePort Limited to:

- anticipate with management any associated risks to the timetable for finalising the annual reports; and
- consider consistency of treatment of issues arising between the audits of each entity.

We obtained the relevant group audit clearances from Deloitte.

Other than the uncorrected misstatements noted in Appendix 2 below, there are no issues to bring to your attention.

## 7 Useful publications



Based on our knowledge of the Public Benefit Entity- Local Government Subsidiary, we have included some publications that the Board of Directors and management may find useful.

Description	Where to find it
<b>Performance reporting</b>	
Public organisations are responsible for reporting their performance to Parliament and the public in a way that meaningfully reflects their organisation's aspirations and achievements. The Auditor-General published a discussion paper that explores five areas for improvement in performance reporting.	On the Office of the Auditor-General's website under publications.  Link: <a href="#">The problems, progress, and potential of performance reporting</a>
The Office of the Auditor-General, the Treasury and Audit New Zealand have jointly prepared good practice guidance on reporting about performance. The guidance provides good practice examples from public organisations in central government. Those working in other sectors may also find this useful.	On Audit New Zealand's website under good practice.  Link: <a href="#">Good practice in reporting about performance — Office of the Auditor-General New Zealand (oag.parliament.nz)</a>
<b>Public accountability</b>	
Public accountability is about public organisations demonstrating to Parliament and the public their competence, reliability, and honesty in their use of public money and other public resources. This discussion paper explores how well New Zealand's public accountability system is working in practice.	On the Office of the Auditor-General's website under publications.  Link: <a href="#">Building a stronger public accountability system for New Zealanders</a>
<b>Model financial statements</b>	
Our model financial statements reflect best practice we have seen. They are a resource to assist in improving financial reporting. This includes: <ul style="list-style-type: none"> <li>• significant accounting policies are alongside the notes to which they relate;</li> <li>• simplifying accounting policy language;</li> <li>• enhancing estimates and judgement disclosures; and</li> <li>• including colour, contents pages and subheadings to assist the reader in navigating the financial statements.</li> </ul>	Link: <a href="#">Model Financial Statements</a>

Description	Where to find it
<b>Tax matters</b>	
<p>As the leading provider of audit services to the public sector, we have an extensive knowledge of sector tax issues. These documents provide guidance and information on selected tax matters.</p>	<p>On our website under good practice Link: <a href="#">Tax Matters</a></p>
<b>Good practice</b>	
<p>The OAG’s website contains a range of good practice guidance. This includes resources on:</p> <ul style="list-style-type: none"> <li>• audit committees;</li> <li>• conflicts of interest;</li> <li>• discouraging fraud;</li> <li>• good governance;</li> <li>• service performance reporting;</li> <li>• procurement;</li> <li>• sensitive expenditure; and</li> <li>• severance payments.</li> </ul>	<p>On the OAG’s website under good practice. Link: <a href="#">Good practice</a></p>

## Appendix 1: Status of previous recommendations

### Open recommendations

Recommendation	First raised	Status
<b>Rail Fixed asset – asset management</b>		
That assets are tagged with its Asset ID from Fixed Asset Register. This is to ensure the assets are easily sighted and proper asset monitoring is in place.	2023	Management acknowledged and accepted the audit recommendation. We will include this in our asset management workplan.

### Implemented or closed recommendations

Recommendation	First raised	Status
<b>Performance Reporting</b>		
That the Board ensures it puts in place a performance framework that is more comprehensive covering both financial and non-financial information for the Group.	2023	Implemented



## Appendix 2: Uncorrected misstatements

The below uncorrected financial statements misstatements are those identified by the Appointed Auditor for CentrePort Limited and for Greater Wellington Rail Limited.

### Greater Wellington Rail Limited

Current year misstatements	Assets	Liabilities	Equity	Financial performance
	Dr (Cr)	Dr (Cr)	Dr (Cr)	Dr (Cr)
	\$'000	\$'000	\$'000	\$'000
Revaluation reserve movement	15,242	-	-	(15,242)

GWRail did not adjust the fair value movement as it was below materiality.

### CentrePort Limited

#### Uncorrected disclosure deficiencies

All uncorrected disclosure misstatements are those identified by the Appointed Auditor of CentrePort Limited (note references are to the notes in the CentrePort financial statements):

Detail of disclosure deficiency	Management's explanation for not correcting
<b>Greater Wellington Rail Limited</b>	
<b>Statement of Comprehensive Income: Other Comprehensive Income</b>	
Movement in land resilience provision is presented separately on the Statement of Comprehensive Income but this is not a fair value movement by itself and should not be presented as such. This should be presented in the Notes to the Financial Statements as an input to the fair value of Port Operational Land.	Management considers the disclosure of the movement in the land resilience provision to be integral to the readers' understanding of the movement in fair value.
<b>Note 2: Summary of Material Accounting Policies</b>	
The useful lives and residual value of property, plant and equipment is listed as a significant judgement/estimate. No further disclosures have been made regarding why, how, and what effect changes in the estimate would have on the carrying value of property, plant, and equipment.	CentrePort do not consider the disclosure to be material to the readers of the financial statements.

Detail of disclosure deficiency	Management’s explanation for not correcting
<b>Greater Wellington Rail Limited</b>	
<b>Note 3: Disaggregation of Revenue</b>	
<p>Revenue from Port Operations has not been disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cashflows are affected by economic factors. This disclosure is now commonplace across ports in New Zealand.</p>	<p>CentrePort considers the disclosure of revenue by category to be commercially sensitive but will consider how to better disaggregate revenue following the expected acquisition (and subsequent consolidation) of Dixon &amp; Dunlop Limited in the 2025 financial year. Given the additional streams of revenue this will result in being recognised in the Group financial statements.</p>
<b>Note 25: Contingent Assets</b>	
<p>The disclosure relating to a claim made for salvage services relating to the Kaitaki incident attended by CentrePort’s tugs and pilot vessels does not include an estimated value of the contingent asset, as is required by the accounting standards.</p>	<p>The amount of the salvage claim is commercially sensitive, and no disclosure has been made after considering the potential impact on the relationship CentrePort has with KiwiRail.</p>
<b>Note 9: Trade and Other Receivables</b>	
<p>The financial statements should include disclosure explaining the Group’s credit risk management practices and how they relate to the recognition and measurement of expected credit losses. Specifically, the group should disclose its policy for writing off bad debts and how these are accounted for along with the accounting treatment for any amounts previously considered to be written off that are recovered.</p>	<p>CentrePort do not consider the disclosure to be material to the readers of the financial statements.</p>
<b>Note 12: Property, Plant and Equipment – cost of revalued assets</b>	
<p>For each revalued class of property, plant, and equipment, disclose the carrying amount that would have been recognised had the assets been carried under the cost model.</p>	<p>CentrePort do not consider the disclosure to be material to the readers of the financial statements</p>

