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**ORDINARY MEETING**

**OF**

**CITY STRATEGY COMMITTEE**

**AGENDA**

**Time:** 9.30am  
**Date:** Wednesday, 26 September 2018  
**Venue:** Committee Room 1  
Ground Floor, Council Offices  
101 Wakefield Street  
Wellington

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**MEMBERSHIP**

Mayor Lester  
Councillor Calvert  
Councillor Calvi-Freeman  
Councillor Dawson  
Councillor Day  
Councillor Fitzsimons  
Councillor Foster  
Councillor Free  
Councillor Gilbert  
Councillor Lee  
Councillor Marsh  
Councillor Pannett (Chair)  
Councillor Sparrow  
Councillor Woolf  
Councillor Young

**NON-VOTING MEMBERS**

Te Rūnanga o Toa Rangatira Incorporated  
Port Nicholson Block Settlement Trust

**Have your say!**

*You can make a short presentation to the Councillors at this meeting. Please let us know by noon the working day before the meeting. You can do this either by phoning 04-803-8334, emailing [public.participation@wcc.govt.nz](mailto:public.participation@wcc.govt.nz) or writing to Democracy Services, Wellington City Council, PO Box 2199, Wellington, giving your name, phone number, and the issue you would like to talk about.*

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## AREA OF FOCUS

The role of the City Strategy Committee is to set the broad vision and direction of the city, determine specific outcomes that need to be met to deliver on that vision, and set in place the strategies and policies, bylaws and regulations, and work programmes to achieve those goals.

In determining and shaping the strategies, policies, regulations, and work programme of the Council, the Committee takes a holistic approach to ensure there is strong alignment between the objectives and work programmes of the seven strategic areas of Council, including:

- **Environment and Infrastructure** – delivering quality infrastructure to support healthy and sustainable living, protecting biodiversity and transitioning to a low carbon city
- **Economic Development** – promoting the city, attracting talent, keeping the city lively and raising the city's overall prosperity
- **Cultural Wellbeing** – enabling the city's creative communities to thrive, and supporting the city's galleries and museums to entertain and educate residents and visitors
- **Social and Recreation** – providing facilities and recreation opportunities to all to support quality living and healthy lifestyles
- **Urban Development** – making the city an attractive place to live, work and play, protecting its heritage and accommodating for growth
- **Transport** – ensuring people and goods move efficiently to and through the city
- **Governance and Finance** – building trust and confidence in decision-making by keeping residents informed, involved in decision-making, and ensuring residents receive value for money services.

The City Strategy Committee also determines what role the Council should play to achieve its objectives including: Service delivery, Funder, Regulator, Facilitator, Advocate

The City Strategy Committee works closely with the Long-term and Annual Plan Committee to achieve its objectives.

**Quorum:** 8 members



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## **1 Meeting Conduct**

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### **1.1 Mihi**

The Chairperson invites a member of the City Strategy Committee to read the following mihi to open the meeting.

***Taiō Pōneke<sup>†</sup> – City Strategy Committee***

**Te wero**

Toitū te marae a Tāne

Toitū te marae a Tangaroa

Toitū te iwi

Taiō Pōneke – kia kakama, kia māia!

Ngāi Tātou o Pōneke, me noho ngātahi

Whāia te aratika

**Our challenge**

Protect and enhance the realms of the Land and the Waters, and they will sustain and strengthen the People.

City Strategy Committee, be nimble (quick, alert, active, capable) and have courage (be brave, bold, confident)!

People of Wellington, together we decide our way forward.

<sup>†</sup> The te reo name for the City Strategy Committee is a modern contraction from 'Tai o Pōneke' meaning 'the tides of Wellington' – uniting the many inland waterways from our lofty mountains to the shores of the great harbour of Tara and the sea of Raukawa: ki uta, ki tai (from mountain to sea). Like water, we promise to work together with relentless synergy and motion.

### **1.2 Apologies**

The Chairperson invites notice from members of apologies, including apologies for lateness and early departure from the meeting, where leave of absence has not previously been granted.

### **1.3 Conflict of Interest Declarations**

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as a member and any private or other external interest they might have.

### **1.4 Confirmation of Minutes**

The minutes of the meeting held on 20 September 2018 will be put to the City Strategy Committee for confirmation.

### **1.5 Items not on the Agenda**

The Chairperson will give notice of items not on the agenda as follows.

***Matters Requiring Urgent Attention as Determined by Resolution of the City Strategy Committee.***

The Chairperson shall state to the meeting:

1. The reason why the item is not on the agenda; and
2. The reason why discussion of the item cannot be delayed until a subsequent meeting.

The item may be allowed onto the agenda by resolution of the City Strategy Committee.

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***Minor Matters relating to the General Business of the City Strategy Committee.***

The Chairperson shall state to the meeting that the item will be discussed, but no resolution, decision, or recommendation may be made in respect of the item except to refer it to a subsequent meeting of the City Strategy Committee for further discussion.

**1.6 Public Participation**

A maximum of 60 minutes is set aside for public participation at the commencement of any meeting of the Council or committee that is open to the public. Under Standing Order 3.23.3 a written, oral or electronic application to address the meeting setting forth the subject, is required to be lodged with the Chief Executive by 12.00 noon of the working day prior to the meeting concerned, and subsequently approved by the Chairperson.

Requests for public participation can be sent by email to [public.participation@wcc.govt.nz](mailto:public.participation@wcc.govt.nz), by post to Democracy Services, Wellington City Council, PO Box 2199, Wellington, or by phone at 04 803 8334, giving the requester's name, phone number and the issue to be raised.

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## **2. Strategy**

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### **THE LEASE OF ARLINGTON SITE 2 - TE MĀRA APARTMENTS**

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#### **Purpose**

1. This report provides the City Strategy Committee (CSC) with an update on the Arlington Site 2 - Te Māra Redevelopment Project, and seeks approval to progress a short term lease for the site which will be completed and ready to tenant by October 2018.

#### **Summary**

2. Arlington Apartments is the largest of the social housing sites owned by Wellington City Council (the Council). It therefore presents a significant opportunity for the Council to influence housing and urban design outcomes that can be achieved in the central city.
3. Arlington consists of three sites that are being developed in a phased approach. Phase one was the demolition and development of Site 2. Site 2 is near completion with 104 social housing units due to be completed in late September 2018.
4. There is the option to consider a central government partnership approach to the tenancing of Site 2 that would contribute to achieving the Council's strategic housing outcomes across the whole Arlington site.
5. The Council have been approached by Housing New Zealand Corporation (HNZC) to enter into a short term lease agreement, whereby they will fully operate the site and sublet the units to Wellingtonians who need social housing assistance.

#### **Recommendation/s**

That the City Strategy Committee:

1. Receives the information.
2. Notes that Arlington Site 2 - Te Māra construction is almost fully completed and that the properties need to be let to tenants as soon as practicable.
3. Notes that Housing New Zealand has approached us with a proposal to enter into a short term lease arrangement for Arlington Site 2 - Te Māra.
4. Notes that Housing New Zealand has current capacity to fully manage the entire site and is able to house tenants quickly.
5. Endorses the entering into a short term lease agreement with Housing New Zealand Corporation for the lease of Arlington Site 2 - Te Māra, to be executed by the Chief Executive under his delegated authority subject to the following conditions:
  - That the proposed agreement is beneficial for prospective tenants, by allowing access to the Income Related Rent Subsidy, which Council tenants are unable to access;
  - That the proposed agreement is financially prudent;
  - That the proposed agreement is compatible with the 2007 Deed of Grant signed between Council and Central Government.

## Background

6. Arlington is the largest of the social housing sites owned by the Council. It therefore presents a significant opportunity for the Council to influence housing and urban design outcomes that can be achieved in the Central City.
7. Arlington consists of three sites that are being developed in two key phases – one relating to the development of Site 2, and the other relating to the redevelopment of Sites 1 and 3.
8. Site 2 is the last major upgrade construction project identified in the 2014 Housing Upgrade Work Programme. The 57 social housing units previously located on the site were demolished in April 2016, and the design and construction of 104 new social housing units and a community room has been underway since then. Construction will be completed in late September 2018 at which stage the properties will be ready to rent to social housing tenants.
9. On September 17, 2018 Arlington Site 2 was formally renamed as Te Māra Apartments by Taranaki Whānui ki te Upoko o te Ika in recognition of the history of the site.

## Strategic housing outcomes

10. In June 2018 CSC approved the Council's Housing Strategy and Action Plan. The Strategy defines the outcomes the Council is working towards over the next ten years to help ensure all Wellingtonians are well housed.
11. The Strategy focuses on four key outcome areas:
  - **Wellington has a well-functioning housing system.** This requires housing stakeholders to work together to achieve more availability and choice of housing, more affordable homes, and growth in housing supply.
  - **Homes in Wellington are of good quality and are resilient.** Through regulation, support, and guidance we want to ensure more homes are safe, secure, and resilient; more homes are warm, dry, and energy efficient; and more homes are environmentally sustainable.
  - **Homes meet the needs of Wellingtonians.** This requires understanding and responding to the needs of different segments of the population to ensure more Wellingtonians can access and sustain a home.
  - **Our housing system supports sustainable, resilient and connected communities.** This involves working to ensure that housing supports wellbeing (particularly for the most vulnerable), connected communities and better placemaking.
12. The Strategy also acknowledges the importance of partnerships with other housing providers and stakeholders, and the Action Plan includes central government partnerships as a key project to deliver an increased supply of social and affordable homes in the city.
13. As a large central city site that is close to amenities that support community and social interaction, Arlington presents an important strategic opportunity for the Council to:
  - Ensure progress towards all four outcome areas in the Housing Strategy
  - Help deliver on City Housing's objectives which were discussed with CSC in June 2018. These included that City Housing assists in meeting housing need,

manages tenancies fairly, and ensures the Council's social housing portfolio is financially sustainable

- Use the broader site to demonstrate the delivery of a mixed tenure development that optimises density and integrates with the wider community. While this is an increasingly common model internationally, it is not well established in New Zealand and could be leveraged to help address increasing housing demand.

### **The Deed of Grant**

14. In 2007 the Council signed a Deed of Grant (the Deed) with the Crown to upgrade the Council's social housing portfolio to be safe, secure and of a good standard for modern living.
15. In return for the Crown's \$220M grant, the Council made a commitment to:
  - remain in social housing over a period of 30 years;
  - maintain approximately the same levels of social housing over the term of the Deed;
  - reinvest income generated by the social housing portfolio in social housing over the term of the Deed;
  - Offer HNZC a first right of refusal where the Council wishes to dispose of social housing units from its housing portfolio.
16. A programme of works, known as the *Housing Upgrade Programme* (HUP) outlines how works are expected to be carried out over the term of the Deed. The current HUP Work Programme was agreed between the Crown and the Council in 2014.
17. In 2017 the Council also approved the Strategic Housing Investment Plan (SHIP). SHIP is a strategic document that will be further developed and delivered on a site by site basis over a 10 year period. It consists of three workstreams:
  - A development programme to deliver 750 new build social and affordable homes on Council owned housing sites.
  - The implementation of the Portfolio Alignment Strategy to enable a programme of property disposals and reinvestment to better meet the needs of social housing tenants.
  - The development and implementation of a Single Capital Programme. This brings together the next 10 year phase of HUP and all City Housing renewals work to enable better economies of scale and updated management and phasing of works that is more appropriate in the current context.
18. As Council are retaining ownership of Arlington Site 2 - Te Māra, the lease being short term, and ensuring the property is used for social housing tenants, we maintain our obligations under the Deed. Any additional funds generated from the lease will be re-invested back into social housing.

## **Discussion**

### **Housing New Zealand Corporation approach**

19. The Council has been approached by HNZC to enter into a short term lease agreement, whereby they will fully operate the site and will house people from the Ministry of Social Developments Housing Register.

20. HNZN houses high priority applicants from the Ministry of Social Development Housing Register. The Wellington City waitlist has increased in recent years and at 30 June 2018 had 440 A and B priority applicants or tenants requiring a transfer to more appropriate housing.

### **Drivers within City Housing**

21. Local Government Authorities are not eligible to access Income Related Rent Subsidies (IRRS) – a subsidy that allows social housing tenants to pay approximately 25% of their income as rent. The difference between the tenant payment and market rent is paid by Central Government to the landlord. Currently only HNZN and registered Community Housing Providers (CHPs) are able to access the subsidy.
22. City Housing is fully funded by its users. No rates funding is used to subsidise the service. The service is required to meet housing need, treat its tenants fairly and to be financially sustainable. Any funds generated by City Housing is re-invested back into social housing as required through the Deed.
23. An independent assessment has been completed to identify market rents for the new units. The market rents for Site 2-Te Māra are higher than other properties in the City Housing portfolio due to their central location and standard. Table 1 sets out the rent settings for Site 2 - Te Māra.

**Table 1: Rent settings for Site 2 – Te Māra**

Typology	1 bed	2 bed	3 bed	4 bed
Number in development	65	24	12	3
Weekly market rent	\$440	\$570	\$700	\$870
City Housing weekly rent (70% of market)	\$308	\$399	\$490	\$609

24. The Council's Social Housing Policy, requires tenants to pay 70% of the market rent for a unit. If the tenants were housed by HNZN or a CHP and were eligible for an IRRS, they would pay a rent based on approximately 25% of their income.

### **Options and Considerations**

25. Arlington Site 2 - Te Māra construction will be completed in late September 2018. With demand for social housing in the city increasing it is important to ensure the units are tenanted as quickly as possible.
26. It is also important to ensure that the Arlington Site 2 - Te Māra rents are as affordable as possible for social housing tenants, while also balancing the need to carefully manage financial sustainability for City Housing.
27. To meet these objectives three options to operationalise the site from October 2018 have been assessed:
- **OPTION ONE:** Internal delivery  
 City Housing manages the site and rents units to those on the City Housing waitlist at 70% of market rent. IRRS can not currently be accessed for City Housing tenants under this option. Under the current settings it is not possible to further reduce rents to increase affordability. The tenant mix could be changed to



house tenants who can afford these levels of rent which would maintain the sustainability of the service but would trade off other housing outcomes, such as the desire to house those most in housing need.

- **OPTION TWO:** Lease to a Community Housing Provider

City Housing leases the units to a CHP. This option would allow tenants to access an IRRS and potentially increase rental return for the site.

Existing CHP's would need lead in time to scale their operations to enter a lease of this size. This will require time to access funds to support service delivery as well as building supporting infrastructure to manage 104 tenancies. Based on this the lease term would be expected to be longer to allow for the effort required to build a model to scale. Consideration would also need to be given as to how the CHP would transition tenants at the end of the lease. Without significant other housing options within their control this could be an onerous task.

- **OPTION THREE:** Lease to Housing New Zealand Corporation

City Housing leases the site, on a short term basis, to HNZN. This option would allow tenants access to IRRS while providing City Housing with increased rental return for the site. HNZN have existing capacity to manage a lease of this scale including supporting infrastructure such as operational staff, maintenance contracts and support systems.

28. Option One is not recommended as it is the least affordable for the Council and social housing tenants. Engagement with stakeholders (including tenants) shows that affordability is a significant issue for those living in social housing.
29. Option Two is not recommended as it would potentially require a long term lease which would trigger additional regulatory requirements under the Local Government Act 2002 (LGA). The units would need to be kept vacant as the Council worked through the procurement and consultation process to identify a suitable CHP partner/s. Any suitable CHP partner would likely need additional time to operationalise the management of the complex causing further delay. This is not desirable while housing demand is increasing. City Housing would also receive no rental revenue while units remained vacant.
30. Option Three is recommended by officers on the basis that:
  - Partnerships with other housing sector stakeholders was consulted on as part of the 2018 Long Term Plan process, and received a high level of public support. Housing initiatives signalled as part of the Housing Strategy and associated Action Plan included central government partnerships.
  - It ensures tenants are housed at a rate that is more affordable for them than is possible under Council's social housing policy settings. Accessing IRRS would mean that tenants would generally be paying 25% of their income on rent.
  - The Council retains ownership of the site, with management of the site being returned to City Housing at the end of the short term lease. By retaining ownership and ensuring the property is used for social housing tenants we maintain our obligations under the Deed.
  - It enables HNZN to temporarily relocate tenants from other sites they are seeking to develop, and deliver an increased supply of quality homes for social housing tenants in the city.

- HNZC have confirmed they have current capacity to fully manage the entire site and will look to house social housing tenants in the units as quickly as possible. At the end of the lease term HNZC will also have other property options to relocate tenants from the site if required.
- As this will be a short term arrangement with a central government agency, there are no onerous regulatory requirements (for example a process to amend the Long Term Plan) that prevent the lease from commencing immediately.
- From a sustainability perspective this option is likely to offer the greatest rental revenue return, while also offering reduced operational costs for City Housing. As is required by the Deed, this helps support the sustainability of the wider social housing portfolio, and all rental revenue is reinvested back into the Council's social housing portfolio.
- There is an opportunity to consider this option within the wider context of a broader partnership with central government to ensure the best outcomes for Wellingtonians.

## Consultation

31. Officers have taken advice on the level of consultation required under the Local Government Act (2002) (LGA) for these options.
32. The LGA states that any land or building owned by the local authority and required to maintain the local authority's capacity to provide affordable housing as part of its social policy is a strategic asset. The public rental housing held by the Council to maintain affordable housing is listed in the Significance and Engagement Policy.
33. Section 97 of the LGA also states that the Long Term Plan (LTP) should include the details of any proposal to transfer ownership or control of a strategic asset from the local authority to any other person and this must be consulted on in the Long-term Plan, or a Long-term Plan amendment.
34. The Council takes a whole of asset approach to its strategic assets, rather than an individual asset approach, so that decisions can be taken on social housing, and other strategic assets, without triggering this LTP requirement.
35. Officers are also advised that the short term nature of the lease, the lease conditions that the housing remains in social housing and is handed back to the Council at the end of the lease, and that the proportion of the total housing portfolio involved does not trigger the section 97 transfer of control processes set out in the LGA.
36. There has been some engagement with interested and affected parties and their views have been considered during the development of this proposal. Their feedback has been consolidated and incorporated into the table below:

**Table 2: Engagement with Affected and Interested Parties**

Parties	Interest	Considerations
City Housing tenants and applicants	Ability to rent properties at Arlington Site 2 - Te Māra	A number of City Housing tenants and applicants will have an interest in individually letting units from this site. A meeting was held with City Housing Kaitiaki (tenant representatives) who expressed support of the decision on the basis that more tenants in Wellington would have access to

		<p>cheaper rents and that City Housing would generate more money to invest in upgrade works.</p> <p>Generally officers believe tenants will want to transfer from existing City Housing units to access the new property and an IRRS. They would need to meet MSD criteria and be selected from the MSD Housing Register. Given they are already “adequately housed” it is unlikely they will have a high enough priority to be housed from the register.</p> <p>It is unknown whether or not applicants on the City Housing waitlist are also on the MSD Housing Register. Anecdotally officers believe that there is some cross over. Those typically on the MSD Housing Register are eligible to be housed by City Housing.</p>
Previous Site 2 tenants	Ability to return to Arlington Site 2 - Te Māra as a tenant	Eight previous tenancies have relocation agreements in place. The agreement commits City Housing to relocate these tenants into an upgraded property. A small number of the affected tenants have expressed concern at not being able to return. City Housing will continue to work with each of these tenants to find suitable alternatives where appropriate.
Community Housing Providers	Ability to lease property from Council and manage tenancies	City Housing is regularly approached by CHPs seeking lease agreements. A small number of 20 year lease agreements are already in place (on a unit by unit basis only). A number of CHP’s have expressed a specific interest in leasing all or part of Site 2 - Te Māra. Officers believe there is mixed capacity across the sector to manage a site of this scale. It will take time to operationalise this arrangement including procurement and consultation processes. Due to the effort required to access funding and to operationalise the supporting infrastructure it is believed that a longer lease term would be desirable. A longer lease term may trigger additional legal requirements.
Local Resident Groups Mt Cook Mobilised and Hankey Street	How properties will be managed once tenanted	In general very supportive of social housing and pleased properties are being kept for the purpose of social housing. They understand the needs for social housing tenants to have affordable rent and for City Housing to generate increased rental return to support future developments.

Residents		Some concern expressed in terms of HNZN management of the tenancies in particular, management of anti-social behaviour.
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## Next Actions

37. Subject to feedback and approval from CSC, officers will seek to finalise and implement a partnership arrangement with HNZN for Site 2 - Te Māra to ensure tenants can be housed from October, 2018.

## Attachments

Nil

Author	Michelle Riwai, Manager City Housing
Authoriser	Barbara McKerrow, Chief Operating Officer

## **SUPPORTING INFORMATION**

### **Engagement and Consultation**

The approach has been discussed with a range of stakeholders and interested parties, and their views are summarised above in Table 2: Engagement with Affected and Interested Parties.

### **Treaty of Waitangi considerations**

N/A

### **Financial implications**

This proposal will be financially prudent for Council and beneficial for prospective tenants.

### **Policy and legislative implications**

This approach is consistent with the housing policy direction that has been discussed with Council and is within the regulatory framework set by central government.

### **Risks / legal**

The approach has been discussed with both internal and external legal advisors. Any lease agreement would be subject to full legal review.

### **Climate Change impact and considerations**

N/A

### **Communications Plan**

Communications have been undertaken through engagement with interested and affected parties. Meetings have been held with local residents groups, tenant representatives and affected tenants. Discussions have also been had with a number of community housing providers.

A media release was published on September 17<sup>th</sup> following the blessing of the site. Following which, a number of articles were published both externally and internally on the Council website and social media sites.

### **Health and Safety Impact considered**

The 104 new units have all been designed to a warm, dry and modern standard, to meet the health and safety needs of prospective tenants and visitors. They are fully insulated and have double glazed windows. Each unit has a private and secure outside balcony / deck.

The units are fully compliant with all legislative requirements and have received a Certificate of Public Use, and a Building Warrant of Fitness. The buildings, their layouts and the grounds have been designed to adhere to "Crime Prevention Through Environmental Design" principles. This includes the following features:

- Separate security swipe access;
- Intercoms to the building front door;
- Steel doors and frames with peep holes;
- CCTV in ground floor and lobby areas;
- Seismic restraints on stoves and wardrobes; and
- Secure stays on windows and curtains.



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### **3. Committee Reports**

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## **REPORT OF THE FINANCE, AUDIT AND RISK MANAGEMENT SUBCOMMITTEE MEETING OF 18 SEPTEMBER 2018**

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**Members:** Mayor Lester, Councillor Calvert, Councillor Foster (Chair), Councillor Free, Peter Harris (External), Phillippa Smith (External), Roy Tiffin (External).

**The Committee recommends:**



### **DRAFT 2017/18 ANNUAL REPORT**

#### **Recommendation/s**

That the City Strategy Committee:

1. Recommend to Council to confirm the Accounting Policies contained in the draft financial statements (Attachment 1 Section 4) for adoption for the financial statements for the year ended 30 June 2018.
2. Recommend to Council to adopt the draft Financial Statements and Statements of Service Provision for Wellington City Council and Group within the draft Annual Report for the year ended 30 June 2018, subject to the resolution of outstanding matters identified in this report, any matters identified during the meeting and receiving final unqualified audit clearance from Audit New Zealand.
3. Recommend to Council to adopt the Annual Report for Wellington City Council and Group for the year ended 30 June 2018 (Attachment 1).
4. Recommend to Council that it delegates to the Chair of the Finance, Audit and Risk Management Subcommittee and the Chief Executive the authority to make minor editorial changes that may arise as part of preparing the 2017/18 Annual Report document for publication.

#### **Attachments**

- Attachment 1. Officers Memo on the Draft 2017/18 Annual Report [↓](#) 
- Attachment 2. Draft 2017/18 Annual Report [↓](#) 

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## Memorandum

**Absolutely Positively**  
**Wellington City Council**  
 Me Heke Ki Pōneke

Date: 19 September 2018

To: City Strategy Committee

From: Richard Marshall, Manager Financial Accounting & Transactional Services  
 Lloyd Jowsey, Team Leader, Planning and Reporting

Cc: Andy Mathews, Chief Financial Officer  
 Kane Patena, Director, Strategy and Governance  
 Baz Kaufman, Manager Strategy

Subject: 2017/18 Annual Report

### Purpose

1. To provide the City Strategy Committee with background and supporting information for the 2017/18 Annual Report of the Council and Group results; and Statements of Service Performance for the year ended 30 June 2018.

### Background

2. The Finance, Audit and Risk Management Subcommittee (the Subcommittee), under delegation from the Committee, has the primary responsibility for reviewing and recommending the adoption of the Council's Annual Report. In accordance with this mandate the Subcommittee reviewed the draft Financial Statements and Statements of Service Provision at its meeting on 18 September 2018, involving a comprehensive review of financial and service provision results for the year ending 30 June 2018. All substantive issues raised and discussed by the Subcommittee at that meeting have now been satisfactorily resolved.
3. No significant issues impacting the Financial Statements or Statements of Service Provision have arisen subsequent to the Subcommittee's 18 September 2018 meeting. Therefore the Subcommittee recommends the formal adoption of the Annual Report to the Committee and Council.
4. The Local Government Act 2002 requires the Council to prepare and adopt an Annual Report containing audited financial statements within four months of balance date. Section 111 requires the Council to comply with generally accepted accounting practice (GAAP) in preparing the Annual Report.
5. GAAP is defined by the Local Government Act to mean:
  - a. approved financial reporting standards (within the meaning of section 8 of the Financial Reporting Act 2013) so far as those standards apply to local authorities and council-controlled organisations; and
  - b. in relation to matters for which no provision is made in approved financial reporting standards (within the meaning of section 8 of the Financial Reporting Act 2013) and that are not subject to any applicable rule of law, accounting policies that:
    - (i) are appropriate to the local authority or council-controlled organisation; and



## Memorandum

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- (ii) have authoritative support within the accounting profession in New Zealand.
- 6. The approved financial reporting standards referred to in section a) above are the Public Sector Public Benefit Entity (PBE) Accounting Standards issued by the External Reporting Board (XRB).
- 7. Section 99 of the Act requires that the Annual Report must contain the auditor's report on the Financial Statements and Statements of Service Provision and the Council's compliance with the requirements of Schedule 10 of the Act. All requirements of Schedule 10 have been incorporated within the audited sections of the Annual Report.

### Process and Timetable for Adoption of the Council's Annual Reports

- 8. This section briefly outlines the process and checks that the Subcommittee has undertaken in forming their view that the Financial Statements and Statements of Service Provision fairly reflect the results of the Council's operations for the year ended 30 June 2018.
- 9. The adoption process agreed to by the Subcommittee at its meeting on 7 March 2018 is as follows:

Date:	Action:
7 March 2018	<b>FARMS Meeting</b> Subcommittee reviewed draft format for the 2017/18 financial statements and approved the proposed sign-off process.
20 August 2018	Consolidated draft financial statements, including results of operations and cash flows for the year ending 30 June 2018, financial position as at 30 June 2018 and financial overview available for final internal review and management sign off.
20 August 2018	Audit New Zealand commenced final audit fieldwork.
4 September 2018	<b>Finance, Audit and Risk Management Subcommittee</b> briefing on draft Annual Report, in particular to work through the draft structure, content and the overall performance story.
11 September 2018	<b>Finance, Audit and Risk Management Subcommittee</b> briefing on draft Annual Report format changes, service provisions, draft financial results including major provisions and issues.
18 September	<b>FARMS Meeting</b>

## Memorandum

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<b>Date:</b>	<b>Action:</b>
<b>2018</b>	Subcommittee to review consolidated draft financial statements, including results of operations and cash flows for the year ending 30 June 2018, financial position as at 30 June 2018 and financial overview, subject to final Audit New Zealand clearance. Subcommittee to also review Statements of Service Provision, report on CCOs and report on mana whenua partnership.
	Subcommittee to review the draft letter of representation.
	Subcommittee to recommend adoption of draft 2017/18 Annual Report to City Strategy Committee.
<b>26 September 2018</b> <b>(scheduled)</b>	<b>City Strategy Committee Meeting</b> Committee to recommend adoption of the draft 2017/18 Annual Report to Council.
<b>26 September 2018</b> <b>(scheduled)</b>	<b>Council Meeting</b> Council to adopt draft 2017/18 Annual Report.  Management Letter of Representation issued to Audit New Zealand.  Audit New Zealand sign Audit Opinion.  Media Release – Financial Results for the year ending 30 June 2018.
<b>TBC Oct 2018</b>	Release of published Annual Report.

### **Delegated Responsibility of the Subcommittee to Review the Council's Financial Statements**

10. The Finance, Audit and Risk Management Subcommittee have primary responsibility for the review of the Council's annual financial statements. This responsibility is delegated to it by the City Strategy Committee. The overall responsibility for the adoption of the Annual Report remains with Council.

## Memorandum

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### The Annual Report publication

11. The Annual Report is one of the Council's core publications. A clear, concise and readily accessible document is important in conveying the organisation's strengths and achievements over the last year. The Draft Annual Report attached to this report is yet to be fully formatted and will undergo layout changes and design before publication.
12. The publication itself will be prepared following Council's approval of the version presented here. A summary of the Annual Report will also be produced following its adoption by Council. The summary, which is subject to audit clearance, will provide an overview of the Council's performance and financial position; outline highlights for each strategy and provide information on key facts about the city.

### Presentation of Financial Statements

#### Format of Financial Statements

13. There have been no significant changes to the format of the financial statements from that presented to the Finance, Audit and Risk Management Subcommittee at the 18 September 2018 meeting.

### Group Consolidation and Reporting

14. The attached financial statements include both the results of operations of Wellington City Council as a separate legal entity together with Wellington Waterfront Project, Wellington Venues Project and the Council's interests in its joint venture arrangements. The financial statements also include the various Group interests in Council subsidiaries and associate entities. A summary of the reporting entity is outlined below:

Reporting Entity	Incorporates	Interest
Council	Wellington City Council (as a separate territorial local authority). Includes: <ul style="list-style-type: none"> <li>Wellington Waterfront Project</li> <li>Wellington Venues Project</li> <li>Joint Ventures with Porirua City Council: <ul style="list-style-type: none"> <li>Spicer Valley Landfill</li> <li>Wastewater Treatment Plant</li> </ul> </li> </ul>	100% 100% 21.5% 27.6%
Group	Council (as above) plus: <ul style="list-style-type: none"> <li>Subsidiaries (consolidated on a line by line basis) <ul style="list-style-type: none"> <li>Positively Wellington Waterfront (WWL)</li> <li>Wellington Cable Car Limited</li> <li>Wellington Museums Trust</li> <li>Wellington Zoo Trust</li> <li>Karori Sanctuary Trust</li> <li>Wellington Regional Economic Development Agency Limited <ul style="list-style-type: none"> <li>Creative HQ Limited is 100% owned by Grow Wellington Limited</li> </ul> </li> </ul> </li> <li>Associates (consolidated using equity accounting) <ul style="list-style-type: none"> <li>Wellington Water Limited</li> <li>Chaffers Marina Holdings Limited.</li> </ul> </li> </ul>	100% 100% 100% 100% 100% 80% 80% 42.11% 10.52%

## Memorandum

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	- Wellington International Airport Limited. (WIAL)	34%
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15. The Subcommittee has the primary responsibility for the review of the Council's consolidated financial statements. This includes both the Council and the Group. The purpose of this section is to highlight the process for consolidating all entities within the Group, the current status of these entities' financial statements and associated audits and any significant financial issues and/or judgments in these financial statements.

### Preparation of the Consolidated Financial Statements

16. There are a number of entities within the Group and tight timeframes for finalisation of the Group financial statements. During the planning of the financial statements, finance representatives from each of the entities within the Group are briefed on key year-end deadlines and requirements. Group entities are required to complete the following:
- year-end consolidation package
  - consolidation / financial statement templates allowing for effective consolidation and elimination of financial information
  - a letter of representation signed by the Chief Executive.
17. In addition, we require early advice of any significant or material issues arising from the preparation of the financial statements or the completion of the audit. These reporting requirements continue even after the consolidation package has been prepared and submitted to the Council. The Council's finance team is in constant contact with Council Controlled Organisation (CCO) finance representatives to determine the status of their year-end audits, any issues which are arising, and any consequential impact for the Group financial statements.

### Materiality of the Financial Results of Group Entities

18. Due to the size and structure of the Group the individual results of operations from each Group entity are unlikely to ever be material, either individually or taken as a whole, in relation to the consolidated financial statements. The nature and extent of any individual issues arising from the preparation of the financial statements of the Group entity are carefully considered. Where appropriate the Council will exercise its judgment at a consolidated level as to how best to address these issues. At times, this may result in differing treatment of financial issues at an individual entity and Group level. Any differences in treatment of financial issues are outlined in this section.

### Results from the Consolidation of Group Entity Financial Statements

19. In preparing the Group financial statements we have consolidated the results set out in the consolidation packages returned in July. Where adjustments have been made subsequent to the completion of these schedules these are detailed in the table together with a recommendation as to whether these adjustments will be reflected in the consolidated financial statements. Most Group entities are now in the final stages of their audit process and no significant matters have been brought to Council's attention.



## **Memorandum**



### **Summary of Adjusted/Unadjusted Amendments to the Consolidated Group Financial Statements**

20. The following summarises the status of amendments to the financial statements of group entities subsequent to the preparation of the consolidation packages:
- Adjusted amendments made to the Group Financial Statements - \$nil
- Unadjusted amendments to the Council Financial Statements: - \$nil
- Unadjusted amendments to the Group Financial Statements: - \$ 0.11m
21. We recommend that no adjustment be made for the above unadjusted amendment as it has an immaterial impact on the Group Financial Statements. We are still awaiting the finalisation of some matters relating to the Group financial statements. An update will be provided at the Subcommittee meeting.

### **Management Letter of Representation**

22. The management letter of representation is to be signed by the Mayor, Chief Executive (CEO) and Chief Financial Officer (CFO). The letter of representation forms part of the overall audit procedures carried out by Audit New Zealand. The letter of representation will be signed on the same day the Annual Report is adopted by Council and the audit opinion is received.
23. The Mayor, CEO and CFO obtain support for their sign-off through Council business unit managers completing a package of schedules detailing key account balances such as accruals, contingencies and bad debts. These schedules, together with appropriate supporting documentation, are submitted to Finance. Completion of the schedules and review by Finance supports the completeness, accuracy and appropriateness of the Council's financial information. In addition, each business unit manager has returned a letter of representation, which includes specific representations in relation to the financial results of their business units. We have also obtained representation from our Group entities (as noted in paragraph above).
24. The Council's sign-off to Audit New Zealand on our overall legislative compliance programme requires lead managers to sign off to Risk Assurance on their individual legislative compliance requirements. Managers were provided with a matrix summarising:
- key legislative requirements
  - The consequences for non-compliance
  - Who needs to know and how will they know
  - Training materials and support mechanisms; and
  - How we know we are compliant.
25. Managers completed a sign-off form confirming:
- The lead manager's acknowledgment of responsibility for key legislation
  - Information the lead manager holds on each piece of key legislation is complete and up to date, and that systems, processes, training programmes and manuals are adequate for all staff to know their compliance responsibilities; and
  - That to the best of their knowledge their key legislation has been complied with and there have been no legislative breaches during the year.
26. Lead managers confirmed compliance with their legislative requirements.

## Memorandum

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27. These procedures provide the CEO and CFO with positive assurance over the sign-off of the letter of representation.

## Discussion

### Results of Operating performance for the Year Ended 30 June 2018

28. The summary of the financial performance of the Council can be found in Part 2 of the Annual Report, called “Overview of our performance” in the attachment .
29. The Statement of Comprehensive Revenue and Expense reports a net surplus for the Council’s activities of \$32.2 million compared with a budgeted net surplus of \$32.4 million resulting in a slight unfavourable variance to budget of \$0.2 million.

### Underlying Result

30. This year the Council performed strongly by achieving an underlying deficit of \$0.6 million (0.1% of operational expenditure) compared to a breakeven budget.
31. The underlying result provides a comparison with the rates requirement we budgeted for in our Annual Plan to achieve a balanced budget. It shows how closely our annual income matches how much we spend in any given year.
32. A balanced budget helps ensure that we are not passing the costs of running the City today onto future years and future generations. Our goal is therefore to have an underlying result (surplus or deficit) close to zero.
33. This calculation excludes certain accounting transactions that are capital in nature and therefore not considered as operating but are required by Financial Reporting Standards to be included in the Net Surplus figure. Also excluded are non-cash transactions that do not impact on the cash requirements of Council’s operating expenditure.
34. To calculate how our underlying result gets from net surplus to underlying deficit the following is excluded:
- Revenue from capital items - for example the funding we receive from NZTA for roading.
  - Non cash transactions - things like Vested Assets and
  - Other minor adjustments.
35. These items are excluded because they do not impact on the amount of rates that we collect to run the city and provide services to the community.

### Section 1 - Introduction, Section 2 - Performance summary (“Summary of our year”) and Section 3 - Statements of Service Provision (“Our Performance in Detail”)

36. The development objective for the Annual Report is to produce a concise, readable and audit compliant performance story for 2017/18. This includes explaining our forward direction.

### Key messages

37. The key messages that are reflected in the Annual Report’s overall performance story are:
- “doing the essentials well”
  - “making the city more resilient & people focused”

## **Memorandum**

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- “planning for the future”
- “ensuring ongoing delivery against the Annual Plan and 2015-25 LTP”

### **Content**

38. The Annual report is structured in four sections plus appendices.
39. The introduction (Section 1) provides a snapshot of the city, what WCC does, how we govern and engage with the community. Section 1 also contains the Mayor and CEO's overview. The introduction provides the reader with context for the rest of the Annual report
40. Section 2 “Summary of our year” provides a general overview and financial and non-financial performance summaries. It is Part 2 that provides the majority of content for the Annual Report summary document which recognises that some readers will only be interested in a summary of performance.
41. Section 3 “Our performance in detail” provides the Statements of Service Provision for each of the Council's seven activity areas and for Council-controlled organisations. Each activity area has detailed financial and non-financial performance information under the headings:
  - introduction – our strategic approach, the key challenges and significant highlights
  - activity area snapshot and highlights
  - what we did – activity and project commentary
  - how our operations were funded, what they cost in the 2017/18 year and variance commentary
  - performance results /progress against our longer term outcome indicators (trend data) and how we performed against all key measures and targets in the 2017/18 Annual Plan, and
  - a case study – profiling particular initiatives and people.
42. Details of all measures and the percentage variance to target are included in a table at the end of the relevant activity chapter. Variances to within 5% of target are considered substantially met.
43. Each activity chapter commentary includes explanation for both favourable and less favourable performance during the year.
44. Section 4 contains the financial statements which are covered earlier in this report.
45. The summary Annual Report 2017/18 will be produced following its adoption at Council on 26 September 2018. This summary will provide a synopsis of the full Annual Report for those who wish to only look at an overview instead of the full detailed document.

### **Clearance process**

46. The management letter of representation will be signed by the Mayor, Chief Executive (CE) and Chief Financial Officer (CFO). The letter of representation forms part of the overall audit procedures carried out by Audit New Zealand. The content of the letter of representation is consistent with that prescribed for use by auditors by the New Zealand Institute of Chartered Accountants.

## Memorandum

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47. The Subcommittee held two workshops and a meeting to review the processes followed to prepare the draft Annual Report, as well as reviewing the draft Annual Report and financial results in detail. Any issues or concerns were discussed with Audit New Zealand at the workshops and the Subcommittee meeting. This process assisted the Subcommittee in forming its view that the financial statements for the 2017/18 financial year are fairly stated and provided the Subcommittee with comfort from which to recommend them to the Committee and Council.

## Conclusion

48. The Annual Report prepared for the Committee's review includes the Financial Statements and Statements of Service Provision which have been reviewed in detail by the Subcommittee.
49. The Financial Statements include all known year-end adjustments required in order to fairly reflect the Council's results of operation, cashflows and financial position for the 2017/18 financial period. Further, at the time this report was prepared there were no known issues identified by Audit New Zealand that would materially affect the recognition and measurement of reported balances in the Council's financial statements



Draft: For CSC Meeting 26 September 2018

**Wellington City Council**  
**DRAFT 2017/18 Annual Report**

**DRAFT**

Draft: CSC meeting 26 September 2018

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## Section 1: Introduction

### Mayor's introduction

Mayor Justin Lester

#### It's full steam ahead for Wellington

It's hard to remember a busier and more exciting time for Wellington. We've spent the past year laying down the foundations for a better, stronger version of our city. The work we're doing now means we can maintain our growth, attractiveness and liveability, while facing the challenges ahead. We need to be prepared for population growth, more erratic weather patterns due to climate change, and the likelihood of another earthquake.

We also need to preserve our city's unique character. This year, we took an important step towards making te reo Māori a part of our everyday lives by consulting the public on a draft te reo Māori policy. Māori culture has also been central to our arts programme and will continue to be an integral part of what our creative city has to offer. Next February, Wellington will host Te Matatini ki te Ao, the national festival in which top kapa haka performers from all over New Zealand come together to compete. The event is expected to draw at least 50,000 people.

Our natural environment is a big part of what makes Wellington special and we've been working on a range of initiatives to reduce our emissions and have continued with our efforts to make Wellington predator-free.

It was a year of extensive public engagement. We released four scenarios for Wellington's transport future and asked for your feedback, consulted widely on our 10-year plan for the city, and received honest and useful feedback from an increasing number of young people.

We continued to improve our capacity to draw visitors to the capital for business and culture, with a range of sports, economic and cultural events taking place, and nearly 500 major conferences. Domestic and international visitor numbers grew and for the first time in a 12-month period, visitor spending in Wellington exceeded \$2.5 billion. We've also continued to support many social initiatives to help those who need it most, and to help communities connect, particularly in the inner city.

At the heart of it all is our drive to make Wellington more resilient. We've been strengthening the city against future shocks. This includes work on our waterfront to reduce its vulnerability to seismic events and the rise in sea levels. And we've continued to work with owners of at-risk buildings to secure facades and parapets. We've also made real progress on making our water supply more resilient.

It's a period of change for Wellington and what that means is Wellingtonians can expect a degree of disruption. We ask for your patience.

We've done our utmost to keep rates affordable. We're a financially sound Council, undertaking an ambitious programme. But our books are in good order and with your support, we can deliver.

Draft: CSC meeting 26 September 2018

## **Mayor's introduction** (Te Reo version)

DRAFT

Draft: CSC meeting 26 September 2018

## **Chief Executive's introduction**

Chief Executive Kevin Lavery

### **We're doing the hard work now to safeguard our future**

It's been a big year. While resilience has always been at the forefront of our minds, we've been working harder than ever on strengthening the city, from building better storage systems for water and strengthening our buildings to helping communities connect more with each other.

Initially, the increased focus on resilience work was a reaction to the effects of the 2016 Kaikoura earthquake. But we've gone from reactive to proactive and now have a forward-looking programme that is all about securing a better future. We're building a resilient city that can respond to population growth, the threat of another earthquake and climate-change related events. Together, our Annual Plan 2017/18 and the Council's Triennium Plan set the direction for the year.

We engaged with Wellingtonians on a number of issues, including the Island Bay Parade and cycleway, and Our 10-Year Plan 2018-28. We consulted on Let's Get Wellington Moving, our partnered approach to the future of Wellington's transport network. Some topics like the cycleway generated heated debate. Our 10-Year Plan 2018-28 mapped out our long-term plans for the city and received high levels of engagement during consultation, which was encouraging. We want to know what people think and Wellingtonians to have their say about their city's future.

This year we also delivered a substantial capital programme - \$30 million more than in 2016/17.

While we progressed a number of high-profile initiatives, the bulk of what we did, as always, was business as usual – the crucial, everyday work that keeps the city humming. If you picture the Council as an iceberg, the part that is above the water line represents our visible work. The remaining 90 percent is what you don't see – the day-to-day delivery of services to Wellingtonians, from water supply and waste collection to libraries and sportsfields. This report shows that in the last 12 months, our performance in each of the activity areas remains strong while at the same time responding constructively to day-to-day challenges.

We deliver more than 400 services to around 212,700 people per day for less than seven dollars per day per person. We're committed to keeping rates manageable.

There are challenges. We have to contend with a shortage of supplies to deliver capital projects, high inflation, and pressures in the labour and construction markets. But we're up to the task.

Our plans are ambitious but our finances are in good order. We also have 1780 dedicated employees who care about this city. The past year has shown we're on the right track. Let's keep building on the good work.



Draft: CSC meeting 26 September 2018

## **Chief Executive's introduction (Te Reo version)**

DRAFT

Draft: CSC meeting 26 September 2018

## Our city

[Map and icons follow – a relief map showing the green belt and the green spaces within the WCC catchment. There will be an extract for central city attractions i.e. City Gallery, Botanic Gardens, Cable Car and key statistics are presented as a summary at the bottom of the map]

- #1 most liveable city in the world (Deutsche Bank 2017 and 2018)
- 355kms of tracks and walkways
- 4,073 hectares of green open space
- 212,700 residential population of Wellington City
- 76,145 occupied private dwellings
- 1,939 average sunshine hours a year
- 98.9kms of coastline
- 701kms of sealed and unsealed roads
- 12 community and central libraries
- 25 community halls / centres
- 73 public toilet locations
- 7 public swimming pools

## Our Services

Under the Local Government Act 2002, Wellington City Council is tasked with meeting the current and future needs of communities for good-quality local infrastructure, local public services, and the effective administration of regulations, plans and bylaws.

The Council manages many services and assets – from parks and cemeteries to parking and pools, from water supply and waste management to cycleways and animal control. We also have projects and initiatives that actively support the city's economic growth and cultural development.

We group our work into seven activity areas:

**Governance** - We manage local elections, inform residents, and engage with them about the city and the issues it faces, and work with mana whenua to make decisions in the best interests of the city and its people.

**Environment** - We provide water, stormwater and wastewater services and look after waste reduction and disposal. We fund conservation attractions, look after parks, reserves, tracks and walkways.

**Economic development** - We attract and support business activity, market Wellington to tourists from New Zealand and overseas, and own and operate performance venues and conference facilities. We also help promote links with sister cities such as Sakai in Japan and Sydney in Australia.

**Cultural wellbeing** - We fund city events and festivals such as the New Zealand Festival and CubaDupa. We also support attractions, galleries, and museums, as well as community art and cultural activities.

**Social and recreation** - We provide community facilities throughout the city. This includes swimming pools, sportsfields, recreation centres, and playgrounds, as well as two marinas and a golf course.

**Urban development** - We manage urban planning and design, control building activity and land use, and assess risks from earthquake-prone buildings. We also develop and enhance public spaces.

**Transport** - We provide and maintain roads, bridges, tunnels, walls, cycleways, and pedestrian paths. We also provide bus shelters, bus stops, and bus lanes, and signs and traffic signals.

Draft: CSC meeting 26 September 2018

## Strategic direction

In 2012, we adopted our 'Smart City' vision. This vision is supported by four pillars that are the Council's long-term aspirations for the city.

- **People-centred** - a city will be healthy, vibrant, affordable, accessible and resilient, with a strong sense of identity and place
- **An eco-city** – a city where natural resources are proactively protected, where environmental challenges are addressed and the transition to becoming a low-carbon city is managed
- **Connected** – a city with easy access to regional, national and global networks that allows people and goods to move freely, with a world-class infrastructure that enables people to connect with each other and their communities
- **Dynamic central city** – a place of creativity, exploration and innovation that offers the lifestyle, entertainment options and amenities of a much bigger city and where the city centre drives the regional economy.

Progress towards these aspirations is monitored by following the trends in 95 high-level outcome indicators both for our activity areas and in aggregate. By the end of the year, the majority 29 percent (28 out of 95) of our outcome indicators were trending in the desired direction. A further 41 percent (39 out of 95) maintained their direction from the previous year. This suggests that overall the city is making progress towards its aspirations – but not on all fronts.

Indicators that are not trending in the desired direction 17 percent (17 out of 95) - notably some indicators in arts and culture, economic development, social and recreation and transport –are subject to on-going monitoring. In addition, our 10-Year Plan signals investment in areas that is likely to over time enable improved outcome trends, for example our continued investment in arts and culture.

In 2017/18, 11 indicators were not tracked due to legislative changes, census data availability or measurement changes. Section 3 of this report provides information on outcome indicator trends over the past 3 years.

## Triennium work programme

In 2016, following the local authority elections, the Mayor and Councillors developed their 3-year work programme (or Triennium Plan) which included goals supporting the aspirations for the city and focus areas with project proposals for implementation through successive annual plans, through the relevant key activity areas. Details on the Triennium Plan can be found on the Council's web site at <https://wellington.govt.nz/your-council/plans-policies-and-bylaws/plans-and-reports/triennium-plan>.

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## Our Mayor and Councillors

Wellington City Council is made up of 14 elected Councillors and a Mayor. The Council is elected, along with all other local authority elected members in New Zealand, every 3 years. The Mayor is elected by the city's residents. The Councillors are elected by voters from their respective wards as their city representatives. The wards and number of elected Councillors for each are:

- Northern Ward (48,030\*) – three Councillors
  - Onslow-Western Ward (44,590\*) – three Councillors
  - Lambton Ward (46,160\*) – three Councillors
  - Eastern Ward (39,210\*) – three Councillors
  - Southern Ward (34,710\*) – two Councillors
- \* Population numbers are as of 30 June 2017.

Figure 1: Wellington City Council Mayor and Councillors



[Include total meeting attendance # & % for Mayor and each Councillor]

For details on Councillor meeting attendance for the year see page xxx.



Paul Eagle Southern Ward Councillor and Deputy Mayor resigned in September 2017 to take up his position as MP for Rongotai, following the general election. Fleur Fitzsimons was elected as the new Councillor in December 2017 and takes the vacant seat in Wellington City Council's Southern Ward.



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## Standing committees and subcommittees

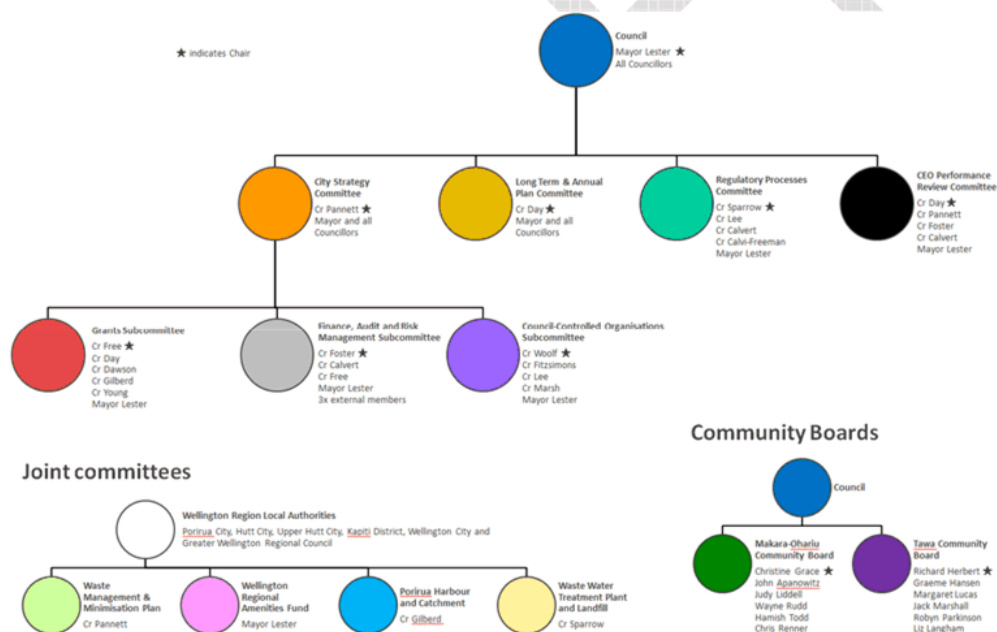
The Council conducts its business at open and publicly-advertised meetings. Additional meetings may be held throughout the year to consider specific issues.

The Mayor (as required by section 41A of the Local Government Act 2002) put in place the structure of committees and subcommittees following the 2016 election. The Council retains the power to revisit the structure.

The structure adopted for the 2016-2019 triennium is based on two committees of the whole – City Strategy and Long-term Plan and Annual Plan. The membership comprises the Mayor and all Councillors. The City Strategy Committee meets three times a month and is chaired by Councillor Iona Pannett. The Long-term Plan and Annual Plan Committee is chaired by the Deputy Mayor. The Council meets monthly. There are also a number of other committees and subcommittees. Examples include the District Licensing Committee, the Finance, Audit & Risk Subcommittee and the Grants Subcommittee.

At 30 June 2018, there were five committees, two joint committees and three subcommittees. The Mayor is an ex-officio member of all committees. Figure two shows the 2018/19 Council Committee structure.

Figure 2 2018/19 Council Committee structure



## Community boards

Community boards have responsibility for the overview of matters within the board's boundary.

Tawa Community Board normally meets monthly. Makara/Ohariu Community Board normally meets every 6 weeks.

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## Executive team





Wellington's economy is growing and unemployment is low. In this climate, staff retention becomes more challenging. The job market is tight and there is more competition among employers for qualified people.

We've taken steps to make the Council a more attractive place to work and reduce our staff turnover. As part of this, we're implementing an organisation development programme focusing on building a constructive culture. We've workshopped and developed new values for the Council and are looking at how we can put these into practice. We're also implementing a diversity and inclusion programme of work that acknowledges the rich mix of people who work at the Council and the positive impact this has on our work culture and productivity.

The following graphs show which areas our staff work in, their gender and type of employment.

The biggest division of our organisation structure is Customer and Community which includes all our parks and recreation staff. Women make up 55 percent of our workforce, 86 percent of our staff are permanent employees and 14 percent are on other contract types.

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Figure 3: Staff numbers by activity area

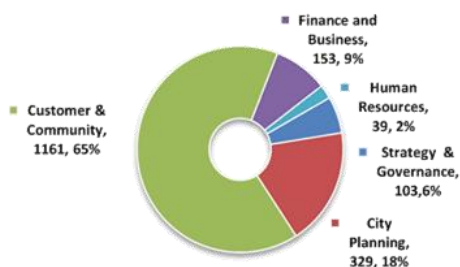


Figure 4: Staff by employment type

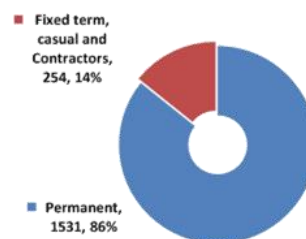


Figure 5: Staff composition – gender



Table 1: Gender by organisation level (Tier)

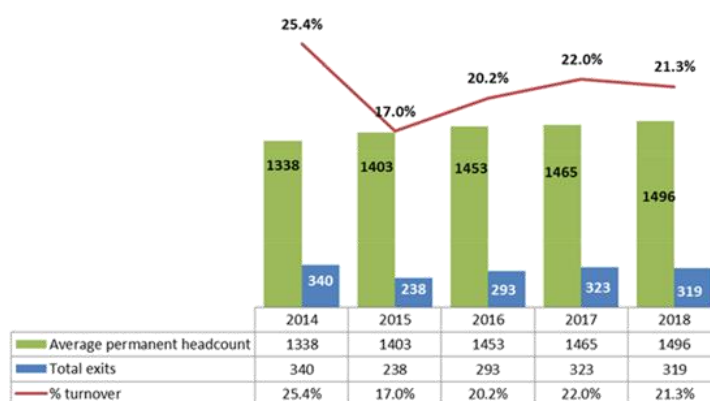
- Tier 1 equals CEO

Level	Female	Male	Total
Tier 1	0	1	1
Tier 2	2	5	7
Tier 3	15	14	29
Tier 4	61	65	126
All	974	811	1785

### Staff numbers and turnover

From 1 July 2017 to 30 June 2018 the Council's average permanent staff was 1,496. This was a 2 percent increase on last year.

Figure 6: Number of employees and turnover



In the last year 319 (21.3 percent) people left the organisation.



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## **Section 2: Summary of our year**

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## General overview

Three years ago, as part of the 2015-25 10-year plan, our economy was underperforming and we had to invest in projects that would help rejuvenate the city.

Today, we have strong economic growth, and a different set of challenges.. Strong population growth on the back of a stronger economy has exacerbated housing issues, and transport congestion has also become more acute.

While we've always been conscious of the city's vulnerabilities, the 2016 Kaikoura earthquake emphasized the need to invest more into making the city's infrastructure and communities more resilient.

These are difficult challenges to resolve for any city, and the focus for the last year has been on addressing these issues while also continuing to deliver the broad range of essential services that keep the city running.

### Delivering the essential services well

Wellington City Council offers over 400 different services that are delivered to a high standard and support Wellingtonians to live high quality lives.

Many factors go into determining people's overall quality of life. The core services we provide as a Council, and how we shape the city to make it a good place to live, work and play in, are a big part of that.

Wellington is often recognised - both nationally and internationally - for its liveability, and over the last 2 years Wellington has topped the Deutsche Bank's list of 50 cities for the best quality of life beating Zurich, Copenhagen, and Vienna.

We closely monitor how well we are delivering our services, and how satisfied our residents are with the services we provide and how the city is developing.

Over the last year, we achieved or substantially achieved 75 percent of the 192 performance measures that we use to monitor our services. This is on par with previous years and reflects the Council's consistent and strong performance.

Twenty-one percent of the targets we set were not achieved for the year. Where there is a significant variance in performance, the document provides an explanation for that variance. The remaining four percent could not be measured this year.

We are constantly looking at how we can improve services for our customers. A key area of focus this year has been to better understand how people use our services, and to map those 'customer journeys'. This programme of work will help us redesign and improve our services.

### Making the city more resilient

The 2016 Kaikoura earthquake tested Wellington's infrastructure, buildings and community resilience. While generally the city performed well, the focus over the last year has been on improving the city's overall resilience.

This has involved the continuation of a long-term investment programme in cycleways, major water infrastructure such as the Prince of Wales/Omārore Reservoir, and improving community resilience infrastructure through the distribution of alternative water supply bladders in key parts of the city that can be used in an emergency.

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Following the 2011 Christchurch earthquake, the government implemented changes to the Building Act for earthquake-prone buildings, creating a nationally consistent approach to the assessment and management of earthquake-prone buildings, along with a standardised notice and national public register of earthquake-prone buildings. The Council has been proactive in managing earthquake-related risks well before the changes took effect. Over the past 12 years, we've evaluated the vast majority of Wellington's pre-1976 buildings – a total of around 5300 buildings. Of these, 666 buildings have now been put into the national earthquake-prone building register.

In the past 18 months, we've also been working with central government to identify buildings with unreinforced masonry elements that required urgent remediation. We worked with 113 building owners to support them to undertake the urgent work on URM elements of their buildings that could fall and injure or cause a fatality in the event of an earthquake. Most of these have now been addressed or are near completion, with only 35 remaining.

The year culminated with an in-depth discussion with the community through Our 10-Year Plan 2018-28 for significant additional investment in the coming years to make the city more resilient and this was strongly supported by the community, and approved by the Council in June. The 10-year plan included a suite of revised performance measures.

### **Planning for the future**

The city has always had sustained, moderate population growth, but with a stronger economy in recent years, population growth has accelerated. Housing affordability and transport congestion issues have become accentuated, and over the last year the Council spent a significant proportion of its time planning for a future city where there are better housing and transport choices for residents.

Up to 280,000 people are expected to call Wellington home by 2043 (currently 212,000) and this will require better transport choices and an estimated 20,000-30,000 new housing units in what is a constrained urban setting.

A significant area of focus for last year was finalising the city's housing strategy - adopting a housing investment programme that will see the Council more actively use its existing housing portfolio to accommodate more people. The strategy and investment plan provide a clear blueprint for how the Council will invest to improve housing choices for Wellingtonians in the future.

Transport was also a key area of focus during the year. The Let's Get Wellington Moving programme of work - a partnership approach to resolving inner-city transport congestion with the Greater Wellington Regional Council and the NZ Transport Agency - was advanced.

These two substantial planning exercises, and the preparation and adoption of Our 10-Year Plan 2018-28, map out how a significant investment will be spent in the coming years to make the city more resilient, provide housing choices for all, improve transport, and make sure we maintain our high living standards.

## **Delivering the Annual Plan 2017/18**

The Annual Plan 2017/18 was the first plan for the new Council after the 2016 elections. It included projects that continued the work from the 2015-25 10-year plan and initiatives from the Mayor and Councillors' Triennium Plan. Projects in the Annual Plan included major capital projects like the earthquake strengthening of the Town Hall, the roll-out of LED lighting and the cycleway programme, through to the implementation of the Living Wage and removing spectator fees at swimming pools.

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Overall, 2017/18 was a busy year with a substantial on-going work programme. Against the Annual Plan we:

- met a majority of our KPI targets
- continued to improve (through the Smart Council programme) the delivery of essential services e.g. consenting systems and a full review of our Key performance measures; and
- updated our 10-year plan including a major capital programme to address key strategic priorities and advance the long-term development in the next 10 years.

Financially we remained in a healthy financial position. We achieved a budgeted net surplus, a near break-even underlying result; Council debt is equivalent to less than one year's for the income and maintained our AA credit rating.

## Summary of activity area performance

During the year we have made progress on improving the city's resilience, continued to deliver the essential services well, progressed a number of high-profile future focused city wide initiatives and performed strongly financially (achieving budgeted net surplus and a near break-even underlying result). This overall performance - including the challenges we have been addressing (page xx) - are reflected in our achievement against performance measures for the year.

Our key performance measures (KPIs) and their targets are how we track and assess the delivery of Council services. They are set out in our long-term and annual plans and cover the performance of all Council business units along with Council-controlled organisations.

### Performance measures

The following summarises of our key performance measure results for the year. Further details of our 2017/18 performance measure results for each activity area are in the section "Our performance in detail" on page xx. By the end of the financial year:

61 percent (84) of our activity area performance measures met or exceeded their targets

- 14 percent (19) were within 5 percent of meeting target
- 21 percent (29) did not meet target (by more than 5 percent); and
- 4 percent (6) were unable to be measured.

### Comparison to 2016/17 results

In comparison to the previous year our overall KPI performance for 2017/18 was that almost twice as many activities improved as compared to those that did poorly. Table 2 provides details on the comparison to last year.

Table 2: Overview of KPI performance against previous year's (2016/17) targets

Status	Comparative result
✓	27 (21%) of 138 measures improved
✓	91 (66%) were maintained
✗	14 (10%) measures were lower than last year
—	6 (4%) of 138 measures could not be compared to previous year



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## Our activity areas - summary of what we did, how we performed

### Governance

We consulted on a range of projects, initiatives, policies and plans, including our new Te reo Māori policy, Let's Get Wellington Moving, and Our 10-Year Plan 2018-28. We ran a by-election in the Southern Ward and inducted a new Councillor. We completed the representation review for the 2019 and 2022 Council local elections and will be trialling a new online voting system ahead of the 2019 local elections. We implemented the NZ Living Wage for all Council staff, all of our wholly-owned Council Controlled Organisations and our office cleaning and security contracts. This increased the Council's minimum wage hourly rate to \$20.20, effective from 1 July 2018.

Overall in 2017/18, we've improved the way we engage with the public, but we can do more to make our information clear and accessible.

### Performance summary

		KPI compared to target	KPI compared to last year
✓	Positive result	6	5
✓	Within 5% or no change	3	4
✗	Not met or decreased	1	1
—	Not measured or not comparable		

### Financial summary

Net operating expenditure	Capital expenditure
\$17m 92% of budget	\$0.01m 100% of budget

### Economic development

We held a wide range of sports and cultural events. Highlights included All Black matches against the British and Irish Lions and France, the Asia-Pacific amateur golf championship and the All Whites versus Peru FIFA World Cup Intercontinental Play Off, as well as the World of WearableArt, the Jim Henson Retrospectacle and Beervana. Domestic and international visitor numbers grew and for the first time in a 12-month period visitor spending in Wellington exceeded \$2.5 billion. Work on

### Environment

We carried out upgrade work around Lyall Bay to improve resilience issues with coastal erosion. At Makara Peak, we built two new trails and provided support to the Makara Peak Supporters Group to build an additional trail. We broke ground for the installation of three EV fast charging stations in Wellington and enabled the launch of the first free-floating car share in Australasia. We conducted another 500 annual Home Energy Saver evaluations with the Sustainability Trust. We completed a number of projects aimed at improving quality and resilience in our drinking water, stormwater and wastewater infrastructure. We continued to investigate alternative water sources and supply options.

Overall in 2017/18, we've made progress in water quality, energy saving measures, and resident recycling volumes, but there's room for improvement.

### Performance summary

		KPI compared to target	KPI compared to last year
✓	Positive result	30	8
✓	Within 5% or no change	4	30
✗	Not met or decreased	8	4
—	Not measured or not comparable		

### Financial summary

Net operating expenditure	Capital expenditure
\$140m 96% of budget	\$45.4m 99% of budget

### Cultural wellbeing

We delivered a diverse range of events and festivals including a Very Welly Christmas and Mataraki. We also delivered a number of projects under the pakiTara-Toi art on walls programme. Experience Wellington exceeded its total annual visitor target for its six venues, with a total of 725,214 visitors. Te Papa exceeded its target for the year, with key highlights including the new Toi Art Gallery, the LEGO exhibition, strong local support during school holiday periods, and high numbers of international visitors

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assessing the feasibility of developing an indoor arena for the city and region advanced, culminating in the publication of a strategic assessment by WREDA.

Overall in 2017/18, visitor numbers grew and visitor spending reached record levels. But the number of major conferences held here continues to decline.

during the summer cruising season.

Overall in 2017/18, residents continued to engage actively and to be satisfied with the city's arts and culture scene, but fewer people attended the NZ Festival and Council-subsidised events.

#### Performance summary

		KPI compared to target	KPI compared to last year
✓	Positive result	2	2
✓	Within 5% or no change	1	1
✗	Not met or decreased		
—	Not measured or not comparable	1	1

#### Performance summary

		KPI compared to target	KPI compared to last year
✓	Positive result	2	
✓	Within 5% or no change	1	3
✗	Not met or decreased	4	4
—	Not measured or not comparable		

#### Financial summary

Net operating expenditure  
\$22.9m 82% of budget

Capital expenditure  
\$0.6m 12% of budget

#### Financial summary

Net operating expenditure  
\$20.5m 102% of budget

Capital expenditure  
\$0.4m 35% of budget



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### Social and recreation

We continued work on the Waitohi Johnsonville Community Hub, which is on track for completion in September 2019. We contributed \$750,000 to the establishment of a new sports hub in Kilbirnie and developed two new artificial sportsfields. We started developing a work programme that will ensure Wellington has a sustainable, local food network. We supported 45 organisations with ongoing contract funding, totalling \$2,734,205. We continued to support organisations that help refugees and homeless people. We also increased funding for organisations delivering programmes and services which address sexual and gender violence. Finally we completed and implemented our Domestic Animal Policy.

Overall, in 2017/18 fewer people were satisfied with the range of recreation activities on offer. We continued to support a range of community groups helping the city's most vulnerable people.

