



Report 09.555
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Committee Finance, Evaluation and Risk
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Annual Report for the year ended 30 June 2009

1. Purpose

To request that the Committee review the draft Annual Report prior to the Report being presented to Council for formal approval.

2. Significance of Decision

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

3. Background

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

The Annual Report 2009, reports against the Council's 10-Year Plan 2006-16. Therefore, its format is similar to the 2008 Annual Report.

Audit New Zealand has substantially completed its audit and there are no unresolved issues at this stage. The remaining matters to be completed by the auditors are fairly minor in nature and it is not expected that there will be any changes required. The Auditors will be in a position to give the Committee verbal clearance on the Annual Report at the meeting. They will issue their audit opinion once the Council approves the Annual Report on 29 September.

Karen Young, Engagement Director, and Beverley Alloway, Audit Manager, from Audit New Zealand, will be in attendance at the meeting on 22 September to summarise the results of the annual audit and to answer any questions that the Committee may have.

4. Role of the Subcommittee

In respect of the Annual Report 2009, the Committee is acting as the Audit Committee of the Council. Its role is to carry out a detailed review of the Annual Report, and recommend that Council approves the Report, subject to any changes required.

5. Reconciliation of the preliminary and final result

The Council and the Committee reviewed the preliminary Council results for the year at their meetings in August (Report 09.463). A copy of this report is attached (**Attachment 2**).

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

6. Reserves

A detailed analysis of reserve movements during the 2008/09 year is provided, along with explanations of variances between budgeted and actual reserve movements (**Attachment 3**). All variances between budgeted and actual reserve movements will need to be approved by the Council at its meeting on 29 September 2009 as part of its adoption of the 2009 Annual Report. The budgeted reserve movements were implicitly approved as part of the 2008/09 Annual Plan.

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

- *Reserves for each Different Area of Benefit.*

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

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

- *Contingency Reserves*

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

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

- *Reserves where there has been Rebudgeting of Expenditure*

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

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

- *Special Reserves*

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

7. Non Financial Results

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

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

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

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

8. Communications

A press release will be prepared for the Council meeting on the 29 September. The Council is required, one month after adoption of its Annual Report, to make the report and a summary document available to the public. A summary document is being prepared and will be presented to the Council meeting on 29 September 2009. It will focus on the achievements of the year as set out in pages 7-11 of the Annual Report, along with the required financial reports.

9. Recommendations

That the Committee recommends to Council that it:

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

	\$
(a) Wai Bovine TB Rate - Bov TB	57,979
(b) Wai Rating Schemes-Catchment Awhea	2,489
(c) Wai Rating Schemes-Catchment Whareama	4,951
(d) Wai Rating Schemes-Catchment Homewood	(1,878)
(e) Wai Rating Schemes-Catchment Mataikona	1,512
(f) Wai Rating Schemes-Catchment Maungaraki	2,251
(g) Wai Rating Schemes-Catchment Kaiwhata	3,455
(h) Wai Rating Schemes-Drainage	(141,632)
(i) Wai Shingle Royalty	(105,451)
(j) Wai Rating Schemes-River LWVD	1,001
(k) Wai Rating Schemes-River Waiohine	(48,238)
(l) Wai Rating Schemes - Gladstone	(27,438)
(m) Wai Rating Schemes-River Waipoua	(33,595)
(n) Wai Rating Schemes-River Waingawa	(21,196)
(o) Wai Rating Schemes-River Lower Tauera	(244)
(p) Wai Rating Schemes-River Lower Whangaehu	574
(q) Wai Rating Schemes-River Upper Mangatarere	906
(r) Wai Rating Schemes- Te Ore Ore	13,149
(s) Wai Rating Schemes - Mt Bruce	6,153
(t) Kopuranga Scheme Reserve	1,257
(u) Akura Nursery Reserve	11,132
(v) Bioworks	176,577
(w) Wairarapa Wetlands	(50,000)
(x) River Rate Reserve-Hutt City	(54,342)
(y) River Rate Reserve-Kapiti Coast	64,361
(z) River Rate Reserve-Porirua City	(8,525)
(aa) River Rate Reserve-Upper Hutt City	(44,654)
(bb) River Rate Reserve-Wellington City	(23,186)
(cc) Consents Management	(92,257)
(dd) Wellington Flood contingency	(43,000)
(ee) Wairarapa Flood contingency	(150,000)
(ff) Plantation Forestry	(2,558)
(gg) Finance System (SAP) Reserve	1,850,000
(hh) Wgtn Regional Strategy - Grow Wellington	238,767
(ii) Rebudget to 07/08-Whiteria Park Ranger Service	(118,170)
(jj) Rebudget 09 - Completion of TDM review	21,000
(kk) Rebudget 09 - Vehicle Replacements	71,000
(ll) Rebudget 09 - Vehicle Replacements	25,000
(mm) Rebudget 09 - Waiwhetu Stream restoration	300,000
(nn) Rebudget 09 - QE2 - private land protection covenants	100,000

(oo)	<i>Rebudget 09 - Transport Model</i>	48,750
(pp)	<i>Rebudget 09 - Chrystalls Extended stopbank</i>	22,287
(qq)	<i>Rebudget 09 - Waiwhetu flood improvements</i>	37,065
(rr)	<i>Rebudget 09 - Wairarapa Accomodation Project</i>	20,649
(ss)	<i>Rebudget 09 - Ampla Reporting System</i>	11,027
(tt)	<i>Rebudget 09 - Emergency PS Whitehead</i>	8,238
(uu)	<i>Rebudget 09 - TM Hupochloride</i>	2,891
(vv)	<i>Rebudget 09 - Karori Fault</i>	1,818
(ww)	<i>Rebudget 09 - Beacon Hill building</i>	68,962
(xx)	<i>Rebudget 09 - AQS Kapiti</i>	9,195
(yy)	<i>Rebudget 09 - WRS office</i>	65,119

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

Report prepared by:

Report prepared by:

Report approved by:

Barry Turfrey
Chief Financial Officer

Jane Bradbury
Divisional Manager
Corporate & Strategy

David Benham
Chief Executive

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

Attachment 2: 2009 Financial report for the year ended 30 June 2009

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