## Appendix 3: Disclosures

Area	Key messages
Our responsibilities in conducting the audit	<p>We carried out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the financial statements and performance information and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001.</p> <p>The audit of the financial statements does not relieve management or the Board of Directors of their responsibilities.</p> <p>Our Audit Engagement Letter contains a detailed explanation of the respective responsibilities of the auditor and the Board of Directors.</p>
Auditing standards	<p>We carried out our audit in accordance with the Auditor-General's Auditing Standards. The audit cannot and should not be relied upon to detect instances of misstatement, fraud, irregularity or inefficiency that are immaterial to your financial statements. The Board of Directors and management are responsible for implementing and maintaining your systems of controls for detecting these matters.</p>
Auditor independence	<p>We are independent of the WRCH group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners, issued by New Zealand Auditing and Assurance Standards Board.</p> <p>Other than the audit, we have no relationship with, or interests in, the WRCH group.</p>
Fees	<p>The audit fee for the year is detailed in our Audit Proposal Letter as:</p> <ul style="list-style-type: none"> <li>• WRC Holding Limited \$40,199</li> <li>• GWRail \$70,356</li> </ul> <p>No other fees have been charged in this period.</p>
Other relationships	<p>We are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the WRCH group that is significant to the audit.</p> <p>We are not aware of any situations where a staff member of Audit New Zealand has accepted a position of employment with the WRCH group during or since the end of the financial year.</p>

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**Finance, Risk and Assurance Committee**  
**25 February 2025**  
**Report 25.46**



**For Information**

## **HARBOUR MANAGEMENT – RISK AND COMPLIANCE UPDATE**

### **Te take mō te pūrongo**

#### **Purpose**

1. To update the Finance, Risk and Assurance Committee (the Committee) on any significant compliance issues or emerging or changing risks affecting Greater Wellington Regional Council's (Greater Wellington) Harbours function.

### **Te tātaritanga**

#### **Analysis**

##### ***Channel Risk Assessment***

2. In 2020, CentrePort and Greater Wellington commissioned South Maritime Solutions to review navigation safety in the Wellington Harbour entrance channel and approaches. The review considered the infrastructure, current practice, best practices, and possible future changes. The final report was received in October 2020.
3. In December overtaking between ships was stopped in the channel and the requirement to be on the leading line coming into the harbour was reduced from 2 nautical miles to 1.5 nautical miles. This was to create more space for Pilots boarding ships and was also requested by several stakeholders. This was introduced without issues being raised by stakeholders.
4. Final plans have been confirmed, and the new Falcon shoal pile should be in place before the end of this financial year.
5. The risk review around the pinch point in the channel (near Steeple rock) was shared with stakeholders (Centreport and ferry companies). Some written feedback has been received and there is a meeting on 19 February 2025 to discuss further and look at next options.

##### ***Sunken/Derelict Vessels***

6. The 99-year-old ex-Harbour board pilot launch Arahina may have a suitable buyer, and we are talking to Wellington City Council in this regard.
7. At the end of 2024 we had two vessels break moorings and go aground in Evans Bay. One was in severe weather and broke up almost straight away. There was a very quick and effective shoreline clean up by staff from across Greater Wellington as well as owners. Some larger pieces are still to be recovered from underwater.

8. The second vessel was holed but otherwise intact. Unfortunately the owner was not able to meet the costs to recover the vessel; we took over the recovery and due to the low value of the boat it was then disposed of.
9. In both these cases we are seeking partial cost recovery.
10. We continue to assist the marinas where needed with problematic vessels.

### **Navigation Aids**

11. All navigation aids have been functioning well, our new lights have arrived and are waiting to be fitted.
12. We are in discussion with a new supplier about upgrades to the main navigation lights both as a result of the changes in the channel and required upgrades over the next 18-24 months.

### **Navigation issues**

#### **Emergency Ocean Response Capability**

13. The government has received expressions of interest in relation to possible emergency towing options and we are waiting to see what the next steps or announcements might be.

#### **Bunker barge - Kokako**

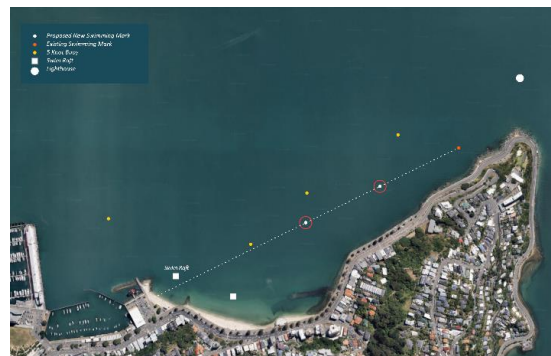
14. The first Master from Kokako has been awarded their Pilotage Exemption Certificate which will give the ship a small degree more freedom (they will generally still use a Centreport tug).
15. Fuel oil transfers have been happening with no issues to date.

#### **Port and Harbour Marine Safety Code**

16. Our next external review has been delayed until May 2026 to better fit with work scheduling.

#### **Open water swimming in Oriental Bay**

17. After receiving a variety of feedback from open water swimmers we have decided to place two temporary buoys in Oriental Bay as a trail. They will not have lights (less important at this time of year) and will allow both ourselves and the swimmers to consider this as a longer term option.
18. To the right is an image showing the existing buoys (yellow) and the two proposed buoys (white within the red circles)



### ***Safety Incidents***

19. In early February there was a missing jet skier in Cook Strait. On the evening of 19 October 2024, the ferry Connemara lost propulsion soon after leaving Wellington harbour, the shipping was carrying Dangerous Goods so mostly only crew on board. Conditions were quite good with a light to moderate northerly. The combination of current and wind was taking the ship roughly southeast, slightly away from the land and back towards the harbour entrance.

### ***Mana launching areas***

20. For a number of years, we contracted a security guard to separate users at the launching ramp between the bridges at Mana over the busy summer period. That was stopped three years ago after an assault on one of our staff and also generally threatening behaviour.
21. This season staff have noticed increased use of the launching area as a picnic spot and general use beach for children. This is very risky for several reasons, not least of which is small children playing where boats are being loaded and unloaded from trailers and trailers are being backed into the water.
22. Areas of responsibility for this area are sometimes considered to be challenging; however when an accident occurs both Greater Wellington and Porirua City Council are likely to be criticised, given it is well known issue.
23. We are looking to raise this again with Porirua City Council. There are no easy alternative options for this situation, however some boats have started launching near Ngati Toa Domain. This is not without its own issues but does take pressure off the area between the bridges.

### ***Swing mooring inspection***

24. Greater Wellington licenses locations for swing moorings for boats within areas set out in the Natural Resources plans. To try and kept boats off beaches we require moorings to be inspected at least every two years. To date we have had a choice of commercial operators for mooring licence holders to choose from to have inspection and repairs carried out.
25. Due to compliance costs for operators (including insurance) and challenges with some owners arranging their inspections, we are looking at the possibility of having to move to a situation where we only have a single approved provider.
26. If moorings cannot be suitably inspected and maintained, we risk seeing more vessels break loose and cause damage to themselves and other vessels. We are working to find an alternative at present. Our preference is to be able provide mooring owners with a choice, but we may have to go through a process to seek a single provider.

### ***Ngā hua ahumoni***

#### **Financial implications**

27. The disposal of derelict or uninsured vessels will present unplanned expenditure from the operating budget.

- 28. Where we are assisting another organisation, like a marina or a city/district council, to dispose of vessels, the costs are generally met by that body. Our contribution is usually our time plus regulatory power. In some cases, we may engage an independent expert (e.g. a boatbuilder or surveyor) to provide advice.
- 29. Recommendations arising from the channel risk assessment may have a variety of financial implications for both CentrePort and Greater Wellington.

**Te whakatūtakitaki  
Engagement**

- 30. The work around the approaches in channel is done as shared work with CentrePort and includes engagement with the operators of Pilot Exempt vessels (predominately the ferry companies) and Maritime NZ.
- 31. We are engaging with several of the groups of open water swimmers in relation to changes in Oriental Bay.