### Urban development

We completed our Lombard Lane and Bond St upgrade project. We also advanced our building-strengthening work which required the owners of 113 at-risk buildings to secure their façades and parapets by 30<sup>th</sup> September 2018. The majority of the work has been completed or is near completion. We received the resource consent for strengthening work at the Town Hall in May 2018. We issued 2605 building consents, which is slightly more than in the previous year, and 80 percent of applications are now being lodged through GoShift, a portal for the electronic lodgement of building consent applications.

Overall, in 2017/18 we carried out a range of strengthening works across the city and improved our consenting processes. Resident satisfaction with their local suburban centre dropped significantly.

### Performance summary

		KPI compared to target	KPI compared to last year
✓	Positive result	24	5
✓	Within 5% or no change	6	29
✗	Not met or decreased	8	4
—	Not measured or not comparable	1	1

### Performance summary

		KPI compared to target	KPI compared to last year
✓	Positive result	15	4
✓	Within 5% or no change	1	14
✗	Not met or decreased	2	
—	Not measured or not comparable		

### Financial summary

Net operating expenditure  
\$61.2m 100% of budget

Capital expenditure  
\$40.3m 87% of budget

### Financial summary

Net operating expenditure  
\$15.9m 97% of budget

Capital expenditure  
\$19.5m 66% of budget

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### Transport

All urban cycleway projects were successfully approved and funded. We carried out a wide range of transport network operational tasks including maintenance, renewal and strengthening work. We implemented a 24-hour time restricted parking scheme in Miramar south to mitigate parking pressure in local streets resulting from airport-related non-resident parking. In partnership with Greater Wellington Regional Council and the NZ Transport Agency, we ran a public engagement programme for Let's Get Wellington Moving and developed a draft recommended programme of investment based on the feedback we and our partners received.

Overall, in 2017/18 resident satisfaction with traffic volumes and public transport declined slightly, but we progressed plans to upgrade and improve the city's transport network.

### Performance summary

		KPI compared to target	KPI compared to last year
✓	Positive result	7	5
✓	Within 5% or no change	3	9
✗	Not met or decreased	5	1
—	Not measured or not comparable	2	2

### Financial summary

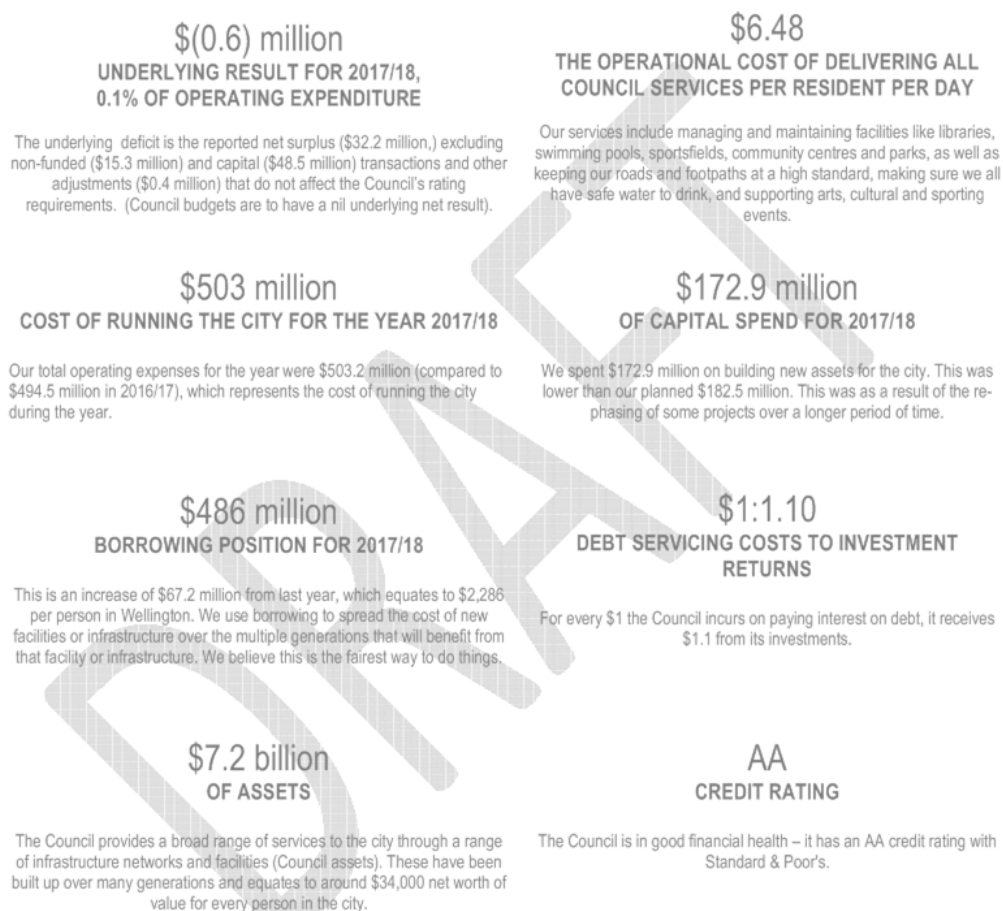
Net operating expenditure	Capital expenditure
\$32.5m 104% of budget	\$55.5m 88% of budget

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## Summary of Financial Performance

### Snapshot of financial performance

The Council has performed strongly financially over the past year by achieving our budgeted net surplus and achieving a near break-even underlying result, within 0.1% of total budgeted operating expenditure. Our financial position remains healthy. Council debt is equivalent to less than one year's income and we have investments that provide returns exceeding debt servicing costs. Accordingly, we have maintained our AA credit rating with Standard & Poor's, the highest for a public sector entity.



Key influences on our overall financial performance and position were:

- the revaluation of assets increased the value of our assets by \$180.4m,
- increased renewal of earthquake insurance costs; and
- uncertainty on weathertight homes costs resulting increased in provision for claims costs by \$12.5m.

### Our underlying operating result

The underlying operating result provides a comparison with the rates requirement we budgeted for in our Annual Plan to achieve a balanced budget. It shows how closely our annual income matches how much we spend in any given year. A balanced budget helps

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ensure that we are not passing the costs of running the city today onto future generations and imposing future costs on current generations. On the other hand we also need to ensure that the current generation to pay their fair share And not pass on current costs to future generations. Our goal is therefore to have an underlying surplus or deficit close to zero.

This year we got very close to a breakeven result, with an underlying deficit of \$0.6 million, within 0.1% of our planned balanced budget.

To get from net surplus to underlying result, the following is excluded:

- Revenue received for capital items – for example, the funding we receive from NZTA for roading
- Non-funded transactions – either where, through the Annual Plan, it is deemed appropriate that future ratepayers share the costs incurred in a particular year, or where another organisation is liable for the funding; and
- Other minor adjustments.

These items are excluded because they generally don't affect rates and were excluded from our Annual Plan balanced budget calculation. Table 3 summarises the capital and non-funded adjustments made to the net surplus to arrive at the underlying result.

Table 3: Summary of the underlying result

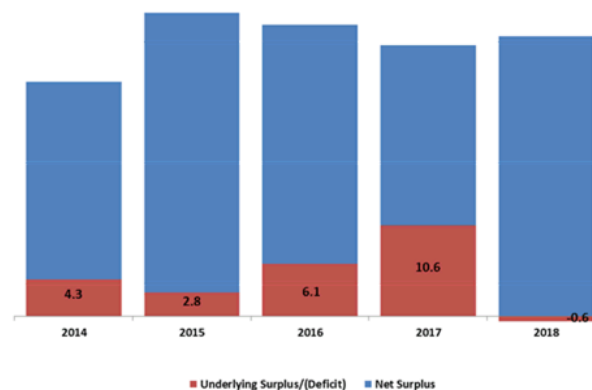
Underlying result	Actual \$M	Budget \$M	Variance \$M
Reported net surplus	32.2	32.4	(0.2)
Add items or budgeted differences not required to be rates funded	15.3	12.0	3.3
Exclude government funding for capital projects	(48.5)	(48.4)	(0.1)
Other adjustments	0.4	4.0	(3.6)
Underlying deficit	(0.6)	0.0	(0.6)



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Figure 1 shows that the council's performance over the past 5 years. For 2017/18 we have achieved our lowest underlying result in recent years and this reflects the careful stewardship of Council's revenue and expenditure against budget.

Figure 7: Net surplus and underlying result  
**Net Surplus versus Underlying Result (\$m's)**



### Where our money comes from

Rates are our main source of funding (55% of \$535 million) with income from operating activities (including user fees) the next largest source (29%). We also receive income from other external sources (mainly government) to fund capital expenditure, revenue from interest, and dividends. Figure 9 shows the overall sources of income for the past 3 years.

Figure 8: Summary of sources of income (\$m)

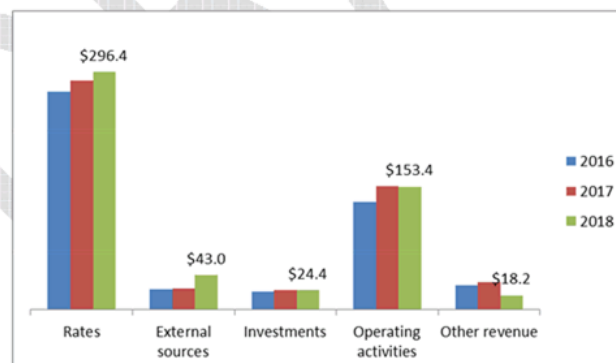
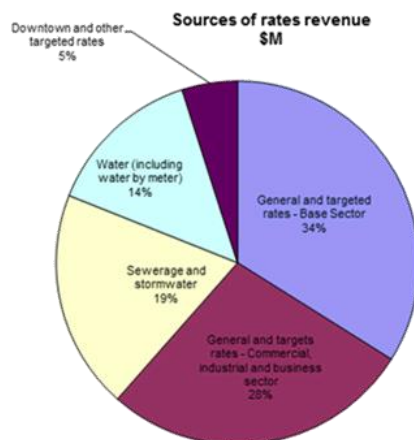


Figure three shows the sources of the Council's revenue for the year. The majority of the Council's \$296 million of rates revenue received during the year was from general rates. Other sources were Sewerage and stormwater targeted rates with the fresh water provision making up the most of the balance.

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Figure 9: Sources of Council revenue for 2017/18



In 2017/18, the Council has received higher cash revenues than budgeted from:

- landfill fees due to increased waste volumes (\$3.8 million)
- higher-than-anticipated dividends from our investment in Wellington International Airport Ltd (\$1.5 million)
- an increase in central government subsidies for transport (\$1.5 million).

The Council also received higher non cash revenues than budgeted for vested assets (\$8.1 million) and an increase in investment property valuations that is recognised as revenue (\$6.9 million).

### Where the money goes

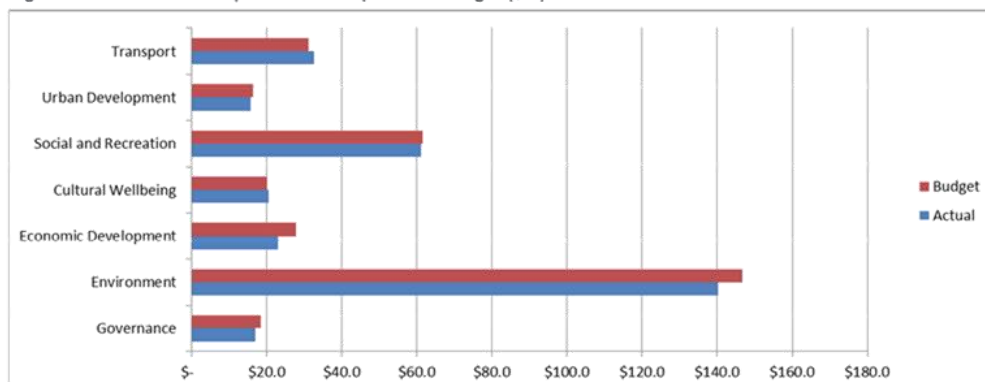
The following graph summarises what it costs (gross expenditure) to deliver our services in each of our seven activity areas, offset by direct income we receive. Details of the financial performance against budget for each activity can be found in the "Our Performance in Detail" on pages xx to xx.

Figure 10 below illustrates the difference between the actual and budgeted net expenditure for each strategy area. They show how Council has prioritised its spending to support the operational and strategic direction that has been set during the Annual Plan process. Net expenditure is calculated by offsetting activity expenditure, with user charges and other direct activity income. This is the amount that is funded by rates and other corporate revenue such as dividends and rental income.



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**Figure 10: 2017/18 Net expenditure compared to budget (\$m)**

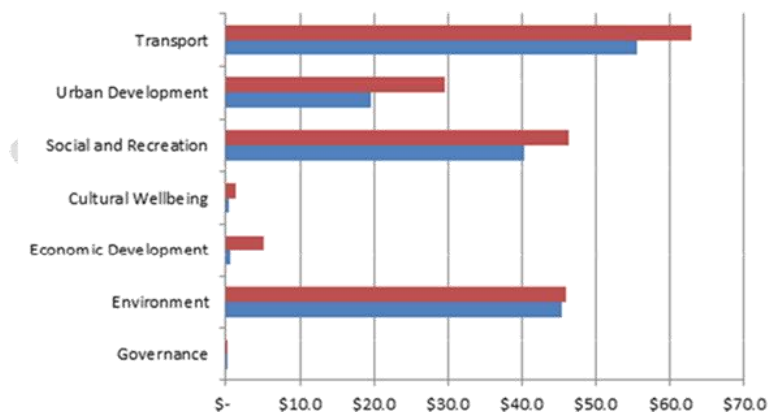


### Summary of capital expenditure

We have a comprehensive renewal and upgrade programme for our assets and have completed \$172.9 million of capital expenditure during the 2017/18 year. This equates to 95% of the annual budget or 80% once utilisation of budgets brought forward from prior years is included. Delays in a number of projects occurred during the year due to changes in design, negotiations or consultation and consents requirements. Budgets to complete these projects have been included in the Council's 2018-2028 Long-term Plan.

Figure 4 shows budget versus actual capital expenditure for each activity area.

**Figure 11: Capital expenditure by activity area budget v actual (\$m)**



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	2015/16	2016/17	2017/18 Actual (\$'000's)	Budget Brought forward (\$'000's)	2017/18 Budget (\$'000's)	Variance ('000's)	Ref
<b>Strategy area:</b>							
GOVERNANCE	-	-	8	8	-	(0)	
ENVIRONMENT TOTAL	36,901	40,982	45,428	455	45,491	518	1
ECONOMIC DEVELOPMENT	1,669	886	599	-	5,016	4,417	2
CULTURAL WELLBEING	1,968	1,286	443	-	1,258	815	3
SOCIAL AND RECREATION	26,269	30,186	40,253	21,647	24,684	6,079	4
URBAN DEVELOPMENT	7,621	9,784	19,504	8,886	20,773	10,156	5
TRANSPORT	36,534	34,318	55,465	2,624	60,247	7,406	6
<b>TOTAL STRATEGIC AREAS</b>	<b>110,962</b>	<b>117,442</b>	<b>161,699</b>	<b>33,620</b>	<b>157,470</b>	<b>29,391</b>	

\*Variance explanations to finances – why our actual spend differs from what was budgeted.

- 1 There was a reprioritisation to the original work programme from Water; Sewage collection and disposal network to Stormwater capital
- 2 Under budget due to delays in the Wellington Venues renewals programme (\$1.640m) and the deferred decision on the Film Museum
- 3 Under budget due to deferred decision on the Film Museum component of the Convention Centre project.
- 4 Under budget due to timing of work in the completion of the Basin Reserve Master Plan; with the Johnsonville Library development project and with several of the community centre upgrades - Aro Valley, Kilbirnie, Newtown and Strathmore. As well as with the public conveniences and pavilions work programme (Alex Moore Park, Ben Burn Park and Island Bay).
- 5 Under budget due to timing of work undertaken with the Town Hall and St James earthquake strengthening projects.
- 6 Under budget due to timing of work undertaken for the Cycling programme and the completion of the LED street light transition project

In addition to the above the Council spent \$11.2 million of a budgeted \$25 million on corporate Council projects, which include building, equipment replacement and IT projects. The unspent portion relates to deferred building projects.

## Where my money is spent

The Council provides over 400 services to Wellington and residents. The following shows the annual gross operational spend on Council services per resident for 2017/18.

[Placeholder Graphic only to be updated in publishing]



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## **Section 3: Our performance in detail**

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## **Pārongo ā-tāone**

### **Governance**

#### **Snapshot page**

This is a one-page infographic with figures relating to:

- 2,051 submissions received on the 2018-28 Our 10-year plan, 1,017 in 2015
- 25% of submissions received were from 19-30 year olds
- 589 submissions received on the draft Te Reo Policy: Te Tauihu
- 72% of residents satisfied with their involvement with decision making.
- 76% of Maori residents satisfied with their involvement with decision making

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## Introduction

As part of our **strategic approach** towards governance, we seek to build public confidence in our decisions by being as transparent as possible, by clearly communicating the reasons for the things we do and encouraging public participation in the decision-making process. This is because high levels of public involvement in what we do make for better and more enduring decisions.

A key **challenge** is to continue to improve on the levels of engagement and participation in our decision-making processes, and events like local elections.

This year's highlight was the record turnout we obtained during the consultation on Our 10-Year Plan 2018-28, which saw around 2000 people submitting feedback, including a significant proportion of young people. We will look at what we did well and apply it to future consultations to further improve how we communicate and engage with Wellingtonians.

Our governance portfolio includes the work we do to ensure the role of Māori in the city is valued and reflected in all aspects of our work, from resource management and economic development to social wellbeing and the arts. The Council is subject to a range of legal obligations and Te Tiriti o Waitangi considerations. This year we took the significant step of implementing a Te reo Māori policy to make the language more visible in our everyday lives.

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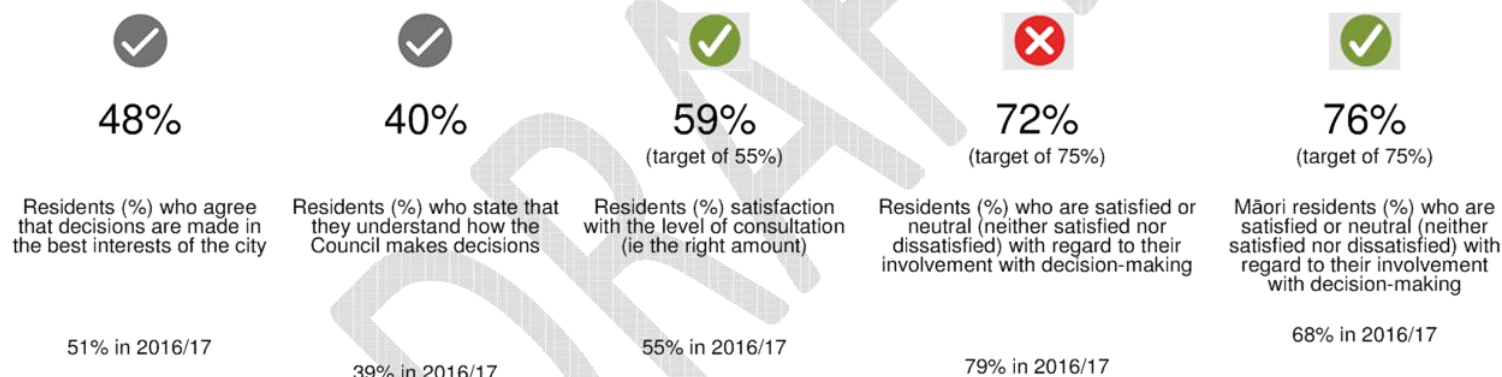
### Performance overview

[Summary of performance + highlight KPI results to features as a banner at the bottom of the designed document. See full results at end of chapter]

## Governance performance story: We're improving but there's work to be done

The table below outlines the performance story for key areas of the governance chapter of this annual report. The full list of key performance measures and outcome indicators for governance are included at the end of this chapter.

We've made progress in the way we engage with the public on decisions about Wellington. A significant highlight this year was the high level of feedback we received on Our 10-Year Plan 2018-28. We also engaged more actively with residents, communities and stakeholders on other topics, including our Te reo Māori policy and Let's Get Wellington Moving. We need to do more to make our information clear and accessible, and to make it easy for people to engage with our decision-making processes.



Source: Wellington City Council Residents monitoring survey 2018



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## 1.1 Governance, information and engagement / Kāwanatanga, Pārongo me ngā mahi whai wāhi

### What we did:

- **Community engagement.** This was a busy year for engagement during which we looked at connecting more closely with communities to encourage greater participation in plans for the city. This year, we made significant improvements in terms of drawing more people into a conversation about the work we do, and getting them involved earlier in the conversations.

We consulted on a range of projects, initiatives, policies and plans, including:

- *Te Reo policy.* In February and March, we consulted the public on a draft Te reo Māori policy to ensure Te reo Māori is more visible in the everyday lives of Wellingtonians. We received 589 submissions.
- *Let's Get Wellington Moving.* This is a partnership with Greater Wellington Regional Council and the NZ Transport Agency. In November and December 2017 we released four scenarios for Wellington's transport future and asked people to give us their feedback. More than 2000 people and 50 stakeholder groups took the time to respond.
- *Cycleways.* The Council sought the public's view on four design options for the Island Bay Parade and cycleway, a project that has generated heated debate. A total 3763 people submitted their feedback. We also engaged with Wellingtonians on a number of cycling lane initiatives in the eastern suburbs, including Evans Bay, Cobham Drive and Kilbirnie.
- *Our City Tomorrow.* In 2017, we started a conversation with Wellingtonians about the future of our central city. We established a forum for Wellingtonians to discuss the challenges and opportunities facing the city – including population growth, climate change, and earthquakes. We ran a series of workshops where participants from a range of sectors were able to discuss and exchange ideas on the future of the city. This work to map out the future of Wellington is ongoing. While Our City Tomorrow was at first specifically about the central city, it ties in with Our 10-Year Plan 2018-28 which looks at the city as a whole.
- *Our 10-Year Plan 2018-28.* We consulted the public on a draft 10-year plan for the city. We received 2051 submissions. One notable aspect of this

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consultation was the high level of feedback from young people, with 19 to 30-year olds accounting for 25 percent of submissions.

- *Karori Project.* In 2017, we supported the people of Karori to guide future planning and development for the area to make it a more attractive and appealing place for local businesses, residents and visitors. The Karori Project was a collaboration between the Council and the people of Karori, involving an innovative partnership with the community through workshops and engagement with local leaders, groups, schools and businesses.
- **By-elections and electoral processes.** We ran a by-election in the Southern Ward and inducted a new Councillor. We completed the representation review for the 2019 and 2022 Council local elections, which resulted in minor boundary changes and an introduction of dual naming of wards incorporating Te reo Māori.
- **City archives.** We replaced two kilometres of our shelving and installed additional mobile shelving to ensure we have room for archive transfers through to 2025. We started using a mobile app that lets us share our digitised collections on mobile devices which has had a positive response from customers.
- **Contact centre.** The contact centre responded to 78 percent of received calls within 30 seconds, which was slightly below its 80 percent target but 5 percent better than the previous year. It responded to 100 percent of emails within 30 seconds.
- **Living Wage.** The Living Wage provides workers and their families with the basic necessities of life that will allow them to participate actively in the community. In the 2017/18 year, Council paid the Living Wage Aotearoa rate of \$20.20 to its staff and expanded this to wholly-owned Council-Controlled Organisations (CCOs) and core contractors who work on Council sites as they come up for renewal. These steps move the Council towards becoming an accredited Living Wage Aotearoa employer – a goal for the 2016–19 triennium. The Council was set to raise the minimum hourly rate paid to \$20.55, the Living Wage Aotearoa rate announced in April 2018, from 1 July 2018.

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## 1.2 Māori and mana whenua partnerships / Rangapū Māori/Mana Whenua

What we did:

- **Working with our Treaty partners.** The Council signed a Memorandum of Understanding (MoU) with its iwi partners on 29 March 2017. As part of this MoU, senior leaders from Council and iwi partners meet quarterly to ensure Māori and mana whenua are closely involved in the work we're doing, and play an active and collaborative part in defining our strategic approach and shaping Wellington's future.
- **Engagement.** We continued to work with Te Taura Whiri i te Reo Māori (the Māori Language Commission) on the Māori Language Week street parade on 11 September 2017. This was attended by about 5000 people.
- **Te Reo policy.** We consulted the public on a draft Te reo Māori policy to ensure Te reo Māori is more visible in the everyday lives of Wellingtonians. On 27 June Council adopted Te Tauihu, our Te reo policy (at the same time adopting the name Te Ngākau Civic Square – a gift from iwi mana whenua entities).
- **Cultural events.** We worked with iwi mana whenua advisors and the Council's events team to bring a new Ahi Kā event to the Matariki ki Pōneke programme. This was well supported by the public on Friday 29 June on the waterfront at Odlins Plaza and Whairepo Lagoon.

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## Governance finances

### How it was funded

Services in this activity area are mostly funded through general rates, with a small portion funded through fees and user charges for Civic Information and City Archives.

### What it cost (operating expenditure)

	Actual	Actual	Actual	Budget	Variance
Operating Expenditure (\$000)	2015/16	2016/17	2017/18	2017/18	2017/18
<b>1.1 Governance, information and engagement</b>					
Expenditure	15,974	16,877	17,213	18,659	1,446
Revenue	(751)	(1,005)	(497)	(536)	(39)
Net Expenditure	15,223	15,873	16,716	18,123	1,407 <sup>1</sup>
<b>1.2 Māori and mana whenua partnerships</b>					
Expenditure	274	279	305	300	(5)
Revenue	-	1	(4)	-	4
Net Expenditure	274	280	301	300	(1)
<b>GOVERNANCE TOTAL</b>					
Expenditure	16,248	17,157	17,518	18,959	1,441
Revenue	(751)	(1,004)	(501)	(536)	(35)
Net Expenditure	15,497	16,153	17,017	18,423	1,406
<sup>1</sup> Under budget due to lower personnel costs and professional fees					

### What it cost (capital expenditure)

	Actual	Actual	Actual	Budget brought forward from prior year	Budget	Variance
Capital Expenditure (\$000)	2015/16	2016/17	2017/18		2017/18	2017/18
<b>1.1 Governance, information and engagement</b>						
Expenditure	-	-	8		-	(8)
<b>GOVERNANCE TOTAL</b>						
Expenditure	-	-	8	8	-	(0)



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## Governance performance

The following section outlines our performance data: outcome indicators, performance measures and supplementary tables.

We use outcome indicators to monitor our city over time, which provides information on trends that may influence our performance including those outside our control.

We use performance measures to track how well we are delivering services against targets as set out in the Long-term Plan and Annual Plans.

The Residents Monitoring Survey (RMS) is undertaken annually by Council. The survey has a margin of error of +/- 3.1 percent.

### Performance summary

The following table is a summary of how well we performed against our agreed outcome indicators and key performance measures for this activity area.

		Outcome Indicator	KPI compared to target	KPI compared to last year
✓	Positive result		6	5
✓	Within 5% or no change	5	3	4
✗	Not met or decreased		1	1
—	Not measured or not comparable	1		

### Performance data – outcome indicators

The following section outlines outcome indicators for the Governance area of activity. Outcome indicators do not have targets – only trend data.

Council outcome indicator	Source	2015/16	2016/17	2017/18
Residents (%) who agree that decisions are made in the best interests of the city	WCC RMS 2018	36%	51%	48%
Residents (%) who state that they understand how the Council makes decisions	WCC RMS 2018	33%	39%	40%
Residents (%) who understand how they can have input into Council decision-making	WCC RMS 2018	46%	43%	46%
Mana whenua partners agree that the use and protection of the city's resources for the future is appropriate	WCC Strategy and Research	1 Agreed and 1 Partner was not sure	Both partners were not sure	Both partners were not sure
Residents (%) who believe they have the opportunity to participate in city life	WCC RMS 2018	74%	69%	70%



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Voter turnout in local elections, referendums and polls	WCC Democratic Services			2016 45.6%	NA	
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**Performance data – Council performance measures**

The following section outlines Council performance measures for our Governance services. It includes data for the last 3 years to show trends, and includes variances explanations for relevant areas.

PERFORMANCE MEASURES	2015/16	2016/17	2017/18 Actual	2017/18 Target	% Variance	
<b>1.1 Governance, information and engagement</b>						
<i>To measure the quality of the public's involvement in Council decision-making</i>						
Residents (%) satisfaction with the level of consultation (ie the right amount)	54%	55%	59%	55%	7%	
Residents (%) who are satisfied or neutral (neither satisfied nor dissatisfied) with regard to their involvement with decision-making	70%	79%	72%	75%	-4%	
<i>To measure the quality and timeliness of residents' access to information</i>						
Council and committee agendas (%) are made available to the public within statutory timeframes (2 working days prior to the meeting)	94%	95%	100%	100%	0%	
Council and committee agendas (%) that are made available to elected members five days prior to the meeting and to the public four days prior to the meeting	91%	79%	88%	80%	11%	
<i>Sound decision-making relies on the timely delivery of meeting papers. Councillors and the public need time to consider agenda material and prepare for meetings. There have been improvements in this area and Council officers will endeavour to maintain this trend.</i>						
Residents (%) who agree that Council information is easy to access (eg from the website, libraries, newspapers, etc)	49%	55%	58%	60%	-3%	
Residents (%) who agree that the Council website is easy to navigate and get information from	61%	64%	63%	75%	-16%	
<i>Our result is in line with previous years however we fell short of the increased target. The Council is working on a 'News and Information' feature for the website and will continue to improve search functions for common service queries.</i>						
Contact Centre response times – calls (%) answered within 30 seconds	80%	73%	78%	80%	-3%	
<i>We improved level of service after implementing new automated phone system.</i>						
Contact Centre response times – emails (%) responded to within 24 hours	93%	98%	100%	100%	0%	

PERFORMANCE MEASURES	2015/16	2016/17	2017/18 Actual	2017/18 Target	% Variance	
<b>1.2 Māori and mana whenua partnerships</b>						
<i>To measure the health of our relationship with mana whenua</i>						
Mana whenua partner satisfaction with Council relationship (satisfied and very satisfied)	satisfied	satisfied	satisfied	satisfied	met	
<i>To measure the engagement of the city's Māori residents</i>						

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Māori residents (%) who are satisfied or neutral (neither satisfied nor dissatisfied) with regard to their involvement with decision-making	65%	68%	76%	75%	1%	
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## Case study – Te Reo Māori policy

Watene Campbell and Rāhiri Wharerau are both 17 years old. They have known each other since they were 4 years old. Rāhiri, who has a wicked sense of humour, has his own version of the first time the two boys met, which Watene disputes.

'It was circa 2006,' Rāhiri muses. 'I bowled him over on the rugby field.'

They are both smart, funny boys, and committed to promoting the Māori language and culture.

'Having a sense of belonging helps us carry on in our everyday lives,' says Watene.

'All my life I've been raised in a Māori environment and I want to do more for my people and culture.'

Rāhiri feels the same. He says he sees it as a 'duty' to do everything he can to promote the Māori culture.

Given their level of commitment, it made absolute sense for them to be the faces of the Council's Te reo Māori policy, which came into effect on 27 June 2018. As the policy's young ambassadors, the boys helped launch the policy and promote its importance through a series of videos, an appearance at the City Strategy Committee and stage presence at the Newtown Festival.

'It was really fun,' says Rāhiri.

In February and March 2018, the Council consulted the public on the draft Te reo Māori policy and received 589 submissions. The policy reflects the Council's commitment to make Māori culture and language an integral part of everyday life.

'It's definitely going to make a difference. To understand the culture, you first need to understand the language,' says Rāhiri.

Like many young people their age, the boys lead busy lives. Rāhiri is into basketball and drama while Watene paddles and plays rugby. They both attend Te Kura Kaupapa Māori o Ngā Mokopuna, a Māori school in Seatoun.

They are focused on their studies and thinking about the next stage in their lives. Rāhiri aspires to be 'the Māori Leonardo di Caprio' while Watene says he hasn't made his mind up yet. He thinks he may become a lawyer because he's always enjoyed arguing and debating issues.

Whatever they do next, it will be infused with a strong sense of culture and identity.

'Māori culture and language matters. We want to keep it alive for future generations,' says Watene.

[Picture to be inserted]

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## **Taiao Environment**

### **Snapshot page**

[This is a one-page infographic with figures relating to:]

- 52.1kg per person of kerbside recycling collected
- 478kg per person of waste sent to the landfill
- “Fair” water quality rating on Wellington streams
- We conducted another 500 annual Home Energy Saver evaluations with the Sustainability Trust.
- Over 600 light electric vehicles and 24 active car share companies
- Corporate greenhouse gas emissions 90,076 tonnes, reduced by 2.8%

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## Introduction

The Council's environment portfolio is large and diverse, encompassing green spaces, waste reduction and energy conservation, as well as water (potable, wastewater and stormwater) and conservation attractions.

Our **strategic approach** is guided by our drive for sustainability, our commitment to reducing the impact of climate change and our increased focus on resilience. We work to continuously improve and restore our natural areas and resources. This includes providing quality and accessible green spaces, reducing the city's emissions, disposing of waste in sustainable ways, and supplying Wellingtonians with good quality drinking water as well as managing the city's wastewater and stormwater.

Some of the **challenges** we face are associated with maintaining and upgrading our infrastructure – our business as usual activities – while also undertaking work to cope with rising demand and to be better prepared for unforeseen future events. Our resilience work over the past 12 months has included strengthening infrastructure like pipes and reservoirs, addressing issues like coastal erosion and looking at ways to save energy and reduce waste. This resilience work is ongoing.

Another significant highlight for this activity area is our commitment to working in partnership with government and the private sector on initiatives to reduce the impact of carbon. As part of that, we're reviewing our Low Carbon Capital Plan in the next 10 months.



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Performance overview

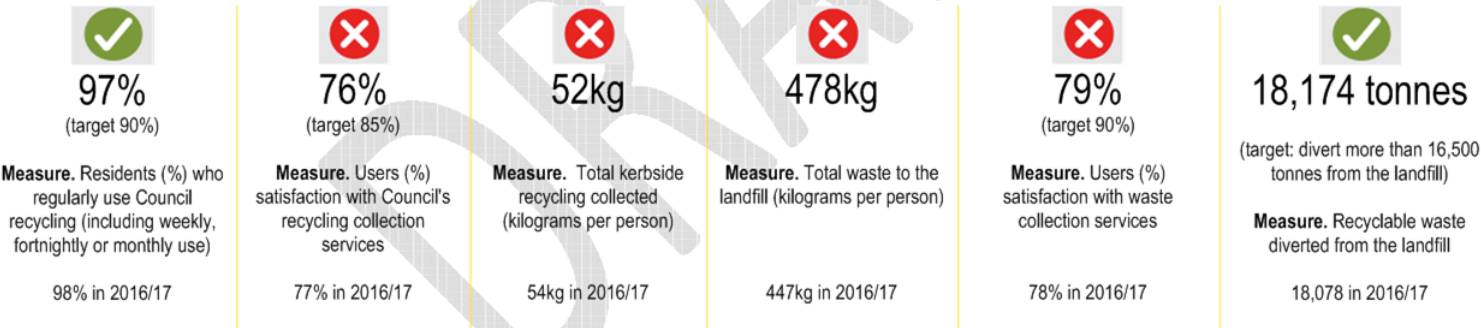
[Summary of performance + highlight KPI results to features as a banner at the bottom of the designed document. See full results at end of chapter]

Environment performance story - Less resident recycling, but more construction waste

The table below outlines the performance story for a key area of the environment chapter. The full list of key performance measures and outcome indicators for the environment is included at the end of this chapter.

Over the last 5 years, recycling rates have slightly decreased. While the exact reasons for this are unclear, they are likely to include factors such as a reduction in use of recyclable products such as plastic and newspaper and a better understanding of what can and can't be recycled. The Council continues to monitor this trend and identify opportunities for greater education around recycling.

In terms of landfill tonnages, there has been a significant increase in special waste tonnages over the past few years. This includes substances like asbestos and other hazardous materials that have to be landfilled. This waste is the result of the significant construction and demolition work that has been going on around Wellington and is not indicative of resident attitudes and behaviours towards waste and recycling.



Source: WCC Waste Operations Source: Wellington City Council Residents monitoring survey 2018

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## 2.1 Gardens, beaches and green open spaces / Ngā Māra, Tātahi, Whenua Pārae, Ngahere

What we did:

- **Lyll Bay resilience.** We carried out upgrade work around Lyall Bay to improve resilience issues with coastal erosion. This is a staged project, carried out over 4 years. The work arose from a succession of high intensity storm surges which caused serious erosion around the Bay. It will help rehabilitate and protect the natural and built coastal infrastructure, addressing erosion issues and reinstating the ecosystems services delivered by a healthy functioning sand dune.
- **Predator Free.** This project between the Council, Greater Wellington Regional Council and the NEXT Foundation aims to progressively eradicate predators across the city and create the world's first predator-free capital city. It was launched in 2016/17 and started with monitoring on the Miramar Peninsula and planning for the first stage – the removal of rats, possums and other predators from the peninsula. We will continue to fund the project with several partners through the Predator Free 2050 Fund. Our contribution will be \$2.6 million over the next 10 years. As part of Predator Free, we've allocated funding to support community-led trapping efforts in reserves. In July 2018, we received the 'LENZ Excellence Award for Environmental Impact' for Our Natural Capital programme to protect and restore Wellington's indigenous biodiversity, through predator control, threatened species protection, community engagement, and cutting edge research. The Predator Free programme is part of a bigger programme of work that council carries out across its reserves and parks to remove pests.
- **Regional Trails Framework (including Makara Peak).** The Wellington Regional Trails Framework has been developed to drive a coordinated approach to planning, development, management, marketing and promotion of the regional trails network. The project was led by us and supported by the Department of Conservation, WREDA, Greater Wellington Regional Council and other councils in the region.  
  
At Makara Peak, we built two new trails and provided support to the Makara Peak Supporters Group to build an additional trail.
- **Addition of land to the Town Belt.** In 2017, the Council acquired a 4221 square metre piece of land in Aro Valley (legally described as Section 1226 Town of Wellington) from the Crown. The land comprises a vegetated gully between Aro Street, Devon Street and Victoria University. It has ecological connections to the nearby

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Zealandia and provides habitat for native birds, including kererū (wood pigeon), kākā, tūī, and tauhou (silveryeye), among others.

- **The Discovery Garden** (Wellington Botanic Garden). The garden, largely funded through the Plimmer Bequest Fund, opened on 30 September 2017 and is designed to show young people how important plants have been, are now, and will be in the future. Construction for the project started in 2016 and proved more challenging than expected. The Friends of the Wellington Botanic Garden raised \$235,000 for the project, and we have been successful in securing grant funding for 3 years through the Ministry of Education for Learning and Education Outside the Classroom (LEOTC) to support delivery of education programmes.
- **Our Natural Capital and the Natural Environment Fund.** This Natural Environment Fund helps community groups to protect the city's indigenous biodiversity, restore riparian and coastal ecosystems and connect people to nature. Seven applications were supported during the year with grants total \$39,000, ranging from \$11,250 for Whitebait Connection project run by the Mountains to Sea Trust engaging local community groups and schools with our freshwater catchments to the Vogelmoor Community Group who were granted \$1,500 to develop community gardens in the neighbourhood. Local delivery of the Enviroschools programme and the work led by Sustainability Trust on urban agriculture were also supported.

## 2.2 Waste reduction and energy conservation / Tiaki Pūngao, Whakaheke Para

What we did:

- **Electric vehicles (EVs) and car share car parks.** We broke ground for the installation of three EV fast charging stations in Wellington. This work, which we're carrying out in partnership with Contact Energy and ChargeNet New Zealand, will see four EV fast-charging stations in Wellington's city centre upon completion. And there are 24 car sharing vehicles around the city, in terms of number of EVs there are over 600 in Wellington City and over 1200 across the region – the numbers have increased by more than 50% in the last year.
- **Home Energy Saver.** We conducted another 500 annual Home Energy Saver evaluations with the Sustainability Trust. This project has been part of the Sustainability package since 2010, a mainstay of improving sustainability for our residents.



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- **Waste and recycling.** In June 2017, we became successful in gaining funding support to undertake another Public Place Recycling trial from the joint Love NZ/Be a Tidy Kiwi “Litter Less Recycle More” project delivered by The Packaging Forum. The trial will last 12 months and will help us assess the practicality and cost of implementing public place recycling in Wellington. The Mayor and Councillors also advocated strongly to ban or impose a levy on single-use plastic bags. Over the last 5 years recycling rates have slightly decreased. While the exact reasons for this are unclear, they are likely to include factors such as a reduction in the use of recyclable products such as plastic and newspaper, and a better understanding of what can and can't be recycled. The Council continues to monitor this trend and to identify opportunities for greater education around recycling.
- **Landfill emissions.** In February 2018, we were successful in having our latest application for a unique emissions factor (UEF) for our landfill emissions approved. The UEF for 2017 calendar year is 0.52 – a reduction of 56 percent from the default emissions factor, and a decrease in liabilities of 27 percent from 2016. This is a positive result that will help reduce our overall carbon liabilities (note this is carbon unit market price dependent).

## 2.3 Water supply/ Waimāori

This activity is focused on drinking water supply and storage. Wellington Water supplies drinking water to Wellingtonians and also manages wastewater and stormwater services, while the Council owns the infrastructure. Water in Wellington is treated in one of four treatment plants in the region owned by Greater Wellington Regional Council. The Ministry of Health has established guidelines for safe drinking water: the Drinking Water Standards for New Zealand 2005 (revised 2008). The treatment methods – which includes chlorination – are designed to produce water that meets these standards and satisfies the needs of our customers

We completed 93 percent of planned projects within the drinking water portfolio, with three projects carrying over into the coming financial year. They are Community Infrastructure Resilience (a project for 22 water stations), the Harbourview Road and Wadestown Road watermain, and the Satara Crescent pump station upgrade. Carry forwards have been approved and work will be completed in the first quarter of 2018/19.

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- **Water Leaks.** Leaks reported were up across the region for December and January but tracked back down to usual peak summer levels for February and March. Costs associated with the additional leaks reported were able to be managed within budget.
- **Network renewals.** These projects provide network reliability and reduce water supply disruption. This programme is made up of numerous business-as-usual watermain and pump station renewals. All programmed projects were completed except for Wadestown Rd which will be completed in the first quarter of 2018/19.
- **Network upgrades.** These projects are primarily focused on increasing fire main capacity across the network, and enabling growth. Hydraulic modelling of catchments will continue in order to identify network growth restrictions and upgrade requirements. All projects were completed except for Harbourview Road watermain upgrades and Satara Crescent pump station which will be completed in the first quarter of 2018/19.
- **Reservoirs.** Designs for seismic strengthening of the Ngaio, Granada North and Wrights Hill reservoirs is continuing into the first and second quarters of 2018/19 and will be constructed in years 2-3 of Our 10-Year Plan 2018-28. These projects will improve the operational resilience of the network and storage. All planned projects were completed.
- **Investigations.** We completed health and safety assessments for all storage reservoirs, the regional water loss and leak detection strategy and fireflow availability methodology, including a pilot study.
- **Major upgrades:**
  - *Prince of Wales/Omārore Reservoir.* This project is a key element of the Water Supply Resilience Strategy, and contributes to the day-to-day operational resilience of the water supply for the low-level zone. Resource consent has been granted and we are working through the consent conditions in relation to the design. Detailed design of the reservoir has commenced, with a construction estimate to follow.
  - *Final design for the Wallace Street corridor* (enabling works and inlet/outlet mains) is expected in the first quarter of 2018/19, with construction to commence in the second quarter.
  - *Moe I te Ra (Bell Road Reservoir).* Inlet and outlet pipe designs are continuing along with preliminary design of the reservoir. Town Belt Act and Resource Management Consent applications are expected to be lodged in



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September/October 2018. Public engagement has commenced with stakeholders.

- *Community Infrastructure Resilience work* begun in July 2017 will be completed in the first quarter of 2018/19. This involves completion of alternative water supply stations and acceptance of procured materials e.g. water storage and distribution bladders and tap stands. This project will achieve its outcome of providing emergency water supply to Council customers.
- *Alternative Supply/Harbour Bores*. Investigation and options analysis of the alternative water sources and supply options will be completed early in the first quarter of 2018/19.

## 2.4 Wastewater / Waipara

We completed 92 percent of planned projects within the wastewater portfolio, with two projects carrying over into the coming financial year. They are Crawford Rd sewer renewal and Dixon Street pump station. Carry forwards have been approved and work will be completed in the first quarter of 2018/19.

- **Network renewals.** These projects are aimed improving water quality and maintaining a reliable network for customers. All projects were completed except for Crawford Rd which will be completed in the first quarter of 2018/19.

In addition to our business-as-usual pipeline renewals based on condition assessments, we are replacing several rising mains (these are vertical pipes) within the city centre and carrying out further investigations and condition assessments in order to determine a rising main replacement programme. Work to date has included collection and analysis of core samples. Further work will occur through 18/19 to inform the next long-term plan cycle. Condition assessments of the sewer interceptor, which helps control the flow, will continue with the last 5.5 kilometres to be completed by 2018/19.

- **Network upgrades.** These projects are primarily aimed at enabling growth. Major projects within Our 10-Year Plan 2018-28 include the Dixon Street pumping station, Taranaki sewer capacity upgrade and Miramar peninsula upgrade.
- **Investigations and modelling.** Investigations will be targeting the network's condition in order to inform future renewals projects. Significant investigations projects involve completion of the catchment assessment for Lambton Harbour, Evans Bay and Lyall Bay catchments and identification of capital works, as well as inflow and infiltration assessments. Hydraulic modelling of catchments will continue in order to identify

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network growth restrictions and upgrade requirements. A feasibility study will be completed for future replacement of the wastewater rising mains from pump stations 5, 6 and 7 to Dixon Street.

- **Karori Outfall pipeline.** Wellington Water was successful in identifying alternative solutions which resulted in the deletion of a consent condition which would have required the Council to build a new outfall pipeline from the Western Wellington Wastewater Treatment Plant to the coast by 2023. This is a significant achievement, as the building of a new pipeline was costed at more than \$35 million and the current pipeline has a lot of life left in it. More detailed assessments of the pipeline need to be undertaken by July 2019 to better understand the condition and rectify any faults. A Monitoring and Technological Review Report (MTRR) that assesses options and sets out a plan for addressing wastewater overflows into the Karori Stream also to be implemented by July 2020. The discharge consents to the Karori Stream also expire in 2023 which will provide an opportunity to develop an 'all of catchment' approach to wastewater overflows and discharges in the Karori Catchment.

## 2.5 Stormwater / Waiāwhā

We completed 86 percent of planned work within the stormwater portfolio, with work on Apuka Street, Aro Street, Hunter Street and Kingsbridge being deferred until the coming financial year, and work on Kilbirnie stage 1 (pipeline) behind schedule. Carry forward of funds has been approved for stormwater upgrade work in Kilbirnie and Aro Street, and work has been reprogrammed within Our 10-Year Plan 2018-28. In Aro Street, we'll be carrying out seismic upgrade work on an underground stormwater chamber and in Kilbirnie the work involves laying pipes to improve stormwater flow and reduce the risk of flooding.

- **Network renewals and upgrades.** These projects are aimed at public safety and containment of flooding. Significant projects completed include the Karori Culvert renewal, and upgrade of the Kent Terrace sumps to reduce flooding at this location and the central fire station. Work on replacing the pipes affected by the land slip at Priscilla Crescent was completed in the fourth quarter.
- **Investigations and modelling.** Lambton ICMP study and flood modelling has been completed with initial findings presented to the Council and Greater Wellington Regional Council in the fourth quarter. Climate change modelling of the southern suburbs has been completed. Results from the modelling are being converted into usable information, and to inform options and feasibility analysis of catchment planning

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studies. Modelling of the northern and western suburbs will occur through the next financial year.

- **Major upgrades:**
  - *Kilbirnie Flooding.* The frequent flooding issues in Kilbirnie have caused a number of complaints. Work is progressing on Kilbirnie Stage 1 and 2 with completed construction of the pipeline (Stage 1) scheduled for October. There is a delivery risk from consenting delays, which is being managed by consulting with stakeholders. There remains a small residual risk that delays to this process may impact the delivery timeframe. The pump station is currently being designed through an Early Contractor Involvement (ECI) process with detailed design and cost estimates expected in September. Scope and design changes from concept stage are likely to have a negative cost impact.
  - *Tawa Flooding.* The Tawa flooding problems are being investigated with options and detailed design to be progressed in the coming financial year.
- **Proposed Natural Resource Plan.** Hearing streams 1-6 for Greater Wellington Regional Council's Proposed Natural Resource Plan, which we participate in, are now completed. These covered the overall policy framework, beneficial use and development, mana whenua values, water allocation, water quality, wastewater, stormwater, activities in the beds of lakes and rivers and groundwater protection. Opportunities for multi-party conferencing and pre-hearing meetings to help resolve issues are being taken up, the most recent of which was in relation to the protection of drinking water sources.

## 2.6 Conservation attractions / Ngā painga kukume Papa Atawha

What we did:

- **Wellington Zoo.** There were 249,701 visitors to the Zoo, which is 19,000 people more or an 8 percent increase from last year (230,632) and 4 percent ahead of target. This can be attributed to both weather and to an effective advertising strategy. We reached our second highest visitation (the highest was when we opened Meet The Locals He Tuku Aroha) even without a major exhibit opening.

The Zoo has completed stage 1 of its upgrade programme over the last few years. In the next stages, which were approved as part of Our 10-Year Plan 2018-28, we intend to further improve facilities to house snow leopards and cheetahs.

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- **Zealandia.** The number of visitors to Zealandia was 132,288, which is 5.7 percent up from last year's figure (125,179) and 37 percent ahead of target. A leading factor is the growing popularity of guided tours, which grew 50 percent from the previous year and attracted 18,000 people.

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## Environment finances

### How it was funded

Services in this activity area are funded through a mixture of general rates, targeted rates, user charges and other income.

### What it cost (operating expenditure)

	Actual	Actual	Actual	Budget	Variance
Operating expenditure (\$000s)	2015/16	2016/17	2017/18	2017/18	2017/18
<b>2.1 Gardens, beaches and green open spaces</b>					
Expenditure	34,609	37,640	39,087	38,664	(423)
Revenue	(8,329)	(4,317)	(3,982)	(2,496)	1,485 <sup>1</sup>
Net Expenditure	26,280	33,323	35,105	36,167	1,062
<b>2.2 Waste reduction and energy conservation</b>					
Expenditure	13,661	15,586	19,329	14,614	(4,715) <sup>2</sup>
Revenue	(14,391)	(20,060)	(19,163)	(13,632)	5,531 <sup>3</sup>
Net Revenue	(730)	(4,475)	166	982	816
<b>2.3 Water network</b>					
Expenditure	38,433	40,698	42,223	41,748	(475)
Revenue	(1,712)	(1,606)	(1,843)	(35)	1,808 <sup>4</sup>
Net Expenditure	36,721	39,093	40,380	41,713	1,333
<b>2.4 Wastewater</b>					
Expenditure	41,432	42,575	43,283	44,186	903 <sup>5</sup>
Revenue	(3,494)	(986)	(1,985)	(1,293)	692 <sup>6</sup>
Net Expenditure	37,938	41,589	41,298	42,893	1,595
<b>2.5 Stormwater</b>					
Expenditure	16,936	17,023	18,634	18,127	(507) <sup>7</sup>
Revenue	(3,137)	(762)	(2,164)	(141)	2,023 <sup>8</sup>
Net Expenditure	13,799	16,260	16,471	17,986	1,516
<b>2.6 Conservation attractions</b>					
Expenditure	6,384	6,755	6,695	6,970	274
Revenue	-	-	-	-	-
Net Expenditure	6,384	6,755	6,695	6,970	274
<b>ENVIRONMENT</b>					
Expenditure	151,455	160,277	169,252	164,308	(4,944)
Revenue	(31,063)	(27,732)	(29,137)	(17,597)	11,540
Net Expenditure	120,392	132,545	140,115	146,711	6,596

<sup>1</sup> Accounting for unbudgeted vested assets lead to higher revenue  
<sup>2</sup> Additional volumes of waste to landfill leading to higher operating costs, an increase to the closed landfill provision and higher carbon credit purchase price  
<sup>3</sup> Higher levels of contaminated and general waste resulted in revenue being ahead of budget  
<sup>4</sup> Accounting for unbudgeted vested assets lead to higher revenue  
<sup>5</sup> Lower plant management costs due to reduced flows and lower disposal fees  
<sup>6</sup> Accounting for unbudgeted vested assets lead to higher revenue  
<sup>7</sup> Higher depreciation and insurance costs than budgeted  
<sup>8</sup> Accounting for unbudgeted vested assets lead to higher revenue



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### What it cost (capital expenditure)

	Actual	Actual	Actual	Brought forward from prior year	Budget	Variance
Capital Expenditure (\$000s)	2015/16	2016/17	2017/18		2017/18	2017/18
<b>2.1 Gardens, beaches and green open spaces</b>						
Expenditure	2,777	6,102	4,136	82	4,137	83
<b>2.2 Waste reduction and energy conservation</b>						
Expenditure	723	606	2,443	373	2,071	0
<b>2.3 Water Network</b>						
Expenditure	14,927	14,431	14,982	-	15,530	547 <sup>1</sup>
<b>2.4 Sewage collection and disposal network</b>						
Expenditure	10,872	10,671	13,898	-	15,492	1,594 <sup>1</sup>
<b>2.5 Stormwater management</b>						
Expenditure	4,877	7,217	9,248	-	7,420	(1,828) <sup>1</sup>
<b>2.6 Conservation visitor attractions</b>						
Expenditure	2,725	1,956	720	-	841	121
<b>ENVIRONMENT TOTAL</b>	<b>36,901</b>	<b>40,982</b>	<b>45,428</b>	<b>455</b>	<b>45,491</b>	<b>518</b>

<sup>1</sup> The planned capital works programme was reprioritised during the year from Water (2.3); Sewage collection and disposal network (2.4) to Stormwater (2.5).

## Environment performance

The following section outlines our performance data: outcome indicators, performance measures and supplementary tables.

We use outcome indicators to monitor our city over time, which provides information on trends that may influence our performance including those outside our control.

We use performance measures to track how well we are delivering services against targets as set out in the Long-term Plan and Annual Plans.

The Residents Monitoring Survey (RMS) is undertaken annually by Council. The survey has a margin of error of +/- 3.1 percent.

### Performance summary

The following table is a summary of how well we performed against our agreed outcome indicators and key performance measures for this activity area.

		Outcome Indicator	KPI compared to target	KPI compared to last year
✓	Positive result			
✓	Within 5% or no change	4	4	30
✗	Not met or decreased	3	8	4
—	Not measured or not comparable	1	1	1

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### Performance data – outcome indicators

The following section outlines outcome indicators for the Environment area of activity. Outcome indicators do not have targets – only trend data.

Council outcome indicator	Source		2015/16	2016/17	2017/18	
Open space land owned or maintained by the Council - square metres per capita and total hectares	WCC Parks, Sport and Recreation	Sqm Per Capita	188.1sqm	194.3sqm	191.5 sqm	
Open space land owned or maintained by the Council - total hectares		Hectares	3,833	4,040	4,073	
Residents' usage of the city's open spaces - local parks and reserves, botanic gardens, beaches and coastal areas, and walkways	WCC RMS 2018	See supplementary table	95% Parks & Reserves	94% Parks & Reserves	95%	
Residents' who agree that the natural environment is appropriately managed and protected	WCC RMS 2018		79%	78%	78%	
Hours worked by recognised environmental volunteer groups and botanic garden volunteers	WCC Parks, Sport and Recreation		45,009	53,839	59,531	
Water consumption (commercial and residential combined) - billion litres	Wellington Water		24.5b	25.1b	23.1b	
Freshwater biological health (macro invertebrates) - Makara, Karori, Kaiwharawhara and Porirua streams	Greater Wellington Regional Council	See supplementary tables			96.6 MCI Ideal is >100	
Karori Stream increased from 85 to 93 macro invertebrates (MCI), the desired result is over 100.						
Freshwater quality - Makara, Karori, Kaiwharawhara and Porirua streams (note data from Makara stream not available)	Greater Wellington Regional Council	See supplementary tables		Fair	2018 result reported in 2019	
River water quality has improved in the last year, but still falls short of optimal levels. We achieved a fair rating, which means we met four out of six guidelines. We can do more to influence practices that impact on stream and freshwater quality levels.						
Energy use per capita (MWh)	Wellington Electricity		6.67	6.29	6.01*	
*The total energy measure used in this calculation includes the Takapu Road Grid Exit Point (GXP) which includes supply to Porirua substations. The total has been adjusted to allow for this.						
Number/sqm of 'green star' buildings/space in the city	NZ Green Building Council		204,577 m2	215,115 m2	245,467 m2	
Total kerbside recycling collected per capita (kilograms per person)	WCC Waste Operations		54.6 kg	53.8 kg	52.1 kg	
Total waste to the landfill per capita (kilograms per person)	WCC Waste Operations		411	447	478	
Selected indicator from the City Biodiversity Index	WCC Parks, Sport and Recreation	Number of birds species observed at each			13 bird species counted	

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Council outcome indicator	Source		2015/16	2016/17	2017/18	
		monitoring station				

### Performance data – Council performance measures

The following section outlines Council performance measures for our Environment services. It includes data for the last 3 years to show trends, and includes variance explanations for relevant areas.

PERFORMANCE MEASURES	2015/16	2016/17	2017/18 Actual	2017/18 Target	% Variance	
<b>2.1 Gardens, beaches and green open spaces</b>						
<i>To measure the quality of the open spaces we provide</i>						
Residents' satisfaction (%) with the quality and maintenance of green open spaces – local parks, playgrounds and reserves; botanic gardens; beaches and coastal areas; and walkways	85%	86%	86%	90%	-4%	
Number of visitors to the Botanic Gardens (including Otari-Wilton's Bush)	1,147,067	1,042,044	1,324,892	1,280,000	4%	
<i>Warmer temperatures and the opening of the Discovery Garden on 30 September 2017 may have contributed to an increase in visitor numbers to the Botanic Gardens.</i>						
<i>To measure the quality of street cleaning services</i>						
Residents' satisfaction (%) with the quality of street cleaning	76%	74%	76%	85%	-11%	
<i>Measure has not changed substantially since last year, dissatisfaction comments relate to complaints around rubbish and recycling blowing around the streets.</i>						
Street cleaning (%) compliance with quality performance standards	97%	97%	97%	98%	-1%	
<i>To measure the quality and quantity of work we undertake to protect biodiversity</i>						
We will plant 2 million trees by 2020	1,345,773	1,571,370	1,691,656	1,690,127 (85% of 2020 target)	0.1%	
High value biodiversity sites (%) covered by integrated animal pest control or weed control	52%	62%	63%	63%	0%	
Proportion of grant funds successfully allocated (through milestones being met)	100%	100%	NA	95%	NA	
<i>For the seven grants awards during 2017/18, no milestone reporting was due within the Annual Report reporting period.</i>						

PERFORMANCE MEASURES	2015/16	2016/17	2017/18 Actual	2017/18 Target	% Variance	
<b>2.2 Waste reduction and energy conservation</b>						
<i>To measure the quality of waste reduction and recycling services</i>						
Users (%) satisfaction with Council's recycling collection services	84%	77%	76%	85%	-11%	
<i>Increases in developments in the northern suburbs have continued to put pressure on services throughout the city. We are working with our contractor to review collection routes to improve efficiency and address the growth in demand. Negative media around the ban of imported recycling to China may have contributed to residents' satisfaction, but we continue to recycle 85% of our kerbside recycling on-shore in NZ and have found alternative South East Asian markets for mixed plastic.</i>						
Waste diverted from the landfill (tonnes of recyclable material)	17,431 tonnes	18,078 tonnes	18,174 tonnes	at least 16,500 tonnes	10%	

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PERFORMANCE MEASURES	2015/16	2016/17	2017/18 Actual	2017/18 Target	% Variance	
<b>2.2 Waste reduction and energy conservation</b>						
Residents (%) who regularly use Council recycling (including weekly, fortnightly or monthly use)	96%	98%	97%	90%	8%	
<i>To measure the quality of our waste disposal services</i>						
Users (%) satisfaction with waste collection services	85%	78%	79%	90%	-12%	
<i>Increases in developments in the northern suburbs have continued to put pressure on services throughout the city. We are working with our contractor to review collection routes to improve efficiency and address the growth in demand.</i>						
Energy sourced from the Southern Landfill (GWh)	7.65GWh	7.44GWh	5.496GWh	8 GWh	-31%	
<i>The generator at the Southern Landfill reached its end of life, which meant that in April and May 2018 it could not fulfil its normal function of generating energy through the destruction of gas emitted from the landfill. This accounts for 20 percent of the variance.</i>						
<i>To measure the amount (quantity) of the Council's energy consumption and emissions</i>						
WCC corporate energy use (including WCC general, pools and recreation centres, and CCOs) - Decrease in energy use from previous year (1 GWh gigawatt hour = 1,000,000 kWh kilowatt hours)	48.828 GWh	50.926 GWh*	46.952 GWh*	Decrease in energy in use from previous year	Met 8% decrease	
<i>The year-end figure from 2016/17 has been adjusted to 50.9 GWh (down from 51.1) to reflect actual year-end result. Some of the readings contributing to the 2017/18 results are an estimate at time of publication.</i>						
WCC corporate greenhouse gas emissions - reduce emissions by 80% by 2050 (tonnes).	92,832	92,681	90,076	80% reduction by 2050	Met	

PERFORMANCE MEASURES	2015/16	2016/17	2017/18 Actual	2017/18 Target	% Variance	
<b>2.3 Water</b>						
<i>To measure the quality of water supplied to residents and the services that ensure security of supply</i>						
Compliance with Drinking Water Standards for NZ 2005 (revised 2008) (Part 4 bacterial compliance criteria) and (Part 5 protozoal compliance criteria)	100% Achieved	100% Achieved	100% Achieved	100% Achieved	0%	
<i>Part 5 - Testing for Part 5 is taken at the water treatment plants. These treatment plants are all operated by GWRC. Water is supplied to the WCC zone from these treatment plants and is therefore compliant for three of the four treatment plants (Te Marau, Wainuiomata and Gear Island). Waterloo treatment plant has been assessed as non-compliant. Water from the bores at Waterloo treatment plant continues to be chlorinated, which ensures the provision of acceptable quality water to customers</i>						
Maintenance of water supply quality gradings from Ministry of Health	Maintained	Maintained	Maintained	Maintain	0%	
Customer satisfaction with water supply	91%	90%	89%	90%	-1%	
Number of complaints about: (a) drinking water clarity (b) drinking water taste (c) drinking water odour; (d) drinking water pressure or flow; (e) drinking water continuity of supply; (f) responsiveness to drinking water complaints; per 1000 connections	13	13.84	13.28	<2015/2016 baseline	-2%	
Median response time for:						



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PERFORMANCE MEASURES	2015/16	2016/17	2017/18 Actual	2017/18 Target	% Variance	
<b>2.3 Water</b>						
a) attendance for urgent call outs	50 min	51 min	46 min	60 min	23%	
b) resolution for urgent call out	2.8 hours	3.23 hours	3.77 hours	4 hours	6%	
c) attendance for non-urgent call outs	28.7 hours	44.8 hours	52.8 hours	36 hours	-47%	
d) resolution for non-urgent call outs	46.35 hours (1.93 days)	2.93 days	3.72 days	15 days	75%	
<i>The number of water network bursts and leaks has been significantly higher than normal during this year's extended summer period. This is evident across the region and has meant that the initial response to lower priority (non-urgent) jobs has been slower, as more urgent jobs take precedence. The number of reported leaks is dropping and contractors are working to clear the backlog of non-urgent jobs.</i>						
Percentage of real water loss from networked reticulation system	12%	8%	17%	<14%	-21%	
<i>The water loss estimate is higher than desired level and is likely to include high levels of water loss due to outdoor water use during the extended summer period. Responses to urgent leaks may have been slower during the dry December-January period, leading to more waste. Reported water leaks came back down to normal levels in March. Work is ongoing to find and fix network leaks.</i>						
Average drinking water consumption/resident/day	369 litres per resident per day	364 litres per resident per day	361 litres per resident per day	375 litres per resident per day	4%	
Number of unplanned supply cuts per 1000 connections	1.20	0.71	0.67	<4	83%	
<i>The year-end figure has met target due to the low number of unplanned supply cuts in the network. The result for this KPI depends on the amount of reactive work on the water network, which itself is subject to variables such as pipe materials and age, ground movement, traffic loading, and soil condition.</i>						

PERFORMANCE MEASURES	2015/16	2016/17	2017/18 Actual	2017/18 Target	% Variance	
<b>2.4 Wastewater</b>						
<b>To measure the quality and timeliness of the wastewater service</b>						
Number of wastewater reticulation incidents per km of reticulation pipeline (blockages)	0.57	0.64	0.48	<=1.2	60%	
<i>The year-end figure has met the target and is lower than in previous years due to the low number of pipeline (blockages) in the network. Results for this KPI depend on pipe blockages in the wastewater network which cannot be easily predicted.</i>						
Dry weather wastewater overflows/1000 connections	0.55	0.46	0.17	0	not met	
<i>There were 12 dry weather network overflows which less than half as many as last year. Eight were due to blockages, three were due to main faults and one was due to a broken air valve. All of these have been investigated and fixed.</i>						
Customer satisfaction with the wastewater service	84%	82%	82%	75%	9%	
Number of complaints about: (a) wastewater odour (b) wastewater system faults (c) wastewater system blockages (d) responsiveness to wastewater issues per 1000 connections	22	19.72	15.87	<2015/2016 baseline	met	
Median response time for wastewater overflows - attendance time	0.73 hours	0.77 hours (~46 min)	0.72 hours (~43 min)	<= 1 hour	28%	



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PERFORMANCE MEASURES	2015/16	2016/17	2017/18 Actual	2017/18 Target	% Variance	
<b>2.4 Wastewater</b>						
Median response time for wastewater overflows - resolution time	2.35 hours	2.68 hours	2.9 hours	<= 6 hours	52%	
<i>Wellington Water continue to deliver well within the target times.</i>						
<b>To measure the impact of wastewater on the environment</b>						
Breaches of resource consents for discharges from wastewater system. Number of: - abatement notices - infringement notices - enforcement orders - convictions for discharges from wastewater system.	1	0	0	0	met	

PERFORMANCE MEASURES	2015/16	2016/17	2017/18 Actual	2017/18 Target	% Variance	
<b>2.5 Stormwater</b>						
<b>To measure the quality and timeliness of the stormwater service</b>						
Number of pipeline blockages per km of pipeline	0.04	0.04	0.03	<=0.5	94%	
Customer satisfaction with stormwater management	68%	62%	62%	75%	-17%	
<i>The survey result is comparable to the previous year and remains below target. Comments from respondents reflected concerns with flooding and blockages after heavy rain. Our 10-Year Plan 2018-28 includes funding to improve stormwater performance.</i>						
Number of complaints about stormwater system performance per 1000 connections	12	10.45	7.65	<2015/2016 baseline	Met	
Median response time to attend a flooding event	49 min	57 min	45 min	<= 60 min	25%	
<i>Wellington Water continue to deliver well within the target times.</i>						
<b>To measure the impact of stormwater on the environment</b>						
Breaches of resource consents for discharges from stormwater system. Number of: - abatement notices - infringement notices - enforcement orders - convictions for discharges from stormwater system.	0	0	0	0	Met	
Number of flooding events	1	6	2	trend only	Met	
Number of habitable floors per 1000 connected homes per flooding event	0.14	0.11	0.013	trend only	Met	
<i>Habitable floor refers to a floor of a building (including a basement) but does not include ancillary structures such as stand-alone garden sheds or garages. There were two confirmed habitable floors affected in two flooding events in July 2017. Both events affected the same property, causing the lower floor to be flooded as minor slips caused by rainfall blocked a nearby culvert. We have cleared the slips as well as secondary flow paths to avoid further flooding in case of another slip.</i>						
Percentage of days during the bathing season (1 November to 31 March) that the monitored beaches are suitable for recreational use	100%	99.9%	100%	90%	11%	
<i>The beach "suitability for use" measure is based on how many times the monitored beaches had information signs erected due to water quality criteria triggering a public health risk warning. Only one health notice was issued and this was outside the bathing season.</i>						
Percentage of monitored sites that have a rolling 12-month median value for E.coli (dry weather samples) that do not exceed 1000 cfu/100ml	93%	96%	93%	90%	3%	

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PERFORMANCE MEASURES	2015/16	2016/17	2017/18 Actual	2017/18 Target	% Variance
<b>2.6 Conservation attractions</b>					
<i>To measure the success of our investments in conservation attractions</i>					
Wellington Zoo – visitors	260,809	230,632	249,701	240,854	4%
Zealandia – visitors	125,849	125,179	132,288	96,500	37%
Visitor numbers for 2017/18 were a record 132,288, up 5.7 percent from the previous year. Guided tours are becoming an increasingly popular way for visitors to experience Zealandia. Over the year, 18,000 people experienced Zealandia via a tour, which represents a 50 percent increase from the previous year.					

