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**ORDINARY MEETING**

**OF**

**GOVERNANCE, FINANCE AND PLANNING COMMITTEE**

**SEPARATELY ENCLOSED  
ATTACHMENTS**

**Time:** 9.15am  
**Date:** Wednesday, 27 August 2014  
**Venue:** Committee Room 1  
Ground Floor, Council Offices  
101 Wakefield Street  
Wellington

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**Business**

**Page No.**

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**2. General Business**

**2.1 Report of the Audit and Risk Subcommittee meeting of  
Tuesday 19 August 2014: 2013/14 Financial Statements  
and Statements of Service Performance**

1 Draft 2013-2014 Annual Report

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# Mayor's welcome

Last October a refreshed, action-focussed Council was elected to serve the people of Wellington City. I am proud to lead that Council and report on the progress we have made.

Our finances are healthy and we met 12 of the 13 legislated financial prudence benchmarks.

Two of the biggest themes to come through in the election were the economy and transport. In response, within 90 days of the election, we:

- put forward an economic growth agenda underpinned by 8 Big Ideas
- agreed the 2014/15 Annual Plan in record time without making service cuts
- tripled our investment in cycling as part of that plan
- maintained the rates rise at a low 2.5%.

We also contributed to the costs of the airport runway consent, worked with a developer on a new convention centre, brought the management of Wellington's waterfront in-house and advanced plans for a film museum. I am delighted that our status as the country's Events Capital has been confirmed with Wellington winning a majority of the 2014 New Zealand Association of Event Professionals Awards. That said, we will improve our Christmas and New Year programme in the coming year.

We put considerable energy into developing transport plans with the Greater Wellington Regional Council and the New Zealand Transport Agency, including agreement to progress the implementation of Bus Rapid Transit along our transport spine. We also completed the Tawa Valley Pathway – Ara Tawa, and modest cycle safety improvements. Clearly there is a need to do more since residents' satisfaction with the safety and maintenance of cycle ways has dropped significantly, as interest in cycling grows.

Since we developed our current long-term plan, we have undertaken a significant programme to increase the resilience of our people, buildings, water and roading networks to a major earthquake. We have completed earthquake assessments on all the pre-1976 buildings. This work should provide us all with comfort that our city is well-prepared and that our programmes are more advanced than any other city in New Zealand.

As a Council, we will continue to address specific issues of importance to communities while also investing strategically to achieve our Towards Wellington 2040 Smart Capital vision. Wellington is in great shape as a city. Together we have the people and financial capacity to do more. I would like to acknowledge the work of elected members, staff and all our partners in taking the city forward over the last year. I look forward to working with you as we step up our investment in and commitment to our ambitious plan for sustainable and inclusive growth in our beautiful capital.

# Chief Executive's welcome

This is my second annual report as Chief Executive. It shows that we are in great shape.

In my Pre-Election Report 2013, I identified a number of factors that I would take into this current term of Council. I noted that:

- we love this city and we don't want to lose the momentum
- regular Capex increases on a static rating-base are not sustainable
- we need to manage our existing physical infrastructure well
- we must use our strong financial position to invest in helping grow the economy, which would enable us to continue investing in our social infrastructure
- people know we can't do everything for everyone and that our budget is limited, which means we need to make some tough decisions about the services we provide.

The report was written a year ago and we have already made significant progress on many fronts. As the Mayor notes, we are committed to our growth agenda. We have developed key projects that will improve the economic vibrancy of the city, in addition to a range of smaller but equally as important growth activities throughout the city. In the coming year, we expect to make further announcements about major projects that will attract more visitors to Wellington and support growth of the film and technology sectors.

We have made great strides towards reducing our costs in a sustainable way and meeting our commitment to great customer service. Key projects include the rationalisation of our Council-controlled organisations at both a local and regional level. We are planning to bring water-related services across Wellington under the management of Capacity Infrastructure Services to provide an end-to-end comprehensive service across the region. We are also bringing our events, venues, tourism and economic development functions and activities under the umbrella of a single regional growth entity. These actions will not only deliver cost-savings but also mean more effective co-ordinated service delivery for the benefit of everyone living in the region.

We are also implementing a number of projects to improve efficiency and reduce our back office costs. These include:

- improving our procurement processes
- modernising our accommodation arrangements, and
- adopting a new core computer system.

We are focused on doing the basics well so we can make the strategic financial investments that will help our city to grow and build on the enormous success it has already achieved.

Cities are the core of a country's growth and success and they have to continually reinvent themselves to achieve their potential. Wellington is ready for positive transformation. We have transformed the city before - with the stadium, the waterfront and Te Papa. We can do it again, and we will.

We can achieve this while continuing to improve the value of the services we deliver over time. It's in our best interests – and the interest of NZ Inc - to have world-class cities in New Zealand. The good news is we already have one – it's called Wellington.

My thanks to all those who have contributed to our work this year and I look forward to continuing on and delivering on the Council's vision for Wellington.

# Our role and direction

Enabling the city to thrive.

## Who we are

The Wellington City Council is made up of 15 elected representatives – the Mayor and 14 Councillors. It's their job to make bylaws, set the city's overall strategic direction, and approve budgets, policies and plans aimed at achieving that direction. Part of their role is to listen and take the pulse of the community before making decisions. They are supported in their governance role by two community boards.

The elected representatives are supported by the Council's Chief Executive and 1550+ staff, who provide advice, implement Council decisions, and look after the city's day-to-day operations.

## Our aims



In June 2013, the Council adopted an Annual Plan for the period 1 July 2013 to 30 June 2014, which outlined the services we planned to deliver during that period. This Annual Report explains how we've delivered on that plan.

The Annual Plan also confirmed our ongoing commitment to achieving our vision for the city – *Towards Wellington 2040: Smart Capital*. This vision contains four community outcomes, which guide our decisions about our services and what we plan to do: to be people centred, connected, an eco-city, and have a dynamic central city. The plan also confirmed our three priorities: an inclusive place where talent wants to live; a resilient city; and a well-managed city.

Our outcomes and priorities are structured around seven activity areas against which we measure our performance. They are:

**Governance** – delivering trust and confidence in decision-making.

**Environment** – protecting and enhancing Wellington’s environment.

**Economic Development** – promoting the city’s competitive advantages to enhance quality of life.

**Cultural Wellbeing** – reflecting and shaping Wellington’s unique cultural identity.

**Social and Recreation** – sustaining safe, resilient and healthy communities.

**Urban Development** – preserving Wellington as a compact, vibrant and attractive city, now and into the future.

**Transport** – delivering an efficient and safe transport system that connects people and places.

# Our growth agenda

## **This year, Wellingtonians elected a new Council, which is action-oriented and responding to the issues facing Wellington**

### **Wellington can be a world-class city where talent wants to live**

We have all the ingredients to be a world-class city – people, location and lifestyle – but we are not doing as well as we could. In recent years, our economy hasn't performed as strongly as some other cities and we rely heavily on the government sector to keep the economy afloat.

The Council has made significant investments in assets and programmes that have lifted the city's quality of life, eg sports and recreation facilities, infrastructure upgrades and social housing.

### **We need to grow our income and we have the capacity to do so**

To become a city that is sustainable, dynamic, connected and people-centred, we need a stronger economy and a growing ratepayer base. The stronger the economy, the faster the ratepayer base grows. The faster the ratepayer base grows, the more we can invest in the city.

The Council's financial position is strong and we have the opportunity and resources to do more, if we choose to. We have an AA credit rating with Standard and Poors, our rates are not as high as many of our neighbours and we have relatively low debt.

### **We have committed to a growth agenda**

Our role is to support and enable the city's entrepreneurs, investors, researchers and workers to succeed. We have committed to:

- **being open for business** – we will remove red tape, make regulations clear and be customer-focussed
- **doing our core jobs well** – we will deliver our services as efficiently and effectively as possible
- **bringing people together** – we will enable people and organisations to connect so they can create jobs and business opportunities
- **investing for growth** – we will invest in projects that make a real difference to the local economy and people.

### **We've already made a start**

We have already made a start on projects that will achieve our goals, including:

- establishing, with other councils, the Wellington Regional Economic Development Agency
- joining up back-office and IT services with other councils in the region
- contributing \$1 million to the airport runway extension consent application cost
- establishing the Wellington Economic Initiative Development (WEID) Fund and investing in Destination Wellington
- reducing development contributions.

### **And we're committed to our eight big ideas**

Our future programme includes projects aimed at growing the local economy including:

- a **convention centre and hotel** opposite Te Papa
- a **film museum** to celebrate Wellington's film sector and attract international tourists

- **international air connections** to provide direct flights to Asia and beyond
  - a **CBD tech precinct** to connect people in high-tech industries
  - a **development framework for Miramar** as New Zealand's creative industries hotspot
  - providing **better transport** choices
  - being **open for business**
  - a **liveable city** that sustains what makes Wellington a great place to live
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## We deliver value for money

- This year, the services we delivered for ratepayers equated to \$5.82 per day, which is less than the average household spends on a single utility – power.
- Our AA credit rating with Standard and Poors is the highest credit rating held by any Council in New Zealand, which provides us a reduced cost of borrowing.
- We kept rates increases affordable by limiting the rates increase to 2.5%
- Our net borrowings are 82% of income, which is below our operating target of 105% and well below our prudential limit of 150%.

**And in the future** we will continue to reduce costs by continuing our efforts to provide shared services with other councils in the Wellington region.

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## We are more resilient

- We have strengthened several Council buildings with more to be completed by December 2014.
- We assessed the structural performance of all pre-1976 buildings in the city and found that only 13% are earthquake prone.
- We are making the water network resilient by strengthening the Maupuia and Maldive No 2 reservoirs, and installing emergency water tanks and auto shut-off valves.
- We are building retaining walls, and strengthening bridges and tunnels including the Aotea Quay bridge and Hataitai Bus Tunnel.
- We have developed programmes to support local leadership, and strengthen community and neighbourhood resilience and safety.

**And in the future** we will make it easier and more cost-effective for building owners by providing rates remissions for earthquake-strengthening of their buildings.

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## Wellingtonians participate

This year:

- 670,000 people attended Council supported events and 115,000 tickets were sold for the International Festival
- 1.3 million people visited Te Papa, 600,000 visited other museums and galleries and 750,000 attended arts and cultural festivals.
- 1.2 million people visited WCC swimming pools, 320,000 visited recreation centres and 600,000 visited the ASB Centre.
- 94% of residents used a local park or reserve, 95% used a beach or coastal area, and 72% used a walkway.

**And in the future** we will celebrate and promote increased use of our events, services and facilities by residents.

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## We do the basics well

- We provide 350km of tracks and 40km<sup>2</sup> of Town Belt land.
- Our infrastructure includes 1,058 km of sewers, 80 water reservoirs, 33 water pumping stations, 7,300 hydrants and 1,245km of underground water pipes.
- Our visitor attractions include Wellington Zoo, Zealandia and four Botanic Gardens.
- Our residents regularly use the 12 libraries, seven swimming pools, seven recreation centres, 100 playgrounds and parks, 45 sports-fields and two marinas we provide.
- We have 650km of roads and 12,000 parking spaces.
- We provide 2,300 social housing homes to residents in need.

**And in the future** we will match our investment in social services and infrastructure to the areas where the population and demand for services is increasing.

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## We've got plans to grow

- We agreed our eight big ideas, which will bring economic growth to the city.
- We're attracting business, talent, investment and students to the region through Destination Wellington.
- We helped establish Business Improvement District in Miramar, which will boost the local economy.
- We developed international relationships, including leading a delegation of 30 organisations to China and Japan.
- We're establishing the Wellington Regional Economic Development Agency with other councils in the region.

**And in the future** we will pursue our growth agenda by investing in projects that make a real difference to the local economy.

# Financial highlights

↑ **We achieved an underlying net surplus of \$1.2 million compared to a budgeted breakeven.**

The underlying net surplus / (deficit) is the accounting measure that best reflects what Council collects through rates, investments and other income sources such as fees & charges, and what the Council spends on providing services to the City.

Having a small underlying surplus / (deficit) reflects Council’s commitment to **intergenerational equity**: each generation of ratepayers should pay for the services they consume.

↔ **Our headline net surplus is \$27.5 million compared to a budgeted \$35.7 million, giving rise to an unfavourable variance of \$8.2 million.**

As reported in the Statement of Comprehensive Financial Performance. The surplus includes grants from central government for capital projects which do not affect rates. The variance is mainly due to the revaluation of investment property – again not impacting on the rates requirement.

↑ **We met 12 out of 13 new financial prudence measures.**

Central government has introduced new financial “benchmarks” that local bodies need to report against. This shows Council has acted prudently during the year and within the financial parameters set in our Long-term Plan.

↓ **We spent \$128.0 million during the year on asset renewals and new assets from a budgeted capital expenditure programme of \$172.5 million.**

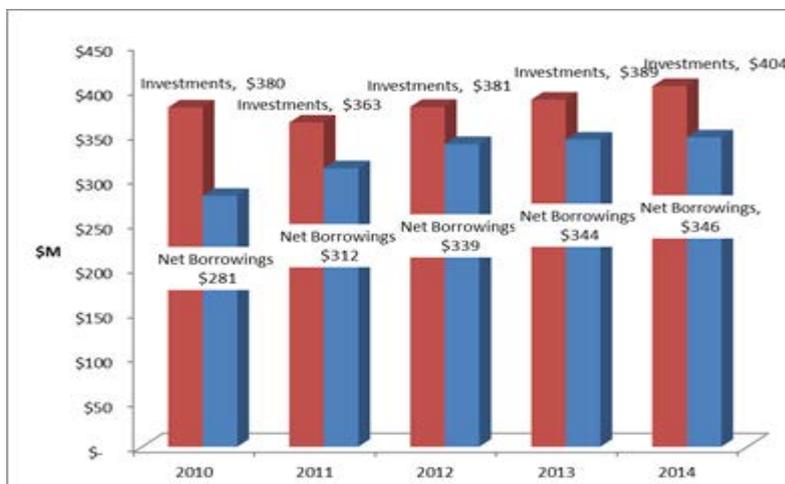
This expenditure included roads, swimming pools, water, waste water and storm water networks, parks and open spaces. We spent less than budgeted due to delays in completing swimming pool and social housing improvements and the deferral of earthquake strengthening the town hall. Council is working to improve the alignment of actual to budgeted capital spend.

↑ **We maintained the Council’s AA credit rating.**

This reflects the Council’s strong financial state.

↓ **Council’s debt levels remain low - net debt is \$346 million. We also have \$404 million in investments.**

Council’s net debt has only increased by \$2.6 million during the year, \$26.6 million less than budget. The difference is mainly due to changes in the timing of capital projects.



The wide range of services the Council provides costs \$5.82 per resident per day. This includes basic services such as roading, water, waste water and storm water as well as parks, gardens, swimming pools, libraries and the economic development of the city.

The Council's biggest source of income is rates revenue, which accounts for 55% of all income. The Council's funding mechanism is governed by its Revenue & Financing Policy as disclosed in the 2012–22 Long-term Plan.

The Council's largest operational expenditure is on Environment with 33%, which includes the maintenance of water, waste water and storm water networks; followed by Social & Recreation at 24%.

The Council's revenue over time is influenced by the amount of grants it receives for capital expenditure in any one year. This varies dependant on the annual capital expenditure programme to be funded, as shown by the higher 2012 revenue levels resulting from an increase in housing grants received.

The Council has shifted its operational expenditure by strategy over time from Governance to Economic Development and Urban Development in line with its overall strategy as outlined in the 2009 & 2012 Long-term Plans.

# Explaining our work

This report highlights our performance for each of our seven activity areas. You will find information about the state of the city – everything from the transport network to the state of the environment to the strength of Wellington’s communities.

For each activity area we have summarised the goals we want to achieve, why we are pursuing them and what we are doing to achieve those goals. We also describe how each activity area contributes towards our community outcomes.

For each activity we explain:

**What we do** – an outline of the scope of our work under the activity.

**What we achieved** – a description of milestones achieved during the year.

**What it cost** – a summary financial table for that activity.

**How we performed** – an outline of results against targets. We place these in the context of past results and next year’s targets where appropriate.

The performance information is drawn from a wide variety of sources, including annual surveys of Wellington residents. The Residents Monitoring Surveys (RMS) have a sample of 500 residents, aged over 18, that is representative of the Wellington population in terms of ward, age and gender. The standard margin of error is +/- 4.38%.

Over the last two years, we have made the transition from conducting our Residents Monitoring Surveys using telephone surveys to now conducting them online. Therefore, previous results are not directly comparable because of this methodology change. Consequently, we have not included results prior to the change for any measures taken from the RMS.

We will review all our performance measures and targets during the development of the 2015–25 Long-term Plan.

Our measures, financial results and commentary are independently scrutinised by Audit New Zealand.

# Governance - Pārongo Ā-Tāone

## **Good governance builds trust, confidence and a healthy democracy**

The result of good governance is public trust and confidence in the decisions we make. The well-being of local democracy relies on good governance.

It's in our interest, and the city's, that residents understand the Council's plans for the future. It's also important that people have the opportunity to participate in the decision making process.

High-quality governance is the launching pad for successful cities. We are committed to an open, transparent decision-making process and a culture that is open for business and puts residents first.

We strive for high-quality governance because better decisions today mean a better city tomorrow.

## **Our activities and relationship with residents today**

We engage with and support elected members, residents and ratepayers, businesses and community leaders. We try to ensure they are well informed and can contribute meaningfully to the Council's decision-making processes.

We keep a record of our work and provide access to the information we hold. City Archives preserves and makes available a huge range of primary information about the city's history. Our activities include:

- managing local government elections
- city governance and engagement
- civic information
- city archives.

Residents are very satisfied (70%) with their level of involvement in the decision-making process, up from 63% in the previous year, but only 36% of residents are satisfied that Council information is easy to access.

Participation in the 2013 Wellington local body elections was 41%, up from 39% in 2010. Increasing voter turnout remains a challenge.

The way residents want to receive and respond to information is changing, in line with technology advances.

## **Governance and engaging with residents in the future**

A key future focus is embracing new technology to improve the way we govern, inform and engage. But regardless of technological change, customer service will be front and centre of our goals and activities.

New technology will also enable us to broaden our reach with the community. We will improve our website and move to 'self-service' by automating transactions and using smart phone apps and social media to connect with the public. This will not be at the expense of face-to-face customer service and communication with residents and ratepayers.

We will continue to work closely with our mana whenua partners, who have a special position in the city's history.

## **We are governing, informing and engaging**

This year we:

- ran the local body elections, inducted a new council and introduced a new council decision-making structure
- adopted a new Engagement Policy which includes a public commitment to how we will engage with Wellingtonians
- made information more accessible through City Archives
- set the Council's strategic direction in the 2014/15 Annual Plan. This includes a growth agenda for the Council, and changes to development contributions and our rates remission policy.

### **Our governance activities contribute to us being:**

**People centred:** They enhance trust and confidence in civic decision-making and encourage the community to participate in city governance. They also promote inclusiveness, celebrate social and cultural diversity, and enable us to respond to the needs and aspirations of Māori and mana whenua

**Connected:** Providing information about our services allows people to use the city's services, facilities and activities.

# 1.1 Governance, information and engagement

Pārongo, kōrerorero whānui me ngā mahi whakataunga

We want to inform people, and maintain their confidence, in our decision-making.

## What we do

Our decisions need to reflect the services that matter to the community and how much they are willing to pay for them. We ensure people are well informed and can contribute meaningfully to Council decision-making processes. The Local Government Act 2002 sets out the decision-making, planning and accountability procedures expected of local authorities.

Other legislation requires us to keep a record of our work and provide access to the information we hold. City Archives preserves and makes available a huge range of primary information about the city's history. Our activities include:

- City governance and engagement
- Civic information
- City archives.

## What we achieved

**We managed the 2013 local body elections** which resulted in an increased turnout of 41.1% compared with 38.5% in 2010, six new Councillors being elected and three new Community Board members.

**We made information more accessible.** City Archives digitised plans and documents related to water supply, drainage and stormwater to support our asset planning and management. We also worked with the Museum of Wellington City and Sea to manage their archives.

**We engaged with Wellington residents.** In October we adopted a new Engagement Policy which includes a public commitment to how we will engage with Wellingtonians. We held a series of forums to communicate our strategic focus and receive input into our future planning with the business, sporting, Pacific, accessibility and multicultural communities. We also worked with our Youth Council, Pacific Advisory Group, Environmental Reference Group and Accessibility Advisory Group on key projects such as our Alcohol Management Strategy and our input into the Memorial Park precinct.

**We set the Council's strategic direction.** In June 2014, we adopted the 2014/15 Annual Plan. The plan sets a growth agenda for the Council and includes changes to Development Contributions and our Rates Remission Policy which will encourage development of quality buildings, reduce compliance costs and make our processes more efficient.

**And we complied with new legislative obligations.** We set up an independent District Licensing Committee, in accordance with the Sale and Supply of Alcohol Act 2012, to decide on alcohol licensing applications. This year, the Committee made 741 decisions.

## What it cost

<b>Operating Expenditure (\$000)</b>	<b>Actual 2014</b>	<b>Budget 2014</b>	<b>Variance 2014</b>	<b>Actual 2013</b>
<b>1.1.1 City Governance and Engagement<sup>1</sup></b>				
Expenditure	9,523	9,912	389	8,161
Revenue	(508)	(312)	196	(14)
Net Expenditure	9,015	9,600	585	8,147
<b>1.1.2 Civic Information<sup>2</sup></b>				
Expenditure	5,361	5,814	453	5,327
Revenue	(411)	(242)	169	(248)
Net Expenditure	4,950	5,572	622	5,079
<b>1.1.3 City Archives</b>				
Expenditure	1,481	1,364	(117)	1,283
Revenue	(182)	(180)	2	(208)
Net Expenditure	1,299	1,184	(115)	1,075
	<b>Actual 2014</b>	<b>Budget 2014</b>	<b>Variance 2014</b>	<b>Actual 2013</b>
<b>Capital Expenditure (\$000)</b>				
<b>1.1.1 City Governance and Engagement</b>				
Expenditure	53	110	57	-
Unspent portion of budget to be carried forward	n/a	-	-	n/a

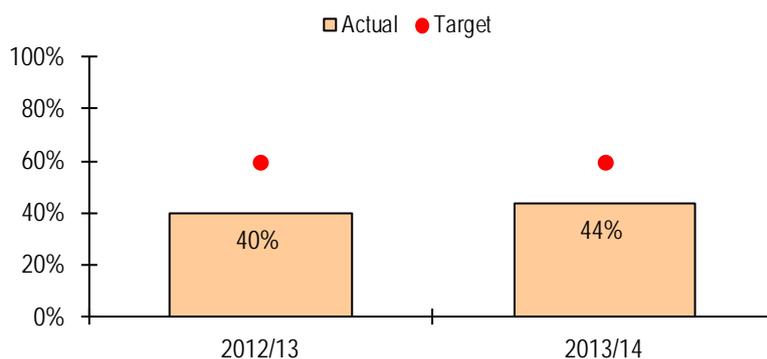
1. Under budget due to reduced personnel expenditure and associated overhead allocations as well as lower elections costs.
2. Under budget due to reduced personnel expenditure and associated overhead allocations.

## How we performed

We improved customer satisfaction with our information and engagement work. We will need to review the targets for these measures because they are based on a different survey methodology that is not comparable with our current results. The results for our information accessibility measures are also below target although we met our legislative obligations. Our service centre is very good at responding to enquiries and residents are satisfied with City Archives.

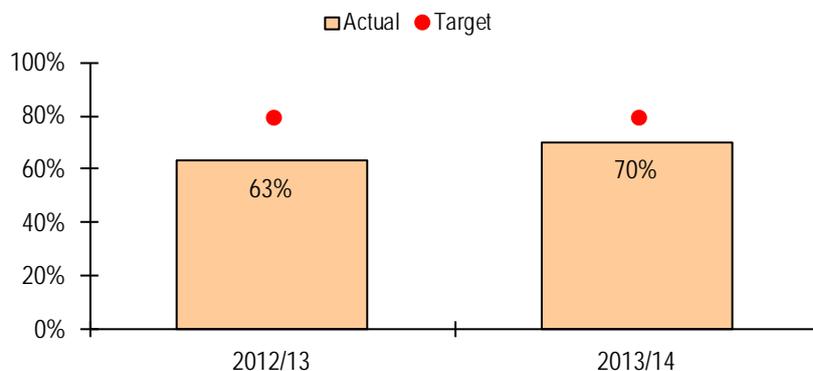
## We understand how well the public is informed and engaged

### Percentage of residents satisfied with the level of consultation (i.e. the right amount)



Source: WCC Residents Monitoring Survey

### Residents' (%) satisfaction with their involvement in Council decision-making (including neutral responses)



Source: WCC Residents Monitoring Survey

This year, we increased our efforts to communicate and consult about Council's work and the results of our decision-making, which resulted in a significant performance improvement.

### e-democracy participation – number of ePetitions and number of people that participate

This year, we received 10 ePetitions and 283 people participated. This compared with 14 e-petitions and 2,148 participants in 2012/13.

There is no target for this performance measure.

Source: WCC Democratic Services

## We measure how easy it is for residents to access information and whether that information is available in a timely manner

### Council and committee agendas (%) made available to the public five days prior to the meeting

Result: 59% (target: 80%. 2012/13: 80%; 2011/12: 74%; 2010/11: 75%)

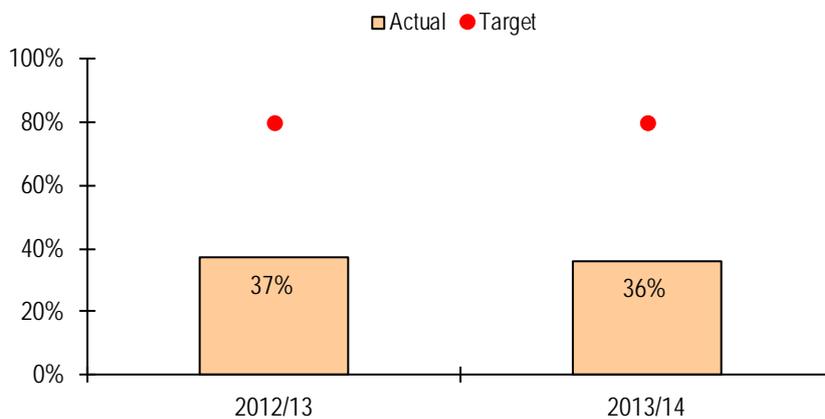
The Local Government Official Information and Meetings Act 1987 requires us to make all agendas and reports available two days before meetings. We have set a higher standard for ourselves by aiming for five days.

Performance was partly affected by the Council's move to a new governance structure after the 2013 Local Government Election, which resulted in an increase in the number of committees.

This year, 100% of agendas were made publicly available at least two days prior to the meetings.

Source: WCC Democratic Services

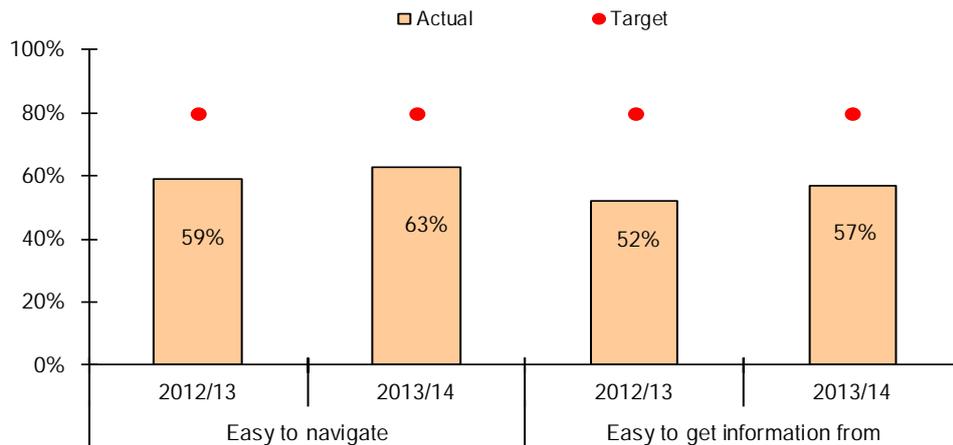
### Residents' (%) who agree that Council information is easy to access



Source: WCC Residents Monitoring Survey

This year, 22% of residents believed that Council information is not easy to access and 42% of residents neither agreed or disagreed.

**Residents' (%) who agree that the council website is easy to navigate and get information from**

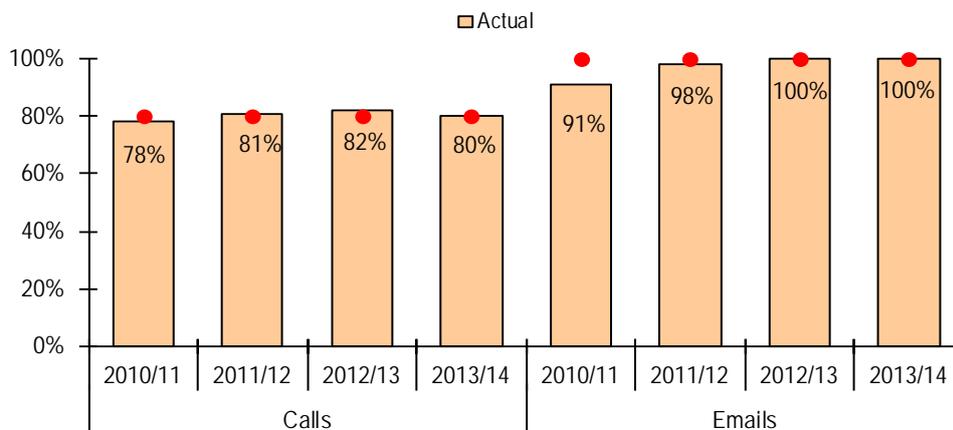


Source: WCC Residents Monitoring Survey

This year, 16% of residents disagreed that our website is easy to navigate and 21% neither agreed or disagreed. 15% of residents disagreed that our website is easy to get information from and 27% neither agreed or disagreed.

In response to the above results, last year we had focus groups where we asked people about our consultation and communication. We learnt that a lot of people do not know what Council does or how to have a say in our decision-making. In response, we have been highlighting the value and benefits of Council's work through the *Our Wellington* page in *The Dominion Post*. We have made sure that we let people know how their input into our decision-making was used and what resulted. We are also ensuring that people can easily access Council information through search engines like Google.

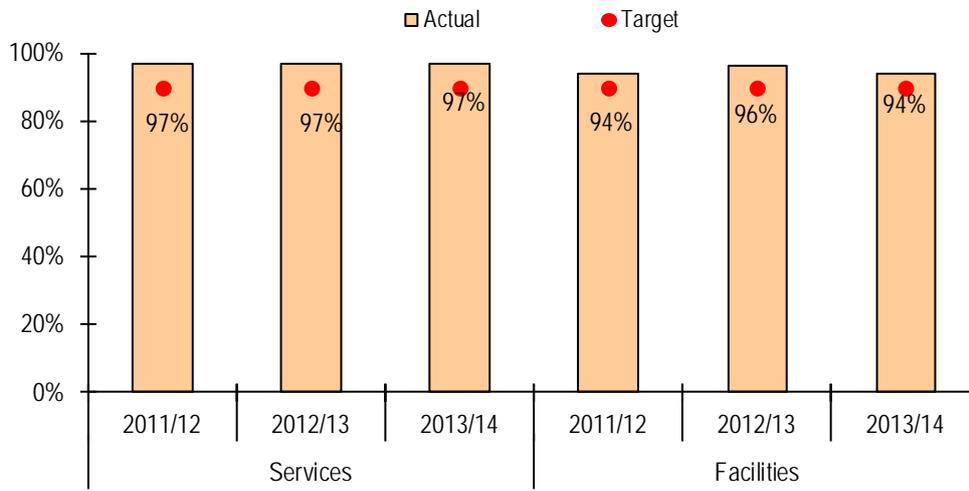
**Contact Centre calls that are answered within 30 seconds and emails that are answered within 24 hours**



Source: WCC Contact Centre

## We measure our success at protecting the city's historic information and making it available to the public

### User satisfaction with City Archive services and facilities



Source: WCC City Archives

# 1.2 Māori and mana whenua partnerships

Whai wāhitanga Māori (tae noa ki te mana whenua)

We have an obligation to ensure the views of mana whenua are heard.

## What we do

We ensure the special position of mana whenua Ngāti Toa Rangatira and Taranaki Whānui ki te Upoko o te Ika is acknowledged and reflected in the way we make decisions about the city and its resources. We also ensure their contribution to Wellington's heritage and future is fully and publicly acknowledged. We work with mana whenua to explore opportunities for the city emerging from settlement of their historic Treaty of Waitangi claims and engage with the wider Māori community in particular on issues of specific interest to them.

## What we achieved

**We welcomed a new Council and new Wellington residents.** The new Wellington City Council was formally welcomed by mana whenua at the inauguration ceremony on 30 October 2013. On 14 December almost 100 newcomers attended He Kāinga Hou – A New Home: In the Footsteps of Kupe, at Te Kura Kaupapa Māori o Ngā Mokopuna. Council, the kura whānau and mana whenua hosted a day of Māori culture and a guided tour to Oruaiti Pā site within the Oruaiti Reserve.

**We hosted events.** Te Rā o Waitangi (6 February) took place at Te Raukura, te wharewaka o Pōneke with co-host Wellington Tenth's Trust. For the second year, we assisted the Te Whanganui-a-Tara Māori Secondary Schools Teachers Association to host Te Rā Haka at the ASB Sports Centre. Approximately 500 students from Seatoun to Ōtaki came together to learn a local iwi haka.