**Ngā kaiwaitohu  
Signatory/Signatories**

Writer/s	Grant Nalder – Manager, Harbours, Harbourmaster
Approver/s	Jack Mace – Delivery Director Alison Trustrum-Rainey – Group Manager, Finance and Risk Lian Butcher – Group Manager, Environment Group



<p><b>He whakarāpopoto i ngā huritaonga</b>  <b>Summary of considerations</b></p>
<p><b><i>Fit with Council’s roles or with Committee’s terms of reference</i></b></p> <p>This report allows the Committee to “review... Greater Wellington’s identification and management of risks faced by Council and the organisation... [including]... whether Greater Wellington is taking effective action to mitigate significant risks.”</p>
<p><b><i>Contribution to Annual Plan / Long Term Plan / Other key strategies and policies</i></b></p> <p>This report highlights key safety and risk incidents and measures which are managed by the Wellington Regional Navigation Safety Bylaws 2021 and the Port and Harbour Marine Safety Code.</p>
<p><b><i>Internal consultation</i></b></p> <p>There was no internal consultation</p>
<p><b><i>Risks and impacts - legal / health and safety etc.</i></b></p> <p>Specific risks and related mitigations are discussed in the Analysis section of this report.</p>

**Finance Risk and Assurance Committee**  
**25 February 2025**  
**Report 25.68**



**For Information**

## **HEALTH, SAFETY AND WELLBEING UPDATE FEBRUARY 2025**

### **Te take mō te pūrongo**

#### **Purpose**

1. To advise the Finance, Risk and Assurance Committee (the Committee) of Greater Wellington Regional Council's (Greater Wellington) Health, Safety and Wellbeing (HSW) performance and activity.

### **Te tāhū kōrero**

#### **Background**

1. The HSW performance scorecard is outlined in [Attachment 1](#).

### **Te tātaritanga**

#### **Analysis**

2. We are tracking well against Phase 1 (Fatal and Severe Risk overhaul) of the HSW improvement project deliverables. Since the last update:
3. The verification of competency framework has been approved and 24 assessors trained to 4098 - assessor, unit standard to date.
4. The 23 draft standard operating procedures (SOPs) requiring verification of competency (VOC) assessments are in the final stages of development after consultation with VOC assessors and operational field staff.
5. The SOPs and VOC assessments are on track to be handed over to BAU at the end of April.
6. HSW roles and responsibilities guidelines were rolled out through face-to-face sessions and various communication channels across all Greater Wellington staff in November and December.

#### ***HSW Risk Update***

2. **Temporary Traffic Management (TTM)** – TTM plans are now complete with internal training for operational staff underway. Pest Animals and Knowledge and Insights monitoring teams have completed this so far.
3. **Hazardous substances** – New location certificates have been issued for Upper Hutt, Mabey Road and Ngamatawa Road and hazardous substances registers updated.

4. **Quad bikes on utes** – a temporary ban on loading quad bikes on the back of utes is in place after an updated risk assessment and analysis found the gradient of the ramp combined with the weight of the quad bike put workers at significant risk of death or serious harm if the bike came off the ramp while being ridden up or down. The ban is in place until a safer solution can be investigated, with quad bikes being transported on trailers in the interim.
7. **Robinson helicopters** – A review is still ongoing of the position statement on Greater Wellington’s use of Robinson helicopters.
5. **WorkSafe notifiable event** – WorkSafe was notified after a summer park ranger was bitten on the hand by a dog and hospitalised, as a precaution for 48 hours, after needing six stitches.
8. All park rangers are undergoing dog training refreshers and information pamphlets for owners bringing dogs onto parks, including consequences of breaching responsibilities, are being developed.
9. The ranger is back at work and recovering well, with no further action from WorkSafe.
6. No other serious work injuries or significant lost time were recorded in this reporting period, with those reported mainly due to slips and falls and seasonal wasp and bee stings.
7. **Martime vs Gibson Prosecution** – the former Ports of Auckland CEO was found guilty of exposing workers to serious risk of death or injury in breach of his due diligence obligations under the Health and Safety at Work Act 2015 (the Act) after a worker was crushed by a container on the port in 2020.
10. This is the first prosecution of a CEO of a large New Zealand company, and the first to set out the scope of officer obligations under the Act in concrete terms, and the precedent this sets.
8. This judgment has many take aways for both executive and non-executive officers and provides the opportunity to reflect, review and purposefully focus on their own and the organisation’s efforts.
9. This is timely as a deep dive into the Committee’s HSW governance duties and obligations, including learnings from the recent Maritime vs Gibson judgment, and the support available to discharge these, including a proposed due diligence work plan, is being presented at the workshop following this meeting.

#### **Wellbeing Update**

10. Telus Health have been selected as Greater Wellington’s new EAP provider following a rigorous procurement and selection process, taking over from the existing provider Instep on 3 March 2025.
11. A comprehensive change and education programme is underway to inform Greater Wellington staff, including familiarisation webinars run by Telus Health
11. Mental Health First Responder supported conversations remained high in this reporting period, with workload pressure, work stress, mental health and general wellbeing reported as the key themes.

12. The annual round of health monitoring has commenced with 34 assessments completed at Upper Hutt in December. No issues were reported.

**Ngā hua ahumoni**  
**Financial implications**

12. There are no financial implications

**Ngā Take e hāngai ana te iwi Māori**  
**Implications for Māori**

13. There are no known implications for Māori.

**Ngā āpitihanga**  
**Attachment**

Number	Title
1	<a href="#">HSW performance scorecard November - January 2025</a>

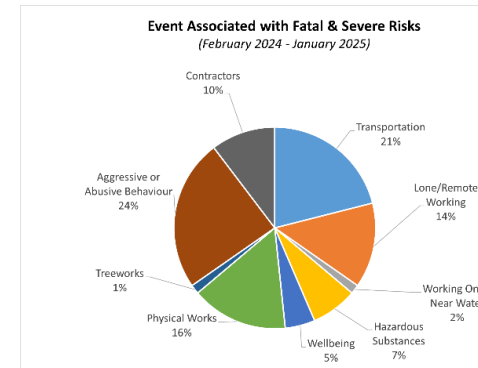
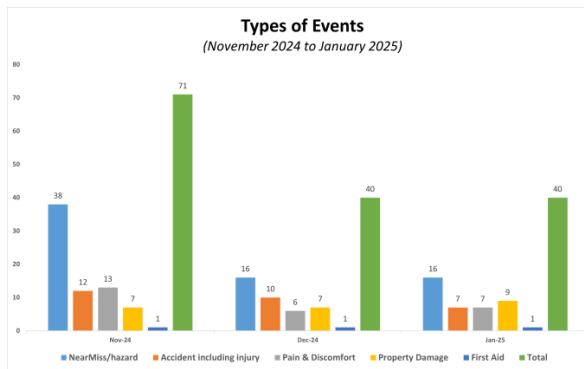
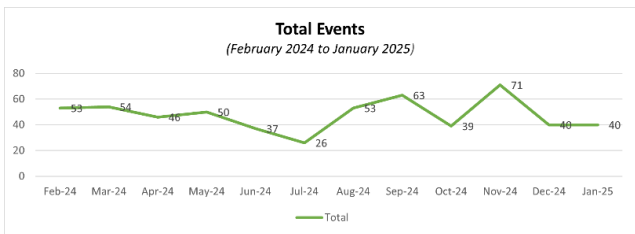
**Ngā kaiwaitohu**  
**Signatory/Signatories**