### Performance data – supplementary tables

<b>Environment</b>					
<b>Table 1</b>					
<b>Residents' usage of the city's open spaces - local parks and reserves, botanic gardens, beaches and coastal areas, and walkways</b>					
<b>Source: Wellington City Council Residents' Monitoring Survey 2018</b>					
	<b>Weekly</b>				
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	
Coastal areas or beaches	22%	21%	21%	21%	
Botanic gardens	6%	4%	5%	5%	
Parks and Reserves	21%	22%	20%	22%	
Town Belt or Outer Green Belt	11%	12%	15%	13%	
Walking tracks	17%	16%	17%	19%	
Sports fields	13%	11%	11%	13%	
	<b>At least Yearly</b>				
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	
Coastal areas or beaches	96%	95%	95%	95%	
Botanic gardens	87%	86%	86%	87%	
Parks and Reserves	96%	95%	94%	95%	
Town Belt or Outer Green Belt	78%	78%	80%	78%	
Walking tracks	82%	80%	81%	82%	
Sports fields	60%	60%	59%	61%	
<b>Table 2</b>					
<b>Freshwater biological health (macro invertebrates) - Makara, Karori, Kaiwharawhara and Porirua streams</b>					
<b>Source: Greater Wellington Regional Council</b>					
	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	
Makara Stream	107	114	not sampled	not sampled	
Karori Stream	92	85	85	93.1	
Kaiwharawhara Stream	96	82	71	98.6	
Porirua Stream (at Milk depot)				98.1	
Location of measure changes					
Porirua Stream (Wall park)		81	81		
Porirua Stream (Glenside)		94	100		
Data for 2017/18 will be available in 2019					Average 96.6
The Macroinvertebrate Community Index (MCI), an index of sensitivity to a wide range of environmental variables is used to assess stream health. As shown in the table below the desired values vary depending on the river class. We aim to achieve levels greater than 100 MCI. Increases in biological health were recorded for the three streams above however overall water quality still only fair.					

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River class		MCI quality class (2016/17 MCI score)				Plan outcomes (MCI scores based on three year rolling mean)	
		Poor	Fair	Good	Excellent	All rivers	Significant rivers
1	Steep, hard sedimentary	<110	110-120	120-130	≥130	≥ 120	≥ 130
2	Mid-gradient, coastal and hard sedimentary	<80	80-105	105-130	≥130	≥ 105	≥ 130
3	Mid-gradient, soft sedimentary	<80	80-105	105-130	≥130	≥ 105	≥ 130
4	Lowland, large, draining ranges	<90	90-110	110-130	≥130	≥ 110	≥ 130
5	Lowland, large, draining plains and eastern Wairarapa	<80	80-105	100-120	≥120	≥ 100	≥ 130
6	Lowland, small	<80	80-105	100-120	≥120	≥ 100	≥ 130

**Freshwater quality - Makara, Karori, Kaiwharawhara and Porirua streams**  
**Source: Greater Wellington Regional Council**

	2013/14	2014/15	2015/16	2016/17
Makara Stream	Poor	Fair	Fair	Not sampled
Karori Stream	Poor	Fair	Fair	Fair
Kaiwharawhara Stream	Fair	Fair	Fair	Fair
Porirua Stream	NA	Poor	Fair	Fair

Fair equals three or four out of six variables (one of which must be dissolved oxygen) to meet guideline values  
 More information on river health monitoring can be found at <http://www.gw.govt.nz/Annual-monitoring-reports>

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## **Case study – Virtual grid programme**

Originally from Baltimore, Tom Pettit moved to Wellington in 2012 to study at Victoria University. His wife had obtained a scholarship to pursue her degree there. Tom took the opportunity to complete a Master's degree in public policy.

Since he joined the Council about four and a half years ago, Tom has worked in research, strategy and sustainability. He currently holds the title of Sustainability Manager.

'Sustainability is something I'm really passionate about,' he says. And he believes he's not alone in this.

'Wellingtonians are far-sighted and they care a lot about the future,' he says.

The areas he works on range from car share and electric vehicle charging to home energy efficiency. A highlight this year has been the implementation of a neighbourhood power grid programme carried out in partnership with Contact Energy and Wellington Electricity. Tom worked on the project alongside Donna Wilson and Mark Noyes in the Council's community services team.

The aim of the project is to make houses not just lower their carbon emissions but be more resilient to future earthquakes. As part of this pilot, the Council invested \$72,000 to help equip 24 Wellington households with a battery backup system and a 200L water tank after purchasing a solar roof array.

The programme involves home owners willing to invest \$15,000 in the initiative. These households are using their new systems to connect with and support their neighbours, inviting them to share their electricity backup in the case of a power outage. The aim is to have a more distributed, efficient, and sustainable energy infrastructure and promote neighbourhood connectedness and conversations around resilience.

The idea that sustainability begins at home is one that Tom practices in his own life. 'I have a compost bin in my backyard and I bike to work every day,' he says. Over the past 5 years, he's only driven to work twice.

Most Wellingtonians want to live more sustainable lives, but change won't happen overnight, he says.

'For most of us, it can be challenging to immediately see the long-term value of changing ingrained habits – even when the rewards are significant.'

'Our job at the Council is to communicate that.'

Pull quote: 'It can be challenging to immediately see the long-term value of changing ingrained habits - even when the rewards are significant.'

## **Whanaketanga ōhanga** **Economic development**

Draft: CSC meeting 26 September 2018

**Snapshot page**

[This is a one-page infographic with figures relating to:]

- \$93,870 GDP per capita Wellington 2017
- \$49,123 GDP per capita national average 2017
- 902,622 international airline passengers entering Wellington
- 5,310,967 domestic airline passengers entering Wellington
- 733,962 estimated attendance at Council-support events
- 487 major conferences held during the year

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Draft: CSC meeting 26 September 2018

## Introduction

Our **strategic approach** is to support Wellington's economic growth by supporting high-quality events and promoting tourism, attracting and supporting business activity, and exploring major economic development initiatives. Economic growth means Wellingtonians can continue to enjoy a high quality of life.

The **challenges** we face include the need to diversify our economy to make it more resilient, the delivery of capital projects in a tight construction market, and making the most of the opportunities presented by new technologies. We also continue to compete with other cities around the world for skills, and as a destination for business, cultural and sports events.

In the past 12 months, the city hosted a range of cultural and sports events and attracted growing numbers of visitors, particularly from overseas. We continued to market Wellington as a destination and to support Wellington businesses and organisations like Creative HQ, which actively promotes and support local entrepreneurship and innovation..

We continued discussions with The Movie Museum Limited (TMML) on a joint project to build a Movie Museum and Convention Centre. But in August 2018, we agreed to part ways with TMML on this project. The decision was mutual and the Council will continue to work on building a convention centre. The convention and conference business is currently worth over \$140 million a year to the Wellington economy and a new convention centre would mean more events are held here, which in turn benefits the hospitality, accommodation and retail sectors.

Visitor spending exceeded \$2.5 billion for the first time, aided by WREDA's strong visitor marketing campaigns and partnerships with other key players in the culture, transport and hospitality sectors. In 2018, a Deutsche Bank study ranked Wellington the world's most liveable city for the second year running. Wellington is an international destination, with Singapore Airlines now operating two direct flights a day from Auckland, with a third due to be launched later this year.

Some of our cultural and environmental attractions like Te Papa and Zealandia also contribute towards the delivery of our economic goals.

Draft: CSC meeting 26 September 2018

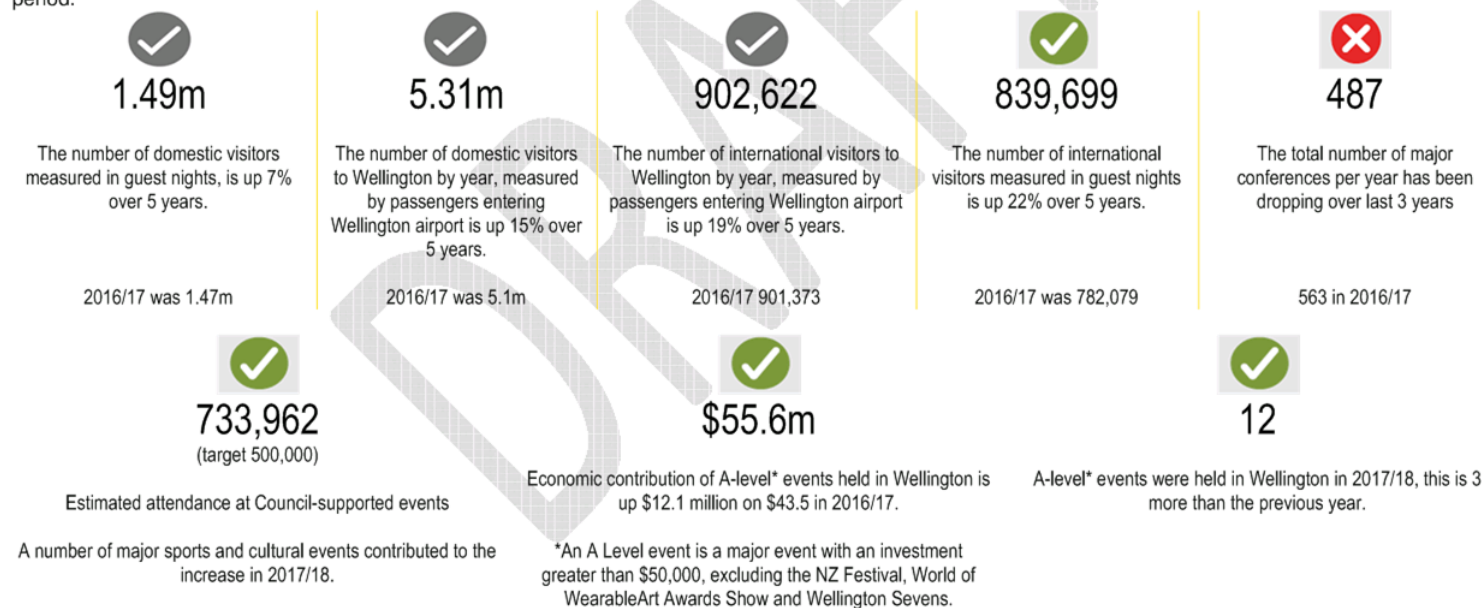
### Performance overview

[Summary of performance + highlight KPI results to features as a banner at the bottom of the designed document. See full results at end of chapter]

## Economic development performance story: Visitor spending gets a boost from international tourism

The table below outlines the performance story for a key area of the economic development chapter. The full list of key performance measures and outcome indicators for the economic development area is included at the end of this chapter.

WREDA's efforts to draw visitors to Wellington are paying off, thanks to digital marketing and partnerships with cultural, transport and hospitality organisations. In 2017/18, visitor spending exceeded \$2.5 billion for the first time. International visitor numbers grew by 19 percent to 903,000 over 5 years, and guest nights were up 22 percent over the same period. Domestic visitors also increased 15 percent to 5.3 million over 5 years, with guest nights rising 7 percent over the same period.



Draft: CSC meeting 26 September 2018

2016/17 657,743

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Draft: CSC meeting 26 September 2018

### 3.1 City promotions and business support Whakatairanga Tāone / Tautoko ā P ā kihi

What we did:

- **Movie Museum and Convention Centre.** While we continued to discuss the possibility of this project during the year with our potential partner The Movie Museum Limited (TMML), in August 2018 we agreed to part ways with TMML.
- **Indoor arena.** Work on assessing the feasibility of developing an indoor arena for the city and region advanced during the year culminating in the publication of a strategic assessment by WREDA which identified the benefits of having an indoor arena. The study showed that the region is being by-passed for major touring musical acts and other entertainment events due to the limitations of the TSB arena in terms of size and capability, and availability constraints. The feasibility assessment is due to be completed in 2018/19 for consideration by the Council and the region.
- **Business Improvement Districts (BIDs).** Through the Karori Project, it was recommended Karori establish a BID. Following growing interest from Karori businesses and discussions with Marsden Village Association, the Association has commissioned a report to ascertain the viability of a combined Marsden Village and Karori BID. Tawa BID completed a report to develop their strategic plan and define their economic growth opportunities. In 2017, the BID policy was reviewed and updated, a Council BID support role was established and a BID Chairs Forum formed.
- **City promotion and events.** We provided funding support for a range of events from the World of WearableArt and the NZ Festival to the Jim Henson Retrospectacle and Beervana. Domestic and international visitor numbers grew in the past year and for the first time in a 12-month period visitor spending in Wellington exceeded \$2.5 billion. There were 487 major conferences (major conferences are defined as conferences lasting a minimum of 2 days and with 61 or more delegates). WREDA delivered 58 events in Wellington as part of New Zealand's TechWeek, an event held annually since 2012 to build enthusiasm around new technologies being developed in New Zealand.
- **Sports events.** It was a big year for sports events in the capital. We supported a range of events, including two One Day Internationals (ODI) against Pakistan at the Basin, as well as a ODI against England and 20/20's against Pakistan and England at Westpac Stadium. We also hosted All Black test matches in the year against the British and Irish Lions and France at Westpac Stadium. We also hosted the All Whites versus Peru

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FIFA World Cup Intercontinental Play Off at the Westpac Stadium in front of a record crowd of more than 37,000. We hosted the Special Olympics New Zealand National Summer Games late in November, with more than 1300 athletes participating.

- **City Growth Fund.** The City Growth Fund has supported 29 initiatives totalling \$3.6 million in 2017/18. Highlights for the year include the final year of the Collider programme, supporting events such as the Jim Henson Retrospectacle (aka Muppets), the Lions tour, the All Whites' FIFA World Cup qualifying match to a record football crowd, the Asia Pacific Amateur Golf Championship, Beervana and Wellington on a Plate, Doc Edge Festival and the Pride Parade. Other initiatives include the WOW Hub and planning for their 30th Anniversary event in 2018, the establishment of Creative HQ's GovTech Lightning Lab programme, the Roxy5 short film completion and Miramar Creative's short course programme, and the resource consent process for the Ocean Exploration Centre. These events and initiatives have added significantly to Wellington's economy, reputation and liveability.
- **Additional grants.** In addition, a range of community groups were supported with subsidies for use of venues managed by WREDA through Venue Subsidies. These included events like the Chinese New Year and Diwali Festivals as well as other cultural celebrations including the Japan and Korean Festivals, the Big Sing and Sweet Adelines Barber Shop events.



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## Economic development finances

### How it was funded

The majority of the economic development activities are paid for by commercial ratepayers, as this covers the cost of tourism promotion, economic grants, and other activities that directly benefit the sector.

### What it cost (operating expenditure)

	Actual	Actual	Actual	Budget	Variance
Operating expenditure (\$000s)	2015/16	2016/17	2017/18	2017/18	2017/18
<b>3.1 City promotions and business support</b>					
Expenditure	38,788	42,434	36,918	43,512	6,593 <sup>1</sup>
Revenue	(15,133)	(14,541)	(14,038)	(15,676)	(1,638) <sup>2</sup>
Net Expenditure	23,655	27,892	22,880	27,835	4,955
<b>ECONOMIC DEVELOPMENT</b>					
Expenditure	38,788	42,434	36,918	43,512	6,593
Revenue	(15,133)	(14,541)	(14,038)	(15,676)	(1,638)
Net Expenditure	23,655	27,892	22,880	27,835	4,955

<sup>1</sup> Under budget due to planned grant to Wellington Stadium Trust being incurred in previous year  
<sup>2</sup> Decreased rental and fee income, including lost income as a result of the closure of St James Theatre for earthquake strengthening

### What it cost (capital expenditure)

	Actual	Actual	Actual	Brought forward	Budget	Variance
Capital expenditure (\$000s)	2015/16	2016/17	2017/18	from prior years	2017/18	2017/18
<b>3.1 Wellington convention centre</b>						
Expenditure	1,669	886	599	-	5,016	4,417 <sup>1</sup>
<b>ECONOMIC DEVELOPMENT</b>						
Expenditure	1,669	886	599	-	5,016	4,417

<sup>1</sup> Under budget due to delays in the Wellington Venues renewals programme (\$1.640m) and the deferred decision on the combined Convention Centre project (\$2.777m).

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## Economic development performance

The following section outlines our performance data: outcome indicators, performance measures and supplementary tables.

We use outcome indicators to monitor our city over time, which provides information on trends that may influence our performance including those outside our control.

We use performance measures to track how well we are delivering services against targets as set out in the Long-term Plan and Annual Plans.

The Residents Monitoring Survey (RMS) is undertaken annually by Council. The survey has a margin of error of +/- 3.1 percent.

### Performance summary

The following table is a summary of how well we performed against our agreed outcome indicators and key performance measures for this activity area.

		Outcome Indicator	KPI compared to target	KPI compared to last year
✓	Positive result	11	2	2
✓	Within 5% or no change	4	1	1
✗	Not met or decreased	2		
—	Not measured or not comparable	1	1	1

### Performance data – outcome indicators

The following section outlines outcome indicators for the Economic development area of activity. Outcome indicators do not have targets – only trend data.

Council outcome indicator	Source		2015/16	2016/17	2017/18	
Number of domestic and international visitors (guest nights -data to April year end)	Statistics NZ	Domestic	1,542,892	1,471,999	1,490,177	
		International	743,203	782,079	839,699	
Average length of stay - international and domestic	Statistics NZ		2.10	2.12	2.13	
Number of major conferences	WREDA		599	563	487	
Number of A-level* events held in Wellington and their economic contribution	WREDA	Events	11	9	12	
		Contribution	\$36.5m	\$43.5m	\$55.6m	
<i>*An A Level event is a major event with an investment greater than \$50,000, excluding the NZ Festival, World of WearableArt Awards Show and Wellington Sevens.</i>						
New Zealand's top 200 companies based in Wellington	Deloitte Top 200 Businesses		22	21	22	

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Council outcome indicator	Source		2015/16	2016/17	2017/18	
Business enterprises - births and growths (net growth in business)	Statistics NZ		0.1%	1.0%	1.7%	
Domestic and international airline passengers entering Wellington Airport	Wellington International Airport Limited	Domestic	4,957,898	5,121,757	5,310,967	
		International	890,897	901,373	902,622	
Free wifi usage (logons/day) - central city and waterfront	Citylink	Central City	49,289	74,366	78,329	
	TradeMe	Waterfront	821	714	723	
Pedestrian counts - average of various Lambton Quay sites	WCC Golden Mile Pedestrian Survey 2017		2,052	2,153	2,039	
Businesses and employees in research and development sector	Statistics NZ	Businesses	165	162	162	
		Employees	5,460	5,670	5,780	
Secondary (international) students enrolled in Wellington.	Education New Zealand		1,157	1,287	1,314	
<i>The count of tertiary students (international and domestic) enrolled in Wellington is under review and not available for this report.</i>						
Events/activities held with international cities (in Wellington and overseas)	WCC International Relations		58	58	65	

### Performance data – Council performance measures

The following section outlines Council performance measures for our Economic development services. It includes data for the last 3 years to show trends, and includes variances explanations for relevant areas.

PERFORMANCE MEASURES	2015/16	2016/17	2017/18 Actual	2017/18 Target	% Variance	
<b>3.1 City promotions and business support</b>						
<i>To measure the quality of our investments in promoting the city</i>						
WREDA – Positively Wellington Tourism partnership funding Target is to maintain the Council's funding at less than 50% of total income	48%	63%	52%	<50%	-4%	
<i>To measure the usage of the Council supported events</i>						
Estimated attendance at Council-supported events	978,188	657,743	733,962	500,000	47%	
<i>A number of major sports and cultural events contributed to an increase in attendance at Council-supported events. These included major sporting events such as the All Blacks versus British &amp; Irish Lions match, the FIFA World Cup Intercontinental Qualifier, and the NZ Asia Pacific Amateur Golf Champs. In addition to the NZ Festival, other notable events included Homegrown, the LUX Festival, the Wellington Jazz Festival, Beervana and Wellington on a Plate, and the Jim Henson Retrospectacle.</i>						
<i>To measure the quality of our investments in economic development</i>						
Events Development Fund – ratio of direct spend to economic impact	1:25	1:21	1:21	1:20	met	
The proportion of grant funds successfully allocated (through milestones being met)	not reported	100%	not reported	95%	NA	
<i>Grants were allocated at end of the financial year to five Business Improvement Districts. This grant fund has been removed from our 10-year plan for 2018-2028</i>						

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## **Case study – Visitor marketing campaigns**

David Perks might have been born and raised in the UK, but he's now a Wellingtonian through and through.

"I wouldn't live anywhere else. It's been a wonderful place to raise my family."

"We're part of an interesting, friendly community and we spend lots of time outdoors exploring the region from Makara to the Wairarapa on various trails."

David, GM for Venues, Destination and Marketing at WREDA, has been involved in Wellington's tourism industry for more than a decade, including 7 years heading up Positively Wellington Tourism.

David's first job in Wellington in the late 1990s was managing a hotel in downtown Wellington. In those days many Wellington hotels used to close on Sundays and school holidays because there weren't enough visitors to justify keeping them open. Now the city's hotels are effectively at full capacity for Monday to Friday most of the year, and weekends are much busier.

He says two big changes have driven Wellington's visitor economy over the past decade.

One is the length of time visitors spend in Wellington.

"It used to be that people would come and maybe spend one night here. Now Wellington has the longest visitor stays in an urban centre in New Zealand."

The way WREDA markets the city has changed enormously too.

"Ten years ago, we relied mainly on TV and newspaper ads to tell our story to the world. Today, digital media has become our main marketing tool and we push ourselves to keep reinventing how we share our story."

Efforts to draw visitors to Wellington have paid off. For the first time in a 12-month period, visitor spend in the Wellington economy in 2017/18 exceeded \$2.5 billion.

Challenges remain. At the moment, one area of focus is getting growing numbers of visitors from China to choose Wellington. To achieve this, WREDA has partnered with Wellington airport, Weta Workshop, Te Papa and Kiwi Rail on several initiatives.

"What we do in the tourism space is very much based on a partnership model," he says.

Pull quote: "We push ourselves to keep reinventing how we share our story."

Draft: CSC meeting 26 September 2018

## **Oranga ahurea**

### **Cultural wellbeing**

#### **Snapshot page**

[This is a one-page infographic with figures relating to:]

- 725,214 museum visits (excluding Te Papa)
- NZ festival contributed an estimate \$25.1m to Wellington economy, down from \$32.1m in 2016
- 72% Attended a Council sponsored community festival, sports event or arts and cultural event
- 82% attendee satisfaction with Council-supported events
- 93% believe Wellington has a culturally rich and diverse arts scene



Draft: CSC meeting 26 September 2018

## Introduction

In their 2017 triennial survey on 'New Zealanders and the Arts', Creative New Zealand interviewed 6101 New Zealanders to measure their engagement with the arts. The survey found that engagement with the arts was higher in Wellington than the national average (87 percent versus 80 percent) and that the city's residents are generally more positive about the arts than all New Zealanders.

Our **strategic approach** in this activity area is to provide opportunities for cultural expression, as well as expand people's minds and build engaged, curious communities. Research shows creativity promotes wellbeing. A culturally vibrant city where artists and cultural organisations are actively supported and that is attractive to visitors also has economic benefits. **Challenges** include enhancing Wellington's edge as New Zealand's culture capital in the face of increasing competition, securing additional large-scale events to refresh the city's cultural offering, and providing accessible, safe and fit-for-purpose venues for the arts.

Over the past year, we focused on raising the profile of local artists and events, and of Te Reo. Attendance at events like ReCut and A Very Welly Christmas has been high and feedback from Wellingtonians has been positive.

There were challenges, most notably the need to strengthen cultural venues such as the St James Theatre and the Town Hall, both costly exercises that need to be addressed. Both will take time to complete and necessarily cause disruption to tenants of the St James Theatre - the Royal New Zealand Ballet (RNZB) and the NZ Festival - as well as regular users of both venues. The strengthening of institutions like the St James Theatre and the Town Hall has both cultural and economic benefits.

Efforts will continue in the current financial year to carry the works through and continue to invest in and promote Wellington's arts and events.

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Performance overview

[Summary of performance + highlight KPI results to features as a banner at the bottom of the designed document. See full results at end of chapter]

Cultural wellbeing performance story: Modest gains - challenges still being addressed

The table below outlines the performance story for a key area of the cultural wellbeing chapter. The full list of key performance measures and outcome indicators for the cultural wellbeing area is included at the end of this chapter.

Residents continued to engage actively with the arts in 2017/18, with the frequency of engagement rising 2 percent to 90 percent from the previous year. The Council supported a range of events, including the NZ Festival. There was a stronger focus on Matariki and a number of projects were delivered under the pakiTara-Toi art on walls programme. The number of residents who agree that Wellington has 'a culturally rich and diverse arts scene' was the highest since 2012, rising 3 percent to 93 percent.

Challenges remain. The number of performers and attendees at Council-supported events dropped to 94,000 from 163,000 in the previous year. Another long-term challenge is the necessary strengthening works of our venues. Work is underway on the Town Hall and St James Theatre, but it is costly and will take time and effort.



Source: Wellington City Council Residents monitoring survey 2018 and National Wellington Reputation Survey Results 2018

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## 4.1 Arts and cultural activities / Ngohe Toi, Ahurea Hoki

### What we did:

- **Wellington Museums Trust (trading as Experience Wellington).** Experience Wellington exceeded its total annual visitor target for four of its six venues - City Gallery, Capital E, Cable Car Museum, Space Place. Both Wellington Museum and Nairn Street Cottage fell short of target. Altogether, the six venues greeted 725,214 visitors. Challenges include the long-term financial pressure created by the loss of a major sponsor of City Gallery's exhibition programme as well as a jump in freight costs and steady increase in insurance costs. Successes include exceeding our aggregate visitation target by 10 percent despite City Gallery being closed for 15 weeks, and increasing our engagement with communities through innovation and outreach.
- **Cultural events.** We delivered a diverse range of events and festivals including a Very Welly Christmas and a renewed Mataraki. The Council's Ngā Wai Pātā (Streams of Light) parade opened this new annual Matariki event which included a month-long series of events kicking off with a Matariki-themed ReCut in a completely full Civic Square on 15 June 2018.
- **Public art.** This year has seen a number of projects delivered under the pakiTara-Toi art on walls programme, including Johnson Witehira's Ngā Kākano: The Seeds, which was installed on the hoardings around the Council's Civic Administration Building (CAB) near Civic Square in November 2017. Working with the artist Neil Dawson, the Wellington Sculpture Trust installed the new 'Ferns' in time to coincide with the celebrations of Matariki.
- **Toi Pōneke Arts Centre.** The programmes we supported covered visual art, dance, sound art and playwriting residencies. In partnership with Urban Dreams Monthly, we hosted talks on a range of subjects including one with Hon Grant Robertson and Luit Bieringa on the PACE scheme and with Mayor Justin Lester on his Decade of Culture programme and the issues facing practitioners in the city.
- **Te Papa.** The Council provides funding support to Te Papa. A total 1,514,896 people visited the museum, with 50 percent of visitors coming from overseas. Peak periods included December 2017 and January 2018, driven by a LEGO exhibition and high number of international visitors during the summer cruising period, as well as March, when the new Toi Art Gallery opened along with a number of associated public and education programmes. There was also strong local support during school holiday



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periods. The Gallipoli exhibition has drawn more than two million visitors since it opened 3 years ago.

- **Capital of Culture.** We confirmed our support for a Capital of Culture programme through our 10-year plan process, which will see Wellington enjoy a reinvigorated arts, events and culture scene as a result of a \$127 million investment over the next 10 years. In addition to the capital works, it will support local arts events such as World of WearableArt, Visa Wellington on a Plate and the New Zealand Festival.
- **St James Theatre and the Royal New Zealand Ballet.** St James Theatre. We had originally projected that \$13 million earthquake strengthening works on the capital's historic St James theatre would be completed by late 2019. Detailed engineering assessments have revealed that the complexity of work to secure the long term future of the theatre and associated buildings means it likely to take significantly longer and cost more than originally estimated. This will be confirmed in September 2018. The longer closure means we will also upgrade some internal aspects of the building and further consider how we can maximise its utilisation once it is strengthened. We will also be working to ensure the delivery of 2020 New Zealand Festival programmed for 2020 is not compromised by the unavailability of the St.James theatre. While the work is being undertaken, the NZ Ballet will train and rehearse in a 'pop-up' building in the Michael Fowler car park. Following RNZB's return to the St James Theatre, the Council has the option of repurposing this structure for community or commercial use, including at other sites.
- **Cultural well-being.** Through the three funding rounds of Arts and Culture Fund, 101 applications were supported with funding, with a total of \$368,710 allocated during the year with an average grant size of \$3,651 with grants ranging from \$20,000 to \$600. Eighteen organisations were supported with ongoing multi-year partnership funding, in 2017/18, this totalled \$1,176,543 and included major arts organisations based in the city like the Royal New Zealand Ballet, Orchestra Wellington and the Katherine Mansfield Birthplace as well as dance, theatre companies and producers; Footnote, BATS, Circa, Taki Rua and Tawata Productions. We consolidated support in the application process at the end of 2017/18 for the annual Litcrawl and Performance Arcade festivals, Chamber Music New Zealand and for the annual Theatre Awards Trust from 2018/19 along with annual contract funding for key arts institutions based in the city.
- **Wellington Regional Amenities Fund.** Seven regionally significant projects were supported in the 2017/18 year, through the regions Joint Committee of Mayors representing the five councils who contribute to this regional fund. Kupe Landing the



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high profile opening of the NZ Festival involved communities across the region through events, education programmes and social media, other support was for CubaDupa, LUX light festival and the Kai Mau Festival of contemporary Māori and Pacific theatre.

## Cultural wellbeing finances

### How it was funded

Services in this activity area are funded through a mixture of general and targeted rates and external grants and subsidies from non-Council sources.

### What it cost (operating expenditure)

	Actual	Actual	Actual	Budget	Variance
Operating expenditure (\$000s)	2015/16	2016/17	2017/18	2017/18	2017/18
<b>4.1 Arts and cultural activities</b>					
Expenditure	19,243	20,625	21,256	21,560	305
Revenue	(876)	(749)	(747)	(1,523)	(776) <sup>1</sup>
Net Expenditure	18,367	19,877	20,509	20,037	(472)
<b>CULTURAL WELLBEING</b>					
Expenditure	19,243	20,625	21,256	21,560	305
Revenue	(876)	(749)	(747)	(1,523)	(776)
Net Expenditure	18,367	19,877	20,509	20,037	(472)

<sup>1</sup> Challenging revenue targets for attractions partially offset by savings in expenditure

### What it cost (capital expenditure)

	Actual	Actual	Actual	Brought forward	Budget	Variance
Capital expenditure (\$000s)	2015/16	2016/17	2017/18	from prior years	2017/18	2017/18
<b>4.1 Arts and cultural activities</b>						
Expenditure	1,968	1,286	443		1,258	815 <sup>1</sup>
<b>CULTURAL WELLBEING</b>						
Expenditure	1,968	1,286	443	-	1,258	815

<sup>1</sup> Under budget due to deferred decisions on the Film Museum component of the Convention Centre project

## Cultural wellbeing performance

The following section outlines our performance data: outcome indicators, performance measures and supplementary tables.

We use outcome indicators to monitor our city over time, which provides information on trends that may influence our performance including those outside our control.

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We use performance measures to track how well we are delivering services against targets as set out in the Long-term Plan and Annual Plans.

The Residents Monitoring Survey (RMS) is undertaken annually by Council. The survey has a margin of error of +/- 3.1 percent.

### Performance summary

The following table is a summary of how well we performed against our agreed outcome indicators and key performance measures for this activity area.

		Outcome Indicator	KPI compared to target	KPI compared to last year
✓	Positive result	2	2	-
✓	Within 5% or no change	7	1	3
✗	Not met or decreased	5	4	4
—	Not measured or not comparable	-	-	-

### Performance data – outcome indicators

The following section outlines outcome indicators for the Cultural wellbeing area of activity. Outcome indicators do not have targets – only trend data.

Council outcome indicator	Source		2015/16	2016/17	2017/18	
Residents' frequency of engagement in cultural and arts activities	WCC RMS 2018	See supplementary tables			90%	
New Zealanders' and residents' who agree that Wellington has a culturally rich and diverse arts scene	National Wellington Reputation Survey Results 2017	New Zealanders	81%	79%	79%	
		Residents	92%	90%	93%	
Resident who agree that Wellington's local identity (sense of place) is appropriately valued and protected	WCC RMS 2018		78%	73%	77%	
Events held at key city venues	WREDA		558	624	594	
New Zealanders' and residents' who agree that Wellington is the arts capital of New Zealand	National Wellington Reputation Survey Results 2017	New Zealanders	58%	58%	61%	
		Residents	66%	64%	65%	
Residents' (%) agreement with the statement that Wellington is an easy place to get involved in the arts	WCC RMS 2018		86%	85%	88%	
Te Papa visitors - total visitors, overseas visitors and New Zealand visitors from outside the	Te Papa	Total	1,784,939	1,578,292	1,514,896	
		Overseas	708,371	718,081	758,695	

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region		NZ outside region	581,986	483,995	420,195	
Customer (%) satisfaction with the New Zealand Festival	Nielsen - 2018 New Zealand International Arts Festival Review		2016 - 91%	No festival	2018 - 88%	
Total tickets sold (#) to the New Zealand Festival and the proportion sold to customers outside the region	New Zealand International Arts Festival		2016 179,455 40% (71,651)	No festival	2018 76,599 16% (12,256)*	
*The 2015/16 total figure included the Royal Edinburgh Military Tattoo of around 85,000 attendees including 54,000 from outside the region.						
Total visits to museums and galleries (including Carter Observatory/Space Place)	Wellington Museums Trust	See supplementary tables	688,169	780,414	752,214	

**Performance data – Council performance measures**

The following section outlines Council performance measures for our Cultural wellbeing services. It includes data for the last 3 years to show trends, and includes variances explanations for relevant areas.

PERFORMANCE MEASURES	2015/16	2016/17	2017/18 Actual	2017/18 Target	% Variance	
<b>4.1 Arts and cultural activities</b>						
<i>To measure the quality and usage of our arts and culture support activities</i>						
Attendee satisfaction with Council-supported arts and cultural festivals	85%	81%	82%	90%	-9%	
User (%) satisfaction with Toi Pōneke facilities and services	89%	90%	86%	90%	-4%	
The proportion of grants funds successfully allocated (through milestones being met)	98%	73%	96%	95%	1%	
Proportion of outcomes delivered (previous projects) – weighted by \$ value	98%	75%	92%	90%	2%	
30 grants acquitted from the fund in 2017/18, 116 of the 125 proposed outcomes were achieved across this reporting , KPI met as a % is 92 Increase in outcomes met during previous year was because of the work we did with the assurance team around specifying SMART outcomes when we approve grants						
Venues Subsidy – total number of performers and attendees at supported events	113,390	163,202	94,202	Increase on previous year	Not met	
Attendance at Council-supported venues can vary greatly from year to year, depending on the type of events that are supported each year through the Venues Subsidy.						
Economic contribution (\$) the New Zealand Festival makes to the city's economy (direct new spend)	\$32.1m	not measured	\$25.1m	\$40m every 2nd year	Not met	
Variance is attributed to comparatively lower ticket sales to previous years and consequently lower out of region visitation to drive economic impact.						
Cultural grants – % first-time applicants who are successful	38%	38%	26%	50%	-48%	
Twenty-six percent of first-time applicants were successful in obtaining cultural grants, which represented a decrease from the previous year. The fund is hotly contested by high-calibre applicants who have fewer funding options from community and gaming trusts. This is mitigated by the Creative Communities Funding scheme which we (along with other Territorial Local Authorities) administer on behalf of Creative New Zealand. This fund enables non-legal entities and individuals to apply for and secure funding for small-scale projects.						

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**Performance data – supplementary tables**

Residents' frequency of engagement in cultural and arts activities				
Source: Wellington City Council Residents' Monitoring Survey 2018				
	2014/15	2015/16	2016/17	2017/18
At least once a week	9%	6%	8%	9%
At least once a month	34%	32%	35%	40%
At least every 6 month	33%	35%	32%	31%
At least once a year	11%	15%	13%	10%
	87%	88%	88%	90%
Less often	9%	9%	9%	6%

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## Case study - The NZ Festival

The NZ Festival in Wellington is a long-running cultural event, drawing visitors from across the region and nationally. The festival is held once every 2 years. The last one was held from 23 February to 18 March 2018. The festival showcases international and homegrown music, theatre, dance, artists and writers.

More than 76,000 tickets were sold to the 2018 festival, and more than 230,000 attended the free events during the festival. While these numbers were lower than in the previous year, it has brought a wide range of cultural experiences to Wellington's doorstep and enriched the local arts and culture scene.

'Our partnership with the NZ Festival is one that enables Wellington to bring art to the masses,' says Warrick Dent, General Manager Partnerships & Events at the Wellington Regional Economic Development Agency (WREDA).

'For 3 weeks this year, the Festival splattered the region with colour and creativity, bringing world-class culture to Wellington and giving visitors from New Zealand and around the world a thrilling taste of our vibrant capital.'

The festival owes a great deal to the woman who headed it for 8 years until she had to step down due to ill health.

A former dancer and manager of dance companies, Sue Paterson was the executive director of the NZ Festival and the Wellington Jazz Festival from 2009 to 2017.

She was responsible for bringing the Royal Edinburgh Military Tattoo to Wellington in 2016. Sue was also the festival's marketing director from 1994 to 1998. She passed away in July 2018.

'Sue was a passionate lover and supporter of the arts and artists in Wellington. Her contribution to the cultural life of the city and advocacy for the arts will be missed by all of us who worked with her,' says Natasha Petkovic-Jeremic, Manager City Arts & Events.

In 2017, Sue was named Metlifecare Senior New Zealander of the Year in recognition of her 40 years of service to arts and culture. She was made an officer of the New Zealand Order of Merit in 2004.

The New Zealand Festival is supported via WREDA and the Wellington Regional Amenities Fund.

Pull quote: 'The Festival splattered the region with colour and creativity, bringing world-class culture to Wellington.'



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## **Pāpori me te hākinakina** **Social and recreation**

### **Snapshot page**

[This is a one-page infographic with figures relating to:]

- 2,090 city units housing around 3,500 people
- 1.2million swimming pool visits
- 2.4million physical library visits, 3.9m library website visits
- 58% have given help to a neighbour and 47% received help from a neighbour
- 76% of people feel safe in the city centre after dark

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## Introduction

Our focus in this area is on recreation provision, social initiatives and community support, and public health and safety. People are at the heart of everything we do, from providing shelter and support to our most vulnerable residents to investing in infrastructure such as halls and sportsgrounds to meet community needs. We try to make sure people have access to services and activities that help them lead healthy, connected lives.

Our **strategic approach** to securing a highly liveable, safe and inclusive community is to encourage active and healthy lifestyles, enable participation in sporting and other group activities, deliver quality recreation and social services, provide access to housing for those in need, and carry out our public health functions.

Many organisations contribute to residents' health and safety, and to community strength. The Council's approach includes supporting those organisations by playing a facilitation and funding role. We manage and maintain swimming-pools, sportsgrounds and playgrounds, and community halls and centres. .

Some of the **challenges** we face include addressing changing recreational patterns and balancing rising community demand and expectations of services against the pressure on costs to ratepayers. We also need to address a rise in street begging and homelessness and the needs of an ageing and increasingly diverse population.

### Performance overview

[Summary of performance + highlight KPI results to features as a banner at the bottom of the designed document. See full results at end of chapter]

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Social and recreation performance story: Drop in recreation satisfaction, begging a concern

The table below outlines the performance story for a key area of the social and recreation chapter. The full list of key performance measures and outcome indicators for the social and recreation area is included at the end of this chapter.

Recreation



79%

of survey respondents agree that Wellington offers a wide range of recreation activities

Among the top reasons people gave for this was lack of time, cost of activities and lack of motivation  
85% in 2016/17



19%

of survey respondents agree that there are barriers to participating in recreation activities

Refer supplementary tables- questions and categories changed this year.

Safety



56%

of survey respondents identified "begging" as particularly concerning in Wellington at present begging

"Begging" was a new survey category under city and community safety issues of most concern, added this year.

Libraries



82%

Residents' (%) usage of libraries

74% in 2016/17



71%

of survey respondents who state they use Wellington libraries more than once a month

65% in 2016/17



86%

(target 75%)

E-library user (%) satisfaction with the online library collection

86% in 2016/17



3.89m

(target of 2.5 million)  
Library website visits

Target was exceeded due to the including usage counts of the Wellington Central Library mini app as visits to the Library website.

3.94m in 2017/18

Source: Wellington City Council Residents monitoring survey 2018

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## 5.1 Recreation promotion and support / Whakatairanga Mahi ā Rēhia

What we did:

- **Sportsfields.** We contributed \$750,000 to the establishment of the new Toitu Pōneke Community and Sports Hub in Kilbirnie. The new hub will service seven local sports clubs, including the Pōneke Football Club. It also offers opportunities for conferences, business meetings, celebrations and community gatherings. The hub will help local sporting clubs become more financially sustainable, while also providing good facilities for the public. New service drainage was also installed on two fields in Kilbirnie Park.
- **Artificial turf.** We developed two new artificial sportsfields. The Terawhiti-Wilf Glover artificial in Karori was formally a bowling green and is now used for junior and youth football. We built a third artificial field at the National Hockey Stadium in Mt Albert. As well as the new turf, the upgrade included adding LED floodlights, expanding and improving car parking, and adding new player shelters and changing rooms. The number of hockey players in the region has grown by 35 per cent over the past 7 years. Both the National Hockey Stadium Trust and Waterside Karori Association Football Club contributed financially to the new fields.
- **ASB Sports Centre.** Since it opened in 2011, the centre has drawn increasing numbers of people. Attendance in 2013/14 was 606,000 and it has continued to increase year on year, reaching 866,000 in 2017/18. The centre has hosted many national and international events including the NZ Special Olympics and Women's International Floorball World Cup Qualifier event. The centre won the overall top award at the 2017 New Zealand Recreation Association awards.
- **Shift.** Shift was launched as a pilot project at Council in March 2016 with funding from Sport Wellington and the Ministry of Social Development. It takes a holistic approach to improving the wellbeing of young women by increasing awareness through education and reducing barriers to participation. Shift won the Outstanding Recreation Programme Award in the 2017 New Zealand Recreation Association awards. It now operates as a Charitable Trust and works regionally across Wellington city.
- **Basin Reserve.** Work was completed on refurbishing the exterior and interior of the RA Vance Stand and the scoreboards as part of the redevelopment programme for the Basin. In May, the Council made the decision to strengthen and upgrade the Museum Stand. When completed, the Museum Stand will provide a home to the New Zealand Cricket Museum and office accommodation for Cricket Wellington, with the former

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Cricket Wellington offices being relocated to Zealandia to provide them with much needed space for staff.

- **Swimming pools.** A total of 1,236,169 swimming pool visits were recorded during the year. This is 6 percent lower than in the previous year (1,318,555). The decline is partly due to the closure of Karori Pool in July and August for its 5-yearly maintenance. As part of the maintenance closure, we completed a refurbishment of the pool, upgraded the changing room and installed new facility signage. Separately, we also launched the website for SwimWell, our swim programme for children. This included the launch of a new brand. Visits to the summer pools in Thorndon and Khandallah rose due to good weather. The increase was particularly significant at Khandallah Pool, where visits rose 162 percent to 19,467, from 7444 in the previous year. A provisional capital budget of \$1.1 million has been included in Our 10-Year Plan 2018-28 to make improvements to Khandallah Pool, with a number of options being explored.
- **Aquadome.** The Council provided funding support of \$650,000 to Wellington East Girls College as part of the Council's School Pool Partnership fund. The funding was used to reopen the school pool which is used by the college during the day and by the community for Learn to Swim programmes outside school hours.

## 5.2 Community support / Tautoko Hāpori

- **Libraries.** We welcomed 2,440,718 visitors to our libraries which is an increase of 4 percent over 2015-6 (2016/7 was impacted by some closures). While there have been some delays, construction for the Waitohi Johnsonville Community Hub is on track with completion still due in December 2019. Planning for operations is underway including library services, collections, events, the cafe, and commissioning the design of Iwi art telling the story of Waitohi. There were over 260,000 online visits to Recollect, Wellington's heritage images database which is developed and maintained by the library [wellington.recollect.co.nz](http://wellington.recollect.co.nz).
- **City Housing.** We signed off on a comprehensive housing strategy for the city that provides a clear blueprint for how the Council will invest to improve housing choices for Wellingtonians in the future. During the year, we continued our social housing upgrade programme and development of Arlington site 2 continued with completion due in September. Discussions were undertaken during the year on options for Arlington sites 1 and 3, and these are ongoing. We also sought expressions of interest to work in



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partnership with building owners and developers to retrofit office buildings into affordable accommodation. Shortly after the end of the financial year, Council support in principle for retrofitting one office building was approved.

We also successfully relocated 77 families from some of our older or earthquake prone buildings to other units in our portfolio. One of our commitments through the Deed of Grant with government is that we support our tenant communities to be cohesive and resilient. This year we supported our tenants to deliver two large events Chinese New Year, approx. 250 people attended, and Matariki which around 80 attended. Both of these events were tenant led with support from staff.

- **Community Grants.** We supported 45 organisations with ongoing contract funding, totalling \$2,734,205. This includes a city wide network of community centres , local youth development and for organisations providing advice and specialist support to vulnerable people in our community.
- **Rental Warrant of Fitness.** We rolled out New Zealand's first Rental Warrant of Fitness in August 2017 in partnership with the University of Otago, Wellington and the Sustainability Trust. Our rollout generated a lot of interest and the free self-assessment app had over 1,100 downloads and 3 properties have passed the Rental WoF. The government has subsequently passed the Healthy Homes Guarantee Act that will establish a Healthy Homes Standard for all rentals across the country. We are now waiting to see the detail of that Standard.
- **Assisting refugees.** We provided 'Welcome to Wellington' information packs with translated material to the refugees arriving into Wellington from Syria, Palestine, Iraq, Ecuador, Somalia, Ethiopia, Colombia, Jordan, Iran, Sri Lanka, and Afghanistan.
- **Homelessness.** In collaboration with community organisations and central government, we are identifying and countering the conditions that are causing Wellingtonians to become homeless and using the Housing First principle as a first step towards helping those in need. Those who have been homeless for a long time often have complex needs that can add another layer of challenge, so we have also been supporting the development of more intensively supported accommodation opportunities that will meet their unique needs.
- **Social Grants.** We support community wellbeing through the provision of community grants. We funded 45 organisations for multi-year contracts. This includes a citywide network of community centres, local youth development and organisations providing advice and support to vulnerable people in our community. We increased funding for programmes and services that address sexual and gender violence. We also

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helped fund 33 projects that supports community safety, wellbeing and connectedness. For example we funded TakeTen a youth safety initiative and He Rākau Koikoi- the Soup Kitchen garden project.

## 5.3 Public health and safety / Hauora/Haumaru Tūmatanui

- **Harm reduction.** We have consolidating and increased funding for key organisations delivering programmes and services which address sexual and gender violence including Wellington Sexual Abuse HELP and the Sexual Abuse Prevention Network who have been put onto a 3-year contract. In partnership with NZ Police, Victoria University of Wellington Students' Association (VUWSA), Massey Wellington Students' Association (MAWSA), and the Sexual Abuse Prevention Network, we have launched the Don't Guess the Yes Campaign. The campaign is designed to raise awareness about the sexual violence through videos, collateral, and a social media campaign to encourage open discussion.
- **CCTV.** This year we celebrated five years of Camera Base Operations with a social event for all the volunteers and stakeholders. The MOU between the police and Wellington City Council has been reviewed and agreed for the next 2 years re-establishing both parties firm commitment to the project. There are 5 new cameras in locations to improve safety and data collection. We also now have a Te Reo name 'Wāhi whakaahua ō Pōneke'.
- **Emergency welfare response.** We provided an effective, city wide welfare response for people and animals for a large number of localised emergencies in Wellington including various slips, floods and storms. Our initial response was rapid and effective and done in conjunction with social services, community-based organisations, non-government organisations and government departments. We are working closely with other councils to ensure a more consistent Welfare response across the region is achieved.
- **Domestic Animal Policy.** We have developed a policy for cats, poultry, bees and other domestic animals, to complement the dog policy. The Domestic Animal Policy has been developed to support the responsible care of animals and promote animal welfare, minimise harm and nuisance, and aid implementation of the the Animal Bylaw. It takes an educative and supportive approach.

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## Social and recreation finances

### How it was funded

Services in this activity area are funded through a mixture of general rates and user charges.

### What it cost (operating expenditure)

	Actual	Actual	Actual	Budget	Variance
Operating expenditure (\$000s)	2015/16	2016/17	2017/18	2017/18	2017/18
<b>5.1 Recreation promotion and support</b>					
Expenditure	37,886	38,493	42,068	40,998	(1,071) <sup>1</sup>
Revenue	(11,301)	(11,831)	(11,711)	(11,710)	1
Net Expenditure	26,585	26,662	30,357	29,288	(1,070)
<b>5.2 Community support</b>					
Expenditure	51,745	56,009	56,751	57,675	924 <sup>2</sup>
Revenue	(36,104)	(37,315)	(38,088)	(37,285)	803 <sup>3</sup>
Net Expenditure	15,641	18,694	18,664	20,390	1,727
<b>5.3 Public health and safety</b>					
Expenditure	14,047	18,155	16,537	15,955	(582)
Revenue	(4,101)	(6,453)	(4,329)	(4,190)	139
Net Expenditure	9,946	11,702	12,208	11,765	(443)
<b>SOCIAL AND RECREATION</b>					
Expenditure	103,678	112,657	115,357	114,628	(729)
Revenue	(51,506)	(55,599)	(54,128)	(53,185)	943
Net Expenditure	52,172	57,058	61,229	61,443	214

<sup>1</sup> Higher labour and professional costs along with greater depreciation expenditure than budgeted  
<sup>2</sup> Lower depreciation expenditure than budgeted  
<sup>3</sup> Timing of recognition of Crown funding for Housing Upgrade Programme partially offset by lower rental income from vacated social housing, pending upgrade

### What it cost (capital expenditure)

	Actual	Actual	Actual	Brought forward from prior years	Budget	Variance
Capital Expenditure (\$000s)	2015/16	2016/17	2017/18	2017/18	2017/18	2017/18
<b>5.1 Recreation promotion and support</b>						
Expenditure	5,805	8,708	6,529	184	8,595	2,250 <sup>1</sup>
<b>5.2 Community support</b>						
Expenditure	19,652	18,756	32,725	21,463	13,960	2,698 <sup>2</sup>
<b>5.3 Public health and safety</b>						
Expenditure	812	2,721	999	-	2,129	1,130 <sup>3</sup>
<b>SOCIAL AND RECREATION</b>						
Expenditure	26,269	30,186	40,253	21,647	24,684	6,079

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- <sup>1</sup> Under budget due to timing of work on the completion of the Basin Reserve Master Plan  
<sup>2</sup> Under budget due to timing of work undertaken on the Johnsonville Library development project and with several of the community centre upgrades – Aro Valley, Kilbirnie, Newtown and Strathmore  
<sup>3</sup> Under budget due to timing of work undertaken on the public conveniences and pavilions work programme (Alex Moore Park, Ben Burn Park and Island Bay).

## Social and recreation performance

The following section outlines our performance data: outcome indicators, performance measures and supplementary tables.

We use outcome indicators to monitor our city over time, which provides information on trends that may influence our performance including those outside our control.

We use performance measures to track how well we are delivering services against targets as set out in the Long-term Plan and Annual Plans.

The Residents Monitoring Survey (RMS) is undertaken annually by Council. The survey has a margin of error of +/- 3.1 percent.

### Performance summary

The following table is a summary of how well we performed against our agreed outcome indicators and key performance measures for this activity area.

		Outcome Indicator	KPI compared to target	KPI compared to last year
✓	Positive result	3	24	5
✓	Within 5% or no change	7	6	29
✗	Not met or decreased	2	8	4
—	Not measured or not comparable	7	1	1

### Performance data – outcome indicators

The following section outlines outcome indicators for the Social and Recreation area of activity. Outcome indicators do not have targets – only trend data.

Council outcome indicator	Source		2015/16	2016/17	2017/18	
Residents' usage of City Council community and recreation facilities	WCC RMS 2018	Community Centre	20%	23%	23%	
		Community Hall	21%	19%	18%	
Residents' who agree that Wellington offers a wide range of recreation activities	WCC RMS 2018		82%	85%	79%	
Residents' frequency of physical activity	WCC RMS 2018		74%	73%	74%	



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Council outcome indicator	Source		2015/16	2016/17	2017/18	
Residents who perceive there to be barriers to participating in recreation activities	WCC RMS 2018	See supplementary tables			19% say no barrier	
<i>The survey question which this measure was based upon has changed to "What, if anything, makes it difficult for you to take part in these recreational activities?" The five top answers are Lack of time, too busy, activity costs too much, nothing or not interested, and lack of motivation. Refer to supplementary table for breakdown. Not all of the categories of answers are comparable to previous years data but we have aligned answers where possible alignments exist.</i>						
Residents' importance of sense of community in local neighbourhood	Quality of Life 2018	Biennial Result	75%	-	68%	
Residents' usage of libraries and frequency of use	WCC RMS 2018	Usage	73%	74%	82%	
		Frequency of use			71% more than once a month	
Residents who engage in neighbourly actions	WCC RMS 2018	See supplementary tables	Given help to a neighbour		58%	
Housing Services tenants who report positive social contact	2018 Tenant Survey		94%	93%	94%	
Residents' life expectancy	Statistics NZ	Male			82.3	
		Female			85.6	
Residents' perception - city and community safety issues of most concern	WCC RMS 2018	See supplementary tables			56% say begging of concern	
Number of notifications of the most prevalent food and water-borne diseases	WCC Public Health		197	207	175 to end February.	
<i>Variance commentary: We ceased receiving notifications at end of February 2018 and no longer carry out investigations on behalf of Regional Public Health</i>						
Food premises - number of cleaning notices and closures per year	WCC Public Health	Cleaning notices	8	10	NA	
		Closures	2	-	NA	
Percentage of food premises with an inspection rating of excellent or very good that maintain or improve their inspection rating	WCC Public Health		93%	96%	No longer applies due to transition to Food Act 2014	
<i>Changes to the Public Health (Food) Act 2014 mean that we will be introducing new KPIs in the next year. We ceased receiving notifications at the end of February 2018 and no longer carry out investigations on behalf of Regional Public Health.</i>						
Number of uses of Leisure Card	Recreation Wellington		138,447	141,763	150,166	
Dog control - complaints received (% of registered dogs)	WCC Public Health		24%	21%	21%	

### Performance data – Council performance measures

The following section outlines Council performance measures for our Social and Recreation services. It includes data for the last 3 years to show trends, and includes variances explanations for relevant areas.



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PERFORMANCE MEASURES		2015/16	2016/17	2017/18 Actual	2017/18 Target	% Variance	
<b>5.1 Recreation promotion and support</b>							
<i>To measure the quality and usage (quantity) of the recreation facilities we provide</i>							
User (%) satisfaction – swimming pools		88%	87%	90%	90%	0%	
User (%) satisfaction	Recreation Centres	87%	88%	86%	90%	-4%	
	ASB Sports Centre	91%	95%	95%	90%	6%	
User (%) satisfaction – sportsfields	Grass	73%	72%	73%	85%	-14%	
	Artificial turf	84%	78%	81%	85%	-5%	
<i>Great summer meant we did not have to close many grounds and cancel sport however the very wet winter saw increased cancellations.</i>							
Visits to facilities – swimming pools		1,300,700	1,318,555	1,236,169	1,260,000	-2%	
Visits to facilities – recreation centres and ASB Sports Centre		1,077,573	1,223,588	1,206,688	1,060,000	14%	
ASB Sports Centre courts utilisation (%)		50%	56%	58%	45%	29%	
Sportsfields – % of scheduled sports games and training that take place	Winter	79%	84%	71%	80%	-11%	
	Summer	99%	92%	97%	90%	8%	
Artificial sportsfields % utilisation	Peak Winter	68%	79%	79%	80%	-1%	
	Peak Summer	36%	34%	39%	40%	-3%	
	Off-peak Winter	15%	19%	16%	25%	-36%	
	Off-peak Summer	10%	8%	9%	20%	-55%	
<i>Great summer meant there was less demand for use of artificial sportsfields and very wet winter saw increased sports cancellations.</i>							
Marinas occupancy		96%	98%	98%	96%	2%	

PERFORMANCE MEASURES		2015/16	2016/17	2017/18 Actual	2017/18 Target	% Variance	
<b>5.2 Community support</b>							
<i>To measure the quality and usage (quantity) of the housing services we provide</i>							
Tenant satisfaction (%) with services and facilities		94%	96%	94%	90%	4%	
Tenant rating (%) of the overall condition of their house/apartment (average, good and very good)		96%	94%	93%	90%	3%	
Tenant (%) sense of safety in their complex at night		75%	78%	75%	75%	0%	
Occupancy rate of available housing facilities		94%	97%	96%	90%	6%	
All tenants (existing and new) housed within policy		99%	97%	98%	98%	-1%	
<i>To measure the progress of the Housing Upgrade Project</i>							
Agreed milestones, design standards and budgets are met in accordance with the agreed works programme and Deed of Grant between the Crown and the Council		Achieved	Achieved	Achieved	To Achieve	Met	
<i>To measure the quality and usage (quantity) of our community and recreation support services (including libraries)</i>							
Libraries – user (%) satisfaction with services and facilities		93%	92%	92%	90%	2%	
E-library – user satisfaction (%) with the online library collection		85%	86%	86%	75%	15%	
<i>Consistent with previous results.</i>							

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PERFORMANCE MEASURES	2015/16	2016/17	2017/18 Actual	2017/18 Target	% Variance	
<b>5.2 Community support</b>						
Accessible Wellington Action Plan initiatives planned for next year	85%	-	NA	90%	NA	
<i>As part of its commitment to improving accessibility in the city, the Council has developed a draft Accessible Wellington Action Plan. The plan is currently being considered before it can be taken to the next stage.</i>						
The proportion of grants fund successfully allocated (through milestones being met)	100%	92%	100%	95%	5%	
Proportion of outcomes delivered (previous projects) – weighted by \$ value	100%	94%	NA	90%	NA	
<i>The outcomes are based on accountability reports submitted for grants approved during the financial year. Under our policy we give grantees 12 months from the grant decision to submit a report.</i>						
Libraries – residents (%) who are registered members	79%	84%	89%	75%	19%	
<i>Targets have been recalibrated for next year as membership does not expire unless requested by the customer or next of kin</i>						
Libraries – physical visits	2,248,409	2,159,555	2,440,718	2,400,000	2%	
Libraries – website visits	3,809,967	3,939,631	3,887,484	2,500,000	55%	
<i>Target was exceeded due to the including usage counts of the Wellington Central Library mini app as visits to the Library website.</i>						
Library items issued	2,923,042	2,811,921	2,815,744	3,000,000	-6%	
Occupancy rates (%) of Wellington City Council Community Centres and Halls	39%	45%	42%	45%	-6%	

PERFORMANCE MEASURES		2015/16	2016/17	2017/18 Actual	2017/18 Target	% Variance	
<b>5.3 Public health and safety</b>							
<i>To measure the quality of our public health and safety services and programmes and our timeliness in responding to service requests</i>							
Dog control – urgent requests responded to within 1 hour and non-urgent requests responded to within 24 hours	Urgent	100%	91%	93%	100%	-7%	
	Non-urgent	100%	97%	96%	99%	-3%	
WCC public toilets – urgent requests responded to within 4 hours and non-urgent requests responded to within 3 days	Urgent	100%	100%	98%	100%	-2%	
	Non-urgent	100%	98%	98%	95%	3%	
WCC public toilets (%) that meet required cleanliness and maintenance performance standards		100%	98%	96%	95%	1%	
Percentage of alcohol inspections carried out for medium to very high-risk premises		100%	100%	88%	100%	-13%	
Percentage of alcohol inspections carried out for medium to very high-risk premises during trading hours		28%	17%	36%	25%	44%	
<i>These two results for alcohol inspections reflect the number of inspections carried out rather than the number of premises visited. As some premises are visited multiple times, the measure does not accurately demonstrate the effectiveness of performance and will be adjusted for next financial year.</i>							
Graffiti removal – response timeframes met		85%	83%	85%	80%	6%	

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## Performance data – supplementary tables

### Social & Recreation

Residents' perceptions that there are barriers to participating in recreation activities  
 Source: Wellington City Council Residents' Monitoring Survey 2018  
 This question was changed considerably to align with new Active Sport and Recreation Strategy  
 What, if anything, makes it difficult for you to take part in these recreational activities?

	new category	2014 n=501	2015 n=760	2016 n=994	2017 n=766	Org 2018 n=988	Participant 2018 n=988
Lack of time due to commitments, childcare duties, other interests etc.						39%	34%
Too busy		45%	47%	43%	49%	29%	26%
Activity costs too much	Cost	36%	26%	29%	26%	25%	16%
	Not interested	13%	10%	12%	14%	23%	14%
Nothing or not interested						16%	19%
Nothing						20%	22%
Lack of motivation		23%	22%	22%	25%		
Lack of knowledge about how to do it	Don't know where or who to contact	13%	15%	12%	13%	14%	9%
Lack of parking or transport	Lack of transport		20%	22%	20%	11%	9%
	Lack of parking					11%	9%
No facilities exist	No easy access to facilities or parks nearby		1%	2%	2%	7%	6%
Poor health		9%	6%	8%	7%	6%	6%
Injury or disability						8%	8%
	Cultural/language barriers					2%	2%
	Don't feel welcome					7%	3%
	Safety concerns					2%	3%
	Other (specify)	8%	8%	6%	7%	3%	3%
Other (specify)							
Weather			34%	29%	28%		
Not at a convenient time			21%	20%	23%		
Tiredness			20%	23%	23%		
Activity too far away			19%	23%	21%		
Environmental factors (eg road conditions, pollution)			3%	3%	3%		
No facilities for child care			5%	5%	5%		
Shift work			6%	6%	5%		
Don't know			1%	0%	0%		

**Organisation led opportunities:** formally organised with participation facilitated by a club, or group and usually involve membership or subscription fees with participation opportunities provided via regular competition and events. Examples include playing competitive or social sport e.g. hockey, belonging to a tramping club or participating in a fun run series.

**Participant led opportunities:** more informal and flexible allowing place and time to be determined by the participant. Maybe a pay for play component with costs to access a place or purchase equipment. Examples include swimming at a Council pool, shooting hoops at a local park, going for a walk along the waterfront.

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**Residents' usage (%) of libraries and frequency of use**

Source: Wellington City Council Residents' Monitoring Survey 2018

	2015	2016	2017	2018
More than once a week	4%	5%	6%	8%
Once a week	15%	15%	14%	16%
Once every 2-3 weeks	24%	20%	25%	28%
Once a month	19%	20%	20%	19%
Subtotal more than once a month	62%	60%	65%	71%
Once every 2-3 months	21%	19%	19%	16%
Once every 4-6 months	7%	12%	8%	7%
Less often than once every 6 months	8%	9%	8%	6%
Don't Know	1%	1%	0%	1%

**Residents' engaging in neighbourly actions**

Source: Wellington City Council Residents' Monitoring Survey 2018

	2015	2016	2017	2018
Spoken to a neighbour	92%	91%	89%	89%
Given help to a neighbour	58%	62%	55%	58%
Received help from a neighbour	47%	49%	46%	47%
Participated in an activity with a neighbour	38%	36%	33%	33%
Discussed emergency preparedness with a neighbour	16%	14%	21%	15%
None of the above	7%	7%	10%	9%

**Residents' perceptions of city safety issues of most concern**

Source: Wellington City Council Residents' Monitoring Survey 2018

Which of the following, if any, are particularly concerning in Wellington at present?

	2015	2016	2017	2018
Begging (new in 2018)				56%
Poorly lit or dark public areas such as streets, paths and parks	61%	63%	59%	55%
Vandalism such as broken windows in shops and public buildings	26%	27%	17%	17%
Graffiti	34%	32%	16%	16%
Poorly maintained or dangerous public areas such as streets, paths and parks	34%	37%	32%	26%
Traffic, including busy roads and lack of pedestrian facilities	34%	33%	33%	36%
Dangerous driving including speeding, drunk drivers and so on	29%	30%	33%	33%
Alcohol and drug problems	51%	49%	46%	46%
Car theft or vandalism, and theft from cars	36%	32%	29%	27%
Threatening people and/or people behaving dangerously	48%	51%	46%	35%
Other (specify)	11%	10%	6%	8%
Nothing	5%	5%	3%	4%
Don't know	1%	2%	1%	2%



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## Case study - Connecting city communities

Helping neighbours get to know each other and live well is the focus of the Community Services' Resilience team.

Jenny Rains, manager of Community Services says our goal is to help people connect in their communities and live well through normal times but also through shocks and stresses.