**We assisted this year's Matariki celebrations** with collaboration from many organisations, delivering almost 100 events. One highlight was renowned artist Johnson Witihera's Waituhi mural project in Opera House Lane. We also launched a new website for the Matariki festival ([matarikiwellington.org](http://matarikiwellington.org)).

**And we installed a new pou whenua** at Courtenay Place marking the significant iwi site of the Waitangi Stream. An early morning cultural blessing was provided by mana whenua kaumatua.

## What it cost

<b>Operating Expenditure (\$000)</b>	<b>Actual 2014</b>	<b>Budget 2014</b>	<b>Variance 2014</b>	<b>Actual 2013</b>
<b>1.2.1 Maori and Mana Whenua Partnerships</b>				
Expenditure	225	225	-	222
Revenue	(1)	-	1	(5)
Net Expenditure	224	225	1	217
<b>Capital Expenditure (\$000)</b>	<b>Actual 2014</b>	<b>Budget 2014</b>	<b>Variance 2014</b>	<b>Actual 2013</b>
<b>1.2.1 Maori and Mana Whenua Partnerships</b>				
Expenditure	-	-	-	-

## How we performed

### We measure the health of our relationship with mana whenua

#### **Mana whenua partner evaluation – satisfaction with Council relationship**

Wellington City Council has two mana whenua partnerships: Te Runanga o Toa Rangatira Inc representing Ngati Toa, and Port Nicholson Block Settlement Trust representing Taranaki Whānui ki Te Upoko o Te Ika (Taranaki Whānui).

Both our mana whenua partners have experienced a year of significant internal changes and, in recognition of this, Council's elected members and officers have been supportive and understanding of our partners changing environment.

Overall, the relationship is perceived to be positive and effective by our partners. One partner noted that the Council was creating a stronger culture with respect to including mana whenua in decision making processes and management of resources, and that there was good engagement by senior Council staff and Councillors. However, one partner also noted that there needs to be more clarity about the relationship and links at different levels of the organisation. It was reported that there needed to be further integration and normalisation of tangata whenua participation in decision making processes.

There was some concern that as the Council develops further specific agreements with its partners, that the relationship could become focused on compliance or a business relationship rather than an enduring treaty-based partnership.

It was suggested that Wellington's local councils could look to coordinate their mana whenua liaison more efficiently. This would be less time consuming and more efficient than working separately with several different councils.

The partners agreed that Wellington was a great place to do business. Reasons for this were Wellington's capital status, its location and access to major transport routes.

It was reported that recently, the Council has adopted and supported more environmentally sustainable practices. Further development of this focus and supporting initiatives are needed to ensure future sustainability.

*Source: Mana whenua partners' relationship evaluation 2014*

## To measure the engagement of the city's Māori residents

### **Māori residents (%) who are satisfied or neutral (neither satisfied nor dissatisfied) with regard to their involvement with decision-making**

Result: 56% of Māori surveyed were satisfied or neutral with regard to their involvement with decision-making (target: 85%. 2012/13: 60%).

*Source: Residents Monitoring Survey.*

# Environment - Taiao

## **The world is facing unprecedented environmental and resource challenges**

The global population is growing. Oil reserves are declining. Many parts of the world face shortages of food, water and other resources. And the climate is changing and becoming more unpredictable.

These changes affect all of us – either directly, for example through rising fuel prices or extreme weather events, or indirectly, such as when we hear about resource conflicts or climate-related natural disasters in the news.

## **These challenges are city challenges**

Most of the world's people live in cities, and cities are net consumers of the world's resources. Cities contribute to global environmental problems, and are especially vulnerable to their impacts.

But, if cities are sometimes the problem, they must also be the solution. Cities have the potential to lead the world in responding to these environmental pressures. In cities, we can find new ways of living that achieve high quality of life without compromising the environment on which we rely.

## **Wellington has a head start in adapting to a low carbon future**

Wellington is a small and relatively compact city where many people get around on foot or by bus. Our economy is based on knowledge-based industries such as government and the creative sector – not on polluting or resource-intensive industries.

We have an abundance of renewable energy sources such as wind power, and a green landscape which not only provides opportunities for residents to enjoy the outdoors but also gives the city access to carbon credits.

We also have a population that values and is committed to the environment.

## **We're not resting on our laurels**

This year we:

- reduced our waste and increased our levels of recycling
- maintained over 40 square kilometres of reserve land
- advanced the practice of Water Sensitive Urban Design
- encouraged sustainable buildings by changing our development contributions policy
- introduced a Smart Energy Challenge to stimulate ideas from the brightest people.

## Our environment activities contribute to us being:

**People centred:** High quality natural environments enhance Wellington's unique 'sense of place', making it an even better place to live, work and play. They attract visitors and provide attractive, safe and accessible opportunities for leisure and recreation.

**Connected:** Accessible and high quality natural and green environments encourage people to gather together, share activities and connect with each other. Networks of green spaces and corridors link the city with its coastline and beaches. Conservation connects people with the environment and links the present to the future.

**Eco-city:** High quality natural and green environments protect and enhance our biodiversity and contribute to off-setting our carbon emissions. They model Wellington's leadership role as capital city of a clean and green New Zealand and as a leading sustainable city of the 21st Century.

**Dynamic Central City:** A reliable and adequate supply of clean and safe water is critical for people to live, work study and play in the central city and increasingly it will distinguish Wellington from other cities as a desirable and healthy place to live and establish a business.

## 2.1 Gardens, beaches and green open spaces

Ngā wāhi wātea me ngā mahi papa atawhai

We manage the city's natural environment and gardens in ways that balance conservation and enhancement with opportunities for enjoyment and recreation.

### What we do

Wellington is surrounded by nature. We preserve the city's unique environment and protect and restore its biodiversity. A high-quality natural environment enhances the city's unique 'sense of place' and provides attractive, safe and accessible places for leisure and recreation. Our aim is to enhance enjoyment of these areas.

Our activities include:

- local parks and open spaces
- Botanic Gardens of Wellington
- beaches and coastal operations
- roads and open spaces
- Town Belt and reserves
- community environmental initiatives
- walkways
- biodiversity (pest management).

### What we achieved

**We upgraded and planned the future of our parks and open spaces.** We completed the Grasslees Reserve upgrade with partial funding from the Charles Plimmer Bequest. Oruaiti Reserve was the first reserve in Wellington to receive the internationally recognised Green Flag accreditation. We continued building work on the heritage Halfway House in Glenside Reserve. We completed *Our Capital Spaces*, the new open space and recreation plan, which will direct Council's priorities for the next 5-10 years.

**We cleaned up the city after the storm.** The June 2014 storm caused major tree damage, erosion and sea-wall damage around the city. We ensured that roads and key infrastructure were cleared quickly. Most clean-up work was completed by October 2014 with tree removal continuing throughout the year. We are continuing repair work on sea walls and erosion around the coast.

**We managed the botanic gardens for the benefit of all.** We commissioned the design of the Children's Garden in the Botanic Garden, which is funded by the Charles Plimmer Bequest and a

fundraising campaign. We hosted PowerPlant as part of the New Zealand Festival, which attracted 22,000 visitors to the Botanic Garden.

**We maintained and beautified our beaches and coast.** We completed coastal beautification work at Owhiro Bay and along the coastal walkway in Te Kopahou Reserve as per the South Coast Management Plan. We also maintained the Oriental Bay beaches and completed two sand shifts.

**We secured the future of the Town Belt.** We prepared and consulted on the draft Wellington Town Belt Bill and finalised the Wellington Town Belt Management Plan, which includes principles for working in partnership with mana whenua and protecting the Town Belt for future generations. We planted more than 50,000 eco-sourced native trees. This included restoration planting, enhancement planting within existing reserves and riparian planting to improve water quality in the Porirua Harbour.

**We support community environmental initiatives.** We distributed more than 32,000 native eco-sourced plants to environmental community groups and residents for planting. We continued working with Victoria University students on environmental research initiatives and we had four summer scholars working on environmental projects.

**We renewed the city's walkways.** We completed walkway renewals of the Piwakawaka Track in Odell Reserve, Mt Albert/Melrose Southern Walkway and Makara Peak Mountain Bike Park.

**We protected Wellington's biodiversity.** We completed the third year of the south-west peninsula goat control project, which has resulted in a significant reduction in goats in the control area and good vegetation recovery. We have enhanced our pest plant programme in 36 key native ecosystems across the city. We continued controlling high priority weeds in the Town Belt.

## What it cost

<b>Operating Expenditure (\$000)</b>	<b>Actual 2014</b>	<b>Budget 2014</b>	<b>Variance 2014</b>	<b>Actual 2013</b>
<b>2.1.1 Local Parks and Open Spaces</b>				
Expenditure	8,439	8,113	(326)	7,694
Revenue	(863)	(454)	409	(531)
Net Expenditure	7,576	7,659	83	7,163
<b>2.1.2 Botanical Gardens</b>				
Expenditure	4,715	4,790	75	4,510
Revenue	(364)	(408)	(44)	(379)
Net Expenditure	4,351	4,382	31	4,131
<b>2.1.3 Beaches and Coast Operations</b>				
Expenditure	964	1,029	65	1,020
Revenue	(50)	(51)	(1)	(51)
Net Expenditure	914	978	64	969
<b>2.1.4 Roads open spaces<sup>1</sup></b>				
Expenditure	9,132	8,602	(530)	10,070
Revenue	(553)	(633)	(80)	(694)
Net Expenditure	8,579	7,969	(610)	9,376
<b>2.1.5 Town belts<sup>2</sup></b>				
Expenditure	4,783	4,420	(363)	5,070
Revenue	(1,276)	(209)	1,067	(422)
Net Expenditure	3,507	4,211	704	4,648

<b>2.1.6 Community environmental initiatives</b>				
Expenditure	456	436	(20)	389
Revenue	(9)	-	9	(24)
Net Expenditure	447	436	(11)	365
<b>2.1.7 Walkways</b>				
Expenditure	525	523	(2)	505
Revenue	-	-	-	-
Net Expenditure	525	523	(2)	505
<b>2.1.8 Biodiversity (pest management)<sup>3</sup></b>				
Expenditure	1,397	1,097	(300)	1,123
Revenue	(133)	-	133	(65)
Net Expenditure	1,264	1,097	(167)	1,058
	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>Actual</b>
<b>Capital Expenditure (\$000)</b>	<b>2014</b>	<b>2014</b>	<b>2014</b>	<b>2013</b>
<b>2.1.1 Local Parks and Open Spaces<sup>4</sup></b>				
Expenditure	1,939	1,987	48	894
Unspent portion of budget to be carried forward	n/a	220		n/a
<b>2.1.2 Botanical Gardens<sup>5</sup></b>				
Expenditure	661	886	225	1,065
Unspent portion of budget to be carried forward	n/a	-		n/a
<b>2.1.3 Beaches and Coast Operations</b>				
Expenditure	147	192	45	116
Unspent portion of budget to be carried forward		-		
<b>2.1.5 Town belts</b>				
Expenditure	113	113	-	155
Unspent portion of budget to be carried forward	n/a	-		n/a
<b>2.1.7 Walkways</b>				
Expenditure	158	158	-	441
Unspent portion of budget to be carried forward	n/a	-		n/a

1. Over budget due to additional storm event cleanup costs and a one-off cost relating to the recalibration of street cleaning to ensure the acceptable standard of cleanliness was maintained.

2. Under budget due to assets which have been vested to Council. The value of these assets is reflected as income.

3. Over budget due to increased staff and contract expenditure.

4. Under budget mainly due to delays in the programme funded by the Plimmer bequest including work on Watts Peninsula and planning for the Children's Garden.

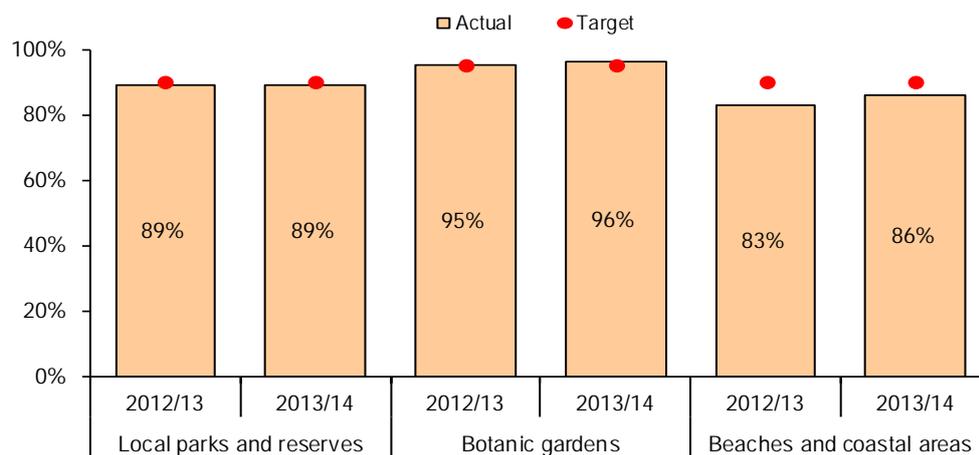
5. Under budget due to delays in the reconfiguring of the Curators House at Otari Wilton's Bush.

# How we performed

This activity offers good value-for-money, is highly used by residents and is maintained to a high standard.

## We measure the standard of the open spaces we provide

### Residents (%) satisfaction with the quality and maintenance of local parks and reserves, gardens and beaches



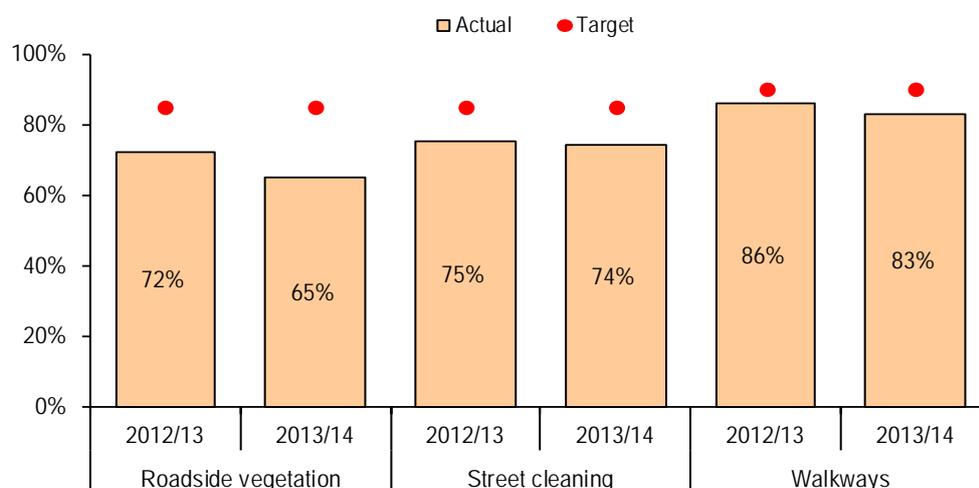
Source: WCC Residents Monitoring Survey

### Residents (%) who agree that green open spaces, gardens and beaches provide good value for money

Result: 77% (target: 90%. 2012/13: 80%).

Source: WCC Residents Monitoring Survey

### Residents (%) satisfaction with the quality and maintenance of green open spaces

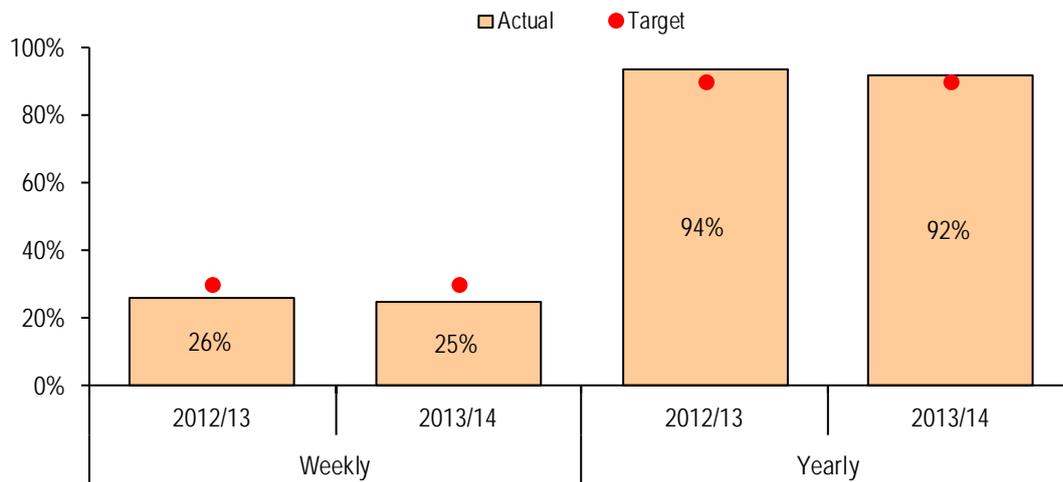


Source: WCC Residents Monitoring Survey

We maintain roadside vegetation to enable free and safe traffic movement. Sometimes, people ask us to remove vegetation for other reasons, which we often will not do. Some of the dissatisfaction with this service may result from this tension between our policies and people's expectations.

## We measure the use of the open spaces we provide

### Residents frequency (%) of usage of local parks and reserves (yearly and weekly)



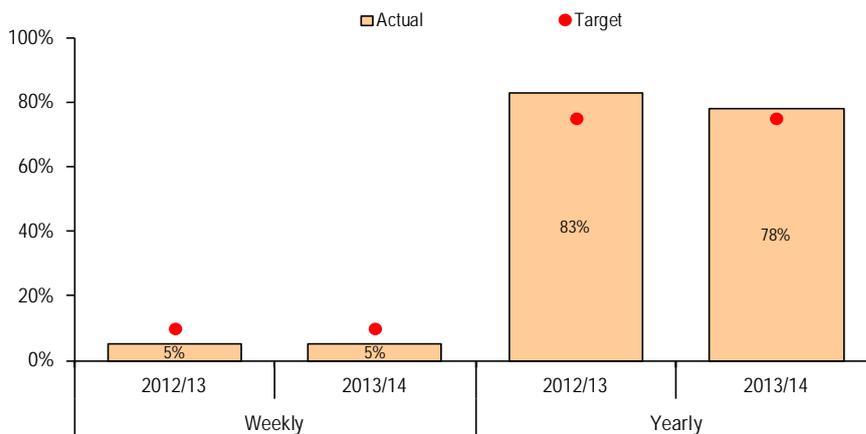
Source: WCC Residents Monitoring Survey

### Number of visitors to the Botanic Garden

Result: 1,542,535 (target: 1,200,000. 2012/13: 1,141,398).

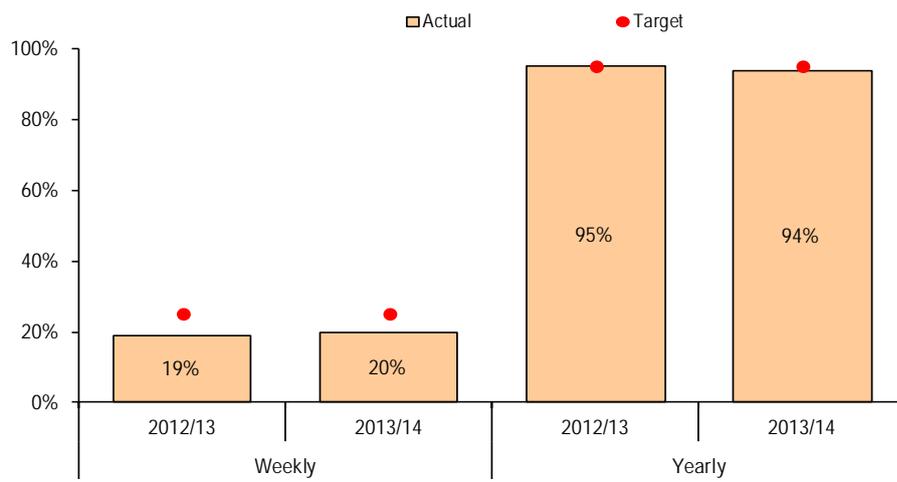
Source: Botanic Garden

### Residents frequency (%) of usage of Botanic Garden (yearly and weekly)



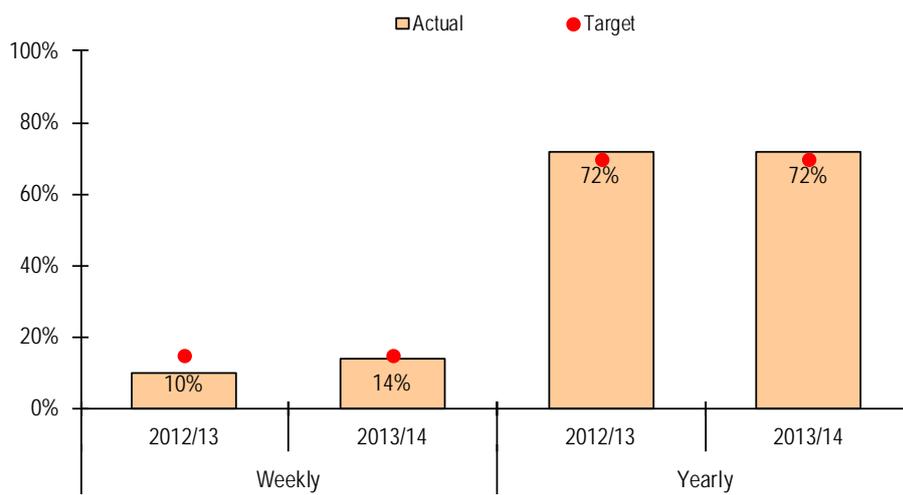
Source: WCC Residents Monitoring Survey

**Residents frequency (%) of usage of beaches and coastal areas (yearly and weekly)**



Source: WCC Residents Monitoring Survey

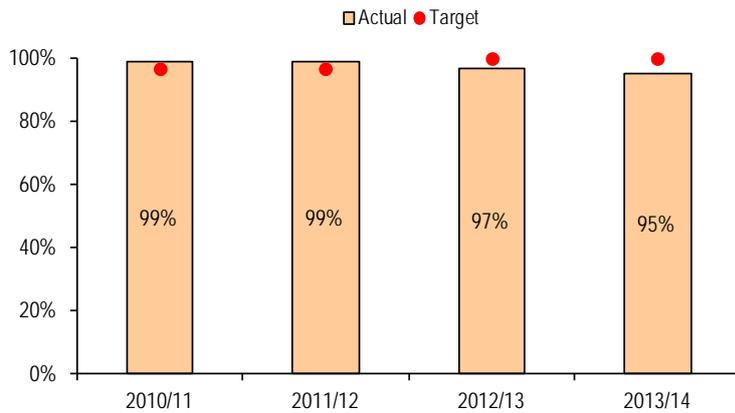
**Residents frequency (%) usage of walkways (yearly and weekly)**



Source: WCC Residents Monitoring Survey

## We measure the standard of our street cleaning service

### Street cleaning (%) compliance with quality performance standards<sup>1</sup>



Source: WCC City Networks

## We measure our efforts to protect and enhance biodiversity and native species health

### Total number of native plantings undertaken by WCC

Result: 50,712 (target: 45,000. 2012/13: 41,155)

Source: WCC Parks, Sport and Recreation

### Total number of native plants provided by WCC for community planting

Result: 32,378 (target: 32,000. 2012/13: 32,162)

Source: WCC Parks, Sport and Recreation

### High value biodiversity sites (%) covered by integrated animal pest control or weed control

Result: 52% (target: 60%. 2012/13: 52%)

We did not achieve the target because we implemented a new contract model for delivering this service, which has not run for a full year yet.

Source: WCC Parks, Sport and Recreation

### Proportion of grant funds successfully allocated (through milestones being met)

Result: 97% (target: 95%. 2012/13: 100%).

Source: WCC Community Networks

<sup>1</sup> We include this measure in this activity because street cleaning affects water quality in the harbour and city waterways.

## 2.2 Waste reduction and energy conservation

Whakaiti para, hangarua me te pena pūnga

Sustainability is about meeting our needs now without burdening future generations.

### What we do

A sustainable city uses resources efficiently, re-uses or recycles them, and only commits them to landfills as a last resort. Sustainability is about reducing the amount of energy we use and using clean energy from renewable sources. It is also about promoting a culture that values the environment and encourages pro-environment behaviour of everyone who lives, works, or studies here. Our activities include:

- energy efficiency and conservation
- closed landfill aftercare
- waste minimisation, disposal and recycling.

### What we achieved

**We helped improve housing warmth and sustainability.** We funded the Sustainability Trust to deliver the Warm Up Wellington project, which provided insulation retrofits to 250 low income homes in Wellington. We delivered the Home Energy Saver Programme, which provided free home sustainability assessments to close to 400 households. We completed a national field trial for a rental housing warrant of fitness scheme.

**We delivered the Smart Energy Capital programme.** We provided \$291,000 and leveraged another \$725,000 from our partners for the Smart Energy Capital programme by:

- partnering with Genesis Energy to deliver the SchoolGen Project, which provided solar energy installations and related education programmes in 10 Wellington schools.
- delivering the Smart Energy Challenge, which helped community energy projects to source crowd-funding.
- initiating energy efficiency projects in the commercial building sector and solar energy financing for Wellington households.

## What it cost

	<b>Actual 2014</b>	<b>Budget 2014</b>	<b>Variance 2014</b>	<b>Actual 2013</b>
<b>Operating Expenditure (\$000)</b>				
<b>2.2.1 Waste minimisation, disposal and recycling management<sup>1</sup></b>				
Expenditure	11,292	12,365	1,073	10,711
Revenue	(12,195)	(12,393)	(198)	(12,079)
Net Expenditure	(903)	(28)	875	(1,368)
<b>2.2.2 Closed landfills aftercare<sup>2</sup></b>				
Expenditure	(289)	477	766	(728)
Revenue	-	-	-	-
Net Expenditure	(289)	477	766	(728)
<b>2.2.3 Energy efficiency and conservation</b>				
Expenditure	-	-	-	-
Revenue	-	-	-	-
Net Expenditure	-	-	-	-
<b>Capital Expenditure (\$000)</b>	<b>Actual 2014</b>	<b>Budget 2014</b>	<b>Variance 2014</b>	<b>Actual 2013</b>
<b>2.2.1 Waste minimisation, disposal and recycling management<sup>3</sup></b>				
Expenditure	339	1,987	1,648	488
Unspent portion of budget to be carried forward	n/a	-	-	n/a
<b>2.2.2 Closed landfills aftercare</b>				
Expenditure	-	-	-	-
<b>2.2.3 Energy efficiency and conservation</b>				
Expenditure	19	19	-	44
Unspent portion of budget to be carried forward	n/a	-	-	n/a

1 Under budget due to lower expenditure for landfill operations, refuse collection and depreciation. Higher than budgeted volumes of rubbish bag sales were also achieved during the year.

2 Under budget due to a reduction in the closed landfill provision at 30 June 2014.

3 Under budget due to delays in the Stage 4 landfill extension as a result of a protracted resource consent process.

# How we performed

The services in this activity are well used by residents and we have improved the efficiency of our waste disposal service. Council's energy consumption was slightly higher than the previous year but we have successfully reduced our environmental footprint.

We measure how well we provide and encourage the use of recycling services to divert valuable material from the waste stream.

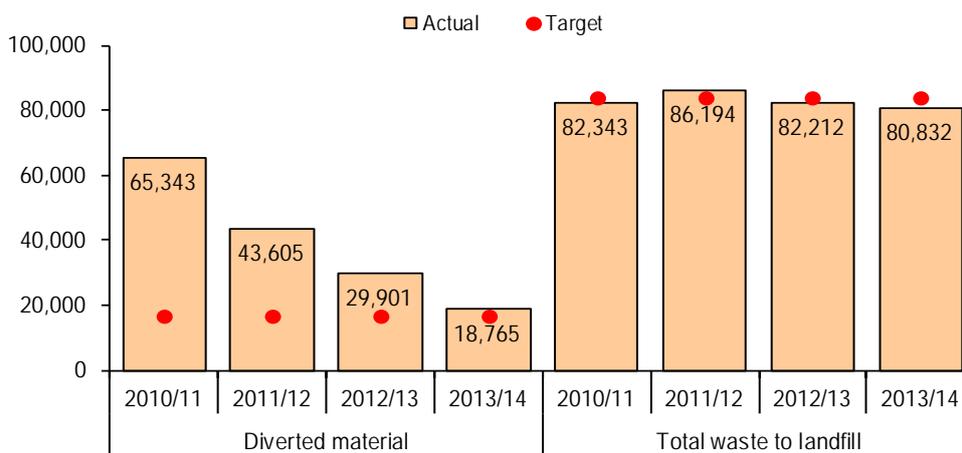
## Resident (%) satisfaction with recycling and waste collection



Source: WCC Residents Monitoring Survey

We have been discouraging people from disposing of general rubbish without paying for Council rubbish bags or a commercial service. This is particularly prevalent in the central city. Our work included investigations and prosecutions, which may have contributed to this result.

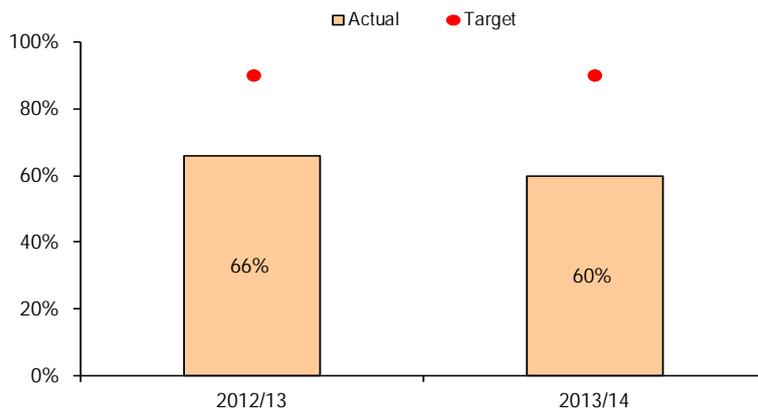
## Waste diverted from landfill and total waste to landfill (tonnes)



Diverted material includes kerbside recycling and inflows of soils that are able to be diverted. The decrease in diverted material is because, in previous years, we diverted large quantities of contaminated soil from construction projects to remediate closed sections of the landfill.

Source: WCC City Networks

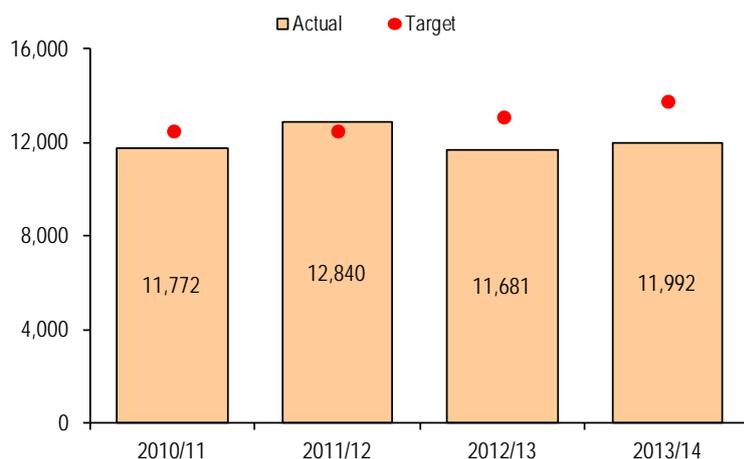
### Residents (%) weekly usage of kerbside recycling collection service



This year, 60% of residents used kerbside recycling weekly and another 32% used it fortnightly. Performance is not an issue although we will review the measure for future years.

Source: WCC Residents Monitoring Survey

### Kerbside recycling collected (tonnes)



Source: WCC City Networks

The low result is from contaminated recycling not being collected. In these situations we leave information for the homeowner informing them what to include and exclude from their recycling.

## We measure how efficiently we dispose of waste and its impact on the environment

### Energy sourced from the Southern Landfill

Result: 7.0GWh (target: 8GWh. 2012/13: 5.2GWh; 2011/12: 8.3GWh; 2010/11: 7.4GWh)

Source: Nova Energy

### Residents (%) agreement that waste management services provide good value for money

Result: 80% (target: 85%; 2011/12: 78%).

Source: WCC Residents Monitoring Survey

## We measure energy use at Council sites

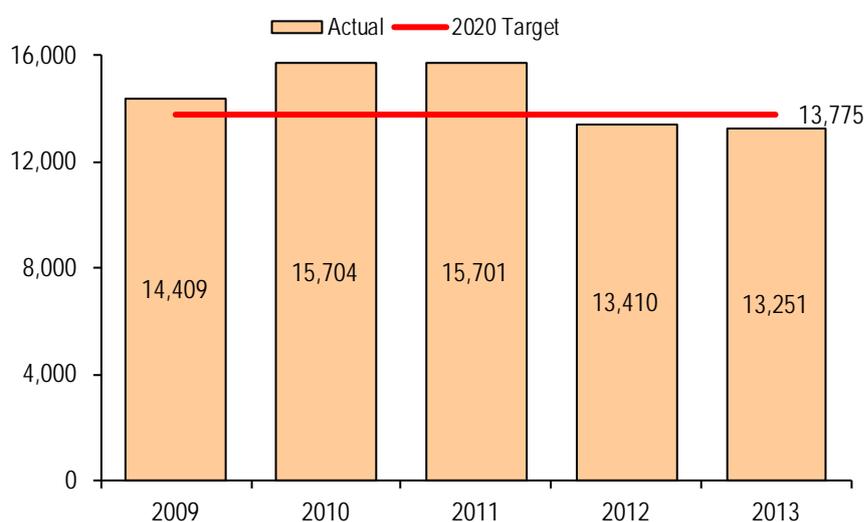
### WCC corporate energy use (electricity and natural gas)

Properties	Target	Result	Explanation
WCC general (now includes all gas and large electricity sites)	Decrease from previous year (18,344,189 kwh)	18,454,850 kwh	Gas use was higher than intended due to boiler control problems at the Civic buildings.
WCC Pools and recreation facilities	Decrease from previous year (17,887,367 kwh)	18,446,633	The increase is because Tawa and Karori pools were both closed for part of the previous year, which made 2012/13 energy use lower than normal. We also added a new small learner pool at Karori pool and a hydrotherapy pool at Wellington Regional Aquatic Centre.
Main CCOs	Decrease from previous year (9,963,836 kwh)	9,866,969	

Source: WCC Energy Management

## We measure the reduction of the Council's environmental footprint

### WCC Corporate greenhouse gas emissions (tonnes CO<sub>2</sub>e)



Source: WCC Our Living City

The table above compares emissions from diesel, petrol, electricity, gas, LPG, flights and the Southern Landfill. This is not the Council's full corporate greenhouse gas inventory but rather a comparison of emissions sources over time.

