



Report 14.450
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Committee Risk and Assurance Committee
Author Chris Gray, Manager, Finance & Support

Draft Annual Report for the year ended 30 June 2014

1. Purpose

To provide the Committee for review Greater Wellington Regional Council's (GWRC) Draft Annual Report and Summary Annual Report for the year ended 30 June 2014.

2. Background

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

The Annual Report 2014 reports against the Annual Plan 2013/14 and the Long Term Plan 2012-22.

The Strategy and Policy Committee members received full year end reviews for all groups. These financial statements are consistent with those reports.

Audit New Zealand has substantially completed its audit and there are no substantive unresolved issues at this stage. The remaining matters to be completed by the Auditors are minor and it is not expected that there will be any major changes required. The Auditors will provide an update on the Annual Report at this meeting. We expect they will issue their audit opinion once the Council approves the Annual Report on 30 September 2014.

Andy Burns, Director and Gregory McDonald from Audit New Zealand will be in attendance at the meeting on the 18 September 2014 to summarise the results of the annual audit progress and to answer any questions that the Committee may have.

3. Role of the Committee

In respect of the Annual Report 2014, the Committee is acting as the Audit Committee of the Council. Its role is to carry out a detailed review of the Annual

Report, and recommend that Council approves the Annual Report, subject to any changes required.

4. Reserves

A detailed analysis of reserve movements during the 2013/14 year is provided, along with explanations of variances between budgeted and actual reserve movements (**Attachment 3**). All variances between budgeted and actual reserve movements will need to be approved by the Council at its meeting on 30 September 2014 as part of its adoption of the Annual Report 2014.

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 areas of benefit is applied to the specific reserves, in proportion to their respective revenue and financing policy ratios.

- *Contingency reserves*

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

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

- *Special reserves*

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

- *Reserves where there has been rebudgeting of expenditure*

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

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

5. Non-financial results

The Council is required to compare its actual performance with the intended level of performance set out in the Long Term Plan 2012-22 and the Annual Plan 2013/14.

The Long Term Plan 2012-22 introduced a new performance management framework for GWRC. 2013/14 has been a very successful year for GWRC, as detailed in the “Key Achievements” section of the Draft Annual Report. GWRC has achieved its intended level of performance, with nearly all performance targets met.

6. Communications

A press release will be prepared for the Council meeting on 30 September. The Council is required, one month after adoption of its Annual Report, to make the report and a summary document available to the public.

7. The decision-making process and significance

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

The matters requiring decision in this report have been considered by officers against the requirements of Part 6 of the Local Government Act 2002 (the Act). Part 6 sets out the obligations of local authorities in relation to the making of decisions.

7.1 Significance of the decision

Part 6 requires GWRC to consider the significance of the decision. The term ‘significance’ has a statutory definition set out in the Act.

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

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

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

8. Recommendations

That the Committee:

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

<i>Reserve</i>	<i>Balance</i>
(a) Public Transport Rate Reserve	3,080,251
(b) Sustainable Transport Department Reserve	4,439
(c) Transport Planning Reserve	152,763
(d) Transport Data & Analysis Reserve	178,244
(e) Wai Bovine TB Rate - Bov TB	47,755
(f) Possum Predator Rate Reserve	102,343
(g) Wai Rating Schemes-Catchment Awhea	(2,756)
(h) Wai Rating Schemes-Catchment Whareama	3,841
(i) Wai Rating Schemes-Catchment Homewood	(316)
(j) Wai Rating Schemes-Catchment Mataikona	(359)
(k) Wai Rating Schemes-Catchment Maungaraki	(3,550)
(l) Wai Rating Schemes-Catchment Kaiwhata	(1,015)
(m) Wai Rating Schemes-Drainage	(16,859)
(n) Wai Shingle Royalty	33,057
(o) Wai Rating Schemes-River LWVD-Opex	(52,778)
(p) Wai Rating Schemes-River Waiohine-Opex	(22,265)
(q) Wai Rating Schemes - Gladstone	(12,839)
(r) Wai Rating Schemes-River Waipoua	(2,693)
(s) Wai Rating Schemes-River Waingawa	2,495
(t) Wai Rating Schemes-River Lower Taueru	1,158
(u) Wai Rating Schemes-River Lower Whangaehu	23
(v) Wai Rating Schemes-River Upper Mangatarere	(15)
(w) Wai Rating Schemes- Te Ore Ore	12,342
(x) Wai Rating Schemes - Mt Bruce	(8,008)
(y) Wai Rating Schemes - Kopuaranga	1,498
(z) WREMO Reserve (TA contributions)	551,000
(aa) Biodiversity Key Native Eco System Reserve	76,244
(bb) Wairarapa Moana Ministry for the Environment Reserve	195,094
(cc) Iwi Projects Reserve	25,000
(dd) Akura Nursery Reserve	(30,415)
(ee) Bioworks	85,080
(ff) River Rate Reserve-Hutt City	(193,149)
(gg) River Rate Reserve-Kapiti Coast	47,142
(hh) River Rate Reserve-Porirua City	9,469
(iii) River Rate Reserve-Upper Hutt City	(5,360)
(jii) River Rate Reserve-Wellington City	14,440
(kk) Election Reserve	169,000
(ll) IT Operations Capex Reserve	332,416
(mm) WRS – GWRC WRS Office	60,919