Jenny's interest in building strong communities goes back a long way. Jenny grew up in Canada and has worked across numerous provinces working with vulnerable communities. This includes migrant and homeless communities in Vancouver, co-designing support programmes with Canada's northern and isolated communities (based out of Edmonton) and supporting volunteer programmes in the Maritime Provinces. Before joining the Council, Jenny was privileged to work with the deaf and wider disability community in Wellington.

'A lot of people in the city centre move to be around other people, but have difficulty making those connections. Our role is to help people create an environment where they do interact and get to know each other,' Jenny says.

The Council's role is one of facilitator, providing people with community resources and information on the spaces and activities that are available to them, and on emergency preparation.

'There are a lot of resources in the community. It's about connecting those resources,' she says.

This work was prompted by feedback from city centre residents following the 2016 Kaikoura earthquake and during the Council's emergency work. What became apparent was there was a real sense of vulnerability in central Wellington.

The initiative *Connecting City Communities* came out of a series of workshops and working groups with central city residents in 2017. It is a collaborative project with city residents and community groups that fosters neighbourhood connections and a sense of community in central city apartment buildings. This includes fresh takes on communal meals, re-imagining public spaces, group recreational activities, or community art exhibitions.

Mark Noyes, who is leading this work in Jenny's team, cites the example of a Chilean apartment dweller who wanted to organise a communal meal for the building's residents after tensions arose. This approach was something of a tradition in his home country.

'You don't have to be good friends with the people around you. But it's important for you to know something about them and for them to know something about you.'

Pull quote: 'There are a lot of resources in the community. It's about connecting those resources.'



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## **Tāone tupu ora**

### **Urban development**

#### **Snapshot page**

[This is a one-page infographic with figures relating to:]

- 59 out of the 113 at risk buildings have had strengthening work done
- \$440m value of residential building consents up 34% on last year
- \$272m value non-residential building consents
- 2,605 total building consents
- 80% of building consent applications lodged via GoShift

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## Introduction

Our **strategic approach** is to make sure the city remains liveable even as our population grows and challenges around seismic risk and climate change increase. We want housing to remain affordable. We also want to maintain the city's unique character, protect heritage, and to improve its resilience so it is better able to withstand future shocks and stresses.

Key **challenges** include increasing housing supply amid rising construction costs, making our inner city resilient and liveable as population density grows, and supporting more sustainable land use and transport options to accommodate more people in the city.

Significant highlights this year included public space improvements on the waterfront and the upgrade of Lombard Lane, and our continued efforts to simplify and streamline the building consenting process. Now 80 percent of building consents are lodged via GoShift, our electronic portal for building consent applications that allows customers to track progress. We are exploring how this might be rolled out across other consenting processes.

We've carried out strengthening works around the city. That includes work around the waterfront and the facades and parapets of 59 at-risk buildings. The resource consent for the strengthening of the Town Hall has been approved and building consent has been lodged. The resilience work will continue over the next years as part of our commitments in Our 10-Year Plan 2018-28.

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### Performance overview

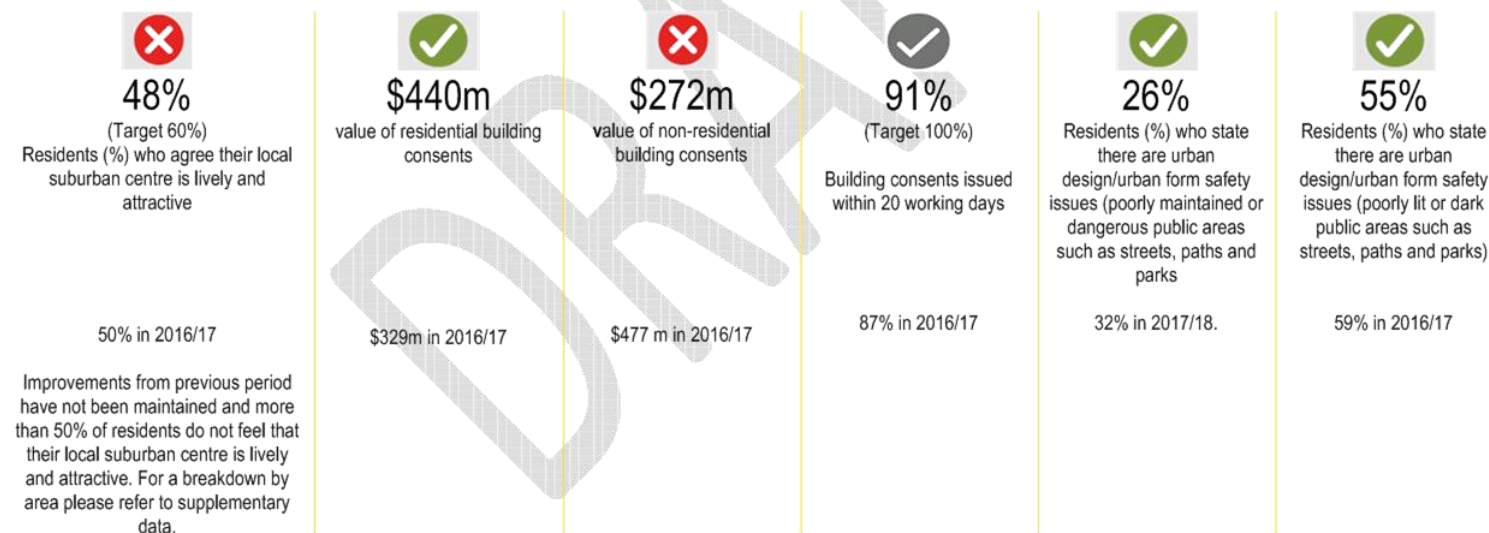
[Summary of performance + highlight KPI results to features as a banner at the bottom of the designed document. See full results at end of chapter]

## Urban development performance story: Heading in the right direction

The table below outlines the performance story for a key area of the urban development chapter. The full list of key performance measures and outcome indicators for the urban development area is included at the end of this chapter.

The number of residents who agree their local suburban centre is lively and attractive dropped 20 percent, failing to meet the 60 percent target for the financial year. The 2018 Resident Monitoring Survey shows that people are much happier in the city centre than in the suburbs. Eighty-six percent of residents found the city centre lively and attractive while only 48 percent thought that about their suburban centre.

The value of residential building consents rose 34 percent to \$440 million. Eighty percent of all building consent applications are now being lodged via GoShift, the Council's electronic portal.



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## 6.1 Urban planning, heritage and public spaces development Whakamahere Tāone / Whakawhanake Wāhi Tuku Iho Tūmatanui

What we did:

- **Urban Activation.** Lombard Lane and the Bond St upgrade project was 90 percent completed. This included underground services upgrades to sewer, stormwater and new electrical ducting. A launch event was held at the completion of stage 1 in November 2017. Final completion is due for August 2018. Holland Street works were put on hold following a second traffic resolution process. Minor footpath, kerb and parking improvements will be implemented in 2018 while the wider precinct project including York St and St James Laneway is reconsidered. A temporary activation in lower Tory St was implemented and trialled over a 3-month period as part of the Reimagine Tory St initiative between Wellington City Council and Victoria University of Wellington. Mixed feedback was received during and following the trial and was being reviewed at the time of writing this report.
- **Suburban activation.** Two pedestrian crossings on Main Road in Tawa were completed and a new mural was implemented as part of the Tawa Town Centre upgrade project. Detailed designs for the Tawa plaza upgrade were completed and procurement for a main contractor began. Workshops were to develop the Karori Project.
- **Planning for growth.** In 2017, we started a conversation with Wellingtonians about the future of our central city and how we should accommodate a population of up to 280,000 by 2043. While the focus was on the central city because it's where we anticipate the majority of the growth to occur, the implications for that also covered the rest of the city. The results from engagement will feed into a broader urban growth for the city that is scheduled for the coming years. Towards the end of the year, we also started a conversation on a high-level plan for the future of the Upper Stebbings Valley and Glenside West area, both of which have been identified for potential development.
- **Earthquake strengthening.** Many buildings were earthquake strengthened in the city during the year or had their unreinforced masonry elements removed to make the city safer. Much of this work related to the Hurunui/Kaikoura Earthquakes Recovery (Unreinforced Masonry) Order 2017 that was made under the Building Act. This Order in Council (OIC) provided Council with powers, supplemented by some funding, to require the owners of 113 at-risk buildings to secure their facades and parapets by



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30th September 2018. The majority of building owners have completed work or have work underway.

- **Council building earthquake strengthening.** We are progressing work on a number of Council buildings, including the Town Hall, the St James Theatre and the Opera House. These all support the city's cultural events and activities and are important facilities. Construction work on the Town Hall started during the year. The unreinforced masonry facades and parapets on Wakefield street are being strengthened and are due to be completed by October 2018. Design for the seismic strengthening is complete and the tender for the main construction contract has been issued to three contractors to respond. The contract is expected to be let and construction due to start in early 2019.

The Town Hall is expected to re-open to the public in 2021 and will become part of a national centre for musical excellence in Civic Square.

The Council's Civic Administrative Building remains closed and a decision on its future will be made once discussions with Council insurers are concluded.

- **Accelerometers.** Accelerometers are already on the market in Wellington, and have been installed in several high-rise buildings. With supporting analysis, these devices can quickly provide building owners and occupants with information on how their building has performed in an earthquake. We have installed devices in the Central Library Building.

The next step is to co-ordinate the intelligence from these devices so that we can obtain a citywide picture of our building stock's performance. Before an earthquake, this intelligence will allow us to undertake sensitivity and scenario modelling for different types of shocks. After a quake, it will enable us to better allocate resources and make quicker decisions.

We've recognised the value this co-ordination can bring to the city and next year a project has been funded to bring together the various data sets to provide a city-wide picture using accelerometers.

- **Waterfront development.**
  - The PwC centre (on site 10 at north Kumutoto) – The building was completed and occupied by tenants in early July 2018. The PwC Centre will eventually accommodate over 700 office workers and the ground floor will include food and beverage outlets. The building is base-isolated and the equivalent of 180 percent of NBS.



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- Site 9 (at north Kumutoto) – We are in discussions about a new five-level commercial office development.
- North Kumutoto public space – construction of the majority of the public space around sites 9 and 10 is expected to be complete in October 2018.
- Frank Kitts Park – the resource consent has been appealed to the High Court and will be heard by the Court in September 2018.
- Shed 1 – initial planning has commenced for the proposed re-cladding of the exterior of the building and internal re-modelling by tenant Wellington Helicopters Ltd.
- **Waterfront resilience.** The Council's Waterfront Operations continues to plan for and implement measures to address its main resilience challenges – seismic events and climate change (predicted sea-level rise):
  - All new building developments are required to be designed to be seismically resilient and to accommodate sea-level rise predictions for the next 100 years
  - All structures (decks, pontoons, rip-rap edge protection, etc) and infrastructure (mainly electrical) across the waterfront that could be vulnerable to sea level rise or storm surge will, over the medium term, be progressively raised, relocated, protected, reinforced or removed as deemed appropriate in each instance
  - Seismic resilience of the waterfront (which in the event of a major seismic event, could act as an alternative thoroughfare around the edge of the central city for emergency vehicles) is progressively being improved with seismic separation gaps being formed between wharves and adjacent structures or between wharves and land (examples include Taranaki St Wharf and Queens Wharf inner-T, outer-T and stem).
- **Shelly Bay.** We consulted the community on divestment and lease of Council land in Shelly Bay to allow for the redevelopment of the site. While Council land only made up a small portion of the planned development, the proposal was controversial and over 1100 submissions were received from the community. The proposal on the former Defence site includes a boutique hotel with about 50 rooms, 280 apartments, 58 townhouses and 14 standalone houses.

The developers - Shelly Bay Limited (SBL), a company set up by property developer The Wellington Company and Taranaki Whānui /Port Nicholson Block Settlement Trust (PNBST) – received resource consent for the project and the Council agreed to enter

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into an agreement to sell and lease land to Shelly Bay Limited so the planned development of housing and public space could proceed. The resource consent has been the subject of judicial review proceedings, which are currently before the Court of Appeal.

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## 6.2 Building and development control / Whakahaere Hanga Whare

What we did:

- **Building consents.** Altogether, 2605 building consents were issued by the Council over the last 12 months. This is a slight increase from 2596 last year, which itself was an 8.5 percent increase on the year before that (2392). Growth in the number of new dwelling consents rose 30.7 percent for the year in response to a tight housing market in the city. The number of consents in New Zealand increased by 7.9 percent over the same period (Infometrics). While residential consents increased, the annual value of commercial consents decreased by 41.3 percent in Wellington from a peak in 2017. These figures are detailed in the outcome measures for the Urban Development chapter.
- **Simplified consenting process.** The Council's consenting, food, and liquor regulatory processes can be complex to navigate. In 2017/18, we introduced GoShift, a portal for the electronic lodgement of building consent applications. Eighty percent of building applications are now being lodged through the portal. We've also introduced a case management approach that provides case managers to facilitate the process for certain types of consent applications. A number of other consenting business improvements are also currently under development.

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## Urban development finances

### How it was funded

Services in this activity area are funded through a mixture of general rates, fee and charges, and grants and subsidies.

### What it cost (operating expenditure)

	Actual	Actual	Actual	Budget	Variance
Operating expenditure (\$000s)	2015/16	2016/17	2017/18	2017/18	2017/18
<b>6.1 Urban planning, heritage and public spaces development</b>					
Expenditure	7,107	7,445	8,338	7,653	(685) <sup>1</sup>
Revenue	(322)	(332)	(59)	(21)	38
Net Expenditure	6,785	7,113	8,279	7,632	(647)
<b>6.2 Building and development control</b>					
Expenditure	20,700	22,062	21,065	21,651	586 <sup>2</sup>
Revenue	(11,803)	(13,293)	(13,458)	(12,946)	512 <sup>3</sup>
Net Expenditure	8,897	8,769	7,606	8,705	1,099
<b>URBAN DEVELOPMENT</b>					
Expenditure	27,807	29,507	29,403	29,304	(99)
Revenue	(12,125)	(13,625)	(13,517)	(12,967)	550
Net Expenditure	15,682	15,882	15,886	16,337	451

<sup>1</sup> Over budget due to additional costs incurred for contaminated waste clearance on the North Kumototo Waterfront site  
<sup>2</sup> Lower costs incurred supporting resolution of weathertight homes claim resolution  
<sup>3</sup> Additional building consent income through greater volumes of consent applications and higher than planned volumes of consensus processed on behalf of other councils

### What it cost (capital expenditure)

	Actual	Actual	Actual	Brought forward from prior years	Budget	Variance
Capital Expenditure (\$000s)	2015/16	2016/17	2017/18	2017/18	2017/18	2017/18
<b>6.1 Urban planning, heritage and public spaces development</b>						
Expenditure	5,397	5,393	12,287	8,886	3,401	(0)
<b>6.2 Building and development control</b>						
Expenditure	2,224	4,391	7,216	-	17,372	10,156 <sup>1</sup>
<b>URBAN DEVELOPMENT</b>						
Expenditure	7,621	9,784	19,504	8,886	20,773	10,156

<sup>1</sup> Under budget due to timing of work undertaken with the Town Hall and St James earthquake strengthening projects

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## Urban development performance

The following section outlines our performance data: outcome indicators, performance measures and supplementary tables.

We use outcome indicators to monitor our city over time, which provides information on trends that may influence our performance including those outside our control.

We use performance measures to track how well we are delivering services against targets as set out in the Long-term Plan and Annual Plans.

The Residents Monitoring Survey (RMS) is undertaken annually by Council. The survey has a margin of error of +/- 3.1 percent.

### Performance summary

The following table is a summary of how well we performed against our agreed outcome indicators and key performance measures for this activity area.

		Outcome Indicator	KPI compared to target	KPI compared to last year
✓	Positive result	3	15	4
✓	Within 5% or no change	7	1	14
✗	Not met or decreased	1	2	-
—	Not measured or not comparable	1	-	-

### Performance data – outcome indicators

The following section outlines outcome indicators for the Urban Development area of activity. Outcome indicators do not have targets – only trend data.

Council outcome indicator	Source		2015/16	2016/17	2017/18	
Residents who agree that Wellington is a great place to live, work and play	WCC RMS 2018	See supplementary tables		95%	92%	
Value of residential and commercial building consents	Statistics NZ	Residential	\$233m	\$329m	\$440m	
		Non-residential	\$359m	\$477m	\$272m	
Population - growth and density (city & suburban area)	Statistics NZ	Census data not available during report timeframe, previous result reported in 2013/14				
Residents who agree the city centre as an easy place to get to, use, and enjoy	WCC RMS 2018	Easy to get around	82%	76%	75%	
		Easy to access leisure activities	80%	82%	82%	
Residents who think there are urban design/urban form safety issues (eg graffiti, vandalism, poorly lit public spaces etc)	WCC RMS 2018	See supplementary tables		Improvements made against public area maintenance and lighting.		
Building density throughout the city	WCC GIS	See supplementary tables	7.58 for Central	8.05 for Central	tba for Central	



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Council outcome indicator	Source		2015/16	2016/17	2017/18	
			City	City	City	
Proportion of houses within 100 metres of a public transport stop	WCC GIS	Census data not available during report timeframe. 2013 result previously reported result 45%				
Residents who agree that heritage items contribute to the city and local communities' unique character	WCC RMS 2018	to the city	92%	91%	93%	
		to local communities	72%	71%	75%	
New Zealanders who agree that Wellington is an attractive destination	National Wellington Reputation Survey Results 2017		81%	78%	80%	

### Performance data – Council performance measures

The following section outlines Council performance measures for our Urban development services. It includes data for the last 3 years to show trends, and includes variances explanations for relevant areas.

PERFORMANCE MEASURES	2015/16	2016/17	2017/18 Actual	2017/18 Target	% Variance	
<b>6.1 Urban planning, heritage and public spaces development (including waterfront development)</b>						
<i>To measure the quality of our urban planning, heritage protection and development work</i>						
Residents (%) who agree the city is developing in a way that maintains high quality design	55%	51%	53%	Increase from previous year	4%	
District Plan listed items that are removed or demolished	Nil	Nil	Nil	Nil	-	
Residents (%) who agree the central city is lively and attractive	85%	87%	86%	87%	-1%	
Residents (%) who agree their local suburban centre is lively and attractive	47%	50%	48%	60%	-20%	
<i>Improvements from previous period have not been maintained and more than 50% of residents do not feel that their local suburban centre is lively and attractive. For a breakdown by area please refer to supplementary data. The level of agreement about a lively city centre is fairly consistent across the wards. Agreement about a lively suburban centre is lower in the Northern and Onslow-Western wards but increasing; it has decreased most significantly in the Eastern Ward and slightly in the Lambton and Southern wards.</i>						
Residents (%) who rate their waterfront experience as good or very good	92%	95%	93%	90%	3%	
Proportion of grants funds successfully allocated (through milestones being met)	64%	93%	97%	95%	2%	
Residents (%) who agree heritage items are appropriately valued and protected (in the central city)	69%	66%	70%	65%	8%	

PERFORMANCE MEASURES	2015/16	2016/17	2017/18 Actual	2017/18 Target	% Variance	
<b>6.2 Building and development control</b>						
<i>To measure the timeliness of our building and development control services</i>						

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PERFORMANCE MEASURES	2015/16	2016/17	2017/18 Actual	2017/18 Target	% Variance	
Building consents issued within 20 working days	92%	87%	91%	100%	-9%	
Code of Compliance Certificates issued within 20 working days	96%	96%	96%	100%	-4%	
Land Information Memorandums (LIMs) issued within 10 working days	99%	96%	100%	100%	0%	
Resource consents (non-notified) issued within statutory timeframes	100%	99.8%	99.2%	100%	-1%	
Resource consents that are monitored within 3 months of project commencement	97%	93.5%	94.5%	90%	5%	
Subdivision certificates – Section 223 certificates issued within statutory timeframes	100%	100%	100%	100%	0%	
Noise control (excessive noise) complaints investigated within 1 hour	96%	96.7%	95%	90%	6%	
Environmental complaints investigated within 48 hours	98%	97.5%	98.8%	98%	1%	
<b>To measure the quality of our building and development control services</b>						
Customers (%) who rate building control services as good or very good	79%	74%	74%	70%	6%	
Building Consent authority (BCA) accreditation retention (2-yearly)	Retained	Retained	Retained	To Retain	Met	
<b>To measure our progress on earthquake risk mitigation</b>						
Earthquake-prone building notifications (section 124) (%) that are issued without successful challenge	100%	100%	100%	95%	5%	

### Performance data – supplementary tables

<b>Residents' perceptions that Wellington is a great place to live, work and play</b>					
Source: Wellington City Council Residents' Monitoring Survey 2018					
Great place to...	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	
...live	96%	95%			
...work	63%	66%	95%	92%	
...play	93%	90%			
Survey question merged in 2016/17 "live, work and play"					
<b>Residents' perceptions of urban design/urban form safety issues (ie graffiti, vandalism, poorly lit public spaces, etc)</b>					
Source: Wellington City Council Residents' Monitoring Survey 2018					
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	
Poorly lit public areas	55%	61%	63%	59%	
<i>a significant improvement is noted in this area</i>					
Vandalism	26%	27%	17%	17%	
<i>previous gains have been maintained</i>					
Graffiti	34%	32%	16%	16%	
<i>previous gains have been maintained</i>					
Poorly maintained public areas	34%	37%	32%	26%	
<i>a significant improvement is noted in this area</i>					

### Building density throughout the city

Source: WCC GIS and Statistics NZ

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	2014/15		2015/16		2016/17		2017/18	
	number of buildings	building density (buildings/hectare)	number of buildings	building density (buildings/hectare)	number of buildings	building density (buildings/hectare)	number of buildings	building density (buildings/hectare)
Central city	1,825	7.58	na	na	1,948	8.05	1,938	8.01
Inner residential	10,485	34.7	na	na	10,437	34.27	10,402	34.24
Outer residential	75,499	21.91	na	na	77,559	22.38	77,488	22.36
Business 1 & 2, Centres and Medium Density Residential Area	3,640	10.98	na	na	3,842	11.51	3,835	11.49
The density numbers for 2017/18 are non-comparable to previous year due to reclassification of buildings.								

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## **Case study - Resilience**

The 2016 Kaikoura earthquake was a wake-up call for Wellingtonians, reminding us of our need to make resilience a priority.

Resilience cuts across all sectors. Over the past year, the Council has been working with the owners of at-risk buildings to strengthen facades and parapets. It has been strengthening existing reservoirs, pipes and roads, scoping new sources of water, and addressing coastal challenges along our South and West coasts. It has also been working with apartment dwellers to help build stronger communities, another important aspect of resilience.

As a result of the quake, we've been working more closely with other organisations, says Chief Resilience Officer Mike Mendonça. These include Wellington Electricity, Wellington Water Limited, the New Zealand Transport Agency, the telecommunications sector, universities and crown research institutes that are also actively involved in developing solutions for the city.

'Interdependencies are crucial. Everyone's coming together,' he says.

An ex-army man, Mike has worked many years in government, including an 11-year stint in the Council's works department. He is Wellington's first chief resilience officer, a symbol of what is now at the forefront of people's minds.

'Wellingtonians have always been aware of the city's vulnerability. Our geography makes that apparent. But it's been pushed to be back of our minds for a long time,' he says.

'Kaikoura made us more aware. Resilience is now in our consciousness. It's infused in how we think as Wellingtonians.'

Wellington is part of 100 Resilient Cities, an initiative pioneered by the Rockefeller Foundation in 2013. The project, known as 100RC, helps cities to improve their resilience to current and future physical, social, and economic challenges.

Recently, representatives from 100RC's regional headquarters in Singapore visited to document the resilience work the Council is leading.

'Wellington has become something of a model for other similar cities around the world,' says Mike.

He says current resilience efforts are all about improving our knowledge and being better prepared. They help us build a better future.

'Each time we have a big quake, we learn a lot. The work we're doing now is our generation's chance to leave a meaningful resilience legacy for our children.'

Pull quote: 'Resilience is now in our consciousness. It's infused in how we think as Wellingtonians.'

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## **Waka Transport**

### **Snapshot page**

[This is a one-page infographic with figures relating to:]

- 885km of pedestrian paths
- 31.3km of cycleways
- 14,500 LED street lights installed
- 7,429 submissions received on Wellington transport initiatives
- 53% of residents view that parking enforcement is fair

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Draft: CSC meeting 26 September 2018

## Introduction

We manage, maintain and improve the city's transport network so that people can access places easily and safely. We look after hundreds of kilometres of city accessways, footpaths, cycleways and roads, including parking facilities, traffic signs and signals, street lighting and pedestrian crossings.

Our **strategic approach** is to invest in a high-quality and resilient transport network that helps reduce congestion and pollution, makes commuting easier, and encourages active and public modes of transport.

One of the biggest **challenges** we currently face is to make sure our transport network can cater to Wellington's rapidly growing population. Managing morning and evening peak demand and encouraging a greater take-up of active and public transport modes that are healthier and more sustainable also remain significant challenges.

A significant highlight was the public engagement on *Let's Get Wellington Moving*, our joined-up approach to delivering better city outcomes through a modern integrated transport network for Wellington with partners Greater Wellington Regional Council and the NZ Transport Agency. Significant progress was also made on the cycleways programme and we installed 6000 LED lights out of a total of 14,500 older lights.

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### Performance overview

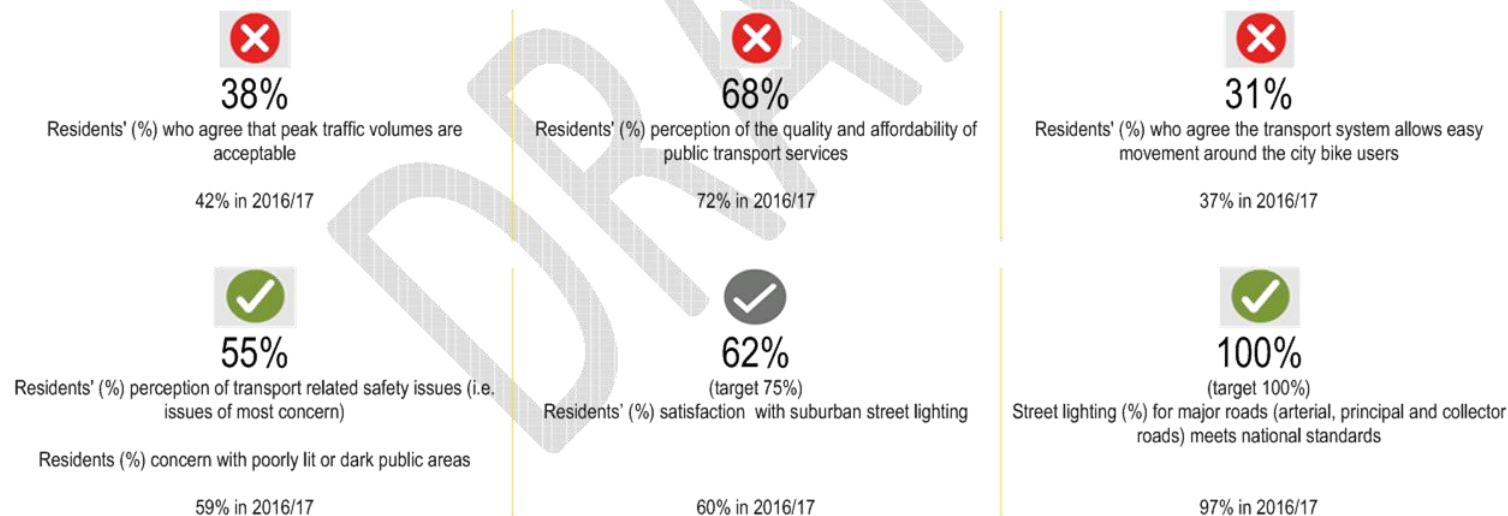
[Summary of performance + highlight KPI results to features as a banner at the bottom of the designed document. See full results at end of chapter]

## Transport performance story: More commuter unhappiness, but transport plans underway

The table below outlines the performance story for a key area of the transport chapter. The full list of key performance measures and outcome indicators for the transport area is included at the end of this chapter.

As Wellington's population grows, so do congestion issues. Resident satisfaction with traffic volumes and convenience of public transport services declined slightly. The numbers of residents who agreed that peak traffic volumes are acceptable fell 4 percent to 38 percent, and residents who agreed on the quality and affordability of public transport services was also down 4 percent to 68 percent.

As part of Our 10-Year Plan 2018-28, the Council identified transport as one of the top five priority areas for the next decade. Residents were consulted on four transport scenarios as part of Let's Get Wellington Moving and solutions are being actively developed for delivery over the next years.



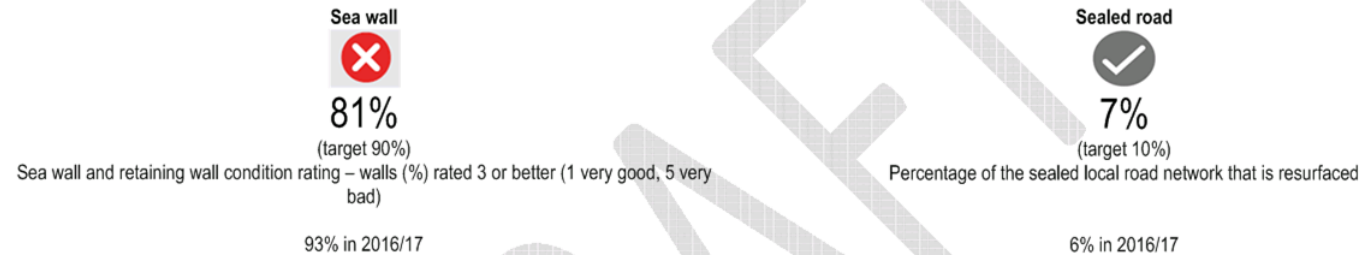
Source: Statistics NZ, Wellington City Council Residents monitoring survey 2018

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**Sea walls and retaining walls | Sealed roads and resurfacing**

Sea walls and retaining walls. Targets were based on information that has since been updated. The 2017/18 rating measure is a better reflection of the situation.

Sealed roads and resurfacing. There was a greater emphasis than usual on higher quality seals, and waterproofing seals related to asphalt, both of which are costly.



**Parking: Parking enforcement fairer, residents say**

The introduction of parking sensors has allowed for more accurate measurements of occupancy of parking spaces. Parking officers now have access to live data on vehicle arrival and departure times. What this also means is that previous years' values are not comparable and targets will have to be reset. The new sensors may in part explain why the number of residents who agree that parking enforcement is fair has increased 6 percent to 53 percent.

## 7.1 Transport / Waka

What we did:

- **Let's Get Wellington Moving.** This is a joint initiative by Wellington City Council, the New Zealand Transport Agency and Greater Wellington Regional Council to support the city's growth and deliver better city and regional outcomes through investment in a modern integrated transport network. Progress in 2017/18 has included:
  - a public engagement programme in November and December, seeking feedback on four scenarios for Wellington's future. More than 2000 people and 50 stakeholder groups responded, with most supporting option D followed by option A. Further details on these options and the feedback themes from consultation can be found on the Let's Get Wellington Moving website <http://getwellymoving.co.nz/>
  - a published analysis of the public engagement feedback and the results of a public opinion survey
  - development and assessment of a shortlist of programmes (packages of interventions) using the public's feedback and our ongoing technical work
  - development of a draft recommended programme of investment for review and approval by the programme partners in early 2018/19.
- **Cycleways.** The Wellington City Cycleways Programme aims to create a sustainable, liveable, and attractive city, offering choices about how to travel, with an appealing cycle network that encourages people of all ages and abilities to cycle. Much of the work in 2017/18 focused on community engagement, Council approvals and securing NZ transport agency funding, this was achieved in March 2018 with all Urban Cycleway Projects successfully approved and funded.
 

Construction continued on Hutt Road with the original scheme practically complete. However, the project has been extended to include a section towards Tinakori Road. The Cobham Drive upgrade started with the first section between Calabar Road and Miramar Ave completed in December 2017.

A range of smaller low cost projects have been implemented in the city centre along with a rollout of bike stands, fix-it stands and permanent cycle counters. Following extensive community engagement, the Council agreed to a redesign of The Parade in Island Bay and design of the approved scheme is continuing. Detailed design is underway.
- **Slips.** Heavy rains caused a number of slips on Wellington's roads, with the biggest one at Ngaio Gorge closing the road for several weeks. Strengthening work was carried out on the



downhill side of the road. There were 230 slips in the 1 January to June 30 2018 period. This compares to 279 in the same period in 2017, and 168 in 2016. In response to the slips, we constructed a number of retaining walls to support embankments. An investigation into design options for Ngaio Gorge was also commenced.

- **LED Street Lighting.** To date, over 6000 LED lights have been installed out of a total of 14,500 older lights, and the programme is scheduled for completion later this year. The lights are being installed, suburb by suburb, at 50 percent brightness to avoid issues with glare. A small number of people, mainly from the Eastern Suburbs who were the first to get the LEDs, are telling the Council that the lights are not bright enough on some streets, which is causing safety concerns. In these cases, the lights can be adjusted remotely by the Council via its Central Management System, and adjustments are being carried out as required. The LED lighting programme is being prioritised to take advantage of 85 percent funding from New Zealand Transport Agency.
- **Public transport.** We delivered a number of roading and traffic changes requested by Greater Wellington Regional Council, to provide for the new bus route network that came into operation at the start of July 2018.
- **Bus stops.** During the year, we also provided seven new bus shelters as part of the Council's ongoing programme with the objective of providing a shelter at each inbound bus stop. We continued to maintain the Lambton Bus Interchange.
- **Cable car.** Wellington Cable Car Limited (WCCL) operates the Cable Car and manages the bus electrical network.
  - *Bus electrical network:* WCCL started decommissioning the trolley bus electrical network in October 2017 after operational services ceased, and the project is 70 percent complete as of July 2018. Progress has been excellent, meeting and exceeding original estimates for time and cost, and practical project completion should occur by October 2018. Ownership of the remaining poles and building anchors network infrastructure will transfer to Council ownership by December 2018.
  - *Cable Car operations:* WCCL had a strong year in terms of passenger numbers and revenue, buoyed by the continuing growth in international visitor numbers to Wellington. The number of passenger trips was at its highest for more than 20 years (1,145,000) and passenger revenue exceeded \$3 million for the first time ever. Student passenger trips for Victoria University of Wellington have also been buoyant, exceeding 183,000 in number. For 2017/18, the breakdown between visitors and local users was approximately 57 percent (visitors) to 43 percent (local users). The Cable Car has also been awarded a platinum



rating (the highest level of award) by Be Accessible to denote excellence and continuous improvement in meeting passenger accessibility requirement.

- **Network Maintenance/Renewal.** We resurfaced 396,884 square metres of road carriageway with a variety of surfacing materials. We also replaced 54 metres of sump leads, 9 metres of culvert pipe, and 3 culvert head walls. We renewed 22.57 kilometres of footpaths and 11,128 metres of kerb and channel. We installed 15 pedestrian barriers, 40 metres of guardrail, 11,528 metres of handrails, 612 metres of sight rails, 197 litter bins, 90 cycle stands, 113 bollards, and 2948 signs. We renewed 1044 kilometres of road markings, 6994 symbols/letters/arrows, and 15,656 reflective raised pavement markers. We installed/refurbished or relocated 73 seats. We also cleaned 22,651 sumps and swept 38,936 kilometres of roadway.
- **Network Operations.** We carried out a wide range of transport network operational tasks. These included:
  - 4248 traffic management plans (TMPs) required for contractors to carry out work on our roads, approved by our traffic management coordinator
  - 5930 corridor access requests (CARS) to work on our roads. Of these, 2490 were inspected by the compliance officers and signed into warranty
  - Processing 1950 confirm enquiries for works on the road corridor
  - Managing the city's 137 traffic lights and 49 CCTV cameras to ensure road users are able to move safely and conveniently around the city
  - We provided attendance at major events like the Wellington Marathon, the NZ Lions Series, Cuba Dupa and A Very Welly Xmas that required monitoring from the Council's Traffic Operations Centre (WCCTOC).

## 7.2 Parking / Tūnga Waka

What we did:

- **Miramar parking scheme.** In June 2017, we introduced a 24-hour time restricted parking scheme in Miramar south designed to mitigate parking pressure in local residential streets resulting from airport-related non-resident parking. The scheme was implemented in September 2017 and monitored during the first 6 months of operation. It resulted in considerably fewer vehicles being parked both during daytime and at night in the restricted area.
- **City centre parking.** We consulted the community through the Long term Plan on introducing metered parking charges in the CBD. This was recommended to increase turnover and encourage more people to use active and public transport modes. This has subsequently been approved and will become active later in 2018. The impact of introducing weekend parking will be reviewed as part of a broader parking review in 2019.

## Transport finances

### How it was funded

Services in this activity area are funded through a mixture of general rates, fees and charges and grants and subsidies received from NZTA for transport related activities.

### What it cost (operating expenditure)

	Actual	Actual	Actual	Budget	Variance
Operating expenditure (\$000s)	2015/16	2016/17	2017/18	2017/18	2017/18
<b>7.1 Transport</b>					
Expenditure	46,628	49,859	55,186	52,673	(2,513) <sup>1</sup>
Revenue	(10,329)	(9,706)	(9,973)	(6,571)	3,402 <sup>2</sup>
Net Expenditure	36,299	40,152	45,213	46,102	889
<b>7.2 Parking</b>					
Expenditure	12,262	12,542	14,294	13,844	(450)
Revenue	(26,442)	(26,858)	(26,992)	(28,719)	(1,727) <sup>3</sup>
Net Revenue	(14,180)	(14,316)	(12,698)	(14,875)	(2,176)
<b>TRANSPORT</b>					
Expenditure	58,890	62,401	69,480	66,518	(2,962)
Revenue	(36,771)	(36,564)	(36,966)	(35,290)	1,675
Net Expenditure	22,119	25,836	32,514	31,227	(1,287)

<sup>1</sup> Higher storm clean up costs and depreciation expenditure than budgeted  
<sup>2</sup> Additional income from bus shelter signage, bus priority planning and NZTA funding, along with unbudgeted vested assets  
<sup>3</sup> Parking meter income lower than budgeted

### What it cost (capital expenditure)

	Actual	Actual	Actual	Brought forward from prior years	Budget	Variance
Capital Expenditure (\$000s)	2015/16	2016/17	2017/18		2017/18	2017/18
<b>7.1 Transport</b>						
Expenditure	35,192	33,837	55,166	2,621	59,950	7,405 <sup>1</sup>
<b>7.2 Parking</b>						
Expenditure	1,342	481	299	2	297	1
<b>TRANSPORT</b>						
Expenditure	36,534	34,318	55,465	2,624	60,247	7,406

<sup>1</sup> Under budget due to timing of work undertaken for the cycling programme and the completion of the LED street light transition project which will be completed in 2018/19.

## Transport performance

The following section outlines our performance data: outcome indicators, performance measures and supplementary tables.

We use outcome indicators to monitor our city over time, which provides information on trends that may influence our performance including those outside our control.

We use performance measures to track how well we are delivering services against targets as set out in the Long-term Plan and Annual Plans.

The Residents Monitoring Survey (RMS) is undertaken annually by Council. The survey has a margin of error of +/- 3.1 percent.

### Performance summary

The following table is a summary of how well we performed against our agreed outcome indicators and key performance measures for this activity area.

		Outcome Indicator	KPI compared to target	KPI compared to last year
✓	Positive result	4	7	5
✓	Within 5% or no change	5	3	9
✗	Not met or decreased	4	5	1
—	Not measured or not comparable	-	2	2

### Performance data – outcome indicators

The following section outlines outcome indicators for the Transport area of activity. Outcome indicators do not have targets – only trend data.

Council outcome indicator	Source		2015/16	2016/17	2017/18	
Residents (%) who agree that peak traffic volumes are acceptable	WCC RMS 2018		43%	42%	38%	
Residents (%) who agree that the transport system allows easy access to the city	WCC RMS 2018		63%	62%	64%	
Residents (%) who agree that public transport services are convenient and affordable	WCC RMS 2018	Convenient	69%	72%	68%	
		Affordable	41%	45%	45%	
Air quality monitoring (i.e. nitrogen dioxide, carbon monoxide, and particulate matter peaks)	Greater Wellington Regional Council - 2017 report	See supplementary tables			Zero days in excess of monitoring guidelines	

Council outcome indicator	Source		2015/16	2016/17	2017/18	
Change from previous year in the number of road crashes resulting in fatalities and serious injury. (2017/18 = YTD result for seven months up to July)	WCC City Networks		Up 15 Total 64	Up 16 Total 80	YTD down 51 Total 29	
Social cost of crashes. (2017/18 = YTD result)	WCC City Networks	Calendar year	\$109m	\$124.7m	YTD (7mths) \$48m compared to \$67m YTD 2017	
Residents' who agree of transport related safety issues (i.e. issues of most concern)	WCC RMS 2018	See supplementary tables Improvement for poorly lit or dark public areas	63%	59%	55%	
Number of cyclists and pedestrians entering the Central Business District (average weekday)	WCC Transport - Cycle Cordon Survey	Cyclists	1,924	1,613	1,914	
	WCC Transport - Pedestrian Cordon Survey	Pedestrians	11,024	10,226	10,952	
Residents (%) who agree the transport system allows easy movement around the city - vehicle users and pedestrians	WCC RMS 2018	Vehicle users	45%	45%	43%	
		Bike users	new	37%	31%	
		Pedestrians	91%	93%	93%	

### Performance data – Council performance measures

The following section outlines Council performance measures for our Transport services. It includes data for the last 3 years to show trends, and includes variances explanations for relevant areas.

PERFORMANCE MEASURES		2015/16	2016/17	2017/18 Actual	2017/18 Target	% Variance	
<b>7.1 Transport</b>							
<i>To measure the quality and timeliness of the transport infrastructure and service</i>							
Residents' condition (%) rating of the network – roads and footpaths (good or very good)	Roads	66%	65%	73%	75%	-3%	
	Footpaths	67%	67%	72%	75%	-4%	
Requests for service response rate – urgent (within 2 hours) and non-urgent (within 15 days)	Urgent	96%	89%	89%*	100%	-11%	
	Non-urgent	98%	94%	94%*	100%	-6%	
<i>During the year a change was made to the methodology to calculate the result. This means there is now a wider gap to achieve target.</i>							
Roads (%) that meet smooth roads standards (smooth roads – measured by Smooth Travel Exposure based on NAASRA counts)	DIA	75%	74%	74%	70%	6%	
Footpath (%) condition rating (measured against the Council condition standards)	DIA	97%	96%	98%	97%	1%	



PERFORMANCE MEASURES		2015/16	2016/17	2017/18 Actual	2017/18 Target	% Variance	
<b>7.1 Transport</b>							
Street lighting (%) for major roads (arterial, principal and collector roads) meets national standards		97%	97%	100%	100%	0%	
Residents' satisfaction (%) with street lighting	Central city	78%	81%	84%	85%	-1%	
	Suburban area	54%	60%	62%	75%	-17%	
<i>We continue to balance immediate demands for funding and/or resources to address failure of lights, and our commitment to renewing old technology with LED lights..</i>							
Sea wall and retaining wall condition rating – walls (%) rated 3 or better (1 very good, 5 very bad)		91%	93%	81%	90%	-10%	
<i>Targets were based on information that has since been updated. The 2017/18 rating measure is a better reflection of the situation.</i>							
Percentage of the sealed local road network that is resurfaced	DIA	9%	6%	7%	10%	-30%	
<i>There was a greater emphasis than usual on higher quality seals, and waterproofing seals related to asphalt, both of which are costly</i>							

PERFORMANCE MEASURES		2015/16	2016/17	2017/18 Actual	2017/18 Target	% Variance	
<b>7.2 Parking</b>							
<b>To measure the quality of our parking provision</b>							
On-street car park turn-over rates	Weekdays	6.1	6.1	7.3	6.8	7%	
	Weekends	4.7	4.9	6.2	5.3	18%	
<i>Parking turnover is the rate of use of a parking space. It is calculated as the number of vehicles parked in a space over the course of the day. For the last three years the turnover rate has not met the target of 5.3. In 2017/18 it has now exceeded target which is consistent with our aim of increasing turnover.</i>							
On-street car park average occupancy		78%*	83%*	68% weekends 58% weekday	75%	NA	
<i>With the introduction of parking sensors, data sampling has allowed a more accurate measurement of occupancy. Previous years' values are non comparable and targets will be reset at Annual Plan.</i>							
On-street car park compliance - time restrictions and payment	Time			96%	95%	1%	
	Payment			NA	90%	NA	
<i>With the introduction of parking sensors, parking officers have access to live data on vehicle arrival and departure times. This allows for more efficient enforcement. Work is underway to integrate payment methods with Council's pay by space system. This will enable accurate reporting on payment compliance in future.</i>							
Residents' perceptions (%) that parking enforcement is fair - Increase from previous year		48%	50%	53%	Increase	6%	

**Performance data – supplementary tables**

<b>Air quality monitoring (ie nitrogen dioxide, carbon monoxide and particulate matter peaks)</b>					
<i>Source: Greater Wellington Regional Council, Air quality monitoring programme annual data report 2017</i>					
Data result for NO2 and CO is 1-hour average					
		<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
NO2 (µg/m3)	max	86.6	66	61.5	67.9
NES-AQ threshold <200	mean	19.7	N/A	14	14.1
CO (mg/m3)	max	1.5	1	1.78	1.49
NES-AQ threshold <10	mean	0.4	N/A	0.22	0.19
Particulate matter (PM10) (µg/m3)	max	32	32	26	25
NES-AQ threshold <50	mean	13	N/A	11.3	11.3

<b>Residents' perceptions of transport related safety issues (ie issues of particular concern)</b>				
<i>Source: Wellington City Council Residents' Monitoring Survey 2018</i>				
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Traffic or busy roads	34%	33%	33%	36%
Car theft or vandalism	36%	32%	29%	27%
Poorly lit or dark public areas	61%	63%	59%	55%
Dangerous driving	29%	30%	33%	33%

## Case study – Let's Get Wellington Moving

Lucie Desrosiers is part of a multi-agency team that is working hard on improving Wellington's transport. *Let's Get Wellington Moving*, a joint initiative between the Council, the NZ Transport Agency and Greater Wellington Regional Council, aims to prepare for future growth while building on what makes Wellington a great place to be.

'We want to make the most of the city's qualities. For example, Wellington is a compact, walkable city. So we want to enhance those attributes. We're setting the bar really high,' says Lucie, who grew up in Quebec and has a background in urban design and architecture. After completing her studies in Montreal, she worked in Singapore and London for several years before settling in Wellington 10 years ago.

'The idea of *Let's Get Wellington Moving* is to develop a programme that supports sustainable development with a transport system that moves more people with fewer vehicles.'

*Let's Get Wellington Moving's* main focus is on the area between Ngauranga and Wellington Airport, including the urban motorway and connections to the central city, hospital, and eastern and southern suburbs in order to deliver city and regional benefits. The partnered approach is one of its greatest strengths.

'We have staff and resources from the three organisations coming together. This is a much more collaborative way of planning than ever before,' Lucie says.

There has been extensive engagement with the people of Wellington. In November and December 2017, LGWM ran a public engagement programme seeking feedback on four scenarios for Wellington's future. Feedback is helping to shape a recommended programme of investment, which will lay out transport and urban development changes over the next decade or more.

A sustainable transport network is one that provides more travel choice, and encourages walking, cycling and public transport, while ensuring better access for people to get to important destinations such as the hospital and airport. *Let's Get Wellington Moving* is also about delivering a network that is accessible to all, with attractive spaces, shared streets and efficient local and regional journeys.

'We're now looking at the whole picture,' Lucie says. 'What we call place-making has become a core component of transport planning – to contribute to great cities and good places for people to work, live and play.'

## Ngā rōpū e here ana ki te Kaunihera Council-Controlled Organisations (CCOs)

These are organisations that undertake activities on behalf of the Council and are managed by an independent board. CCOs enable the Council to manage Council assets or deliver Council services, using specialist expertise.

There are eight CCOs:

- **Wellington Water**, which manages all Wellington, Hutt, Upper Hutt, and Porirua councils' drainage and water services
- **Basin Reserve Trust**, which manages, develops, and promotes the Basin Reserve for recreation, leisure, and cricket games
- **Wellington Regional Economic Development Agency (WREDA)**, which is the city's official economic development organisation
- **Wellington Regional Stadium Trust**, which operates and maintains the Stadium as a high-quality multi-purpose sporting venue
- **Wellington Cable Car Ltd**, which maintains and operates the Cable Car, and maintains the trolley-bus overhead electrical system
- **Wellington Museums Trust**, which provides seven educational and cultural facilities
- **Wellington Zoo Trust**, which manages the zoo, educates the community about zoology, and supports conservation initiatives
- **Karori Sanctuary Trust**, which manages ongoing conservation and restoration work at Zealandia

The following pages explain what the organisations do. For further details on their budgets and performance, refer to their individual annual reports.

### Wellington Water



Wellington Water is owned by the Hutt, Porirua, Upper Hutt and Wellington City councils and Greater Wellington Regional Council. The councils are all equal shareholders.

Its main activities are:

- managing water treatment and supply
- managing stormwater and wastewater service delivery in the Wellington region
- promoting water conservation and sustainability.

For information on how Wellington Water performed, see the Environment section. The Wellington Water annual report can be found on [\[insert link\]](#)

### Wellington Regional Stadium Trust



The Trust owns, operates and maintains the Stadium as a high-quality multi-purpose sporting venue. All of its trustees are jointly appointed by the Council and Greater Wellington Regional Council (GWRC).

Its main activities include:

- managing events
- seeking opportunities to provide regular quality events
- ensuring the Stadium is provided to the community for appropriate usage
- administering Trust assets and the Stadium on a prudent commercial basis.

For information on how the Wellington Regional Stadium Trust performed in 2016/17, see the economic development chapter. The Wellington regional Stadium Trust annual report can be found on [\[insert link\]](#)





The Trust, which trades as Experience Wellington, operates six institutions on behalf of Wellington City Council. These are Capital E, Space Place at Carter Observatory, City Gallery Wellington, Nairn Street Cottage, Wellington Museum and the Cable Car Museum. All trustees are appointed by the Council.

The Trust's main activities include:

- delivering events and exhibitions
- conserving and caring for the objects of its collections
- delivering education experiences for children and young people
- protecting heritage of venues
- working with national and international artists
- operating the Soundhouse Studio.

For information on how the Wellington Museums Trust performed in 2016/17, see the Cultural Wellbeing chapter. For more detailed performance information please see their annual report [insert link]



The Trust manages the Zoo's assets and operations. All trustees are appointed by the Council.

Its main activities include:

- caring for resident animals
- educating the community about zoology
- supporting conservation initiatives and research
- acquiring additional plant and animal species.

For information on how the Wellington Zoo Trust performed, see the Environment section. For more detailed performance information please see their annual report on [insert link]

## **Wellington Regional Economic Development Agency (WREDA)**



WREDA combines the economic development activities of Wellington City Council and Greater Wellington Regional Council into one organisation. Wellington City Council is an 80 percent shareholder.

Its main activities include:

- marketing Wellington as a destination for migrants, visitors and investors
- helping businesses grow and innovate
- advocating for Wellington's economy
- attracting and promoting major events and running civic venues.

For information on how WREDA performed, see the Economic development section. For more detailed information, please see their annual report [\[insert link\]](#)

## **Basin Reserve Trust**



The Trust has four trustees. Two are appointed by the Council and two by Cricket Wellington.

The Trust's main activities are:

- managing the Basin Reserve for recreational and cricket activities for residents
- contributing to the events programme for Wellington
- preserving and enhancing the site's heritage value.

For information on how the Basin Reserve Trust performed, see the Economic development section. For more detailed information, please see their annual report [\[insert link\]](#)

**Karori Sanctuary Trust**

The Trust became a CCO on 1 October 2016. The Council has the overall responsibility to appoint members to the Trust board.

Its main activities are:

- managing ongoing conservation and restoration work in the sanctuary
- working with organisations and community groups to support local biodiversity
- providing educational experiences
- connecting people to New Zealand's unique heritage.

For information on the Karori Sanctuary Trust, see the Environment section. For more detailed information please see their annual report [insert link]

**Wellington Cable Car Limited**

The Council is the 100 percent shareholder and appoints all the directors.

The Trust's main activities are:

- maintaining the cable car and associated infrastructure
- managing the cable car passenger service operation
- marketing the cable car
- managing the trolley bus overhead wiring system.

For information on how Wellington Cable Car Ltd performed, see the Transport section.

**CCO performance****Performance data – Council-controlled organisation performance measures**

[To be completed, waiting on individual reports to be approved]

PERFORMANCE MEASURES	2014/15 Actual	2015/16 Actual	2016/17 Actual	2017/18 Actual	2017/18 Target
<b>Wellington Regional Stadium Trust</b>					
Total revenue (000)	\$17,298	\$15,852	\$14,837	\$15,425	\$15,762
Net surplus (000)	\$2,093	\$2,081	\$1,701	\$1,269	\$1,441
Number of events	61	70	65	50	49
Attendance	531,861	571,034	480,413	424,546	
PERFORMANCE MEASURES	2014/15 Actual	2015/16 Actual	2016/17 Actual	2017/18 Actual	2017/18 Target
<b>Wellington Museums Trust</b>					
Non-council revenue (000)	\$3,790	\$3,049	\$4,847	\$3,834	\$3,516
Cash subsidy (grant) per visit	\$9.36	\$9.85	\$8.89	\$10.11	\$10.85
Full cost to Council per visitor	\$14.03	\$13.69	\$12.28	\$13.33	\$13.74
Average revenue per visit	\$2.83	\$2.51	\$3.07	\$3.19	\$3.32
Total visitors	689,414	688,169	780,414	725,214	661,500
City Gallery	169,943	178,228	180,616	153,194	143,000
Wellington Museum	124,955	133,470	138,956	127,413	137,000
Capital E	111,273	79,120	161,869	113,414	90,000
Cable Car Museum	237,099	241,638	242,250	269,028	237,000
Space Place	42,633	52,838	54,109	60,441	52,000
Nairn St. Cottage	3,511	2,875	2,614	1,724	2,500
FUNDING MEASURES	2014/15 Actual	2015/16 Actual	2016/17 Actual		
<b>Wellington Museums Trust</b>					
Council operating grants & underwrites (000)	\$7,153	\$7,236	\$7,467	\$7,334	
Total Revenue Earned (000)^	\$10,943	\$10,285	\$13,595	\$12,891	\$11,846
Council's property ownership costs (000)^	\$2,155	\$2,343	\$2,114		
Total cost to Council incl. grant + property costs (000)	\$9,669	\$9,579	\$9,581		
^ excluding rental grants for Council owned properties					
^ includes rental grant for Capital E					
PERFORMANCE MEASURES	2014/15 Actual	2015/16 Actual	2016/17 Actual	2017/18 Actual	2017/18 Target
<b>Wellington Zoo Trust</b>					
Visitors	225,927	260,809	230,632	249,701	242,000
Education visits	12,380	11,413	10,754	10,414	10,500
Cash subsidy (grant) per visit	\$12.20	\$10.79	\$12.86	\$12.98	\$13.57
Full cost to Council per visitor	\$20.54	\$19.01	\$23.20	\$20.71	\$21.21
Average revenue per visit	\$15.37	\$14.90	\$16.86	\$16.77	\$16.26
FUNDING MEASURES	2014/15 Actual	2015/16 Actual	2016/17 Actual		
<b>Wellington Zoo Trust</b>					
Non-council revenue earned (000)	\$4,999	\$4,307	\$4,300	\$4,553	\$3,934
Council operating grant (000)	\$2,757	\$2,894	\$3,125	\$3,241	\$3,284
Total revenue earned (000)	\$7,756	\$7,201	\$7,425	\$7,794	\$7,218
Council's property ownership costs (000)	\$4,640	\$4,957	\$5,349	\$5,171	\$5,133
Total cost to Council incl. grant + property costs (000)	\$7,397	\$7,851	\$8,474	\$8,412	\$8,417
PERFORMANCE MEASURES		2015/16 Actual	2016/17 Actual	2017/18 Actual	2017/18 Target
<b>Wellington Regional Economic Development Agency LTD (WREDA)</b>					
Maintain Wellington's share of the convention market		16%	18%	18%	18%
Venues utilisation		56.30%	54.20%		
Net permanent and long term arrivals			3800	3600	3600
Australian visitor spend			\$243m	\$240m	\$240m
Lightning Lab participant investment raised		\$5.7m			
Return On Investment via out of Wellington spend			21:01	20:01	20:01
Number of events				624	624
Total event attendance			657,743	700,000	700,000
FUNDING MEASURES		2015/16 Actual	2016/17 Actual		
<b>Wellington Regional Economic Development Agency LTD (WREDA)</b>					
Non-council revenue (000)		\$8,203	\$14,229		
WCC operating grants (excl. Venues) (000)		\$12,039	\$12,235		
GWRC grants (000)	<b>133</b>	\$4,300	\$4,160		
Total revenue (000)		\$24,542	\$31,781		
Operating costs (000)		\$24,556	\$30,731		
Net surplus /loss (000)		-\$14	-\$24		

PERFORMANCE MEASURES	2014/15 Actual	2015/16 Actual	2016/17 Actual	2017/18 Actual	2017/18 Target
<b>Basin Reserve Trust</b>					
Attendance at all events	22,506	49,778	\$37,336	37,362	40,000
Event income	\$127,250	\$196,500	\$206,600	\$290,250	
Operational grant per attendance	\$16.00	\$7.00	\$10.26	\$10.68	
Event days (incl. community events)	67	110	59	87	
Practice facility usage	71	101	147	95	
Number of functions	18	18	8	20	
FUNDING MEASURES	2014/15 Actual	2015/16 Actual	2016/17 Actual		
<b>Basin Reserve Trust</b>					
Non-council revenue earned (000)	\$152	\$267	\$356	\$316	\$282
Council operating grant (000)	\$557	\$593	\$633	\$649	\$629
Total revenue earned (000)	\$709	\$860	\$989	\$965	\$910
PERFORMANCE MEASURES	2014/15 Actual	2015/16 Actual	2016/17 Actual	2017/18 Actual	2017/18 Target
<b>Karori Sanctuary Trust</b>					
Visitors	97,543	125,849	125,179	132,337	96,500
Education visits	6,890	9,478	11,621	9,316	8,650
Individual memberships	9,680	10,572	10,944	10,886	10,600
Cash subsidy (grant) per visit	\$8.97	\$6.95	\$6.99	\$6.31	\$9.07
Full cost to Council per visitor		\$11.34	\$11.23	\$13.71	\$16.51
Average revenue per visitor	\$25.52	\$26.03	\$28.01	\$31.44	\$26.22
Non-Council donations & funding	\$291,545	\$402,608	\$419,000	\$461,000	\$265,000
Membership subscription revenue	n/a	n/a	\$342,999		
FUNDING MEASURES	2014/15 Actual	2015/16 Actual	2016/17 Actual		
<b>Karori Sanctuary Trust</b>					
Non-council revenue earned (000)	\$2,499	\$3,348	\$3,559	\$4,326	\$2,913
Council operating grant (000)	\$875	\$875	\$875	\$875	\$875
Total revenue earned (000)	\$3,374	\$4,223	\$4,465	\$5,201	\$3,788
Council's property ownership costs (000)	\$1,464	\$1,427	\$1,406		
Total cost to Council incl. grant + property costs (000)	\$2,339	\$2,302	\$2,281	\$875	875
PERFORMANCE MEASURES	2014/15 Actual	2015/16 Actual	2016/17 Actual	2017/18 Actual	2017/18 Target
<b>Wellington Cable Car Ltd</b>					
Total Passengers	976,416	1,010,905	970,336		1,091,925
Fare income	\$2,399,000	\$2,731,000	\$2,481,000		\$2,890,000
Cable Car reliability	<99.0%	<99.0%	<99.0%	<99.0%	<99.0%
FUNDING MEASURES	2014/15 Actual	2015/16 Actual	2016/17 Actual		
<b>Wellington Cable Car Ltd</b>					
Non-council revenue earned (000)	\$10,009	\$6,896	\$6,831		
Council capital grant (000)	Nil	\$2,057	\$443		
Total revenue earned (000)	\$10,009	\$8,953	\$7,274		\$9,072
Total cost to Council incl. grant + property costs (000)	Nil	\$2,057	\$443		



**Section 4: DRAFT Wellington City Council and Group  
Consolidated Financial Statements For the year ended  
30 June 2018**

## Statement of Compliance and Responsibility

### Reporting entity

Wellington City Council is a territorial local authority governed by the Local Government Act 2002.

The primary purpose of the Council and Group is to provide goods or services for community or social benefits rather than making a financial return. As a defined public entity under the Public Audit Act 2001, the Council is audited by the Office of the Auditor General and is classed as a Public Sector Public Benefit Entity for financial reporting purposes.

The reported Council figures includes the results and operations of Wellington City Council and the Council's interests in the joint ventures as disclosed in Note 35: Jointly controlled assets (page XX).

The reported Group figures includes the Council (as defined above), its controlled entities as disclosed in Note 19 (page XX) and the Council's equity accounted interest in the associates and a jointly controlled entity as disclosed in Note 20 (page XX). A structural diagram of the Council and Group is included on the following page.

### Compliance

The Council and management of Wellington City Council confirm that all the statutory requirements in relation to the Annual Report, as outlined in Schedule 10 of the Local Government Act 2002, including the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP) have been complied with.

The financial statements have been prepared to comply with Public Sector Public Benefit Entity Accounting Standards (PBE accounting standards) for a Tier 1 entity<sup>1</sup> and were authorised for issue by the Council on 26 September 2018.

### Responsibility

The Council and management accept responsibility for the preparation of the annual financial statements and judgements used in them. They also accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and management, the Annual Report for the year ended 30 June 2018 fairly reflect the financial position, results of operations and service performance achievements of Wellington City Council and Group.

**Justin Lester**

**Mayor**

26 September 2018

**Kevin Lavery**

**Chief Executive**

26 September 2018

**Andy Matthews**

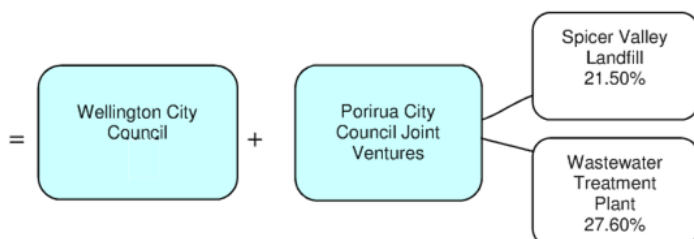
**Chief Financial Officer**

26 September 2018

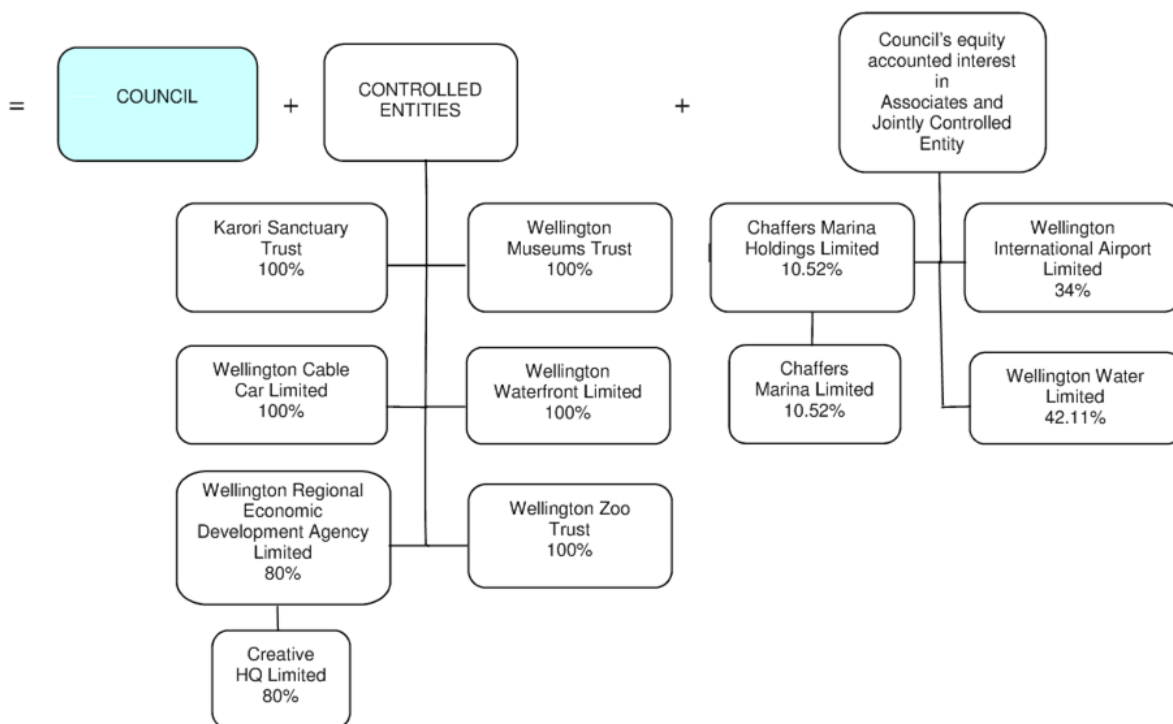
1. A Tier 1 entity is defined as being either, publicly accountable or large (ie. expenses over \$30m). Council exceeds the expenses threshold.

## Council and Group Structure

### Wellington City Council Reporting Entity (Council)



### Wellington City Council Group Reporting Entity (Group)



All entities included within the Group are domiciled in Wellington, New Zealand

The percentages above represent the Council's interest and/or ownership (for accounting purposes) in each of the entities in the Group. Refer to Notes 19 and 20 (pages **XX** to **XX**) for more information

## Basis of Consolidation

### Joint ventures

Joint ventures are binding contractual arrangements with other parties to jointly control an undertaken activity. The accounting treatment can vary according to the structure of the venture concerned. The two structure types are either a jointly controlled asset or a jointly controlled entity.

For a jointly controlled asset the Council has a liability in respect of its share of joint ventures' operational deficits and liabilities, and shares in any operational surpluses and assets. The Council's proportionate interest (ie. 21.5% of the Spicer Valley landfill) in the assets, liabilities, revenue and expenditure is included in the financial statements of the Council and Group on a line-by-line basis.

For a jointly controlled entity the Council chooses to use the equity accounting treatment option available as it better reflects its investment in the joint venture. The investment is initially recognised at cost, and adjusted thereafter for the post-acquisition changes in the Council's share of net assets/equity of the entity. The Council's share of the surplus or deficit of the entity is included in the Group's surplus or deficit on a single line.

### Controlled entities

Controlled entities are entities that are controlled by the Council. In the Council financial statements, the investment in controlled entities are carried at cost. In the Group financial statements, controlled entities are accounted for using the purchase method where assets, liabilities, revenue and expenditure are added on a line-by-line basis. Where a non-controlling interest is held by another party in a Council controlled entity, the controlled entity is consolidated as if it was fully controlled and the share of any surplus or deficit attributable to the non-controlling interest is disclosed within the Statement of Comprehensive Revenue and Expense.