We did not have our corporate greenhouse gas emissions independently audited or certified in 2013/14 as planned. We decided to compile city and regional level greenhouse gas inventory information instead. This information can be found on our website.

**Number of carbon credits generated from Council reserves per annum**

Result: 30,913 (target: 5,000).

During the year Council received 30,913 units as part of its annual allocation of units for post-1989 forests placed either in the Emissions Trading Scheme or the Permanent Forest Sink Initiative.

*Source: New Zealand Emission Unit Register account*

## 2.3 Water

### Wai

Clean, safe water is essential for residents quality of life and wellbeing.

### What we do

These services are delivered by Capacity Infrastructure Services. Activities include:

- water network
- water collection and treatment.

### What we achieved

**We upgraded the network and improved resilience.** We continued upgrading the water main network to meet new firefighting standards. We installed new emergency water tanks in Seatoun, Brooklyn, Island Bay, Berhampore, Te Aro, Crofton Downs, Churton Park, Johnsonville and Karori West. Seismic upgrading of the Maupuia reservoirs and Maldive No. 2 reservoir commenced to improve the resilience of the water supply network and we decommissioned unused reservoirs in Khandallah, Karori, Karaka Bay, Woodridge, Mt Cook and Northland.

**We welcomed new shareholders to Capacity.** This year, Porirua City and Upper Hutt City Council's joined Hutt and Wellington City Council's as shareholders in Capacity Infrastructure Services Ltd.

### What it cost

Operating Expenditure (\$000)	Actual 2014	Budget 2014	Variance 2014	Actual 2013
<b>2.3.1 Water Network<sup>1</sup></b>				
Expenditure	24,260	24,517	257	24,272
Revenue	(1,151)	(33)	1,118	(1,558)
Net Expenditure	23,109	24,484	1,375	22,714
<b>2.3.2 Water Collection and Treatment<sup>2</sup></b>				
Expenditure	13,804	14,216	412	13,396
Revenue	(3)	-	3	(4)
Net Expenditure	13,801	14,216	415	13,392
<b>Capital Expenditure (\$000)</b>	<b>Actual 2014</b>	<b>Budget 2014</b>	<b>Variance 2014</b>	<b>Actual 2013</b>
<b>2.3.1 Water Network<sup>3</sup></b>				
Expenditure	10,984	11,867	883	12,170

Unspent portion of budget to be carried forward	n/a	710		n/a
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1 Under budget due to assets which have been vested to Council. The value of these assets is reflected as income. Also interest expenditure is less than budgeted.

2 Under budget due to lower bulk water charges from GWRC.

3 Under budget due to the Hospital Prince of Wales reservoir project being put on hold as other options are investigated and delays to several renewal projects.

## How we performed

Our water supply is very high quality and outages are rare. We see a pattern of improved water conservation. While perceptions of value for money have declined slightly, only 5% of residents believe that the service does not provide value for money.

## We measure the quality of water supplied to residents

### Compliance with Drinking Water Standards for New Zealand 2005

Compliance was achieved with the NZ drinking water standards for all of the City's water grading zones.

Source: Capacity Infrastructure Services Ltd

### Residents (%) agreement that water services provide good value for money

Result: 77% (target: 90%. 2012/13: 81%).

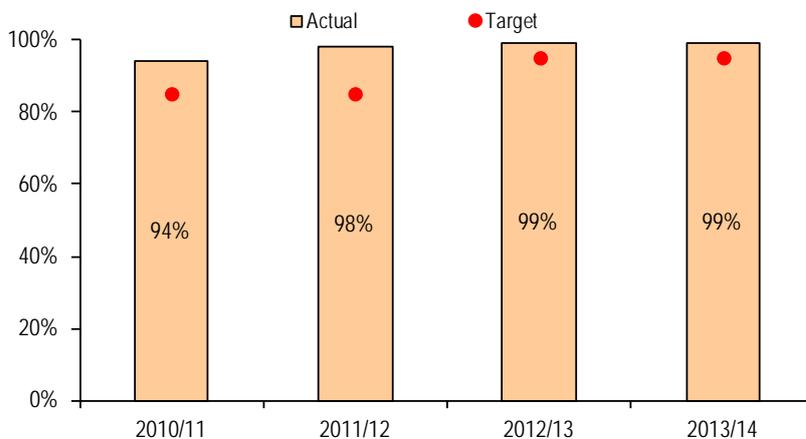
Source: WCC Residents Monitoring Survey

### Customer complaints regarding water quality (taste and odour)

Result: 196 complaints (target: fewer than 200. 2012/13: 165; 2011/12: 202; 2010/11: 289)

Source: Capacity Infrastructure Services Ltd

### Customer satisfaction (%) with water quality and network service



Source: Capacity Infrastructure Services Ltd

## We measure the performance of services that ensure security of supply

### Water pressure

Result: 96% of properties had appropriate water pressure, i.e. minimum 250kPa (target 97%. 2012/13: 96%; 2011/12: 96%; 2010/11: 96%).

Source: Capacity Infrastructure Services Ltd

### Fire hydrants

Result: 99% of fire hydrants tested met New Zealand Fire Service Code of Practice for firefighting water supply requirements (target: 95%. 2012/13: 100%; 2011/12: 100%).

Source: Capacity Infrastructure Services Ltd

### Water distribution network – quality grading

Result: all parts of the network retained the grading of ‘a’ to ‘b’ in the Ministry of Health quality grading (target: ‘a’ to ‘b’ grading).

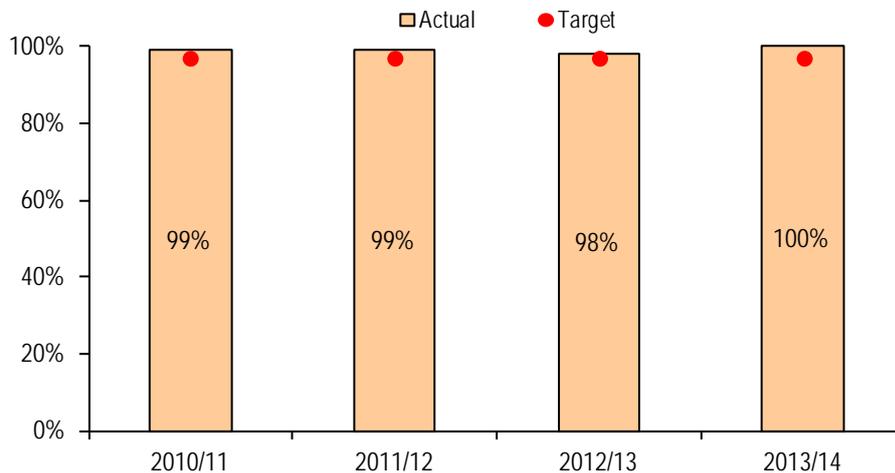
An ‘a’ grading refers to assets that are completely satisfactory with negligible or very low levels of risk.

A ‘b’ grading refers to assets that are satisfactory with very low levels of risk. A ‘c’ grading refers to assets that are marginally satisfactory with moderate-low risk.

In 2008, the Ministry of Health graded the entire network. Annually, they ensure this grading has been retained by reviewing the Council’s replacement and/or maintenance of water pipes.

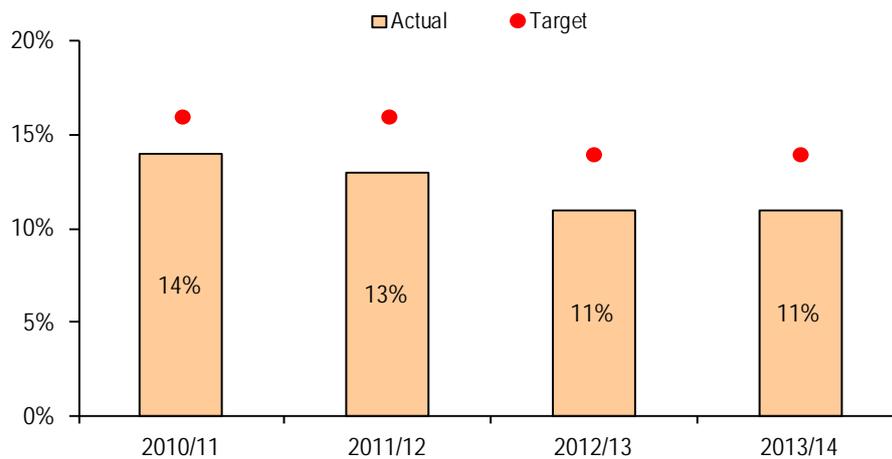
Source: Capacity Infrastructure Services Ltd

### Response time to services request (%) within one hour of notification



Source: Capacity Infrastructure Services Ltd

### Unaccounted for water (%) from the network



Source: Capacity Infrastructure Services Ltd

Unaccounted for water (UFW) is mainly water lost through leaks in the public and private network. It also covers water used in fire-fighting and unmetered council use. Since 2006/07, UFW has fallen from 21% to 11%, contributing to an overall reduction in the amount of water Wellington uses.

### Residential water consumption (per person per day)

Result: 264 litres per person per day (target: 290 litres per person per day. 2012/13: 288; 2011/12: 282; 2010/11: 297).

Source: Capacity Infrastructures Services Ltd

### Total city water consumption during the year

Result: 26.4 billion litres (target: less than 30 billion litres. 2012/13: 26.6 billion litres; 2010/11: 28.4 billion litres).

Source: Capacity Infrastructures Services Ltd

## 2.4 Wastewater

### Parawai

Maintaining public health and safety and having clean waterways is essential to the city's environmental wellbeing.

### What we do

These services are delivered by Capacity Infrastructure Services. Activities include:

- sewage collection and disposal
- sewage treatment.

### What we achieved

#### We renewed the network and improved resilience

Wastewater network renewals were completed at eighteen locations throughout the city with a strong focus on Miramar where seven renewals were completed. Three wastewater pump stations were upgraded to ensure they meet performance expectations into the future.

### What it cost

	Actual 2014	Budget 2014	Variance 2014	Actual 2013
<b>Operating Expenditure (\$000)</b>				
<b>2.4.1 Sewage collection and disposal network<sup>1</sup></b>				
Expenditure	17,886	18,167	281	17,277
Revenue	(1,859)	(571)	1,288	(1,892)
Net Expenditure	16,027	17,596	1,569	15,385
<b>2.4.2 Sewage treatment<sup>2</sup></b>				
Expenditure	21,683	22,309	626	21,877
Revenue	(1,041)	(639)	402	(378)
Net Expenditure	20,642	21,670	1,028	21,499
<b>2.4.3 Sewage Treatment</b>				
Expenditure	-	-	-	-
Revenue	-	-	-	-
Net Expenditure	-	-	-	-
<b>Capital Expenditure (\$000)</b>				
<b>2.4.1 Sewage collection and disposal network<sup>3</sup></b>				
Expenditure	7,924	8,242	318	6,882

Unspent portion of budget to be carried forward	n/a	-		n/a
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1 Under budget due to assets which have been vested to Council. The value of these assets is reflected as income.

2 Under budget due to lower wastewater treatment plant costs for electricity and lower diversion of sludge to the landfill.

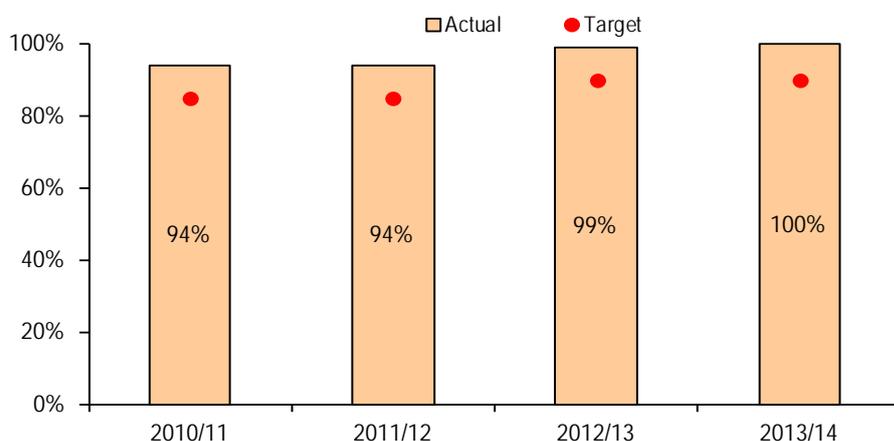
3 Under budget due to savings in several renewal projects and delays in the transition from analogue to digital telemetry programme.

## How we performed

Our wastewater network is high quality and satisfaction with the service is very high. Although resident perceptions of value for money have declined, only 5% disagree that the service provides value for money. Our sewage network is fully compliant with its resource consent but we have had some issues with contamination of freshwater, which we need to address.

## We measure the standard of the wastewater service

### Customer (%) satisfaction with wastewater services



Source: Capacity Infrastructure Services Ltd

### Response time to service requests (%) within one hour of notification

Result: 95% of requests were responded to within one hour of notification (target: 95%. 2012/13: 67%).

Source: Capacity Infrastructure Services Ltd

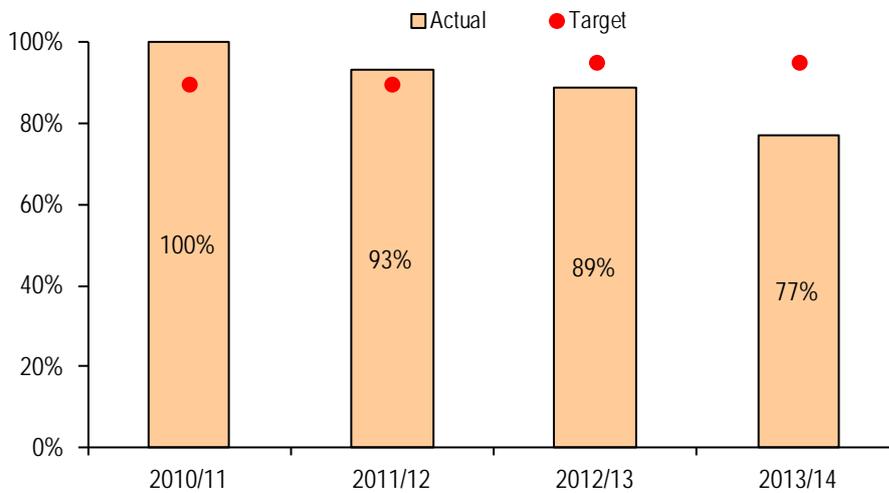
### Residents (%) who agree wastewater services provide good value for money

Result: 73% (target: 75%. 2012/13: 79%).

Source: WCC Residents Monitoring Survey

## We measure the impact of wastewater on the environment

### Freshwater sites (%) within acceptable faecal coliform counts



Decreasing water quality is due to pollutants running off roads and wastewater infiltration into the stormwater network. We have completed work to detect and repair infiltration issues in Miramar and work is underway in Island Bay. Investigations are continuing in Ngauranga, Karori and Kaiwharawhara to identify pollution sources and to improve water quality. To date, no pollution sources have been identified.

Source: Capacity Infrastructure Services Ltd

### Sewage network – resource consent compliance

Result: 100% compliance (target: 100% compliance. 2012/13: 100%; 2011/12: 100%)

Source: Capacity Infrastructure Services Ltd

## 2.5 Stormwater

### Wai-ua

The stormwater network keeps people and property safe from flooding.

### What we do

The Stormwater network is managed by Capacity Infrastructure Services.

### What we achieved

**We upgraded the stormwater network.** Stormwater drains were upgraded at five locations throughout the city. The Davis Street culvert was strengthened as the culvert is on the Wellington oversize vehicles route. Work began on stage 2 of the Tasman Street stormwater upgrade project tunnelling under the Massey University campus.

**We submitted the integrated catchment management plan (stage 1)** to Greater Wellington Regional Council (GWRC) in accordance with the conditions of the resource consent for stormwater discharge to the Coastal Marine Area.

### What it cost

Operating Expenditure (\$000)	Actual 2014	Budget 2014	Variance 2014	Actual 2013
<b>2.5.1 Stormwater management<sup>1</sup></b>				
Expenditure	17,503	18,138	635	17,490
Revenue	(1,852)	(49)	1,803	(3,655)
Net Expenditure	15,651	18,089	2,438	13,835
Capital Expenditure (\$000)	Actual 2014	Budget 2014	Variance 2014	Actual 2013
<b>2.5.1 Stormwater management<sup>2</sup></b>				
Expenditure	4,193	5,220	1,027	2,564
Unspent portion of budget to be carried forward	n/a	-		n/a

1 Under budget due to assets which have been vested to Council. The value of these assets is reflected as income. Also insurance and interest expenditure was lower than budgeted.

2 Under budget due to delays in several projects in the stormwater renewal programme, including Tasman St, Main Road Tawa and Kent Terrace, where work will continue in 2014/15.

# How we performed

Overall performance is at a high level. Negative impacts from the network were localised and typically caused by cross-contamination as a result of storms.

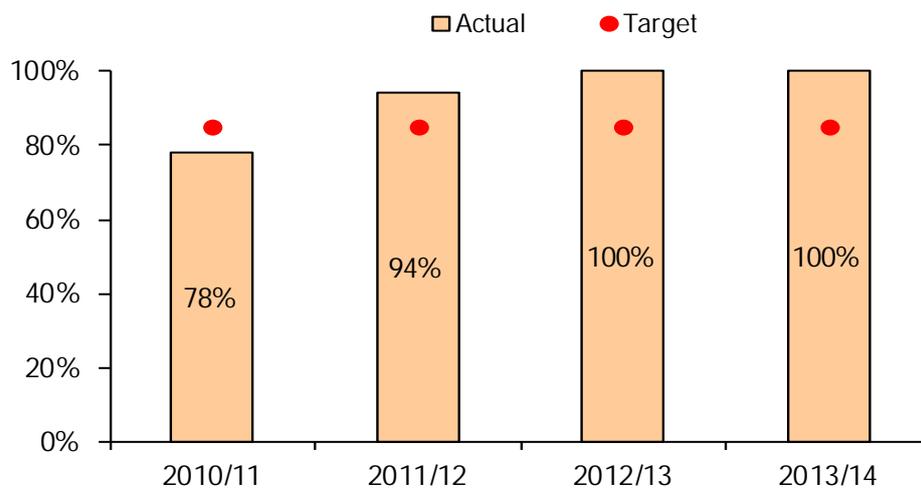
## We measure the standard of the stormwater service

### Residents (%) who agree stormwater services provide good value for money

Result: 69% (target: 75%. 2012/13: 69%).

Source: WCC Residents Monitoring Survey

### Customer (%) satisfaction with stormwater network service



Source: Capacity Infrastructure Services Ltd

### Response time to service requests (%) within one hour of notification

Result: 98% (target: 95%. 2012/13: 77%).

Source: Capacity Infrastructure Services Ltd

### Number of buildings reported to have been flooded as a result of a less than 1-in-50-year rain event.

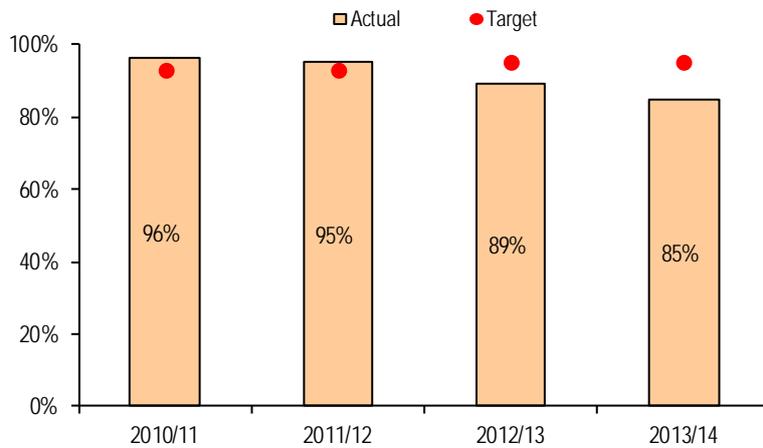
Result: 5 properties flooded (target: 0. 2012/13: 49).

Flooding occurred in September and November 2013. Three of the flooding incidents were as a result of blocked sumps.

Source: Capacity Infrastructure Services Ltd

## We understand the impact of stormwater on the environment

### Bathing beaches (%) compliance with Ministry for the Environment guidelines (Green Status)



Seawater samples are collected and analysed for Enterococci bacteria, in accordance with GWRC and the Ministry for the Environment requirements. Samples collected within 48 hours of a heavy rain event can read high due to contaminants entering the stormwater network.

*Source: Capacity Infrastructure Services Ltd*

### Stormwater resource consent compliance (includes the monitoring of overflows, stormwater outfall discharge and coastal water quality)

Stormwater resource consent compliance has been achieved.

*Source: Capacity Infrastructure Services Ltd*

## 2.6 Conservation attractions

### Ngā painga kukume Papa Atawha

Nature is one of Wellington's biggest attractions.

### What we do

We support the Wellington Zoo and Zealandia. These facilities play important conservation roles, protecting native and exotic flora and fauna. They inform and educate, attract visitors, and their existence creates economic incentives for the city's environment to be protected and enhanced. Our activities include:

- Wellington Zoo
- Zealandia

(see also Botanic Gardens)

### What we achieved

**Wellington Zoo opened new attractions and treated native animals.** Our walk-through Australian precinct, Neighbours, was officially opened at the end of September by Mayor Celia Wade-Brown and Australian High Commissioner Michael Potts. Nearly 500 native animals were treated at The Nest Te Kōhanga. They were brought in from the SPCA, the Department of Conservation (DOC), Zealandia and local members of the community. This shows the growing recognition of The Nest Te Kōhanga as a centre for native wildlife care.

**We supported Zealandia and secured its future.** This year, admission revenue was 8% above budget, paid visitor numbers increased by 19%, total membership numbers increased by 10% and the number of new members increase by 40%. Zealandia's international reputation is growing. We had visitors from Canada, Korea, Australia, United Kingdom and the United States who work in the urban environment space and see Zealandia as a world-leading working model.

**Our conservation attractions won awards.** The Zoo's reptile and invertebrate house Hero HQ won the best Small Exhibit from a Large Organisation Award at the Zoo Aquarium Association Conference this year. The Zoo also won the Sustainable 60 Marketplace award for excellence in sustainable initiatives. Zealandia has been voted Best Local Operator 2014 by the Viator Travel Awards, in recognition of a year of 5-star customer ratings.

## What it cost

<b>Operating Expenditure (\$000)</b>	<b>Actual 2014</b>	<b>Budget 2014</b>	<b>Variance 2014</b>	<b>Actual 2013</b>
<b>2.6.1 Conservation visitor attractions</b>				
Expenditure	5,962	5,779	(183)	5,354
Revenue	-	-	-	-
Net Expenditure	5,962	5,779	(183)	5,354
<b>Capital Expenditure (\$000)</b>	<b>Actual 2014</b>	<b>Budget 2014</b>	<b>Variance 2014</b>	<b>Actual 2013</b>
<b>2.6.1 Conservation visitor attractions 1</b>				
Expenditure	1,203	1,203	-	2,144
Unspent portion of budget to be carried forward	n/a	1,866	-	n/a

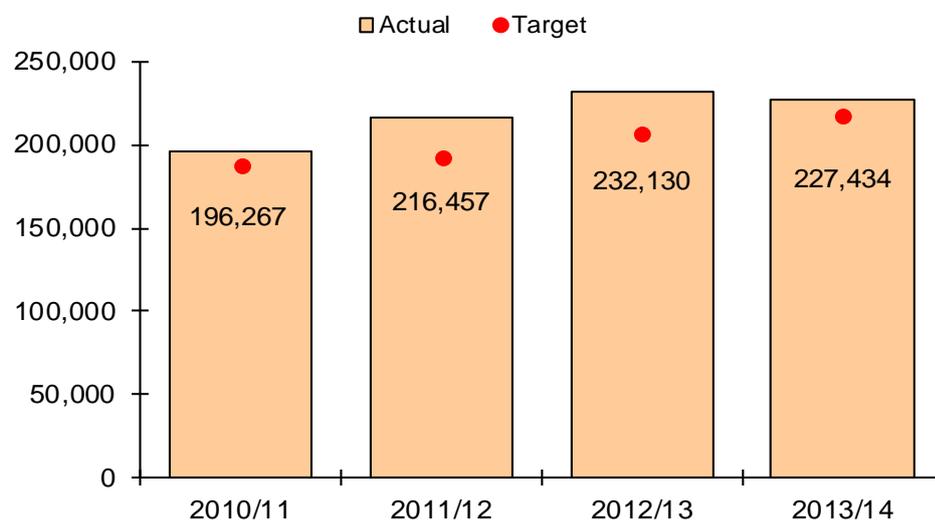
1 Under budget due to delays in the 'Meet the Locals' project at the zoo.

## How we performed

We were above target for visitor attendance with a substantial visitor increase at Zealandia. We didn't achieve our target for education programme attendees although we had a significant improvement from last year.

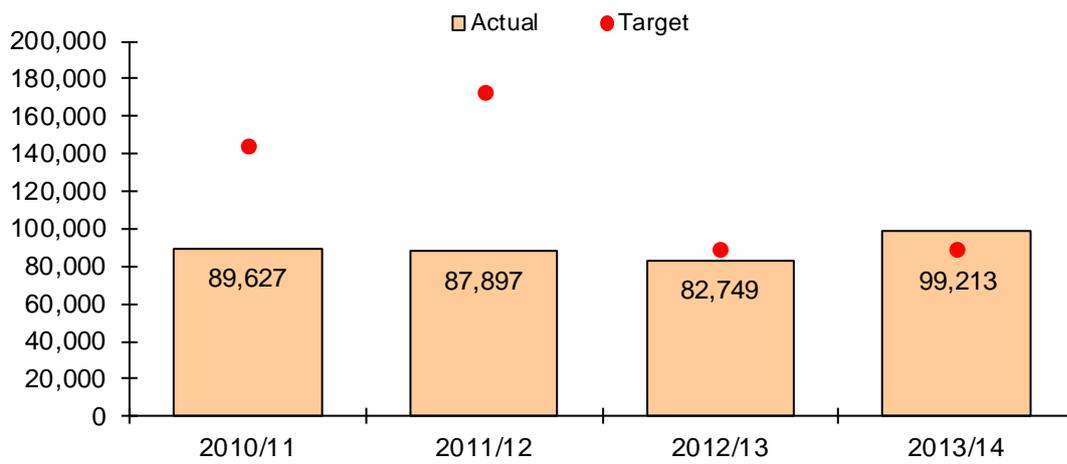
We measure the success of our investments in promoting the city

### Zoo visitors



Source: Wellington Zoo Trust

### Zealandia visitors



Source: Zealandia

### Zealandia – education programme attendees

Result: 8,048 (target: 8,445. 2012/13: 7,645; 2011/12: 6,556; 2010/11: 7,068).

Source: Zealandia

# Economic Development - Whanaketanga ōhanga

## **Wellington is at a crossroads**

A prosperous local economy is central to the city's wellbeing. In the recent past, the economy has relied on two things to sustain its growth: expansion of the public sector; and an arts, culture and events scene that makes the city vibrant and attracts visitors. Those sectors have served us well. They have brought jobs and prosperity, a high quality of life, and a strong sense of city identity. They have also allowed us to remain resilient in spite of external events such as the global economic recession and the economic uncertainties following the Canterbury earthquakes.

But they cannot, on their own, deliver sustained economic success.

If we were to continue as we had, our economy would start to fall behind as other cities surpass us in technology and innovation, and adapt to a more competitive environment. We needed to act, and did, putting in place a vision of the city as a smart capital.

## **Wellington's economy is transitioning**

It is built around knowledge, creativity, and services. Wellington's workforce is highly educated and the most tech-savvy in the country.

The city has the highest concentration of web and digital companies in the country and the largest employer is now the professional, scientific and technical services sector.

These sectors of the economy rely on talented and knowledgeable workforces. As a result, average incomes and average GDP per person are significantly higher in Wellington than the national average.

## **Now we need to invest in projects and relationships**

We have to generate more revenue if we want to invest more in Wellington's amenities. If we invest wisely in projects that deliver a return, we will grow the business rate base and create opportunities for new and exciting city projects.

This year we've been developing a growth agenda to catalyse the city, the focus includes:

- Film and screen sector, possibly a film precinct
- Tech precinct in the CBD
- Science and tertiary sector, with a focus on commercialising R&D opportunities
- Facilities and events, such as a convention centre and possibly a film museum, a war and peace museum and an indoor arena
- Infrastructure, especially improving the transport network and extending the airport runway to make direct flights between Wellington and the United States and Asia possible.

The Council's financial position is strong - we have an AA credit rating and relatively low debt - and we have the opportunity and the resources to do more if we choose.

## We've made a good start creating the conditions for growth

This year we:

- agreed to partner with the private sector to build a new Convention Centre
- established a \$3 million a year fund to support events, initiatives and growth opportunities
- made significant progress with our proposal to merge the region's economic CCOs into one agency
- agreed to contribute \$1 million to the process to extend the airport runway
- promoted Wellington internationally as a destination for business, talent and investment
- helped establish Business Improvement Districts
- hosted WOW, the International Festival and lots of sports and cultural events.

## Our economic development activities contribute to us being:

**People centred:** Our activities make Wellington a vibrant and entertaining place to live. They connect people with places and ideas, make Wellington an attractive place to live and do business, and attract tens of thousands of visitors to the city every year.

**Connected:** Major events, and our performance spaces and conference venues connect us to artists and events of national and international significance, and Wellington's story is connected to the world by Positively Wellington Tourism's marketing and promotion. Event-based websites and social media platforms are connecting people to what is on and how they can be there.

**Dynamic Central City:** Our events, festivals, spaces and venues anchor Wellington's appeal as a place of creativity, exploration, innovation and excitement. Iconic events such as the World of WearableArt® awards show (WOW), the New Zealand Festival and the International Rugby Sevens are world class and an integral part of our Dynamic Central City.

## 3.1 City promotions and business support

Ngā whakatairanga tāone me ngā āwhina pakihi

By supporting city promotions and major events, we underscore Wellington's reputation as a great place to live and visit.

### What we do:

Wellington's economic prosperity is closely linked to residents quality of life. Prosperity provides the resources for businesses, the Council and individuals to contribute to the vibrancy of the city and invest in its future development.

Our promotions and business support activities are closely linked to Grow Wellington's work. Working with other institutions in the region ensures that we use our resources effectively. Our activities include:

- Tourism promotions (Positively Wellington Tourism)
- Events attraction and support
- Convention venues (Positively Wellington Venues)
- Retail support (free weekend parking)
- Regional and external relations
- Grants and creative workforce
- Destination Wellington.

### What we achieved

**We helped establish Business Improvement Districts (BIDS)**, which are a great way to boost local economies through businesses pooling funds for projects and improvements that complement existing council services. This year, we helped the establishment of a BID in Miramar and we are also in the early stages of establishing a possible Khandallah BID.

**We developed our international relationships to grow business.** In May 2014, the mayor led a delegation of 30 organisations to China and Japan. The organisations included Gibson Group, Victoria University, ANZ Bank, Computer Power Plus, Carrickmore, The Formary, NZ Post, Weltec, Wellington International Airport Ltd and ACG Yoobee School of Design. Several local secondary schools were also represented in the delegation, which had a significant focus on education.

**We funded proposals to create economic growth** through the Wellington Economic Initiative Development (WEID) Fund, which supports events, initiatives and partnership opportunities. This year was the first year of operation of the fund. The projects we supported included the development of an Innovation Festival for Wellington, a contribution to the Football United Tour in partnership with Welnix, and business start-up and attraction activities.

**Destination Wellington attracted business, talent and investment to the region.** This is a collaboration between the Council, Positively Wellington Tourism and Grow Wellington that aims to attract business, talent, investment and students to the region.

- Our business attraction work included a presence at the South by South-West event in Austin Texas, running the Animfx conference, attending the Game Developers Conference in San Francisco and exhibiting at the CeBit Technology Event in Sydney.
- Through Education Wellington we promoted Wellington at student fairs in South East Asia, China and Japan, led delegations to China, Japan, Vietnam and Indonesia, and hosted delegations from Japan and China.
- We attracted screen projects worth more than \$10 million through Film Wellington. Highlights include the Gibson Group television drama series, War News, the third season of KHF Media's successful series Girl vs Boy and commercial shoots for companies such as Honda, Whittakers and Z Energy.
- We developed the high tech capital website and supporting material to showcase and help strengthen the region's tech sector and attract business, talent and investment to Wellington. We also re-launched the WellingtonNZ.com website as single platform for business, talent and student attraction as well as visitor attraction.