Writer	Julie Barber – Head of Health Safety and Wellbeing
Approver	Donna Hickey – Group Manager People and Customer

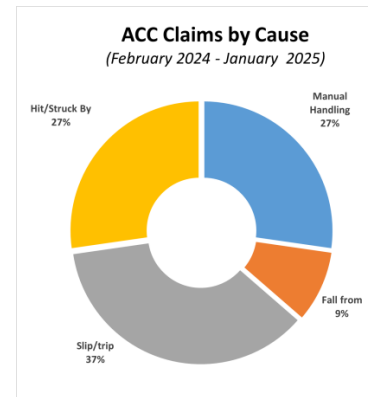
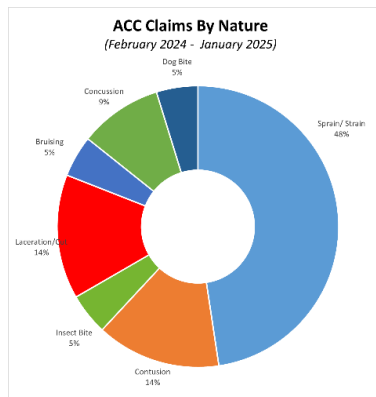
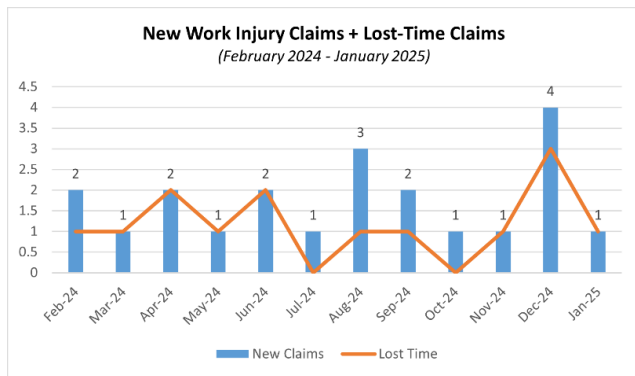
<p><b>He whakarāpopoto i ngā huritaonga</b>  <b>Summary of considerations</b></p>
<p><b><i>Fit with Council’s roles or with Committee’s terms of reference</i></b></p> <p>This report assures the Committee that Greater Wellington’s legal obligations under the Health and Safety at Work Act 2015 are maintained and met.</p>
<p><b><i>Contribution to Annual Plan / Long Term Plan / Other key strategies and policies</i></b></p> <p>The HSW Policy and Wellbeing Strategy are included in Greater Wellington’s Annual Plan 2024/25.</p>
<p><b><i>Internal consultation</i></b></p> <p>No internal consultation was required</p>
<p><b><i>Risks and impacts - legal / health and safety etc.</i></b></p> <p>The HSW risks and treatment are outlined in paragraphs 4 -21inclusive.</p>

## Health, Safety and Wellbeing Performance Scorecard November - January 2025

### Event Reporting

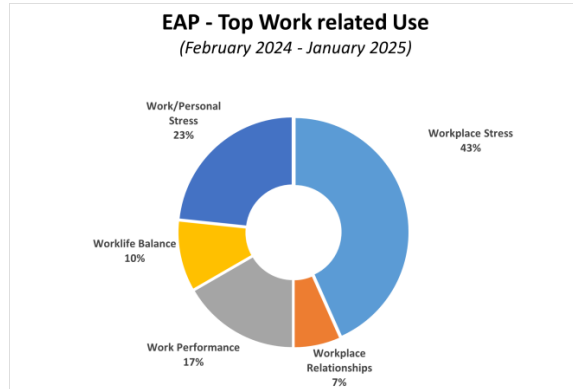


### ACC work injury claims







## Health, Safety and Wellbeing Performance Scorecard November - January 2025

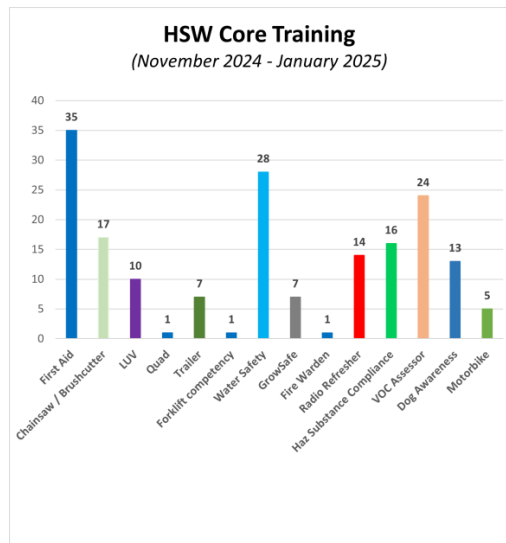
### Wellbeing







### Wellbeing insights November 2024 – January 2025

-  84 Mental health first responder conversations.
-  45 Ōku Raukura Atawhai (EAP, Manawa Ora) new cases
-  3 Pax formal clinical support
-  27 Pax rehabilitation support (work / non work injury & medical)

### HSW training activity



New/ Emerging trends November – January 2025	
	Well at work reports in Piko (lead indicator)
	Continued concerns re: high workloads and wellbeing reported by mental wellbeing first responders
	Speeding over 115km reported to managers
	Seasonal wasp and bee stings

**Finance, Risk and Assurance Committee**  
**25 February 2025**  
**Report 25.49**



**For Information**

## **Risk and Assurance Update**

### **Te take mō te pūrongo**

#### **Purpose**

1. To provide the Finance, Risk and Assurance Committee (the Committee) with an update on the developments with respect to risk management and the three-year assurance plan.

### **Te horopaki**

#### **Context**

##### ***Risk Management***

2. Please refer to [Attachment 1](#) for the updated ELT Risk Dashboard with management comments.

##### ***Business Assurance action points***

3. Updates against the current assurance plan have been included in [Attachment 2](#).

### **Te tātaritanga**

#### **Analysis**

##### ***Updated risk appetite statement***

4. The Committee reviewed the 'Loss, failure, or damage to assets' and 'Our people' risk appetite statements in November 2024, providing feedback on its form and content.
5. We have attached the 'Customer & Stakeholder' risk appetite statements for your perusal.
6. We have included discussion on this risk appetite statement in our February Committee workshop.
7. Please refer to [Attachment 3](#) for the risk appetite statement.

##### ***Business Assurance arrangements***

8. The Treasury internal audit is underway, and we expect to table the report in the Committee's May meeting.
9. We have also closed 14 recommendations since the last Committee meeting. Further details on open recommendations can be found in [Attachment 2](#).