All significant transactions between Group entities, other than rates, are eliminated on consolidation. Rates are charged on an arm's length basis and are not eliminated to ensure that reported costs and revenues are consistent with the Council's Annual Plan.

### Associates

Associates are entities where the Council has significant influence over their operating and financial policies but they are not controlled entities or joint ventures. In the Council financial statements, the investments in associates are carried at cost. In the Group financial statements, the Council's share of the assets, liabilities, revenue and expenditure of associates is included on an equity accounting basis as a single line.

### Council Controlled Organisations

The Council has established several Council Controlled Organisations (CCO's) and Council Controlled Trading Organisations (CCTO's) to help it achieve its goals for Wellington. These organisations were set up to independently manage Council facilities, or deliver specific services and developments on behalf of Wellington residents. A report on these organisations is found on page XX. Council has made appointments to other organisations, which make them Council Organisations (as defined in the Local Government Act 2002) but they are not Council controlled or part of the Group.

## Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2018

		Council			Group	
		Actual	Budget	Actual	Actual	Actual
	Note	2018	2018	2017	2018	2017
		\$000	\$000	\$000	\$000	\$000
<b>Revenue</b>						
Rates	1	296,409	296,806	286,015	296,409	286,015
Revenue from operating activities						
Development contributions	2	3,305	2,000	3,025	3,305	3,025
Grants, subsidies and reimbursements	2	50,643	55,913	33,881	64,501	46,538
Other operating activities	2	142,450	130,702	144,215	162,266	162,461
Investments revenue	3	24,362	22,454	24,585	11,752	12,648
Vested assets and other revenue	4	9,740	1,050	8,565	9,741	12,652
Fair value gains	5	6,941	3,058	23,500	6,947	23,404
Finance revenue		1,603	704	2,367	1,864	2,601
<b>Total revenue</b>		<b>535,453</b>	<b>512,687</b>	<b>526,153</b>	<b>556,785</b>	<b>549,344</b>
<b>Expense</b>						
Finance expense	6	(24,082)	(25,420)	(23,960)	(24,094)	(23,970)
Expenditure on operating activities	7	(371,749)	(348,489)	(368,625)	(402,525)	(398,986)
Depreciation and amortisation expense	8	(107,415)	(106,417)	(101,889)	(109,048)	(103,653)
<b>Total expense</b>		<b>(503,246)</b>	<b>(480,326)</b>	<b>(494,474)</b>	<b>(535,667)</b>	<b>(526,609)</b>
Share of equity accounted surplus/(deficit) from associates and jointly controlled entity	9	-	-	-	16,243	13,313
<b>Net surplus before taxation</b>		<b>32,207</b>	<b>32,361</b>	<b>31,679</b>	<b>37,361</b>	<b>36,048</b>
Income tax credit/(expense)	10	-	-	-	(429)	102
<b>NET SURPLUS for the year</b>		<b>32,207</b>	<b>32,361</b>	<b>31,679</b>	<b>36,932</b>	<b>36,150</b>
<b>Net surplus attributable to:</b>						
Wellington City Council and Group		32,207	32,361	31,679	36,648	35,866
Non-controlling interest		-	-	-	284	284
		<b>32,207</b>	<b>32,361</b>	<b>31,679</b>	<b>36,932</b>	<b>36,150</b>

The notes on pages **XX** to **XX** form part of and should be read in conjunction with the financial statements



## Statement of Comprehensive Revenue and Expense - continued

For the year ended 30 June 2018

	Refer	Council			Group	
		Actual	Budget	Actual	Actual	Actual
		2018	2018	2017	2018	2017
		\$000	\$000	\$000	\$000	\$000
Net surplus for the year		32,207	32,361	31,679	36,932	36,150
Other comprehensive revenue and expense <sup>1</sup>						
Items that will be reclassified to surplus/(deficit)						
Cash flow hedges:						
Fair value movement - net	SCIE <sup>2</sup>	(4,079)	-	17,447	(4,380)	17,447
Fair value through other comprehensive revenue and expense						
Fair value movement - net	SCIE	856	-	1,240	1,615	1,195
Items that will not be reclassified to surplus/(deficit)						
Non-controlling interest:						
Movement in non-controlling interest		-	-	-	-	-
Revaluations:						
Fair value movement - property, plant and equipment - net	SCIE	180,413	122,876	295,254	180,413	295,254
Share of other comprehensive revenue and expense of associates and jointly controlled entity:						
Fair value movement - property, plant and equipment - net	SCIE	-	-	-	20,588	24,165
Total other comprehensive revenue and expense		177,190	122,876	313,941	198,236	338,061
<b>TOTAL COMPREHENSIVE REVENUE and EXPENSE for the year</b>		<b>209,397</b>	<b>155,237</b>	<b>345,620</b>	<b>235,168</b>	<b>374,211</b>
Total comprehensive revenue and expense attributable to:						
Wellington City Council and Group		209,397	155,237	345,620	234,884	373,927
Non-controlling interest		-	-	-	284	284
		<b>209,397</b>	<b>155,237</b>	<b>345,620</b>	<b>235,168</b>	<b>374,211</b>

1. Other comprehensive revenue or expense is non-cash in nature and only reflects changes in equity.

2. Statement of Changes in Equity – see page XX

*The notes on pages XX to XX form part of and should be read in conjunction with the financial statements*

## **Statement of Comprehensive Revenue and Expense - Major budget variations**

Significant variations from budgeted revenues and expenses are as follows:

### **Revenues were \$22.766m higher than budgeted primarily due to:**

- \$3.806m of additional landfill charges for contaminated and special waste
- \$1.516m of additional transport and infrastructure revenue due to a number of factors including higher than expected bus shelter advertising revenue
- \$1.467m of additional dividend revenue largely from the Council's investment in Wellington International Airport Limited
- \$1.305m of additional development contribution revenue
- \$8.087m of vested assets from developments
- \$6.937m of investment property revaluations

### **Expenses were \$22.920m higher than budgeted primarily due to:**

- \$5.000m of grants were budgeted in 2017/18 but actually incurred in 2016/17
- \$3.349m higher than budgeted IT and telecommunication costs
- \$12.523m for the increase in the Weathertight homes provision
- \$1.381m for the increase in insurance premiums

Net finance expense was \$2.237m lower than budgeted principally reflecting the lower than planned capital expenditure, which is debt funded, resulting in lower interest charges.

**Note 1: Rates revenue**

	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
General rates	169,409	160,558	169,409	160,558
Targeted rates	111,151	109,788	111,151	109,788
Metered water supply	14,782	14,519	14,782	14,519
Penalties and adjustments	1,067	1,150	1,067	1,150
<b>TOTAL RATES REVENUE</b>	<b>296,409</b>	<b>286,015</b>	<b>296,409</b>	<b>286,015</b>

The total amount of rates charged on Council owned properties that have not been eliminated from revenue and expenditure is \$13.915m (2017: \$13.258m). For the Group, rates of \$13.981m (2017: \$13.298m) have not been eliminated.

The revenue from rates for Wellington City Council was billed on the following rating information held as at 30 June 2017.

The number of rating units: 78,192 (30 June 2016: 77,802).

	2018	2017
	\$000	\$000
Total capital value of rating units	55,577,812	55,116,216
Total land value of rating units	23,373,780	23,300,843

**Relevant significant accounting policies**

Rates are set annually by resolution from the Council and relate to a particular financial year. All ratepayers are invoiced within the financial year for which the rates have been set. Rates revenue is recognised in full as at the date when rate assessment notices are sent to the ratepayers. Rates are a tax as they are payable under the Local Government Ratings Act 2002 and therefore meet the definition of non-exchange.

Water rates by meter are regulated in the same way as other rates and are taxes that use a specific charging mechanism to collect the rate. However, as the rates charged are primarily based on a per unit of consumption basis, water rates by meter are considered to be more in the nature of an exchange transaction. Revenue from water rates by meter is recognised on an accrual basis based on usage.

**Rates remissions**

Revenue from rates is shown net of rates remissions. The Council's Rates Remission and Postponement Policies provide for general rates to be partially remitted for rural open space; land used principally for games or sport and in special circumstances (where the rating policy is deemed to unfairly disadvantage an individual ratepayer). A remission of the Downtown targeted rate may also be granted to provide rates relief for downtown commercial property temporarily not fit for the purpose due to the property undergoing development and therefore not receiving the benefits derived by contributing to the Downtown targeted rate. The Council committed itself at the start of the year to certain remissions, which for the reporting period ended 30 June 2018 totalled \$0.888m (2017: \$0.751m).

### Non-rateable land

Under the Local Government (Rating) Act 2002 certain properties are non-rateable. This includes schools, churches, public gardens and certain land vested in the Crown. This land is non-rateable in respect of general rates but, where applicable, is rateable in respect of sewerage and water. Non-rateable land does not constitute a remission under the Council's Rates Remission and Postponement Policies.

## Note 2: Revenue from operating activities

	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
<b>Development contributions</b>	3,305	3,025	3,305	3,025
<b>Grants, subsidies and reimbursements</b>				
Operating	7,614	6,606	21,253	18,961
Capital	43,029	27,275	43,248	27,577
<b>Total grants, subsidies and reimbursements</b>	<b>50,643</b>	<b>33,881</b>	<b>64,501</b>	<b>46,538</b>
<b>Other operating activities</b>				
Fines and penalties	6,176	7,196	6,176	7,196
Rendering of services	129,686	130,569	144,969	144,658
Sale of goods	6,588	6,450	11,121	10,607
<b>Total other operating activities</b>	<b>142,450</b>	<b>144,215</b>	<b>162,266</b>	<b>162,461</b>
<b>TOTAL REVENUE FROM OPERATING ACTIVITIES</b>	<b>196,398</b>	<b>181,121</b>	<b>230,072</b>	<b>212,024</b>

For the Council, the principal grants and reimbursements are from:

- The New Zealand Transport Agency (NZTA), which reimburses part of the Council's costs for maintaining the local roading infrastructure. The capital reimbursements recognised from NZTA of \$27.835m (2017: \$11.473m) and operating reimbursements of \$6.005m (2017: \$5.349m) are for costs already incurred and there are no unfulfilled conditions or other contingencies relating to the reimbursements.
- The Crown, for the upgrade of the Council's social housing stock. The capital grant and operating grant recognised in the current year being, \$14.616m (2017: \$12.182m) and \$0.555m (2017: \$1.122m) respectively, are part of a 10 year work programme that commenced in 2008. All of the grant revenue has now been recognised in accordance with that agreed work programme. There are no unfulfilled conditions or other contingencies relating to this utilised grant revenue apart from the overarching requirement for Council to maintain its investment and provision of social housing until 2037.

For the Group, the additional principal subsidy was \$4.194m (2017: \$3.616m) from Greater Wellington Regional Council to Wellington Cable Car Limited for the maintenance of the overhead wire trolley system up to 31 October 2017 when the power was switched off and decommissioning of the system commenced on 1 November 2017. The higher subsidy compared to the previous period reflects decommissioning costs reimbursed.



For other operating activities of Council, the principal services rendered (provided) were:

- Community housing - \$21.261m (2017: \$22.280m)
- Parking fees and permits - \$20.386m (2017: \$18.287m)
- Building consents and licensing services - \$14.670m (2017: \$15.319m)
- Landfill operations and recycling - \$14.645m (2017: \$15.636m) – including unbudgeted revenue from the joint ventures with Porirua City Council \$1.601m (2017: \$1.259m).
- Convention and conferences centres – \$12.723m (2017: \$13.165m)

### **Relevant significant accounting policies**

Revenue from operating activities is generally measured at the fair value of consideration received or receivable.

The Council undertakes various activities as part of its normal operations which generates revenue, but generally at below market prices or at fees and user charges subsidised by rates. The following categories (except where noted) are classified as transfers, which are non-exchange transactions other than taxes.

See Note 13: Receivables and recoverables (page XX), for an explanation of exchange and non-exchange transactions, transfers and taxes.

### **Development contributions**

Development contributions are recognised as revenue when the Council provides, or is able to provide, the service for which the contribution was charged. Until such time as the Council provides, or is able to provide the service, development contributions are recognised as liabilities.

### **Grants, subsidies and reimbursements**

Grants, subsidies and reimbursements are initially recognised at their fair value where there is reasonable assurance that the monies will be received and all attaching conditions will be complied with. Grants and subsidies received in relation to the provision of services are recognised on a percentage of completion basis. Reimbursements (eg. NZ Transport Agency roading claim payments) are recognised upon entitlement, which is when conditions pertaining to eligible expenditure have been fulfilled.

### **Fines and penalties**

Revenue from fines and penalties (eg. traffic and parking infringements and library overdue book fines) is recognised when infringement notices are issued or when the fines/penalties are otherwise imposed. In particular the fair value of parking related fines is determined based on the probability of collecting fines considering previous collection history and a discount for the time value of money.

### **Rendering of services**

Revenue from the rendering of services (eg. building consent fees) is recognised by reference to the stage of completion of the transaction, based on the actual service provided as a percentage of the total services to be provided. Under this method, revenue is recognised in the accounting periods in which the services are provided. Some rendering of services are provided at a market rate or on a full cost recovery basis (eg. Parking fees) and these are classified as exchange.

### **Sale of goods**

The sale of goods is classified as exchange revenue. Sale of goods is recognised when products are sold to the customer and all risks and rewards of ownership have transferred to the customer.

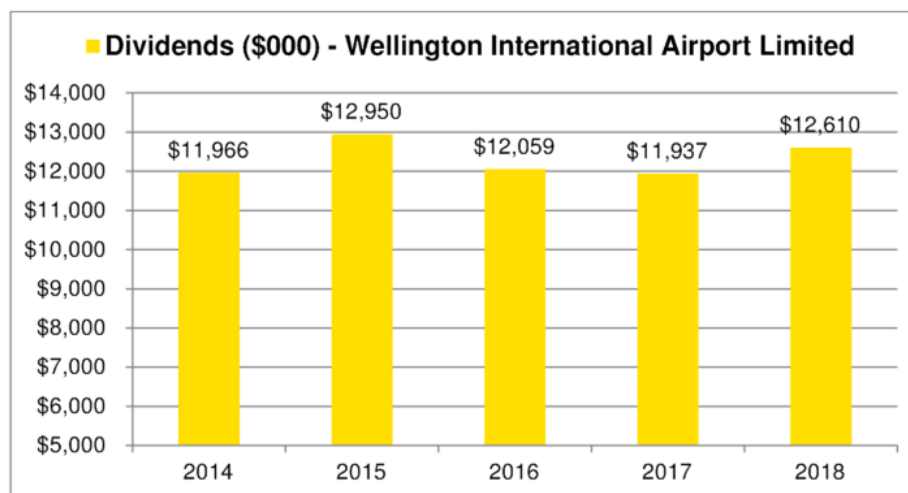


### Note 3: Investments revenue

	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Dividend from associates	12,610	11,937	-	-
Dividend from equity investments	104	104	104	104
Investment property revenues	11,648	12,544	11,648	12,544
<b>TOTAL INVESTMENTS REVENUE</b>	<b>24,362</b>	<b>24,585</b>	<b>11,752</b>	<b>12,648</b>

The primary investment dividend was from Council's 34% holding in Wellington International Airport Limited.

The Council continues to maintain its current level of investment as it considers the dividend stream adds diversity to normal rates revenue. The investment holding is presently maintained as it is strategically, financially and economically prudent to do so.



For further information refer to Note 20: Investment in associates and jointly controlled entity (page XX).

The revenues from investment properties are primarily from ground leases around the CBD and on the waterfront. The Council periodically reviews its continued ownership of investment properties by assessing the benefits against other arrangements that could deliver similar benefits. Any assessment is based on both the strategic benefit of the investment/ownership and in terms of the most financially viable method of achieving the delivery of Council services.

For further information refer to Note 17: Investment properties (page XX).

**Relevant significant accounting policies****Dividends**

Dividends from equity investments are recognised when the Council's right to receive payment has been established.

**Investment property lease rentals**

Lease rentals (net of any incentives given) are recognised on a straight line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which benefits derived from the leased asset is diminished

**Note 4: Vested assets and other revenue**

	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Vested assets	8,087	6,250	8,087	6,250
Gain on business combination	-	-	-	4,072
Other revenue	1,653	2,315	1,654	2,330
<b>TOTAL VESTED ASSETS AND OTHER REVENUE</b>	<b>9,740</b>	<b>8,565</b>	<b>9,741</b>	<b>12,652</b>

Vested assets are principally infrastructural assets such as roading, drainage, waste and water assets that have been constructed by developers. As part of the consents process, ownership of these assets is transferred to the Council, and on completion they become part of the city's network. Although vested assets are non-cash in nature and represent a future obligation to the Council, as the Council will have the on-going costs associated with maintaining the assets, they are recognised as revenue in accordance with the applicable accounting standard.

The values of principal vested assets received were:

- Drainage, waste and water - \$4.950m (2017: \$2.645m)
- Roding - \$2.102m (2017: \$2.526m)

Other revenue is principally Fuel Tax - \$1.132m (2017: \$1.120m)

For the group, the \$4.072m gain on business combination in 2017 related to the Council acquiring control of the Karori Sanctuary Trust. For more information refer to Note 19 – Investment in Controlled entities (page XX).

**Relevant significant accounting policies****Donated, subsidised or vested assets**

Where a physical asset is acquired for nil or nominal consideration, with no conditions attached, the fair value of the asset received, as determined by active market prices, is recognised as non-exchange revenue when the control of the asset is transferred to the Council.

**Gains**

Gains include additional earnings (ie. sale proceeds in excess of the book value) on the disposal of property, plant and equipment.

#### Donated services

The Council benefits from the voluntary service of many Wellingtonians in the delivery of its activities and services (eg. beach cleaning and Otari-Wilton's Bush guiding and planting). Due to the difficulty in determining the precise value of these donated services with sufficient reliability, donated services are not recognised in these financial statements.

### Note 5: Fair value gains

	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Investment property revaluation	6,937	18,222	6,937	18,222
Amortisation of loans to related parties	4	3	10	8
Fair value adjustment on loans to related parties	-	5,275	-	5,174
<b>TOTAL FAIR VALUE GAINS</b>	<b>6,941</b>	<b>23,500</b>	<b>6,947</b>	<b>23,404</b>

Investment properties, which are revalued annually, are held primarily to earn lease revenue and/or for capital growth. These properties include the Council's ground leases and certain lands and buildings, including the waterfront's investment properties. For more information refer to Note 17: Investment properties (page XX).

The \$5.275m adjustment to the related party loan in 2017 was due to the early repayment of the loan Council made to the Karori Sanctuary Trust. This loan had previously been reduced to its fair value to reflect the time value of money and the expected repayment schedule and was being amortised back up over time to its original full value. The early full repayment required the fair value to be adjusted up to the full value of \$10.347m. For more information refer to Note 14: Other financial assets (page XX).

### Relevant significant accounting policies

#### Gains

Gains include increases on the revaluation of investment property and in the fair value of financial assets and liabilities.

#### Investment properties

Investment properties are measured initially at cost and subsequently measured at fair value, determined annually by an independent registered valuer. Any gain or loss arising is recognised within surplus or deficit. Investment properties are not depreciated.

#### Derivatives

Movements on derivatives at fair value through surplus or deficit represents the fair value movements on interest rate swaps that do not meet the criteria for hedge accounting. Movements in the Group's other derivatives that meet the criteria for hedge accounting, are taken to the cash flow hedge reserve and have no impact on the net surplus for the year.

**Note 6: Finance expense**

	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Interest on borrowings	23,062	22,956	23,074	22,966
Interest on finance leases	-	2	-	2
Re-discounting of interest on provisions	1,020	1,002	1,020	1,002
<b>TOTAL FINANCE EXPENSE</b>	<b>24,082</b>	<b>23,960</b>	<b>24,094</b>	<b>23,970</b>
<i>Less</i>				
Finance revenue - interest earned	1,603	2,367	1,864	2,601
<b>NET FINANCE COST</b>	<b>22,479</b>	<b>21,593</b>	<b>22,230</b>	<b>21,369</b>

**Relevant significant accounting policies****Interest on borrowings**

Interest expense is recognised using the effective interest rate method. All borrowing costs are expensed in the period in which they are incurred.

**Re-discounting of interest**

Re-discounting of interest on provisions is the Council's funding cost for non-current provisions (where the cash flows will not occur until a future date). For further information refer to Note 24: Employee benefit liabilities and provisions (page XX) and Note 25: Provision for other liabilities (page XX).

**Interest earned**

Interest earned is recognised using the effective interest rate method.

## Note 7: Expenditure on operating activities

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
<b>Governance and employment</b>				
Elected member remuneration	1,559	1,550	1,559	1,550
Independent directors/trustees fees for controlled entities	-	-	437	489
Employee benefits expense:				
- Remuneration	86,778	84,822	113,945	110,458
- Superannuation contributions (including Kiwisaver)	2,505	2,336	3,059	2,884
Other personnel costs	4,025	3,666	4,981	4,140
<b>Impairments</b>				
Bad debts written off not previously provided for	175	123	175	123
Increase in provision for impairment of receivables and recoverables	167	896	167	896
Impairment loss from property, plant and equipment	4	11,446	4	11,446
Impairment loss on shares	-	-	153	27
<b>Insurance</b>				
Insurance premiums	12,181	9,671	12,609	10,149
Insurance reserve costs - net	2,750	6,910	2,750	6,910
<b>General</b>				
Administration Costs	6,477	6,467	20,600	18,334
Auditor's remuneration:	454	308	626	555
Contractors	5,267	4,846	8,209	7,629
Contracts, services and materials	134,741	131,212	139,289	135,541
Grants - general	12,161	22,363	11,881	19,098
Grants to controlled entities	24,907	21,032	-	-
Information and communication technology	16,342	12,119	17,326	13,147
Loss on disposal of intangibles	35	-	35	-
Loss on disposal of property, plant and equipment	1,573	542	1,576	886
Operating lease - minimum lease payments	2,043	1,737	3,208	4,734
Other general costs	425	620	1,149	2,959
Professional costs	16,250	14,406	16,855	16,216
Reassessment of weathertight provision	12,523	4,429	12,523	4,429
Utility costs	28,407	27,124	29,409	26,386
<b>TOTAL EXPENDITURE ON OPERATING ACTIVITIES</b>	<b>371,749</b>	<b>368,625</b>	<b>402,525</b>	<b>398,986</b>

### Governance and employment

Governance costs relate to the remuneration made to all elected members, comprising the Mayor, Councillors and Community Board members and also to directors appointed to boards of controlled entities.

Employment costs relate to the remuneration paid directly to staff, other employee benefits such as Kiwisaver and other associated costs such as recruitment and training.



During the year \$0.907m (2017: \$0.943m) of termination benefits were incurred by the Council and \$1.077m (2017: \$1.278m) by the Group. Termination benefits include all payments relating to the end of employment other than unpaid salary and leave entitlements. Termination benefits include both contractual (eg redundancy, in lieu of notice) and non-contractual (eg severance) payments.

For further information refer to Note 37: Remuneration and staffing levels (page XX)

### Impairments

The \$11.446m impairment loss from Property, Plant and equipment in 2016/17 relates to the Civic Administration Building due to the damage sustained from the November 2016 Kaikoura earthquake. For more detailed information refer to Note 38: Financial impacts of the Kaikoura Earthquake.

### General

Auditor's remuneration:	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Audit services - Audit New Zealand - Financial Statements	300	297	406	471
Audit services - Audit New Zealand - Long-Term Plan	143	-	143	-
Audit services - Audit New Zealand - other	11	11	11	11
Audit services - Other Auditors	-	-	66	73
	<b>454</b>	<b>308</b>	<b>626</b>	<b>555</b>

During the period Audit New Zealand provided other services to the Council, namely assurance services relating to the Clifton Terrace Carpark managed by the Council on behalf of the New Zealand Transport Agency and assurance services relating to Council's debenture trust deed compliance.

Direct costs are costs directly attributable to the rendering of Council services, including contracts, maintenance, management fees, materials and services.

Grants – general, include \$2.250m (2017: \$2.250m) towards the funding of the Museum of New Zealand, Te Papa Tongarewa.

Grants to controlled entities such as the Wellington Zoo Trust are for operational funding purposes. For details of the funding to these entities refer to Note 36: Related party disclosures (page XX).

Operating lease minimum lease payments are for non-cancellable agreements for the use of assets such as buildings and specialised computer equipment.

Reassessment of provisions primarily relates to the Weathertight homes provision. Refer to Note 25: Provisions for other liabilities (page XX) for more detailed information.

Utility costs are those relating to the use of electricity, gas, and water. It also includes the payment of rates and water meter charges of \$13.872m (2017: \$13.250m) on Council owned properties.

## Relevant significant accounting policies

### Grants and sponsorships

Expenditure is classified as a grant or sponsorship if it results in a transfer of resources (eg. cash or physical assets) to another entity or individual in return for compliance with certain conditions relating to the operating activities of that entity. It includes any expenditure arising from a funding arrangement with another entity that has been entered into to achieve the objectives of the Council. Grants and sponsorships are distinct from donations which are discretionary or charitable gifts. Where grants and sponsorships are discretionary until payment, the expense is recognised when the payment is made. Otherwise, the expense is recognised when the specified criteria have been fulfilled.

### Cost allocation

The Council has derived the cost of service for each significant activity (as reported within the Statements of Service Performance). Direct costs are expensed directly to the activity. Indirect costs relate to the overall costs of running the organisation and include staff time, office space and information technology costs. These indirect costs are allocated as overheads across all activities

### Research and Development

Research costs are expensed as incurred. Development expenditure on individual projects is capitalised and recognised as an asset when it meets the definition and criteria for capitalisation as an asset and it is probable that the Council will receive future economic benefits from the asset. Assets which have finite lives are stated at cost less accumulated amortisation and are amortised on a straight-line basis over their useful lives.

## Note 8: Depreciation and amortisation

	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
<b>Depreciation</b>				
Buildings	21,490	21,784	21,861	22,199
Civic Centre complex	2,675	2,592	2,675	2,592
Restricted buildings	1,621	1,577	1,621	1,577
Drainage, waste and water infrastructure	35,309	32,386	35,309	32,386
Landfill post closure	283	132	283	132
Library collections	1,767	2,352	1,767	2,352
Plant and equipment	11,178	11,106	12,352	12,387
Road infrastructure	28,786	25,039	28,786	25,039
<b>Total depreciation</b>	<b>103,109</b>	<b>96,968</b>	<b>104,654</b>	<b>98,664</b>
<b>Amortisation</b>				
Computer software	4,306	4,921	4,394	4,989
<b>Total amortisation</b>	<b>4,306</b>	<b>4,921</b>	<b>4,394</b>	<b>4,989</b>
<b>TOTAL DEPRECIATION AND AMORTISATION</b>	<b>107,415</b>	<b>101,889</b>	<b>109,048</b>	<b>103,653</b>

Depreciation (amortisation) is an expense charged each year to reflect the estimated cost of using our assets over their lives. Amortisation relates to 'intangible' assets such as software (as distinct from physical assets, which are covered by the term depreciation).

### Relevant significant accounting policies

#### Depreciation

Depreciation is provided on all property, plant and equipment, with certain exceptions. The exceptions are land, restricted assets other than buildings, and assets under construction (work in progress). Depreciation is calculated on a straight-line basis, to allocate the cost or value of the asset (less any assessed residual value) over its estimated useful life.

The landfill post closure asset is depreciated over the life of the landfill based on the capacity of the landfill.

#### Amortisation

The amortisation of intangible assets is charged on a straight-line basis over the estimated useful life of the associated assets.

The estimated useful lives of the major classes of property, plant and equipment are as follows:

Asset Category	2018 Useful Life (years)
Land	unlimited
Buildings	2 - 150
Civic Centre Complex	2 - 67
Plant and equipment	1 - 296
Library collection	4 - 11
Restricted assets (excluding buildings)	unlimited
Infrastructure assets:	
Land (including land under roads)	unlimited
Roading	2 - 266
Drainage, waste and water	7 - 402

The variation in the range of lives for infrastructural assets is due to these assets being managed and depreciated by individual component rather than as a whole asset.

Computer software has a finite economic life and amortisation is charged to surplus or deficit on a straight-line basis over the estimated useful life of the asset. Typically, the estimated useful lives of these assets are as follows:

Asset Category	2018 Useful Life (years)
Computer software	2 - 11

## Note 9: Share of associates and jointly controlled entity's surplus or deficit

The Council's share of the results of the Chaffers Marina Holdings Limited, Wellington International Airport Limited and Wellington Water Limited is as follows:

	Group	
	2018	2017
	\$000	\$000
<b>Associates</b>		
Chaffers Marina Holdings Limited	(17)	(31)
Wellington International Airport Limited	16,270	13,432
<b>Jointly controlled entity</b>		
Wellington Water Limited	(10)	(88)
<b>TOTAL SHARE OF ASSOCIATES' AND JOINTLY CONTROLLED ENTITY'S SURPLUS OR (DEFICIT)</b>	<b>16,243</b>	<b>13,313</b>

Further information on the cost and value of the above investments is found in Note 20: Investments in Associates and Jointly Controlled Entity (page XX).

### Relevant significant accounting policies

Associates are entities where the Council has significant influence over their operating and financial policies but they are not controlled entities or joint ventures. In the Council financial statements, the investments in associates are carried at cost. In the Group financial statements, the Council's share of the assets, liabilities, revenue and expenditure of associates is included on an equity accounting basis as a single line.

For a jointly controlled entity the Council chooses to use the equity accounting treatment option available as it better reflects its investment in the joint venture. The investment is initially recognised at cost, and adjusted thereafter for the post-acquisition changes in the Council's share of net assets/equity of the entity. The Council's share of the surplus or deficit of the entity is included in the Group's surplus or deficit on a single line.

## Note 10: Income tax expense

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
<b>Current tax expense</b>				
Current year	-	-	144	293
Prior period adjustment	-	-	183	1
<b>Total current tax expense</b>	-	-	327	294
<b>Deferred tax expense</b>				
Origination and reversal of temporary differences	(6)	(73)	-	-
Change in unrecognised temporary differences	-	-	102	(396)
Recognition of previously unrecognised tax losses	6	73	-	-
<b>Total deferred tax expense</b>	-	-	102	(396)
<b>TOTAL INCOME TAX EXPENSE / (CREDIT)</b>	-	-	429	(102)
<b>Reconciliation of tax on the surplus and tax expense</b>				
	Council 2018 \$000	2017 \$000	Group 2018 \$000	2017 \$000
Surplus for the period before taxation	32,207	31,679	37,361	36,048
Prima facie income tax based on domestic tax rate - 28%	9,018	8,870	10,461	10,093
Effect of non-deductible expenses and tax exempt income	(9,024)	(8,897)	(11,491)	(10,321)
Effect of tax losses utilised	-	73	-	-
Current years loss for which no deferred tax asset was recognised	6	27	6	27
Recognition of prior year loss	-	(73)	-	(134)
Previously unrecognised tax losses now utilised	-	-	22	-
Change in unrecognised temporary differences	-	-	42	208
Prior period adjustment	-	-	88	(407)
Share of income tax of equity accounted associates	-	-	1,206	385
Under / (over) provision of income tax in previous period	-	-	95	47
<b>TOTAL INCOME TAX EXPENSE / (CREDIT)</b>	-	-	429	(102)
<b>Imputation credits</b>				
			Group 2018 \$000	2017 \$000
Imputation credits available in subsequent periods			154	99



### **Relevant significant accounting policies**

Council, as a local authority is only liable for income tax on the surplus or deficit for the year derived from any council controlled trading organisations and comprises current and deferred tax. Other members of the Group are subject to normal taxation unless they have tax exempt status as charitable trusts.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, plus any adjustment to tax payable in respect of previous periods.

**Statement of Financial Position**

As at 30 June 2018

	Note	Council			Group	
		Actual	Budget	Actual	Actual	Actual
		2018	2018	2017	2018	2017
		\$000	\$000	\$000	\$000	\$000
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	11	95,996	1,144	76,907	106,856	85,366
Receivables and recoverables	13	55,815	48,542	45,179	58,049	46,515
Other financial assets	14	10,515	-	263	11,948	304
Prepayments		15,221	13,414	14,012	15,518	14,303
Inventories		1,285	932	1,149	1,601	1,503
Non-current assets classified as held for sale	15	-	-	-	-	-
<b>Total current assets</b>		<b>178,832</b>	<b>64,032</b>	<b>137,510</b>	<b>193,972</b>	<b>147,991</b>
<b>Non-current assets</b>						
Derivative financial assets	12	381	-	1,283	381	1,283
Receivables and recoverables	13	-	-	4,185	-	4,185
Other financial assets	14	12,201	17,016	9,996	14,231	11,337
Intangibles	16	25,678	28,306	26,528	25,800	26,613
Investment properties	17	236,905	221,512	230,194	236,905	230,194
Property, plant and equipment	18	7,226,974	7,004,869	6,972,168	7,242,418	6,988,405
Investment in controlled entities	19	5,071	5,071	5,071	-	-
Investment in associates and jointly controlled entity	20	19,465	19,465	19,465	187,880	163,960
<b>Total non-current assets</b>		<b>7,526,675</b>	<b>7,296,239</b>	<b>7,268,890</b>	<b>7,707,615</b>	<b>7,425,977</b>
<b>TOTAL ASSETS</b>		<b>7,705,507</b>	<b>7,360,271</b>	<b>7,406,400</b>	<b>7,901,587</b>	<b>7,573,968</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Derivative financial liabilities	12	659	-	975	659	975
Exchange transactions and transfers payable	21	60,686	62,060	58,155	64,620	59,639
Taxes payable	21	6,113	-	3,498	6,375	3,627
Revenue in advance	22	16,184	13,132	28,922	18,511	30,717
Borrowings	23	131,058	269,984	100,096	131,058	100,196
Employee benefit liabilities and provisions	24	7,731	7,807	7,811	9,559	9,808
Provision for other liabilities	25	15,743	12,028	13,584	15,743	13,584
<b>Total current liabilities</b>		<b>238,174</b>	<b>365,011</b>	<b>213,041</b>	<b>246,525</b>	<b>218,546</b>
<b>Non-current liabilities</b>						
Derivative financial liabilities	12	25,083	-	21,591	25,083	21,591
Exchange transactions and transfers payable	21	630	630	630	630	630
Borrowings	23	451,086	258,167	395,724	451,086	395,792
Employee benefit liabilities and provisions	24	772	1,467	889	826	924
Provision for other liabilities	25	50,244	28,110	44,404	50,244	44,404
Deferred tax	26	-	-	-	882	938
<b>Total non-current liabilities</b>		<b>527,815</b>	<b>288,374</b>	<b>463,238</b>	<b>528,751</b>	<b>464,279</b>
<b>TOTAL LIABILITIES</b>		<b>765,989</b>	<b>653,385</b>	<b>676,279</b>	<b>775,276</b>	<b>682,825</b>

## Statement of Financial Position – continued

	Note	Council			Group	
		Actual	Budget	Actual	Actual	Actual
		2018	2018	2017	2018	2017
		\$000	\$000	\$000	\$000	\$000
<b>EQUITY</b>						
Accumulated funds		1,269,134	1,269,134	1,269,134	1,293,162	1,293,162
Retained earnings		3,819,629	3,808,695	3,793,827	3,818,478	3,788,286
Revaluation reserves	27	1,857,464	1,611,454	1,677,312	2,016,078	1,815,338
Hedging reserve	28	(25,362)	-	(21,283)	(25,663)	(21,283)
Fair value through other comprehensive revenue and expense reserve	29	3,744	1,648	2,888	4,836	3,221
Non-controlling interest		-	-	-	284	284
Restricted funds	30	14,909	15,955	8,243	19,136	12,135
<b>TOTAL EQUITY</b>		<b>6,939,518</b>	<b>6,706,886</b>	<b>6,730,121</b>	<b>7,126,311</b>	<b>6,891,143</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7,705,507</b>	<b>7,360,271</b>	<b>7,406,400</b>	<b>7,901,587</b>	<b>7,573,968</b>

The notes on pages XX to XX form part of and should be read in conjunction with the financial statements

## Statement of Financial Position - Major budget variations

Significant variations from budget are as follows:

### Current assets are \$114.800m higher than budgeted primarily due to:

- \$94.000m of short-term deposits are held due to certain favourable interest rates and liquidity requirements.

### Non-current assets are \$230.436m higher than budgeted primarily due to:

- \$6.937m of revaluation increase in investment properties reflecting commercial market returns
- \$181.384m of additional revaluation increases in property, plant and equipment over and above what was budgeted. The current year has a \$57.537m variance for the operational land and buildings revaluation. The increase above budget reflects the better information available on asset values and lives. The budget figures also don't fully reflect the 2016/17 revaluations for infrastructural assets which were much higher than budget as these were only finalised after the Annual Plan budget for 2017/18 was approved by Council.

### Total liabilities are \$112.604m higher than budget primarily due to:

- \$25.083m relating to derivative financial liabilities which are not budgeted for.
- \$25.426m relating to provision for other liabilities, with \$12.523m due to the increase in the weathertight homes provision.
- \$53.993m of borrowings including \$4.644m of loans relating to the joint ventures with Porirua City Council and to meet liquidity ratio requirements.
- \$6.113m tax timing variances mainly related to PAYE payable to the IRD and amounts due to GWRC for rates collected on their behalf.

**Note 11: Cash and cash equivalents**

	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Cash at bank	1,976	4,886	11,288	10,978
Cash on hand	20	21	39	39
Short term bank deposits up to 3 months	94,000	72,000	95,529	74,349
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>95,996</b>	<b>76,907</b>	<b>106,856</b>	<b>85,366</b>

Bank balances that are interest bearing earn interest based on current floating bank deposit rates.

Short term deposits are made with a registered bank, with a credit rating of at least A, for varying periods of up to three months depending on the immediate cash requirements and short term borrowings of the Group, and earn interest at the applicable short term deposit rates.

Council holds short term deposits as part of its overall liquidity risk management programme. This programme enables Council to maintain its regular commercial paper programme and to pre-fund upcoming debt maturities. The combination of the commercial paper programme and holding short term deposits reduces Council's cost of funds.

**Note 12: Derivative financial instruments**

	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
<b>Assets</b>				
<b>Non-current assets</b>				
Interest rate swaps - cash flow hedges	380	1,283	380	1,283
Interest rate cap	1		1	
<b>Total non-current assets</b>	<b>381</b>	<b>1,283</b>	<b>381</b>	<b>1,283</b>
<b>TOTAL DERIVATIVE FINANCIAL INSTRUMENT ASSETS</b>	<b>381</b>	<b>1,283</b>	<b>381</b>	<b>1,283</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Interest rate swaps - cash flow hedges	659	975	659	975
<b>Total current liabilities</b>	<b>659</b>	<b>975</b>	<b>659</b>	<b>975</b>
<b>Non-current liabilities</b>				
Interest rate swaps - cash flow hedges	25,083	21,591	25,083	21,591
<b>Total non-current liabilities</b>	<b>25,083</b>	<b>21,591</b>	<b>25,083</b>	<b>21,591</b>
<b>TOTAL DERIVATIVE FINANCIAL INSTRUMENT LIABILITIES</b>	<b>25,742</b>	<b>22,566</b>	<b>25,742</b>	<b>22,566</b>

Derivative financial instruments are used by the Group in the normal course of business to hedge exposure to cash flow and fair value interest rate risk. The amounts shown above represent the fair values of these derivative financial instruments. Although these are managed as a portfolio, the Group has no rights to offset assets and liabilities and must present these figures separately.

Cash flow hedges are used to fix interest rates on floating rate debt (floating rate notes or commercial paper) or bank borrowings. Fair value hedges are used to convert interest rates on some fixed rate debt (bonds) to floating rates.

For further information on the Council's interest rate swaps please refer to Note 28: Hedging Reserve (page XX) and Note 32: Financial instruments (page XX).

### **Relevant significant accounting policies**

Derivative financial instruments include interest rate swaps used to hedge exposure to interest rate risk on borrowings. Derivatives are initially recognised at fair value, based on quoted market prices, and subsequently remeasured to fair value at the end of each reporting period. Fair value is determined by reference to quoted prices for similar instruments in active markets. Derivatives that do not qualify for hedge accounting are classified as non-hedged and fair value gains or losses are recognised within surplus or deficit.

Recognition of fair value gains or losses on derivatives that qualify for hedge accounting depends on the nature of the item being hedged. Where a derivative is used to hedge variability of cash flows (cash flow hedge), the effective part of any gain or loss is recognised within other comprehensive revenue and expense while the ineffective part is recognised within surplus or deficit. Gains or losses recognised in other comprehensive revenue and expense transfer to surplus or deficit in the same periods as when the hedged item affects the surplus or deficit.

As per the International Swap Dealers' Association (ISDA) master agreements, all swap payments or receipts are settled net.



**Note 13: Receivables and recoverables**

Receivables and recoverables	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Current	55,815	45,179	58,049	46,515
Non-Current	-	4,185	-	4,185
<b>TOTAL RECEIVABLES AND RECOVERABLES - NET</b>	<b>55,815</b>	<b>49,364</b>	<b>58,049</b>	<b>50,700</b>
Receivables and recoverables	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Trade receivables and recoverables - debtors - net	16,753	18,119	18,300	17,394
Trade recoverables - fines - net	3,630	3,439	3,630	3,439
Accrued income	12,287	8,058	12,352	8,094
Sundry receivables	6,365	7,617	6,987	9,779
GST recoverable	6,314	2,803	6,314	2,666
Rates recoverable	10,466	9,328	10,466	9,328
<b>TOTAL RECEIVABLES AND RECOVERABLES - NET</b>	<b>55,815</b>	<b>49,364</b>	<b>58,049</b>	<b>50,700</b>

Current trade, rates and sundry receivables and recoverables are non-interest bearing and receipt is generally on 30 day terms, therefore the carrying value approximates their fair value.

Receivables and recoverables	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
<b>Receivables and recoverables from related parties</b>				
- Controlled entities	210	1,294	-	-
- Associates and jointly controlled entity	308	187	308	187
<b>Total receivables and recoverables from related parties</b>	<b>518</b>	<b>1,481</b>	<b>308</b>	<b>187</b>

The movement in the provision for impairment of total receivables and recoverables is analysed as follows:

Provision for impairment of total receivables and recoverables	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Opening balance	6,960	6,183	6,960	6,183
New provisions made	165	896	165	896
Release of unused provision	(142)	(91)	(142)	(91)
Amount of provision utilised	(31)	(28)	(31)	(28)
<b>Provision for impairment of total receivables and</b>	<b>6,952</b>	<b>6,960</b>	<b>6,952</b>	<b>6,960</b>

The ageing profile of total net receivables and recoverables at the reporting date is as follows:

Council	2018			2017		
	Gross \$000	Impaired \$000	Net \$000	Gross \$000	Impaired \$000	Net \$000
<b>Trade and other receivables and recoverables</b>						
Not past due	38,416	(183)	38,231	29,904	(179)	29,725
Past due 0-3 months	6,857	(55)	6,802	7,947	(57)	7,890
Past due 3-6 months	3,654	(193)	3,461	4,209	(227)	3,982
Past due more than 6 months	13,842	(6,521)	7,321	14,264	(6,497)	7,767
<b>TOTAL RECEIVABLES AND RECOVERABLES</b>	<b>62,769</b>	<b>(6,952)</b>	<b>55,815</b>	<b>56,324</b>	<b>(6,960)</b>	<b>49,364</b>
Group	2018			2017		
	Gross \$000	Impaired \$000	Net \$000	Gross \$000	Impaired \$000	Net \$000
<b>Trade and other receivables and recoverables</b>						
Not past due	40,227	(183)	40,042	30,852	(179)	30,673
Past due 0-3 months	7,271	(55)	7,216	8,224	(57)	8,167
Past due 3-6 months	3,655	(193)	3,462	4,240	(227)	4,013
Past due more than 6 months	13,850	(6,521)	7,329	14,344	(6,497)	7,847
<b>TOTAL RECEIVABLES AND RECOVERABLES</b>	<b>65,003</b>	<b>(6,952)</b>	<b>58,049</b>	<b>57,660</b>	<b>(6,960)</b>	<b>50,700</b>

The net receivables and recoverables past due for more than six months primarily relates to fines. Due to their nature, the collection pattern for fines is longer than for trade debtors.

### Relevant significant accounting policies

#### Receivables from exchange transactions

Receivables from exchange transactions arise when the Council is owed by another entity or individual for goods or services provided directly by Council and will receive approximately equal value in a willing arm's length transaction (primarily in the form of cash in exchange). Examples of exchange transactions include parking services and metered water rates.

#### Recoverables from non-exchange transactions

Recoverables from non-exchange transactions arise when the Council is owed value from another party without giving approximately equal value directly in exchange for the value received. Most of the goods or services that Council provide are subsidised by rates revenue and therefore the exchange is unequal. Examples of non-exchange transactions include social housing rentals, parking fines and recreational centre activities. Non-exchange transactions are comprised of either taxes or transfers. Transfers also include grants that do not have specific conditions attached which require return of the grant for non-performance.

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow. As Council satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

**Note 14: Other financial assets**

	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Represented by:				
Current	10,515	263	11,948	304
Non-current	12,201	9,996	14,231	11,337
<b>TOTAL OTHER FINANCIAL ASSETS</b>	<b>22,716</b>	<b>10,259</b>	<b>26,179</b>	<b>11,641</b>
Comprised of:				
<b>Financial assets at fair value through other comprehensive revenue and expense</b>				
Equity investments:				
- Civic Financial Services Ltd	798	806	798	806
- NZ Local Government Funding Agency (LGFA)	5,339	4,475	5,339	4,475
- Creative HQ incubator/accelerator shareholdings	-	-	2,030	1,341
<b>Loans and deposits</b>				
Bank deposits - term greater than 3 months	10,000	-	11,401	-
LGFA - borrower notes	6,304	4,688	6,304	4,688
Loans to related parties - other organisations	31	27	31	27
Loans to external organisations	244	263	276	304
<b>TOTAL OTHER FINANCIAL ASSETS</b>	<b>22,716</b>	<b>10,259</b>	<b>26,179</b>	<b>11,641</b>

**Equity investments**

Civic Financial Services Limited (formerly Civic Assurance) is the trading name for the New Zealand Local Government Insurance Corporation Limited. The Council holds a 4.78% (2017: 4.78%) shareholding in this entity and has no present intention to sell.

The New Zealand Local Government Funding Agency Limited (LGFA), which commenced in December 2011 is an alternative debt provider majority owned by and operated for local authorities. The Council holds an 8% shareholding of the paid-up capital and as a shareholder will benefit from a return on its investment and as a borrower from lower borrowing costs. The LGFA has an AA+ (domestic long term) credit rating from Standard and Poors.

Creative HQ, a controlled entity of Wellington Regional Economic Development Agency Limited (WREDA), has small shareholdings in various incubator and accelerator programme companies. These shares are held until the companies mature or cease operations.

## Loans

The loans to related parties are concessionary in nature, since the loans have been granted on interest free terms. The movements in the loans are as follows:

	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
<b>Loans to related parties - other organisations</b>				
<i><b>Wellington Regional Stadium Trust</b></i>				
<i>(nominal value \$15,394,893)</i>				
Opening balance	27	24	27	24
Amortisation of fair value adjustment	4	3	4	3
<b>Closing balance at fair value</b>	<b>31</b>	<b>27</b>	<b>31</b>	<b>27</b>
<i><b>Karori Sanctuary Trust</b></i>				
<i>(nominal value was \$10,346,689 - repaid 2016/17)</i>				
Opening balance	-	5,072	-	5,072
Movement in fair value	-	5,275	-	5,275
Loan repayment received	-	(10,347)	-	(10,347)
<b>Closing balance at fair value</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Loans to other external organisations</b>				
Opening balance	263	315	304	366
Loan repayments received	(19)	(13)	(34)	(28)
Loan forgiveness	-	(39)	-	(39)
Amortisation of fair value adjustment	-	-	6	5
<b>Closing balance at fair value</b>	<b>244</b>	<b>263</b>	<b>276</b>	<b>304</b>
<b>TOTAL LOANS</b>	<b>275</b>	<b>290</b>	<b>307</b>	<b>331</b>

The fair value movement on loans reflects the timing of their expected repayments and the interest free or other nature of the loan. Over the remaining life of the loans their fair value will be amortised back up to their full nominal value.

### Wellington Regional Stadium Trust

Council holds a \$15m limited recourse loan to WRST which, is unsecured, with no specified maturity and at no interest. The loan is not repayable until all other debts are extinguished. The amortisation rate applicable to the Wellington Regional Stadium Trust loan is 12.710%.

On maturity of the initial WRST membership underwrite, the unpaid interest was converted to a \$0.395m advance repayable after all other advances made by the Council and Greater Wellington Regional Council. The current expected repayment of the loan and the advance back to the Council, as advised by WRST, is in 2070.

### Karori Sanctuary Trust

During the adoption of the 2016/17 Annual Plan, the Council agreed to the purchase of the Zealandia visitor centre building for \$10.347m. Following this purchase, the Council loan to the Karori Sanctuary Trust was fully repaid. The \$5.275m adjustment to the related party loan in 2017 was due to the early repayment of the loan Council made to the Karori Sanctuary Trust. This loan had previously been reduced to its fair value to reflect the term of the loan and expected repayment schedule. It was being amortised back up over time to its original value. The early full repayment required the fair value to be adjusted up to its full value.



Loans to other external organisations are generally suspensory loan arrangements associated with economic development grants provided by Council to achieve defined outcomes. The loans are repayable in the event that the economic development outcomes agreed in providing the grant are not delivered. As agreed outcomes for the grants are met the loans are reduced accordingly.

Further information on the related parties is disclosed in Note 36: Related party disclosures.

## Note 15: Non-current assets classified as held for sale

	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Opening balance	-	1,504	-	1,504
Disposals	-	-	-	-
Transfers to property, plant and equipment	-	(1,504)	-	(1,504)
<b>TOTAL NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Relevant significant accounting policies

Non-current assets held for sale are valued at the lower of the carrying amount and fair value less costs to sell at the time of reclassification.

Non-current assets held for sale are separately classified as their carrying amount will be recovered through a sale transaction rather than through continuing use. A non-current asset is classified as held for sale where:

- the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets;
- a plan to sell the asset is in place and an active programme to locate a buyer has been initiated;
- the asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value;
- the sale is expected to occur within one year or beyond one year where a delay has occurred which is caused by events beyond the Group's control and there is sufficient evidence the Group remains committed to sell the asset; and
- actions required to complete the sale indicate it is unlikely that significant changes to the plan will be made or the plan will be withdrawn.

A non-current asset classified as held for sale is recognised at the lower of its carrying amount or fair value less costs to sell. Impairment losses on initial classification are included within surplus or deficit.



## Note 16: Intangibles

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
<b>Computer software</b>				
Cost - opening balance	73,340	66,989	74,210	67,730
Accumulated amortisation	(49,435)	(44,304)	(50,220)	(44,967)
Computer software opening balance	23,905	22,685	23,990	22,763
Acquired by direct purchase	1,545	6,281	1,670	6,357
Amortisation	(4,306)	(4,921)	(4,394)	(4,990)
Net disposals	(60)	-	(60)	-
Transfer to property, plant and equipment	-	(140)	-	(140)
Transfer between classes	7	-	7	-
<b>Total computer software - closing balance</b>	<b>21,091</b>	<b>23,905</b>	<b>21,213</b>	<b>23,990</b>
Cost	59,625	73,340	60,808	74,210
Accumulated amortisation	(38,534)	(49,435)	(39,595)	(50,220)
<b>Total computer software - closing balance</b>	<b>21,091</b>	<b>23,905</b>	<b>21,213</b>	<b>23,990</b>
<b>Work in progress</b>				
Computer software	1,723	640	1,723	640
<b>Total work in progress</b>	<b>1,723</b>	<b>640</b>	<b>1,723</b>	<b>640</b>
<b>Carbon credits</b>				
Cost - Opening Balance	1,983	1,791	1,983	1,791
Additions	1,231	369	1,231	369
Net disposals	(350)	(177)	(350)	(177)
<b>Total Carbon credits - closing balance</b>	<b>2,864</b>	<b>1,983</b>	<b>2,864</b>	<b>1,983</b>
<b>TOTAL INTANGIBLES</b>	<b>25,678</b>	<b>26,528</b>	<b>25,800</b>	<b>26,613</b>

Disposals and transfers are reported net of accumulated amortisation.

### Carbon credits

As part of the Emissions Trading Scheme (ETS) the Council receives carbon credits from Central Government in recognition of the carbon absorbed by a portion of the Council's green belt. For the year ending 30 June 2018 the Council received 1044 credits (2017: 1,094).

The Council purchased 62,507 credits (2017: 21,473) in the market to cover the expected liabilities associated with landfill operations. During the year, 32,715 credits (2017: 32,425) were surrendered to meet the Council's ETS obligations for the 2017 calendar year.

A further 3,900 credits were purchased to offset sales made to Air New Zealand for them to offer as credits to offset air miles.

At 30 June 2018 the total number of credits held is 382,017 (2017: 347,731).

At 30 June 2018 the liability relating to landfill carbon emissions is \$0.359m (2017: \$0.173m).

More information on carbon credits can be found in the Statements of Service Provision under activity 2.2: Waste reduction and energy conservation (page XX).

### **Relevant significant accounting policies**

#### **Computer software**

Acquired computer software is measured on initial recognition at the costs to acquire and bring to use and subsequently less any amortisation and impairment losses.

Typically, the estimated useful lives of these assets are as follows:

	2018
Asset Category	Useful Life (years)
Computer software	2 - 11

#### **Carbon Credits**

Carbon credits comprise either allocations of emission allowances granted by the Government related to forestry assets or units purchased in the market to cover liabilities associated with landfill operations. Carbon credits allocated as a non-exchange transaction are initially recognised at fair value, which then becomes the deemed cost. Carbon credits that are purchased are recognised at cost.

Gains and losses arising from disposal of intangible assets are recognised within surplus or deficit in the period in which the transaction occurs. Intangible assets are reviewed at least annually to determine if there is any indication of impairment. Where an intangible asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. Losses resulting from impairment are reported within surplus or deficit.

## Note 17: Investment properties

	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
<b>Ground leases, other land and buildings</b>				
Opening balance	229,306	211,237	229,306	211,237
Additions by acquisition	201	153	201	153
Adjustment	-	(269)	-	(269)
Disposals	-	-	-	-
Fair value revaluation movements taken to surplus/(deficit)	6,937	18,222	6,937	18,222
Transfer to property, plant and equipment	41	(37)	41	(37)
<b>Total ground leases, other land and buildings</b>	<b>236,485</b>	<b>229,306</b>	<b>236,485</b>	<b>229,306</b>
<b>Work in progress</b>				
Other land and buildings	420	888	420	888
<b>Total work in progress</b>	<b>420</b>	<b>888</b>	<b>420</b>	<b>888</b>
<b>TOTAL INVESTMENT PROPERTIES</b>	<b>236,905</b>	<b>230,194</b>	<b>236,905</b>	<b>230,194</b>

Wellington City Council's investment properties including the waterfront investment properties were valued as at 30 June 2018 by an independent valuer, William Bunt (FNZIV, FPINZ), registered valuer and Director of Valuation Services for CBRE Limited.

The Council's total investment properties comprise ground leases of \$192.693m (2017: \$185.208m) and land and buildings (including work in progress) of \$44.212m (2017: \$44.986m) held for investment purposes.

Investment properties are properties which are held primarily to earn lease revenue and/or for capital growth. These properties include the Council's ground leases and certain land and buildings.

Ground leases are parcels of land owned by the Council in the central city or on the waterfront that are leased to other parties who own the buildings situated on the land. The leases are generally based on 21-year perpetually renewable terms. As these parcels of land are held for investment purposes the leases are charged on a commercial market basis.

Investment properties exclude those properties held for strategic purposes or to provide a social service. This includes properties which generate cash inflows as the lease revenue is incidental to the purpose for holding the property. Such properties include the Council's social housing assets, which are held within operational assets in property, plant and equipment.

### Relevant significant accounting policies

The basis of valuation varies depending on the nature of the lease. For sites that are subject to a terminating lease the approach is to assess the value of the lease revenue over the remaining term of the lease and add the residual value of the land at lease expiry. For sites subject to perpetually renewable leases values have been assessed utilising a discounted cash flow and arriving at a net present value of all future anticipated gross lease payments.

Borrowing costs incurred during the construction of investment property are not capitalised.

Investment properties are measured initially at cost and subsequently measured at fair value, determined annually by an independent registered valuer. Any gain or loss arising is recognised within surplus or deficit. Investment properties are not depreciated.

## Note 18: Property, plant and equipment

Summary	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Property, plant and equipment - Opening balance	6,972,168	6,645,975	6,988,405	6,659,487
Additions	87,742	83,497	88,270	87,774
Disposals	(876)	(1,094)	(877)	(2,151)
Depreciation expense	(103,109)	(96,968)	(104,654)	(98,663)
Impairment losses	(4)	(11,446)	(4)	(11,446)
Revaluation adjustment	(413)	-	(413)	-
Revaluation movement	181,386	295,254	181,386	295,254
Transfer between asset classes	(48)	179	(48)	178
Transfer to non-current assets held for sale	-	-	-	-
Transfer from non-current assets held for sale	-	1,504	-	1,504
Movement in work in progress	90,128	55,267	90,353	52,819
Acquisition of controlled entity	-	-	-	3,649
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>7,226,974</b>	<b>6,972,168</b>	<b>7,242,418</b>	<b>6,988,405</b>

### Relevant significant accounting policies

Property, plant and equipment consists of operational assets, restricted assets and infrastructure assets.

Operational assets include land, the landfill post-closure asset, buildings, the Civic Centre complex, the library collection, and plant and equipment.

Restricted assets include art and cultural assets, zoo animals, restricted buildings, parks and reserves and the Town Belt. These assets provide a benefit or service to the community and in most cases cannot be disposed of because of legal or other restrictions (for example, land declared as a reserve under the Reserves Act 1977.) The use of the asset may also be restricted such as the donated Basin Reserve land which must be retained for the purposes of providing a cricket and recreation ground with no permitted thoroughfare.

Infrastructure assets include the roading network, water, waste and drainage reticulation networks, service concession arrangement assets and infrastructure land (including land under roads). Each asset type includes all items that are required for the network to function.

Vested assets are those assets where ownership and control is transferred to the Council from a third party (eg. infrastructure assets constructed by developers and transferred to the Council on completion of a subdivision). Vested assets are recognised within their respective asset classes as above.

Heritage assets are tangible assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture. The Council and Group recognises these assets within these financial statements to the extent their value can be reliably measured.



#### Recognition

Expenditure is capitalised as property, plant and equipment when it creates a new asset or increases the economic benefits of an existing asset. Costs that do not meet the criteria for capitalisation are expensed.

#### Measurement

Property, plant and equipment is recognised initially at cost, unless acquired for nil or nominal cost (eg. vested assets), in which case the asset is recognised at fair value at the date of transfer. The initial cost of property, plant and equipment includes the purchase consideration (or the fair value in the case of vested assets), and those costs that are directly attributable to bringing the asset into the location and condition necessary for its intended purpose. Subsequent expenditure that extends or expands the asset's service potential is capitalised.

Borrowing costs incurred during the construction of property, plant and equipment are not capitalised.

After initial recognition, certain classes of property, plant and equipment are revalued to fair value. Where there is no active market for an asset, fair value is determined by optimised depreciated replacement cost.

Optimised depreciated replacement cost is a valuation methodology where the value of an asset is based on the cost of replacement with an efficient modern equivalent making allowance for obsolescence or surplus capacity. The remaining life of the asset is estimated and straight line depreciation applied to bring the replacement cost to a fair value.

Specific measurement policies for categories of property, plant and equipment are shown below:

#### Library Collections

Library collections are valued at depreciated replacement cost on a three-year cycle by the Council's library staff in accordance with guidelines outlined in *Valuation Guidance for Cultural and Heritage Assets*, published by the Treasury Accounting Team, November 2002.

#### Operational Land & Buildings

Operational land and buildings are valued at fair value on a regular basis or, whenever the carrying amount differs materially to fair value, by independent registered valuers. Where the information is available, land and buildings are valued based on market evidence. The majority of Council's land and buildings are of a 'non-tradeable' or specialist nature and the value is based on the fair value of the land plus the optimised depreciated replacement cost of the buildings.

For earthquake prone buildings that are expected to be strengthened, the estimated cost to strengthen the building has been deducted from the optimised depreciated replacement cost.

Buildings that comprise the Social Housing portfolio have been valued on market based approach with the associated land value being established through analysis of sales and market evidence.

#### Restricted assets

Art and cultural assets (artworks, sculptures and statues) are valued at historical cost. Zoo animals are stated at estimated replacement cost. All other restricted assets (buildings, parks and reserves and the Town Belt) were valued at fair value as at 30 June 2005 by independent registered valuers. The Council has elected to use the fair value of other restricted assets at 30 June 2005 as the deemed cost of the assets. These assets are no longer revalued. Subsequent additions have been recorded at cost.

#### Infrastructure assets

Infrastructure assets (the roading network, water, waste and drainage reticulation networks including service concession arrangement assets (waste water treatment plants)) are valued at optimised depreciated replacement cost on a regular basis or, whenever the carrying amount



differs materially to fair value, by independent registered valuers. Infrastructure valuations are based on the physical attributes of the assets, their condition and their remaining lives based on Council's best information reflected in its assets management plans. The costs are based on current quotes from actual suppliers. As such, they include ancillary costs such as breaking through seal, traffic control and rehabilitation. Between valuations, expenditure on asset improvements is capitalised at cost.

Infrastructure land (excluding land under roads) is valued on a regular basis or, whenever the carrying amount differs materially to fair value, by independent registered valuers

Land under roads, which represents the corridor of land directly under and adjacent to the Council's roading network, was valued as at 30 June 2005 at the average value of surrounding adjacent land discounted by 50% to reflect its restricted nature. The Council elected to use the fair value of land under roads at 30 June 2005 as the deemed cost of the asset. Land under roads is no longer revalued. Subsequent additions have been recorded at cost.

The carrying values of revalued property, plant and equipment are reviewed at the end of each reporting period to ensure that those values are not materially different to fair value.

#### Other Assets

Plant and equipment and the Civic Centre complex are measured at historical cost and not revalued.

#### Impairment

The Council's assets are defined as cash generating if the primary purpose of the asset is to provide a commercial return. Non-cash generating assets are assets other than cash generating assets. Property, plant and equipment assets, measured at fair value, are not required to be reviewed and tested for impairment.

The carrying amounts of cash generating property, plant and equipment assets are reviewed at least annually to determine if there is any indication of impairment. Where an asset's, or class of assets', recoverable amount is less than its carrying amount it will be reported at its recoverable amount and an impairment loss will be recognised. The recoverable amount is the higher of an item's fair value less costs to sell and value in use. Losses resulting from impairment are reported within surplus or deficit, unless the asset is carried at a revalued amount in which case any impairment loss is treated as a revaluation decrease and recorded within other comprehensive revenue and expense.

The carrying amounts of non-cash generating property, plant and equipment assets are reviewed at least annually to determine if there is any indication of impairment. Where an asset's, or class of assets', recoverable service amount is less than its carrying amount it will be reported at its recoverable service amount and an impairment loss will be recognised. The recoverable service amount is the higher of an item's fair value less costs to sell and value in use. A non-cash generating asset's value in use is the present value of the asset's remaining service potential. Losses resulting from impairment are reported within surplus or deficit, unless the asset is carried at a revalued amount in which case any impairment loss is treated as a revaluation decrease and recorded within other comprehensive revenue and expense.

#### Disposal

Gains and losses arising from the disposal of property, plant and equipment are recognised within surplus or deficit in the period in which the transaction occurs. Any balance attributable to the disposed asset in the asset revaluation reserve is transferred to retained earnings.

#### Work in progress

Work in progress represents the cost of capital expenditure projects that are not financially complete. The cost of projects within work in progress is transferred to the relevant asset class when the project is completed and is then subject to depreciation.

The movements according to the individual classes of assets are as follows:

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
<b>Operational assets</b>				
<b>Land</b>				
Land - at cost - opening balance	21,862	21,741	21,862	21,741
Land - at valuation - opening balance	222,243	222,907	222,243	222,907
Total land - opening balance	244,105	244,648	244,105	244,648
Additions	1,297	120	1,297	120
Revaluation movement	49,035	-	49,035	-
Revaluation adjustment	(563)		(563)	
Transfer between asset classes	(460)	(663)	(460)	(663)
<b>Total land - closing balance</b>	<b>293,414</b>	<b>244,105</b>	<b>293,414</b>	<b>244,105</b>
Land - at cost - closing balance	-	21,862	-	21,862
Land - at valuation - closing balance	293,414	222,243	293,414	222,243
<b>Total land - closing balance</b>	<b>293,414</b>	<b>244,105</b>	<b>293,414</b>	<b>244,105</b>
<b>Buildings</b>				
Buildings - at cost - opening balance	46,914	25,906	55,457	25,906
Buildings - at valuation - opening balance	561,635	556,802	561,635	556,802
Total cost/valuation	608,549	582,708	617,092	582,708
Accumulated depreciation	(43,793)	(20,199)	(47,840)	(20,199)
Total buildings - opening balance	564,756	562,509	569,252	562,509
Additions	15,663	18,613	15,663	19,091
Depreciation expense	(21,490)	(21,784)	(21,861)	(22,199)
Disposals	(390)	(419)	(390)	(419)
Revaluation adjustment	132,351	-	132,351	-
Transfer between asset classes	55,733	5,837	55,733	8,770
Acquisition of controlled entity	-	-	-	1,500
<b>Total buildings - closing balance</b>	<b>746,623</b>	<b>564,756</b>	<b>750,748</b>	<b>569,252</b>
Buildings - at cost - closing balance	-	46,914	-	55,457
Buildings - at valuation - closing balance	746,623	561,635	754,983	561,635
Total cost/valuation	746,623	608,549	754,983	617,092
Accumulated depreciation	-	(43,793)	(4,235)	(47,840)
<b>Total buildings - closing balance</b>	<b>746,623</b>	<b>564,756</b>	<b>750,748</b>	<b>569,252</b>
<b>Landfill post closure costs<sup>1</sup></b>				
Landfill post closure - at cost - opening balance	4,561	3,265	4,561	3,265
Accumulated depreciation	(2,834)	(2,333)	(2,834)	(2,333)
Total landfill post closure costs - opening balance	1,727	932	1,727	932
Depreciation expense	(283)	(132)	(283)	(132)
Transfer between asset classes	(152)	-	(152)	-
Movement in post closure costs	(115)	927	(115)	927
<b>Total landfill post closure costs - closing balance</b>	<b>1,177</b>	<b>1,727</b>	<b>1,177</b>	<b>1,727</b>
Landfill post closure - at cost - closing balance	4,174	4,561	4,174	4,561
Accumulated depreciation	(2,997)	(2,834)	(2,997)	(2,834)
<b>Total landfill post closure costs - closing balance</b>	<b>1,177</b>	<b>1,727</b>	<b>1,177</b>	<b>1,727</b>

1. The Council's share of the joint venture with Porirua City Council relating to the Spicer Valley landfill is included in this asset class.