**We supported arts and cultural events that contributed to Wellington's economy and created jobs.** WOW was once again a success with all performances selling out and more than 33,000 people from out of town attending the event. WOW makes a huge economic contribution to Wellington with the last economic impact study estimating economic value of \$22.6 million. It also brings jobs to the city in the creative sector. The biannual New Zealand Festival was also held. This is the country's premier arts festival and it delivered a programme of world class dance and opera companies, performers, singers, visual artists and theatre groups, which attracted large numbers of people to Wellington from outside the region.

**We hosted historic sporting events.** It was a summer of cricket with three internationals; T20 NZ v West Indies, ODI and the test matches between New Zealand and India, with the crowd at the Basin Reserve witnessing Brendon McCullum become the first New Zealander to score a triple century in a test match. We also hosted the FIFA World Cup 2014 Intercontinental Playoff match between the All Whites and Mexico, which was watched by a near capacity crowd of 33,000.

**And we won the rights to host future events.** Our bids to be a host City for the FIFA U20 World Cup 2015 and the ICC Cricket World Cup 2015 were successful. We won the right to host a quarter final for the Cricket World Cup ahead of major Australian cities. These events will bring significant visitation and international broadcast exposure to the city in 2015.

## What it cost

<b>Operating Expenditure (\$000)</b>	<b>Actual 2014</b>	<b>Budget 2014</b>	<b>Variance 2014</b>	<b>Actual 2013</b>
<b>3.1.1 Tourism Promotion</b>				
Expenditure	5,676	5,600	(76)	5,740
Revenue	-	-	-	-
Net Expenditure	5,676	5,600	(76)	5,740
<b>3.1.2 Convention venues<sup>1</sup></b>				
Expenditure	25,201	3,993	(21,208)	17,952
Revenue	(21,936)	(186)	21,750	(14,659)
Net Expenditure	3,265	3,807	542	3,293
<b>3.1.3 Retail support (free weekend parking)</b>				
Expenditure	1,327	1,327	-	1,281
Revenue	-	-	-	-
Net Expenditure	1,327	1,327	-	1,281
<b>3.1.4 Grants and creative workforce<sup>2</sup></b>				
Expenditure	1,201	1,502	301	1,512
Revenue	-	-	-	(40)
Net Expenditure	1,201	1,502	301	1,472
<b>3.1.5 Events attraction and support<sup>3</sup></b>				
Expenditure	4,231	3,752	(479)	4,923
Revenue	(193)	-	193	(96)
Net Expenditure	4,038	3,752	(286)	4,827
<b>3.1.6 Regional and external relations<sup>4</sup></b>				
Expenditure	2,664	1,006	(1,658)	643
Revenue	(8)	-	8	(40)
Net Expenditure	2,656	1,006	(1,650)	603
<b>3.1.7 Destination Wellington</b>				
Expenditure	1,843	1,900	57	982
Revenue	-	-	-	-
Net Expenditure	1,843	1,900	57	982
<b>Capital Expenditure (\$000)</b>	<b>Actual 2014</b>	<b>Budget 2014</b>	<b>Variance 2014</b>	<b>Actual 2013</b>
<b>3.1.2 Convention venues<sup>5</sup></b>				
Expenditure	3,551	3,816	265	3,313
Unspent portion of budget to be carried forward	n/a	480	-	n/a

1 Under budget due to Wellington Venues Limited achieving an operating surplus.

2 Under budget due to lower than planned expenditure on marketing activities

3 Over budget due to the unbudgeted All Whites World Cup qualifier and earlier than budgeted FIFA U20 World Cup expenditure.

4 Over budget due investments in economic projects, which were funded via the WEID fund. A total of \$3m for WEID was approved by Council after the 2013/14 AP was finalised and was to be funded out of the 2012/13 audited operating surplus.

5 Under budget due to delays in renewal works on Positively Wellington Venues facilities.

# How we performed

Our investments in economic development have been very successful. We had more people attending events, more visitors coming to Wellington and more money being injected into the local economy.

## We measure the success of our investments in promoting the city

### International visitors – guest nights

International visitor room nights increased to 686,692 in the year to April 2014, an increase of 2.8%. (target: increase international visitor nights by 1% from 2012/13; 2012/13: 667,760).

Source: *Positively Wellington Tourism*

### Average length of stay – international and domestic visitors

Result: 2.04 nights (target: 2 nights; 2012/13: 2.04; 2011/12: 2.05)

Source: *Statistics New Zealand*

### New Zealand market visitors

Domestic visitor room nights increased by 1.7% to 1,396,402 for the year to April 2014 (target: increase by 2% on previous year; 2012/13: 1,373,613).

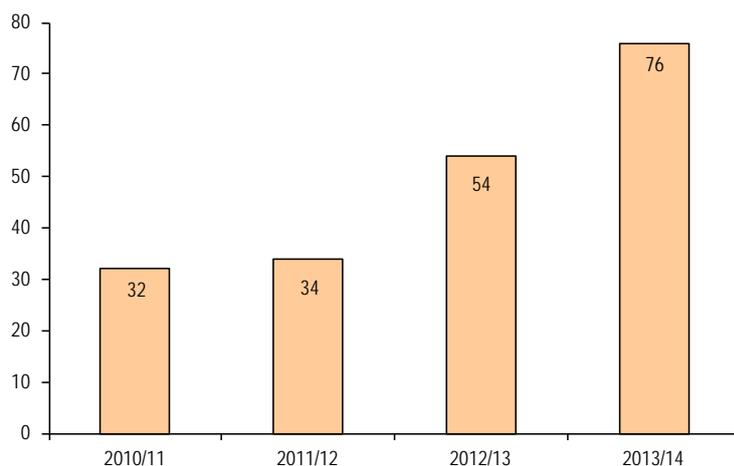
Source: *Positively Wellington Tourism*

### Positively Wellington Tourism – partnership funding

The Council's funding amounted to 50% of total income (target: maintain the Councils' funding at less than 50% of total income; 2012/13: 49%; 2011/12: 48%).

Source: *Positively Wellington Tourism*

### Events/activities held with formal international partnership cities (in Wellington and overseas)



There is no target for this measure.

Source: *WCC International Relations*

## We understand the reach of events and promotion activities

### **Wellington venues occupancy**

Result: 1,115 hire days (target: increase from previous year; 2012/13: 953).

*Source: Positively Wellington Venues*

### **Estimated attendance at WCC supported events**

Result: 670,368 (target: 400,000; 2011/12: 549,128).

This result is above target because some major events were not included in the target. These included the All Whites World Cup qualifier and the Bledisloe Cup match.

*Source: WCC City Events*

## We measure the success of our investments in economic development

### **Residents satisfaction (%) with WCC supported events and festivals**

Result: 86% (target 95%; 2012/13: 90%).

*Source: WCC Residents Monitoring Survey*

### **Events Development Fund – ratio of spend to economic impact**

Economic benefits outweighed costs by a ratio of 23:1. (target 20:1; 2012/13: 24:1)

*Source: WCC City Events*

### **The proportion of grants funds successfully allocated (through milestones being met)**

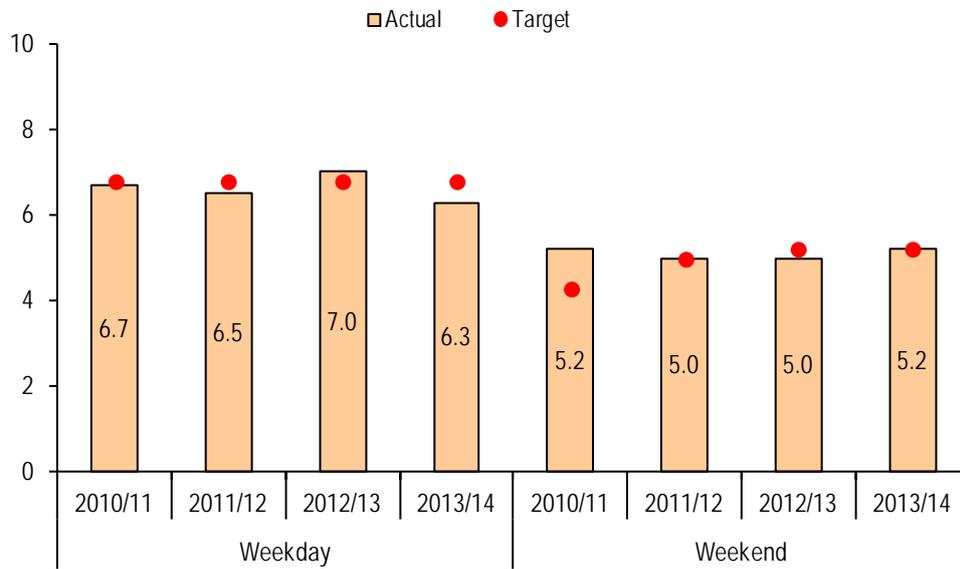
Result: n/a (target 95%; 2012/13: 100%).

Three grants were funded during 2013/14 but none of the projects are due to report back until 2014/15.

*Source: WCC Community Networks*

## We measure the standard of parking provision

### On-street car park turn-over rates (cars per day) – weekdays and weekends



Source: WCC Infrastructure

# Cultural Wellbeing – Oranga ahurea

## **200,000 stories and counting...**

Though Wellington is a relatively young city, it is filled with stories - from its history, from the many people and cultures who have settled here, and from Wellingtonians' immense creativity.

For all Wellingtonians, those stories contribute to our sense of identity and belonging – our whakapapa, providing a basis for individual expression and community strength. They tell us what we all have in common, and what makes us unique – our distinct languages, art forms and histories, each of which adds life to the city.

They give us a sense of continuity, reminding us where we have come from, and a sense of confidence, as we look to the future.

As individuals, communities, and as a city, we seek to keep those stories alive. We do this in many ways – through performance and festivals, through artworks, through the city's heritage, and through our public conversations.

Wellington is renowned for its creativity and expression, as well as pride in who we are. But we can do more.

## **Cities are becoming increasingly diverse**

People have higher expectations of places in an increasingly globalised world. They have greater awareness and expectations of what cities have to offer and what makes places distinctive. People are making more deliberate choices about where to live and where to visit.

## **But Wellington has an advantage**

Wellington has a head start. Wellingtonians already are open, friendly and welcoming. We embrace and celebrate diversity. We are a compact, cosmopolitan city that is full of arts and events – there is always something to do. This is widely recognised:

- This year a majority of New Zealanders agree that Wellington is the arts capital and over 80% of New Zealanders agree that Wellington has a culturally rich and diverse arts scene.
- Our status as the country's Events Capital was confirmed - with six awards, out of ten on offer, at the 2014 New Zealand Association of Event Professionals Event Awards.
- Almost 90% of residents engaged in cultural activities at least once this year and more than 80% agree that Wellington is an easy place to get involved in the arts.

## **We're supporting Wellington's diverse arts and culture**

While we are in a good position, other cities are investing heavily in their events. We need to make sure that we secure our position. There are opportunities to refresh our offerings and consider new attractions to draw in more tourists and get them to stay longer.

This year we:

- supported arts and cultural festivals including the New Zealand International Festival, Matariki, Diwali festival, Sky Show and Summer City

- supported public art projects including light box exhibitions in Cobblestone Park and Courtney Place
- supported regional projects through the Wellington Regional Amenities Fund, such as BATS and Circa theatres and the Capital E Arts Festival for Children.

## Our cultural wellbeing activities contribute to us:

**Being people centred:** They shape Wellington's sense of place and identity. They celebrate creativity and ideas and increase our understanding of culture and history. By enabling Wellington's creative communities to thrive, they promote inclusive, tolerant and strong communities.

**Being connected:** They provide ideas and places where people can connect, share and explore what is new and different. They connect the present with the past and future. Events and collaborations connect us with people, places and ideas here and abroad.

**Having a dynamic central city:** They enhance Wellington's vibrancy as a diverse city where people want to live work and play.

# 4.1 Arts and cultural activities

## Ngā mahi toi me ngā ngohe ahure

Supporting arts activity adds vibrancy to the city as well as promoting inclusive and strong communities.

### What we do

Our arts activities ensure Wellington builds on its reputation as New Zealand's arts and culture capital by continuing to be home to top-class museums and art galleries, orchestras, dance and theatre companies. A strong arts and culture sector contributes to a diverse economy, a creative identity and connected communities, which is why we live here. Our activities include:

- galleries and museums
- visitor attractions (Te Papa and Carter Observatory)
- arts and cultural festivals
- cultural grants
- access and support for community arts
- arts partnerships
- regional amenities.

### What we achieved

**We purchased artworks and supported art projects.** We supported many public arts projects including light box exhibitions in Cobblestone Park and Courtney Place. We also completed several significant mural projects, some of which were in partnership with schools or artist led. More than 8,000 young people participated in the 26<sup>th</sup> Artsplash Childrens Arts Festival. We also supported 22 projects through the Arts and Culture Fund. We purchased 14 artworks for the City Art Collection and we also undertook conservation work on the collection.

**The Diwali Festival of Lights received record audience numbers** and was welcomed to TSB Arena with an Indian flash mob performance. The programme included local and international performers. This year's festival received recognition as a cultural festival of national significance, featuring in the TV3 documentary "The Festival".

**Summer City was extremely popular**, with over 90 events held. Highlights included Gardens Magic, the new Kids Magic in the Gardens, Films by Starlight, Island Bay Festival, Bowl-a-rama Skate Festival, Chinese New Year Festival, NZCT Dragon Boat Festival, the Newtown Festival, the Great Scavenger Hunt, Culture Kicks, the Fringe Festival and Out in the Square.

**Our continuing support ensured the success of other events.** The 19<sup>th</sup> annual Skyshow attracted over 100,000 people to watch New Zealand's largest display. We delivered the ever popular Santa Parade where 60,000 people lined the streets of Wellington. Many continued on the 'Santa's After Party' in Frank Kitts Park and the early evening Carols by Candlelight show. We had a renewed focus

on cultural festivals including the Pasifika Festival, and Waitangi Day celebrations. Both these significant cultural events in the calendar received tremendous support by our event partners and the wider community.

**We supported the Wellington Asia Residency Exchange.** The exchange is a partnership with the Asia NZ Foundation. This year, renowned Chinese artist Li Xiaofei exhibited at Toi Pōneke and Wellington based artist John Lake went to Beijing.

**We supported regional projects through the Wellington Regional Amenities Fund.** This year, \$880,000 was granted to 11 projects, including work on BATS and Circa Theatres as well as the Capital E Arts Festival for Children.

## What it cost

<b>Operating Expenditure (\$000)</b>	<b>Actual 2014</b>	<b>Budget 2014</b>	<b>Variance 2014</b>	<b>Actual 2013</b>
<b>4.1.1 City Galleries and Museums</b>				
Expenditure	8,299	8,317	18	8,339
Revenue	-	-	-	-
Net Expenditure	8,299	8,317	18	8,339
<b>4.1.2 Visitor attractions (Te Papa/Carter Observatory)</b>				
Expenditure	3,021	3,025	4	3,023
Revenue	-	-	-	-
Net Expenditure	3,021	3,025	4	3,023
<b>4.1.3 Arts and cultural festivals</b>				
Expenditure	2,131	2,112	(19)	2,488
Revenue	(263)	(410)	(147)	(310)
Net Expenditure	1,868	1,702	(166)	2,178
<b>4.1.4 Cultural grants</b>				
Expenditure	1,019	1,019	-	853
Revenue	-	-	-	-
Net Expenditure	1,019	1,019	-	853
<b>4.1.5 Access and support for community arts</b>				
Expenditure	525	509	(16)	662
Revenue	(92)	(68)	24	(79)
Net Expenditure	433	441	8	583
<b>4.1.6 Arts partnerships</b>				
Expenditure	1,655	1,770	115	1,930
Revenue	(509)	(535)	(26)	(694)
Net Expenditure	1,146	1,235	89	1,236
<b>4.1.7 Regional Amenities Fund</b>				
Expenditure	661	609	(52)	643
Revenue	(69)	-	69	(32)
Net Expenditure	592	609	17	611

Capital Expenditure (\$000)	Actual 2014	Budget 2014	Variance 2014	Actual 2013
<b>4.1.5 Access and support for community arts<sup>1</sup></b>				
Expenditure	-	26	26	10
Unspent portion of budget to be carried forward	n/a	-		n/a

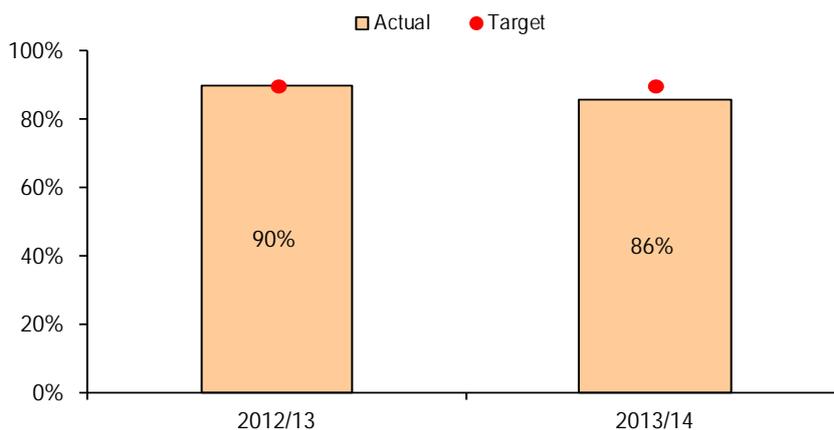
1 No arts installation projects in 2013/14 requiring capital funding

## How we performed

The numbers of people attending festivals and events was high and their contribution to the city's economy is increasing. This year, the International Festival contributed \$70.2 million to the economy and 32% of the 115,000 tickets were sold to people from outside the region.

## We measure the effectiveness of our arts and culture support activities

### Satisfaction with Wellington City Council supported arts and cultural festivals



Source: WCC Residents Monitoring Survey

### Customer satisfaction (%) with the NZ International Arts Festival

Result: 87%. (target: 80%. 2011/12: 87%)

Source: New Zealand International Festival

### Total tickets sold (#) to the NZ International Arts Festival and the proportion sold to the customers outside the region

Result: 115,000 tickets sold (target: 130,000. 2012: 110,000). 32% of tickets were sold outside the region (target: 30%. 2012: 30%)

Source: New Zealand International Festival

**Economic contribution (\$) the NZ International Arts Festival makes to the city's economy (new spend)**

Result: \$70 million. (target: \$40 million. 2012: \$56 million)

Source: *New Zealand International Festival*

**User satisfaction (%) with Toi Pōneke facilities and services**

Result: 83% of users were satisfied with Toi Pōneke facilities and services (target: 90%; 2012/13: 82%; 2011/12: 86%).

Source: *Toi Pōneke Customer Satisfaction Survey*<sup>2</sup>

**Cultural grants - % of applicants who are satisfied with support and advice received from the Council**

82% of applicants were satisfied with the support and advice received from the Council (target: 95%. 2012/13: 73%).

Source: *WCC Community Networks*

**The proportion of grant funds successfully allocated (through milestones being met)**

Result: 100% (target: 95%. 2012/13: 97%).

Source: *WCC Community Networks*

**Proportion of outcomes delivered (previous projects – weighted by \$ value)**

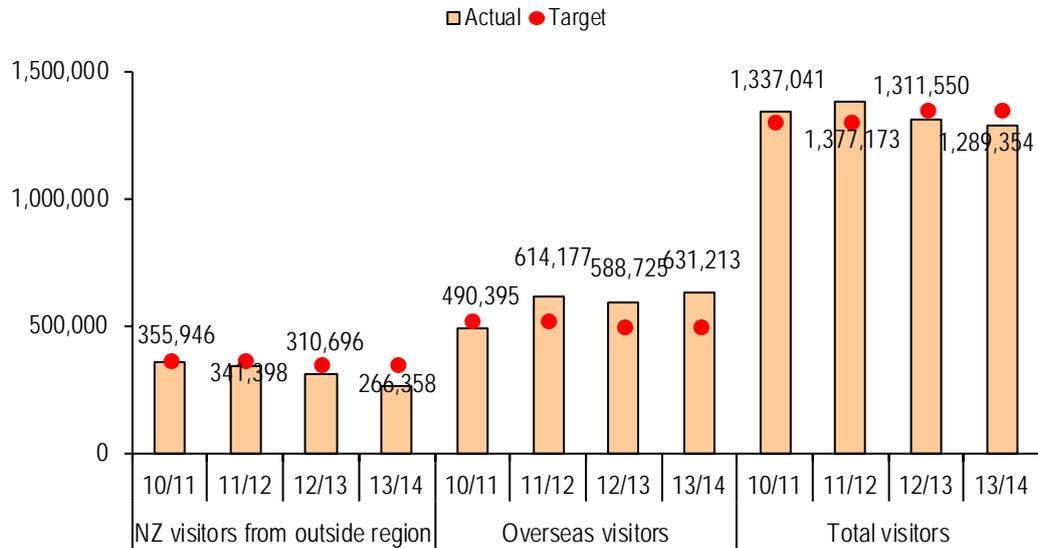
Result: 100% (target: 90%. 2012/13: 100%).

Source: *WCC Community Networks*

<sup>2</sup> This is an online survey of Toi Pōneke residents, room users and gallery artists. This year, we received 99 responses.

## We understand the reach of our arts and culture support activities

### Te Papa visitors (by overseas visitors [OV] and NZ visitors from outside the region [NZOR])



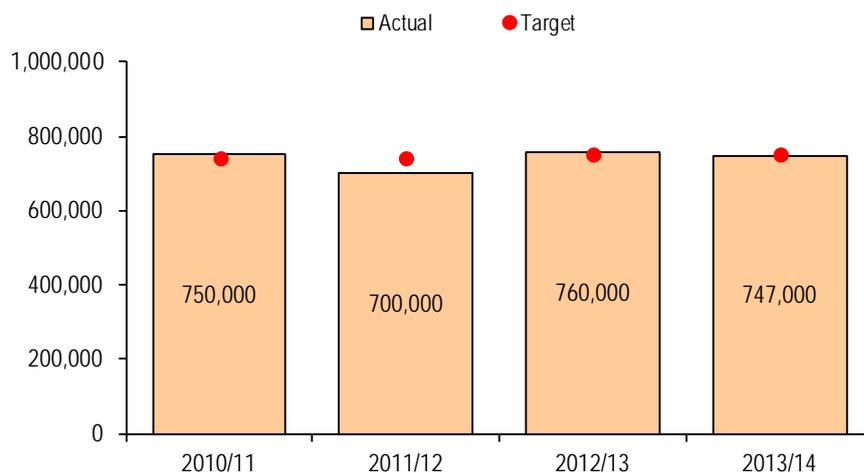
Source: Te Papa

### Total visits to museums and galleries (including Carter Observatory)

Result: 601,743 (target: 605,000. 2012/13: 644,411)

Source: Wellington Museums Trust

### Arts and cultural festivals estimated attendance



Source: WCC City Events

**Venues subsidy – total number of performers and attendees at supported events**

Result: 13,878 performers and 83,675 attendees. (target: increase from 2012/13. 2012/13: 16,270 performers and 84,342 attendees).<sup>3</sup>

Source: *WCC City Events*

**Cultural grants - % first time applicants who were successful**

Result: 63% (target: 50%. 2012/13: 44%).

Source: *WCC Community Networks*

**Number of artists involved in supported art projects delivered through the Public Art Fund**

Result: 45 artists (no target. 2012/13: 39 artists)

Source: *WCC City Arts*

<sup>3</sup> 2012/13 results have been updated from the figures included in the 2012/13 Annual Report.

# Social and Recreation – Pāpori me te hākinakina

## **Cities are people, not buildings**

Cities are made up of communities – friends and families; people who share common interests such as sports and recreational interests, intellectual pursuits, creative endeavours, political beliefs and so on; people with a common occupation or professional interest, faith, culture; or people who share a neighbourhood.

These communities hold a city together. They provide a sense of belonging and common purpose. They are the basis of 'social cohesion' – which is, put simply, the reality that people care about each other and act accordingly.

They support people to live their lives fully, to engage with others confidently and to take up the opportunities the city has to offer, whether that means going to a sports event with others, getting the most out of a volunteer activity or engaging with others to influence the city's direction.

They underpin a wider sense of city identity – a sense that, irrespective of our different interests and backgrounds, we all belong to the wider Wellington community, we all share a love for this city.

## **But cities are changing**

People are becoming more mobile, moving from place to place in search of opportunity and higher quality of life.

City populations are becoming more diverse – not just in terms of age and culture but also in terms of people's lifestyles, tastes and interests.

Technology is dissolving boundaries, allowing anyone, anywhere to communicate and collaborate in real time with others throughout the world.

And economies are becoming more dependent on knowledge and creativity, driven by the premium on innovation and the desire to lift productivity.

All of these changes mean that cities will compete for people – in particular, for the highly skilled, educated people who make up a large proportion of Wellington's population.

## **Our future depends on growing participation**

Our future as a city – the strength of our communities, our prosperity, the number and quality of jobs on offer, and the vibrancy and excitement of city life – will depend on our ability to build participation in civic life. This year has been no exception:

- 2.3 million people through our 12 libraries
- 320,000 people through our seven recreation centres
- 1.2 million swimmers splashing in our seven pools
- 120,000 visitors making use of our subsidised entry programmes
- families in need and vulnerable Wellingtonians accessing our 2,300 social housing units
- fewer people unemployed
- volunteers engaged in city safety programmes and a reduction in reported crime.

## Our social and recreation activities contribute to:

**People centred:** Access to recreation opportunities is important for people's health and wellbeing. Our recreation facilities provide a wide range of health and wellbeing benefits to the people who use them.

**Connected:** They help people and communities connect and engage with each other and foster the exchange of knowledge and ideas through social, physical and virtual networks.

**Dynamic Central City:** They respond to the diversity of individual and community needs and promote a safe and vibrant city for people to live, work and play.

# 5.1 Recreation promotion and support

## Ngā rauhanga hapori

We provide a wide variety of community facilities throughout the city to encourage quality of life and healthy lifestyles.

### What we do

Our sporting and recreation facilities encourage people of all ages to engage in activities that help them live more active and healthy lives. Some facilities also attract visitors, and raise the city's profile, by hosting national and international events. Our activities include:

- swimming pools
- sports-fields
- synthetic sports-fields
- recreation centres
- recreation partnerships
- recreation programmes
- recreation leases
- playgrounds
- marinas
- golf course.

### What we achieved

**We upgraded the city's swimming pools.** Work started on the Keith Spry Pool upgrade, which will include a new teaching pool, children's play pool and changing facilities. The facility was closed in April 2014 and is scheduled to reopen during the 2015 summer. We also completed a five-yearly maintenance closure of the spray pool at the Wellington Regional Aquatic Centre.

**We improved the range and usability of our sportsfields.** We completed a new synthetic sportsfield at Alex Moore Park, which opened in May 2014. The excess soil from this development was used to level the surface at Raroa Park. We created a new, more durable couch grass surface at Evans Bay Park, the first in the Wellington region. We also improved drainage on three fields at Nairville Park and around the Karori Park Cricket Block, which will be used for first class cricket and as a training venue for the Cricket World Cup.

**We made our playgrounds better places for our children to play.** We completed playground renewals at Grasslees Park, Surrey Street Play Area, Crawford Green and Quebec Street Play Area.

**We supported events at the ASB Sports Centre and Wellington Regional Aquatic Centre (WRAC).** International events included the Asia-Pacific Floorball, Trans-Tasman Futsal and the Asia-Pacific Diving International. We also hosted 13 national events at ASB Centre and 16 national events at WRAC, including the New Zealand National Age Group Swimming Championships.

**And we encouraged people to participate.** We completed year one of our Ki-o-Rahi development programme, which aims to increase participation in sports and recreation from communities with low participation. This is a three-year joint project with Sport NZ.

## What it cost

	<b>Actual 2014</b>	<b>Budget 2014</b>	<b>Variance 2014</b>	<b>Actual 2013</b>
<b>Operating Expenditure (\$000)</b>				
<b>5.1.1 Swimming Pools<sup>1</sup></b>				
Expenditure	19,125	19,343	218	18,866
Revenue	(6,940)	(7,417)	(477)	(6,827)
Net Expenditure	12,185	11,926	(259)	12,039
<b>5.1.2 Sportsfields</b>				
Expenditure	3,519	3,305	(214)	3,447
Revenue	(329)	(302)	27	(288)
Net Expenditure	3,190	3,003	(187)	3,159
<b>5.1.3 Sportsfields (Synthetic)</b>				
Expenditure	1,175	1,253	78	1,028
Revenue	(412)	(453)	(41)	(389)
Net Expenditure	763	800	37	639
<b>5.1.4 Recreation Centres<sup>2</sup></b>				
Expenditure	9,387	9,859	472	9,436
Revenue	(2,600)	(2,762)	(162)	(2,512)
Net Expenditure	6,787	7,097	310	6,924
<b>5.1.5 Recreation partnerships</b>				
Expenditure	784	776	(8)	766
Revenue	-	-	-	-
Net Expenditure	784	776	(8)	766
<b>5.1.6 Playgrounds<sup>3</sup></b>				
Expenditure	723	875	152	773
Revenue	(2)	-	2	-
Net Expenditure	721	875	154	773
<b>5.1.7 Marinas</b>				
Expenditure	761	781	20	534
Revenue	(581)	(574)	7	(578)
Net Expenditure	180	207	27	(44)
<b>5.1.8 Golf Course</b>				
Expenditure	214	234	20	178
Revenue	(59)	(65)	(6)	(51)
Net Expenditure	155	169	14	127
<b>5.1.9 Recreation programmes<sup>4</sup></b>				
Expenditure	419	841	422	622
Revenue	(147)	(175)	(28)	(201)
Net Expenditure	272	666	394	421

<b>Capital Expenditure (\$000)</b>	<b>Actual 2014</b>	<b>Budget 2014</b>	<b>Variance 2014</b>	<b>Actual 2013</b>
<b>5.1.1 Swimming Pools<sup>5</sup></b>				
Expenditure	3,713	3,714	1	4,054
Unspent portion of budget to be carried forward	n/a	3,802		n/a
<b>5.1.2 Sports-fields</b>				
Expenditure	888	864	(24)	1,375
Unspent portion of budget to be carried forward	n/a	-		n/a
<b>5.1.3 Sports-fields (Synthetic)</b>				
Expenditure	2,127	1,947	(180)	38
Unspent portion of budget to be carried forward	n/a	-		n/a
<b>5.1.4 Recreation Centres</b>				
Expenditure	160	161	1	188
Unspent portion of budget to be carried forward	n/a	-		n/a
<b>5.1.5 Recreation partnerships<sup>6</sup></b>				
Expenditure	108	132	24	265
Unspent portion of budget to be carried forward	n/a	-		n/a
<b>5.1.6 Playgrounds</b>				
Expenditure	514	505	(9)	269
Unspent portion of budget to be carried forward	n/a	-		n/a
<b>5.1.7 Marinas<sup>7</sup></b>				
Expenditure	126	142	16	96
Unspent portion of budget to be carried forward	n/a	-		n/a

1 Operating revenue is under budget mainly due to the fitness centres.

2 Under budget due to lower interest costs for the ASB Sports Centre.

3 Under budget due to reduced personnel and depreciation expenditure.

4 Under budget due to reduced personnel expenditure.

5 Under budget due to delays with the upgrade of Keith Spry Pool.

6 Under budget due to development of a Basin Reserve master plan, which delayed progression on some renewals.

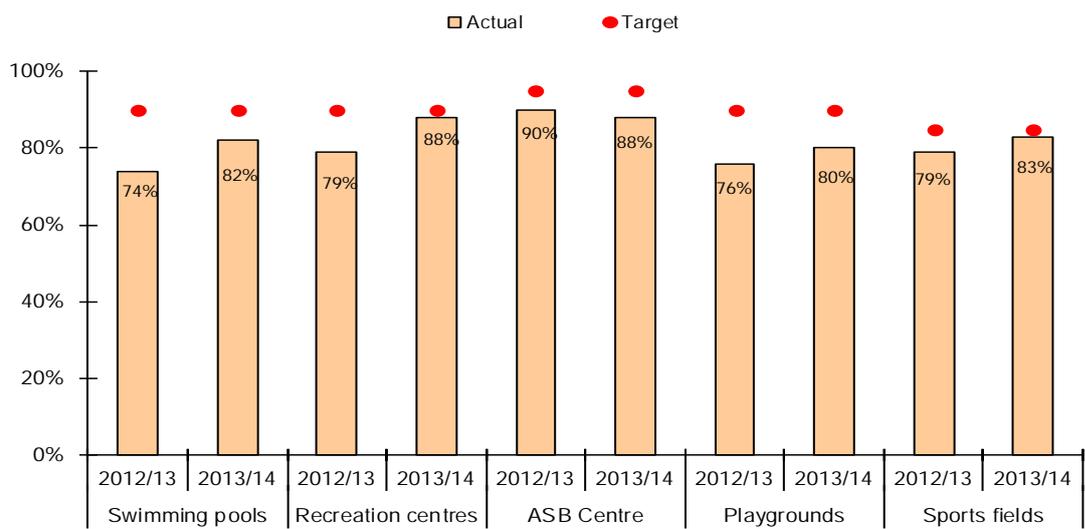
7 Under budget due to a minor saving in capital renewal work.

# How we performed

User satisfaction with most services and facilities has improved, although perception of value for money has declined slightly. Use of our facilities was similar to previous years and has increased in some areas. However, overall use is lower than we expected.

