

Report 12.455  
Date 19 September 2012  
File SP/06/01/01

Committee Council  
Author Chris Gray, Manager, Finance & Support

## Annual Report for the year ended 30 June 2012

### 1. Purpose

To request that the Council adopts the Annual Report 2012.

### 2. The decision-making process and significance

The matter requiring decision in this report has been considered by officers against the requirements of Part 6 of the Local Government Act 2002 (the Act).

#### 2.1 Significance of the decision

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

The Council is required to formally adopt the Annual Report.

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

### 3. Background

Under the Local Government Act 2002 the Council is formally required to adopt its Annual Report by 31 October each year. The Annual Report 2012 and Summary Annual Report 2012 will be sent under separate cover (refer **Attachments 1 and 2**).

The Annual Report 2012, reports against the Annual Plan 2011/12 and the 10 Year Plan 2009-2012.

Audit New Zealand has substantially completed its audit. There are no unresolved issues at this stage. The Auditors should be in a position to issue their audit opinion once the Council approves the Annual Report 2012.

Karen Young, Director, and Zirus Zuber, Audit Manager, from Audit New Zealand, will be in attendance at the meeting to summarise the results of the annual audit and to answer any questions that the Council may have.

#### 4. Reserves

A detailed analysis of reserve movements during the 2011/12 year is provided, along with explanations of variances between budgeted and actual reserve movements (**Attachment 3**). All variances between budgeted and actual reserve movements have been reviewed by the Audit Risk and Assurance committee who met on Wednesday 19<sup>th</sup> of September and recommended that they be adopted by the Council at its meeting on 26 September 2012 as part of its adoption of the Annual Report 2012.

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

- *Reserves for each different area of benefit*

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

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

- *Contingency reserves*

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

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

- *Reserves where there has been rebudgeting of expenditure*

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

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

- *Special reserves*

The only special reserves of the Council are the Election Reserve and the IT operations Capex Reserve. The reserves smooth the cost of elections and IT system upgrades.

## 5. Non financial results

The Council is required to compare its actual activities and actual performance in the year with the intended activities and the intended level of performance as set out in respect of the year in the 10-Year Plan 2009-19 and the Annual Plan 2011/12.

Reporting is according to the Council's groups of activities, as set out in the 10 Year Plan 2009-2012:

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

The Council also reports on its investments.

The Draft Annual Report 2012 shows that Greater Wellington has achieved the intended levels of performance. There have been some minor changes to the programming of key activities over the last year, including changes to the following projects:

- construction of the Boulcott Hutt Stopbank & Tobins Stopbank (bought forward)
- some minor changes to timeframes for the Public Transport Spine Study and the Wellington Bus Review
- delay of the Naenae Station upgrade until 2012/13 due to poor weather and material shortages
- State of Environment targeted modelling work deferred until 2012/13.

Some water supply projects and upgrades deferred in the 2011/12 Annual Plan also flow through to this Annual Report. These projects were deferred to allow for further investigations into options for the future development of the regional bulk water supply system.

Unplanned activity includes the establishment of the Independent Wellington Local Government Review Panel.

## 6. Communications

A press release will be prepared for the Council meeting on 26 September. The Council is required, one month after adoption of its Annual Report, to make the report and a summary document available to the public.

## 7. Recommendations

*That the Council:*

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

(a) Transport Rate Reserve	4,081,084
(b) Sustainable Transport Reserve	1,158,687
(c) Transport Planning Reserve	(700,070)
(d) Transport Data & Analysis Reserve	(162,886)
(e) Wai Bovine TB Rate - Bov TB	1,896
(f) Wai Rating Schemes-Catchment Awhea	4,865
(g) Wai Rating Schemes-Catchment Whareama	(2,538)
(h) Wai Rating Schemes-Catchment Homewood	(6,946)
(i) Wai Rating Schemes-Catchment Mataikona	(587)
(j) Wai Rating Schemes-Catchment Maungaraki	810
(k) Wai Rating Schemes-Catchment Kaiwhata	(2,273)
(l) Wai Rating Schemes-Drainage	78,884
(m) Wai Shingle Royalty	1,709
(n) Wai Rating Schemes-River LWVD-Opex	(8,619)
(o) Wai Rating Schemes-River Waiohine-Opex	19,828
(p) Wai Rating Schemes - Gladstone	2,398
(q) Wai Rating Schemes-River Waipoua	(9,818)
(r) Wai Rating Schemes-River Waingawa	5,279
(s) Wai Rating Schemes- Lower Taueru	335
(t) Wai Rating Schemes-River Lower Whangaehu	860

(u) Wai Rating Schemes-River Upper Mangatarere	(60)
(v) Wai Rating Schemes- Te Ore Ore	10,185
(w) Wai Rating Schemes - Mt Bruce	(2,940)
(x) Wai Rating Schemes - Kopuaranga	(1,815)
(y) Akura Nursery Reserve	35,739
(z) Bioworks	30,759
(aa) River Rate Reserve-Hutt City	(101,144)
(bb) River Rate Reserve-Kapiti Coast	44,481
(cc) River Rate Reserve-Porirua City	(394)
(dd) River Rate Reserve-Upper Hutt City	6,209
(ee) River Rate Reserve-Wellington City	10,728
(ff) Plantation Forestry	2,558
(gg) IT Operations Capex Reserve	755,191
(hh) Wgtn Regional Strategy - Grow Wellington	(191,708)
(ii) Rebudget 12/13 Parks Animal Pests Wainui	70,000
(jj) Rebudget 12/13 Parks Animal Pests Akatarawa	131,000
(kk) Rebudget 12/13 Legal Protection (QEII) General	75,000
(ll) Rebudget 12/13 Regional Possum Control	
Programme opex wbs	75,000
(mm) Rebudget 12/13 Wgtn-Airport PT Feasibility Study	27,000
(nn) Rebudget 12/13 Monitoring General	40,000
(oo) Rebudget 12/13 Belmont - Asset Mngt. - Opex	40,000
(pp) Rebudgets 12/13 Local Govt.Review	200,000
(qq) Rebudget 12/13 Pt Howard Pump Station	2,418
(rr) Rebudget 12/13 Cathodic Protection	2,821
(ss) Rebudget 12/13 GI Software Upgrade 2011	5,843
(tt) Rebudget 12/13 Trunk Network Development	5,238

(uu) Rebudget 12/13 Wainui Rack 1	2,418
(vv) Rebudget 12/13 Seismic work at SM Lakes	36,265
(ww)Rebudget 12/13 Land Purchase Lake 3	161,175
(xx) Rebudget 12/13 Lower Waitohu Improvements	7,108
(yy) Rebudget 12/13 Waiohine stopbank design	7,984
(zz) Rebudget 12/13 Wairarapa Accommodation Project Capex	88,141

**4. *Adopts the Annual Report for the year ended 30 June 2012, subject to any changes requested by the Council.***

Report prepared by:

Report approved by:

**Chris Gray**

Manager, Finance & Support

**Bruce Simpson**

Chief Financial Officer

**Attachment 1:** 2012 Annual report for the year ended 30 June 2012

**Attachment 2:** 2012 Summary annual report for the year ended 30 June 2012

**Attachment 3:** Explanations of unbudgeted reserve movements for the year ended 30 June 2012