Disposals and transfers are reported net of accumulated depreciation.

	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
<b>Civic Centre complex</b>				
Civic Centre complex - at cost - opening balance	161,576	173,965	161,576	173,965
Accumulated depreciation	(63,902)	(61,443)	(63,902)	(61,443)
Total Civic Centre complex - opening balance	97,674	112,522	97,674	112,522
Additions	2,327	767	2,327	767
Depreciation expense	(2,675)	(2,592)	(2,675)	(2,592)
Disposals	(13)	-	(13)	-
Impairment	-	(11,446)	-	(11,446)
Transfer between asset classes	(4)	(2,631)	(4)	(2,631)
Transfer from non-current assets held for sale	-	1,054	-	1,054
<b>Total Civic Centre complex - closing balance</b>	<b>97,309</b>	<b>97,674</b>	<b>97,309</b>	<b>97,674</b>
Civic Centre complex - at cost - closing balance	163,833	161,576	163,833	161,576
Accumulated depreciation	(66,524)	(63,902)	(66,524)	(63,902)
<b>Total Civic Centre complex - closing balance</b>	<b>97,309</b>	<b>97,674</b>	<b>97,309</b>	<b>97,674</b>
<b>Plant and equipment</b>				
Plant and equipment - at cost - opening balance	239,658	216,102	257,450	231,319
Accumulated depreciation	(109,549)	(100,714)	(120,540)	(109,808)
Total plant and equipment - opening balance	130,109	115,388	136,910	121,511
Additions	13,011	7,535	13,539	11,334
Depreciation expense	(11,178)	(11,106)	(12,352)	(12,386)
Disposals	(161)	(29)	(162)	(1,086)
Impairment	(4)	-	(4)	-
Transfer between asset classes	(58,059)	18,321	(58,059)	15,388
Acquisition of controlled entity	-	-	-	2,149
<b>Total plant and equipment - closing balance</b>	<b>73,718</b>	<b>130,109</b>	<b>79,872</b>	<b>136,910</b>
Plant and equipment - at cost	175,029	239,658	192,696	257,450
Accumulated depreciation	(101,311)	(109,549)	(112,824)	(120,540)
<b>Total plant and equipment - closing balance</b>	<b>73,718</b>	<b>130,109</b>	<b>79,872</b>	<b>136,910</b>
<b>Library collections</b>				
Library collections - at cost - opening balance	-	3,545	-	3,545
Library collections - at valuation - opening balance	14,841	14,818	14,841	14,818
Total cost/valuation	14,841	18,363	14,841	18,363
Accumulated depreciation	-	(4,256)	-	(4,256)
Total library collections - opening balance	14,841	14,107	14,841	14,107
Additions	2,629	1,709	2,629	1,709
Depreciation expense	(1,767)	(2,352)	(1,767)	(2,352)
Revaluation movement	-	1,377	-	1,377
<b>Total library collections - closing balance</b>	<b>15,703</b>	<b>14,841</b>	<b>15,703</b>	<b>14,841</b>
Library collections - at cost - closing balance	2,629	-	2,629	-
Library collections - at valuation - closing balance	14,841	14,841	14,841	14,841
Total cost/valuation	17,470	14,841	17,470	14,841
Accumulated depreciation	(1,767)	-	(1,767)	-
<b>Total library collections - closing balance</b>	<b>15,703</b>	<b>14,841</b>	<b>15,703</b>	<b>14,841</b>
<b>Total operational assets</b>	<b>1,227,944</b>	<b>1,053,212</b>	<b>1,238,223</b>	<b>1,064,509</b>

Disposals and transfers are reported net of accumulated depreciation



	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
<b>Infrastructure assets</b>				
<b>Drainage, waste and water</b>				
Drainage, waste and water - at cost - opening balance	-	63,847	-	63,847
Drainage, waste and water - at valuation - opening balance	1,466,792	1,352,086	1,466,792	1,352,086
Total cost/valuation	1,466,792	1,415,933	1,466,792	1,415,933
Accumulated depreciation	-	(64,014)	-	(64,014)
Total drainage, water and waste - opening balance	1,466,792	1,351,919	1,466,792	1,351,919
Additions	16,748	22,995	16,748	22,995
Depreciation expense	(35,309)	(32,386)	(35,309)	(32,386)
Disposals	(6)	-	(6)	-
Revaluation movement	-	146,458	-	146,458
Revaluation adjustment	(457)	-	(457)	-
Transfer between asset classes	2,636	(22,195)	2,636	(22,195)
<b>Total drainage, water and waste - closing balance</b>	<b>1,450,404</b>	<b>1,466,792</b>	<b>1,450,404</b>	<b>1,466,792</b>
Drainage, waste and water - at cost - closing balance	16,748	-	16,748	-
Drainage, waste and water - at valuation - closing balance	2,973,091	1,466,792	2,973,091	1,466,792
Total cost/valuation	2,989,839	1,466,792	2,989,839	1,466,792
Accumulated depreciation	(1,539,435)	-	(1,539,435)	-
<b>Total drainage, water and waste - closing balance</b>	<b>1,450,404</b>	<b>1,466,792</b>	<b>1,450,404</b>	<b>1,466,792</b>
<b>Roading</b>				
Roading - at cost - opening balance	-	88,659	-	88,659
Roading - at valuation - opening balance	1,014,334	824,639	1,016,934	827,239
Total cost/valuation	1,014,334	913,298	1,016,934	915,898
Accumulated depreciation	-	(45,197)	-	(45,197)
Total roading - opening balance	1,014,334	868,101	1,016,934	870,701
Additions	33,366	26,867	33,366	26,867
Depreciation expense	(28,786)	(25,039)	(28,786)	(25,039)
Revaluation movement	-	144,434	-	144,434
Revaluation adjustment	44	-	44	-
Transfer between asset classes	813	(29)	813	(29)
<b>Total roading - closing balance</b>	<b>1,019,771</b>	<b>1,014,334</b>	<b>1,022,371</b>	<b>1,016,934</b>
Roading - at cost - closing balance	33,365	-	33,365	-
Roading - at valuation - closing balance	1,452,141	1,014,334	1,454,741	1,016,934
Total cost/valuation	1,485,506	1,014,334	1,488,106	1,016,934
Accumulated depreciation	(465,735)	-	(465,735)	-
<b>Total roading - closing balance</b>	<b>1,019,771</b>	<b>1,014,334</b>	<b>1,022,371</b>	<b>1,016,934</b>
<b>Infrastructure land</b>				
Infrastructure land - at cost - opening balance	-	3,720	-	3,720
Infrastructure land - at valuation - opening balance	38,793	35,818	38,793	35,818
Total infrastructure land - opening balance	38,793	39,538	38,793	39,538
Revaluation movement	-	2,985	-	2,985
Transfer between asset classes	463	(3,730)	463	(3,730)
<b>Total infrastructure land - closing balance</b>	<b>39,256</b>	<b>38,793</b>	<b>39,256</b>	<b>38,793</b>
Infrastructure land - at cost - closing balance	-	-	-	-
Infrastructure land - at valuation - closing balance	39,255	38,793	39,255	38,793
<b>Total infrastructure land - closing balance</b>	<b>39,255</b>	<b>38,793</b>	<b>39,255</b>	<b>38,793</b>

Disposals and transfers are reported net of accumulated depreciation

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
<b>Land under roads</b>				
Land under roads - at cost - opening balance	2,956,261	2,950,144	2,956,261	2,950,144
Additions	194	1,833	194	1,833
Disposals	(57)	(506)	(57)	(506)
Transfer between asset classes	(595)	4,413	(595)	4,413
Transfer from non-current assets held for sale	-	377	-	377
<b>Land under roads - closing balance</b>	<b>2,955,803</b>	<b>2,956,261</b>	<b>2,955,803</b>	<b>2,956,261</b>
<b>Total infrastructure assets</b>	<b>5,465,233</b>	<b>5,476,180</b>	<b>5,467,833</b>	<b>5,478,780</b>
<b>Restricted assets <sup>2</sup></b>				
<b>Art and cultural assets</b>				
Art and cultural assets - at cost - opening balance	8,730	8,667	11,069	11,006
Additions	178	19	178	19
Transfer between asset classes	(36)	44	(36)	44
<b>Art and cultural assets - closing balance</b>	<b>8,872</b>	<b>8,730</b>	<b>11,211</b>	<b>11,069</b>
<b>Restricted buildings</b>				
Restricted buildings - at cost - opening balance	42,294	40,865	42,294	40,865
Accumulated depreciation	(12,408)	(10,870)	(12,408)	(10,870)
Total restricted buildings - opening balance	29,886	29,995	29,886	29,995
Additions	921	1,168	921	1,168
Depreciation expense	(1,621)	(1,577)	(1,621)	(1,577)
Disposals	(249)	-	(249)	-
Transfer between asset classes	(387)	300	(387)	300
<b>Restricted buildings - closing balance</b>	<b>28,550</b>	<b>29,886</b>	<b>28,550</b>	<b>29,886</b>
Restricted buildings - at cost - closing balance	42,198	42,294	42,198	42,294
Accumulated depreciation	(13,648)	(12,408)	(13,648)	(12,408)
<b>Total restricted buildings - closing balance</b>	<b>28,550</b>	<b>29,886</b>	<b>28,550</b>	<b>29,886</b>
<b>Parks and reserves</b>				
Parks and reserves - at cost - opening balance	216,333	211,888	216,333	211,888
Additions	1,399	943	1,399	943
Disposals	-	(140)	-	(140)
Transfer between asset classes	(7,059)	3,569	(7,059)	3,569
Transfer from non-current assets held for sale	-	73	-	73
<b>Parks and reserves - closing balance</b>	<b>210,673</b>	<b>216,333</b>	<b>210,673</b>	<b>216,333</b>
<b>Town Belt</b>				
Town Belt - at cost - opening balance	81,486	84,544	81,486	84,544
Additions	124	-	124	-
Transfer between asset classes	7,622	(3,058)	7,622	(3,058)
<b>Town Belt - at cost</b>	<b>89,232</b>	<b>81,486</b>	<b>89,232</b>	<b>81,486</b>
<b>Zoo animals - at cost</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>
<b>Total restricted assets</b>	<b>337,827</b>	<b>336,935</b>	<b>340,166</b>	<b>339,274</b>

2. For restricted assets, valuation at cost means they are not subject to revaluation. Please refer to the relevant significant accounting policies above for a more detailed explanation.

Disposals and transfers are reported net of accumulated depreciation



	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
<b>Work in progress</b>				
Land	2,623	3,155	2,623	3,155
Buildings	84,676	50,573	84,902	50,573
Civic Centre complex	924	1,227	924	1,227
Plant and equipment	22,722	17,149	22,722	17,149
Library	194	781	194	781
Drainage, waste and water	45,853	18,261	45,853	18,261
Roading	38,870	14,517	38,870	14,517
Art and cultural	108	179	108	179
<b>Total work in progress</b>	<b>195,970</b>	<b>105,842</b>	<b>196,196</b>	<b>105,842</b>
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>7,226,974</b>	<b>6,972,168</b>	<b>7,242,418</b>	<b>6,988,405</b>

Disposals and transfers are reported net of accumulated depreciation

### Revaluation of property, plant and equipment

The Council's operational land and buildings were valued as at 30 June 2018, and infrastructural land as at 30 June 2017 by William Bunt (FNZIV, FPINZI), registered valuer and Director of Valuation Services for CBRE Limited.

Library collections were valued as at 30 June 2017 by the Council's library staff. The revaluation was carried out in accordance with guidelines outlined in Valuation Guidance for Cultural and Heritage Assets published by the Treasury Accounting Team, November 2002.

The drainage, waste and water infrastructure and roading networks and the service concession assets were valued as at 30 June 2017 by John Vessey (MIPENZ), Partner of Opus International Consultants Limited.

Assets are valued at regular intervals by independent registered valuers or whenever the carrying amount differs materially to fair value. In the years which an asset class is not revalued, the Group assesses whether there has been any material change in the value of that asset class. The movement in asset values between 30 June 2017 and 30 June 2018 for infrastructural network and infrastructural land assets were assessed using appropriate indices. The increase in asset value of 0.6% of Total Assets was not considered material by management and accordingly the assets were not revalued at 30 June 2018.

Further information on revaluation reserves and movements is contained in Note 27: Revaluation reserves.

### Significant acquisitions and replacements of assets

In accordance with the provisions of Schedule 10 of the Local Government Act 2002, information in respect of significant acquisitions and replacements of assets is reported within the Statements of Service Provision.

### Core Assets

Included within the infrastructure assets above are the following core Council assets:

Council	2018			
	Closing book value \$000	Additions		Replacement Cost \$000
		Constructed \$000	Vested \$000	
<b>Water supply</b>				
- treatment plants and facilities	-	-	-	
- other assets	348,289	4,328	1,772	900,660
<b>Sewerage</b>				
- treatment plants and facilities	171,857	695	-	234,835
- other assets	514,476	4,786	1,163	1,074,607
<b>Stormwater drainage</b>	415,782	1,990	2,015	836,471
<b>Flood protection and control works</b>	-	-	-	-
<b>Roads and footpaths</b>	1,019,771	31,264	2,102	1,511,737
<b>TOTAL CORE ASSETS</b>	<b>2,470,175</b>	<b>43,062</b>	<b>7,052</b>	<b>4,558,310</b>
Council	2017			
	Closing book value \$000	Additions		Replacement Cost \$000
		Constructed \$000	Vested \$000	
<b>Water supply</b>				
- treatment plants and facilities	-	-	-	-
- other assets	386,880	8,393	1,554	878,743
<b>Sewerage</b>				
- treatment plants and facilities	174,369	1,200	431	230,000
- other assets	486,333	7,856	-	1,018,655
<b>Stormwater drainage</b>	419,210	2,901	660	817,747
<b>Flood protection and control works</b>	-	-	-	-
<b>Roads and footpaths</b>	1,014,334	24,341	2,526	1,450,806
<b>TOTAL CORE ASSETS</b>	<b>2,481,126</b>	<b>44,691</b>	<b>5,171</b>	<b>4,395,951</b>

Drainage, waste, water and roads assets were revalued for the year ending 30 June 2017 by Opus International Limited as part of the normal revaluation cycle.

### Service concession arrangements

The service concession arrangement assets consists of the Moa Point, Western (Karori) and Carey's Gulley waste water treatment plants which are owned by the Council but operated by Veolia Water under agreement. These assets are included in the infrastructure assets class and are valued consistently with other waste infrastructure network assets.

The carrying value of these service concession assets for the Group is \$151.431m (2017: \$154.231m)

The Moa Point sewerage treatment plant is owned by the Council and operated by Veolia Water under a design, build and operate contract. Veolia Water also operates the Council owned Western (Karori) and Carey's Gully treatment plants. The plants and building assets are included in the infrastructure assets class above.

Veolia Water is required to fund all renewals and repairs and return the plants to the Council in 2020 with a future life expectancy of at least 25 years.

As asset owner, the Council incurs all associated operating expenses, namely management fees, depreciation and finance costs. In accordance with section 100 of the Local Government Act 2002, the Council does not fully fund the plant's depreciation expenditure.

Veolia's monthly management fee is determined in accordance with annually adjusted tariffs. The contract terminates either on the expiry of the 25 year term (2020) or on the occurrence of a contract default event by either party. The contract's right of renewal resides with the Council.

### Insurance of assets

	Council	
	2018	2017
	\$000	\$000
Total value of property, plant and equipment	7,226,974	6,972,168
less assets (primarily land) excluded from insurance contracts	(3,784,347)	(3,642,819)
Value of assets covered by insurance contracts	<b>3,442,627</b>	<b>3,329,349</b>
The maximum amount to which assets are insured under Council insurance policies	1,144,000	1,293,000

In addition to Council's insurance, in the event of natural disaster it is assumed that Central Government will contribute 60% towards the restoration of Council owned underground drainage, waste and water assets and the New Zealand Transport agency will contribute between 44-54% towards the restoration of roading assets.

The Council is not covered by any financial risk sharing arrangements in relation to its assets.

An insurance reserve of \$10.000m (2017: \$4.156m) exists to meet the cost of claims that fall below deductible limits under Council insurance policies. The reserve is funded annually through rates by \$1.500m (2017: \$1.500m). The net cost of claims applied to the reserve during the year amounted to \$2.750m (2017: \$6.910m). The majority of the cost in 2017 related to the Kaikoura earthquake in November 2016. The reserve was replenished from previous surpluses by \$8.500m to achieve the desired level of cover.

For more information on the claims applied against the reserve refer to Note 38: Financial impacts of the Kaikoura earthquake (page XX).

**Note 19: Investment in controlled entities**

The cost of the Council's investment in controlled entities is reflected in the Council's financial statements as follows:

<b>Investment in controlled entities</b>	<b>2018</b>	<b>2017</b>
	<b>\$000</b>	<b>\$000</b>
Wellington Cable Car Limited	3,809	3,809
Wellington Regional Economic Development Agency Limited (WREDA)	1,262	1,262
<b>TOTAL INVESTMENT IN CONTROLLED ENTITIES</b>	<b>5,071</b>	<b>5,071</b>

The equity investment represents the cost of the investment to the Council and includes all capital contributions made by the Council to controlled entities. The Council has only made equity investments as shareholders as noted in the table above. Nominal settlement amounts (i.e. \$100) made in respect of Trusts, for which Council is the settlor, have not been recognised due to their materiality or are considered as equity investments.

Information on inter-company transactions is included in the Note 36: Related party disclosures (page XX).

The following entities are controlled entities of Council:

<b>Controlled entities</b>	<b>Accounting Interest 2018</b>	<b>Accounting Interest 2017</b>	<b>Nature of business</b>
Karori Sanctuary Trust (Trading as Zealandia)	100%	100%	Owns and manages the activities of the urban eco-sanctuary in Karori.
Wellington Cable Car Limited	100%	100%	Owns and manages the trolley bus overhead wiring system and the Cable Car.
Wellington Museums Trust (Trading as Experience Wellington)	100%	100%	Administers the Cable Car Museum, Capital E, the City Gallery, the Nairn Street Cottage, the Space Place (Carter Observatory), the Wellington Museum and the NZ Cricket Museum
Wellington Regional Economic Development Agency Limited (WREDA)	80%	80%	Manages the Wellington Venues Project and creates economic and social benefit by marketing the city with the private sector as a tourism destination.
- Creative HQ Limited	80%	80%	Business incubators
Wellington Waterfront Limited	100%	100%	Acts as bare trustee for the Waterfront project
Wellington Zoo Trust	100%	100%	Manages and guides the future direction of the Wellington Zoo.

The reporting period end date for all controlled entities is 30 June. Full copies of their financial statements can be obtained directly from their offices. Further information on the structure, objectives, the nature and scope of activities, and the performance measures and targets of the entities can be found in the relevant sections of the Statements of Service Provision.



## Note 20: Investment in associates and jointly controlled entity

The cost of the Council's investment in associates and a jointly controlled entity is reflected in the Council financial statements as follows:

Investment in associates and jointly controlled entity	Council	
	2018	2017
	\$000	\$000
Chaffers Marina Holdings Limited	1,290	1,290
Wellington International Airport Limited	17,775	17,775
Wellington Water Limited	400	400
<b>TOTAL INVESTMENT IN ASSOCIATES AND JOINTLY CONTROLLED ENTITY</b>	<b>19,465</b>	<b>19,465</b>

The Council has a significant interest in the following:

Associates and Jointly controlled entities	Accounting Interest 2018	Accounting Interest 2017	Nature of business
Chaffers Marina Holdings Limited	10.52%	10.52%	Holding company for Chaffers Marina Limited.
- Chaffers Marina Limited	10.52%	10.52%	Owns and manages the marina.
Wellington International Airport Limited	34%	34%	Owns and manages Wellington International Airport facilities and services.
Wellington Water Limited (Previously Capacity Infrastructure Services Limited)	42.11%	42.11%	Manages all water services for Wellington, Lower Hutt, Upper Hutt and Porirua City Councils and the Greater Wellington Regional Council.
Basin Reserve Trust	0% (See below)	0%	Manages, operates and maintains the Basin Reserve
Wellington Regional Stadium Trust	0% (see below)	0%	Owns and manages the Westpac Stadium.

Full copies of the separately prepared financial statements can be obtained directly from their respective offices.

### Associates

#### Chaffers Marina

Chaffers Marina Holdings Limited and Chaffers Marina Limited have a reporting period end date of 30 June. The shares in Chaffers Marina Holdings Limited are held by Wellington Waterfront Limited in a fiduciary capacity. As at 30 June 2018 Council held a 10.52% interest in Chaffers Marina Holdings Limited (2017:10.52%) which has been recognised in the Group financial statements on an equity accounting basis reflecting the special rights (as set out in Chaffers



Marina Limited's Constitution) which attach to the golden share that it holds in Chaffers Marina Limited.

#### Wellington International Airport Limited

Wellington International Airport Limited has a reporting period end date of 31 March. The ultimate majority owner, Infratil Limited, has determined a different end of reporting period to Council, which is legislatively required to use 30 June. The Council owns 34% of the company, with the remaining 66% owned by NZ Airports Limited (which is wholly owned by Infratil Limited).

#### Basin Reserve Trust

The Basin Reserve Trust was established on 24 February 2005 to manage, operate and maintain the Basin Reserve. The Trust was jointly created with Cricket Wellington Incorporated (CWI). Wellington City Council and CWI each appoint two of the four trustees. Wellington City Council has significant influence over the Trust through the appointment of trustees, and receives benefits from the complementary activities of the Trust.

The Council no longer considers the Trust meets the requirements of PBE IPSAS 7 *Investments in Associates* to enable continued consolidation on an equity accounted basis. The Trust is still identified as an associate given the Council's level of influence and financial support but due to the lack of an equity investment the Council believes it is no longer appropriate to include the Trust in the Group financial statements.

#### Wellington Regional Stadium Trust

Wellington Regional Stadium Trust was jointly created with Greater Wellington Regional Council and Wellington City Council has significant influence over the Wellington Regional Stadium Trust through the appointment of trustees and receives benefits from the complementary activities of the Trust.

The Council no longer considers the Trust meets the requirements of PBE IPSAS 7 *Investments in Associates* to enable continued consolidation on an equity accounted basis. The Trust is still identified as an associate given the Council's level of influence and financial support but due to the lack of an equity investment the Council believes it is no longer appropriate to include the Trust in the Group financial statements.

### Jointly controlled entity

#### Wellington Water Limited

Formerly trading as Capacity (Capacity Infrastructure Services Limited) and jointly created with Hutt City Council on 9 July 2003 the company has expanded its operations and ownership to include Upper Hutt and Porirua City Councils from 1 November 2013 and Greater Wellington Regional Council from 16 September 2014.

The company has a reporting period ending 30 June and has a dual share structure comprising A class shares (voting rights) and B Class shares (financial entitlements).

The structure is as follows:

	<b>Class A shares (voting rights)</b>	<b>Class B Shares (financial entitlements)</b>	<b>Ownership interest</b>
Wellington City Council	150	200	42%
Hutt City Council	150	100	21%
Upper Hutt City Council	150	40	8%
Porirua City Council	150	60	13%
Greater Wellington Regional Council	150	75	16%
<b>Total shares on issue</b>	<b>750</b>	<b>475</b>	<b>100%</b>

The Class A shares represent voting rights and are split evenly between the five Councils. The Class B shares confer the level of contributions and ownership benefits of each council. Council classifies this entity as jointly controlled because of the equal sharing of voting rights conferred through the Class A shares and the shareholder's agreement, which constitutes a binding arrangement.

Wellington City Council chooses to use equity accounting to recognise its 42.11% ownership interest as determined by the proportionate value of Class B shares held.

### **Summary of Financial Position and Performance of associates and jointly controlled entity**

The Council's share of the assets, liabilities, revenues and surpluses or deficits of its associates and jointly controlled entity are as follows:

	<b>Assets</b>	<b>Liabilities</b>	<b>Revenues</b>	<b>Surplus/(Deficit)</b>
	<b>2018</b>	<b>2018</b>	<b>2018</b>	<b>2018</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Associates</b>				
Chaffers Marina Holdings Limited	591	184	132	(17)
Wellington International Airport Limited	403,591	204,600	43,737	16,270
<b>Jointly controlled entity</b>				
Wellington Water Limited	9,388	8,676	11,340	(10)

	Assets	Liabilities	Revenues	Surplus/(Deficit)
	2017	2017	2017	2017
	\$000	\$000	\$000	\$000
<b>Associates</b>				
Chaffers Marina Holdings Limited	596	172	114	(31)
Wellington International Airport Limited	369,134	194,761	40,651	13,432
<b>Jointly controlled entity</b>				
Wellington Water Limited	5,067	4,345	24,050	(88)

**Value of the investments**

The investment in associates and the jointly controlled entity in the Group financial statements represents the Council's share of the net assets of the associates and the jointly controlled entity. This is reflected in the Group financial statements as follows:

Investment in associates and jointly controlled entity	Council	
	2018	2017
	\$000	\$000
<b>Chaffers Marina Holdings Limited</b>		
Opening balance	872	903
Change in shares during the year	-	-
Change in equity due to changed shareholding	-	-
Equity accounted earnings of associate	(17)	(31)
<b>Closing balance - investment in Chaffers Marina Holdings Limited</b>	<b>855</b>	<b>872</b>
<b>Wellington International Airport Limited</b>		
Opening balance	162,366	136,706
Dividends	(12,610)	(11,937)
Equity accounted earnings of associate	16,270	13,432
Share of net revaluation of property, plant and equipment - movement	20,588	24,165
Share of hedging reserve - movement	(301)	-
<b>Closing balance - investment in Wellington International Airport Limited</b>	<b>186,313</b>	<b>162,366</b>
<b>Wellington Water Limited</b>		
Opening balance	722	810
Change in equity due to changed shareholding	-	-
Equity accounted earnings of jointly controlled entity	(10)	(88)
<b>Closing balance - investment in Wellington Water Limited</b>	<b>712</b>	<b>722</b>
<b>TOTAL INVESTMENT IN ASSOCIATES AND JOINTLY CONTROLLED ENTITY</b>	<b>187,880</b>	<b>163,960</b>

The Council's share of the operating surplus or deficit results of the Chaffers Marina Holdings Limited, Wellington International Airport Limited and Wellington Water Limited is outlined in Note 9: Share of Associates' and Jointly Controlled Entity's surplus or deficit (page XX).

## Note 21: Exchange transaction, transfers and taxes payable

Exchange transactions, transfers and taxes payable	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
<b>Current</b>				
Exchange transactions and transfers payable	60,686	58,155	64,620	59,639
Taxes payable	6,113	3,498	6,375	3,627
<b>Non-current</b>				
Exchange transactions and transfers payable	630	630	630	630
<b>TOTAL EXCHANGE TRANSACTIONS, TRANSFERS AND TAXES PAYABLE</b>	<b>67,429</b>	<b>62,283</b>	<b>71,625</b>	<b>63,896</b>

Comprised of:

Exchange transactions and transfers payable	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Trade payables and accruals	52,752	51,293	56,686	52,780
Interest payable	3,231	3,113	3,231	3,113
Sundry payables	5,333	4,379	5,333	4,376
<b>Total exchange transactions and transfers payable</b>	<b>61,316</b>	<b>58,785</b>	<b>65,250</b>	<b>60,269</b>
Taxes payable	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
GWRC rates	4,539	3,207	4,539	3,207
Other	1,574	291	1,836	420
<b>Total taxes payable</b>	<b>6,113</b>	<b>3,498</b>	<b>6,375</b>	<b>3,627</b>
<b>TOTAL EXCHANGE TRANSACTIONS, TRANSFERS AND TAXES PAYABLE</b>	<b>67,429</b>	<b>62,283</b>	<b>71,625</b>	<b>63,896</b>

Exchange transactions, transfers and payable to related parties	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Controlled entities	570	2,354	-	-
Associates and jointly controlled entity	2,267	4,333	2,267	4,333
<b>Total exchange transactions, transfers and payable to related parties</b>	<b>2,837</b>	<b>6,687</b>	<b>2,267</b>	<b>4,333</b>

Payables under exchange transactions, transfers and taxes payable are non-interest bearing and are normally settled on terms varying between seven days and the 20th of the month following the invoice date. Most of Council's payables are exchange transactions as they are directly with another party on an arm's length basis and are of approximately equal value. Non-exchange payables are classified as either taxes (eg. PAYE) or transfers payable (eg. Council grants).

## Note 22: Revenue in advance

	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
<b>Exchange</b>				
Lease rentals	2,569	2,910	2,569	2,910
Other	-	-	425	250
<b>Taxes</b>				
Rates	1,423	1,345	1,423	1,345
<b>Transfers</b>				
Wellington Venues operations	1,182	1,048	1,182	1,048
Inspection and licensing fees	3,770	3,639	3,770	3,639
Other	1,058	1,202	1,585	1,876
<b>Liabilities recognised under conditional transfer agreements</b>	<b>6,182</b>	<b>18,778</b>	<b>7,557</b>	<b>19,649</b>
<b>TOTAL REVENUE IN ADVANCE</b>	<b>16,184</b>	<b>28,922</b>	<b>18,511</b>	<b>30,717</b>

### Relevant significant accounting policies

#### Liabilities recognised under conditional transfer agreements

Council and the Group have received non-exchange transfer monies for specific purposes, which apply to periods beyond the current year, with conditions that would require the return of the monies if they are not able to fulfil the agreement. The revenue from these agreements will only be recognised as the conditionals are fulfilled over time.

The primary liability recognised as being under a conditional transfer agreement in the 2017/18 year relates to funding received from NZTA in relation to roading and urban cycle ways.



The primary liability recognised as being under a conditional transfer agreement in the 2016/17 year related to the remaining \$15.127m capital grant received from the Crown for the housing upgrade project, which has been fully utilised in 2017/18.

## Note 23: Borrowings

The Council maintains a prudent borrowings position in relation to our equity and annual revenue. Borrowings are primarily used to fund the purchase of new assets or upgrades to existing assets that are approved through the Annual Plan and Long-Term Plan processes.

### Gross Borrowings

The gross borrowings are comprised as follows:

	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
<b>Current</b>				
Bank loans - term	58	96	58	196
Commercial paper	85,000	85,000	85,000	85,000
Debt securities - fixed rate bonds	5,000	-	5,000	-
Debt securities - floating rate notes	41,000	15,000	41,000	15,000
Finance leases	-	-	-	-
<b>Total current</b>	<b>131,058</b>	<b>100,096</b>	<b>131,058</b>	<b>100,196</b>
<b>Non-current</b>				
Bank loans - term	4,586	4,224	4,586	4,292
Debt securities - fixed rate bonds	15,000	20,000	15,000	20,000
Debt securities - floating rate notes	431,500	371,500	431,500	371,500
<b>Total non-current</b>	<b>451,086</b>	<b>395,724</b>	<b>451,086</b>	<b>395,792</b>
<b>TOTAL GROSS BORROWINGS</b>	<b>582,144</b>	<b>495,820</b>	<b>582,144</b>	<b>495,988</b>

### Net Borrowings

When the cash position of Council and the Group is taken into account the net borrowings position is comprised as follows:

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Total gross borrowings	582,144	495,820	582,144	495,988
<i>Less</i>				
Cash and cash equivalents (see Note 11)	(95,996)	(76,907)	(106,856)	(85,366)
Term deposits > 3 months	(10,000)	-	(10,000)	-
<b>TOTAL NET BORROWINGS</b>	<b>476,148</b>	<b>418,913</b>	<b>465,288</b>	<b>410,622</b>

The Council's borrowing strategy is to minimise liquidity risk by avoiding concentration of debt maturity dates and to ensure there is long term access to funds. Further information on the liquidity and market risks associated with borrowings is contained in Note 32: Financial instruments (page XX).

The following table shows the utilisation of the borrowing facilities available to the Group at the end of the reporting period. The table also indicates the current applicable maturity and interest rate ranges.

Group	Available \$000	Utilised \$000	Maturities	Rates %
Bank overdraft - committed	1,500	-		
Bank facilities - short term - uncommitted	5,000	-		
Bank facilities - long term - committed	120,000	-		
Bank loans - term	4,644	4,644	2019-2041	7.00
Commercial paper	85,000	85,000	2018	2.05 - 2.10
Debt securities - fixed rate bonds	20,000	20,000	2018-2023	4.06 - 5.48
Debt securities - floating rate notes	472,500	472,500	2018-2033	2.30 - 3.08
<b>Total</b>	<b>708,644</b>	<b>582,144</b>		

## Security

Borrowings are secured by way of a Debenture Trust Deed over the Council's rates revenue.

## Internal Borrowings

Council borrows on a consolidated level and as such does not use internal borrowing and therefore does not prepare internal borrowing statements.

## Ring fenced funds

The Council holds \$45.796m (2017: \$61.135m) of funds that may only be used for a specified purpose. These funds are not held in cash but are utilised against borrowings until required. The specified uses for these funds are as follows:

### Housing upgrade project

As part of the agreement with the Crown for the Housing Upgrade Project an amount of \$34.502m (2017: \$51.175m), representing any unused grant funding (2017: \$15.172m) from the Crown plus

the accumulated surpluses and deficits from the Housing activity, has been ring fenced for future investment in the Council's social housing assets. The last of the Crown funding was utilised during the 2017/18 year.

#### Waste reduction and energy

An amount of \$11.294m (2017: \$9.960m) related to accumulated surpluses and deficits from the Waste Reduction and Energy Conservation activity which, under the Waste Minimisation Act 2008, must be ring fenced for future investment in waste activities. Council is committed to a number of waste minimisation projects that will utilise these funds.

### Note 24: Employee benefits and liabilities provision

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
<b>Current</b>				
<b>Short-term benefits</b>				
Payroll accruals	1,984	2,213	2,530	2,922
Holiday leave	5,527	5,324	6,809	6,612
<b>Total short-term benefits</b>	<b>7,511</b>	<b>7,537</b>	<b>9,339</b>	<b>9,534</b>
<b>Termination benefits</b>				
Other contractual provisions	220	274	220	274
<b>Total termination benefits</b>	<b>220</b>	<b>274</b>	<b>220</b>	<b>274</b>
<b>Total current</b>	<b>7,731</b>	<b>7,811</b>	<b>9,559</b>	<b>9,808</b>
<b>Non-current</b>				
<b>Long-term benefits</b>				
Long service leave provision	-	-	54	35
Retirement gratuities provision	772	889	772	889
<b>Total long-term benefits</b>	<b>772</b>	<b>889</b>	<b>826</b>	<b>924</b>
<b>TOTAL EMPLOYEE BENEFIT LIABILITIES AND PROVISIONS</b>	<b>8,503</b>	<b>8,700</b>	<b>10,385</b>	<b>10,732</b>

#### Relevant significant accounting policies - general

A provision for employee benefit liabilities (holiday leave, long service leave and retirement gratuities) is recognised as a liability when benefits are earned but not paid.

#### Holiday leave

Holiday leave includes: annual leave, long service leave, statutory time off in lieu and ordinary time off in lieu. Annual leave is calculated on an actual entitlement basis in accordance with section 21(2) of the Holidays Act 2003.

Movements in material employee benefit provisions above are analysed as follows:

Retirement gratuities provision	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Opening balance	889	995	889	1,007
Movement in required provision	31	9	31	9
Release of unused provision	(29)	(49)	(29)	(49)
Rediscounting of interest	22	27	22	27
Amount utilised	(141)	(93)	(141)	(105)
<b>Retirement gratuities - closing balance</b>	<b>772</b>	<b>889</b>	<b>772</b>	<b>889</b>

### Background

The Council's retirement gratuities provision is a contractual entitlement for a reducing number of employees who, having qualified with 10 years' service will, on retirement, be entitled to a payment based on years of service and current salary. This entitlement has not been offered to Council employees since 1991. Based on the age of remaining participants the provision may not be extinguished until 2037, assuming retirement at age 65.

### Relevant significant accounting policies - specific

Retirement gratuities are calculated on an actuarial basis based on the likely future entitlements accruing to employees, after taking into account years of service, years to entitlement, the likelihood that employees will reach the point of entitlement, and other contractual entitlements information.

### Estimation

The gross retirement gratuities provision (inflation adjusted at 1.84%) as at 30 June 2018, before discounting, is \$0.917m (2017: \$1.088m). The discount factor of 4.75% is based on the Treasury risk-free rate.

Other contractual provisions	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Opening balance	274	55	274	55
New provision	220	274	220	274
Release of unused provision	(19)	-	(19)	-
Amount utilised	(255)	(55)	(255)	(55)
<b>Other contractual provisions - closing balance</b>	<b>220</b>	<b>274</b>	<b>220</b>	<b>274</b>

### Background

The above provision is to cover estimated redundancy costs as at 30 June 2018 resulting from current restructuring within the Council.

### Relevant significant accounting policies - specific

Other contractual provisions include termination benefits, which are recognised within surplus or deficit only when there is a demonstrable commitment to either terminate employment prior to normal retirement date or to provide such benefits as a result of an offer to encourage voluntary redundancy. Termination benefits settled within 12 months are reported at the amount expected to be paid, otherwise they are reported as the present value of the estimated future cash outflows.

## Note 25: Provisions for other liabilities

	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
<b>Current</b>				
Landfill post closure costs	1,556	1,508	1,556	1,508
Weathertight homes	13,646	11,236	13,646	11,236
Unreinforced masonry grants	541	840	541	840
<b>Total current</b>	<b>15,743</b>	<b>13,584</b>	<b>15,743</b>	<b>13,584</b>
<b>Non-current</b>				
Landfill post closure costs	17,615	16,205	17,615	16,205
Weathertight homes	32,629	28,199	32,629	28,199
<b>Total non-current</b>	<b>50,244</b>	<b>44,404</b>	<b>50,244</b>	<b>44,404</b>
<b>TOTAL PROVISIONS FOR OTHER LIABILITIES</b>	<b>65,987</b>	<b>57,988</b>	<b>65,987</b>	<b>57,988</b>

### Relevant significant accounting policies - general

Provisions are recognised for future liabilities of uncertain timing or amount when there is a present obligation as a result of a past event, it is probable that expenditure will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are measured at the expenditure expected to be required to settle the obligation. Liabilities and provisions to be settled beyond 12 months are recorded at their present value.

Movements in material provisions above are analysed as follows:



Landfill post closure costs	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Opening balance	17,713	16,771	17,713	16,771
Movement in provision	981	491	981	491
Re-discounting of interest	999	627	999	627
Amount utilised	(522)	(176)	(522)	(176)
<b>Landfill post closure costs - closing balance</b>	<b>19,171</b>	<b>17,713</b>	<b>19,171</b>	<b>17,713</b>
Current	1,556	1,508	1,556	1,508
Non-current	17,615	16,205	17,615	16,205
<b>Landfill post closure costs - closing balance</b>	<b>19,171</b>	<b>17,713</b>	<b>19,171</b>	<b>17,713</b>

### Background

The Council operates the Southern Landfill (Stage 3) and has a 21.5% joint venture interest in the Spicer Valley Landfill. It also manages a number of closed landfill sites around Wellington. The Council has responsibility for the closure of its landfills and to provide ongoing maintenance and monitoring of the landfills after they are closed.

As part of the closure of landfills, or landfill stages, the Council's responsibilities include:

- final cover application and vegetation;
- incremental drainage control features; and
- completing facilities for post closure responsibilities.

Post closure responsibilities include:

- treatment and monitoring of leachate;
- ground water and surface monitoring;
- gas monitoring and recovery;
- implementation of remedial measures such as needed for cover and control systems; and
- on-going site maintenance for drainage systems, final cover and vegetation.

The management of the landfill will influence the timing of recognition of some liabilities – for example, the Southern Landfill operates in stages. A liability relating to any future stages will only be created when the stage is commissioned and when refuse begins to accumulate in this stage.

The Council, as operator of the Southern Landfill, has a legal obligation to apply for resource consents when the landfill or landfill stages reach the end of their operating life and are to be closed. These resource consents will set out the closure requirements and the requirements for ongoing maintenance and monitoring services at the landfill site after closure.

### Relevant significant accounting policies - specific

A provision for post-closure costs is recognised as a liability when the obligation for post-closure arises, which is when each stage of the landfill is commissioned and refuse begins to accumulate.

The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including known changes to legal requirements and known improvements in technology. The provision includes all costs associated with landfill post-

closure including final cover application and vegetation; incremental drainage control features; completing facilities for leachate collection and monitoring; completing facilities for water quality monitoring; completing facilities for monitoring and recovery of gas.

Amounts provided for landfill post-closure are capitalised to the landfill asset. The capitalised landfill asset is depreciated over the life of the landfill based on the capacity used.

The Council's provision for landfill post-closure costs includes the Council's 21.5% proportionate share of the Spicer Valley landfill provision for post-closure costs.

### Estimations

The long term nature of the liability means there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated using known improvements in technology and known changes to legal requirements. Future cash flows are discounted using the Treasury risk free rate of 3.83%. The gross provision (inflation adjusted at 2.57%), before discounting, is \$23.396m (2017: \$23.152m). This represents the Council's projection of the amount required to settle the obligation at the estimated time of the cash outflow.

Stage 3 of the Southern Landfill has an estimated remaining capacity of 453,130m<sup>3</sup> (2017: 545,530m<sup>3</sup>) and is expected to close in 2022. These estimates have been made by the Council's engineers based on expected future and historical volume information.

The Council's provision includes a proportionate share of the Spicer Valley Landfill provision for post closure costs. The Spicer Valley Landfill has a remaining life out to 2052.

Weathertight homes	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Opening balance	39,435	44,420	39,435	44,420
Additional or increased provision made	12,523	4,429	12,523	4,429
Amount utilised	(5,683)	(9,414)	(5,683)	(9,414)
<b>Weathertight homes - closing balance</b>	<b>46,275</b>	<b>39,435</b>	<b>46,275</b>	<b>39,435</b>
Current	13,646	11,236	13,646	11,236
Non-current	32,629	28,199	32,629	28,199
<b>Weathertight homes - closing balance</b>	<b>46,275</b>	<b>39,435</b>	<b>46,275</b>	<b>39,435</b>

### Background

This provision represents the Council's estimated liability relating to the settlement of claims arising in relation to the Weathertight Homes Resolution Services (WHRS) Act 2006 and civil proceedings for weathertightness.

A provision has been recognised for the potential net settlement of all known claims, including those claims that are being actively managed by the Council as well as claims lodged with WHRS but not yet being actively managed. The provision also includes an amount of \$14.234m (2017:

\$5.377m) as a provision for future claims relating to weathertightness issues not yet identified or not yet reported.

### **Movement in the provision**

During the year \$5.683m was paid as either part or full settlement of claims. An additional \$12.523m was added to the provision after an actuarial re-assessment of the likely future costs to be incurred as explained below. The current / non-current split above reflects the expected timing of payments but is reassessed each year to take account of delays in claim negotiations and any mediation outcomes.

### **Estimation**

The Council has provided for the expected future costs of reported claims. The provision for active claims is based on the best estimate of the Council's expected future costs to settle these claims and is reviewed on a case by case basis. The estimate for claims which have been notified and are not yet actively managed and unreported claims is based on actuarial assessments and other information on these claims. The nature of the liability means there are significant inherent uncertainties in estimating the likely costs that will be incurred in the future. This represents the Council's best estimate of the amount required to settle the obligation at the estimated time of the cash outflow. Future cash flows are inflation adjusted and discounted using the Treasury's risk-free rate. The provision is net of any third-party contributions including insurance, where applicable.

The provision is based on best estimates and actuarial assessments and therefore actual costs incurred may vary significantly from those included in this provision, especially for future claims relating to weathertightness issues not yet identified or not yet reported.

The significant assumptions used in the calculation of the weathertight homes provision are as follows:

### **Amount claimed**

Represents the expected amount claimed by the homeowner and is based on the actual amounts for claims already settled.

### **Settlement amount**

Represents the expected amount of awarded settlement and is based on the actual amounts for claims already settled.

### **Amount expected to be paid by the Council**

Represents the amount expected to be paid by the Council out of any awarded settlement amount and is based on the actual amounts for claims already settled. This figure has been increasing over the last few years as it is becoming more common for the other parties involved in a claim to be either in liquidation or bankrupt, or have limited funds and be unable to contribute to settlement.

### **Percentage of homeowners who will make a successful claim**

Historical data collected on the number of claims lodged has enabled assumptions to be made on the percentage of homes built in the last 10 years which may experience weathertightness problems and therefore the percentage of homeowner who may make a successful claim.

## Sensitivity

The table below illustrates the potential impact on surplus or deficit of changes in some of the assumptions listed above.

Council and Group	2018	
	\$000	
	+10%	-10%
Assumption	Effect on Surplus or Deficit	
Amount claimed	4,627	(4,628)
Settlement level award	4,627	(4,628)
Council contribution to settlement	4,627	(4,628)
Change in percentage of homeowners who will make a successful claim	1,423	(1,424)
Assumption	+2%	-2%
	Effect on Surplus or Deficit	
Discount rate	(2,821)	2,256

## Funding of weathertight homes settlements

Council uses borrowings in the first instance to meet the cost of settlements with the associated borrowings subsequently being repaid through rates funding. To ensure that the funding of weathertight homes is fully transparent the associated settlement costs, borrowings and rates funding is reported annually.

Funding for weathertight homes liability	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Opening balance	(30,966)	(26,883)	(30,966)	(26,883)
Rates funding for weathertight homes liability	7,227	7,227	7,227	7,227
Total amounts paid	(5,683)	(9,414)	(5,683)	(9,414)
Interest allocation	(1,710)	(1,896)	(1,710)	(1,896)
<b>Closing balance funded through borrowings</b>	<b>(31,132)</b>	<b>(30,966)</b>	<b>(31,132)</b>	<b>(30,966)</b>



**Note 26: Deferred tax**

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Deductible temporary differences	-	-	542	852
Tax losses	120	394	365	394
<b>TOTAL DEFERRED TAX</b>	<b>120</b>	<b>394</b>	<b>907</b>	<b>1,246</b>

**Unrecognised temporary differences and tax losses**

Deferred tax assets have not been recognised in respect of the following items:

Under current income tax legislation, the tax losses and deductible temporary differences referred to above do not expire.

The unrecognised deferred tax asset in respect of the above items for the Council is \$0.00m (2017: \$0.110m) and for the Group \$0.254m (2017: \$0.349m).

Deferred tax assets have not been recognised in respect of these items as it is not probable that future taxable profits will be available against which the benefit of the losses can be utilised.

As at 30 June 2018, the Group has a deferred tax liability of \$0.882m (2017: \$0.938m).

**Relevant significant accounting policies**

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the assets and liabilities, and the unused tax losses using tax rates enacted or substantively enacted at the end of the reporting period.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which they can be utilised.



## Statement of changes in equity

For the year ending 30 June 2018

	Note	Council			Group	
		Actual	Budget	Actual	Actual	Actual
		2018	2018	2017	2018	2017
		\$000	\$000	\$000	\$000	\$000
<b>EQUITY - Opening balances</b>						
Accumulated funds		1,269,134	1,269,134	1,269,134	1,293,162	1,293,162
Retained earnings		3,793,827	3,777,087	3,756,048	3,788,286	3,745,251
Revaluation reserves		1,677,312	1,488,578	1,382,337	1,815,338	1,496,198
Hedging reserve		(21,283)	-	(38,730)	(21,283)	(38,730)
Fair value through other comprehensive revenue and expense reserve		2,888	1,648	1,648	3,221	2,026
Non-controlling interest		-	-	-	284	284
Restricted funds		8,243	15,202	14,064	12,135	18,741
<b>TOTAL EQUITY - Opening balance</b>		<b>6,730,121</b>	<b>6,551,649</b>	<b>6,384,501</b>	<b>6,891,143</b>	<b>6,516,932</b>
<b>CHANGES IN EQUITY</b>						
<b>Retained earnings</b>						
Net surplus for the year		32,207	32,361	31,679	36,932	36,150
Transfer to restricted funds		(13,018)	(4,518)	(4,518)	(13,701)	(5,147)
Transfer from restricted funds		6,352	3,765	10,339	6,700	11,753
Transfer from revaluation reserves		261	-	279	261	279
<b>Revaluation reserves</b>	27					
Fair value movement - property, plant and equipment - net		180,413	122,876	295,254	201,001	319,419
Transfer to retained earnings		(261)		(279)	(261)	(279)
<b>Hedging reserve</b>	28					
Movement in hedging reserve		(4,079)	-	17,447	(4,380)	17,447
<b>Fair value through other comprehensive revenue and expense reserve</b>	29					
Movement in fair value - Equity investments		856	-	1,240	856	1,240
Movement in fair value - Available for sale equities		-	-	-	759	(45)
<b>Non-controlling interest</b>						
Movement of non-controlling interest		-	-	-	-	-
<b>Restricted funds</b>	30					
Transfer to retained earnings		(6,352)	(3,765)	(10,339)	(6,700)	(11,753)
Transfer from retained earnings		13,018	4,518	4,518	13,701	5,147
<b>Total comprehensive revenue and expense</b>		<b>209,397</b>	<b>155,237</b>	<b>345,620</b>	<b>235,168</b>	<b>374,211</b>
<b>EQUITY - Closing balances</b>						
Accumulated funds		1,269,134	1,269,134	1,269,134	1,293,162	1,293,162
Retained earnings		3,819,629	3,808,695	3,793,827	3,818,478	3,788,286
Revaluation reserves		1,857,464	1,611,454	1,677,312	2,016,078	1,815,338
Hedging reserve		(25,362)	-	(21,283)	(25,663)	(21,283)
Fair value through other comprehensive revenue and expense reserve		3,744	1,648	2,888	4,836	3,221
Non-controlling interest		-	-	-	284	284
Restricted funds		14,909	15,955	8,243	19,136	12,135
<b>TOTAL EQUITY - Closing balance</b>		<b>6,939,518</b>	<b>6,706,886</b>	<b>6,730,121</b>	<b>7,126,311</b>	<b>6,891,143</b>

	Note	Council			Group	
		Actual	Budget	Actual	Actual	Actual
		2018	2018	2017	2018	2017
		\$000	\$000	\$000	\$000	\$000
<b>Total comprehensive revenue and expense attributable to:</b>						
Wellington City Council and Group		209,397	155,237	345,620	234,884	373,927
Non-controlling interest		-	-	-	284	284
		<b>209,397</b>	<b>155,237</b>	<b>345,620</b>	<b>235,168</b>	<b>374,211</b>

The notes on pages **XX** to **XX** form part of and should be read in conjunction with the financial statements

## Statement of changes in equity – Major budget variations

Significant variations from budgeted changes in equity are as follows:

Total closing equity is \$232.630m higher than budget primarily due to:

- \$57.537m of additional revaluation increases relating to operational land and building assets. This increase above budget reflects the better asset information available on asset values and lives.
- \$4.079m movement (decrease) in the hedging reserve due to unfavourable increases in swap interest rates

The above movements reflect the primary changes in total comprehensive revenue and expense of \$54.160m offset by an opening balance budget variance for total equity of \$178.472m, primarily for revaluation reserves, due to the fact that the 2016/17 revaluations which were much higher than budget as these were only finalised after the Annual Plan budget for 2017/18 was approved by Council.

## **Equity**

Equity is the community's interest in the Council and Group and is measured as the difference between total assets and total liabilities. Equity is broken down and classified into a number of components to enable clearer identification of the specified uses of equity within the Council and the Group.

The components of equity are accumulated funds and retained earnings, revaluation reserves, a hedging reserve, a fair value through other comprehensive revenue and expense reserve and restricted funds which comprise special funds, reserve funds and trusts and bequests.

Restricted funds are those reserves that are subject to specific conditions of use, whether under statute or accepted as binding by the Council, and that may not be revised without reference to the Courts or third parties. Transfers from these reserves may be made only for specified purposes or when certain specified conditions are met.

## **Equity management**

The Local Government Act 2002 (the Act) requires the Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayer funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets but does not expect them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Council has asset management plans in place for major classes of assets, detailing renewal and programmed maintenance. These plans ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long-Term Plan (LTP) and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The Act sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTP.

**Note 27: Revaluations**

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
<b>Land - opening balance</b>	155,091	155,091	155,091	155,091
Revaluation recognised in other comprehensive revenue and expense	49,035	-	49,035	-
Transfer between classes	(463)	-	(463)	-
Revaluations adjustment	(560)	-	(560)	-
<b>Land - closing balance</b>	<b>203,103</b>	<b>155,091</b>	<b>203,103</b>	<b>155,091</b>
<b>Buildings - opening balance</b>	230,355	230,634	230,355	230,634
Revaluation recognised in other comprehensive revenue and expense	132,351	-	132,351	-
Transfer to retained earnings on disposal of assets	(261)	(279)	(261)	(279)
<b>Buildings - closing balance</b>	<b>362,445</b>	<b>230,355</b>	<b>362,445</b>	<b>230,355</b>
<b>Library collections - opening balance</b>	8,392	7,015	8,392	7,015
Revaluation recognised in other comprehensive revenue and expense	-	1,377	-	1,377
<b>Library collections - closing balance</b>	<b>8,392</b>	<b>8,392</b>	<b>8,392</b>	<b>8,392</b>
<b>Drainage, waste and water - opening balance</b>	764,610	618,152	764,610	618,152
Revaluation recognised in other comprehensive revenue and expense	-	146,458	-	146,458
Prior year revaluation adjustments	(457)	-	(457)	-
<b>Drainage, waste and water - closing balance</b>	<b>764,153</b>	<b>764,610</b>	<b>764,153</b>	<b>764,610</b>
<b>Infrastructure land - opening balance</b>	18,395	15,410	18,395	15,410
Revaluation recognised in other comprehensive revenue and expense	-	2,985	-	2,985
Transfer between classes	463	-	463	-
<b>Infrastructure land - closing balance</b>	<b>18,858</b>	<b>18,395</b>	<b>18,858</b>	<b>18,395</b>
<b>Roading - opening balance</b>	500,469	356,035	500,469	356,035
Revaluation recognised in other comprehensive revenue and expense	-	144,434	-	144,434
Prior year revaluation adjustments	44	-	44	-
<b>Roading - closing balance</b>	<b>500,513</b>	<b>500,469</b>	<b>500,513</b>	<b>500,469</b>
<b>Associates' revaluation reserves - opening balance</b>	-	-	138,026	113,861
Revaluation recognised in other comprehensive revenue and expense	-	-	20,588	24,165
<b>Associates' revaluation reserves - closing balance</b>	<b>-</b>	<b>-</b>	<b>158,614</b>	<b>138,026</b>
<b>Total revaluation reserves - closing balance</b>	<b>1,857,464</b>	<b>1,677,312</b>	<b>2,016,078</b>	<b>1,815,338</b>



These revaluation reserves are represented by:

	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Opening balance	1,677,312	1,382,337	1,815,338	1,496,198
Revaluation recognised in other comprehensive revenue and expense	181,386	295,254	201,974	319,419
Transfer to retained earnings on disposal of assets	(261)	(279)	(261)	(279)
Prior year revaluation adjustments	(413)	-	(413)	-
Revaluations adjustment	(560)	-	(560)	-
<b>TOTAL REVALUATION RESERVES</b>	<b>1,857,464</b>	<b>1,677,312</b>	<b>2,016,078</b>	<b>1,815,338</b>

The revaluation reserves are used to record accumulated increases and decreases in the fair value of certain asset classes.

For the period ending 30 June 2018 Council has revalued its investment properties, which are revalued annually – refer to Note 17 – Investment properties, for more information.

Council has also revalued its operational land and building assets with the revaluation movements shown above.

Revaluation movements are non-cash in nature and represent the restating of the Council's assets, subject to revaluation, into current dollar values after taking into account the condition and remaining lives of the assets.

### Relevant significant accounting policies

The result of any revaluation of the Group's property, plant and equipment is recognised within other comprehensive revenue and expense and taken to the asset revaluation reserve. Where this results in a debit balance in the reserve for a class of property, plant and equipment, the balance is included in the surplus or deficit. Any subsequent increase on revaluation that offsets a previous decrease in value recognised within surplus or deficit will be recognised firstly, within surplus or deficit up to the amount previously expensed, and with any remaining increase recognised within other comprehensive revenue and expense and in the revaluation reserve for that class of property, plant and equipment.

Accumulated depreciation at the revaluation date is eliminated so that the carrying amount after revaluation equals the revalued amount.

While assumptions are used in all revaluations, the most significant of these are in infrastructure. For example where stormwater, wastewater and water supply pipes are underground, the physical deterioration and condition of assets are not visible and must therefore be estimated. Any revaluation risk is minimised by performing a combination of physical inspections and condition modelling assessments



**Note 28: Hedging reserve**

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Opening balance	(21,283)	(38,730)	(21,283)	(38,730)
Cash flow hedge net movement recognised in other comprehensive revenue and expenses	(4,079)	17,447	(4,380)	17,447
<b>TOTAL HEDGING RESERVE</b>	<b>(25,362)</b>	<b>(21,283)</b>	<b>(25,663)</b>	<b>(21,283)</b>

The hedging reserve shows accumulated fair value changes for interest rate swaps which satisfy the criteria for hedge accounting and have operated as effective hedges during the period.

The Council uses interest rate swaps to fix interest rates on floating rate debt (floating rate notes and commercial paper) to give it certainty over interest costs.

The Council uses hedge accounting to recognise any fair value fluctuations in these swaps through this reserve within equity. Using hedge accounting prevents any significant movement in interest rate exposure significantly affecting the Council's ability to meet its balanced budget requirements

The Group movement reflects the hedging related to Wellington International Airport Limited.

**Note 29: Fair value through other comprehensive revenue and expense reserve**

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Opening balance	2,888	1,648	3,221	2,026
Movements:				
Civic Financial Services Limited	(8)	40	(8)	40
Local Government Funding Agency	864	1,200	864	1,200
Creative HQ shareholdings - available for sale	-	-	759	(45)
<b>TOTAL FAIR VALUE THROUGH OTHER COMPREHENSIVE REVENUE AND EXPENSE RESERVE</b>	<b>3,744</b>	<b>2,888</b>	<b>4,836</b>	<b>3,221</b>

This reserve reflects the accumulated fair value movement in the Council's investment in Civic Financial Services Limited and the Local Government Funding Agency, for which there is no intention to sell. For further information refer to Note 14: Other financial assets (page XX).

In the Group, Creative HQ, a controlled entity of WREDA, has small shareholdings in incubator and accelerator programme companies. These shareholdings are fair valued annually and any movement is held within this reserve until the shares are disposed.

## Note 30: Restricted funds

Restricted funds are comprised of special reserves and funds that Council holds for specific purposes and trusts and bequests that have been bestowed upon the Council for the benefit of all Wellingtonians.

	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Special reserves and funds	14,448	7,800	17,753	11,115
Trusts and bequests	461	443	1,383	1,020
<b>TOTAL RESTRICTED FUNDS</b>	<b>14,909</b>	<b>8,243</b>	<b>19,136</b>	<b>12,135</b>

	Opening Balance	Additional Funds	Funds Utilised	Closing Balance
	2018	2018	2018	2018
	\$000	\$000	\$000	\$000
<b>Special reserves and funds</b>				
<b>Council</b>				
City growth fund	2,862	3,000	(3,602)	2,260
Reserve purchase and development fund	782	-	-	782
Insurance reserve	4,156	10,000	(2,750)	11,406
<b>Total Council</b>	<b>7,800</b>	<b>13,000</b>	<b>(6,352)</b>	<b>14,448</b>
Controlled entities' reserve funds	3,294	123	(112)	3,305
<b>Total Group - Special reserves and funds</b>	<b>11,094</b>	<b>13,123</b>	<b>(6,464)</b>	<b>17,753</b>

### Nature and purpose, funding and utilisation

#### City growth fund

This fund is part of an integrated approach to fostering growth in the economy. Funding of \$3m was provided from previous surpluses and \$3.601m was utilised during the year.

#### Reserve purchase and development fund

This fund is used to purchase and develop reserve areas within the city. During the year no purchases were made.

#### Insurance reserve

This reserve came into effect in 2001 and allows the Council to meet the cost of claims that fall below deductible limits under Council's insurance policies. Annual additions to the reserve of \$1.500m (2017: \$1.500m) are funded through rates as identified in the Annual Plan. During the year \$2.750m (2017: \$6.910m) was used to meet under-excess insurance costs.

A further amount of \$8.500m was added to the fund from previous Council surpluses to replenish the fund following the costs incurred from the Kaikoura earthquake in November 2016, up to the desired level. For more information on the cost of claims refer to Note 38 - Financial impacts of the Kaikoura earthquake.

#### Controlled entities' reserve funds

The restricted funds of the controlled entities relate to the Wellington Museums Trust and the Wellington Zoo Trust:

- The Wellington Museums Trust has six reserves; a Capital reserve, a Capital E reserve, a Nairn Street Cottage collection reserve, a Wellington Museums collection reserve, a City Gallery reserve and a Wellington Museum Plimmer reserve. The two collection reserves are for the purpose of future museum acquisitions.
- The Wellington Zoo Trust has two reserves; an Animal Transfer Fund specifically for the transfer of animals and a Conservation Fund to specifically support field conservation.

<b>Trust and bequests</b>	<b>Opening Balance 2018 \$000</b>	<b>Additional Funds 2018 \$000</b>	<b>Funds Utilised 2018 \$000</b>	<b>Closing Balance 2018 \$000</b>
<b>Council</b>				
A Graham Trust	3	-	-	3
A W Newton Bequest	333	15	-	348
E A McMillan Estate	6	-	-	6
E Pengelly Bequest	15	1	-	16
F L Irvine Smith Memorial	8	-	-	8
Greek NZ Memorial Association	5	-	-	5
Kidsarus 2 Donation	4	-	-	4
Kirkcaldie and Stains Donation	17	-	-	17
QEII Memorial Book Fund	21	1	-	22
Schola Cantorum Trust	7	1	-	8
Terawhiti Grant	10	-	-	10
Wellington Beautifying Society Bequest	14	-	-	14
<b>Total Council - Trusts and bequests</b>	<b>443</b>	<b>18</b>	<b>-</b>	<b>461</b>
Controlled entities' trusts and bequests	598	560	(236)	922
<b>Total Group - Trusts and bequests</b>	<b>1,041</b>	<b>578</b>	<b>(236)</b>	<b>1,383</b>

#### Analysis of movements in trusts and bequests

##### Additional Funds

Trusts and bequests receiving additional funds during the year were those where interest has been applied in accordance with the original terms and conditions.

##### Nature and purpose

Other than specific trusts and bequests discussed above, the other Council bequests and trusts are generally provided for library, educational or environmental purposes.

The Wellington Zoo Trust has a number of bequests, trusts and capital grants made to it for specific purposes, which are held as restricted funds until utilised. Further information on these can be found in the Wellington Zoo Trust annual report published on their website – <https://wellingtonzoo.com/about-us/about-our-zoo/>

### **Charles Plimmer Bequest**

This bequest is held and administered by the Public Trust and is primarily used for major beautification projects. As the sole beneficiary, Wellington City Council applies for distribution of available funds for particular projects after consultation with the Plimmer family. The receipt and use of these funds is shown outside of the table above to record the generous contribution the bequest makes to the benefit of the city.

The value of the funds held by the Public Trust is approximately \$16.362m but the distributions to the beneficiary are only available from an agreed percentage of income generated. The distributions are only drawn down as required.

During the year:

- Distributions recognised as revenue - \$0.010m
- Funds utilised towards the Newlands Park upgrade - \$0.010m

## Statement of cash flows

For the year ending 30 June 2018

	Council			Group	
	Actual	Budget	Actual	Actual	Actual
	2018	2018	2017	2018	2017
	\$000	\$000	\$000	\$000	\$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from rates - Council	295,301	278,112	286,658	295,301	286,658
Receipts from rates- Greater Wellington Regional Council	63,284	60,573	60,589	63,284	60,589
Receipts from activities and other revenue	148,467	140,506	145,185	180,802	160,648
Receipts from grants and subsidies - Operating	8,635	9,600	7,994	17,004	22,797
Receipts from grants and subsidies - Capital	27,039	46,313	12,899	27,185	13,347
Receipts from investment properties	11,648	11,214	12,038	11,648	12,038
Cash paid to suppliers and employees	(324,275)	(317,801)	(312,227)	(385,572)	(367,290)
Rates paid to GWRC	(62,304)	(60,573)	(59,324)	(62,304)	(59,324)
Grants paid	(37,068)	(45,651)	(43,395)	(10,814)	(17,388)
Income tax paid	-	-	-	(535)	(165)
Net GST (paid) / received	(3,630)	-	2,753	(4,261)	2,202
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>127,097</b>	<b>122,293</b>	<b>113,170</b>	<b>131,738</b>	<b>114,112</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Dividends received	12,714	11,240	12,041	12,714	12,041
Interest received	1,603	704	2,367	1,792	2,579
Loan repayments	19	-	10,399	34	10,414
Proceeds from sale of property, plant and equipment	234	10,350	1,248	236	1,248
Increase in investments	(11,616)	-	(960)	(13,017)	(856)
Cash from acquisition of controlled entity	-	-	-	-	941
Purchase of investment properties	(548)	-	(153)	(548)	(153)
Purchase of intangibles	(3,456)	(8,162)	(5,029)	(3,476)	(5,057)
Purchase of property, plant and equipment	(170,339)	(187,584)	(132,617)	(171,192)	(135,841)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(171,389)</b>	<b>(173,452)</b>	<b>(112,704)</b>	<b>(173,457)</b>	<b>(114,684)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
New borrowings	101,324	313,020	85,659	101,324	85,659
Repayment of borrowings	(15,000)	(224,977)	(80,323)	(15,168)	(80,431)
Interest paid on borrowings	(22,944)	(26,863)	(22,904)	(22,948)	(22,913)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>63,380</b>	<b>61,180</b>	<b>(17,568)</b>	<b>63,208</b>	<b>(17,685)</b>
Net increase/(decrease) in cash and cash equivalents	19,089	10,021	(17,102)	21,490	(18,257)
Cash and cash equivalents at beginning of year	76,907	(8,877)	94,009	85,366	103,623
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>95,996</b>	<b>1,144</b>	<b>76,907</b>	<b>106,856</b>	<b>85,366</b>

The cash and cash equivalents balance above equates to the cash and cash equivalents balance in the Statement of Financial Position.



*The notes on pages XX to XX form part of and should be read in conjunction with the financial statements.*

Wellington City Council acts as a collection agency for Greater Wellington Regional Council (GWRC) by including additional rates and levies in its own billing process. Once collected, the monies are passed to GWRC. The budget assumes that the inflows and outflows will offset each other and are shown as nil accordingly.

The Council has ring fenced funds of \$45.796m (2017: \$61.135m) relating to the housing upgrade project and waste activities. For more information see Note 23: Borrowings (page XX).

Cash and cash equivalents for the purposes of the cash flow statement comprises bank balances, cash on hand and short term deposits with a maturity of three months or less. The statement of cash flows has been prepared using the direct approach subject to the netting of certain cash flows. Cash flows in respect of investments and borrowings that have been rolled-over under arranged finance facilities have been netted in order to provide more meaningful disclosures.