## We understand the standard of the services we provide; and the value the public see in them

### User's (%) satisfaction with recreation services and facilities



Source: WCC Residents Monitoring Survey

### Residents (%) who agree that WCC recreation services and facilities provide good value for money

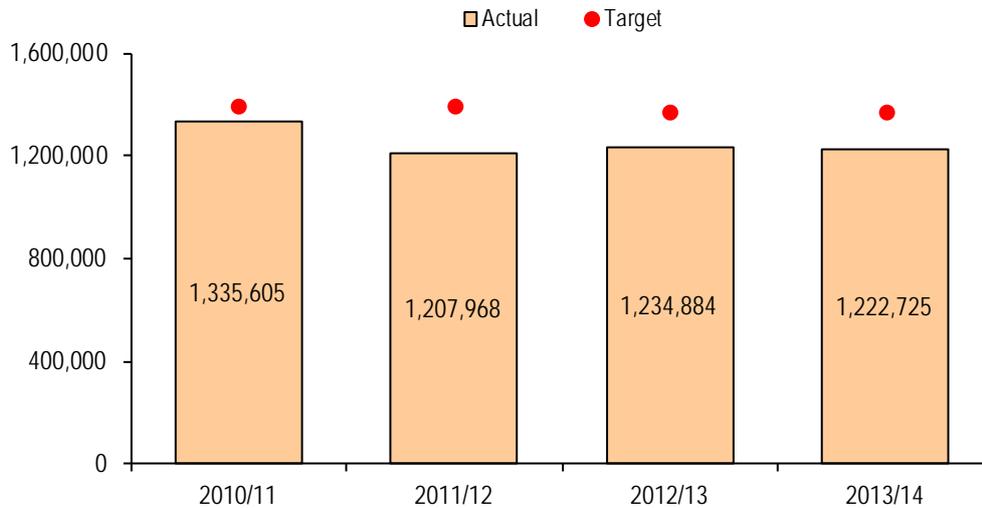
Result: 59% (target: 80%. 2012/13: 61%).

The results for this measure have decreased substantially since we changed our survey methodology in 2012/13. We will review the target during the development of the next long-term plan.

Source: WCC Residents Monitoring Survey

## We understand the reach and usage of the services we provide

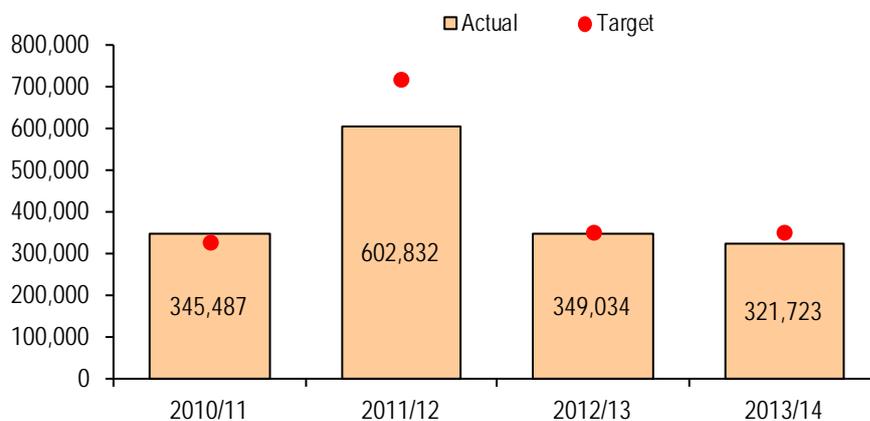
### Visits to Wellington City Council swimming pools



Attendance was below target because of the maintenance closure of the Spray Pool at the Wellington Regional Aquatic Centre, the closure of Keith Spry Pool for upgrading and the cool summer which affected attendance at our summer pools.

Source: WCC Parks, Sports and Recreation

### Visits to Wellington City Council recreation centres<sup>4</sup>



All our recreation centres had reduced attendance this year – the most significant being the Nairnville Recreation Centre, which we had to close to replace the roof.

Source: WCC Parks, Sports and Recreation

<sup>4</sup> The 2011/12 figures include the ASB Centre which opened that year, from 2012/13 onwards they are reported on separately.

### **ASB Centre Courts % utilisation – peak and off peak**

Result: Peak = 41% (target 61%. 2012/13: 41%). Off-peak = 39% (target 30%. 2012/13: 28%).

Overall attendance increased by 16.5% this year. Peak attendance increased 1.2% and off-peak attendance increased by 37.5%. During the year we adjusted our peak/off-peak timetable to better reflect centre use for junior sport immediately after the school day.

*Source: ASB Centre*

### **Visits to the ASB Centre– peak and off peak**

Result: Peak = 332,539 (target 453,150. 2012/13: 324,694). Off-peak = 274,075 (target 145,350. 2012/13: 199,201).

See comment for previous measure.

*Source: ASB Centre*

### **Outdoor sports-fields – % of scheduled sports games that are played**

Result: Winter = 78% (target: 80%. 2012/13: 84%). Summer = 89% (target: 90%. 2012/13: 94%).

*Source: WCC Parks, Sports and Recreation*

### **Artificial sports-fields % utilisation – peak and off peak (summer and winter)**

Result:

Winter peak = 76% (target 80%, 2012/13: 79%). Off-peak = 18% (target 15%. 2012/13: 19%).

Summer peak = 35% (target 60%. 2012/13: 39%). Off-peak = 16% (target 10%. 2012/13: 13%).

Summer peak use has reduced in percentage terms but the total hours of use have increased. The new field at St Patrick's College has enabled higher use albeit at lower than targeted levels.

*Source: WCC Parks, Sports and Recreation*

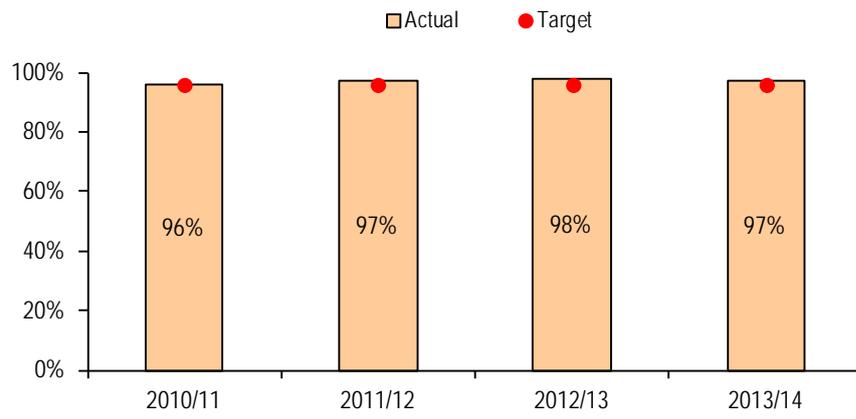
### **College artificial sports-fields % utilisation for WCC hours: (summer and winter).**

Result: Winter = 66% (target 80%. 2012/13: 79%). Summer = 34% (target 60%. 2012/13: 36%).

Use was below target at St Patrick's College but on target at Wellington College.

*Source: WCC Parks, Sports and Recreation*

### Marina's berths and boatsheds occupancy



Source: WCC Parks, Sports and Recreation

## 5.2 Community participation and support

### Tautoko hapori

We support a city wide network of community spaces, libraries, support community organisations, and provide homes for people whose needs are not met by state housing or the private housing market.

### What we do

We want Wellington to be a people-centred city – a city that supports diverse and inclusive communities. We support a network of community spaces and libraries to provide a focal point for community activities and programmes. We also support community leadership and advocacy to strengthen community resilience and safety.

We partner with police and social agencies to coordinate a city-wide approach to homelessness. By providing social housing, we ensure people's basic needs are met. Our activities include:

- libraries
- access support (Leisure Card)
- community advocacy and support
- grants (social and recreation)
- community centres and halls
- housing.

### What we achieved

**We won awards for our housing programme.** We won the following awards for our management and engagement work:

- Australasian Housing Institute Award for Excellence in Social Housing
- NZ Project Management Institute Awards - Finalists: Project Management Office of the Year, Project Manager of the Year and Emerging Project Manager of the Year

We won the following awards for the Central Park Apartments project:

- New Zealand Institute of Architects Award for Housing, 2014
- Australasian Housing Institute – Winner, Leading Housing Project, New Zealand
- Wellington Civic Trust Award 2013 for Enhancement or Protection of the City's Built Environment.

**We made it easier to access our growing library catalogue.** We introduced more self-issue units in some libraries. This year, our e-book collection grew by 37% and the number of issues grew by

78%. We also increased our electronic resources including launching Zinio, an online database offering digital access to more than 150 magazine titles.

**We supported the city's vulnerable residents.** We worked closely with government, service providers and community organisations to implement the Te Mahana strategy. We also continued supporting an outreach service coordinated by the Soup Kitchen to provide support for the city's rough sleepers and vulnerable community.

**We strengthened the city's social infrastructure and community connections.** We helped build resilience within vulnerable communities and supported local initiatives such as volunteers, neighbourhood support and community patrols. We also ensured residents had the opportunity to participate in communities of choice and access support and resources that respond to their needs.

**We continued upgrading our housing.** We have completed the first six years of our 20-year upgrade programme in partnership with the Crown. Construction began at Berkeley Dallard Apartments and Marshall Court, with both projects on-track for completion by the end of 2014. We are seeking tenders for the Kotuku (Kilbirnie) Project.

**We helped our housing communities to grow.** We undertook tenant wellbeing programmes, which focused on increasing inclusiveness and connectedness, including celebrating Neighbours Day for the third time in March 2014. Tenants are beginning to take the lead, organising 14 events including Chinese New Year. Primetimers, a positive aging programme for over-80s is going from strength to strength and we had 16 tenants graduate from the Healthy Lifestyles Programme.

## What it cost

<b>Operating Expenditure (\$000)</b>	<b>Actual 2014</b>	<b>Budget 2014</b>	<b>Variance 2014</b>	<b>Actual 2013</b>
<b>5.2.1 Libraries<sup>1</sup></b>				
Expenditure	21,595	21,062	(533)	20,104
Revenue	(1,594)	(2,082)	(488)	(1,832)
Net Expenditure	20,001	18,980	(1,021)	18,272
<b>5.2.2 Access Support</b>				
Expenditure	26	28	2	125
Revenue	-	-	-	-
Net Expenditure	26	28	2	125
<b>5.2.3 Community Advocacy</b>				
Expenditure	1,635	1,408	(227)	1,617
Revenue	(133)	(28)	105	(190)
Net Expenditure	1,502	1,380	(122)	1,427
<b>5.2.4 Grants (Social and Recreation)</b>				
Expenditure	3,403	3,413	10	3,312
Revenue	(13)	-	13	-
Net Expenditure	3,390	3,413	23	3,312
<b>5.2.5 Housing<sup>2</sup></b>				
Expenditure	22,888	23,658	770	21,115
Revenue	(45,418)	(50,917)	(5,499)	(47,011)
Net Expenditure	(22,530)	(27,259)	(4,729)	(25,896)
<b>5.2.6 Community centres and halls<sup>3</sup></b>				
Expenditure	2,726	3,087	361	2,854
Revenue	(277)	(220)	57	(223)
Net Expenditure	2,449	2,867	418	2,631
	<b>Actual 2014</b>	<b>Budget 2014</b>	<b>Variance 2014</b>	<b>Actual 2013</b>
<b>Capital Expenditure (\$000)</b>				
<b>5.2.1 Libraries</b>				
Expenditure	2,103	2,099	(4)	1,995
Unspent portion of budget to be carried forward	n/a	-		n/a
<b>5.2.5 Housing<sup>4</sup></b>				
Expenditure	27,763	37,237	9,474	31,744
Unspent portion of budget to be carried forward	n/a	-		n/a
<b>5.2.6 Community centres and halls<sup>5</sup></b>				
Expenditure	40	47	7	223
Unspent portion of budget to be carried forward	n/a	-		n/a

1 Over budget due to lower operating revenue and higher personnel and depreciation expenditure.

2 Over budget due to timing of grant income recognition relating to the Housing Upgrade Project.

3 Under budget due to reduced personnel expenditure.

4 Under budget mainly due to timing changes on the Housing Upgrade project. Also Housing renewals are behind budget this year.

5 Under budget due to a minor saving in capital renewal work.

## How we performed

Resident's use and satisfaction with our libraries remains high although residents perceptions of value for money have decreased marginally. Our housing services are very high quality and are highly rated by tenants. Demand for recreation services is decreasing as our facilities face competition from other providers.

### We understand the standard of the services we provide; and the value the public see in them

#### Libraries - user (%) satisfaction with services and facilities

Result: 83% (target: 90%. 2012/13: 87%).

Source: WCC Residents Monitoring Survey

#### Libraries – residents (%) satisfaction with range and variety of collection

Result: 86% (target: 85. 2012/13: 87%).

Source: WCC Residents Monitoring Survey

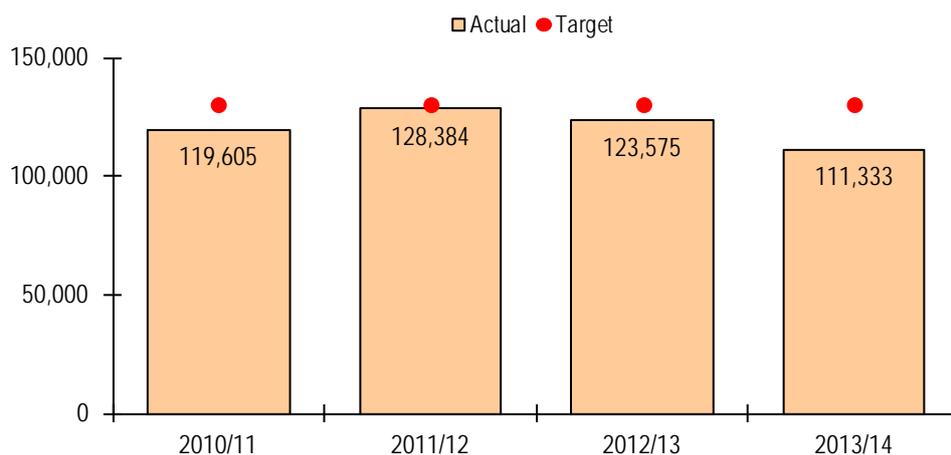
#### Residents (%) who agree that library services and facilities provide good value for money

Result: 75% (target: 85%. 2012/13: 76%).

Source: WCC Residents Monitoring Survey

### We understand the reach and usage of recreation services

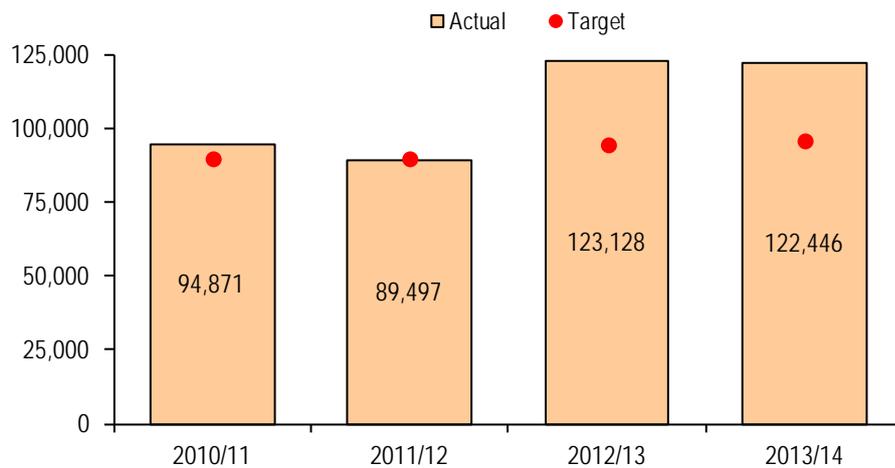
#### Users of programmes – recreation centre programmes



The decrease in programme use is a reflection of the decrease in recreation centre use. Competition in the school holiday programme has affected use. Note: these results exclude the ASB Centre.

Source: WCC Parks, Sports and Recreation

### Number of uses of Leisure Card



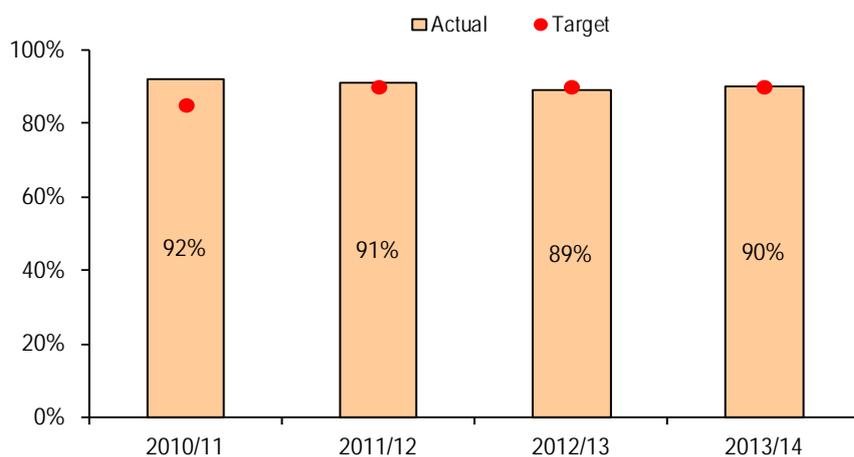
Source: WCC Parks, Sports and Recreation

### Residents (%) rating of their ease (easy or very easy) of access to WCC recreation facilities and programmes

Result: 62% (target 85%. 2012/13: 55%).

Source: WCC Residents Monitoring Survey

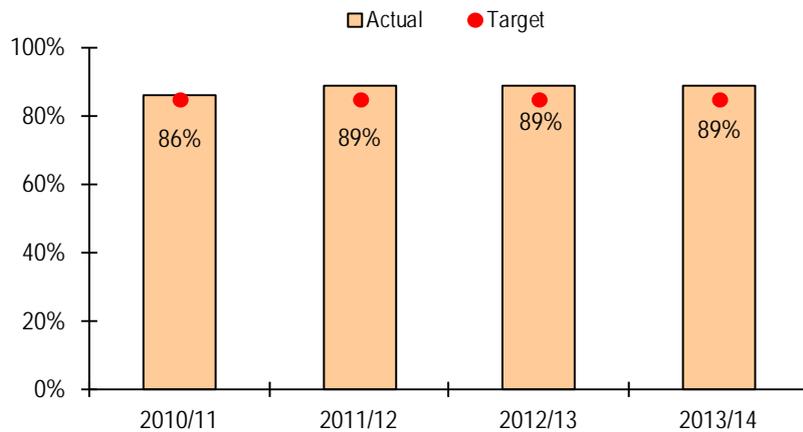
### We measure the standard of the housing services we provide Wellington City Council housing tenants' satisfaction (%) with services and facilities



Source: WCC Housing Tenants Survey<sup>5</sup>

<sup>5</sup> This is a postal survey sent to the head tenant of each Council Housing Unit, each with a prepaid envelope. This year, we have 633 responses.

**Wellington City Council housing tenants' (%) that rate the overall condition of their house/apartment as good or very good.**



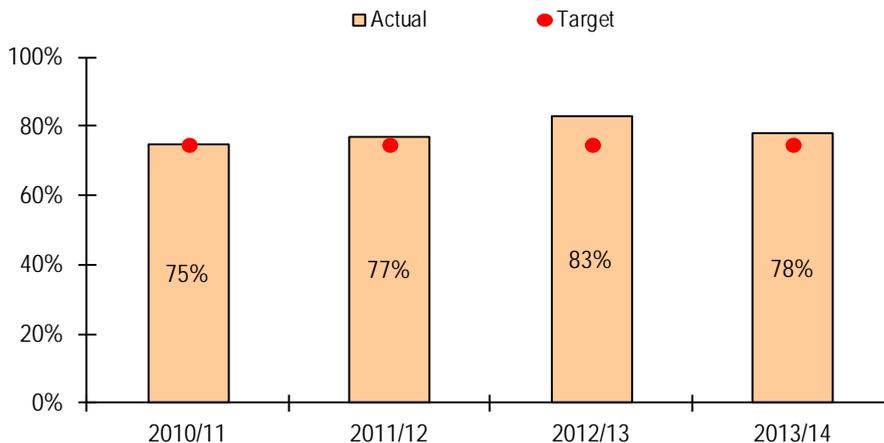
Source: WCC Housing Tenants Survey

**City Housing compliance with legislative requirements**

Result: all City Housing services and facilities complied with all legislative requirements (eg Residential Tenancies Act and building warrant of fitness). Target: compliance (2012/13: compliant).

Source: WCC City Housing

**Wellington City Council housing tenants (%) who feel safe in their complex at night**



Source: WCC Housing Tenants Survey

**Wellington City Council housing tenants (%) who report positive social contact**

Result: 88% (target: 65%. 2012/13: 87%; 2011/12: 91%; 2010/11: 90%).

Source: WCC Housing Tenants Survey

## We measure the use and demand of the social housing resource

### **Occupancy rate of available housing facilities**

Result: 98% (target: 90%. 2012/13: 94%; 2011/12: 83%; 2010/11: 86%).

*Source: WCC City Housing*

### **All tenants (existing and new) housed within policy**

Result: 99% (target: 98%. 2012/13: 98%).

*Source: WCC City Housing*

### **Residents (%) who rate services and facilities as good value for money**

Result: 85% (target: 85%. 2012/13: 85%; 2011/12: 83%; 2010/11: 83%).

*Source: WCC Housing Tenants Survey*

## We track the progress of the housing upgrade project

### **Milestones for housing upgrade project**

Result: achieved. Target: meet all milestones, design standards and budgets (2012/13: achieved).

See “What we achieved” for more information about our housing upgrade project

*Source: WCC City Housing*

## We understand the effectiveness of our community support services

### **Community groups (%) satisfied with Council relationships**

Grant recipients – result: 82% (target: 90%. 2012/13: 77%).

Contract funded organisations – result: 88% (target: 90%. 2012/13: 94%).

*Source: WCC Community Networks Grants survey and Community Networks contracts survey<sup>6</sup>*

### **Residents neighbourliness behaviour**

Result: 90% of residents have displayed ‘neighbourliness’ behaviour (target: 65%. 2012/13: 92%).

*Source: WCC Residents Monitoring Survey*

### **Accessible Wellington Action Plan initiatives planned for year progressed or completed**

Result: 95% (target: 80%. 2012/13: 81%).

*Source: WCC Community Networks*

<sup>6</sup> These are online surveys sent to grant recipients and organisations that hold multi-year contracts with WCC’s Community Services team. This year, we received 160 responses to the grants survey and 30 responses to the contracts survey. Results from 2012/13 have been updated.

## We understand the effectiveness of our recreation-support distribution

### The proportion of grants funds successfully allocated (through milestones being met)

Result: 100% (target: 95%. 2012/13: 100%).

Source: WCC Community Networks

### Proportion of outcomes delivered (previous projects – weighted by % value)

Result: 100% (target: 90%. 2012/13: 96%).

Source: WCC Community Networks

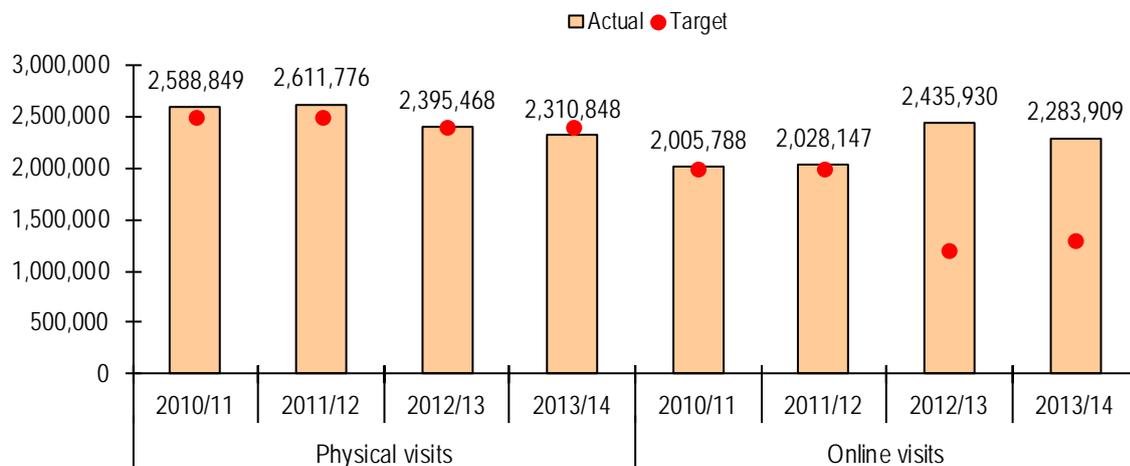
## We understand the reach and use of the services we provide

### Libraries – residents (%) who are registered members

Result: 74% (target: 75%. 2012/13: 67%; 2011/12: 61%; 2010/11: 78%)

Source: Wellington City Libraries

### Libraries – physical visits and online visits



Source: Wellington City Libraries

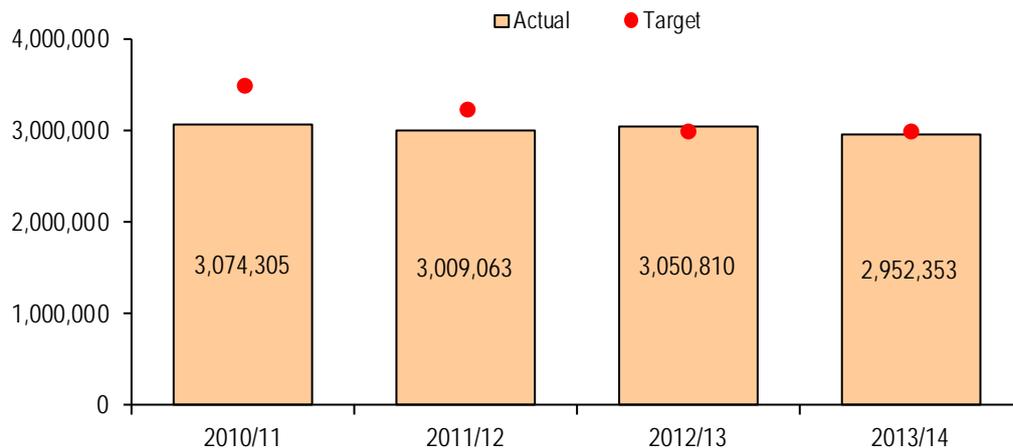
In 2012/13 we reduced the target for online visits because we changed the measurement methodology, which we expected to decrease our results. As this decrease has not occurred, we will review the target during the development of the next long-term plan.

### Library programmes – estimated attendees

Result: 75,525 (target: 70,000. 2012/13: 81,273; 2011/12: 95,544; 2010/11: 89,886).

Source: Wellington City Libraries

### Library items issued



Source: Wellington City Libraries

### E-library users satisfaction (%) with the online library collection

Result: 78% (target: 67%. 2012/13: 70%).

Source: Wellington City Libraries

### Occupancy rates (%) of Wellington City Council Community Centres and Halls

Result: 35% (target: 60%. 2012/13: 30%).

We changed the methodology for calculating occupancy rates, which now combines the measure for community centres and community halls. The combined measure calculates occupancy based on the total number of hours the facility can be booked rather than a mix of bookable and staffed hours. For 2014/15, we have reduced the target to a new stretch target of 45%.

Source: WCC Community Networks

### Homelessness – % of known homeless people supported by agencies

Target: 100%. This measure was intended to form part of the Te Mahana homelessness strategy. However, the strategy has not yet been fully implemented and therefore the information is not being collected.

Source: WCC Community Networks

## 5.3 Public health and safety

Hauora tūmatanui me te haumanu

We work to protect Wellingtonians from threats to their health and safety.

### What we do

Public confidence in the safety of the city's streets and suburbs is a top priority. Wellington has a reputation of being a safe city with a vibrant CBD. Wellington's location makes earthquake-preparedness particularly important, though the city is also at risk of other civil emergencies such as flooding and tsunamis. We have legislative obligations to maintain public health standards by regulating food and liquor outlets, animals, trade waste and managing environmental noise problems. We also provide public toilets, cemeteries and crematorium services as a vital public health function. Our activities include:

- burials and cremations
- public toilets
- public health regulations
- city safety
- Wellington Regional Emergency Management Office (WREMO).

### What we achieved

**We maintained our public facilities.** We constructed the Seaforth Memorial Gardens and replaced the public toilet in the Karori Cemetery, and we developed a Greek Orthodox section at the Makara Cemetery. We refurbished the Balaena Bay toilets and the Alex Moore Park Pavilion.

**We regulated public health.** We adopted the Provisional Local Alcohol Policy, which sets rules for sale of alcohol in the city and we developed a strategy to create a safe and vibrant late-night environment.

**We helped make the city safer.** We developed the Graffiti Management Plan, an online guide and supported community-led initiatives to manage graffiti. We also developed a partnership with the newly formed CBD Policing team to address antisocial behaviour in Cuba Mall, and we worked with Police to improve safety in nine city car parks.

**The Wellington Regional Emergency Management Office (WREMO) helped prepare us for a future emergency.** WREMO, with the Council's internal resiliency units has been implementing the Community-driven Emergency Management (CDEM) Group Plan. This year we:

- completed or worked on community response plans for Tawa, Wadestown, Island Bay, Northland, Khandallah, Newtown, Karori and Thorndon.

- worked with social agencies to identify and support vulnerable communities and worked with schools to improve emergency response plans.
- continued developing the tsunami Blue Lines project in Kilbirnie, Rongotai and Lyall Bay.

In conjunction with Massey University, we launched a new International Centre of Excellence in Community Resilience (ICoE:CR). The vision of the ICoE:CR is to be an internationally recognised centre of excellence to research and enable community resilience to disasters; actively collaborating with individuals, organisations and communities in the Wellington Region.

## What it cost

	<b>Actual 2014</b>	<b>Budget 2014</b>	<b>Variance 2014</b>	<b>Actual 2013</b>
<b>Operating Expenditure (\$000)</b>				
<b>5.3.1 Burials and Cremations<sup>1</sup></b>				
Expenditure	1,830	1,704	(126)	1,760
Revenue	(856)	(865)	(9)	(865)
Net Expenditure	974	839	(135)	895
<b>5.3.2 Public Toilets</b>				
Expenditure	2,440	2,364	(76)	2,164
Revenue	-	-	-	-
Net Expenditure	2,440	2,364	(76)	2,164
<b>5.3.3 Public Health Regulations</b>				
Expenditure	4,508	4,483	(25)	3,878
Revenue	(2,685)	(2,591)	94	(2,533)
Net Expenditure	1,823	1,892	69	1,345
<b>5.3.4 City Safety<sup>2</sup></b>				
Expenditure	1,634	1,372	(262)	2,105
Revenue	(10)	-	10	(59)
Net Expenditure	1,624	1,372	(252)	2,046
<b>5.3.5 WEMO</b>				
Expenditure	1,285	1,300	15	2,010
Revenue	(25)	(39)	(14)	(148)
Net Expenditure	1,260	1,261	1	1,862
<b>Capital Expenditure (\$000)</b>	<b>Actual 2014</b>	<b>Budget 2014</b>	<b>Variance 2014</b>	<b>Actual 2013</b>
<b>5.3.1 Burials and Cremations</b>				
Expenditure	320	308	(12)	110
Unspent portion of budget to be carried forward	n/a	-		n/a
<b>5.3.2 Public Toilets</b>				
Expenditure	484	537	53	734
Unspent portion of budget to be carried forward	n/a	-		n/a
<b>5.3.4 City Safety</b>				
Expenditure	-	-	-	-
Unspent portion of budget to be carried forward	n/a	-		n/a

<b>5.3.5 WREMO</b>				
Expenditure	22	22	-	-

1 Over budget due to increased personnel and maintenance expenditure.

2 Over budget due to a change in accounting procedures with the new roading corridor contract. An internal cost transfer has been removed, this has no impact from a Council wide perspective.

## How we performed

The city is safer and healthier as the result of our work.

### We understand the effectiveness of our public health and safety services and programmes

#### Dog control – complaints received (% of registered dogs)

Result: 30% (target: maintain or improve from 2012/13. 2012/13: 26%)

Source: WCC Public Health

#### Response to service requests - dog control

Result: We responded to 97% of urgent requests within one hour (target: 100%. 2012/13: 98%; 2011/12: 97%; 2010/11: 100%) and 99% of non-urgent requests within 24 hours (target: 99%. 2012/13: 99%; 2011/12 99%; 2010/11: 99%).

Urgent requests are defined as dog attacks on people or other animals.

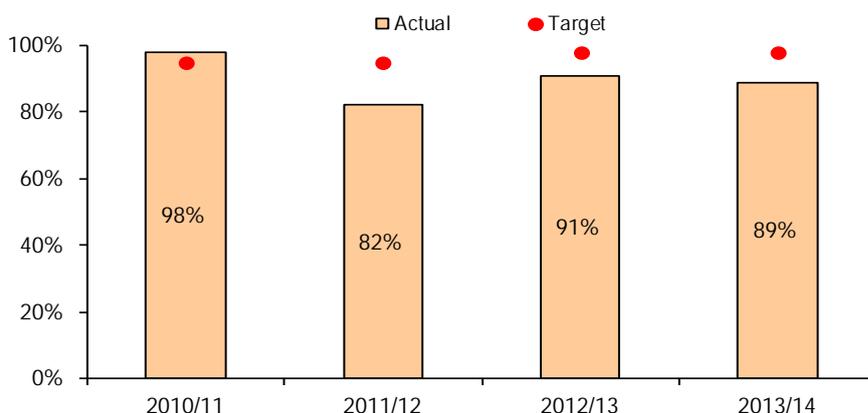
Source: WCC Public Health

#### Food premises – number of cleaning notices and closures per year

Result: There were 28 cleaning notices and closures during the year. (no target. 2012/13: 38).