(nn)	WRS Reserve - Grow Wellington	(100,000)
(oo)	Rebudget 14/15 Trolley Bus - Contract Investigation Funding	120,000
(pp)	Rebudget 14/15 Integrated Ticketing Investigation	427,500
(qq)	Rebudget 14/15 Aro Reservoir overflow pipe recoating	22,000
(rr)	Rebudget 14/15 SAP Data Structure - implementation	25,000
(ss)	Rebudget 14/15 GIS Improvements	30,000
(tt)	Rebudget 14/15 Consent Compliance	37,500
(uu)	Rebudget 14/15 Wgtn-Airport PT Scheme Assessment	21,700
(vv)	Rebudget 14/15 RLTS	21,580
(ww)	Rebudget 14/15 Climate Change (SCEG)	27,000
(xx)	Rebudget 14/15 Strategic Projects (SCEG)	42,000
(yy)	Rebudget 14/15 BMA - PP Operational	40,000
(zz)	Rebudget 14/15 Biodiversity Management Areas Legal Protection	40,000
(aaa)	Rebudget 14/15 Kaitoke Strainers Replace 2011	727
(bbb)	Rebudget 14/15 Cathodic Protection - 14-15	2,109
(ccc)	Rebudget 14/15 Touch voltage protection on pipelines 12-13	3,999
(ddd)	Rebudget 14/15 Telemetry IP repeater upgrade investigat	6,181
(eee)	Rebudget 14/15 Reservoir Inlet Standpipes	2,545
(fff)	Rebudget 14/15 Network Resilience Improvements Budget O	17,815
(ggg)	Rebudget 14/15 Te Marua Filter to Waste Improvements	5,454
(hhh)	Rebudget 14/15 Transport Model CAPEX.	2,630
(iii)	Rebudget 14/15 EH Muritai-Butterfly realignment	1,585
(jjj)	Rebudget 14/15 QEP LTP Heritage precinct	4,945
(kkk)	Rebudget 14/15 Wairarapa Water Use staff time	6,000
		5,641,906

4. **Recommends** that Council adopts the Annual Report and Summary Annual Report for the year ended 30 June 2014, subject to receiving final audit clearance and any changes requested by the Committee.
5. **Authorises** the Committee Chair and Chief Executive Officer to make minor changes that may arise as part of finalising the audited Annual and Summary Annual Reports for the year ended 30 June 2014.

Report prepared by:

Chris Gray
Manager
Finance & Support

Report approved by:

Mike Timmer
Treasurer/Acting Chief
Financial Officer

Report approved by:

Jane Davis
General Manager, Strategy
and Community Engagement

Attachment 1: Draft Annual Report for the year ended 30 June 2014

Attachment 2: Summary Draft Annual Report for the year ended 30 June 2014

Attachment 3: Explanations of Unbudgeted Reserve Movements for the year ended 30 June 2014