### ***Riverlink risk update***

10. Due to the scale of the Riverlink project to Greater Wellington, it was requested by the Committee to undertake a deep dive into areas of risk for the project at the Committee's May meeting.
11. Highlighted below are several areas generating significant uncertainty across the Riverlink project, which will be explored in more detail at our risk deep dive in May:
12. **Partnership relationship agreement** – The agreement is still to be signed between Greater Wellington, NZTA and its partners. This agreement will impact on the project's budget and scheduling and is causing significant strain between project partners. The agreement is expected to be signed early 2025.
13. **Public transport levels of service** - NZTA has identified that its works on the Melling interchange will have a multiyear impact on passengers' access and use of the Melling station. We are currently working through what these impacts will mean for our passengers and how they can be resolved.
  - a **Bridge specifications** – A hydraulic model review has revealed that bridge specifications may result in flood protection levels of service not being reached. Once the partnership agreement is in place, it will include control points for Greater Wellington to review and sign off design and construction works.
14. **Waiwhetu aquifer** – Potential impact from the abstraction of gravels lowering of riverbed, to meet our designed river corridor. Updated modelling has identified that the volume of water available from the aquifer could be reduced more than was initially expected based on the consent application. A management approach is being developed for any trade-off decisions required between Greater Wellington's flood protection and water supply responsibilities.
15. **Capability & capacity** – Riverlink is a significant and complex project with strained relationships that has a significant draw on project resource. We are in the process of restructuring the team and obtaining additional resource to ensure the project can be effectively managed and delivered.
16. We note that the project's overall status is red, with the risks above being actively managed by the project team and governance group. We also note that the status of the project was also recently workshopped with the full Council.

### ***Fraud Maturity***

17. Greater Wellington engaged PWC to assess us in understanding our fraud risks and the maturity of our existing systems and processes. This work was undertaken across two phases which included:
18. Phase One – Fraud Risk Assessment, to help Greater Wellington identify and assess its fraud risks and controls. Phase one was completed and presented to the Committee in May 2023.
  - a Phase Two – Fraud Framework Maturity Assessment, to assess the maturity of Greater Wellington's Fraud Control Framework against a good practice

model of fraud control effectiveness. Phase two was completed and presented to the Committee in February 2024.

19. Greater Wellington have now reviewed recommendations across these two reports to confirm areas of focus to improve our fraud maturity. We have agreed to focus on 20 recommendations, with 5 already being closed and 10 being deferred to the next fraud risk assessment.
20. Closed recommendations include having controls in place to ensure policies are regularly reviewed and a fraud & corruption policy which covers internal collaboration to assist in the ongoing control of fraud and corruption.
21. Areas of focus for improvements to our fraud maturity include changes to our protected disclosure policy, updated fraud risk register, review of policies to ensure they cover fraud risk areas, and training and awareness.
22. Areas deferred until the next fraud maturity assessment include undertaking pressure testing, implementing a Learning Management System, improvements to staff vetting and management processes.
23. These areas balance improvements to our fraud maturity, with the availability of resources and scheduling before the next maturity assessment. We will continue to update FRAC on the implementation of these recommendations.

#### ***Te Tiriti o Waitangi Audit***

24. PWC completed Greater Wellington's inaugural Te Tiriti o Waitangi audit with the report being presented at a Council workshop in November 2023. This report was subsequently tabled with the Committee in February 2024 (Attachment 5 to Risk and Assurance Update - 24.37).
25. We have been working with Te Hunga Whiriwhiri to develop an approach to implementing recommendations and improving our maturity in this space.
26. Before the next Committee meeting in May, we will look to take a paper to ELT and the Te Tiriti o Waitangi Komiti confirming our approach.
27. In the meantime, we can confirm that we have grouped recommendations into three tranches based on risk and resource availability. These tranches are in draft but have been outlined below:
  - a Tranche 1 (FY2026) – includes improvements to internal policy roles and responsibilities and the creation of a Te Tiriti o Waitangi policy.
28. Tranche 2 (FY2027) – includes Māori data sovereignty and mātauranga, Māori freehold land policy, policy review to confirm Māori consultation and engagement requirements and procurement and onboarding guidance to ensure our suppliers and contractors are aware of and understand Greater Wellington's Māori outcomes.
29. Tranche 3 (FY2027+) – Formal change management process for Te Whāriki, defining Te Tiriti expectations throughout Greater Wellington business units and a significant decisions database for Māori outcomes and associated monitoring processes.

30. We expect that recommendations from Tranche 1 and 2 will be implemented before the next Te Tiriti o Waitangi audit (FY2027) with recommendations from Tranche 3 being implemented during the 2027-30 assurance plan.
31. Once the approach has been confirmed by ELT and the Te Tiriti o Waitangi Komiti, we will look to begin reporting on the implementation of these recommendations to the Committee in May.

**Insurance updates**

32. Insurance for our rolling stock and EMU depot was renewed on 1 January 2025 until 1 January 2026. The renewal went ahead at the lower loss limit of \$150 million based on updated modelling.
33. Stage 2 of our insurance modelling continues to progress with AON now reviewing assets included with our Material Damage insurances. Stage 2 modelling will also include underground bulk water assets and those assets we self-insure.
34. We expect to have a more significant update on the progress of this mahi at the Committee’s May meeting.

**Ngā hua ahumoni  
Financial implications**

35. There are no financial implications arising from this report.

**Ngā Take e hāngai ana te iwi Māori  
Implications for Māori**

36. The report contains an update on the Te Tiriti o Waitangi audit and our work towards delivering on these recommendations.

**Ngā āpitihanga  
Attachments**

Number	Title
1	<a href="#">Risk update August</a>
2	<a href="#">Assurance update August</a>
3	<a href="#">Risk appetite statements</a>

**Ngā kaiwaitohu  
Signatory/Signatories**

Writer	Jacob Boyes – Head of Corporate Risk & Assurance
Approver	Ali Trustrum-Rainey – Kaiwhakahaere Matua, Pūtea me ngā Tūraru   Group Manager, Finance and Risk

<p><b>He whakarāpopoto i ngā huritaonga</b>  <b>Summary of considerations</b></p>
<p><b><i>Fit with Council’s roles or with Committee’s terms of reference</i></b></p> <p>The Committee has specific responsibilities to review the effectiveness of Greater Wellington’s identification and management of risks faced by Council and the organisation; and to approve an internal audit plan.</p>
<p><b><i>Contribution to Annual Plan / Long Term Plan / Other key strategies and policies</i></b></p> <p>Greater Wellington makes decisions every day in order to deliver what it has committed to through the Long-Term Plan.</p> <p>Risk management is enabling good decisions to be made that reflect a good understanding of uncertainty within the environment and tradeoffs between competing choices.</p> <p>Internal audit/assurance reviews the effectiveness of Greater Wellington’s internal controls framework and processes such that Council can deliver effectively on its objectives, including safeguarding assets as set out in its Long-Term Plan and Annual Plans.</p> <p>Internal audit also supports the risk management framework.</p>
<p><b><i>Internal consultation</i></b></p> <p>We undertook the following internal consultation process:</p> <ul style="list-style-type: none"> <li>• Risk - discussions with risk leads and risk champions.</li> <li>• Assurance – PWC, risk leads and subject matter experts.</li> <li>• Insurance – AON as our insurance broker.</li> </ul>
<p><b><i>Risks and impacts - legal / health and safety etc.</i></b></p> <p>Several areas of risk have emerged from this work. These are described in the body of this paper.</p> <p>Internal audit acts to reduce risk by ensuring controls are operating as Greater Wellington has developed through its policies and procedures.</p>