Source: WCC Public Health

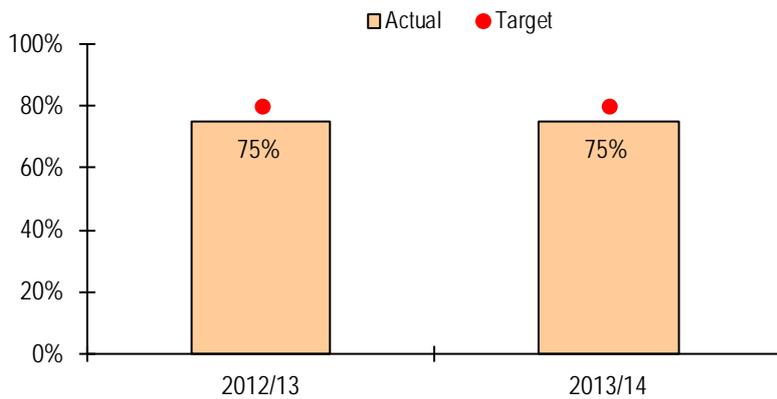
#### Food premises (%) with excellent or very good hygiene ratings that maintain or improve their rating



Although we play a role in educating food operators, we cannot control how they operate their businesses and any subsequent change in their performance rating. We are analysing the results to see whether there is any trend that can be addressed.

Source: WCC Public Health

**Residents (%) satisfaction with the cleanliness of Wellington City Council public toilets (satisfied or neutral responses)**



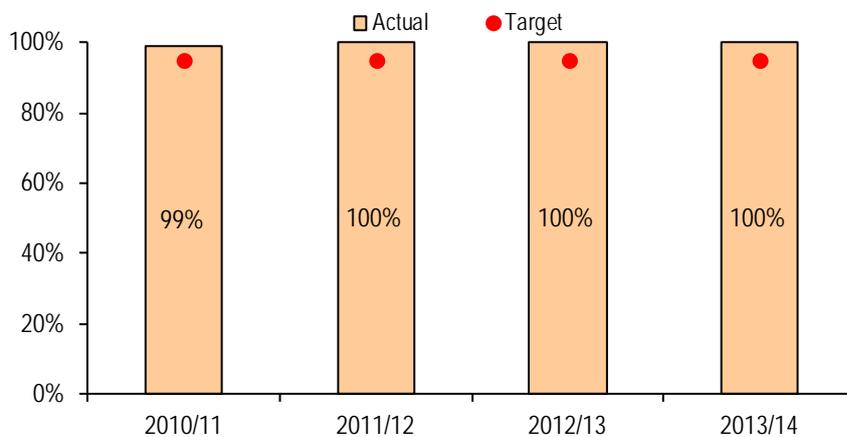
Source: WCC Residents Monitoring Survey

**Response to service requests – public toilets**

Result: We responded to 100% of urgent requests within one hour (target: 100%. 2012/13: 100%; 2011/12: 98%), and 100% of non-urgent requests within three days (target: 95%. 2012/13: 95%; 2011/12: 98%).

Source: WCC Parks, Sports and Recreation

**Wellington City Council public toilets that meet required cleanliness and maintenance performance standards**



Source: WCC Parks, Sports and Recreation

**Percentage of planned food safety inspections carried out for high risk (category 3) premises**

Result: 109% (Target: 100%. 2012/13: 100%)

There are 260 high risk premises in the city. This year, we carried out 283 inspections of those premises.

Source: WCC Public Health

**Percentage of food safety inspections of high risk (category 3) premises carried out during high trading hours**

Result: 34% (target: 25%. 2012/13: 26%)

This year, we inspected 88 of the 260 high risk premises during high trading hours. The result has increased because we reallocated our resources to monitor liquor premises at peak trading. This is a proactive response to changes and expectations under new legislation. It is a joint monitoring initiative with the NZ Police and Regional Public Health.

*Source: WCC Public Health*

# Urban development - Tāone Tupu Ora

## **Developing Wellington sustainably and in areas that benefit the city the most**

As the city's population increases, new houses, infrastructure and services are required. Our urban growth strategy is to develop Wellington sustainably and in areas that benefit the city the most. Put another way, our aim is to promote smart growth and sustainable communities that enhance Wellington's liveability, compactness and distinctiveness.

The city's population is expected to grow by around 55,000 people over the next 30 years.

## **Bringing land to market in a timely manner to support commercial development**

Commercial development has been flat in the last five years. The Council's challenge is to bring sufficient land to market in a timely manner to support commercial investment in growth areas.

The city also needs to be safe and resilient in case of an earthquake. This means ensuring that buildings are strong and strengthening them where necessary. We also need to take stock of buildings that may not be required in the future.

## **Wellington is a vibrant city where people want to live and work**

Wellingtonians take considerable pride in the city's look and feel. The Council's urban growth strategy has served the city well. It has ensured growth is contained within defined limits where we want it, mostly along a 'growth spine', which stretches from north to south, that has strong services and public transport links.

Wellington's compact city form is enhanced by its natural setting - a harbour city surrounded by hills. Our built environment is an expression of the city's history and where we are charting our future.

Wellington is unique among New Zealand cities in the compactness and character of its urban form. The city centre is vibrant, attractive, walkable and easily accessible from all parts of the city.

And we're proud of our city and its unique character. Most residents agree that Wellington is a great place to live, work and play. They also believe that the city is an easy place to get to, use and enjoy.

## **We are protecting and enhancing Wellington's urban environment**

This year we:

- worked on priority projects for the Central City Framework including Memorial Park
- completed the design for the Cenotaph enhancement and a staircase linking the Cenotaph to Parliament
- continued several enhancement projects through Wellington Waterfront Limited, including the Clyde Quay redevelopment
- signed a housing accord with the Government to increase housing supply and make housing more affordable
- continued earthquake-strengthening Council buildings and completed building assessments of almost all pre-1976 buildings

- used the Built Heritage Incentive Fund to focus on heritage areas in Newtown, Berhampore and John Street.

## Our urban development activities contribute to us being:

**People centred:** They promote the adequacy and safety of our homes and buildings and reduce the risks of injury and damage from earthquakes.

**Connected:** They connect people with places and make them easy to find and functional.

**Eco-city:** They promote intensive development rather than sprawl into green spaces and encourage the greening of streets, buildings and places. They promote walking and riding on buses and bikes.

**Dynamic Central City:** They promote accessible and safe places where people want to live, work, and play, and where they can meet to share events and ideas. They encourage a built form and urban culture that reflects the energy and diversity of the people, and they shape a place where ideas, innovation and difference can be expressed and supported.

# 6.1 Urban planning, heritage and public spaces development

Whakahaerenga whare me te whanaketanga

Wellington is a compact, vibrant, attractive and safe city – and we want to keep it that way

## What we do

Urban planning provides guidance on how and where the city should grow. It's important this retains the things residents like about Wellington – its compactness, the 'heart' around the city centre and harbour, and the character of its hillside residential areas.

The Council is required to prepare a District Plan under the Resource Management Act 1991. The District Plan is the primary document that manages land use and development within the Council's territorial boundaries.

We also look after public spaces – including the waterfront. Development of public spaces enhances people's enjoyment of the city and contributes to our civic pride and our 'sense of place'. Our activities include:

- urban planning and policy development
- waterfront development.
- public space and centres developments
- built heritage development.

## What we achieved

**A couple of exciting Central City Framework projects progressed.** We completed the design for the Cenotaph enhancement and a staircase linking the Cenotaph to Parliament. We received a Lotteries Grant for the project and Parliament agreed to fund the new staircase.

We're co-investing, with central government and other parties, in Memorial Park, which will be completed in time for the 2015 ANZAC commemorations. The tunnel construction is underway and is expected to be completed by December 2014.

**We preserved Wellington's built heritage.** We used the Built Heritage Incentive Fund to focus on heritage areas in Newtown, Berhampore and John Street. We also used the fund to enable listed heritage building owners to access Council grant funding to assist with seismic strengthening projects.

**We are making housing more available and affordable.** We signed a housing accord with the Government with a target of 7,000 new housing consents over the next five years.

**We decided to bring the management of Wellington's waterfront in-house.** Redevelopment of Clyde Quay continued. We continued developing plans for the Frank Kitts Park playground. Wharf

strengthening on Queens Wharf and a temporary replacement venue for the Town Hall at Shed 6 were completed. We resolved issues with the Taranaki Street Wharf dive platform. We developed and consulted on proposals for the North Kumutoto precinct.

## What it cost

	<b>Actual 2014</b>	<b>Budget 2014</b>	<b>Variance 2014</b>	<b>Actual 2013</b>
<b>Operating Expenditure (\$000)</b>				
<b>6.1.1 Urban Planning and Policy Development</b>				
Expenditure	1,867	1,884	17	2,168
Revenue	-	(20)	(20)	(4)
Net Expenditure	1,867	1,864	(3)	2,164
<b>6.1.2 Waterfront development<sup>1</sup></b>				
Expenditure	10,568	2,496	(8,072)	11,534
Revenue	966	-	(966)	(9,514)
Net Expenditure	11,534	2,496	(9,038)	2,020
<b>6.1.3 Public spaces and centres development<sup>2</sup></b>				
Expenditure	1,996	1,777	(219)	3,921
Revenue	-	-	-	-
Net Expenditure	1,996	1,777	(219)	3,921
<b>6.1.4 Built heritage development<sup>3</sup></b>				
Expenditure	955	1,117	162	899
Revenue	-	-	-	-
Net Expenditure	955	1,117	162	899
<b>Capital Expenditure (\$000)</b>				
<b>6.1.1 Urban Planning and Policy Development</b>				
Expenditure	535	527	(8)	967
Unspent portion of budget to be carried forward	n/a	-		n/a
<b>6.1.2 Waterfront development<sup>4</sup></b>				
Expenditure	5,882	9,532	3,650	6,307
Unspent portion of budget to be carried forward	n/a	-		n/a
<b>6.1.3 Public spaces and centres development<sup>5</sup></b>				
Expenditure	3,325	3,216	(109)	2,259
Unspent portion of budget to be carried forward	n/a	1,854		n/a
<b>6.1.4 Built heritage development</b>				
Expenditure	-	-	-	-
Unspent portion of budget to be carried forward	n/a	-		n/a

1 Under budget due to lower interest costs for Wellington Waterfront.

2 Over budget due to higher labour charges and associated overhead allocations.

3 Under budget due to reduced labour charges and associated overhead allocations.

4 Under budget due to changes in the Waterfront Development Programme, driven by timing changes in the Clyde Quay Wharf development project.

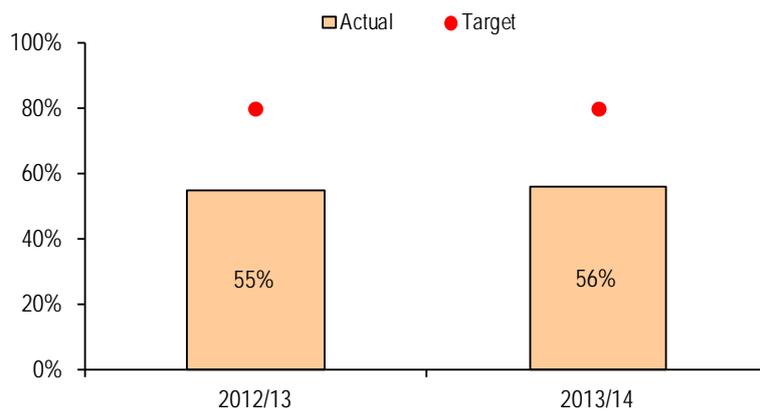
5 Under budget due to delays to the Laneways, Parliamentary Precinct and Tinakori improvement projects.

# How we performed

We did not achieve most of our targets for residents perceptions of our effectiveness at facilitating high quality urban development and protecting the city’s built heritage. However, residents rated their waterfront experience very highly.

## We measure our effectiveness at facilitating high quality urban development

### Residents (%) who agree the city is developing in a way that takes into account its unique urban character and natural environment



Source: WCC Residents Monitoring Survey

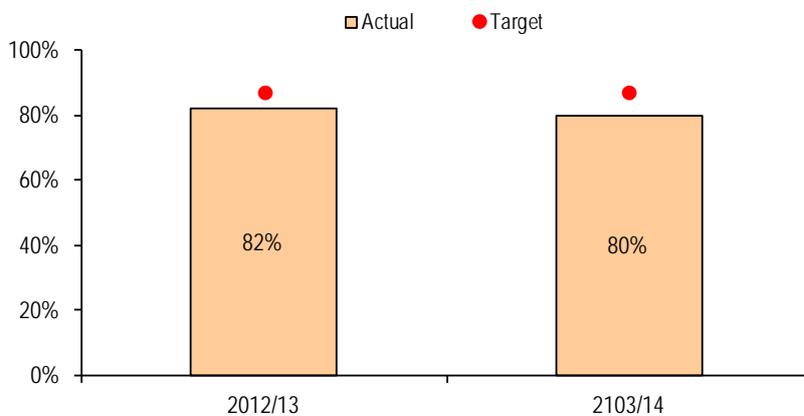
Overall, 12% of residents disagree with this statement and 32% neither agree or disagree.

### District Plan change appeals

Result: 100% of our District Plan appeals were resolved (target: 90%. 2012/13: 100%).

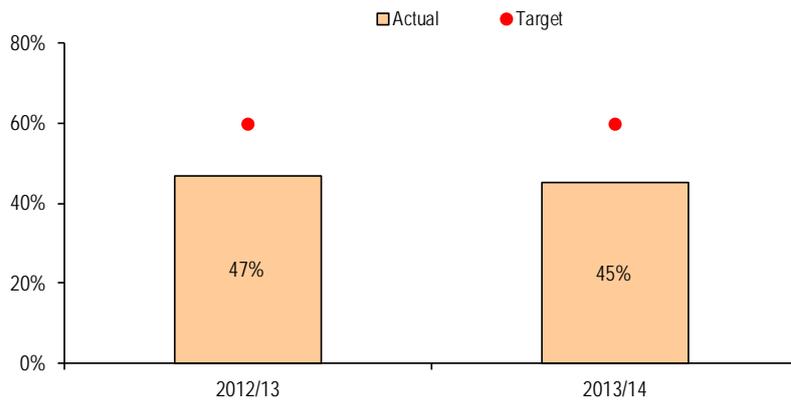
Source: WCC City Planning and Design

### Residents (%) who agree the central city is lively and attractive



Source: WCC Residents Monitoring Survey

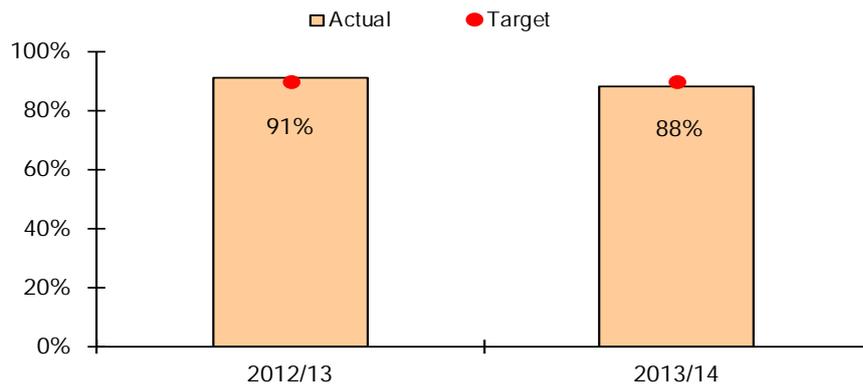
### Residents (%) who agree their local suburban centre is lively and attractive



Source: WCC Residents Monitoring Survey

26% of residents disagree that their local suburban centre is lively and attractive and 29% neither agree or disagree.

### Residents (%) who rate their waterfront experiences as good or very good



Source: WCC Residents Monitoring Survey

### The proportion of grants funds successfully allocated (through milestones being met)

Result: 100% (target: 95%. 2012/13: 100%).

Source: WCC Community Networks

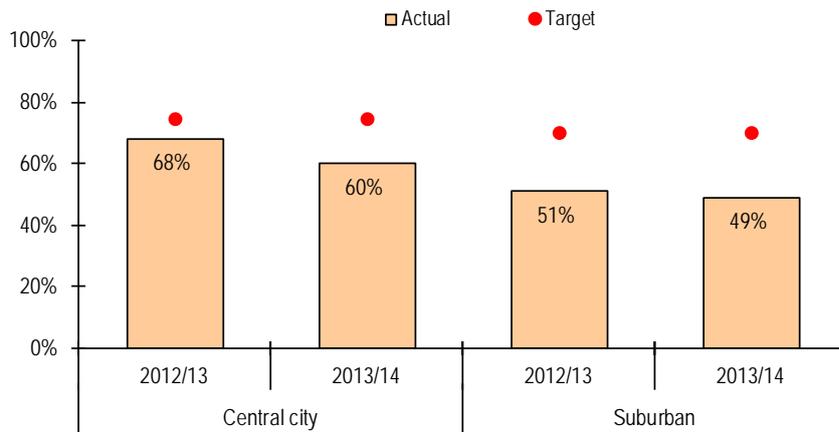
### We measure our effectiveness at protecting the city's built heritage

#### District Plan listed items that are removed or demolished

Result: 0 (target: 0, 2012/13: 1).

Source: WCC City Planning and Design

**Residents (%) who agree heritage items are appropriately valued and protected in central city and suburban areas**



There has been publicity during the year around a number of high profile heritage buildings being earthquake-prone, which may have contributed to this decrease in performance this year. 14% of residents disagree that central city heritage items are appropriately valued and protected, and 13% of residents disagree for suburban heritage items.

Source: WCC Residents Monitoring Survey

## 6.2 Building and development control

Māherehere tāone, whanaketanga wāhi tuku-ihotanga, wāhi tūmatanui

We ensure developments do not harm the environment and building works are safe and comply with the Building Code

### What we do

Like all cities, we control building and development work according to the provisions of the Building Act, the Resource Management Act and their District Plans. These controls are necessary to ensure buildings are safe and comply with the Building Code, and resources are used sustainably to protect public health and safety and to protect future users of land and buildings. They're also needed to protect urban character and to preserve the city's heritage.

We also have a statutory requirement to administer an Earthquake-prone Buildings Policy. The policy sets out processes to identify buildings that are below the required earthquake standards and the requirements and timeframes for building owners to bring them up to the necessary standard. Our activities include:

- Building control and facilitation (building consents)
- Development control and facilitation (resource consents)
- Earthquake risk mitigation – built environment.

### What we achieved

**We administer building and resource consents.** We had two significant publically notified consents granted this year. They were an extension to the C and D Landfill and the Brooklyn Wind Turbine replacement. We had 257 resource consent pre-application hearing requests. This is the highest number since 2007/08 and a 22% increase from last year.

The High Court has directed the application to demolish the Harcourts Building back to the Environment Court. The hearing is set down for August 2014. We also have an agreement with the Christchurch City Council to assist with processing their building consents.

**We continued strengthening Council buildings.** We have completed strengthening of the Brooklyn library, Tawa library and Truby King Cottage, and initial strengthening of the Civic Administration Building. The Portico, Clarrie Gibbons Building, Network Newtown, Thistle Hall and Band Rotunda work will be completed by December 2014.

Work to strengthen the Town Hall paused in December 2013 due to an increase in projected costs during the tender process. We will present further recommendations to the Council during 2014/15.

**We assessed the strength of building around the city.** We completed building assessments for pre 1976 buildings with the final 146 assessments being completed in the early part of 2014/15. We have assessed 5,184 properties since the project began with 677 noted as earthquake prone.

**We helped residents “Quakesafe” their homes.** The Earthquake Commission has provided funding for a residential property assessment programme for 100 randomly chosen homes. The elements required to “Quakesafe” these homes will be collated and costed by a quantity surveyor and used to model the impact of an earthquake across the city. We hope to influence government agencies to develop a funding programme that mirrors California’s “Brace-Bolt” programme.

We assessed 315 dwellings under the home assessment programme, which we are running with the Master Builders Federation and the Certified Builders Association. This programme is also operating in Porirua and Hutt Cities.

## What it cost

	<b>Actual 2014</b>	<b>Budget 2014</b>	<b>Variance 2014</b>	<b>Actual 2013</b>
<b>Operating Expenditure (\$000)</b>				
<b>6.2.1 Building Control and Facilitation<sup>1</sup></b>				
Expenditure	12,494	12,935	441	12,276
Revenue	(7,504)	(8,449)	(945)	(7,839)
Net Expenditure	4,990	4,486	(504)	4,437
<b>6.2.2 Development Control and Facilitation<sup>2</sup></b>				
Expenditure	5,404	5,885	481	5,300
Revenue	(2,755)	(3,005)	(250)	(2,368)
Net Expenditure	2,649	2,880	231	2,932
<b>6.2.3 Earthquake risk mitigation - built environment<sup>3</sup></b>				
Expenditure	1,736	1,541	(195)	355
Revenue	(7)	-	7	0
Net Expenditure	1,729	1,541	(188)	355
	<b>Actual 2014</b>	<b>Budget 2014</b>	<b>Variance 2014</b>	<b>Actual 2013</b>
<b>Capital Expenditure (\$000)</b>				
<b>6.2.3 Earthquake risk mitigation - built environment<sup>4</sup></b>				
Expenditure	3,908	12,191	8,283	2,193
Unspent portion of budget to be carried forward	n/a	1,665	-	n/a

1 Over budget due to lower operating revenue for both building consents and building inspections.

2 Under budget due to reduced personnel expenditure and associated overhead allocations.

3 Over budget due to higher labour charges and associated overhead allocations.

4 Under budget mainly due to delays with the earthquake strengthening programme.

## How we performed

This year, unexpected demand and the need to train new staff affected the timeliness of our legislative compliance processes. However, customer satisfaction with our services was good, we retained our Building Consent Authority accreditation and we achieved all our goals for mitigating earthquake risk. Uptake of the Financial Assistance Package was well below the previous year.

## We measure the timeliness of our legislative compliance processes and related services

### Building consents (%) issued within 20 working days

Result: 92% (target: 100%. 2012/13: 100%; 2011/12: 96%; 2010/11: 94%).

Source: WCC Building Compliance and Consents

We have implemented a process change to ensure that we restart the clock in a timely manner when considering further information provided by applicants. This has reduced the overall time that applications are within the Council process, but has resulted in the 'recorded time' for some being longer than 20 working days. We also trained new staff at the start of the year to undertake assessments, which affected this result. We are reviewing the way we process consents to reduce processing times in the future.

### Code Compliance Certificates (%) issued within 20 working days

Result: 99% (target: 100%. 2012/13: 97%; 2011/12: 98%; 2010/11: 99%).

Source: WCC Building Compliance and Consents

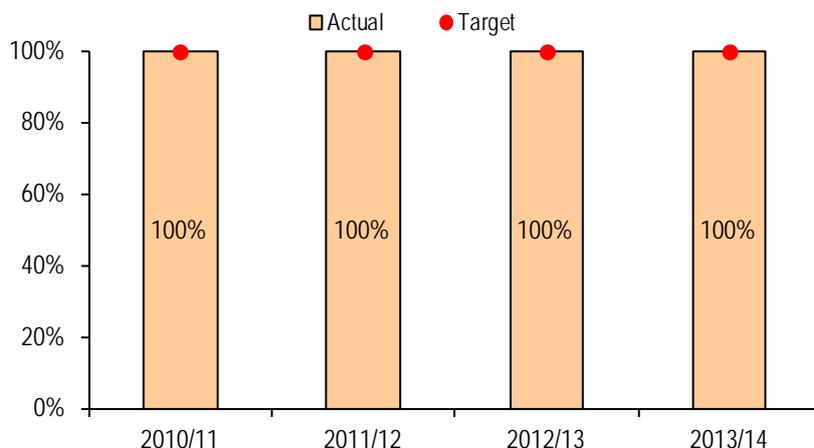
### Land Information Memorandums (LIMs) (%) issued within 10 working days

Result: 91% (target: 100%. 2012/13: 100%; 2011/12: 100%; 2010/11: 100%).

Source: WCC Building Compliance and Consents

For three consecutive months this year, we received a higher than average number of LIM requests, which coincided with a reduced number of staff to process them. Outside of this period we achieved our target.

### Resource consents (non-notified) issued within statutory timeframes (20 working days)



Source: WCC Building Compliance and Consents

**Resource consents (%) that are monitored within three months of project commencement**

Result: 98% (target: 90%. 2012/13: 99%; 2011/12: 91%; 2010/11: 90%).

This year, we monitored 208 of 212 resources consents within 3 months of project commencement.

Source: *City Planning and Design*

**Subdivision certificates (%) – Section 223 certificates issued within 10 working days**

Result: 100% (target: 100%. 2012/13: 100%; 2011/12: 100%; 2010/11: 100%).

This year, we issued 61 section 223 certificates.

Source: *City Planning and Design*

**Noise control (excessive noise) complaints (%) investigated within one hour**

Result: 99% (target: 90%. 2012/13: 98%; 2011/12: 99%; 2010/11: 98%).

This year, we responded to 5,154 noise complaints, of which 5,127 were responded to within one hour.

Source: *City Planning and Design*

**Environmental complaints (%) investigated within 48 hours**

Result: 100% (target: 98%. 2012/13: 98%; 2011/12: 99%; 2010/11: 98%).

This year we responded to 249 of the 250 environmental complaints within 48 hours.

Source: *City Planning and Design*

## We measure the satisfaction of the services we provide

**Customers (%) who rate building control services as good or very good**

Result: 69% (target: 70%. 2012/13 70%).

Source: *WCC GetSmart User Survey*<sup>7</sup>

**Customers (%) who rate development control services as good or very good**

Result: 76% (target: 70%. 2012/13: 53%).

Source: *WCC Development Control Services Customer Satisfaction Survey*<sup>8</sup>

## We measure the standard of the services we provide

**Building Consent Authority (BCA) accreditation retention**

Result: Retained (target: to retain status. 2012/13: retained; 2011/12: retained; 2010/11: retained).

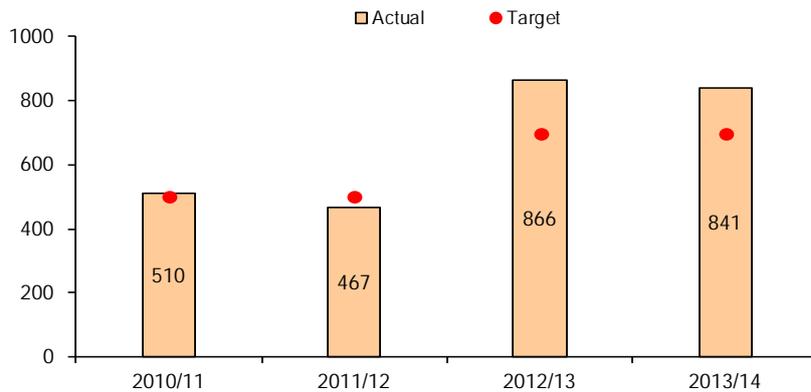
Source: *WCC Building Compliance and Consents*

<sup>7</sup> This is an online post-application survey of building consent applicants. This year, we received 272 responses.

<sup>8</sup> This is an online post-application survey of resource consent applicants. This year, we received 51 responses to surveys.

## We measure our progress on earthquake risk mitigation

### Potentially earthquake-prone buildings assessed



This year, we completed 841 assessments, which is 120% of our target of 700 assessments for the year. At 30 June 2014, a total of 5,184 buildings had been assessed since the programme began and 146 assessments were still to be completed.

Source: WCC Earthquake Resilience

### Earthquake prone building notifications (section 124) (%) that are issued without successful challenge

Result: 100% (target: 100%. 2012/13: 100%; 2011/12: 100%; 2010/11: 100%).

At 30 June 2014, we had one building subject to a challenge that was yet to be finalised by the Ministry of Business, Innovation and Employment.

Source: WCC Earthquake Resilience

### Earthquake strengthened Council buildings – programme achievement

Result: Achieved. See “What we achieved” above.

Source: WCC Earthquake Resilience

## We measure uptake of the Financial Assistance Package (FAP)

### Weather-tight houses – Financial Assistance Package (number of claims accepted and number of remediations claimed)

We accepted three claims and had four remediations claims. (no target. 2012/13: 49 claims accepted and 23 remediations claimed)

Source: WCC Financial Planning

# Transport – Waka

## **Effective cities have effective transport**

Successful cities have two things in common: it's easy for people to get together - that's how innovation happens - and they have strong connections where it is easy to move people and goods around.

On that score, Wellington already has a well-performing transport network. The inner city is pedestrian-friendly and by national standards residents are high users of public transport.

But as the city grows and behaviour changes, more demand will be placed on our transport network. We will need to move people and goods to and through the city more quickly.

Successful cities are also eco-cities where pollution and carbon emissions are low.

## **We work with others to deliver**

Much of our transport work is done in partnership. We are working with the New Zealand Transport Agency on improvement to key arterial routes and planning with the Greater Wellington Regional Council and others to find the right solutions for our city and the region in the future.

Increasing the resilience of our transport network is an ongoing challenge, with earthquakes and slips being the major risks.

Better connections from the state highway network to the airport is also a challenge. While the city is compact and travel times are relatively short, there are bottle necks on some key routes at peak hours.

## **Wellington has an effective transport network**

Wellington has a relatively safe and efficient transport network with high levels of public transport use and a high proportion of people who walk to and from work.

We have a transport system that our residents agree is convenient and easy to use. The network is also safe with the number and social cost of road crashes decreasing substantially in recent years.

We have an effective public transport network that our residents used more than 35 million times this year. A minority of residents use cars to access the central city and total fuel used on Wellington roads has decreased in recent years.

We are also improving the quality and accessibility of our cycling network to offer residents another alternative to private motor vehicles.

## **We're improving the network all the time**

This year we:

- obtained approval from the New Zealand Transport Agency (NZTA) for a comprehensive Johnsonville roading upgrade
- worked in partnership with the NZTA on several state highway projects
- completed investigation and design work for earthquake-strengthening the Hataitai Bus Tunnel
- completed the Tawa Valley walking and cycling path
- transitioned our parking services to an in-house service, which started on 1 July 2014.

## Our transport activities contribute to us being:

**People centred:** They provide people with accessible and safe transport choices, from their homes to shops, for work, recreation and pleasure, including walkways and bikeways.

**Connected:** They allow people to connect with people and places in the central city for businesses, work or leisure.

**An eco-city:** They reflect a commitment to sustainable, safe and efficient transport choices, including walking and biking.

**A dynamic central city:** They provide for easy and affordable movement to and around the central city, especially by walking. They link people with places, events and activities and with commerce, business and trade.

# 7.1 Transport

## Waka

We manage the transport network so it is sustainable, safe and efficient

### What we do:

Between 200,000 and 300,000 people use some form of the city's transport network every day, including city residents, commuters and visitors.

Wellingtonians are enthusiastic users of public transport and an effective public transport network helps reduce congestion and reduces the city's carbon emissions. A high proportion of residents walk and cycle to work instead of using private cars. Our activities include:

- transport planning
- vehicle network
- passenger transport network
- pedestrian and cycle network
- network-wide control
- road safety.

### What we achieved

**We worked with the New Zealand Transport Agency (NZTA) and Greater Wellington Regional Council (GWRC) on major projects.** We obtained funding approval from the NZTA for the detailed design of a comprehensive roading upgrade in central Johnsonville. Construction work is planned to start in late 2014 and to be completed in 2015.

We provided technical advice on several projects including the Basin Bridge, Memorial Park, Karo Drive, and Buckle Street to Cobham Drive improvements. We also provided expert witness evidence to the Basin Bridge Board of Inquiry.

The Regional Land Transport Committee adopted a Bus Rapid Transit (BRT) option to operate on the core public transport spine between the Railway Station and Wellington Hospital (and beyond). We are working with GWRC and the NZTA to establish governance and project management structures for this project.

**We improved the resilience of the roading network and completed remedial and upgrade work around the city.** We completed investigation and design work for earthquake-strengthening the Hataitai Bus Tunnel. We continued remedial work on the Aotea Quay Bridge and completed 104 bridge condition assessments. We also renewed 11 existing retaining walls and built 11 new retaining walls.

After the June 2013 storm, we repaired 25 sites along the South Coast. This remedial work will continue over the next two years. We also provided project or site-specific approvals for 279 roads or part roads to enable the rollout of Ultrafast Broadband.

**We expanded and upgraded the pedestrian and cycle networks.** The Tawa Valley walking and cycling path was completed in May 2014. We completed plans for protected cycle lanes in Island Bay. We also developed cycle network plans for Tawa, Newtown, Berhampore, Kilbirnie, Lyall Bay, Miramar and Strathmore. We installed 25 cycle racks around the city, installed 152 cycle boxes at intersections in the Central Business District and marked a cycle lane in Evan's Bay Parade. We also repaired 108 bus shelters, and 2.7 km of handrails and safety fences.

**We improved road safety.** We received 734 submission during our consultation on a proposal to lower the speed limit to 30kmh through most of the Central Business District. If approved, we expect the new speed limit to be introduced by the end of 2014. We continued minor safety works aligned to the NZTA Safer Journeys programme, which focused on accident black spot locations. This included driver feedback signs, school safety and speed limits.