Operating activities include cash received from all non-financial revenue sources of the Council and Group and record the cash payments made for the supply of goods and services.

Investing activities relate to the acquisition and disposal of assets and investment revenue.

Financing activities relate to activities that change the equity and debt capital structure of the Council and Group and financing costs.

## Statement of cash flows – Major budget variations

Cash flow budgeting is performed using various assumptions around the timing of events and any departure from these timings will affect the outcome against budget.

Significant variations from the cash flow budgets are as follows:

**Net cash flows from operating activities were \$4.804m higher than budgeted primarily due to:**

- \$27.858m of additional revenue compared to budget including additional transport and infrastructure revenue (\$1.516m) and landfill charges for contaminated and special waste (\$3.806m)
- Lower than planned expected capital grant receipts (\$19.274m) mainly due to early receipt of the Housing upgrade grants

**Net cash flows from investing activities were \$2.063m lower than budget primarily due to:**

- \$21.951m of lower capital expenditure, offset by
- \$10.116m lower proceeds from asset sales
- \$11.616m higher investment due to a longer term deposit maturity (\$10m) and LGFA borrower notes that are not included in the budget

**Net cash flows from financing activities were \$2.200m higher than budget primarily due to:**

- \$1.719m decrease in gross borrowings due to lower than expected capital expenditure
- Offset by lower interest costs on borrowings (\$3.919m)

### **Note 31: Reconciliation of net surplus to net cash flows from operating activities**

The net surplus from the Statement of Comprehensive Revenue and Expense is reconciled to the net cash flows from operating activities in the Statement of Cash Flows as follows:

	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
<b>Net surplus for the period</b>	<b>32,207</b>	<b>31,679</b>	<b>36,932</b>	<b>36,150</b>
<b>Add/(deduct) non-cash items:</b>				
Vested assets	(8,087)	(6,250)	(8,087)	(6,250)
Bad debts written off not previously provided for	152	151	154	151
Depreciation and amortisation	107,415	101,889	109,047	103,623
Impairment of property, plant and equipment	3	11,446	3	11,446
Fair value changes in investment properties	(6,937)	(18,222)	(6,937)	(18,222)
Other fair value changes	(4)	(5,278)	143	(5,278)
Movement in provision for impairments of doubtful debts	27	777	27	777
Tax expense/(credit)	-	-	(151)	(22)
Gain on business combination	-	-	-	(4,072)
Non-cash movement in provisions	11,049	4,440	11,235	4,596
<b>Total non-cash items</b>	<b>103,618</b>	<b>88,953</b>	<b>105,434</b>	<b>86,749</b>
<b>Add/(deduct) movement in working capital: <sup>1</sup></b>				
Exchange receivables and non-exchange recoverables	(7,049)	537	(4,121)	3,677
Prepayments	(1,209)	(2,512)	(1,058)	(2,019)
Inventories	(136)	(48)	(118)	205
Exchange transactions, taxes and transfers payables	6,018	7,852	4,535	4,855
Revenue in advance	(12,738)	(14,176)	(12,315)	(14,604)
Employee benefit liabilities	(197)	516	(490)	219
Provision for other liabilities	(3,503)	(7,632)	(3,429)	(7,809)
<b>Total working capital movement</b>	<b>(18,814)</b>	<b>(15,463)</b>	<b>(16,996)</b>	<b>(15,476)</b>
<b>Add/(deduct) investing and financing activities:</b>				
Net (gain)/loss on disposal of property, plant and equipment	1,459	(495)	1,458	(153)
Dividends received	(12,714)	(12,041)	(104)	(104)
Interest received	(1,603)	(2,367)	(1,671)	(2,442)
Tax paid and subvention receipts	-	-	(53)	(213)
Interest paid on borrowings	22,944	22,904	22,948	22,914
Share of equity accounted surplus in associates	-	-	(16,210)	(13,313)
<b>Total investing and financing activities</b>	<b>10,086</b>	<b>8,001</b>	<b>6,368</b>	<b>6,689</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>127,097</b>	<b>113,170</b>	<b>131,738</b>	<b>114,112</b>

1. Excluding non-cash items

## Note 32: Financial instruments

Financial instruments include financial assets (loans and receivables or recoverables and financial assets at fair value through other comprehensive revenue and expense), financial liabilities (payables and borrowings) and derivative financial instruments. Financial instruments are classified into the categories outlined below based on the purpose for which they were acquired.

The classification is determined at initial recognition and re-evaluated at the end of each reporting period.

### **Relevant significant accounting policies**

Financial instruments are initially recognised on trade-date at their fair value plus transaction costs. Subsequent measurement of financial instruments depends on the classification determined by the Group.

#### **Financial Assets**

Financial assets are classified as loans and receivables or financial assets at fair value through other comprehensive revenue and expense.

Loans and receivables comprise cash and cash equivalents, receivables or recoverables and loans and deposits.

Cash and cash equivalents comprise cash balances and bank deposits with maturity dates of three months or less.

Receivables and recoverables have fixed or determinable payments. They arise when the Group provides money, goods or services directly to a debtor, and has no intention of trading the receivable or recoverable.

Loans and deposits include loans to other entities (including controlled entities and associates), and bank deposits with maturity dates of more than three months.

Financial assets in this category are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method. Fair value is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date for assets of a similar maturity and credit risk. Receivables or recoverables due in less than 12 months are recognised at their nominal value. A provision for impairment is recognised when there is objective evidence that the asset is impaired. As there are statutory remedies to recover unpaid rates, rates penalties and water meter charges, no provision has been made for impairment in respect of these receivables or recoverables.

Financial assets at fair value through other comprehensive revenue and expense primarily relate to equity investments that are held by the Group for long-term strategic purposes and therefore are not intended to be sold. Within the Group, small shareholdings are held in start-up companies, which are available for sale, until the companies mature or cease operations. Financial assets at fair value through other comprehensive revenue and expense are initially recorded at fair value plus transaction costs. They are subsequently measured at fair value and changes, other than impairment losses, are recognised directly in a reserve within equity. On disposal, the cumulative fair value gain or loss previously recognised directly in other comprehensive revenue and expense is recognised within surplus or deficit.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all of the risks and rewards of ownership.

### Financial Liabilities

Financial liabilities include payables under exchange transactions, taxes, transfers and borrowings. Financial liabilities with duration of more than 12 months are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method. Amortisation is recognised within surplus or deficit. Financial liabilities with duration of less than 12 months are recognised at their nominal value.

On disposal any gains or losses are recognised within surplus or deficit.

The following tables provide an analysis of the Group's financial assets and financial liabilities by reporting category as described in the accounting policies:



	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
<b>Financial assets</b>				
<b>Loans and receivables</b>				
Cash and cash equivalents	95,996	76,907	106,856	85,366
Receivables and recoverables	55,815	49,364	58,049	50,700
Other financial assets	16,579	4,978	18,012	5,019
<b>Total loans and receivables</b>	<b>168,390</b>	<b>131,249</b>	<b>182,917</b>	<b>141,085</b>
<b>Financial assets at fair value through other comprehensive revenue and expense</b>				
Other financial assets	6,137	5,281	8,167	6,622
<b>Total financial assets at fair value through other comprehensive revenue and expense</b>	<b>6,137</b>	<b>5,281</b>	<b>8,167</b>	<b>6,622</b>
<b>Hedged derivative financial instruments</b>				
Derivatives designated as cash flow hedges	381	1,283	381	1,283
<b>Total hedged derivative financial instruments</b>	<b>381</b>	<b>1,283</b>	<b>381</b>	<b>1,283</b>
<b>Total financial assets</b>	<b>174,908</b>	<b>137,813</b>	<b>191,465</b>	<b>148,990</b>
Total non-financial assets	7,530,599	7,268,587	7,710,122	7,424,978
<b>TOTAL ASSETS</b>	<b>7,705,507</b>	<b>7,406,400</b>	<b>7,901,587</b>	<b>7,573,968</b>
<b>Financial liabilities</b>				
<b>Financial liabilities at amortised cost</b>				
Exchange transactions and transfers payable	61,316	58,785	65,250	60,269
Taxes payable	6,113	3,498	6,375	3,627
Borrowings	582,144	495,820	582,144	495,988
<b>Total financial liabilities at amortised cost</b>	<b>649,573</b>	<b>558,103</b>	<b>653,769</b>	<b>559,884</b>
<b>Derivative financial instruments</b>				
Derivatives designated as cash flow hedges	25,742	22,566	25,742	22,566
<b>Total derivative financial instruments</b>	<b>25,742</b>	<b>22,566</b>	<b>25,742</b>	<b>22,566</b>
<b>Total financial liabilities</b>	<b>675,315</b>	<b>580,669</b>	<b>679,511</b>	<b>582,450</b>
Total non-financial liabilities	90,674	95,610	95,765	100,375
<b>TOTAL LIABILITIES</b>	<b>765,989</b>	<b>676,279</b>	<b>775,276</b>	<b>682,825</b>

Fair value

The fair values of all financial instruments equate or are approximate to the carrying amount recognised in the Statement of Financial Position.

### Fair value hierarchy

For those financial instruments recognised at fair value in the Statement of Financial Position, the fair values are determined according to the following hierarchy:

**Level 1** - Quoted market price - Financial instruments with quoted prices for identical instruments in active markets.

**Level 2** - Valuation technique using observable inputs – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

**Level 3** - Valuation techniques with significant non-observable inputs – Financial instruments valued using models where one or more significant inputs are not observable.

Group	Level 1 \$000	2018 Level 2 \$000	Level 3 \$000	Level 1 \$000	2017 Level 2 \$000	Level 3 \$000
<b>Financial assets</b>						
Financial assets at fair value through other comprehensive revenue and expense	-	-	8,167	-	-	6,622
Derivative financial instruments						
- Cash flow hedges	-	381	-	-	1,283	-
<b>Financial liabilities</b>						
Derivative financial instruments						
- Cash flow hedges	-	25,742	-	-	22,566	-
<b>Reconciliation of fair value movements in Level 3</b>			<b>Council</b>		<b>Group</b>	
			<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
			<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Financial assets at fair value through other comprehensive revenue and expense</b>						
- Equity investments						
Opening balance - 1 July			5,281	4,041	6,622	5,468
Purchases			-	-	95	-
Disposals			-	-	(110)	(11)
Impairment			-	-	(168)	(27)
Gains or losses recognised in other comprehensive revenue and expense			856	1,240	1,728	1,192
<b>Closing balance - 30 June</b>			<b>6,137</b>	<b>5,281</b>	<b>8,167</b>	<b>6,622</b>

The level 3 equity investments comprise the Group's shareholdings in the Local Government Funding Agency \$5.339 (2017: \$4.475m), Civic Assurance \$0.798m (2017: \$0.806m) and the

Creative HQ incubator/accelerator shareholdings \$2.030m (2017: \$1.341m). Refer to Note 14: Other financial assets (page XX) for more details.

## Financial risk management

As part of its normal operations, the Group is exposed to a number of risks. The most significant are credit risk, liquidity risk and market risk, which includes interest rate risk. The Group's exposure to these risks and the action that the Group has taken to minimise the impact of these risks is outlined below:

### Credit risk

Credit risk is the risk that a third party will default on its obligations to the Group, thereby causing a financial loss. The Group is not exposed to any material concentrations of credit risk other than its exposure within the Wellington region. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statement of Financial Position and the face value of financial guarantees to related parties (refer Note 34: Contingencies (page XX)). There is currently no liability recognised for these guarantees as the Group does not expect to be called upon for payment.

The Group's maximum exposure to credit risk at the end of the reporting period is:

	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
<b>Financial instruments with credit risk</b>				
Cash and cash equivalents	95,996	76,907	106,856	85,366
Derivative financial instrument assets	381	1,283	381	1,283
Receivables and recoverables	55,815	49,364	58,049	50,700
Other financial assets				
- Bank deposits - term	10,000	-	11,401	-
- LGFA borrower notes	6,304	4,688	6,304	4,688
- Loans to related parties - other organisations	31	27	31	27
- Loans to external organisations	244	263	276	304
Financial guarantees to related parties	-	168	-	168
<b>Total financial instruments with credit risk</b>	<b>168,771</b>	<b>132,700</b>	<b>183,298</b>	<b>142,536</b>

Receivables and recoverables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group is exposed to credit risk as a guarantor of the LGFA's borrowings. Further information about this exposure is explained in Note 34: Contingencies (page XX).

### Credit quality of financial assets

The credit quality of financial assets that are neither past due or impaired can be assessed by reference to Standard and Poor's credit ratings.

Counterparties with credit ratings	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
<b>Cash - registered banks</b>				
AA-	1,976	4,886	11,288	10,978
<b>Short term deposits - registered banks</b>				
AA-	94,000	66,000	94,000	68,349
A	-	6,000	-	6,000
<b>Term deposits (greater than 3 months) - registered banks</b>				
AA-	10,000	-	11,401	-
<b>Term deposits - borrower notes - NZ LGFA</b>				
AA+	6,304	4,688	6,304	4,688
<b>Derivative financial instrument assets</b>				
AA-	381	1,283	381	1,283

### Liquidity risk

Liquidity risk refers to the situation where the Group may encounter difficulty in meeting obligations associated with financial liabilities. The Group maintains sufficient funds to cover all obligations as they fall due. Facilities are maintained in accordance with the Council's Liability Management Policy to ensure the Group is able to access required funds.

### Contractual maturity

The following maturity analysis sets out the contractual cash flows for all financial liabilities that are settled on a gross cash flow basis. Contractual cash flows for financial liabilities include the nominal amount and interest payable.

	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
<b>Contractual cash flows of financial liabilities excluding derivatives</b>				
0-12 months	205,502	173,575	209,436	175,288
1-2 years	52,911	58,193	52,911	58,261
2-5 years	239,930	158,914	239,930	158,914
More than 5 years	240,407	257,441	240,407	257,441
<b>Total contractual cash flows of financial liabilities excluding derivatives</b>	<b>738,750</b>	<b>648,123</b>	<b>742,684</b>	<b>649,904</b>
<b>Represented by:</b>				
Carrying amount as per the Statement of Financial Position	643,460	557,973	647,394	559,754
Future interest payable	95,290	90,150	95,290	90,150
<b>Total contractual cash flows of financial liabilities excluding derivatives</b>	<b>738,750</b>	<b>648,123</b>	<b>742,684</b>	<b>649,904</b>

The following maturity analysis sets out the contractual cash flows for all financial liabilities that are settled on a net cash flow basis. Contractual cash flows for derivative financial liabilities are the future interest payable.

	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
<b>Contractual cash flows of derivative financial liabilities</b>				
0-12 months	8,194	8,719	8,194	8,719
1-2 years	7,368	6,321	7,368	6,321
2-5 years	11,914	8,510	11,914	8,510
More than 5 years	34	1,690	34	1,690
<b>Total contractual cashflow of derivative financial liabilities</b>	<b>27,510</b>	<b>25,240</b>	<b>27,510</b>	<b>25,240</b>
<b>Represented by:</b>				
Future interest payable	27,510	25,240	27,510	25,240
<b>Total contractual cash flows of derivative financial liabilities</b>	<b>27,510</b>	<b>25,240</b>	<b>27,510</b>	<b>25,240</b>

In addition to cash to be received in 2018/19 the Group currently has \$121.550m in unutilised committed bank facilities available to settle obligations as well as \$164.905m of cash, cash equivalents and receivables and is expected to have sufficient cash to meet all contractual liabilities as they fall due.

The Group is exposed to liquidity risk as a guarantor of all of LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its obligations when they fall due. Information about this exposure is explained in Note 34: Contingencies (page XX).

The Group mitigates exposure to liquidity risk by managing the maturity of its borrowings programme within the following maturity limits:



Period	Minimum	Maximum	Actual
0 - 3 years	20%	60%	38%
3 - 5 years	20%	60%	29%
More than 5 years	15%	60%	33%

### Market risk

Market risk is the risk that the value of an investment will decrease or a liability will increase due to changes in market conditions. The Group uses interest rate swaps in the ordinary course of business to manage interest rate risks. A Treasury Committee, headed by senior management personnel and the Council's treasury management advisors (presently PwC), provides oversight for financial risk management and derivative activities and ensures any activities are in line with the Liability Management Policy which is formally approved by the Council as part of the Long-Term Plan (LTP).

### Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will decrease due to changes in market interest rates. The Group is exposed to interest rate risk from its interest-earning financial assets and interest-bearing financial liabilities. The Group is risk averse and seeks to minimise exposure arising from its borrowing activities primarily by entering into interest rate swap arrangements to fix interest rates on its borrowings.

The Group manages its cash flow interest rate risk by using interest rate swaps. These have the economic effect of converting borrowings from floating rates to fixed rates. The Council uses interest rate swaps to maintain a required ratio of borrowing between fixed and floating interest rates as specified in the liability management policy:

Minimum fixed rate	Maximum fixed rate	Actual % of fixed net debt before interest rate swaps	Actual % of fixed net debt after interest rate swaps
50%	95%	5%	83%

The table below shows the effect of the interest rate swaps at reducing the Council's exposure to interest rate risk:

	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
<b>Financial instruments subject to interest rate volatility - before effect of interest rate swaps</b>				
Cash and cash equivalents	95,996	76,907	106,856	85,366
Bank deposits - term greater than 3 months	10,000	-	11,401	-
Commercial paper	(85,000)	(85,000)	(85,000)	(85,000)
Debt securities - floating rate notes	(472,500)	(386,500)	(472,500)	(386,500)
<b>Total financial instruments subject to interest rate volatility - before effect of interest rate swaps</b>	<b>(451,504)</b>	<b>(394,593)</b>	<b>(439,243)</b>	<b>(386,134)</b>
<b>Effect of interest rate swaps in reducing interest rate volatility</b>				
Effect of Cash flow interest rate swaps - hedged	365,500	372,500	365,500	372,500
Effect of Cash flow interest rate swaps - non-hedged	60,000	-	60,000	-
<b>Total effect of interest rate swaps in reducing interest rate volatility</b>	<b>425,500</b>	<b>372,500</b>	<b>425,500</b>	<b>372,500</b>
<b>Total financial instruments subject to interest rate volatility - after effect of interest rate swaps</b>	<b>(26,004)</b>	<b>(22,093)</b>	<b>(13,743)</b>	<b>(13,634)</b>

These interest rate swaps have a nominal value which represents the value of the debt that they are covering (included above). This amount is not recorded in the financial statements; instead the fair value of these interest rate swaps is recognised. This represents the difference between the current floating interest rate and the fixed swap interest rate. At 30 June 2018 the fair value of the interest rate swaps was -\$25.362m (2017: -\$21.283m). This liability will reduce to zero as the swaps reach the end of their lives, and therefore do not represent a liability that the Group will be required to pay cash to settle.

Given that the interest rate swaps have terms that match with the borrowings (short term bank facilities, commercial paper and debt securities), it is appropriate to include the effect of the interest rate swaps on the borrowings interest rate and present the net effective interest rates for the underlying borrowings:

Weighted effective interest rates	Council		Group	
	2018	2017	2018	2017
	%	%	%	%
<b>Investments</b>				
Cash and cash equivalents	2.33	2.54	2.17	2.40
Bank deposits - term	2.34	-	2.36	-
LGFA - borrower notes	2.50	2.47	2.50	2.47
Loans to related parties	4.00	4.00	4.00	4.00
Loans to external organisations	-	-	-	-
<b>Borrowings</b>				
Bank loans	7.00	7.00	7.00	7.00
Commercial paper	2.06	2.02	2.06	2.02
Debt securities - fixed	4.84	4.84	4.84	4.84
Debt securities - floating	2.63	2.59	2.63	2.59
Derivative financial instruments - hedged	4.30	4.52	4.30	4.52
Derivative financial instruments - non-hedged	3.50	-	3.50	-

The related party loan to the Wellington Regional Stadium Trust is on interest free terms.

### Sensitivity analysis

While the Group has significantly reduced the impact of short-term fluctuations on the Group's earnings through interest rate swap arrangements, there is still some exposure to changes in interest rates.

The tables below illustrate the potential surplus and deficit impact of a 1% change in interest rates based on the Group's exposures at the end of the reporting period:

Group		2018			
		\$000			
		+1%	-1%	+1%	-1%
		Effect on		Effect on	
		Surplus or Deficit		Other Comprehensive	
Interest rate risk	Note			Revenue and Expense	
<b>Financial assets</b>					
Cash and cash equivalents	a	1,069	(1,069)	-	-
LGFA - borrower notes		63	(63)	-	-
Term deposits > 3 months		114	(114)	-	-
Derivatives - Interest rate swaps - hedged	b	-	-	987	(1,141)
<b>Financial liabilities</b>					
Derivatives - interest rate swaps - hedged	b	-	-	26,181	(28,376)
Debt securities - floating rate notes	c	1,590	(1,590)	-	-
Debt securities - fixed rate bonds	d	-	-	-	-
Bank term loans	e	-	-	-	-
Commercial paper	f	280	(280)	-	-
<b>Total sensitivity to interest rate risk</b>		<b>3,116</b>	<b>(3,116)</b>	<b>27,168</b>	<b>(29,517)</b>

**a. Cash and cash equivalents**

Group funds are in a number of different registered bank accounts with interest payable on the aggregation of all accounts. A movement in interest rates of plus or minus 1% has an effect on interest revenue of \$1.069m accordingly.

**b. Derivatives - hedged interest rate swaps**

Derivatives include hedged interest rate swaps with a fair value totalling -\$25.362m. A movement in interest rates of plus 1% has an effect on increasing the unrealised value of the hedged interest rate swap assets by \$0.987m. A movement in interest rates of minus 1% has an effect on reducing the unrealised value of the hedged interest rate swap assets by \$1.141m. A movement in interest rates of plus 1% has an effect on increasing the unrealised value of the hedged interest rate swap liabilities by \$26.181m. A movement in interest rates of minus 1% has an effect on reducing the unrealised value of the hedged interest rate swap liabilities by \$28.376m.

**c. Debt securities – floating rate notes**

Debt securities at floating rates total \$472.500m. The full exposure to changes in interest rates has been reduced because the Group has \$313.500m of this debt at fixed rates through interest rate swaps. A movement in interest rates of plus or minus 1% has an effect on the interest expense of \$1.590m accordingly.

**d. Debt Securities – fixed rate bonds**

The Group has \$20.000m of fixed rate bonds which are not exposed to interest rate changes.

**e. Bank Loan**

The Group, through the Council's joint ventures with Porirua City Council has a bank term loan of \$4.644m. This loan consists of various loans provided to the joint venture through Porirua City Council borrowing. The interest rate applied is fixed at 7% for the joint venture partners and is not subject to interest rate risk.

**f. Commercial paper**

The Group has a Commercial Paper programme which is subject to floating rates and totals \$100.000m of which only \$85.000m is presently utilised. The full exposure to changes in interest rates has been reduced because the Group has \$57.000m of this debt at fixed rates through interest rate swaps. A movement in interest rates of plus or minus 1% has an effect on the interest expense of \$0.280m accordingly.

## Note 33: Commitments

Capital commitments	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Approved and contracted - property, plant and equipment	61,577	36,519	61,577	36,519
Approved and contracted - investment properties	-	-	-	-
Approved and contracted - intangibles	-	80	-	80
Approved and contracted - share of associates	-	-	14,004	10,958
Approved and contracted - share of joint ventures	-	-	-	-
<b>TOTAL CAPITAL COMMITMENTS</b>	<b>61,577</b>	<b>36,599</b>	<b>75,581</b>	<b>47,557</b>

The capital commitments above represents signed contracts in place at the end of the reporting period.

The contracts will often span more than one financial year and may include capital expenditure carried forward from 2017/18 to future years.

## **Lease commitments**

### **Operating leases – Group as lessee**

The Group leases certain items of plant, equipment, land and buildings under various non-cancellable operating lease agreements.

The lease terms are between 2 and 21 years and the majority of the lease agreements are generally renewable at the end of the lease period at market rates.

The amount of minimum payments for non-cancellable operating leases is recognised as an expense in Note 7: Expenditure on operating activities (page XX).

### **Relevant significant accounting policies**

Leases where the lessor retains substantially all the risks and rewards of ownership of the leased items are classified as operating leases. Payments made under operating leases are recognised within surplus or deficit on a straight-line basis over the term of the lease. Lease incentives received are recognised within surplus or deficit over the term of the lease as they form an integral part of the total lease payment.

The future expenditure committed by these leases is analysed as follows:

Non-cancellable operating lease commitments as lessee	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
<b>Plant and equipment</b>				
Not later than one year	19	43	80	397
Later than one year and not later than five years	4	25	92	288
Later than five years	-	-	-	-
	-	-	-	-
<b>Land and buildings</b>				
Not later than one year	4,052	1,982	6,481	3,525
Later than one year and not later than five years	17,147	4,718	24,430	10,213
Later than five years	1,100	845	4,039	2,549
<b>TOTAL NON-CANCELLABLE OPERATING LEASE COMMITMENTS AS LESSEE</b>	<b>22,322</b>	<b>7,613</b>	<b>35,122</b>	<b>16,972</b>



**Operating leases – Group as lessor**

The Group has also entered into commercial property leases of its investment property portfolio and other land and buildings.

The land and buildings held for investment purposes are properties which are not held for operational purposes and are leased to external parties.

Ground leases are parcels of land owned by the Group in the central city or on the waterfront that are leased to other parties who own the buildings situated on the land. The leases are generally based on 21-year perpetually renewable terms. As these parcels of land are held for investment purposes the leases are charged on a commercial market basis.

The land and buildings not held for investment purposes are either used to accommodate the Group's operational activities or are held for purposes such as road widening, heritage, or are being monitored for compliance reasons. In some cases, parts of these assets are leased to external parties on a commercial basis. The terms of these commercial leases generally range from 1 to 15 years.

**Relevant significant accounting policies**

Rental revenue is recognised on a straight-line basis over the lease term.

The committed revenues expected from these lease portfolios are analysed as follows:

Non-cancellable operating lease commitments as lessor	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
<b>Investment properties</b>				
Not later than one year	10,209	9,972	10,209	9,972
Later than one year and not later than five years	36,070	37,499	36,070	37,499
Later than five years	56,684	64,280	56,684	64,280
		-		-
<b>Land and buildings</b>				
Not later than one year	2,407	2,405	2,455	2,425
Later than one year and not later than five years	6,392	6,719	6,392	6,719
Later than five years	5,338	5,787	5,338	5,787
<b>TOTAL NON-CANCELLABLE OPERATING LEASE COMMITMENTS AS LESSOR</b>	<b>117,100</b>	<b>126,662</b>	<b>117,148</b>	<b>126,682</b>

**Commitments to related parties**

The Council and Group have no commitments to key management personnel beyond normal employment obligations.

## Note 34: Contingencies

Contingent liabilities	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Financial guarantees to community groups	-	168	-	168
Uncalled capital - LGFA	1,866	1,866	1,866	1,866
Other legal proceedings	495	393	522	393
Share of associates' contingent liabilities	-	-	-	-
Share of joint ventures' contingent liabilities	-	-	27	-
<b>TOTAL CONTINGENT LIABILITIES</b>	<b>2,361</b>	<b>2,427</b>	<b>2,415</b>	<b>2,427</b>

### Contingent assets

The Council and Group have no contingent assets that can be quantified as at 30 June 2018 (2017: \$Nil)

### Relevant significant accounting policies

#### Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are disclosed at the point at which the contingency is evident. Contingent liabilities are disclosed if the possibility they will crystallise is not remote. Contingent assets are disclosed if it is probable the benefits will be realised.

#### Financial guarantee contracts

A financial guarantee contract is a contract that requires the Group to make specified payments to reimburse the contract holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value. The Group measures the fair value of a financial guarantee by determining the probability of the guarantee being called by the holder. The probability factor is then applied to the principal and the outcome discounted to present value.

Financial guarantees are subsequently measured at the higher of the Group's best estimate of the obligation or the amount initially recognised less any amortisation.

### Karori Sanctuary Trust (Zealandia)

The Council has provided a guarantee over a term loan facility to a maximum limit of \$1.550m plus any outstanding interest and enforcement costs. The loan does not mature until 30 June 2020 but early repayment during the current period ending 30 June 2018 has extinguished the loan and the guarantee ahead of schedule.

### NZ Local Government Funding Agency Limited (LGFA)

Council is one of 30 local authority shareholders and 8 local authority guarantors of the LGFA. In that regard Council has uncalled capital of \$1.866m. When aggregated with the uncalled capital of

other shareholders, \$20m is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, Council is a guarantor of all of LGFA's borrowings. At 30 June 2018, LGFA had borrowings totalling \$8,272m (2017: \$7,945m).

Financial reporting standards require Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of LGFA defaulting on repayment of interest or capital to be very low on the basis that we are not aware of any local authority, which is a member of the LGFA, that has had debt default events in New Zealand; and local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required. Council considers that even if it was called upon to contribute the cost would not be material.

### **Other legal proceedings**

Other legal proceedings are current claims against the Council and Group as a result of past events which are currently being contested. The amounts shown reflect potential liability for financial reporting purposes only and do not represent an admission that any claim is valid. The outcome of these remains uncertain at the end of the reporting period. The maximum exposure to the Group is anticipated to be less than \$0.522m.

### **Unquantified contingent liabilities**

#### **Weathertight Homes**

The Government's Weathertight Homes Financial Assistance Package aims to help people get their non-weathertight homes fixed faster, and centres on the Government and local authorities each contributing 25% of agreed repair costs and affected homeowners funding the remaining 50% backed by a Government loan guarantee. A provision for known claims and future claims has been made (refer to Note 25: Provisions for other liabilities (page XX)). The impact and cost of future and unknown claims cannot be measured reliably and therefore the Council and Group have an unquantified contingent liability.

On 11 October 2012 the Supreme Court of New Zealand released a decision clarifying that councils owe a duty of care when approving plans and inspecting construction of a building which was not purely a residential building. The Court held that there was no principled basis for distinguishing between the liability of those who played a role in the construction of residential buildings as against the construction of non-residential buildings. This extends the scope of the potential liability for the Council to include non-residential buildings consented under the Building Act 1991.

Through the process of working with our actuaries, it has been identified that due to a lack of historical and current information relating to non-residential building claims, a reliable estimate of any potential liability cannot be quantified at this time.

#### **Defective product**

In April 2013, the Ministry of Education (MOE) initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the cladding sheets and cladding systems manufactured and prepared by CHH. Subsequently, in December 2016, CHH commenced third party proceedings against 48 Councils, including Wellington City Council alleging a breach of duty in the processing of building consents, undertaking building inspections and issuing Code Compliance Certificates. The Councils were partially successful in having parts of the claims struck out. The MOE's claim against CHH is for 833 school buildings, 27 of which are located within

Wellington City. At present there is insufficient information to conclude on potential liability and claim quantum, if any.

There are various other claims that the Council and Group are currently contesting which have not been quantified due to the nature of the issues, the uncertainty of the outcome and/or the extent to which the Council and Group have a responsibility to the claimant. The possibility of any outflow in settlement in these cases is assessed as remote.

#### **Unquantified contingent asset**

As at 30 June 2018, the Council had a contingent asset for insurance recoveries. The insurance claim related to the Civic Administration Building (CAB), which covers both the repair costs and the relocation costs, is still in progress. The Council's preliminary assessment of earthquake repairs is in the region of \$33.0 million. The indemnity value of CAB under Council's insurance value is \$48.7 million. The insurance policy has a deductible of \$5.0 million. While an estimate of the repair costs has been obtained by the Council and provided to the insurer there are still a significant number of uncertainties in the numbers and it is still subject to discussion and agreement with the insurer. This means that the amount that the Council will receive cannot be reliably measured. For further information please refer to Note 38: Financial impacts of the Kaikoura earthquake (page XX).

### **Note 35: Jointly controlled assets**

The Council has significant interests in the following joint ventures:

Joint Venture	Interest 2018	Interest 2017	Nature of business
Wastewater treatment plant – Porirua City Council	27.60%	27.60%	Owns and operates a wastewater treatment plant and associated trunk sewers and pumping stations that provide services to Wellington City's northern suburbs.
Spicer Valley Landfill – Porirua City Council	21.50%	21.50%	Owns and operates a sanitary landfill that provides services to Wellington City's northern suburbs.

The end of the reporting period for the joint ventures is 30 June. Included in the financial statements are the following items that represent the Council's and Group's interest in the assets and liabilities of the joint ventures.

#### **Relevant significant accounting policies**

For a jointly controlled asset the Council has a liability in respect of its share of joint ventures' operational deficits and liabilities, and shares in any operational surpluses and assets. The Council's proportionate interest (ie. 21.5% of the Spicer Valley landfill) in the assets, liabilities, revenue and expenditure is included in the financial statements of the Council and Group on a line-by-line basis.



Share of Net Assets - Porirua City Council Joint Ventures (PCCJV)	2018 \$000	2017 \$000
<b>ASSETS</b>		
<b>Current</b>		
Inventory	22	22
Receivables and recoverables	2,516	2,045
<b>Non-current</b>		
Property, plant and equipment	24,183	23,882
<b>Share of total assets</b>	<b>26,721</b>	<b>25,949</b>
<b>LIABILITIES</b>		
<b>Non-current</b>		
Borrowings	4,644	4,320
Provisions for other liabilities	2,497	2,340
<b>Share of total liabilities</b>	<b>7,141</b>	<b>6,660</b>
<b>SHARE OF NET ASSETS</b>	<b>19,580</b>	<b>19,289</b>

The Council's and Group's share of the joint ventures' current year net surplus and revaluation movements (after elimination) included in the financial statements are shown below.

Share of Net Surplus and Revaluation Movements - PCCJV	2018 \$000	2017 \$000
Operating revenue	1,601	1,279
Operating expenditure	(1,298)	(1,081)
<b>Share of net surplus or (deficit)</b>	<b>303</b>	<b>198</b>
<b>Share of current year revaluation movement</b>	<b>(14)</b>	<b>1,338</b>

The Council's and Group's share of the joint ventures' capital commitments is \$Nil (2017: \$Nil) and contingent liabilities is \$Nil (2017: \$Nil).



## **Note 36: Related party disclosures**

### **Relevant significant accounting policies**

Related parties arise where one entity has the ability to affect the financial and operating policies of another through the presence of control or significant influence. Related parties include all members of the Group (controlled entities, associates and joint ventures) and key management personnel.

Key management personnel include the Mayor and Councillors as elected members of the governing body of the Council reporting entity, the Chief Executive and all members of the Executive Leadership Team, being key advisors to the Council and Chief Executive.

### **Key management personnel**

In this section, the Council discloses the remuneration and related party transactions of key management personnel. The remuneration payable to key management personnel of the Group's other entities is disclosed separately within their individual financial statements and is not included in the following table

Remuneration paid to key management personnel	Council	
	2018	2017
	\$	\$
<b>Council Members</b>		
Remuneration	1,493,627	1,492,887
<b>Chief Executive and Executive Leadership Team</b>		
Remuneration	2,176,138	2,531,744
<b>TOTAL REMUNERATION PAID TO KEY MANAGEMENT PERSONNEL</b>	<b>3,669,765</b>	<b>4,024,631</b>

As at 30 June 2018 key management personnel comprised of 21 individuals: 15 elected members or 15 fulltime equivalents (2017: 15) and 6 executive leaders or 6 fulltime equivalents (2017: 8)

For further disclosure of the remuneration payable to the Mayor, Councillors and the Chief Executive refer to Note 37: Remuneration and staffing (page XX).

### **Material related party transactions – key management personnel**

During the year key management personnel, as part of normal local authority relationships, were involved in transactions with the Council such as payment of rates and purchases of rubbish bags or other Council services

These transactions were on normal commercial terms. Except for these transactions no key management personnel have entered into related party transactions with the Group.

The Mayor and Councillor's disclose their personal interests in a register available on the Council Website.

There are no commitments from Council to key management personnel.

### **Material related party transactions – other organisations**

#### **Basin Reserve Trust (BRT)**

The Basin Reserve Trust was established on 24 February 2005 to manage, operate and maintain the Basin Reserve. The Trust was jointly created with Cricket Wellington Incorporated (CWI). Wellington City Council and CWI each appoint two of the four trustees. Wellington City Council has significant influence over the Trust through the appointment of trustees, and receives benefits from the complementary activities of the Trust.

The Council considers the Trust does not meet the requirements of PBE IPSAS 7 Investments in Associates to enable continued consolidation on an equity accounted basis. The Trust is still identified as an associate given the Council's level of influence and financial support but due to the lack of an equity investment the Council believes it is not appropriate to include the Trust in the Group financial statements.

During the year ending 30 June 2018 Council contributed \$0.399m (2017: \$0.383m) to fund the core operations of the Trust and \$0.250m (2017: 0.250m) for turf management services.

#### **NZ Local Government Funding Agency Limited (LGFA)**

The LGFA was incorporated on 1 December 2011 and was established to facilitate the efficient, and cost effective, raising of debt funding for local government authorities. There are currently 30 regional, district and city councils throughout New Zealand that own 80% of the issued capital, with the Government holding the remaining 20%. The Council became an establishment shareholder in this Council Controlled Trading Organisation (CCTO) and currently has an investment of \$1.866m representing 8.3% of paid-up capital.

#### **Wellington Regional Stadium Trust (WRST)**

Wellington Regional Stadium Trust was jointly created with Greater Wellington Regional Council and Wellington City Council has significant influence over the Wellington Regional Stadium Trust through the appointment of trustees and receives benefits from the complementary activities of the Trust.

The Council considers the Trust does not meet the requirements of PBE IPSAS 7 Investments in Associates to enable continued consolidation on an equity accounted basis. The Trust is still identified as an associate given the Council's level of influence and financial support but due to the lack of an equity investment the Council believes it is not appropriate to include the Trust in the Group financial statements.

Council holds a \$15m limited recourse loan to WRST which, is unsecured, with no specified maturity and at no interest. The loan is not repayable until all other debts are extinguished.

On maturity of the initial WRST membership underwrite, the unpaid interest was converted to a \$0.395m advance repayable after all other advances made by the Council and Greater Wellington Regional Council.

During the year ending 30 June 2018 Council transacted directly with WRST to the amount of \$0.830m as part of the original \$5.000m funding grant recognised in 2016/17 for the upgrade of the concourse.

### **Intra group transactions and balances**

During the year the Council has entered into transactions with its joint venture partner Porirua City Council. These transactions disclosed are within the normal course of business. The nature of these intra-group transactions and the outstanding balances at the year-end are as follows:

<b>Intra group transactions and balances - Jointly controlled assets</b>		<b>2018</b>	<b>2017</b>
		<b>\$000</b>	<b>\$000</b>
<b>Expenditure incurred by the Council to fund the operation and management of:</b>			
Porirua - waste water treatment plant		1,922	2,011

During the year the Council has entered into transactions with its controlled entities. These transactions disclosed are within the normal course of business. The nature of these intra-group transactions and the outstanding balances at the year-end are as follows:

<b>Intra group transactions and balances - Controlled entities</b>		<b>2018</b>	<b>2017</b>
		<b>\$000</b>	<b>\$000</b>
<b>Revenue for services provided by the Council to:</b>			
Karori Sanctuary Trust		30	43
Wellington Cable Car Limited		55	48
Wellington Museums Trust		1,729	1,469
Wellington Regional Economic Development Agency		431	166
Wellington Zoo Trust		260	1,054
		<b>2,505</b>	<b>2,780</b>
<b>Grant funding by Council for the operations and management of:</b>			
Karori Sanctuary Trust		980	875
Wellington Cable Car Limited		-	1,000
Wellington Museums Trust		8,759	8,628
Wellington Regional Economic Development Agency		11,928	7,404
Wellington Zoo Trust		3,240	3,125
		<b>24,907</b>	<b>21,032</b>
<b>Expenditure for services provided to the Council by:</b>			
Karori Sanctuary Trust		16	11
Wellington Cable Car Limited		57	37
Wellington Museums Trust		587	313
Wellington Regional Economic Development Agency		6,490	10,044
Wellington Zoo Trust		723	1,967
		<b>7,873</b>	<b>12,372</b>
<b>Expenditure for the purchase of assets by the Council from: <sup>1</sup></b>			
Karori Sanctuary Trust		-	10,347
<b>Loan repayment to the Council by: <sup>2</sup></b>			
Karori Sanctuary Trust		-	10,347
<b>Current receivables and recoverables owing to the Council from:</b>			
Karori Sanctuary Trust		2	2
Wellington Museums Trust		-	40
Wellington Regional Economic Development Agency		4	63
Wellington Zoo Trust		204	1,189
		<b>210</b>	<b>1,294</b>
<b>Current payables owed by the Council to:</b>			
Karori Sanctuary Trust		9	1
Wellington Cable Car Limited		58	5
Wellington Museums Trust		235	251
Wellington Regional Economic Development Agency		87	366
Wellington Zoo Trust		181	1,731
		<b>570</b>	<b>2,354</b>

1. The Council purchased the Karori Sanctuary Trust visitor centre building on 7 October 2016.

2. The Karori Sanctuary Trust repaid its loan from the Council on 7 October 2016.

#### Current receivables, recoverables and payables

The receivable, recoverable and payable balances are non-interest bearing and are to be settled with the relevant entities on normal trading terms and conditions.

#### Payments to controlled entities

The total payments to controlled entities are \$32.780m (2017: \$33.404m) when the grant funding of \$24.907m (2017: \$21.032m) and expenditure for services provided to Council of \$7.873m (2017: \$12.372m) are combined.

During the year the Council has entered into several transactions with its associates and jointly controlled entity. These transactions disclosed are within the normal course of business. The nature of these intra-group transactions and the outstanding balances at the year-end are as follows:

Intra group transactions and balances - Associates and jointly controlled entity		2018	2017
		\$000	\$000
<b>Dividend received from:</b>			
	Wellington International Airport Limited	12,610	11,937
<b>Revenue for services provided by the Council to:</b>			
	Wellington International Airport Limited	65	61
	Wellington Water Limited	1,083	517
		<b>1,148</b>	<b>578</b>
<b>Expenditure for services provided to the Council from:</b>			
	Wellington International Airport Limited	244	1,132
	Wellington Water Limited	36,437	26,995
		<b>36,681</b>	<b>28,127</b>
<b>Current receivables and recoverables owing to the Council from:</b>			
	Wellington International Airport Limited	1	-
	Wellington Water Limited	307	187
		<b>308</b>	<b>187</b>
<b>Current payables owed by the Council to:</b>			
	Wellington Water Limited	2,267	4,333

#### Current receivables, recoverables and payables:

The receivable, recoverable and payable balances are non-interest bearing and are to be settled with the relevant entities on normal trading terms and conditions.



## Note 37: Remuneration and staffing

### *Mayoral and Councillor remuneration*

#### Relevant significant accounting policies

Remuneration of elected members comprises any money, consideration or benefit received or receivable or otherwise made available, directly or indirectly, during the reporting period but does not include reimbursement of authorised work expenses or the provision of work-related equipment such as cell phones and laptops.

#### Remuneration

The following people held office as elected members of the Council's governing body, during the reporting period. The total remuneration attributed to the Mayor and Councillors during the year from 1 July 2017 to 30 June 2018 was \$1,493,627 (2017: \$1,492,887) and is broken down and classified as follows:

Council Member	Monetary Remuneration		Non-monetary Remuneration	Total 2018
	Salary	Allowances		
	\$	\$	\$	\$
Lester, Justin (Mayor)	173,212	-	2,200	175,412
Calvert, Diane	91,581	400	2,200	94,181
Calvi-Freeman, Chris	91,581	400	2,200	94,181
Dawson, Brian	91,581	400	2,200	94,181
Day, Jill	111,263	400	2,200	113,863
Eagle, Paul (resigned September 2017)	29,264	100	550	29,914
Fitzsimons, Fleur (elected December 2017)	36,131	200	917	37,247
Foster, Andy	91,581	400	2,200	94,181
Free, Sarah	91,581	400	2,200	94,181
Gilberd, Peter	91,581	400	2,200	94,181
David, Lee	91,581	400	2,200	94,181
Marsh, Simon	91,581	400	2,200	94,181
Pannett, Iona	98,600	400	2,200	101,200
Sparrow, Malcolm	91,581	400	2,200	94,181
Woolf, Simon	91,581	400	2,200	94,181
Young, Nicola	91,581	400	2,200	94,181
<b>TOTAL REMUNERATION PAID TO COUNCIL MEMBERS</b>	<b>1,455,860</b>	<b>5,500</b>	<b>32,267</b>	<b>1,493,627</b>
		<b>Total monetary remuneration</b>		<b>1,461,360</b>
		<b>Total non- monetary remuneration</b>		<b>32,267</b>

### Salary

The Remuneration Authority is responsible for setting the remuneration levels for elected members (Clause 6, Schedule 7 of the Local Government Act 2002). The Council's monetary remuneration (salary) detailed above was determined by the Remuneration Authority. As permitted under the Authority's guidelines the Council has chosen for its elected members to receive an annual salary for the 2017/18 financial year rather than the alternative option of a combination of meeting fee payments and annual salary.

### Taxable and non-taxable allowances – broadband services and mobile phones

Councillors are able to choose either of the following two options:

The payment of a communication allowance of \$400 per annum (applicable from the start of the new triennium) or the reimbursement of any Council related communication costs, over and above any communication costs they would normally incur, payable on receipt of the appropriate documentation required under the provisions of the Remuneration Authority's determination. Both the allowance and reimbursement options are non-taxable. Only the payments under the allowance option have been included as remuneration in the schedule above.

The level of all allowances payable to the Council's elected members has been approved by the Remuneration Authority and is reviewed by the Authority on an annual basis. The Remuneration Authority does permit Council to provide the Mayor with a vehicle for full private use, which would be a taxable benefit; however the current Mayor has declined to take up this option.

### Non-monetary

In addition, the Mayor and Councillors receive non-monetary remuneration in relation to car parking space provided. The Councillors have shared office and working space available for use, and access to phones and computers. Professional indemnity and trustee liability insurance is also provided to Councillors against any potential legal litigation which may occur while undertaking Council business.

### Community Boards

The Council has two community boards – the Tawa Community Board and the Makara/Ohariu Community Board. Remuneration paid to the elected members of these boards is as follows:

Community Board Member	Salary	Allowances	Other	Total 2018
	\$	\$	\$	\$
<b>TAWA COMMUNITY BOARD</b>				
Herbert, Richard (Chair)	18,168	540	-	18,708
Lucas, Margaret (Deputy Chair)	9,084	-	-	9,084
Hansen, Graeme	9,084	-	-	9,084
Langham, Liz	9,084	-	-	9,084
Marshall, Jack (includes Youth Council attendance fee)	9,084	-	660	9,744
Parkinson, Robyn	9,084	-	-	9,084
Day, Jill (see Councillor remuneration above)	-	-	-	-
Sparrow, Malcolm (see Councillor remuneration above)	-	-	-	-
<b>MAKARA-OHARIU COMMUNITY BOARD</b>				
Grace, Christine (Chair)	9,290	540	-	9,830
Apanowicz, John (Deputy Chair)	4,646	-	-	4,646
Liddell, Judy	4,646	-	-	4,646
Renner, Chris	4,646	-	-	4,646
Rudd, Wayne	4,646	-	-	4,646
Todd, Hamish	4,646	-	-	4,646
<b>TOTAL REMUNERATION TO COMMUNITY BOARD MEMBERS</b>	<b>96,108</b>	<b>1,080</b>	<b>660</b>	<b>97,848</b>

A technology allowance of \$45 per month is available to the chair of both the Tawa and Makara/Ohariu Community Boards. This allowance can be taken as either an allowance or as an actual expense reimbursement. Both options are non-taxable but only payments under the allowance option are included in the above remuneration table.

#### Chief Executive's remuneration

The Chief Executive of the Council was appointed in accordance with section 42 of the Local Government Act 2002.

The table below shows the total remuneration of the Chief Executive paid or payable for the year ended 30 June 2018.

Under the terms of his agreement, the Chief Executive of the Council chooses how he wishes to take his remuneration package (salary only or a combination of salary and benefits).

Remuneration of the Chief Executive	Council	
	2018	2017
	\$	\$
<b>Short-term employee benefits</b>		
<b>Kevin Lavery</b>		
Salary	425,160	413,160
Motor vehicle park	3,000	3,000
<b>TOTAL REMUNERATION OF THE CHIEF EXECUTIVE</b>	<b>428,160</b>	<b>416,160</b>

## Severances

In accordance with Schedule 10, section 33 of the Local Government Act 2002, the Council is required to disclose the number of employees who received severance payments during the year and the amount of each severance payment made.

Severance payments include any consideration (monetary and non-monetary) provided to any employee in respect of the employee's agreement to the termination of their employment with the Council. Severance payments exclude any final payment of salary, holiday pay and superannuation contributions or other contractual entitlement.

For the year ending 30 June 2018 the Council made severance payments to 21 employees totalling \$405,695 (2017: 15 employees, \$261,259).

The individual values of each of these severance payments are: \$700; \$54,762; \$71,125; \$6,000; \$22,835; \$7,878; \$6,019; \$4,591; \$4,312; \$15,410; \$4,680; \$14,650; \$2,076; \$30,000; \$6,083; \$26,925; \$10,256; \$3,560; \$68,864; \$28,969; \$16,000.

## Employee numbers and remuneration bands

The following table identifies the number of full time employees as at the of the reporting period and the full time equivalent number of all other part-time, fixed term and casual employees. The table further identifies the breakdown of remuneration levels of those employees into various bands.

	Council	
	2018	2017
<b>Full-time and full-time equivalent employee numbers</b>		
Full-time employees (based on a 40 hour week) as at 30 June	1,038	1,037
Full-time equivalents for all other non full-time employees	264	265
<b>Remuneration bands</b>		
The number of employees receiving total annual remuneration of less than \$60,000	1,106	1,115
The number of employees receiving total annual remuneration of more than \$60,000 in bands of \$20,000		
\$60,000 - \$79,999.99	272	269
\$80,000 - \$99,999.99	182	175
\$100,000 - \$119,999.99	91	80
\$120,000 - \$139,999.99	53	56
\$140,000 - \$159,999.99	36	30
\$160,000 - \$179,999.99	12	12
\$180,000 - \$199,999.99	9	8
\$200,000 - \$239,999.99*	9	6
\$240,000 - \$299,999.99*	6	6
\$300,000 - \$419,999.99*	4	5
<b>TOTAL EMPLOYEES</b>	<b>1,780</b>	<b>1,762</b>

Of the 1,780 (2017: 1,762) individual employees, 742 (2017: 725) work part-time or casually.

Total annual remuneration has been calculated to include any non-financial benefits and other payments in excess of normal remuneration such as the employer Kiwisaver contribution.

\*If the number of employees for any band was 5 or less then we are legally required to combine it with the next highest band. This means that some rows span different bands across the two years shown.



Council has resolved that in addition to legislative requirements to disclose the above bandings it has also included the 2 lowest remuneration grades.

Grade	Salary Range	2018
Q	\$33,705 - \$42,132	402
9	\$42,132 - \$55,672	414

The Q grade includes 2 training level rates applicable to certain 'Parks, Sports and Recreation' positions that require people employed in these positions to meet specified core competencies before moving to the either level 2, or to the fully qualified rate of \$20.20

The current living wage rate for WCC is \$20.20. Each year the living wage rate for WCC will be reviewed in accordance with the latest Living Wage rate announced/published by Living Wage Aotearoa.

## **Note 38: Financial impacts of the Kaikoura earthquake**

### **Background**

The devastating 14 November 2016 earthquake, while centred in the upper South Island also impacted on the Wellington region and particularly certain buildings in Wellington City including Council's own Civic Administration Building (CAB) in Civic Square.

### **Assets affected**

#### **Buildings**

The Civic Administration Building (CAB) in Civic Square suffered significant damage during the 14 November 2016 earthquake. The building was immediately closed and has remained closed since the event. This building is subject to an insurance claim which covers both the repair costs and the operational relocation costs.

Two other buildings: 221 Wakefield Street and St John's Hall in Karori; both of which were already scheduled for demolition, were also damaged during the earthquake and were demolished in 2017.

Some other buildings suffered minor cosmetic damage and have since either been repaired or are scheduled for repair.

#### **Other assets**

All plant and equipment assets within CAB were recovered with no significant write offs.

Some other Council assets suffered minor cosmetic damage and have since either been repaired or are scheduled for repair.

### **Estimated costs to repair damage and impairment of CAB**

In the 2017/18 year a total of \$2.026m (2017: \$4.143m) was paid out of the Council's insurance reserve fund related to earthquake repairs and relocation costs. This includes some items related to CAB which will be paid out of the fund until the excess level for the claim has been reached.

As a result of the damage suffered to CAB, the building was assessed for impairment as at 30 June 2017 and an impairment loss of \$11.446m was recognised. CAB is not a revalued asset

therefore the loss was included within Expenditure on operating activities in the Statement of Comprehensive Revenue and Expense for the period ending 30 June 2017.

### **Contingent Asset – Insurance recoveries**

As at 30 June 2018, the Council had a contingent asset for insurance recoveries. The insurance claim related to the Civic Administration Building (CAB), which covers both the repair costs and the relocation costs, is still in progress. The Council's preliminary assessment of earthquake repairs is in the region of \$33.0 million. The indemnity value of CAB under Council's insurance value is \$48.7 million. The insurance policy has a deductible of \$5.0 million. While an estimate of the repair costs has been obtained by the Council and provided to the insurer there are still a significant number of uncertainties in the numbers and it is still subject to discussion and agreement with the insurer. This means that the amount that the Council will receive cannot be reliably measured.

## **Note 39: Events after the end of the reporting period**

In August 2018 the Council and The Movie Museum Limited announced a mutually-agreed parting of the ways for a joint project to construct a convention centre and movie museum. The Council are to consider continuing with the project which would now combine the convention centre with an exhibition space. \$0.132m of costs that were directly attributable to the Movie Museum arrangement, that had previously been included within work in progress, have now been expensed in the year ended 30 June 2018.

## **Other Significant Accounting Policies**

The following accounting policies are additional to the disclosures and accounting policies that are included within the relevant specific Notes forming part of the financial statements.

## **Basis of preparation**

### **Measurement base**

The measurement basis applied is historical cost, modified by the revaluation of certain assets and liabilities as identified in the accounting policies. The accrual basis of accounting has been used unless otherwise stated.

For the assets and liabilities recorded at fair value, fair value is defined as the amount for which an item could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's-length transaction. For investment property, non-current assets classified as held for sale and items of property, plant and equipment which are revalued, the fair value is determined by reference to market value. The market value of a property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction.

Amounts expected to be recovered or settled more than one year after the end of the reporting period are recognised at their present value. The present value of the estimated future cash flows is calculated using applicable inflation factors and a discount rate.

The financial statements are presented in New Zealand dollars, rounded to the nearest thousand (\$000), unless otherwise stated.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

### **Exchange and non-exchange transactions**

#### **Revenue from exchange transactions**

Revenue from exchange transactions arises where the Council provides goods or services to another entity or individual and directly receives approximately equal value in a willing arm's length transaction (primarily in the form of cash in exchange).

#### **Revenue from non-exchange transactions**

Revenue from non-exchange transactions arises from transactions that are not exchange transactions. Revenue from non-exchange transaction arises when the Council receives value from another party without giving approximately equal value directly in exchange for the value received.

An inflow of resources from a non-exchange transaction recognised as an asset, is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As Council satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction

#### **Approximately equal value**

Approximately equal value is considered to reflect a fair or market value, which is normally considered as an arm's length commercial transaction between a willing buyer and willing seller. Some goods or services that Council provides (eg. the sale of goods at market rates) are defined as being exchange transactions. Only a few services provided by Council operate on a full user pays (eg. Parking), cost recovery or breakeven basis and these are considered to be exchange transactions unless they are provided at less than active and open market prices.

Most of the services that Council provides, for a fee, are subsidised by rates (eg. The cost to swim in a Council pool) and therefore do not constitute an approximately equal exchange. Accordingly most of Council's revenue is categorised as non-exchange.

### **Change of accounting policies**

There have been no elected changes in accounting policies during the financial period.

### **Changes to PBE accounting standards**

There have been no new accounting standards issued with mandatory effect for the accounting period. However, amendments to standards have been made with effect for periods beginning after 1 January 2017.

*2016 Omnibus amendments to PBE standards* – These amendments were issued in parts in January 2017, being effective for periods beginning on or after 1 January 2017 or 1 January 2018, but not all parts being able to be early adopted. A relevant amendment for the Council that is able to be adopted is to *PBE IPSAS 32 Service Concession Arrangements: Grantor*. This amendment requires that service concession assets are grouped with similar property, plant and equipment assets for the purpose of subsequent measurement and disclosure under *PBE IPSAS 17 Property, Plant and Equipment*. In effect, this means that the Service Concession assets that have been



previously disclosed as a separate class of asset will now be included within the Drainage, water and waste asset class.

### **Standards, amendments and interpretations issued but not yet effective and not early adopted**

Standards, amendments and interpretations issued but not yet effective and not early adopted which are relevant to the Group are:

- In April 2017, the XRB issued Impairment of Revalued Assets, which now scopes in revalued property, plant and equipment into the impairment accounting standards PBE IPSASs 21 and 26, which will require Council to assess at each reporting date whether there is any indication that an asset may be impaired. However, where an impairment loss is recognised for an asset, or group of assets, that is revalued, an entity is not necessarily required to revalue the entire class of assets to which that impaired asset, or group of assets, belongs. This amendment is effective for periods beginning on or after 1 January 2019.
- In January 2017, the XRB issued new standards for interest in other entities (PBE IPSAS 34 - 38). These new standards will replace the existing applicable standards (PBE IPSAS 6 - 8) and are effective for periods beginning on or after 1 January 2019.
- In January 2017, the XRB also issued PBE IFRS 9 Financial Instruments to replace PBE IPSAS 29 Financial Instruments: Recognition and Measurement. With an effective date for annual periods beginning on or after 1 January 2021, but with early adoption permitted, the intention is not to adopt at this stage while the effects on Council and the Group are more thoroughly assessed. The main changes under PBE IFRS 9 are:
- New financial asset classifications requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses.
- Revised hedge accounting requirements to better reflect the management of risks.

### **Judgements and estimations**

The preparation of financial statements using PBE accounting standards requires the use of judgements, estimates and assumptions. Where material, information on the main assumptions is provided in the relevant accounting policy or in the relevant note.

The estimates and assumptions are based on historical experience as well as other factors that are believed to be reasonable under the circumstances. Subsequent actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis and adjustments are made where necessary.

Judgements that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the relevant notes. Significant judgements and estimations include landfill post-closure costs, asset revaluations, impairments, certain fair value calculations and provisions.

### **Goods and Services Tax (GST)**

All items in the financial statements are exclusive of GST, with the exception of receivables, recoverables and payables, which are stated as GST inclusive. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

### **Budget figures**

The Annual Plan budget figures included in these financial statements are for the Council as a separate entity. The Annual Plan figures do not include budget information relating to controlled entities or associates. These figures are those approved by the Council at the beginning of each financial year following a period of consultation with the public as part of the Annual Plan process. These figures do not include any additional expenditure subsequently approved by the Council outside the Annual Plan process. The Annual Plan figures have been prepared in accordance with GAAP and are consistent with the accounting policies adopted by the Council for the preparation of these financial statements.

### **Comparatives**

To ensure consistency with the current year, certain comparative information has been reclassified where appropriate. This has occurred:

- where classifications have changed between periods;
- where the Council has made additional disclosure in the current year, and where a greater degree of disaggregation of prior year amounts and balances is therefore required; and
- where there has been a change of accounting policy (There has been no change in the 2017/18 year).



## Financial Prudence

The government has introduced the Local Government (Financial Reporting and Prudence) Regulations 2014 which has a series of measures and benchmarks, disclosed in the following pages.

Readers are urged to read the commentary and explanations provided to give context to the information, as it is not always possible to compare Wellington City Councils' results with other councils due to their size, location and provision of services.

During the 2015-25 Long-Term Plan process and with consultation with ratepayers, the Council revised the number of benchmarks and removed measures that were similar in nature and added no value in understanding of the measures to readers.

## Annual report disclosure statement for year ending 30 June 2018

### ***What is the purpose of this statement?***

The purpose of this statement is to disclose the council's financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Unless prescribed by the regulations the quantified limit for each benchmark is calculated using the financial information from the Council's 2015-25 LTP.

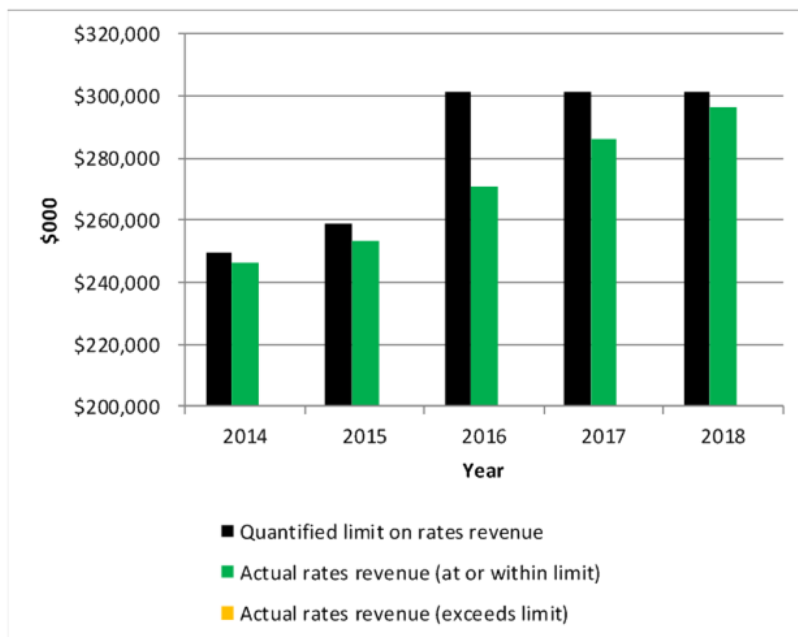
### ***Rates affordability benchmark***

The council meets the rates affordability benchmark if—

- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

### Rates (income) affordability

The following graph compares the council's actual rates increases with a quantified dollar limit on rates increases included in the financial strategy included in the council's long-term plan. The quantified limit for the first three years of the 2015-25 LTP, which encompasses the financial years 2015/16; 2016/17 and 2017/18 is \$301,552,000. This means rates revenue should remain below this limit for each of these years.



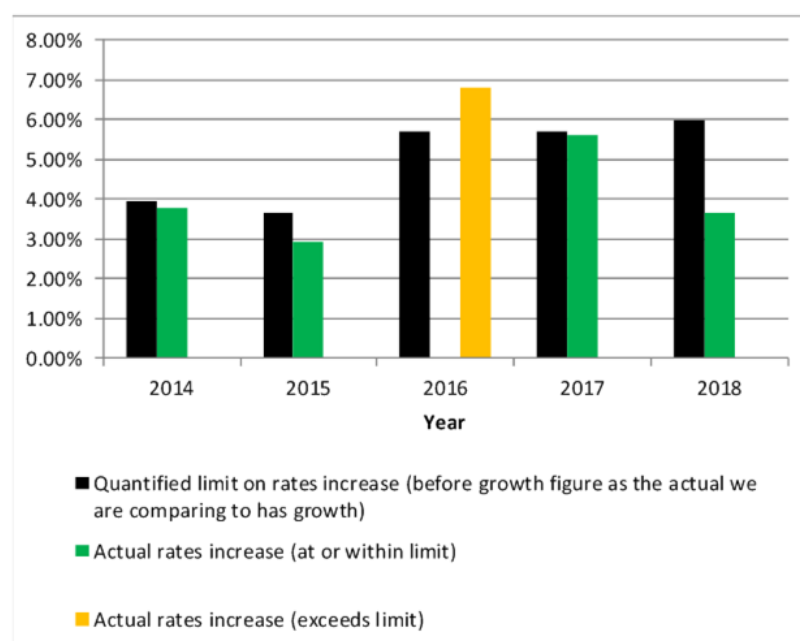
NOTE: the qualified limit was set at \$301,552,000 for the first three years of the 2015-25 Long-Term Plan on the basis that this would equate to an average annual rates increase of 4.5% (after growth) over this three period.

### **Rates (increases) affordability**

The following graph compares the council's actual rates increases with a quantified limit on rates increases included in the financial strategy in the council's long-term plan.

This 4.5% limit is an average for the first three years of the 2015-25 LTP encompassing the following financial years 2015/16; 2016/17 and 2017/18. This means the average rate increase over these years should be 4.5% or less after growth. The quantified limit for 2017/18 is therefore 6.0% before growth (1.5% growth was assumed in the LTP for 2017/18) and 4.5% after growth.

The actual average for these years was 5.4% before growth and 4.2% after growth. Therefore Council met this benchmark overall for the three years applicable to this measure.

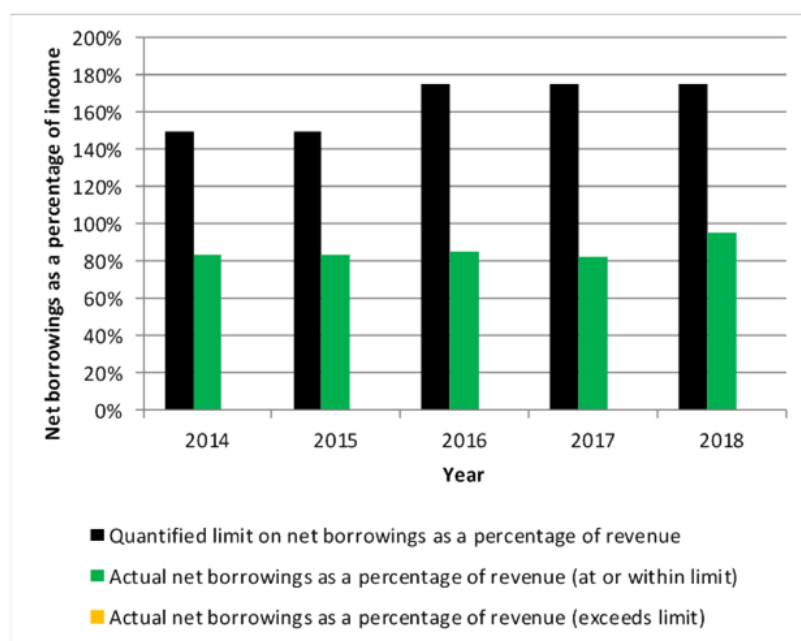


## ***Debt affordability benchmark***

The council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. The Council has seven measures for debt affordability and these are set out below. The suitability of these measures has been assessed by Council's professional advisers, PricewaterhouseCoopers Wellington.