# Attachment 1

## Risk Update

Finance, Risk and Assurance Committee  
25 February 2025

# ELT Dashboard

Last updated: 21 January 2025



# ELT Dashboard

Last updated: 20 November 2024

## Our areas of focus

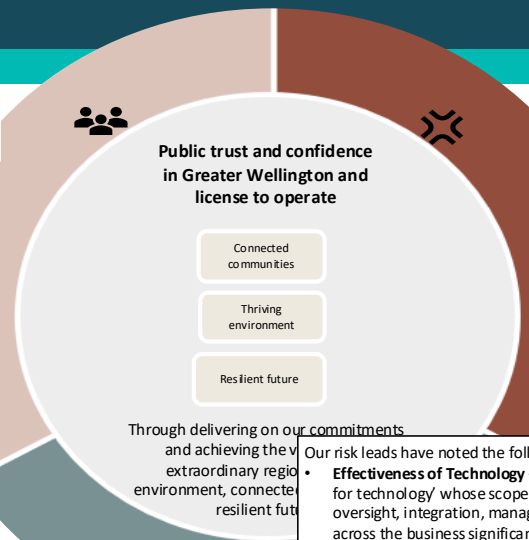
LB/IM	Impact on the environment	LT/AF	Population, demographic change & clarity of community n
MO/DDD	Reputation and public profile	MF/BC	Being effective partners in giving effect to Te Tiriti o Waitangi
MO/DJ/G	Quality of stakeholder relationships & partnerships	LT/MB	Impact of climate change

Active mana whenua partnerships and participation for improved outcomes for Māori

Holistic approaches to deliver improved outcomes for te taiao

Leading action for climate resilience and emissions reduction

Improving access to services and equity of outcomes through participation with communities



## Delivering core services

ATR/LB	Ability to deliver the capital programme	SG/MC	Reliance on actions of third parties
LT/KE	Continuity of service	JK/BK	Fitness for purpose of assets
DH/VR	Ability to implement change	NC/DH	Appropriateness of services & delivery design
JGR	Impact of reform		

Providing a clean and safe water supply

Leveraging regional partnerships to enable spatial planning and economic development

Protecting and restoring our environment and flood protection

Delivering an efficient, accessible and low-carbon public transport

## Management Comment

Our risk leads have noted the following:

- Effectiveness of Technology** – We have held a workshop with ICT and business groups to explore the uncertainty 'Clear accountabilities for technology' whose scope is "the extent to which we operate under clear roles & responsibilities for technology to enable effective oversight, integration, management and security of these systems". This Workshop identified that we have improved ICT engagement across the business significantly over the last 6 months, with project ICT governance in place and a common desire to improve on the existing technology framework and strategy. However, the workshop also identified several areas of improvement which includes improving ICT strategic alignment across all business units, working towards cross project governance, improving roles and responsibilities documentation, opportunities for further technology integration, working towards compliance and change control standardisation and building a shared understanding of the platforms that are being used or available to be used across the business.
- Ability to fund delivery** – S&P completed their annual review with ratings confirmed in February. While we expect a downgrade, it would take a 2-notch downgrade to AA- to increase our LGFA funding costs by 0.05%. We expect a further 0.5% decrease in the OCR which would lower interest costs on our floating debt. However, the recent US elections have already increased long term rates.
- Fitness for purpose of assets** – We have completed modelling for rail rolling stock and the EMU depot which confirmed that we are over insured for these assets. Based on the analysis undertaken we have reduced the loss limit from \$195 to \$150M. Market analysis has identified that we can no longer obtain appropriate Contract Works Insurance for flood protection capital projects. This further increases the deficit between the level of self-insurance we require and the reserves and contingencies we hold for these assets.
- Reliance on actions of third parties** – Worked with Wellington Water to undertake a bulk water internal audit which highlighted positives surrounding the understanding of water roles and responsibilities and how we manage this relationship. Metlink and KiwiRail developed a draft joint Wellington Investment Case for rail, which will be submitted to NZTA and MOT.
- Impact of reform** - While uncertainty is improving, due to staff having a clearer understanding Central Government priority, uncertainty remains high from ongoing change in areas such as:
  - Environment - Significant reset of national direction is expected over the next 6 months. Second Resource Management Act bill to be introduced to Parliament by the end of the year with enactment mid next year. Fast track consenting bill will return to Parliament in November, targeting enactment by the end of the year
  - Transport - NZTA have begun to reflect Government policies regarding public transport financing, particularly the proportion of Public Transport operational costs covered by 'private share' i.e. passenger fares and third-party contributions. Officers are working closely with NZTA on a range of related policy/finance workstreams associated with the new value-for-money GPS driver.

## Foundation to Success

Strong and positive culture

Successful people

Integrated and effective ways of working

Purposeful and trusted relationship and engagement

LT/ZM	Effectiveness of planning	JK/RL	Effectiveness of technology	ATR/AP	Integrity of people, fraud, bribery or corruption
ATR/MZ	Ability to fund delivery	DH/IB	Health, safety and wellbeing of people	JK/CD	Data and information governance
JK/DKH	Capability and capacity of external suppliers and partners	DH/VR	Capability and capacity of people	JK/DKH	Compliance with legislative & regulatory requirements

**KEY**

RO/RL: Uncertainty (What success looks like)

SL Confidence rating: G, Y, A, R

ELT Confidence rating: G, Y, A, R

Risk Lead Confidence rating: G, Y, A, R

Sentiment Alignment: High (H, M, L, M) Minimal

Change in the uncertainty confidence / concern rating: ↑ ↓ =

# Attachment 2

## Assurance Update

Finance, Risk and Assurance Committee  
25 February 2025



# Progress on the 2024-27 Assurance Plan

# Progress on the 2024 - 2027 Assurance Plan

**In summary:**

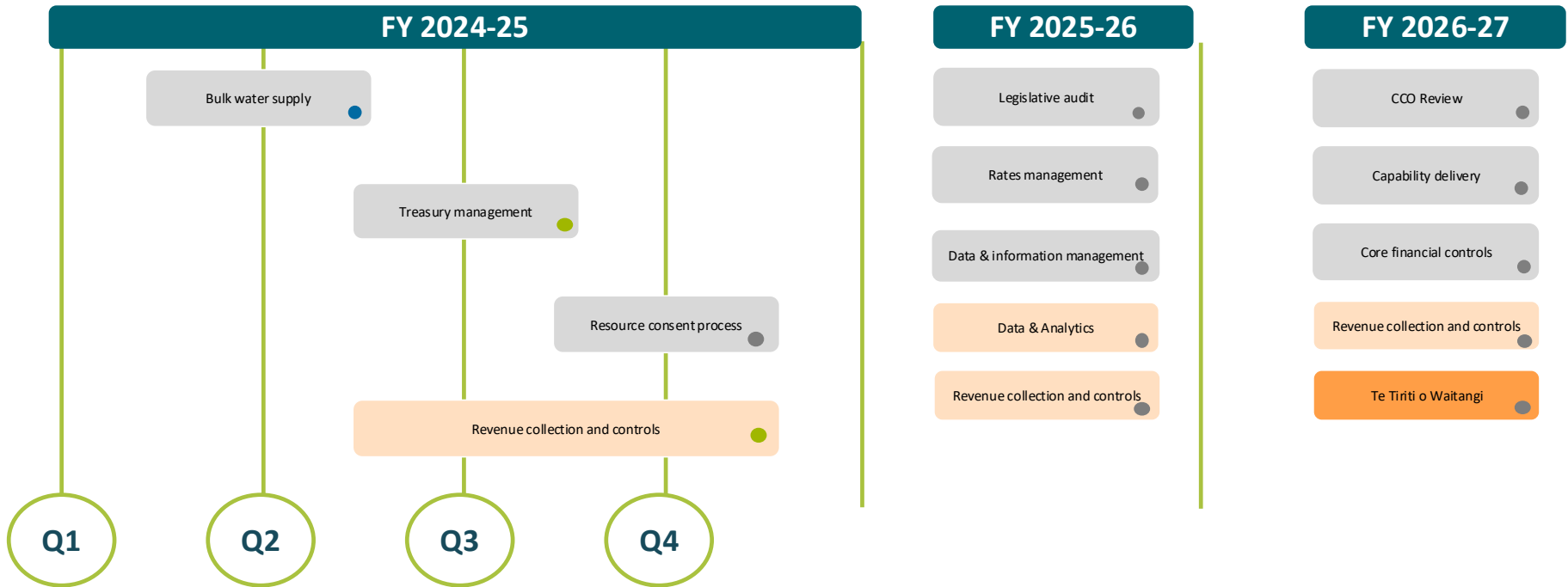
The Treasury Management audit is underway and will be completed by the end of April 2025. Planning started for the revenue collection and controls audit.