## What it cost

<b>Operating Expenditure (\$000)</b>	<b>Actual 2014</b>	<b>Budget 2014</b>	<b>Variance 2014</b>	<b>Actual 2013</b>
<b>7.1.1 Transport Planning<sup>1</sup></b>				
Expenditure	1,038	637	(401)	400
Revenue	(135)	(41)	94	(70)
Net Expenditure	903	596	(307)	330
<b>7.1.2 Vehicle network<sup>2</sup></b>				
Expenditure	21,362	21,866	504	20,784
Revenue	(4,459)	(1,260)	3,199	(4,967)
Net Expenditure	16,903	20,606	3,703	15,817
<b>7.1.3 Cycle network<sup>3</sup></b>				
Expenditure	441	519	78	313
Revenue	(10)	(20)	(10)	(18)
Net Expenditure	431	499	68	295
<b>7.1.4 Passenger transport network<sup>4</sup></b>				
Expenditure	1,552	1,719	167	1,309
Revenue	(997)	(1,001)	(4)	(974)
Net Expenditure	555	718	163	335
<b>7.1.5 Pedestrian network<sup>5</sup></b>				
Expenditure	6,008	6,177	169	6,032
Revenue	(112)	(39)	73	(139)
Net Expenditure	5,896	6,138	242	5,893
<b>7.1.6 Network-wide control and management</b>				
Expenditure	6,125	6,432	307	5,763
Revenue	(1,759)	(2,053)	(294)	(1,545)
Net Expenditure	4,366	4,379	13	4,218
<b>7.1.7 Road safety</b>				
Expenditure	5,811	5,970	159	5,410
Revenue	(1,525)	(1,851)	(326)	(1,245)
Net Expenditure	4,286	4,119	(167)	4,165

<b>Capital Expenditure (\$000)</b>	<b>Actual 2014</b>	<b>Budget 2014</b>	<b>Variance 2014</b>	<b>Actual 2013</b>
<b>7.1.2 Vehicle network<sup>6</sup></b>				
Expenditure	19,278	20,417	1,139	27,675
Unspent portion of budget to be carried forward	n/a	1,300		n/a
<b>7.1.3 Cycle network</b>				
Expenditure	1,886	1,729	(157)	1,353
Unspent portion of budget to be carried forward	n/a	-		n/a
<b>7.1.4 Passenger transport network</b>				
Expenditure	171	165	(6)	1,033
Unspent portion of budget to be carried forward	n/a	-		n/a
<b>7.1.5 Pedestrian network<sup>7</sup></b>				
Expenditure	3,775	4,820	1,045	4,674
Unspent portion of budget to be carried forward	n/a	-		n/a
<b>7.1.6 Network-wide control and management<sup>8</sup></b>				
Expenditure	1,891	2,140	249	2,529
Unspent portion of budget to be carried forward	n/a	-		n/a
<b>7.1.7 Road safety<sup>9</sup></b>				
Expenditure	1,873	2,201	328	2,542
Unspent portion of budget to be carried forward	n/a	203		n/a

1 Over budget due to unbudgeted costs relating to the Board of Inquiry for the Basin Reserve Flyover and the Vanessa Green Coroner's Inquest.

2 Under budget due to assets which have been vested to Council. The value of these assets is reflected as income. Also depreciation and interest expenditure is less than budgeted.

3 Under budget due to lower depreciation expenditure.

4 Under budget due to lower interest expenditure and favourable bus shelter advertising revenue.

5 Under budget due to lower depreciation expenditure and due to assets which have been vested to Council. The value of these assets is reflected as income.

6 Under budget mainly due to the reprogramming of the Hataitai bus tunnel upgrade into 14/15 and due to the purchase of Aotea Quay land not proceeding.

7 Under budget mainly due to a decision not to proceed with the rollout of new rubbish bins on the back of trial results and savings on the footpath renewal programme.

8 Under budget due to savings in sign renewals.

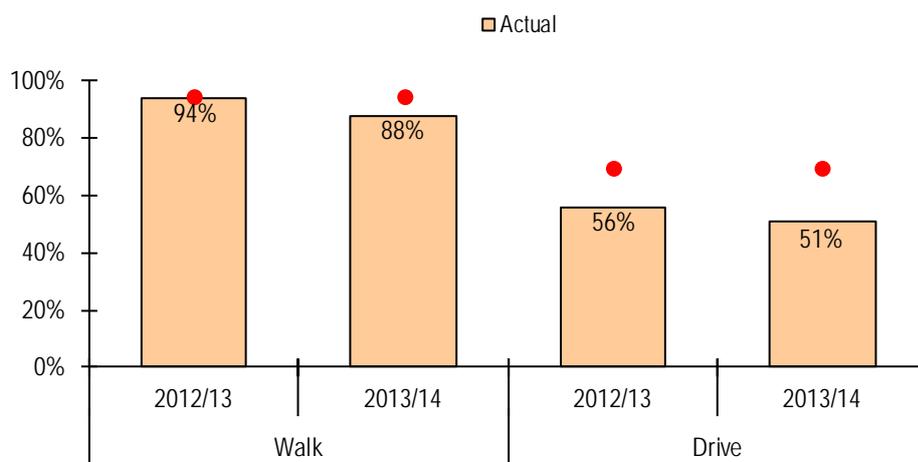
9 Under budget mainly due a delay in the supply of components required for street lighting renewals. Savings were also achieved in some renewal projects relating to fences and guardrails.

## How we performed

We had decreases in resident perceptions of the ease of movement around the city, although peak travel times between the CBD and suburbs were similar to last year. We achieved most targets for the quality of our transport infrastructure but we failed to achieve our satisfaction measures for transport infrastructure.

### We measure the efficient movement of people and goods

**Residents (%) agreement that the transport system allows easy movement around the city – vehicle users and pedestrians**



Source: WCC Residents Monitoring Survey

### Peak travel times between CBD and suburbs

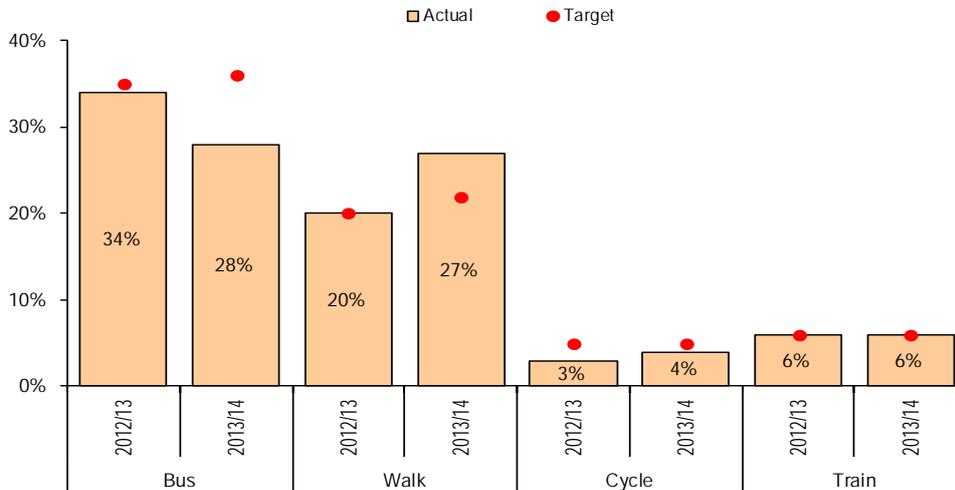
	2009/10	2010/11	2011/12	2012/13	2013/14
<b>Miramar</b>	8.5-19.0	9.0-19.0	8.0-20.0	10.0-15.0	11.0-13.3
<b>Karori</b>	8.0-23.0	8.0-20.0	8.5-27.0	9.0-24.0	10.8-13.4
<b>Island Bay</b>	8.0-16.5	8.0-16.0	7.0-14.0	8.0-21.0	10.4-15
<b>Johnsonville</b>	6.5-22.0	7.0-24.0	7.0-28.0	7.0-26.0	7.8-19.0

Target is to maintain or improve on these times.

Source: City Networks

## We measure the movement towards more sustainable transport options

### Mode of transport into the central city (weekdays)



Source: WCC Residents Monitoring Survey

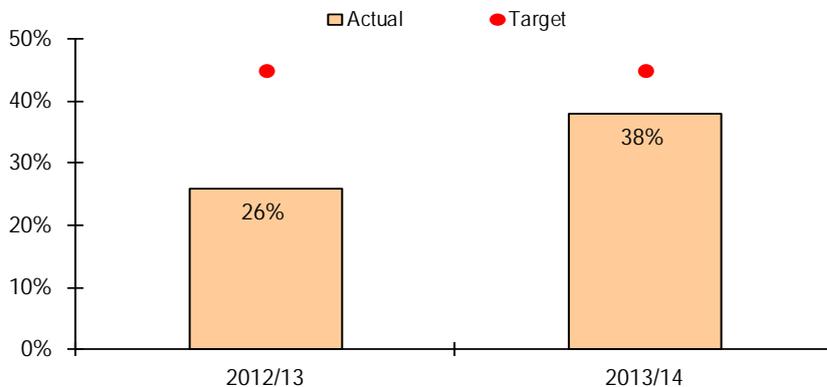
### Cyclists and pedestrians entering the CBD weekdays

Result: 836 cyclists (target: increase from 2012/13. 2012/13: 862);  
5,875 pedestrians (target: increase from 2012/13. 2012/13: 5,480).

Source: City Networks

We measure this performance standard using a one week survey in March each year. Results can vary from year to year depending on weather conditions when the survey is conducted. In the 2013 census, 3.5% of Wellington City residents cycled to work and 17.3% walked to work. This compared to the 2006 census when 2.1% cycled and 15.3% walked to work.

### Primary school children (%) who walk to and from school daily



Source: WCC Residents Monitoring Survey

This result is a significant improvement from 2012/13. Over the past four years we have developed relationships with 26 Wellington schools through the School Travel Plan programme. This year, we worked closely with 15 Wellington schools to look at road safety for children travelling to and from school, and investigate ways to encourage more children to walk or scooter to school. Initiatives include needs assessments for individual schools, peer-led active transport promotion, the development of drop off zones and student involvement in road engineering improvements to remedy identified road safety issues.

### Cable car passenger numbers

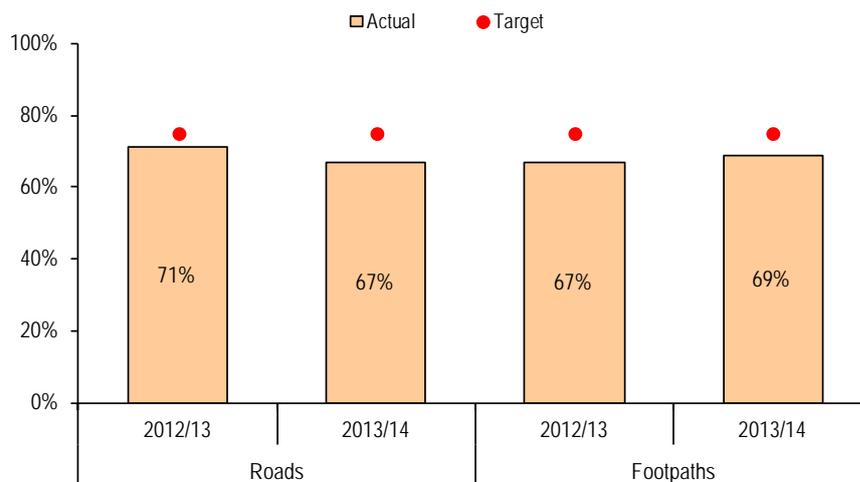
Result 953,101 passengers (target: 1,084,400. 2012/13: 1,060,458; 2011/12: 1,067,634)

Patronage was affected by construction related breakdowns in the first half of the year and a mild winter. Improved bus routes and initial lack of availability of Snapper continued to reduce student passenger numbers. Snapper was added as a payment option on the Cable Car in February 2014.

Source: Wellington Cable Car Ltd

## We measure the standard of transport infrastructure and service

### Residents (%) condition rating of the network – roads and footpaths (good and very good)



Source: WCC Residents Monitoring Survey

Chorus has carried out more trenching work on roads and footpaths as part of the roll-out of the Ultra-fast Broadband initiative, which may have contributed to this result.

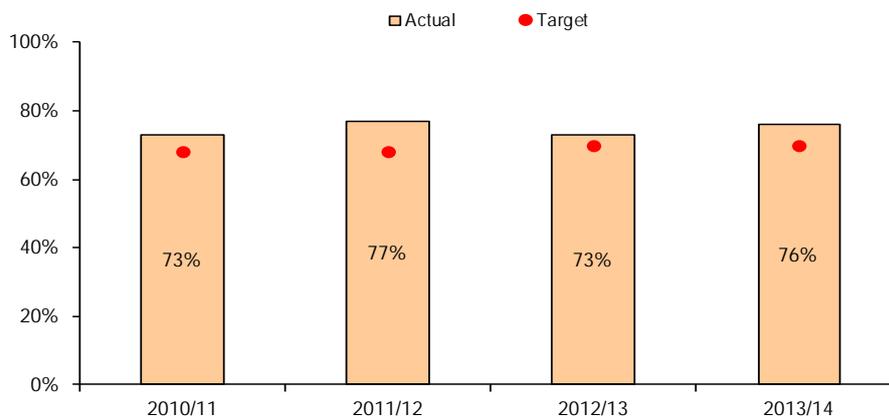
### Requests for service

Result: we responded to 84% of urgent requests for service within two hours (target: 100%. 2012/13: 97%; 2011/12: 97%; 2010/11: 100%) and 89% of non-urgent request for service within 15 days (target: 100%. 2012/13: 96%; 2011/12: 97%; 2010/11: 100%).

Source: City Networks

Performance was adversely impacted by the June 2013 storm and the July 2013 earthquake, when resources were redirected to address the highest priority urgent response work.

### Roads (%) which meet smooth roads standards (smooth roads – measured by Smooth Travel Exposure based on NAASRA counts)



Source: City Networks

### Footpath condition rating - % compliant with WCC standards

Result: 97% (target: 97%. 2012/13: 92%; 2011/12: 97%; 2010/11: 97%)

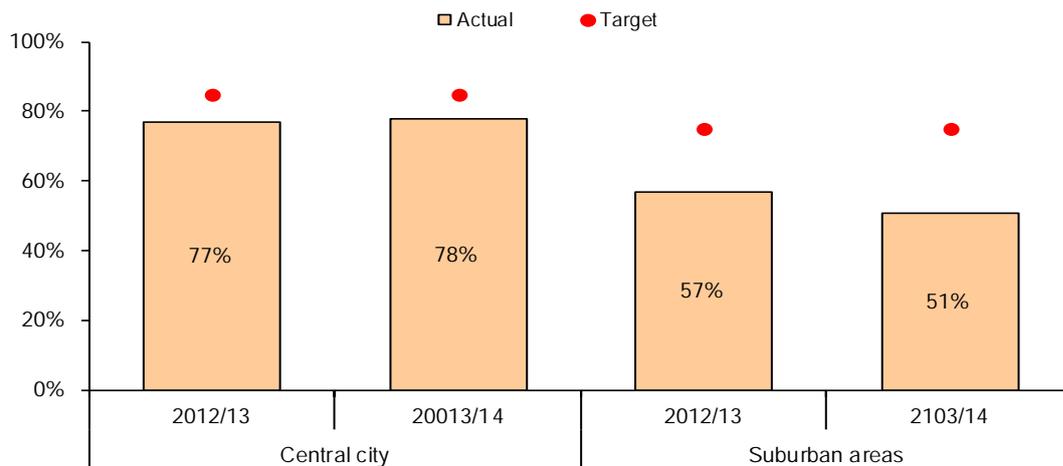
Source: City Networks

### Street lighting (%) for major roads (arterial, principal and collector roads) meets national standards

Result: 93% of lights comply (target: 100%. 2012/13: 93%; 2011/12: 94%; 2010/11: 93%).

Source: City Networks

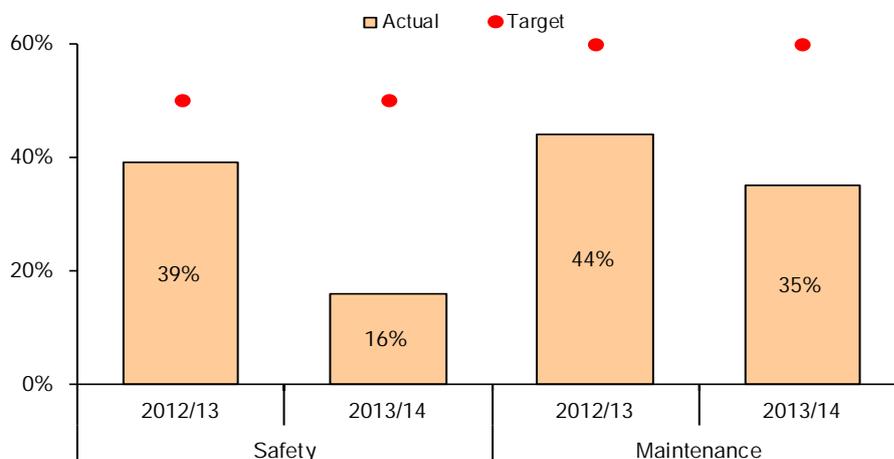
### Residents (%) satisfaction with street lighting in the central city and suburban areas



Source: WCC Residents Monitoring Survey

The street lighting network is jointly maintained by the Council and Wellington Electricity. The storms at the start of the year caused significant street lighting outages. These were not repaired in a timely manner because higher priority issues were being attended to. The Council is investigating the introduction of new street lighting technology (including LED lights) which will improve the quality of the service.

### User satisfaction (%) with the safety and maintenance of cycle ways



Source: WCC Residents Monitoring Survey

Council has undertaken a number of initiatives during the year designed to improve the safety and experience of cycling in the city. These include cycle-friendly grates over sumps, stop boxes for cyclists at intersections and speed limit reductions. The Council also agreed to significantly increase its investment in cycling in the 2014/15 year to improve safety further.

### **Residents (%) who agree that WCC transport network services provided good value for money**

Result: 64% of residents agree that Council transport network provides good value for money (target: 75%. 2012/13: 65%)

Source: *WCC Residents Monitoring Survey*

### **Sea wall and retaining wall condition rating**

Result: 91% of walls are rated '3' or better – '1' being very good and '5' very bad (target: 90%. 2012/13: 91%; 2011/12: 95%).

Source: *WCC Infrastructure*

### **Quarry**

Result: achieved (target: to meet legislative compliance)

Source: *City Networks*

## **We measure progress towards increasing transport safety**

### **Road casualties (per 10,000 population):**

Targets (maximum per 10,000 population): Vehicle 15.2; Pedestrians 4; Cyclists 3.3

	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>
<b>Vehicles</b>	47.2	29.2	26.3	12.9
<b>Pedestrians</b>	3.7	3.7	3.3	3.1
<b>Cyclists</b>	3.3	2.3	3.3	3.2

Source: *NZ Transport Agency*

## 7.2 Parking

### Ratonga tūnga waka

Parking in the CBD is important for shoppers, tourists, and those working and visiting the city

### What we do

We provide about 10% of the parking in central Wellington. This consists mainly of on-street parking with the addition of some off-street parking.

### What we achieved

**We transferred contracted parking services back in house** with the new service taking effect 1 July 2014.

### What it cost

<b>Operating Expenditure (\$000)</b>	<b>Actual 2014</b>	<b>Budget 2014</b>	<b>Variance 2014</b>	<b>Actual 2013</b>
<b>7.2.1 Parking<sup>1</sup></b>				
Expenditure	11,553	11,154	(399)	10,702
Revenue	(24,734)	(26,792)	(2,058)	(25,427)
Net Expenditure	(13,181)	(15,638)	(2,457)	(14,725)
<b>Capital Expenditure (\$000)</b>	<b>Actual 2014</b>	<b>Budget 2014</b>	<b>Variance 2014</b>	<b>Actual 2013</b>
<b>7.2.1 Parking</b>				
Expenditure	1	1	-	(3)
Unspent portion of budget to be carried forward	n/a	-		n/a

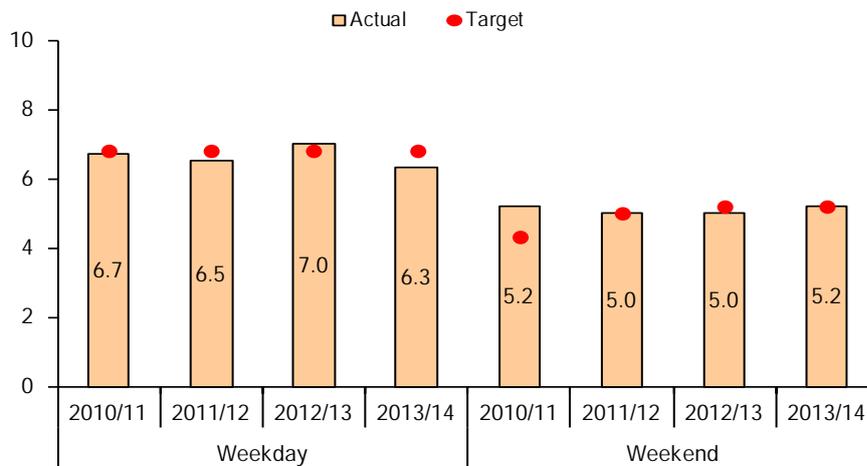
<sup>1</sup> Over budget due to lower enforcement revenue and one off costs associated with transitioning parking enforcement from an external contractor to an internal Council team.

### How we performed

Parking compliance and demand performance is good. However residents have concerns about the parking availability.

## We measure the standard of the provision of parking

### On-street car park turn-over rates (cars per day) – weekdays and weekends



Source: WCC Community Networks

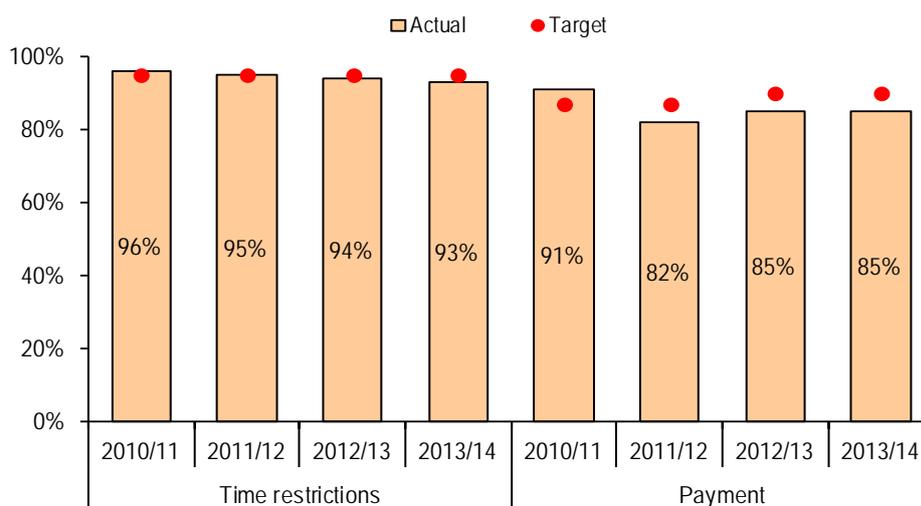
### On-street car park average occupancy (%)

Result: Overall occupancy 74% (target: 75%. 2012/13: 75%; 2011/12: 65%; 2010/11: 76%)

Zone	Weekday occupancy	Weekend occupancy
Cable / Civic	61%	91%
Cuba / Tory / Courtenay	64%	84%
Lambton / Terrace / Aitken	84%	81%

Source: WCC Infrastructure

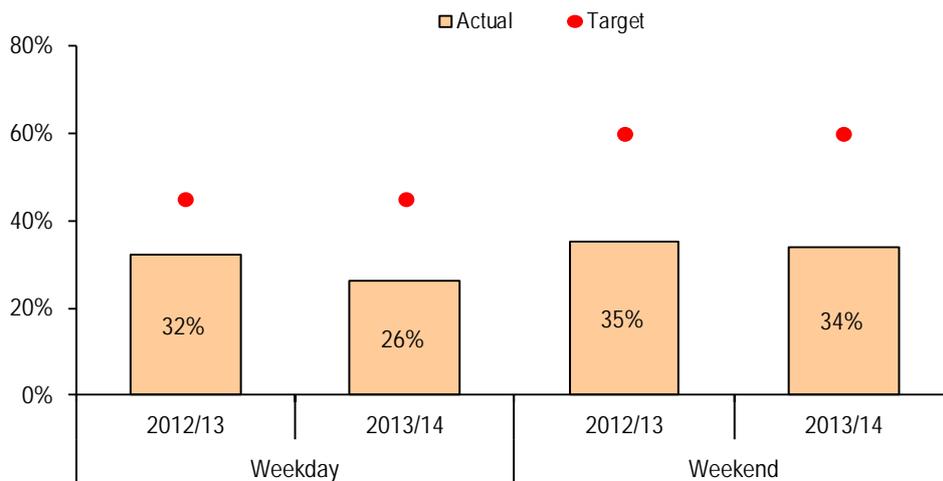
### On-street car park compliance – time restrictions and payment



We measure the percentage of cars that comply with the two hour time restriction for on-street parking and the percentage of occupied car parks that have had an appropriate payment made.

Source: WCC Community Networks

### Residents satisfaction with the availability of on-street car parking



Source: WCC Residents Monitoring Survey

We are working with the retail and hospitality sectors to explore options for a more targeted approach to parking fees and time limits. Our intention is to ensure there are a reasonable number of car parks available in different parts of the city at different times of the day.

A number of private car parking buildings are still out of operation following earthquake events during the year, although this hasn't significantly affected the demand for and use of on-street car parking. We expect some of these parking buildings to be reopened during 2014/15.

### Residents' perceptions (%) that parking enforcement is fair

Result: 33% of residents believe that parking enforcement is fair (target: increase from previous year. 2012/13: 33%).

Source: WCC Residents Monitoring Survey

# A well-managed city – the financial overview

The Council has had a strong year financially, with an underlying net surplus of \$1.2 million compared to a breakeven budget. We have delivered our broad range of services at a cost of \$5.82 per resident per day. The Council's fiscal prudence is further illustrated by meeting 12 out of 13 measures within the 2014 benchmarks required to be disclosed under the 2014 legislated Financial Reporting and Prudence benchmarks. This is the first year these benchmarks have been required to be disclosed. Their purpose is to enable an assessment of whether council is prudently managing its finances. They are summarised later in this overview and reported in detail in [section XXX](#).

Following a similar trend to previous years, the Council has not spent all of the funds it had budgeted to invest in renewal and upgrade of its assets. Total capital expenditure for the year was \$128.0 million compared to a budget of \$172.5 million. This variance primarily relates to the deferral of significant upgrade projects including earthquake strengthening of the Town Hall and increasing the capacity of the city landfill along with delays in completion of social housing and swimming pool projects. This trend is likely to continue for the 2014/15 year, for which the Annual Plan has already been set, however a programme is in place to significantly improve the alignment between planned and actual capital expenditure for the 2015-25 Long-term Plan.

## Balanced budget requirement

The Council's financial strategy takes into consideration the level of rate increases, level of borrowings and its ability to 'balance its budget', as required by the Local Government Act requirement.

The Balanced Budget requirement is closely linked to the principle of intergenerational equity, the notion that each generation of ratepayers pays their fair share for the goods and services that they use. As part of this principle, coupled with good financial governance and stewardship, Council aims to ensure:

- Assets are not run down for future generations to pay,
- Debt is not used to fund operating expenditure,
- That debt levels are regularly reviewed to ensure that the projected debt levels will not restrict a future Council's ability to fund new assets through debt, and
- That the operational expenditure implications of capital expenditure decisions are considered.

Council sets its budget so that its Net Surplus includes capital transactions that it is required to show as revenue in the financial statements. For example, subsidies paid by New Zealand Transport Agency (NZTA) to help fund the renewal and upgrade of the Council's roading network are included within the net surplus, while under accounting rules, the related capital expenditure is not.. Council also adjusts this surplus to recognise that there are some expenditure items that it is prudent not to fund. Once these adjustments are made, Council has budgeted for a balanced budget, such that operating revenue equals operating expenditure.

## Underlying operating result

The Council's 'underlying' result is a surplus of \$1.2 million. The underlying net surplus is the sum remaining after removing the impact of non-cash items (which don't impact on the funding requirement from ratepayers i.e. these items are not included in the calculation to be recovered from rates) and capital items (such as grants and development contributions which are received to specifically fund capital expenditure). Financial reporting standards require the Net Surplus<sup>1</sup> to include these transactions, which does not give a clear picture of whether the Council has sufficient Operating Revenue to meet its Operating Expenditure.

To understand the Council's underlying financial performance (whether the Council is operating at an actual surplus or deficit), it is necessary to exclude these non-funded and capital-related transactions from the Net Surplus of \$27.5 million, as shown in the table below.

	<b>Actual 2014 \$M</b>	<b>Budget 2014 \$M</b>	<b>Variance \$M</b>
<b>Reported net surplus</b>	<b>27.5</b>	<b>35.7</b>	<b>(8.2)</b>
<b>Exclude Non-cash funded items</b>			
Vested Assets <sup>2</sup>	(8.5)	0	(8.5)
Fair Value movements <sup>3</sup>	7.8	(0.6)	8.4
Gain/(Loss) and impairment of assets (net)	2.3		2.3
Unfunded depreciation <sup>4</sup>	14.3	14.7	(0.4)
<b>Exclude revenue for capital items</b>			
NZTA Subsidy on capital work	(10.5)	(10.3)	(0.2)
Development Contribution	(5.9)	(5.0)	(0.9)
Housing Upgrade Project Capital Grant and ring-fenced activities	(21.1)	(27.3)	6.2
Bequests, trust and other external funding	(2.2)	(1.5)	(0.7)
<b>Other adjustments</b>			
Transfers to provisions & reserves	(5.7)	(5.7)	0
Additional net expenditure on Wellington Waterfront and Venues Projects and Joint Ventures with Porirua	5.0	0	5.0
Less variance from Ring-fenced activities	(1.8)		(1.8)
<b>Underlying surplus</b>	<b>1.2</b>	<b>0</b>	<b>1.2</b>

The variance between the underlying net surplus and budget is made up as follows:

<sup>1</sup> As reported in the Statement of Comprehensive Financial Performance.

<sup>2</sup> Vested Assets are assets where the ownership of the asset have been transferred to the Council and are non-cash in nature.

<sup>3</sup> Fair Value movements describes the change in market value for assets that are revalued, these movements are non-cash in nature and primarily relate to annual Investment Property revaluations.

<sup>4</sup> Unfunded depreciation is the amount of depreciation that is not funded by rates and relates mainly to roading assets that are funded by NZTA and sewerage treatment assets where the operator has responsibility for asset renewal.

	<b>\$m</b>
Restatement of weathertight homes provision	(2.9)
Insurance costs (net of recoveries) funded through self insurance reserve	(1.2)
<b>Total unbudgeted revenue/expenditure</b>	<b>(4.0)</b>
<b>Significant variations from budget</b>	
Decrease in rates revenue	(0.5)
Decrease in income from activities	(1.1)
Dividends in excess of budget (including Wellington International Airport Limited)	2.2
Decrease in net interest expense	1.8
Decrease in depreciation	1.2
Other net variances <sup>1</sup>	1.6
<b>Total significant variations from budget</b>	<b>5.2</b>
<b>Council underlying variance excluding ring-fenced amounts</b>	<b>1.2</b>

## Council Financial Performance

### Net Surplus<sup>5</sup>

The Net Surplus is the difference between the expenses the Council incurred during the year and the income the Council received.

The Council recorded a net surplus of \$27.5 million. The budgeted net surplus was \$35.7 million. The net surplus for the year was \$8.2 million less than budgeted. The key reasons for this variance are summarised in the preceding table.

In addition to transactions that make up the net surplus, the Statement of Comprehensive Financial Performance also includes the impact of revaluation of property, plant and equipment and other fair value adjustments. While not impacting on the Council's funding requirement they do have an impact on Council equity.

In the 2014 year Council undertook its triennial revaluation of its infrastructural assets, which include water, wastewater, stormwater and roading assets. The 2013/14 Annual Plan budgeted for an increase of \$176.1 million arising from this revaluation, reflecting the anticipated value uplift since the last revaluation.

The actual revaluation of these assets resulted in a decrease in asset values of \$45.4 million due to the following factors:

- The valuation on the replacement of assets using more modern technologies has meant that it is cheaper to replace existing assets than were used during the previous revaluation calculation, and
- During the year the Council also undertook a comprehensive review of its asset information to improve the accuracy and detail of its infrastructure asset management plans.

<sup>5</sup> Annual Report, Statement of Comprehensive Financial Performance, page **XX**

The reduction in asset values caused by revaluation are non-cash in nature and are restating the Council's assets (that are being revalued) into current dollar value after taking into account asset condition and remaining life of the asset. This revaluation reduction equates to 0.7% of total fixed asset value of \$6.5 billion, and is a minor adjustment in the overall value of the Council's assets. The decrease in the asset revaluation is offset by an increase in value of the cash flow hedges of \$9.5 million.

As a result of these non-cash movements, the Council has ended the financial year with a Comprehensive Expense of \$8.3 million. This Comprehensive Expense reduces the overall equity of the Council by approximately 0.1%. This is explained further in the Financial Position and Changes In Net Worth sections of this overview.