### **Net borrowing as a percentage of income<sup>1</sup>**

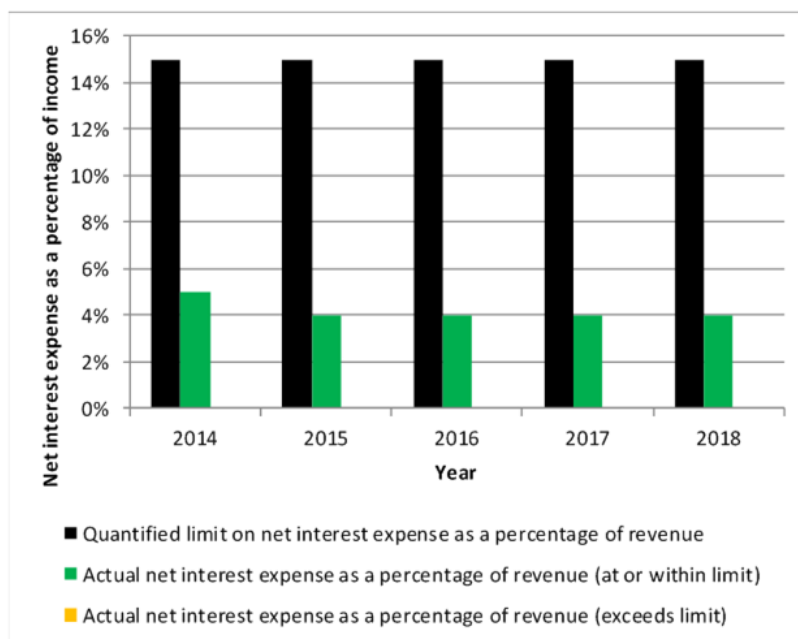
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is net borrowings, comprised of borrowings less cash and cash equivalents, being less than or equal to 175% of income. For this measure income is defined as total revenue less vested assets and development contribution income.



<sup>1</sup> The income figure used for this calculation of Net Borrowing as percentage of Income and Net Interest as a percentage of Income is Total Income less Vested Assets and Development Contribution Income. The Council has also deducted variable capital grants it receives for social housing from these calculations.

**Net interest as a percentage of income<sup>1</sup>**

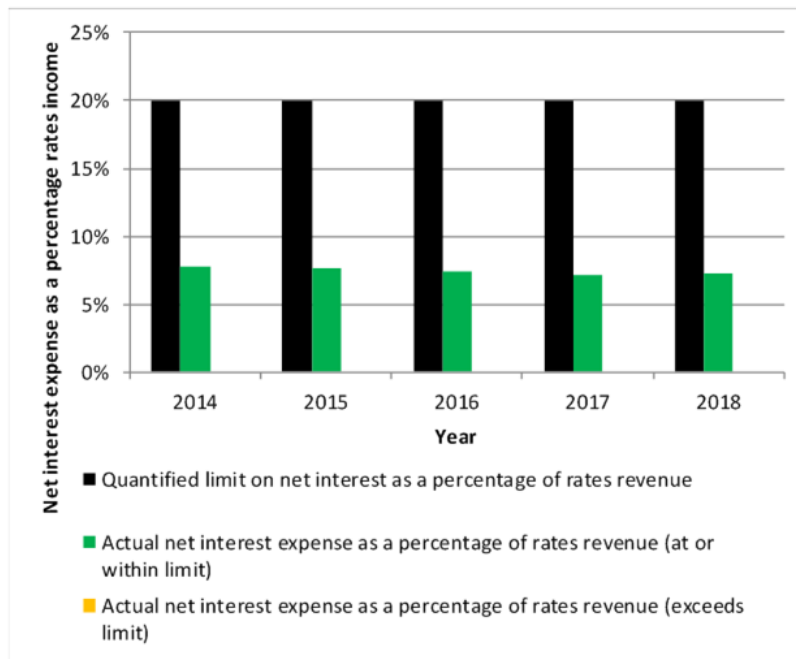
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is net interest, defined as interest expense less interest income, being less than or equal to 15% of income. For this measure income is defined as total revenue less vested assets and development contribution income.





### Net interest as a percentage of annual rates income

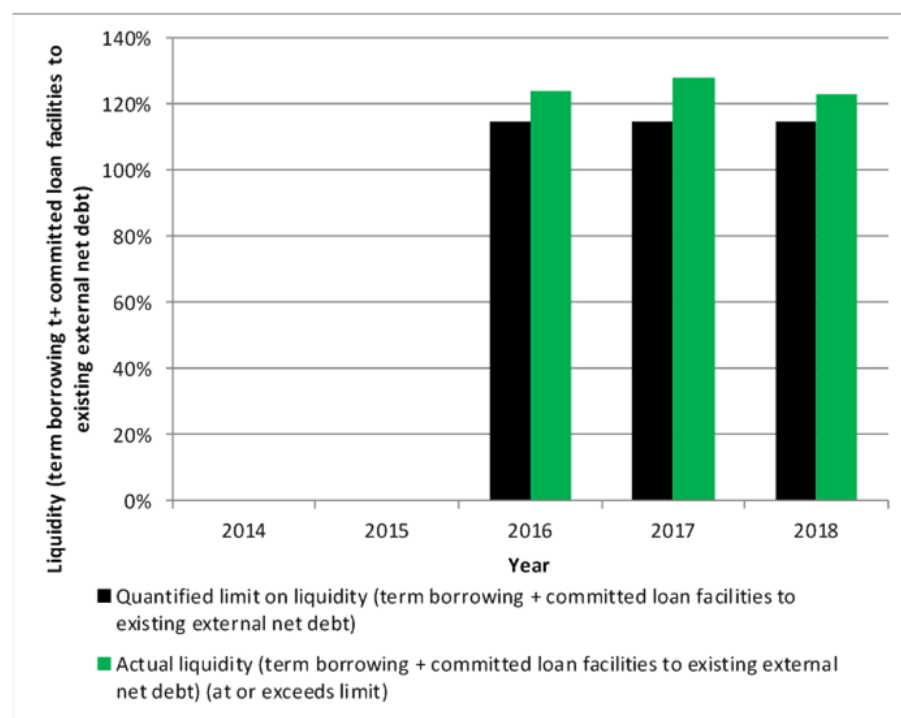
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is net interest, defined as interest expense less interest income, being less than or equal to 20% of annual rates income.



### **Liquidity (term borrowing + committed loan facilities to existing external net debt)**

The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is liquidity being greater than or equal to 115%. For debt affordability, liquidity is the total of Council's existing external net debt. Net borrowings for debt affordability are defined as borrowings less cash and cash equivalents.

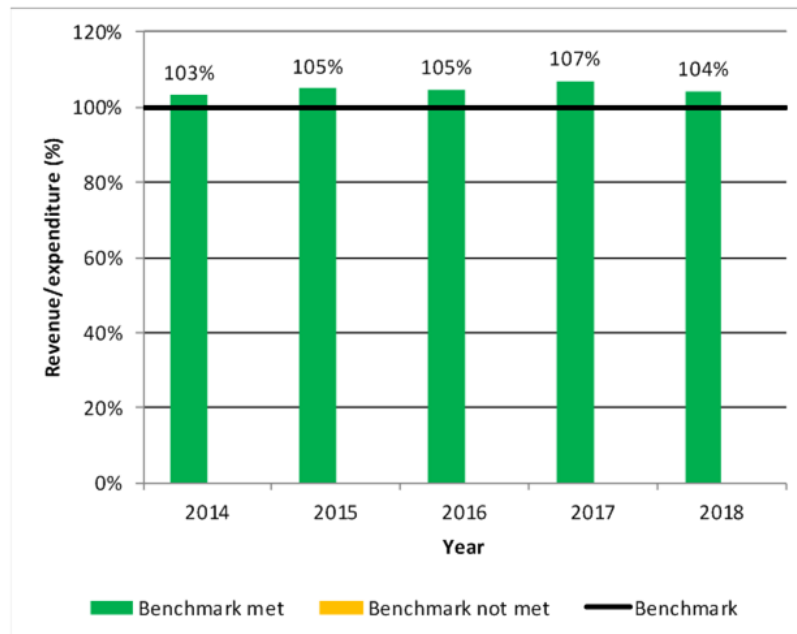
NOTE: this measure was introduced in the 2015/16 financial year.



### ***Balanced budget benchmark***

The following graph displays the council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

The council meets this benchmark if its revenue equals or is greater than its operating expenses.

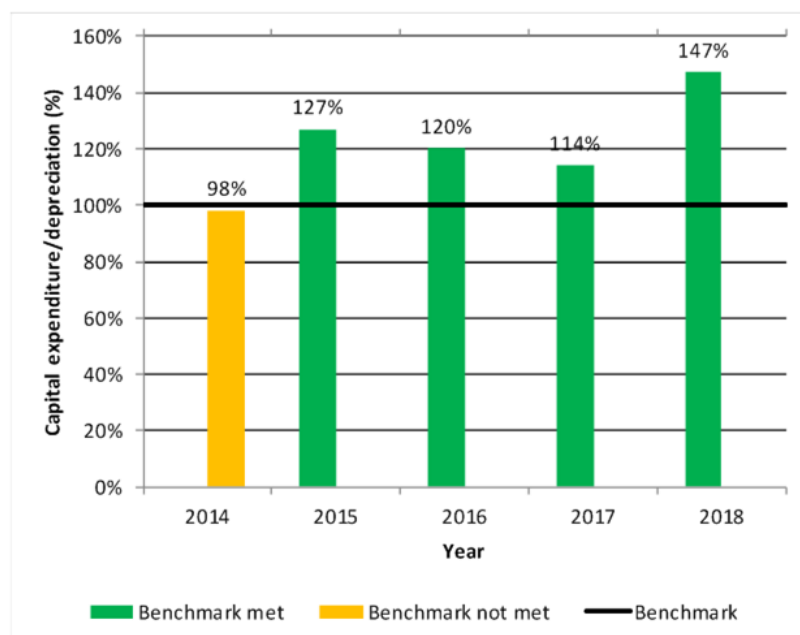


### ***Essential services benchmark***

The following graph displays the council's capital expenditure on network services as a proportion of depreciation on network services.

The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.

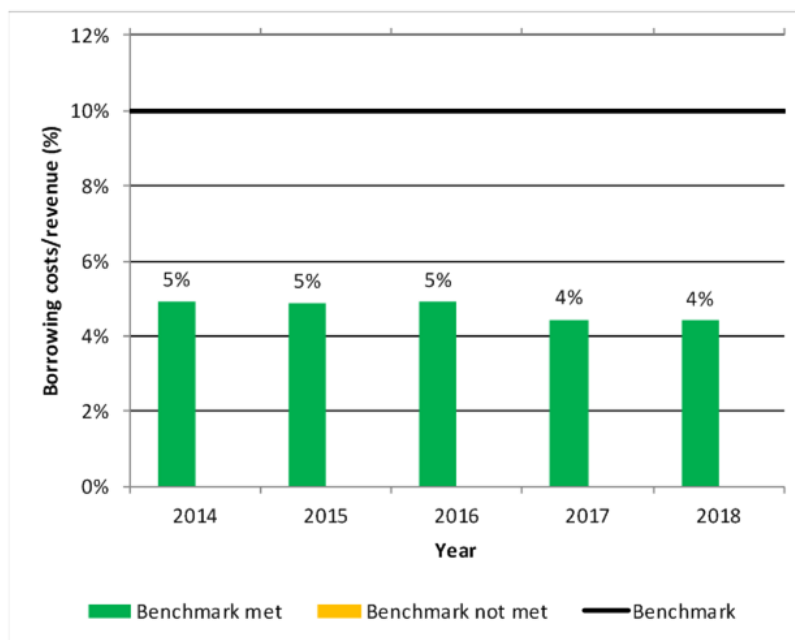
Although for 2013/14 it appears to show that the Council has "not met" the benchmark, included within the depreciation figure, there is a depreciation amount for Moa Point Treatment Plant which is under an arrangement where the assets are managed by a third party who will return the assets to the Council in the same condition that they were at the start of the arrangement. Therefore there will be no capital expenditure undertaken by Council in relation to those assets. If the depreciation attributable to those assets were excluded from the calculation, then the benchmark measure would show that the Council had "met" the target by achieving 104% for 2013/14.



### ***Debt servicing benchmark***

The following graph displays the council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

Because Statistics New Zealand projects the council's population will grow as fast as the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



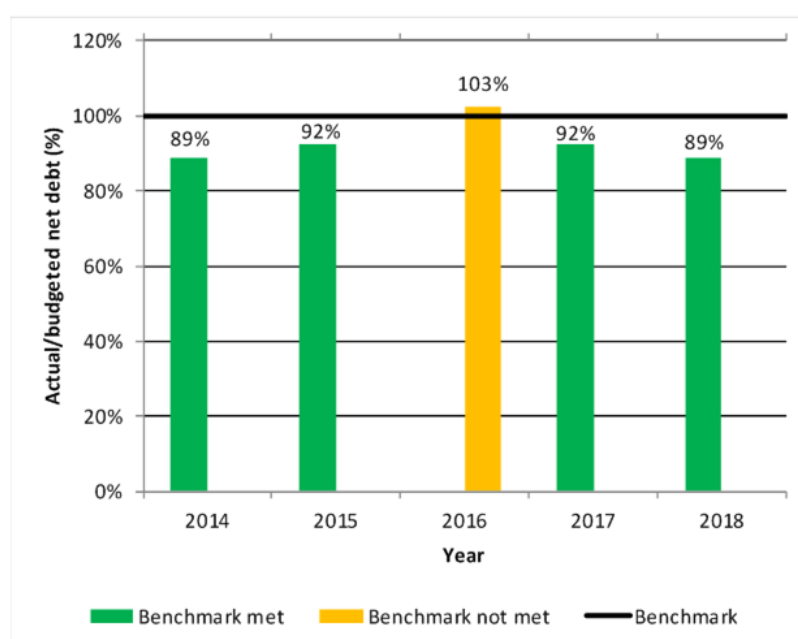


### ***Debt control benchmark***

The following graph displays the council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.

The calculation of net debt includes derivative (non-cash) financial instruments, predominantly cash flow hedges. The 2015/16 net debt was impacted by the valuation of the Council's cash flow hedge liabilities being higher than planned as a result of interest rate volatility during the financial year. Actual net borrowings at \$396.5m were lower than planned net borrowings of \$415.0m and well below other benchmarks.

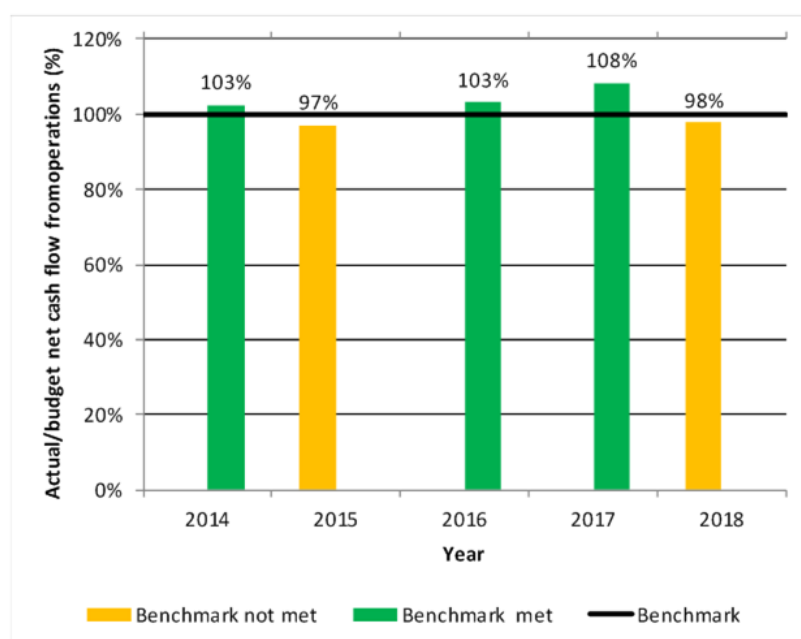


## ***Operations control benchmark***

This graph displays the council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.

A number of assumptions are made around the timing of events. Any departure from these assumptions can affect the outcome of this measure. The Council is satisfied that it is prudently managing operational cash flow, with variances in the 2014/15 and 2017/18 years explained by the timing difference in the receipt of revenues compared to budget that lead to the "not met" outcome for this measure.



## Funding Impact Statements

Funding impact statement for 1 July 2017 to 30 June 2018 (Whole of Council)					
	2016/17	2016/17	2017/18	2017/18	2017/18
	LTP	Actual	LTP	AP	Actual
	\$000	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	161,126	161,708	172,610	170,671	170,476
Targeted rates	122,801	124,308	129,872	126,135	125,933
Subsidies and grants for operating purposes	6,684	8,995	6,942	9,601	7,615
Fees and charges	125,481	130,802	128,271	134,003	131,425
Interest and dividends from investments	11,013	20,632	11,113	11,294	14,315
Local authorities fuel tax, fines, infringement fees, and other receipts	9,517	7,777	9,679	8,963	8,064
<b>Total operating funding (A)</b>	<b>436,622</b>	<b>454,222</b>	<b>458,487</b>	<b>460,667</b>	<b>457,828</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	285,730	294,995	289,293	302,602	307,439
Finance costs	26,498	23,644	32,365	25,420	23,765
Other operating funding applications	44,114	48,970	43,112	45,889	51,818
<b>Total applications of operating funding (B)</b>	<b>356,342</b>	<b>367,609</b>	<b>364,770</b>	<b>373,911</b>	<b>383,022</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>80,280</b>	<b>86,613</b>	<b>93,717</b>	<b>86,757</b>	<b>74,806</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	35,376	29,872	21,637	46,313	45,146
Development and financial contributions	2,000	3,026	2,000	2,000	3,305
Increase (decrease) in debt	75,701	7,668	78,186	88,044	39,478
Gross proceeds from sales of assets	7,600	-	18,350	10,350	146
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>120,677</b>	<b>40,566</b>	<b>120,173</b>	<b>146,707</b>	<b>88,075</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	1,909	1,168	8,126	1,810	410
- to improve the level of service	89,000	48,232	104,294	79,445	55,321
- to replace existing assets	81,613	87,823	93,876	101,217	117,209
Increase (decrease) in reserves	28,435	(10,044)	7,594	50,992	(10,059)
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>200,957</b>	<b>127,179</b>	<b>213,890</b>	<b>233,464</b>	<b>162,881</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(80,280)</b>	<b>(86,613)</b>	<b>(93,717)</b>	<b>(86,757)</b>	<b>(74,806)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>102,250</b>	<b>101,109</b>	<b>108,742</b>	<b>106,417</b>	<b>106,614</b>

1.1 Funding impact statement for 1 July 2017 to 30 June 2018 for Governance, information and engagement					
	2016/17	2016/17	2017/18	2017/18	2017/18
	LTP	Actual	LTP	AP	Actual
	\$000	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	17,417	17,528	17,175	18,122	18,122
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	889	1,005	528	536	497
Internal charges and overheads recovered	-	605	-	-	156
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>18,306</b>	<b>19,138</b>	<b>17,703</b>	<b>18,658</b>	<b>18,775</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	10,758	10,471	10,100	11,265	9,867
Finance costs	18	13	21	15	13
Internal charges and overheads applied	7,481	6,922	7,517	7,309	7,432
Other operating funding applications	10	29	10	10	11
<b>Total applications of operating funding (B)</b>	<b>18,267</b>	<b>17,435</b>	<b>17,648</b>	<b>18,599</b>	<b>17,323</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>39</b>	<b>1,703</b>	<b>55</b>	<b>59</b>	<b>1,452</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	77	(46)	(55)	(59)	(38)
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>77</b>	<b>(46)</b>	<b>(55)</b>	<b>(59)</b>	<b>(38)</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	-	-	-	-
- to replace existing assets	116	-	-	-	8
Increase (decrease) in reserves	-	1,657	-	-	1,406
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>116</b>	<b>1,657</b>	<b>-</b>	<b>-</b>	<b>1,414</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(39)</b>	<b>(1,703)</b>	<b>(55)</b>	<b>(59)</b>	<b>(1,452)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>39</b>	<b>46</b>	<b>55</b>	<b>59</b>	<b>46</b>

1.2	<b>Funding impact statement for 1 July 2017 to 30 June 2018 for Maori and Mana Whenua partnerships</b>				
		2016/17	2016/17	2017/18	2017/18
		LTP	Actual	LTP	Actual
		\$000	\$000	\$000	\$000
	<b>Sources of operating funding</b>				
	General rates, uniform annual general charges, rates penalties	288	295	296	300
	Targeted rates	-	-	-	-
	Subsidies and grants for operating purposes	-	-	-	-
	Fees and charges	-	(1)	-	4
	Internal charges and overheads recovered	-	-	-	-
	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
	<b>Total operating funding (A)</b>	<b>288</b>	<b>294</b>	<b>296</b>	<b>300</b>
	<b>Applications of operating funding</b>				
	Payments to staff and suppliers	274	256	281	272
	Finance costs	1	1	1	1
	Internal charges and overheads applied	11	8	12	15
	Other operating funding applications	-	13	-	10
	<b>Total applications of operating funding (B)</b>	<b>286</b>	<b>278</b>	<b>294</b>	<b>298</b>
	<b>Surplus (deficit) of operating funding (A - B)</b>	<b>2</b>	<b>16</b>	<b>2</b>	<b>2</b>
	<b>Sources of capital funding</b>				
	Subsidies and grants for capital expenditure	-	-	-	-
	Development and financial contributions	-	-	-	-
	Increase (decrease) in debt	(2)	(2)	(2)	(2)
	Gross proceeds from sales of assets	-	-	-	-
	Lump sum contributions	-	-	-	-
	<b>Total sources of capital funding (C)</b>	<b>(2)</b>	<b>(2)</b>	<b>(2)</b>	<b>(2)</b>
	<b>Applications of capital funding</b>				
	Capital expenditure				
	- to meet additional demand	-	-	-	-
	- to improve the level of service	-	-	-	-
	- to replace existing assets	-	-	-	-
	Increase (decrease) in reserves	-	14	-	-
	Increase (decrease) in investments	-	-	-	-
	<b>Total applications of capital funding (D)</b>	<b>-</b>	<b>14</b>	<b>-</b>	<b>-</b>
	<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(2)</b>	<b>(16)</b>	<b>(2)</b>	<b>(2)</b>
	<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>



<b>2.1 Funding impact statement for 1 July 2017 to 30 June 2018 for Gardens, beaches and green open spaces</b>						
	<b>2016/17</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2017/18</b>	<b>2017/18</b>	
	<b>LTP</b>	<b>Actual</b>	<b>LTP</b>	<b>AP</b>	<b>Actual</b>	
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	
<b>Sources of operating funding</b>						
General rates, uniform annual general charges, rates penalties	31,414	33,822	32,087	35,994	35,994	
Targeted rates	-	-	-	-	-	
Subsidies and grants for operating purposes	731	837	764	671	870	
Fees and charges	1,465	3,480	1,494	1,825	2,267	
Internal charges and overheads recovered	5,203	4,584	5,311	5,287	4,914	
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	
<b>Total operating funding (A)</b>	<b>38,813</b>	<b>42,723</b>	<b>39,656</b>	<b>43,777</b>	<b>44,045</b>	
<b>Applications of operating funding</b>						
Payments to staff and suppliers	20,088	20,497	20,249	20,806	21,480	
Finance costs	2,250	2,480	2,716	2,443	1,964	
Internal charges and overheads applied	12,438	11,999	12,635	13,528	13,777	
Other operating funding applications	121	599	101	115	182	
<b>Total applications of operating funding (B)</b>	<b>34,897</b>	<b>35,575</b>	<b>35,701</b>	<b>36,892</b>	<b>37,403</b>	
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>3,916</b>	<b>7,149</b>	<b>3,955</b>	<b>6,886</b>	<b>6,642</b>	
<b>Sources of capital funding</b>						
Subsidies and grants for capital expenditure	-	289	50	-	215	
Development and financial contributions	183	376	183	183	281	
Increase (decrease) in debt	(1,432)	(861)	(315)	(2,932)	(2,959)	
Gross proceeds from sales of assets	-	-	-	-	-	
Lump sum contributions	-	-	-	-	-	
<b>Total sources of capital funding (C)</b>	<b>(1,249)</b>	<b>(196)</b>	<b>(82)</b>	<b>(2,749)</b>	<b>(2,463)</b>	
<b>Applications of capital funding</b>						
Capital expenditure						
- to meet additional demand	82	-	395	-	-	
- to improve the level of service	878	605	1,082	50	1,870	
- to replace existing assets	1,707	5,497	2,396	4,087	2,265	
Increase (decrease) in reserves	-	851	-	-	44	
Increase (decrease) in investments	-	-	-	-	-	
<b>Total applications of capital funding (D)</b>	<b>2,667</b>	<b>6,953</b>	<b>3,873</b>	<b>4,137</b>	<b>4,179</b>	
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(3,916)</b>	<b>(7,149)</b>	<b>(3,955)</b>	<b>(6,886)</b>	<b>(6,642)</b>	
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>						
	3,916	6,648	3,955	7,058	6,598	

<b>2.2 Funding impact statement for 1 July 2017 to 30 June 2018 for Waste reduction and energy conservation</b>					
	2016/17	2016/17	2017/18	2017/18	2017/18
	LTP	Actual	LTP	AP	Actual
	\$000	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	729	778	499	982	882
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	29	-	-	-
Fees and charges	13,353	18,751	13,599	13,632	17,462
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	1	-	-	8
<b>Total operating funding (A)</b>	<b>14,082</b>	<b>19,559</b>	<b>14,098</b>	<b>14,614</b>	<b>18,352</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	12,552	12,762	12,814	12,786	15,280
Finance costs	774	943	663	665	1,048
Internal charges and overheads applied	42	108	25	544	1,070
Other operating funding applications	255	353	105	210	(15)
<b>Total applications of operating funding (B)</b>	<b>13,623</b>	<b>14,166</b>	<b>13,607</b>	<b>14,205</b>	<b>17,383</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>459</b>	<b>5,393</b>	<b>491</b>	<b>409</b>	<b>969</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	92
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	773	267	5,391	1,662	377
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>773</b>	<b>267</b>	<b>5,391</b>	<b>1,662</b>	<b>469</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	65	-	-	15
- to replace existing assets	1,232	541	5,882	2,071	2,429
Increase (decrease) in reserves	-	5,054	-	-	(1,005)
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>1,232</b>	<b>5,660</b>	<b>5,882</b>	<b>2,071</b>	<b>1,438</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(459)</b>	<b>(5,393)</b>	<b>(491)</b>	<b>(409)</b>	<b>(969)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>					
	459	338	491	409	648

2.3	<b>Funding impact statement for 1 July 2017 to 30 June 2018 for Water</b>					
		2016/17	2016/17	2017/18	2017/18	2017/18
		LTP	Actual	LTP	AP	Actual
		\$000	\$000	\$000	\$000	\$000
	<b>Sources of operating funding</b>					
	General rates, uniform annual general charges, rates penalties	-	-	-	-	-
	Targeted rates	39,932	40,257	42,493	41,713	41,713
	Subsidies and grants for operating purposes	-	-	-	-	-
	Fees and charges	35	1,606	36	35	72
	Internal charges and overheads recovered	-	-	-	-	-
	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
	<b>Total operating funding (A)</b>	<b>39,967</b>	<b>41,863</b>	<b>42,529</b>	<b>41,748</b>	<b>41,785</b>
	<b>Applications of operating funding</b>					
	Payments to staff and suppliers	23,971	23,835	25,234	24,257	24,059
	Finance costs	2,310	1,847	2,712	2,039	2,029
	Internal charges and overheads applied	1,386	1,899	1,406	1,912	1,720
	Other operating funding applications	-	-	-	-	-
	<b>Total applications of operating funding (B)</b>	<b>27,667</b>	<b>27,581</b>	<b>29,352</b>	<b>28,208</b>	<b>27,808</b>
	<b>Surplus (deficit) of operating funding (A - B)</b>	<b>12,300</b>	<b>14,282</b>	<b>13,177</b>	<b>13,540</b>	<b>13,977</b>
	<b>Sources of capital funding</b>					
	Subsidies and grants for capital expenditure	-	-	-	-	-
	Development and financial contributions	671	792	671	671	761
	Increase (decrease) in debt	1,964	519	1,562	1,319	(194)
	Gross proceeds from sales of assets	-	-	-	-	-
	Lump sum contributions	-	-	-	-	-
	<b>Total sources of capital funding (C)</b>	<b>2,635</b>	<b>1,311</b>	<b>2,233</b>	<b>1,990</b>	<b>567</b>
	<b>Applications of capital funding</b>					
	Capital expenditure					
	- to meet additional demand	538	544	639	501	-
	- to improve the level of service	4,206	4,370	5,187	4,747	7,718
	- to replace existing assets	10,191	9,515	9,584	10,282	7,264
	Increase (decrease) in reserves	-	1,164	-	-	(438)
	Increase (decrease) in investments	-	-	-	-	-
	<b>Total applications of capital funding (D)</b>	<b>14,935</b>	<b>15,593</b>	<b>15,410</b>	<b>15,530</b>	<b>14,544</b>
	<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(12,300)</b>	<b>(14,282)</b>	<b>(13,177)</b>	<b>(13,540)</b>	<b>(13,977)</b>
	<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>12,300</b>	<b>13,118</b>	<b>13,177</b>	<b>13,540</b>	<b>14,415</b>

2.4 Funding impact statement for 1 July 2017 to 30 June 2018 for Wastewater					
	2016/17	2016/17	2017/18	2017/18	2017/18
	LTP	Actual	LTP	AP	Actual
	\$000	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	-	-	-	-	-
Targeted rates	38,694	39,112	40,857	39,540	39,540
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	1,256	985	1,281	1,293	829
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>39,950</b>	<b>40,097</b>	<b>42,138</b>	<b>40,833</b>	<b>40,369</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	22,158	20,333	23,178	21,123	20,652
Finance costs	4,033	3,563	4,372	3,427	4,042
Internal charges and overheads applied	3,473	4,949	3,533	5,166	5,160
Other operating funding applications	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>29,664</b>	<b>28,845</b>	<b>31,083</b>	<b>29,716</b>	<b>29,854</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>10,286</b>	<b>11,252</b>	<b>11,055</b>	<b>11,117</b>	<b>10,515</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	549	880	549	549	876
Increase (decrease) in debt	491	(566)	1,715	3,826	1,504
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>1,040</b>	<b>314</b>	<b>2,264</b>	<b>4,375</b>	<b>2,380</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	230	256	319	375	-
- to improve the level of service	316	303	1,620	2,801	1,716
- to replace existing assets	10,780	10,113	11,380	12,316	12,182
Increase (decrease) in reserves	-	894	-	-	(1,003)
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>11,326</b>	<b>11,566</b>	<b>13,319</b>	<b>15,492</b>	<b>12,895</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(10,286)</b>	<b>(11,252)</b>	<b>(11,055)</b>	<b>(11,117)</b>	<b>(10,515)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>13,439</b>	<b>13,599</b>	<b>14,439</b>	<b>14,470</b>	<b>13,428</b>

<b>2.5</b>	<b>Funding impact statement for 1 July 2017 to 30 June 2018 for Stormwater</b>					
		<b>2016/17</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2017/18</b>	<b>2017/18</b>
		<b>LTP</b>	<b>Actual</b>	<b>LTP</b>	<b>AP</b>	<b>Actual</b>
		<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
	<b>Sources of operating funding</b>					
	General rates, uniform annual general charges, rates penalties	-	-	-	-	-
	Targeted rates	17,902	18,012	18,953	17,986	17,986
	Subsidies and grants for operating purposes	142	99	148	131	139
	Fees and charges	10	665	10	10	3
	Internal charges and overheads recovered	-	-	-	-	-
	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
	<b>Total operating funding (A)</b>	<b>18,054</b>	<b>18,776</b>	<b>19,111</b>	<b>18,127</b>	<b>18,128</b>
	<b>Applications of operating funding</b>					
	Payments to staff and suppliers	7,303	6,487	7,260	6,993	7,280
	Finance costs	3,268	2,453	3,929	2,707	2,187
	Internal charges and overheads applied	1,452	1,894	1,470	1,938	1,692
	Other operating funding applications	-	-	-	-	-
	<b>Total applications of operating funding (B)</b>	<b>12,023</b>	<b>10,834</b>	<b>12,659</b>	<b>11,638</b>	<b>11,159</b>
	<b>Surplus (deficit) of operating funding (A - B)</b>	<b>6,031</b>	<b>7,942</b>	<b>6,452</b>	<b>6,489</b>	<b>6,969</b>
	<b>Sources of capital funding</b>					
	Subsidies and grants for capital expenditure	-	-	-	-	-
	Development and financial contributions	58	43	58	58	73
	Increase (decrease) in debt	931	985	1,142	874	1,699
	Gross proceeds from sales of assets	-	-	-	-	-
	Lump sum contributions	-	-	-	-	-
	<b>Total sources of capital funding (C)</b>	<b>989</b>	<b>1,028</b>	<b>1,200</b>	<b>932</b>	<b>1,772</b>
	<b>Applications of capital funding</b>					
	Capital expenditure					
	- to meet additional demand	237	233	243	236	-
	- to improve the level of service	4,550	4,235	4,660	4,524	5,218
	- to replace existing assets	2,233	2,749	2,749	2,661	4,030
	Increase (decrease) in reserves	-	1,753	-	-	(507)
	Increase (decrease) in investments	-	-	-	-	-
	<b>Total applications of capital funding (D)</b>	<b>7,020</b>	<b>8,970</b>	<b>7,652</b>	<b>7,421</b>	<b>8,741</b>
	<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(6,031)</b>	<b>(7,942)</b>	<b>(6,452)</b>	<b>(6,489)</b>	<b>(6,969)</b>
	<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>6,031</b>	<b>6,189</b>	<b>6,452</b>	<b>6,489</b>	<b>7,476</b>



2.6	<b>Funding impact statement for 1 July 2017 to 30 June 2018 for Conservation attractions</b>				
		2016/17	2016/17	2017/18	2017/18
		LTP	Actual	LTP	AP
		\$000	\$000	\$000	\$000
	<b>Sources of operating funding</b>				
	General rates, uniform annual general charges, rates penalties	6,625	6,989	6,899	6,970
	Targeted rates	-	-	-	-
	Subsidies and grants for operating purposes	-	-	-	-
	Fees and charges	-	-	-	-
	Internal charges and overheads recovered	-	-	-	-
	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
	<b>Total operating funding (A)</b>	<b>6,625</b>	<b>6,989</b>	<b>6,899</b>	<b>6,970</b>
	<b>Applications of operating funding</b>				
	Payments to staff and suppliers	219	236	225	187
	Finance costs	804	645	1,000	721
	Internal charges and overheads applied	288	300	289	-
	Other operating funding applications	3,759	3,919	9,832	4,303
	<b>Total applications of operating funding (B)</b>	<b>5,070</b>	<b>5,100</b>	<b>11,346</b>	<b>5,211</b>
	<b>Surplus (deficit) of operating funding (A - B)</b>	<b>1,555</b>	<b>1,889</b>	<b>(4,447)</b>	<b>1,759</b>
	<b>Sources of capital funding</b>				
	Subsidies and grants for capital expenditure	-	-	-	-
	Development and financial contributions	-	-	-	-
	Increase (decrease) in debt	(738)	301	5,290	(918)
	Gross proceeds from sales of assets	-	-	-	-
	Lump sum contributions	-	-	-	-
	<b>Total sources of capital funding (C)</b>	<b>(738)</b>	<b>301</b>	<b>5,290</b>	<b>(918)</b>
	<b>Applications of capital funding</b>				
	Capital expenditure				
	- to meet additional demand	-	-	-	-
	- to improve the level of service	-	901	-	-
	- to replace existing assets	817	1,055	843	841
	Increase (decrease) in reserves	-	234	-	-
	Increase (decrease) in investments	-	-	-	-
	<b>Total applications of capital funding (D)</b>	<b>817</b>	<b>2,190</b>	<b>843</b>	<b>841</b>
	<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(1,555)</b>	<b>(1,889)</b>	<b>4,447</b>	<b>(1,759)</b>
	<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>1,555</b>	<b>1,655</b>	<b>1,553</b>	<b>1,759</b>
					<b>1,670</b>

<b>3.1</b>	<b>Funding impact statement for 1 July 2017 to 30 June 2018 for City promotions and business support</b>				
		2016/17	2016/17	2017/18	2017/18
		LTP	Actual	LTP	AP
		\$000	\$000	\$000	\$000
	<b>Sources of operating funding</b>				
	General rates, uniform annual general charges, rates penalties	5,104	4,377	7,948	4,982
	Targeted rates	15,172	14,713	16,115	15,253
	Subsidies and grants for operating purposes	-	957	-	2,090
	Fees and charges	14,638	348	14,925	13,587
	Internal charges and overheads recovered	-	-	-	-
	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
	<b>Total operating funding (A)</b>	<b>34,914</b>	<b>20,395</b>	<b>38,988</b>	<b>35,912</b>
	<b>Applications of operating funding</b>				
	Payments to staff and suppliers	21,861	8,786	24,140	18,870
	Finance costs	791	1,378	856	1,771
	Internal charges and overheads applied	949	850	955	1,230
	Other operating funding applications	17,048	16,734	12,298	20,013
	<b>Total applications of operating funding (B)</b>	<b>40,649</b>	<b>27,748</b>	<b>38,249</b>	<b>41,884</b>
	<b>Surplus (deficit) of operating funding (A - B)</b>	<b>(5,735)</b>	<b>(7,353)</b>	<b>739</b>	<b>(5,972)</b>
	<b>Sources of capital funding</b>				
	Subsidies and grants for capital expenditure	-	1,619	-	-
	Development and financial contributions	-	-	-	-
	Increase (decrease) in debt	7,477	5,116	614	10,988
	Gross proceeds from sales of assets	-	-	-	-
	Lump sum contributions	-	-	-	-
	<b>Total sources of capital funding (C)</b>	<b>7,477</b>	<b>6,735</b>	<b>614</b>	<b>10,988</b>
	<b>Applications of capital funding</b>				
	Capital expenditure				
	- to meet additional demand	-	-	-	-
	- to improve the level of service	-	-	-	2,777
	- to replace existing assets	1,742	886	1,353	2,239
	Increase (decrease) in reserves	-	(1,504)	-	-
	Increase (decrease) in investments	-	-	-	-
	<b>Total applications of capital funding (D)</b>	<b>1,742</b>	<b>(618)</b>	<b>1,353</b>	<b>5,016</b>
	<b>Surplus (deficit) of capital funding (C - D)</b>	<b>5,735</b>	<b>7,353</b>	<b>(739)</b>	<b>5,972</b>
	<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>1,840</b>	<b>1,726</b>	<b>1,814</b>	<b>1,628</b>
					<b>1,705</b>

4.1	Funding impact statement for 1 July 2017 to 30 June 2018 for Arts and culture activities				
	2016/17	2016/17	2017/18	2017/18	2017/18
	LTP	Actual	LTP	AP	Actual
	\$000	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	13,325	14,090	13,769	14,272	14,272
Targeted rates	5,335	5,540	5,474	5,599	5,599
Subsidies and grants for operating purposes	417	148	426	924	70
Fees and charges	588	599	600	599	676
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>19,665</b>	<b>20,377</b>	<b>20,269</b>	<b>21,394</b>	<b>20,617</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	4,162	4,721	4,269	5,195	4,635
Finance costs	289	149	574	260	224
Internal charges and overheads applied	1,057	1,145	1,075	1,208	1,308
Other operating funding applications	13,440	13,854	13,627	14,030	14,334
<b>Total applications of operating funding (B)</b>	<b>18,948</b>	<b>19,869</b>	<b>19,545</b>	<b>20,693</b>	<b>20,501</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>717</b>	<b>508</b>	<b>724</b>	<b>701</b>	<b>116</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(690)	531	9,311	557	(147)
Gross proceeds from sales of assets	-	-	-	-	1
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(690)</b>	<b>531</b>	<b>9,311</b>	<b>557</b>	<b>(146)</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	25	1,244	10,024	1,247	443
- to replace existing assets	2	42	11	11	-
Increase (decrease) in reserves	-	(247)	-	-	(473)
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>27</b>	<b>1,039</b>	<b>10,035</b>	<b>1,258</b>	<b>(30)</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(717)</b>	<b>(508)</b>	<b>(724)</b>	<b>(701)</b>	<b>(116)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>717</b>	<b>755</b>	<b>724</b>	<b>867</b>	<b>755</b>

<b>5.1</b>	<b>Funding impact statement for 1 July 2017 to 30 June 2018 for Recreation promotion and support</b>					
		<b>2016/17</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2017/18</b>	<b>2017/18</b>
		<b>LTP</b>	<b>Actual</b>	<b>LTP</b>	<b>AP</b>	<b>Actual</b>
		<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
	<b>Sources of operating funding</b>					
	General rates, uniform annual general charges, rates penalties	25,575	25,994	25,655	27,963	27,963
	Targeted rates	1,214	1,107	1,341	1,325	1,325
	Subsidies and grants for operating purposes	204	381	208	187	232
	Fees and charges	11,847	11,450	12,002	11,523	11,477
	Internal charges and overheads recovered	1,136	923	1,160	1,192	1,046
	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
	<b>Total operating funding (A)</b>	<b>39,976</b>	<b>39,855</b>	<b>40,366</b>	<b>42,190</b>	<b>42,043</b>
	<b>Applications of operating funding</b>					
	Payments to staff and suppliers	18,456	18,896	19,047	19,955	20,118
	Finance costs	3,795	2,947	3,814	3,330	2,694
	Internal charges and overheads applied	9,293	8,956	9,478	10,336	11,352
	Other operating funding applications	678	701	694	696	670
	<b>Total applications of operating funding (B)</b>	<b>32,222</b>	<b>31,500</b>	<b>33,033</b>	<b>34,317</b>	<b>34,834</b>
	<b>Surplus (deficit) of operating funding (A - B)</b>	<b>7,754</b>	<b>8,355</b>	<b>7,333</b>	<b>7,873</b>	<b>7,209</b>
	<b>Sources of capital funding</b>					
	Subsidies and grants for capital expenditure	-	1,006	-	50	71
	Development and financial contributions	-	-	-	-	-
	Increase (decrease) in debt	(340)	(213)	(1,644)	672	(1,826)
	Gross proceeds from sales of assets	-	-	-	-	2
	Lump sum contributions	-	-	-	-	-
	<b>Total sources of capital funding (C)</b>	<b>(340)</b>	<b>793</b>	<b>(1,644)</b>	<b>722</b>	<b>(1,753)</b>
	<b>Applications of capital funding</b>					
	Capital expenditure					
	- to meet additional demand	-	-	-	-	-
	- to improve the level of service	1,651	4,648	1,335	2,502	1,560
	- to replace existing assets	5,763	4,061	4,354	6,093	4,968
	Increase (decrease) in reserves	-	439	-	-	(1,073)
	Increase (decrease) in investments	-	-	-	-	-
	<b>Total applications of capital funding (D)</b>	<b>7,414</b>	<b>9,148</b>	<b>5,689</b>	<b>8,595</b>	<b>5,456</b>
	<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(7,754)</b>	<b>(8,355)</b>	<b>(7,333)</b>	<b>(7,873)</b>	<b>(7,209)</b>
	<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>7,754</b>	<b>7,916</b>	<b>7,333</b>	<b>7,873</b>	<b>8,282</b>

5.2	<b>Funding impact statement for 1 July 2017 to 30 June 2018 for Community support</b>				
		2016/17	2016/17	2017/18	2017/18
		LTP	Actual	LTP	AP
		\$000	\$000	\$000	\$000
	<b>Sources of operating funding</b>				
	General rates, uniform annual general charges, rates penalties	24,366	24,737	26,687	24,653
	Targeted rates	4,519	4,457	4,606	4,624
	Subsidies and grants for operating purposes	934	1,122	937	570
	Fees and charges	23,557	23,478	25,428	24,042
	Internal charges and overheads recovered	820	722	600	917
	Local authorities fuel tax, fines, infringement fees, and other receipts	551	534	526	497
	<b>Total operating funding (A)</b>	<b>54,747</b>	<b>55,050</b>	<b>58,784</b>	<b>55,689</b>
	<b>Applications of operating funding</b>				
	Payments to staff and suppliers	26,304	26,269	26,914	26,821
	Finance costs	(1,561)	(2,136)	(1,083)	(1,983)
	Internal charges and overheads applied	11,968	13,323	12,392	11,592
	Other operating funding applications	4,376	4,761	4,766	4,902
	<b>Total applications of operating funding (B)</b>	<b>41,087</b>	<b>42,217</b>	<b>42,989</b>	<b>41,332</b>
	<b>Surplus (deficit) of operating funding (A - B)</b>	<b>13,660</b>	<b>12,833</b>	<b>15,795</b>	<b>14,357</b>
	<b>Sources of capital funding</b>				
	Subsidies and grants for capital expenditure	17,777	12,219	200	11,790
	Development and financial contributions	-	129	-	-
	Increase (decrease) in debt	18,931	(1,599)	5,025	(397)
	Gross proceeds from sales of assets	-	-	-	-
	Lump sum contributions	-	-	-	-
	<b>Total sources of capital funding (C)</b>	<b>36,708</b>	<b>10,749</b>	<b>5,225</b>	<b>11,393</b>
	<b>Applications of capital funding</b>				
	Capital expenditure				
	- to meet additional demand	822	135	1,270	694
	- to improve the level of service	25,050	13,463	9,802	7,641
	- to replace existing assets	6,719	5,158	9,748	5,625
	Increase (decrease) in reserves	17,777	4,826	200	11,790
	Increase (decrease) in investments	-	-	-	-
	<b>Total applications of capital funding (D)</b>	<b>50,368</b>	<b>23,582</b>	<b>21,020</b>	<b>25,750</b>
	<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(13,660)</b>	<b>(12,833)</b>	<b>(15,795)</b>	<b>(14,357)</b>
	<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>16,409</b>	<b>14,514</b>	<b>17,594</b>	<b>17,259</b>



<b>5.3</b>	<b>Funding impact statement for 1 July 2017 to 30 June 2018 for Public health and safety</b>					
		<b>2016/17</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2017/18</b>	<b>2017/18</b>
		<b>LTP</b>	<b>Actual</b>	<b>LTP</b>	<b>AP</b>	<b>Actual</b>
		<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
	<b>Sources of operating funding</b>					
	General rates, uniform annual general charges, rates penalties	9,674	10,099	10,045	11,765	11,765
	Targeted rates	-	-	-	-	-
	Subsidies and grants for operating purposes	25	11	26	-	12
	Fees and charges	4,109	6,414	4,189	4,151	4,304
	Internal charges and overheads recovered	676	604	690	687	629
	Local authorities fuel tax, fines, infringement fees, and other receipts	39	28	40	39	22
	<b>Total operating funding (A)</b>	<b>14,523</b>	<b>17,156</b>	<b>14,990</b>	<b>16,642</b>	<b>16,732</b>
	<b>Applications of operating funding</b>					
	Payments to staff and suppliers	9,098	12,053	9,438	9,917	9,840
	Finance costs	100	115	118	128	119
	Internal charges and overheads applied	4,479	5,400	4,528	5,767	6,077
	Other operating funding applications	130	178	131	54	47
	<b>Total applications of operating funding (B)</b>	<b>13,807</b>	<b>17,746</b>	<b>14,215</b>	<b>15,866</b>	<b>16,083</b>
	<b>Surplus (deficit) of operating funding (A - B)</b>	<b>716</b>	<b>(590)</b>	<b>775</b>	<b>776</b>	<b>649</b>
	<b>Sources of capital funding</b>					
	Subsidies and grants for capital expenditure	-	-	-	-	-
	Development and financial contributions	-	-	-	-	-
	Increase (decrease) in debt	964	1,709	1,346	1,354	(85)
	Gross proceeds from sales of assets	-	-	-	-	-
	Lump sum contributions	-	-	-	-	-
	<b>Total sources of capital funding (C)</b>	<b>964</b>	<b>1,709</b>	<b>1,346</b>	<b>1,354</b>	<b>(85)</b>
	<b>Applications of capital funding</b>					
	Capital expenditure					
	- to meet additional demand	-	-	-	-	-
	- to improve the level of service	489	25	253	44	100
	- to replace existing assets	1,191	2,696	1,868	2,086	899
	Increase (decrease) in reserves	-	(1,602)	-	-	(435)
	Increase (decrease) in investments	-	-	-	-	-
	<b>Total applications of capital funding (D)</b>	<b>1,680</b>	<b>1,119</b>	<b>2,121</b>	<b>2,130</b>	<b>564</b>
	<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(716)</b>	<b>590</b>	<b>(775)</b>	<b>(776)</b>	<b>(649)</b>
	<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>716</b>	<b>1,012</b>	<b>775</b>	<b>776</b>	<b>1,084</b>

6.1	<b>Funding impact statement for 1 July 2017 to 30 June 2018</b>				
	<b>for Urban planning, heritage and public spaces development</b>				
		2016/17	2016/17	2017/18	2017/18
		LTP	Actual	LTP	AP
		\$000	\$000	\$000	\$000
	<b>Sources of operating funding</b>				
	General rates, uniform annual general charges, rates penalties	7,343	7,622	6,937	7,632
	Targeted rates	-	-	-	-
	Subsidies and grants for operating purposes	-	-	-	10
	Fees and charges	20	333	21	49
	Internal charges and overheads recovered	-	546	-	42
	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
	<b>Total operating funding (A)</b>	<b>7,363</b>	<b>8,501</b>	<b>6,958</b>	<b>7,695</b>
	<b>Applications of operating funding</b>				
	Payments to staff and suppliers	2,639	4,409	2,438	4,137
	Finance costs	17	13	20	14
	Internal charges and overheads applied	3,396	1,865	3,439	2,483
	Other operating funding applications	1,300	1,664	1,050	1,050
	<b>Total applications of operating funding (B)</b>	<b>7,352</b>	<b>7,951</b>	<b>6,947</b>	<b>7,684</b>
	<b>Surplus (deficit) of operating funding (A - B)</b>	<b>11</b>	<b>550</b>	<b>11</b>	<b>(603)</b>
	<b>Sources of capital funding</b>				
	Subsidies and grants for capital expenditure	-	-	-	-
	Development and financial contributions	-	-	-	-
	Increase (decrease) in debt	6,949	5,352	1,850	141
	Gross proceeds from sales of assets	2,600	-	3,250	3,250
	Lump sum contributions	-	-	-	-
	<b>Total sources of capital funding (C)</b>	<b>9,549</b>	<b>5,352</b>	<b>5,100</b>	<b>3,391</b>
	<b>Applications of capital funding</b>				
	Capital expenditure				
	- to meet additional demand	-	-	-	-
	- to improve the level of service	8,581	3,443	3,424	1,683
	- to replace existing assets	979	1,950	1,687	1,719
	Increase (decrease) in reserves	-	509	-	-
	Increase (decrease) in investments	-	-	-	-
	<b>Total applications of capital funding (D)</b>	<b>9,560</b>	<b>5,902</b>	<b>5,111</b>	<b>3,402</b>
	<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(11)</b>	<b>(550)</b>	<b>(11)</b>	<b>(11)</b>
	<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>11</b>	<b>41</b>	<b>11</b>	<b>11</b>
					<b>45</b>

6.2 Funding impact statement for 1 July 2017 to 30 June 2018 for Building and development control					
	2016/17	2016/17	2017/18	2017/18	2017/18
	LTP	Actual	LTP	AP	Actual
	\$000	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	9,538	8,685	9,893	8,705	8,705
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	12,159	13,280	11,908	12,922	13,521
Internal charges and overheads recovered	228	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	24	13	25	24	1
<b>Total operating funding (A)</b>	<b>21,949</b>	<b>21,978</b>	<b>21,826</b>	<b>21,651</b>	<b>22,227</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	12,700	13,546	12,538	13,254	13,341
Finance costs	3	1	2	3	-
Internal charges and overheads applied	8,939	8,342	8,979	8,114	7,547
Other operating funding applications	136	26	137	135	34
<b>Total applications of operating funding (B)</b>	<b>21,778</b>	<b>21,915</b>	<b>21,656</b>	<b>21,506</b>	<b>20,922</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>171</b>	<b>63</b>	<b>170</b>	<b>145</b>	<b>1,305</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	54
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	6,331	4,244	25,938	17,227	7,021
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>6,331</b>	<b>4,244</b>	<b>25,938</b>	<b>17,227</b>	<b>7,075</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	6,502	4,391	26,108	17,372	5,901
- to replace existing assets	-	-	-	-	1,316
Increase (decrease) in reserves	-	(84)	-	-	1,163
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>6,502</b>	<b>4,307</b>	<b>26,108</b>	<b>17,372</b>	<b>8,380</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(171)</b>	<b>(63)</b>	<b>(170)</b>	<b>(145)</b>	<b>(1,305)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>171</b>	<b>147</b>	<b>170</b>	<b>145</b>	<b>142</b>

7.1 Funding impact statement for 1 July 2017 to 30 June 2018 for Transport						
	2016/17	2016/17	2017/18	2017/18	2017/18	
	LTP	Actual	LTP	AP	Actual	
	\$000	\$000	\$000	\$000	\$000	
<b>Sources of operating funding</b>						
General rates, uniform annual general charges, rates penalties	33,495	35,761	37,015	37,626	37,721	
Targeted rates	33	33	33	95	33	
Subsidies and grants for operating purposes	4,231	4,668	4,433	4,576	5,033	
Fees and charges	2,080	5,036	2,121	1,996	2,649	
Internal charges and overheads recovered	-	-	-	-	-	
Local authorities fuel tax, fines, infringement fees, and other receipts	-	1	-	-	-	
<b>Total operating funding (A)</b>	<b>39,839</b>	<b>45,499</b>	<b>43,602</b>	<b>44,293</b>	<b>45,436</b>	
<b>Applications of operating funding</b>						
Payments to staff and suppliers	11,919	12,652	12,253	13,842	14,251	
Finance costs	5,771	4,606	6,854	5,232	5,523	
Internal charges and overheads applied	6,260	6,248	6,317	6,742	7,013	
Other operating funding applications	2,760	1,236	260	260	239	
<b>Total applications of operating funding (B)</b>	<b>26,710</b>	<b>24,742</b>	<b>25,684</b>	<b>26,076</b>	<b>27,026</b>	
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>13,129</b>	<b>20,757</b>	<b>17,918</b>	<b>18,217</b>	<b>18,410</b>	
<b>Sources of capital funding</b>						
Subsidies and grants for capital expenditure	17,599	13,869	21,387	34,473	29,463	
Development and financial contributions	539	806	539	539	1,305	
Increase (decrease) in debt	9,557	3,363	13,184	6,721	4,216	
Gross proceeds from sales of assets	-	-	-	-	-	
Lump sum contributions	-	-	-	-	-	
<b>Total sources of capital funding (C)</b>	<b>27,695</b>	<b>18,038</b>	<b>35,110</b>	<b>41,733</b>	<b>34,984</b>	
<b>Applications of capital funding</b>						
Capital expenditure						
- to meet additional demand	-	-	5,260	4	-	
- to improve the level of service	19,952	8,650	24,572	18,793	16,463	
- to replace existing assets	20,872	25,187	23,196	41,153	38,703	
Increase (decrease) in reserves	-	4,958	-	-	(1,772)	
Increase (decrease) in investments	-	-	-	-	-	
<b>Total applications of capital funding (D)</b>	<b>40,824</b>	<b>38,795</b>	<b>53,028</b>	<b>59,950</b>	<b>53,394</b>	
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(13,129)</b>	<b>(20,757)</b>	<b>(17,918)</b>	<b>(18,217)</b>	<b>(18,410)</b>	
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>23,012</b>	<b>25,119</b>	<b>25,292</b>	<b>26,600</b>	<b>28,159</b>	

<b>7.2</b>	<b>Funding impact statement for 1 July 2017 to 30 June 2018 for Parking</b>					
		<b>2016/17</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2017/18</b>	<b>2017/18</b>
		<b>LTP</b>	<b>Actual</b>	<b>LTP</b>	<b>AP</b>	<b>Actual</b>
		<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
	<b>Sources of operating funding</b>					
	General rates, uniform annual general charges, rates penalties	(15,056)	(14,370)	(15,442)	(14,875)	(14,875)
	Targeted rates	-	-	-	-	-
	Subsidies and grants for operating purposes	-	-	-	-	-
	Fees and charges	20,561	20,778	21,023	21,385	21,345
	Internal charges and overheads recovered	-	-	-	-	-
	Local authorities fuel tax, fines, infringement fees, and other receipts	7,853	6,080	8,038	7,334	6,404
	<b>Total operating funding (A)</b>	<b>13,358</b>	<b>12,488</b>	<b>13,619</b>	<b>13,844</b>	<b>12,874</b>
	<b>Applications of operating funding</b>					
	Payments to staff and suppliers	10,589	9,759	10,776	10,970	10,257
	Finance costs	581	334	770	4	12
	Internal charges and overheads applied	2,003	2,439	2,013	2,816	3,192
	Other operating funding applications	1	(121)	1	1	(12)
	<b>Total applications of operating funding (B)</b>	<b>13,174</b>	<b>12,411</b>	<b>13,560</b>	<b>13,791</b>	<b>13,449</b>
	<b>Surplus (deficit) of operating funding (A - B)</b>	<b>184</b>	<b>77</b>	<b>59</b>	<b>53</b>	<b>(575)</b>
	<b>Sources of capital funding</b>					
	Subsidies and grants for capital expenditure	-	-	-	-	-
	Development and financial contributions	-	-	-	-	-
	Increase (decrease) in debt	312	350	239	244	(546)
	Gross proceeds from sales of assets	-	-	-	-	-
	Lump sum contributions	-	-	-	-	-
	<b>Total sources of capital funding (C)</b>	<b>312</b>	<b>350</b>	<b>239</b>	<b>244</b>	<b>(546)</b>
	<b>Applications of capital funding</b>					
	Capital expenditure					
	- to meet additional demand	-	-	-	-	-
	- to improve the level of service	496	481	114	113	116
	- to replace existing assets	-	-	184	184	183
	Increase (decrease) in reserves	-	(54)	-	-	(1,420)
	Increase (decrease) in investments	-	-	-	-	-
	<b>Total applications of capital funding (D)</b>	<b>496</b>	<b>427</b>	<b>298</b>	<b>297</b>	<b>(1,121)</b>
	<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(184)</b>	<b>(77)</b>	<b>(59)</b>	<b>(53)</b>	<b>575</b>
	<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>184</b>	<b>131</b>	<b>59</b>	<b>53</b>	<b>845</b>



<b>Capital Expenditure by Strategy</b>					
<b>Strategy</b>	<b>2016/17 LTP \$000</b>	<b>2016/17 Actual \$000</b>	<b>2017/18 LTP \$000</b>	<b>2017/18 AP \$000</b>	<b>2017/18 Actual \$000</b>
<i>Governance:</i>					
- to meet additional demand	0	0	0	0	0
- to improve the level of service	0	0	0	0	0
- to replace existing assets	116	0	0	0	8
<b>Governance Total</b>	<b>116</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8</b>
<i>Environment:</i>					
- to meet additional demand	1,087	1,033	1,596	1,112	0
- to improve the level of service	9,950	10,479	12,549	12,122	16,537
- to replace existing assets	26,960	29,470	32,834	32,258	28,890
<b>Environment Total</b>	<b>37,997</b>	<b>40,982</b>	<b>46,979</b>	<b>45,492</b>	<b>45,427</b>
<i>Economic Development:</i>					
- to meet additional demand	0	0	0	0	0
- to improve the level of service	0	0	0	2,777	0
- to replace existing assets	1,742	886	1,353	2,239	599
<b>Economic Development Total</b>	<b>1,742</b>	<b>886</b>	<b>1,353</b>	<b>5,016</b>	<b>599</b>
<i>Cultural Well-being</i>					
- to meet additional demand	0	0	0	0	0
- to improve the level of service	25	1,244	10,024	1,247	443
- to replace existing assets	2	42	11	11	0
<b>Cultural Wellbeing Total</b>	<b>27</b>	<b>1,286</b>	<b>10,035</b>	<b>1,258</b>	<b>443</b>
<i>Social and Recreation:</i>					
- to meet additional demand	822	135	1,270	694	0
- to improve the level of service	27,190	18,136	11,390	10,187	4,932
- to replace existing assets	13,673	11,915	15,970	13,804	35,321
<b>Social and Recreation Total</b>	<b>41,685</b>	<b>30,186</b>	<b>28,630</b>	<b>24,685</b>	<b>40,253</b>
<i>Urban Development:</i>					
- to meet additional demand	0	0	0	0	383
- to improve the level of service	15,083	7,834	29,532	19,055	15,165
- to replace existing assets	979	1,950	1,687	1,719	3,953
<b>Urban Development Total</b>	<b>16,062</b>	<b>9,784</b>	<b>31,219</b>	<b>20,774</b>	<b>19,501</b>
<i>Transport:</i>					
- to meet additional demand	0	0	5,260	4	0
- to improve the level of service	20,448	9,131	24,686	18,906	16,579
- to replace existing assets	20,872	25,187	23,380	41,337	38,886
<b>Transport Total</b>	<b>41,320</b>	<b>34,318</b>	<b>53,326</b>	<b>60,247</b>	<b>55,465</b>
<i>Council:</i>					
- to meet additional demand	0	0	0	0	26
- to improve the level of service	16,304	1,408	16,113	15,151	1,666
- to replace existing assets	17,269	18,373	18,641	9,849	9,553
<b>Council Total</b>	<b>33,573</b>	<b>19,781</b>	<b>34,754</b>	<b>25,000</b>	<b>11,245</b>
<i>Total Council:</i>					
- to meet additional demand	1,909	1,168	8,126	1,810	410
- to improve the level of service	89,000	48,232	104,294	79,445	55,321
- to replace existing assets	81,613	87,823	93,876	101,217	117,209
<b>TOTAL COUNCIL</b>	<b>172,522</b>	<b>137,223</b>	<b>206,296</b>	<b>182,472</b>	<b>172,940</b>

## **Appendices**

## Glossary

**Annual Plan.** Our Annual Plan is our budget, showing the expected cost of running the city for the financial year, and how the costs will be funded. An Annual Plan is not prepared in years when a Long-term Plan is prepared (see Long-term Plan).

**Capital expenditure.** Capital expenditure, also referred to as CAPEX, is the money that we spend to buy, maintain, or improve our fixed assets, such as buildings, vehicles, equipment, or land.

**Cash and cash equivalents.** This includes cash as well as deposits which mature in three months or less.

**Council-Controlled Organisations (CCOs).** These organisations were set up to independently manage Council facilities, or to deliver significant services and undertake developments on behalf of the Wellington community.

**Current asset.** This is an asset that can be readily converted to cash or will be used to repay a liability within 12 months of balance date.

**Current liability.** This is a liability that is required to be discharged within 12 months of balance date.

**Depreciation (amortisation).** This is an expense charged each year to reflect the estimated cost of using our assets over their lives. Depreciation relates to physical assets such as buildings and amortisation relates to intangible assets such as software.

**External funding for capital expenditure.** This is funding recorded as revenue, but used to fund capital expenditure projects.

**Fair value.** Fair value essentially reflects the market value of assets or liabilities.

**Investment properties.** These are properties primarily held by the Council to earn rental revenue.

**Liquidity/funding risk.** This is the risk that the Council will not have access to the required funds to meet its present obligations.

**Long-term Plan.** This 10-year plan, revised every three years, shows the expected cost of running the city for the following 10 years, and how the costs will be funded.

**Net borrowings.** These are total borrowings, less any funds held on deposit.

**Net surplus/deficit.** This is the difference between total revenue and total expenses. It includes both operating revenue and operating expenditure, as well as other non-funded items of revenue and expenditure such as capital funding, vested asset revenue and fair value movements.

**Operational expenditure.** This is expenditure that is not capital expenditure (see capital expenditure).

**% (percentage) variance.**

The difference between the actual performance measure result and the target result is reported as the result's percentage above or below target. For example, the difference between an actual performance result of 20 percent and the target result of 40 percent is -50 percent. This is because the result is 50 percent less than the target. While the numerical difference between the two figures is 20 percentage points, we do not report percentage point results unless otherwise stated.

**Prudential limits.** These are limits applied to the level of borrowings to ensure we are managing the Council's assets and liabilities prudently. These limits are outlined in the Investment and Liability Management Policy in the Long-term Plan.

**Ring-fenced funds.** These are funds that can only be used for a specific purpose.

**Total comprehensive revenue and expense.** This is the net surplus/deficit adjusted for fair value movements of some of our assets including property, plant and equipment, and financial instruments such as cash flow hedges. These movements are non-cash in nature and reflect the changing fair value of assets owned by the Council.

**Underlying funding surplus/deficit.** The underlying surplus is the reported net surplus, less any government funding for capital projects, plus items not required to be funded by ratepayers this year and other adjustments that do not affect the rating requirements of Council.

**Unfunded depreciation.** This is the amount of depreciation not funded by rates. This relates mainly to roading assets funded by NZTA and waste water treatment assets where the operator has responsibility for asset renewal.

**Vested assets.** These are assets created by others and passed into Council ownership (for example roads built by a developer as part of a subdivision).

## Council Meeting Attendance

Mayor and Councillor meeting attendance 2017/18

Mayor and Councillor meeting attendance 2017/18										Subcommittees			Joint committee	
Councillor	Meetings held of which the Councillor is a member	Meetings Attended		Full Council Meetings (11)	City Strategy Committee (28)	Long-term and Annual Plan Committee (5)	Regulatory Processes (10)	CEO Performance Review (7)	District Licensing Committee (28)	Council Controlled Organisations Subcommittee (3)	Finance, Audit & Risk Subcommittee (6)	Grants Subcommittee (6)	Wellington Region Waste Management and Minimisation Plan (joint committee) (6)	Wellington Regional Amenities Fund (joint committee) (3)
		NUMBER	%	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER
		NUMBER	%	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER
Mayor Justin Lester	79	66	84%	10	23	5	6	7		3	6	3		3
Diane Calvert	67	65	97%	11	27	5	10	6			6			
Chris Cahi-Freeman	54	53	98%	10	28	5	10							
Brian Dawson	50	49	98%	10	28	5						6		
Jill Day	57	56	98%	10	28	5		7				6		
Andy Foster	63	59	94%	11	25	5		6	6		6			
Sarah Free	63	52	83%	10	28	5		1			2	6		
Peter Gilbert	50	48	96%	11	26	5						6		
David Lee	57	52	91%	11	26	5	7			3				
Simon Marsh	47	41	87%	10	25	4				2				
Iona Pannett	57	56	98%	11	28	5		7					5	
Malcolm Sparrow	54	50	93%	11	25	5	9							
Simon Woolf	47	42	89%	11	25	3				3				
Nicola Young	56	53	95%	11	27	5					4	6		
Fleur Fitzsimons* * appointed in Feb 2018	30	29	97%	7	12	5		3		2				
Prior council member Paul Eagle* resigned Sept 2017	14	14	100%	2	8			4						
Number of meetings held	91			11	28	5	10	7	6	3	6	6	6	3

### Notes

The meeting attendance figure relates to Council, committee (excluding City Strategy pre meeting sessions) and subcommittee meetings. Councillors are also appointed to Council-controlled organisations, community boards, working parties, advisory groups and other external bodies. The meeting attendance figures provided do not include Councillors' attendance at these meetings. Such meetings can conflict with Council meeting times.

There were 28 hearing days for District Licensing Committee however Cllr Foster was only appointed to six committee meetings and attended all six.



## **Independent Auditors report**

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