**Key:**

- One-off assurance activities
- Regular assurance activities
- Triennial assurance activities



**PwC status:**

- Completed
- In progress/ on track
- Delays or changes expected
- Not yet started



# Status of in progress reviews

The table below provides an update on in progress assurance reviews.

Review	Objective	Scoping	Terms of Reference	Fieldwork	Draft	Management Comments	Final Deliverable	Comments	
<b>Treasury Management</b> Sponsor: Alison Trustrum-Rainey	Assess the alignment of Treasury process and controls against Treasury policy and framework.								Terms of Reference signed and fieldwork underway.
<b>Revenue collection and controls</b> Sponsor: Alison Trustrum-Rainey	Assess the design and effectiveness of revenue controls across Snapper and Transdev.								Terms of reference being drafted. Planning meeting held with AuditNZ and GW Finance and Metlink. Kick off meetings held with Transdev and Snapper.

# Update on outstanding recommendations

# Follow up of Open Actions

The below table provides an update on current open and completed Business Assurance actions

Business Assurance review	Closed Actions #	Open Actions #	Management commentary
Health, Safety & Wellbeing	11	8 (8 in progress)	Remaining HSW recommendations have been reviewed and incorporated into the H&S improvement project. These recommendations will be implemented over the next 12 months.
Procurement and Contract Management	5	2 (2 in progress)	1 recommendation closed. Ngātahi holds the centralised contract management register, with contract management responsibilities now in place for Metlink and the Environment Group.
Asset management maturity	2	1 (1 in progress)	Asset management outsourcing policy to be addressed as part of procurement services blueprinting.
Capital works programme internal audit	6	9 (9 in progress)	3 recommendations closed. For early supplier consultation we have focused on improved supplier engagement and early supplier consultation. This is now embedded in the procurement process. While we are working towards a 12-month forward procurement programme, GW is not quite mature enough to have such a programme, however, an internal tender planner is in place which tracks procurement activities. Robust governance in place for most significant projects, with a process existing to establish new governance groups when required. PMO have a suite of resources developed which includes exemplars, templates and guidance. These resources are readily available in He Kete, GW centralised template database and via MS templates. 1:1 support, training and advice is also available. Residual recommendations have been aligned to the BPI process which has been extended until July 2025.
Revenue collection controls assessment internal audit report	9	1 (1 in progress)	3 recommendations closed. Additional approval process now in place at Snapper for refund invoices billed to GW, evidence of meetings now maintained and password settings reviewed.
Fleet management	9	15 (15 in progress)	6 recommendations closed. Paper has been taking to ELT to centralise oversight of special vehicles under the fleet team. Optifleet is now providing reports on vehicle utilisation and record keeping. Training of staff has also been undertaken to improve record keeping.
Core financial controls	0	5 (5 in progress)	Plan is being developed by ERP and Accounting Services teams to develop a prioritised list of processes for review and controls for automation. We expect the plan to be ready by FRAC's May meeting.
Bulk Water Management (Summer Water Shortage)	1	4 (4 in progress)	1 recommendation closed. We have closed the recommendation around the "definition of water shortage" as it is already described as "occurring when demand surpasses supply", which is a common understanding between WWL, GWRC and CCR partners. This is further understood through the water restriction levels, which have specific criteria for when they are met, which is used in public messaging. Further revisiting the definition of water shortage will not improve our preparedness, the definition and restrictions were consistently used in communications internally and to the public. GW's Bulk water relationship owners are working alongside WWL to develop a RASCI and formalise lessons learned.

**Attachment 3 – Risk Appetite Statement**

<b>Risk category</b> Customer & stakeholder	
<b>Risk category description</b> Events or decisions which could shift public and stakeholder perception of Greater Wellington or impact on these relationships.	
<b>Risk appetite statement</b> We expect open and transparent communication with our staff, councillors, partners, communities and stakeholders. Wherever possible, we should front foot opportunities and treat issues when they arise, and release information as early as possible to help keep our audiences informed. We will ensure that the work of Greater Wellington is generally understood, accepted and managed before activities are undertaken by us or those we contract. This includes aspects of our work that might not be popular with certain interest groups and community members as well as celebrating work that is universally supported. We will engage with the community to ensure we understand them, and segment our audiences, so we have an informed view of their attitudes and values as they relate to the work, services and delivery of Greater Wellington initiatives and projects. We expect to have processes in place to manage our key stakeholders and to ensure we can understand the current state of these relationships to ensure they are being heard and that they are correctly understood.	
<b>Risk stance</b> We accept that events will occur that impact on our reputation and our relationship with customers and stakeholders, therefore, we expect that processes and controls are in place to identify potential issues early, escalate issues where appropriate and to respond to enable Greater Wellington’s view to be heard.	
<b>Risk tolerance</b> ...	
<p>Council will tolerate:</p> <ul style="list-style-type: none"> <li>• Staff being empowered to raise issues with colleagues, leaders, councillors, or through our whistle-blower channels to ensure that issues are identified at the earliest opportunity to enable Greater Wellington to front foot communications.</li> <li>• Strategy led communications that enable targeted comms to interest groups and at-risk community members.</li> <li>• Communications planning that helps the organisation know when it is safe to communicate and when to limit further exposure and/or criticism.</li> <li>• Framework being in place to ensure the appropriate Staff are undertaking stakeholder management activities. This includes activities designed to assess the strength of our relationships and to ensure we are appropriately targeting interest groups and the wider community.</li> </ul>	<p>Council will not tolerate:</p> <ul style="list-style-type: none"> <li>• Not having processes and control in place to effectively manage our stakeholders to understand strength of these relationships.</li> <li>• Staff, leaders, councillors undertaking media opportunities without having appropriate training.</li> <li>• Comms being released externally which have not been through appropriate design and review processes.</li> <li>• Management not ensuring their staff are aware of and operate within these controls, which results in the release of comms that is inaccurate or impacts on our stakeholder relationships.</li> <li>• Non reporting of issues likely to impact on our reputation.</li> </ul>
<b>Associated Uncertainties (ELT Dashboard)</b>	
<ul style="list-style-type: none"> <li>• Impact of climate change</li> <li>• Ability to deliver the capital programme</li> <li>• Fitness for purpose of assets</li> <li>• Ability to fund delivery</li> <li>• Capability and capacity of people</li> </ul>	<ul style="list-style-type: none"> <li>• Reputation and public profile</li> <li>• Reliance on actions of third parties</li> <li>• Continuity of service</li> <li>• Effectiveness of planning</li> <li>• Impact of reforms</li> </ul>

**Finance, Risk and Assurance Committee  
25 February 2025  
Report 25.51**



**For Decision**

**FORWARD WORK PROGRAMME – FEBRUARY 2025**

**Te take mō te pūrongo**

**Purpose**

1. To advise the Finance, Risk and Assurance Committee (the Committee) of the forward work programme ([Attachment 1](#)).

**He tūtohu**

**Recommendations**

That the Committee:

- 1 **Endorses** the Forward Work Programme ([Attachment 1](#)).

**Te horopaki**

**Context**

2. Staff have compiled regular reports for the year and other upcoming items into a Forward Work Programme for the Committee to consider. At each meeting, the work programme will be reviewed and adjusted based on progress, added information, and changing priorities.

**Te tātaritanga**

**Analysis**

3. The Forward Work Programme contains the regular and planned upcoming reports for the Committee meetings for the forward 12 months. However, we note that with upcoming Council elections, that only meetings up until August 2025 have been captured.
4. The Committee's Forward Work Programme is scheduled to be presented at each Committee meeting.
5. The Forward Work Programme and associated planning ensures the Committee meets its terms of reference. This includes the review and monitoring of performance under Council's Financial Strategy and to oversee, review, and report on Greater Wellington's discharge of its responsibilities in the areas of financial management; risk management; statutory reporting including the Annual Plan and Long Term Plan; internal and external audit and assurance; and monitoring of compliance with laws and regulations (including health and safety).

**Ngā hua ahumoni**  
**Financial implications**

6. There are no financial implications arising from this report.

**Ngā Take e hāngai ana te iwi Māori**  
**Implications for Māori**

7. There are no known implications for Māori arising from this report.

**Ngā tikanga whakatau**  
**Decision-making process**

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

**Te hiranga**  
**Significance**

9. Officers considered the significance (as defined by Part 6 of the Local Government Act 2002) of the matters for decision, taking into consideration Council's *Significance and Engagement Policy* and Greater Wellington's *Decision-making Guidelines*. Officers consider that the matter is of low significance due to its administrative nature.

**Te whakatūtakitaki**  
**Engagement**

10. Due to the low level of significance, community engagement was not considered necessary.

**Ngā tūāoma e whai ake nei**  
**Next steps**

11. Once the Committee endorses the programme, officers will implement the reporting.

**Ngā āpitihanga**  
**Attachments**

Number	Title
1	<a href="#">Finance, Risk and Assurance Committee Forward Work Programme as at February 2025</a>



**Ngā kaiwaitohu  
Signatory**

Writer	Jacob Boyes – Head of Corporate Risk & Assurance
Writer	Alison Trustrum-Rainey – Kaiwhakahaere Matua Pūtea me ngā Tūraru   Group Manager Finance and Risk

<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 Forward Work Programme is designed to cover the key items in the Committee's Terms of Reference.
<b><i>Contribution to Annual Plan / Long Term Plan / Other key strategies and policies</i></b> The Committee's Terms of Reference includes the review and monitor performance under Council's Financial Strategy and to oversee, review and report on Greater Wellington's discharge of its responsibilities in the areas of financial management; risk management; statutory reporting including the Annual Plan and Long Term Plan; internal and external audit and assurance; and monitoring of compliance with laws and regulations (including health and safety).
<b><i>Internal consultation</i></b> Regular report writers to the Committee were consulted.
<b><i>Risks and impacts - legal / health and safety etc.</i></b> There are no known risks arising from this report.

**Finance, Risk and Assurance Committee Forward Work Programme – February 2025**  
**Finance, Risk, and Assurance Committee Work Programme 2024/25**

Focus areas	February 2025	May 2025	August 2025	TBC
Overall meeting focus if applicable				Future FRAC meetings to be planned post the reconvening of Council.
Work programme	<b>Decision report</b> Rolling forward work programme	<b>Decision report</b> Rolling forward work programme	<b>Decision report</b> Rolling forward work programme	
Financial Management	Q2 report	Q3 report	Q4 report	
			Rating software update	
Risk Management	Health Safety and Wellbeing	Health Safety and Wellbeing	Health Safety and Wellbeing	
	Harbours Management – Risk and Compliance	Harbours Management – Risk and Compliance	Harbours Management – Risk and Compliance	
	Risk review and update Incl. update on Riverlink Risk	Risk review and update	Risk review and update	
	Legal Risk update	Cyber Security Update	Legal Risk update	
		Insurance modelling stage 2 including our exposure	Insurance Review	
			<b>Decision report</b> Risk Appetite review	

**Finance, Risk and Assurance Committee Forward Work Programme – February 2025**

Focus areas	February 2025	May 2025	August 2025	TBC
<b>Business Assurance</b>	Assurance update	<b>Decision report</b> Assurance update including: <ul style="list-style-type: none"> <li>• 2024-27 assurance plan review</li> <li>• Report on Treasury Management</li> </ul>	Assurance update including: <ul style="list-style-type: none"> <li>• Report on resource consent process</li> </ul>	
<b>Reporting and Accounting</b>	Audit report to Council on the Annual Report	Annual Plan update	Audit Report to Council on the LTP	
		<b>Decision report</b> Fair Value Assessment of Property Plant and Equipment	External audit plans	
			Financial policy update	
<b>Workshops TBD</b>	Update on WWL and water done well (Verbal only)			
	Health & Safety Deep Dive: <ul style="list-style-type: none"> <li>• Councillor and appointed members’ health and safety legal duties and obligations</li> <li>• CEO of POAL convicted of health &amp; Safety breaches</li> </ul>	Deep Dive – Riverlink risks	Risk Deep Dive – Te Tiriti o Waitangi which includes our Te Tiri audit process	
	Risk appetite walkthrough	Risk appetite walkthrough	Risk appetite walkthrough	

**Finance, Risk and Assurance Committee Forward Work Programme – February 2025**

Focus areas	February 2025	May 2025	August 2025	TBC
Out of cycle items: - Annual Report				

**Finance, Risk and Assurance Committee**  
**25 February 2025**  
**Report 25.69**



**For Decision**

**RESOLUTION TO EXCLUDE THE PUBLIC**

That the Finance, Risk and Assurance Committee excludes the public from the following parts of the proceedings of this meeting, namely:—

Legal Update – RPE25.65

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 grounds 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>Legal Update – RPE25.65</b>	
<i>Reason 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>This report contains information:</p> <ul style="list-style-type: none"> <li>a On matters (namely settlement negotiations) being conducted under an obligation of confidence and associated information used in and obtained from those negotiations (section 7(2)(c)(i) of the Act)</li> <li>b On potential internal investigations as to alleged wrongdoing and the release of such information would likely prevent the maintenance of law and in particular the investigation of such matters and/or would be likely to prejudice the supply of information into those investigations (section 6(c) of the Act)</li> <li>c That is being gathered to enable in-house counsel to appropriately advise Greater Wellington and/or where litigation is in reasonable contemplation and as such, the release of the same would prejudice the maintenance of legal professional privilege (section 7(2)(g) of the Act).</li> </ul>	<p>The public conduct of this part of the meeting is excluded as per:</p> <ul style="list-style-type: none"> <li>a section 7(2)(c)(i) of the Act to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied</li> <li>b section 6(c) of the Act, that making available of that information would be likely to prejudice the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to fair trial</li> <li>c section 7(2)(g) to maintain legal professional privilege.</li> </ul>

<p>Officers have considered whether the public interest outweighs the restriction on release of the information to the public. Officers consider that the public interest does not so outweigh the restrictions.</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.