## Income

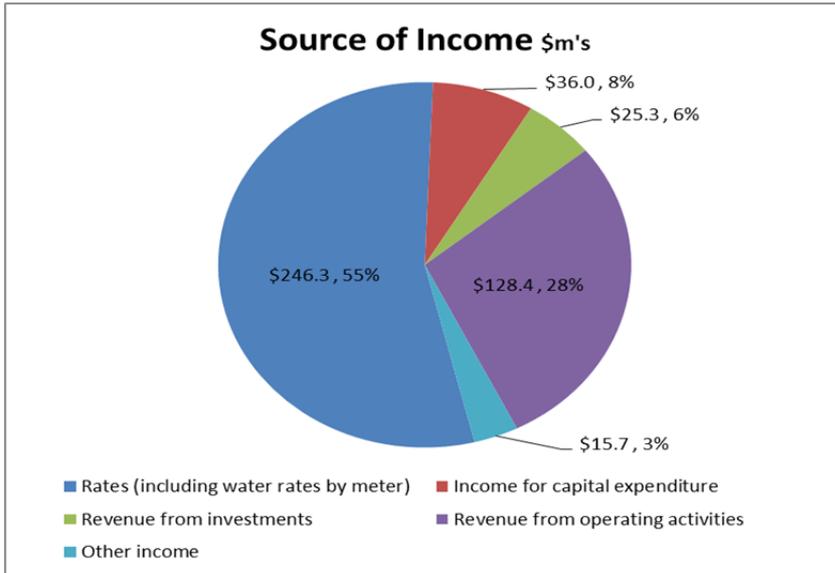
### Deciding who pays

When the Council is deciding how to fund an activity (whether to use rates, user charges or other sources of income), we consider:

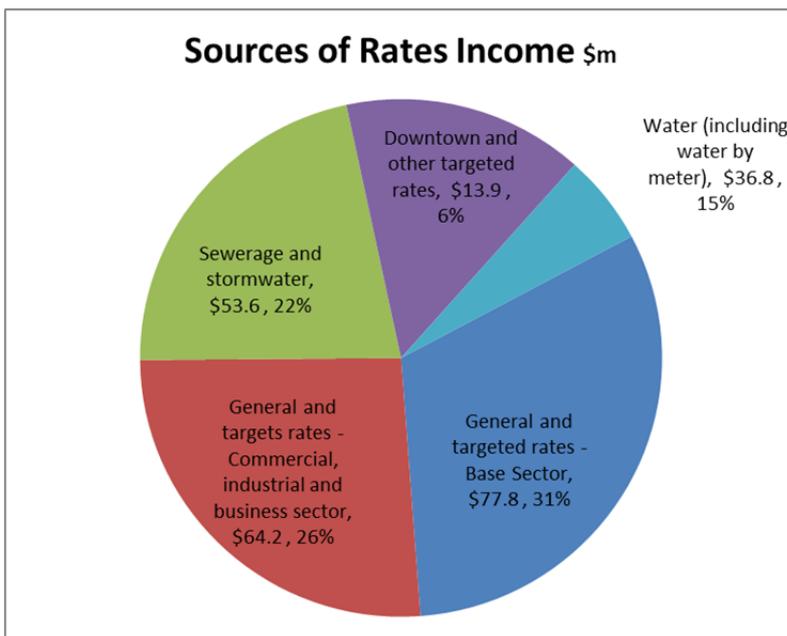
- **community outcomes** that the activity contributes to
- **who benefits** – individuals, identifiable parts of the community, or the community as a whole
- the **timeframe** in which the benefit occurs – for example, an asset that lasts for several generations will generally be funded initially through borrowing – with ratepayers paying their share each year by funding depreciation on the asset (which pays off borrowing), so that everyone who benefits, present and future, contributes.

The Council's Revenue and Financing Policy sets out how each activity will be funded based on these criteria. The policy is available on our website [www.Wellington.govt.nz](http://www.Wellington.govt.nz)

The Council received total income of \$451.7 million during the year compared to a budget of \$424.4 million. The variance is largely due to unbudgeted revenue arising from Vested Assets, Wellington Waterfront Projects, Wellington Venues and a share in joint ventures with Porirua City Council.



Rates are the main source of funding for the Council, with revenue from operating activities, which includes user fees, being the next largest source. Other sources of income for the Council include income for capital expenditure, income from interest and dividends.

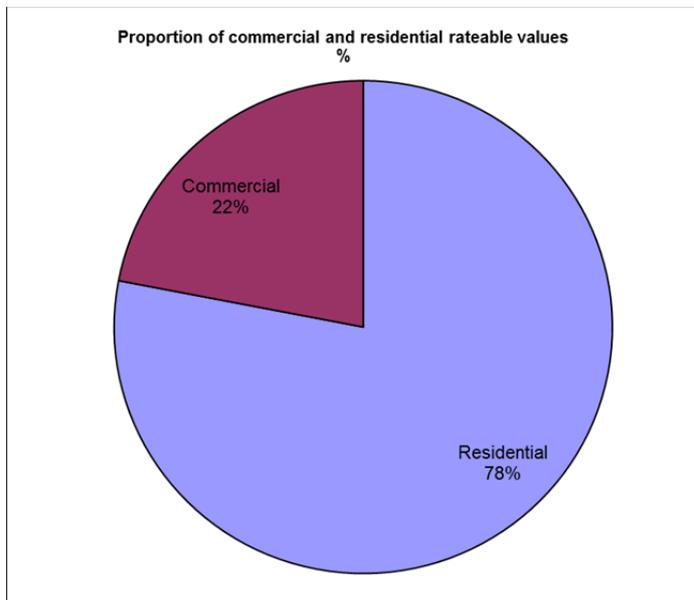
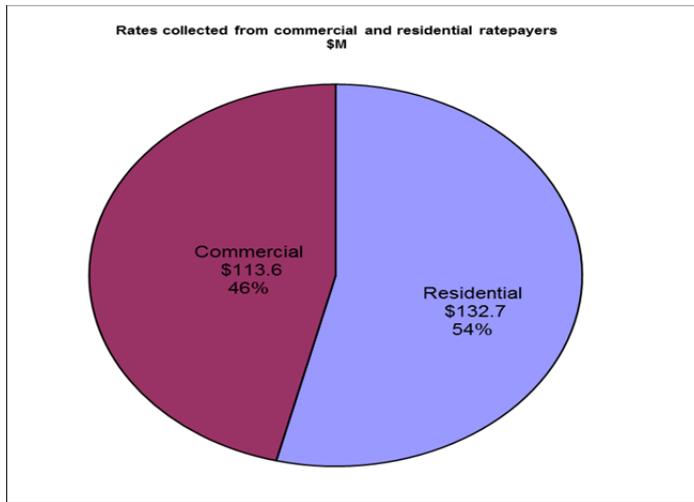


The Council received \$246.3 million of income from rates.<sup>6</sup> Rates income includes general rates levied on properties and a range of targeted rates including water, stormwater and sewerage rates, along with sector and area based rates.

General rates revenue is collected based on property rateable values. The Council currently applies a general rates differential of 2.8:1. This means that commercial properties pay 2.8 times more general

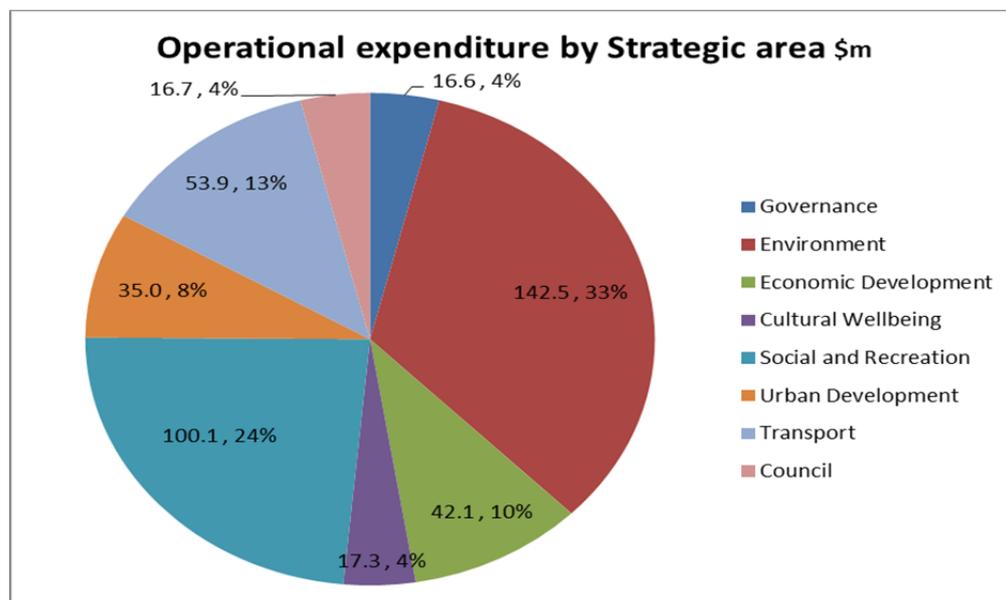
<sup>6</sup> Annual Report, Notes to the financial statements, Note 1: Revenue from rates, page XX

rates per dollar of rateable value than non-commercial properties. This impacts on the value of total rates collected from each sector as shown in the graphs below.



## Expenses<sup>7</sup>

The total expenses incurred by the Council during the year were \$418.2 million which represents the cost of running the city during the year. The activities of the Council are divided into seven strategic areas of focus:



**Governance** includes community engagement, Council elections and meetings.

**Environment** includes water supply, stormwater and sewerage, landfills and Kiwi Point Quarry. Also includes maintaining and protecting parks, botanic gardens, coastlines and open spaces.

**Economic development** includes supporting and attracting major events and promoting Wellington overseas and locally.

**Cultural wellbeing** includes support of the Wellington Museums Trust and events in the city, Wellington City Archives and Toi Poneke.

**Social and recreation** includes the libraries network, swimming pools, recreation centres, cemeteries, social housing, marinas, sportsfields, playgrounds and skate parks.

**Urban development** includes assessing building consent and resource consent applications, providing funding for heritage buildings and to develop streets and other public areas.

**Transport** includes maintaining and developing the city's transport networks and providing on-street parking spaces.

The table below shows the cost per Wellington resident<sup>8</sup> per day for each strategic area.

<sup>7</sup> Annual Report, Statement of Comprehensive Financial Performance, page XX

**Cost per strategic area per resident per day**

<b>Strategic area</b>	<b>Total cost \$M</b>	<b>Cost per resident per year \$</b>	<b>Cost per resident per day \$</b>
Governance	16.6	83	0.23
Environment	142.5	712	1.95
Economic development	42.1	210	0.58
Cultural wellbeing	17.3	86	0.24
Social and recreation	100.1	500	1.37
Urban development	35.0	175	0.48
Transport	53.9	269	0.74
Council	16.7	83	0.23
	<b>\$424.2</b>	<b>\$2,118</b>	<b>\$5.82</b>

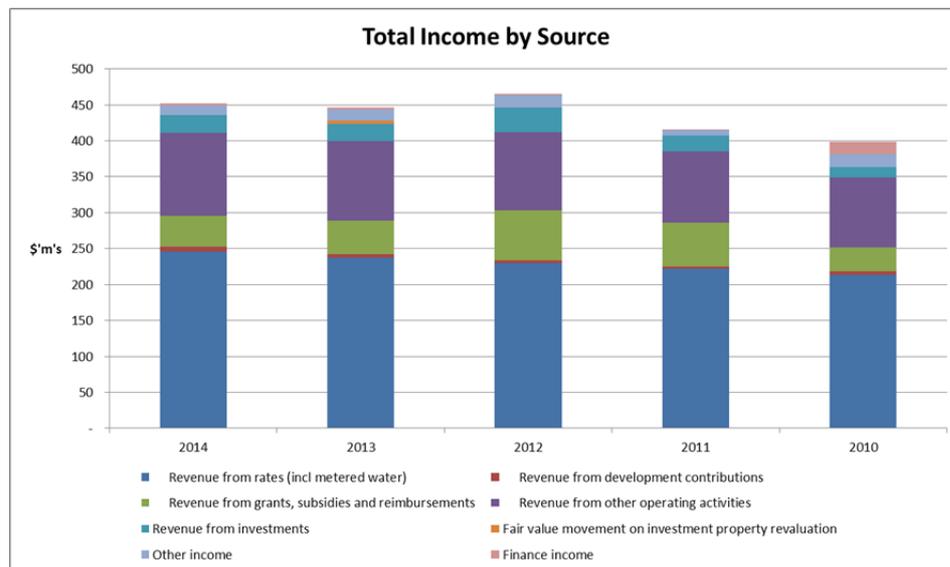
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<sup>8</sup> Estimated city population to be 200,100 by Statistics New Zealand

# Council's performance over time

This section sets out Council's performance over the last 5 years.

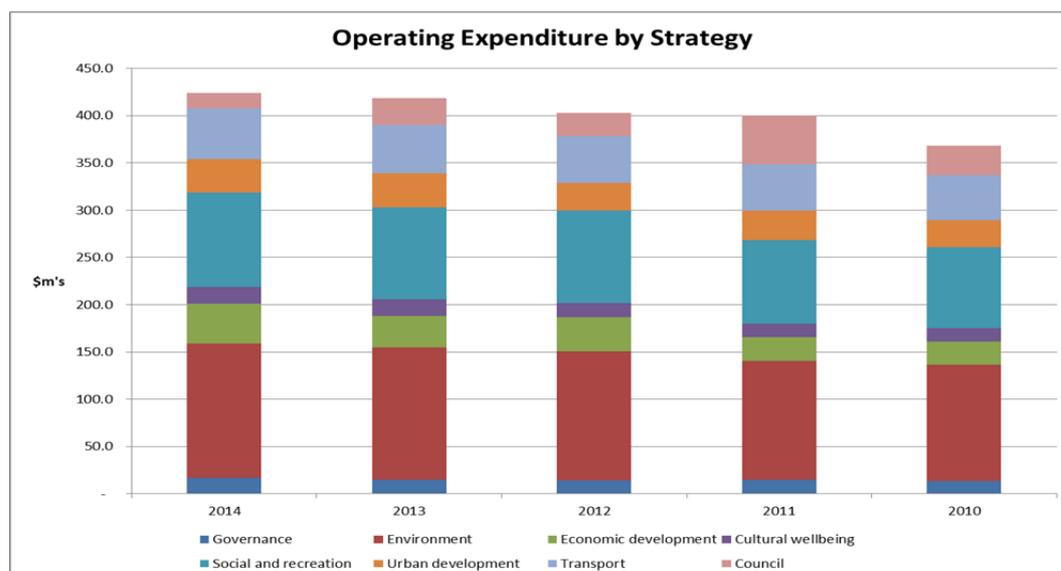
## Income



The Council's revenue is particularly influenced by the amount of grants it receives for capital expenditure in any one year. This varies dependant on the annual capital expenditure programme to be funded as shown by higher 2012 revenue levels resulting from an increase in housing grants received.

## Operating Expenditure

The level of operating expenditure for each of strategic areas over time, is summarised below.



# Financial Position

## Changes in Net Worth

This section explains the financial position of the Council, focussing on its net worth (equity), capital expenditure and debt.

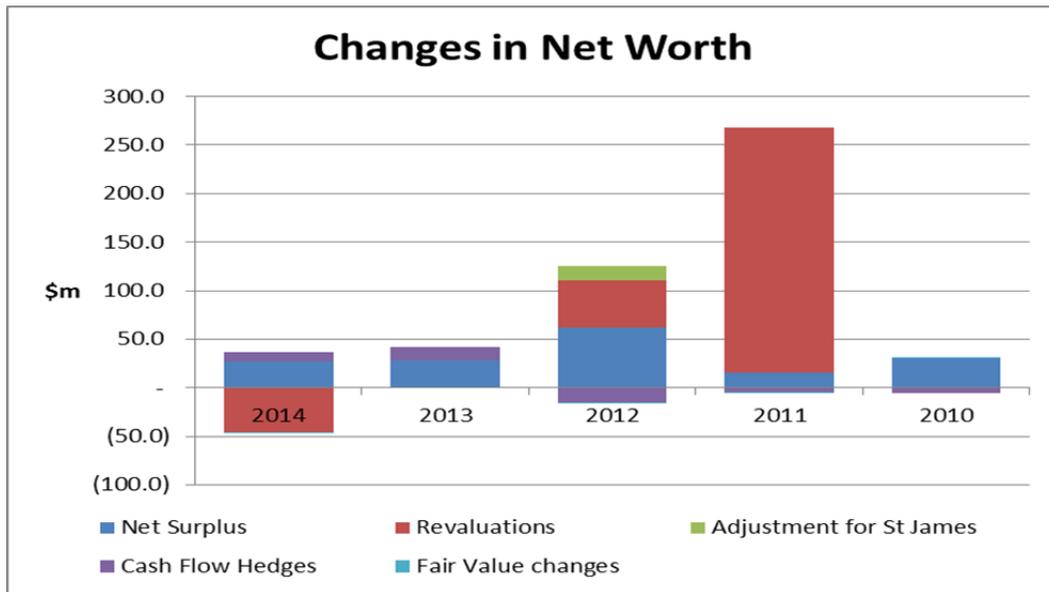
### Summary Statement of Changes in Equity

	Council			Group	
	Actual 2014 \$M	Budget 2014 \$M	Actual 2013 \$M	Actual 2014 \$M	Actual 2013 \$M
<b>Equity at the beginning of the year</b>	<b>6,348.3</b>	<b>6,358.6</b>	<b>6,306.3</b>	<b>6,510.7</b>	<b>6,466.2</b>
Net surplus for the Year	27.5	35.7	28.2	31.0	30.4
Other comprehensive income / (expense)	(35.8)	176.1	13.8	(37.6)	14.1
<b>Total comprehensive income/(expense) for the year</b>	<b>(8.3)</b>	<b>211.8</b>	<b>42.0</b>	<b>(6.6)</b>	<b>44.5</b>
<b>Equity - closing balances</b>					
Accumulated funds and retained earnings	4,953.6	4,986.0	4,923.0	5,005.0	4,970.9
Revaluation reserves	1,372.0	1,593.8	1,417.3	1,482.0	1,529.1
Hedging reserve	(0.4)	(23.9)	(10.0)	(0.4)	(10.0)
Fair value through other comprehensive income reserve	0.1	0.6	0.1	0.1	0.1
Restricted funds	14.7	13.9	18.0	17.4	20.6
<b>Total Equity - closing balance</b>	<b>6,340.0</b>	<b>6,570.4</b>	<b>6,348.4</b>	<b>6,504.1</b>	<b>6,510.7</b>

Net worth is the difference between the total assets and the total liabilities of the Council. Net worth is represented in the financial statements by the balance of equity.

The net worth of the Council at the end of the year was \$6,340.0 million, a decrease of \$8.3 million or 0.1% from the previous year. The main reasons for the reduction in Net Worth are a decrease in asset values as a result of infrastructure revaluation offset by the fair value movement in the Councils cash flow hedges.<sup>9</sup>

<sup>9</sup> Annual Report, Notes to the financial statements, Note 26 Hedging reserve, page XX



The graph above shows that significant changes occur as a result of movements in revaluations and hedges. Revaluations represent the change in the value of assets held, to restate the replacement value in current dollar terms based on their condition and remaining life. Changes in hedge values represent market value changes in value of the interest rate hedges that are held to maturity. For further explanation refer to Note 26 Hedging reserve page XX. Changes in revaluations, Cash Flow hedges and Fair Value are all non-cash movements and are subject to changes in market driven values beyond the control of the Council.

## Assets and capital expenditure

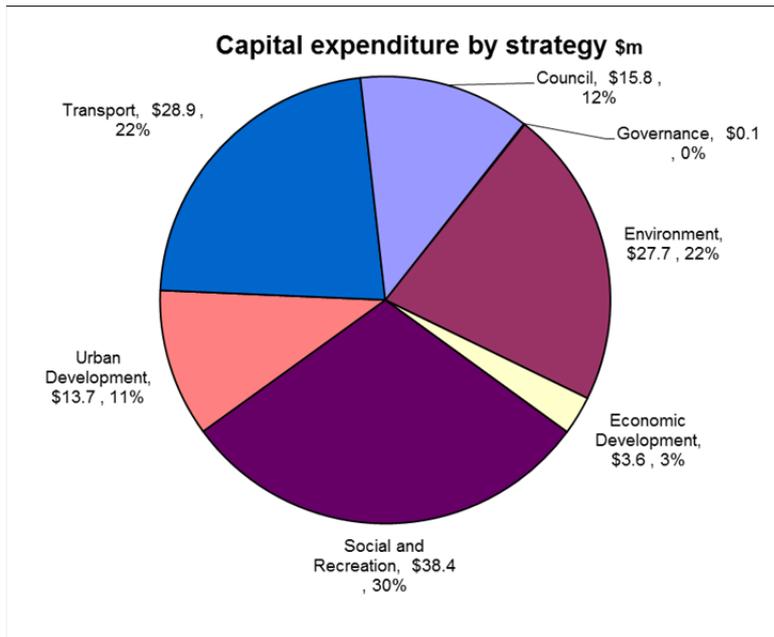
The major assets of the Council include:

- Property, plant and equipment (including land, buildings, pipes, roads and other infrastructure assets) – \$6,536.0 million
- Other assets (including investment properties and investments in subsidiaries and associates) – \$371.2 million

During the year \$128.0 million was spent on replacing, constructing and purchasing assets across the city, which contributed to the closing value of Property, plant and equipment. This was \$44.5 million lower than the budget of \$172.5 million included in the Annual Plan (inclusive of budgets carried forward from the previous year).

The main contributors to this variance were the deferral of earthquake strengthening of the Town Hall, expansion of the city landfill and delays in the upgrade of the Keith Spry Pool and social housing projects. Of the total underspend the Council proposes to carry-forward \$14.9 million for projects that are now scheduled to be completed in the 2014/15 year. Expenditure on the balance of uncompleted projects will be reconsidered as part of the 2015-25 Long-term Plan.

The chart below shows how much was spent on each strategic area during the year for replacing, constructing and purchasing assets:



To help spread the cost of assets to everyone who benefits, the Council budgets to recover a certain amount of the value of the asset each year. This amount is called depreciation.<sup>10</sup> Depreciation spreads the cost of an asset over its useful life.

## Liabilities

The Council has prudently managed its borrowings to ensure it meets the specified requirements in its Long Term Financial Strategy. Net borrowings at 30 June 2014 are 84% of income, within the target of 105% set by Council and significantly less than 150% limit contained within its Financial Strategy. This is illustrated in section XXXX page XXXX on Local Government Benchmarks.

The major liabilities of Council include:

- gross borrowings - \$419.1 million<sup>11</sup>
- other liabilities (including trade and other payables) - \$148.0 million.

The Council uses borrowings to fund the purchase or construction of new assets or upgrading existing assets that are approved through the Annual Plan and Long-term Plan process.

<sup>10</sup> Annual Report, Statement of Comprehensive Financial Performance, page XX

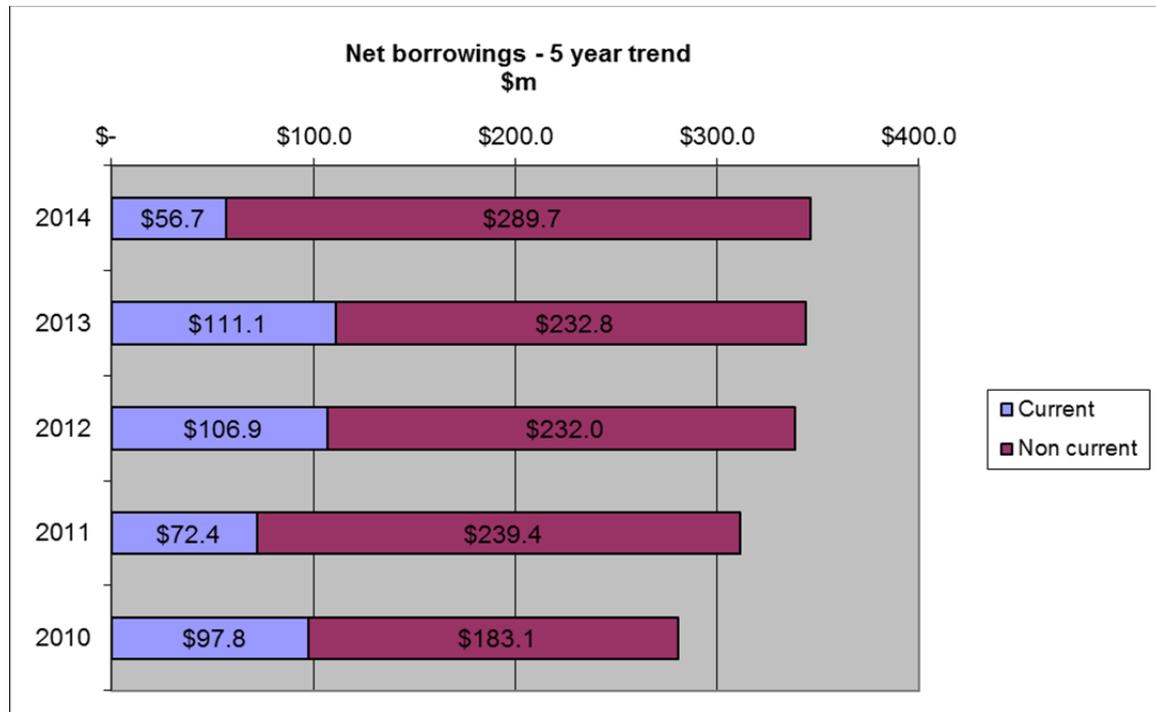
<sup>11</sup> Annual Report, Notes to the financial statements, Note 21 Borrowings, page XX

## Net borrowings

Net borrowings are the total borrowings less any cash and cash equivalents and current deposits.<sup>12</sup>

Net borrowings = gross borrowings – cash and cash equivalents-current deposits

The gross borrowings of \$419.1 million,<sup>13</sup> less the balance of cash and cash equivalents of \$72.6 million, results in a net borrowings balance of \$346.5 million at 30 June 2014.



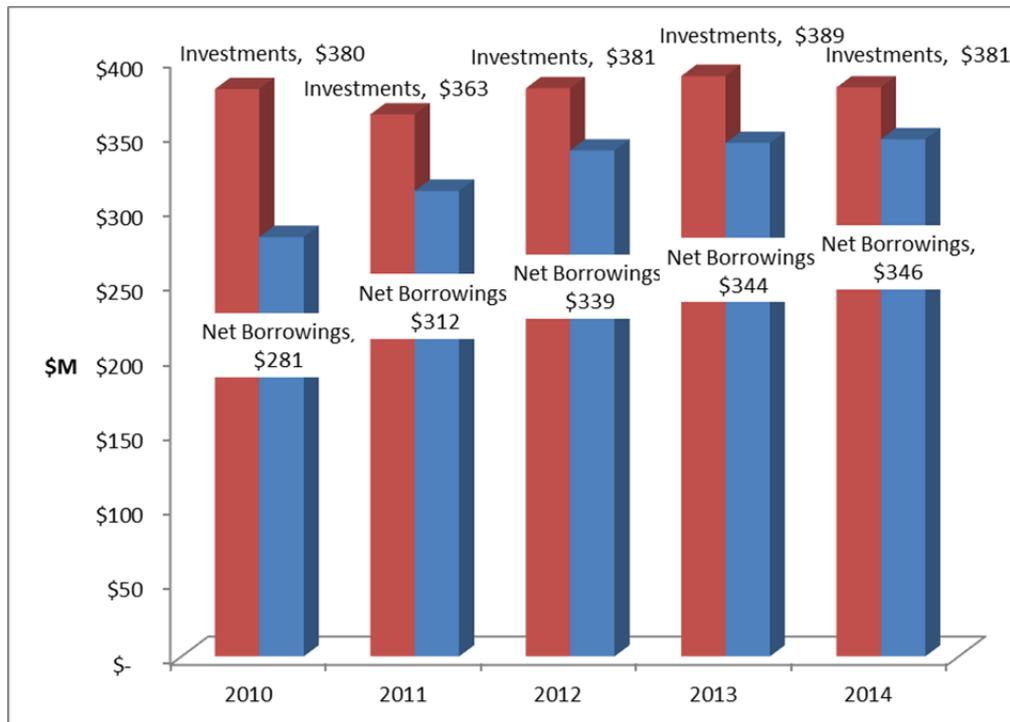
Net borrowings increased by \$2.6 million during the year. Net borrowings at the end of the year are \$26.6 million less than budgeted in the 2013/14 Annual Plan. The difference is due to changes in the timing of capital projects and savings in capital expenditure.

<sup>12</sup> Annual Report, Notes to the financial statements, Note 10 Cash and Cash Equivalents , page XX

<sup>13</sup> Annual Report, Notes to the financial statements, Note 21 Borrowings, page XX

## Investment position

The Council continues to maintain a strong investment position when compared with the level of borrowings. The graph below compares the balance of investments and net borrowings over the last five years.



The value of investments primarily relates to investment properties, our share of the net assets of our associates (including Wellington International Airport Limited) and other financial assets.

## Borrowings compliance

During the year the Council maintained its AA rating with the independent credit rating agency Standard and Poors. The credit rating is a comparative measure of the financial strength of the Council. The AA credit rating held by the Council is the highest credit rating attributed to any council across New Zealand. Holding and maintaining such a high credit rating provides a range of benefits to the Council that would not otherwise be available. These benefits include access to lower cost borrowings and access to a wider range of borrowing alternatives.

## Local Government (Financial and Prudence) Regulations 2014

This is the first year for reporting of financial benchmarks required by legislation. The benchmarks disclosed in this year's Annual Report are for the two financial years, 2012/13 and 2013/14; with the results for 2013/14 summarised below. There are 13 benchmarks that are split into the following 7 categories:

Ref	Category	Measure	2013/14 Met
1.	Rates affordability benchmarks	Rates (income) affordability – were the actual rates increases below the 2012 LTP quantified dollar limit.	Yes
		Rates (increases) affordability - were the actual rates increases below the 2012 LTP percentage increases limit.	Yes
2.	Debt affordability benchmarks	Net Borrowing as a percentage of equity <10%	Yes
		Net Borrowing as a percentage of Income <150%	Yes
		Net Interest as a percentage of income is <15%	Yes
		Net Interest as a percentage of annual rates income <20%	Yes
		Liquidity (term borrowing committed loan facilities to 12 month peak net borrowing forecast) >110%	Yes
		Triennial additional loan funded capital expenditure (cumulative) limit < \$60m	Yes
3.	Balanced Budget benchmark	Operating revenue is greater than operating expenditure as a proportion >100%	Yes
4.	Essential services benchmark	Capital expenditure on network is greater than depreciation on network services as a proportion >100%	No <sup>14</sup> (98%)
5.	Debt servicing benchmark	Borrowing costs as a proportion of operating revenue <10%	Yes
6.	Debt control benchmark	Net debt as a proportion of planned debt <100%	Yes
7.	Operations control benchmark	Net cash flow from operations as a proportion of its planned net cash flow from operations >100%	Yes

### Areas of reported non-compliance

<sup>14</sup> Refer to notes under Areas of reported non-compliance on the following page.

## **Essential services benchmark**

The essential services benchmark compares the level of depreciation for network assets (comprising roading, drainage, waste and water assets) to the level of capital expenditure made during that financial year for those assets. The depreciation value used to calculate this measure includes depreciation for the Moa Point Sewerage Treatment Plant which is under an arrangement whereby 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 a portion of these 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 (125% 2012/13).

This measure also takes a snapshot of capital expenditure on a year on year basis, whereas capital expenditure for essential services are planned on a project by project basis and do not always neatly align with the depreciation expenses and funded within a financial year. This is further impacted by delays to projects that cause timing differences that will also affect the outcome of this measure. Accordingly it may be more appropriate to consider an average over a number of years as a measure of Councils performance in meeting this benchmark. If the average is taken across the 2013 and 2014 years, then Council has met the requirement for both years with an average of 108%. In light of these factors, the Council considers its performance against this measure as prudent.

## **2012/13 comparative measures**

Financial benchmark regulations were not in place for the 2012/13 year, but Council is required to provide 2013 information as a comparator for 2014. Of the benchmarks for the 2012/13 financial year, the Council met eleven of thirteen. The two measures recorded as “not met” being the Debt Control and Operations Control benchmarks. The debt control benchmark shows whether actual net debt as defined by the regulations is equal or less than the planned net debt. The operations control benchmark shows whether actual net operating cash flow is equal or less than the planned net cash flow from operations.

During the preparation of the long-term plan for which these controls relate, a number of assumptions were made around the timing of events. Any departure from these assumptions can affect the outcome of these measures. The Council is satisfied that it is prudently managing its net debt position, as reflected in its AA credit rating and favourable ratios of net debt to income and net debt to investments. Council’s net debt to income ratio is significantly lower than most other metropolitan councils in New Zealand.

Council is also satisfied that it is prudently managing operational cash flow, with variances in the 2012/13 year explained by the timing difference in the receipt of revenues compared to budget that lead to the “not met” outcome for this measure.



**Wellington City Council  
and  
Group**

**Consolidated Financial Statements**

**For the year ended 30 June 2014**

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<b>Statement of Comprehensive Financial Performance</b>	<b>Page xx</b>
<b>Statement of Changes in Equity</b>	<b>Page xx</b>
<b>Statement of Financial Position</b>	<b>Page xx</b>
<b>Statement of Cash Flows</b>	<b>Page xx</b>
<b>Notes forming part of the financial statements</b>	<b>Page xx</b>

## Statement of Compliance and Responsibility

### 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, have been complied with.

### 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 financial statements for the year ended 30 June 2014 fairly reflect the financial position, results of operations and service performance achievements of Wellington City Council and Group.

**Celia Wade-Brown**  
Mayor  
27 August 2014

**Kevin Lavery**  
Chief Executive  
27 August 2014

**Andy Matthews**  
Chief Financial Officer  
27 August 2014

## Statement of Comprehensive Financial Performance

For the year ended 30 June 2014

	Note	Council			Group <sup>1</sup>	
		Actual	Budget	Actual	Actual	Actual
		2014	2014	2013	2014	2013
		\$000	\$000	\$000	\$000	\$000
<b>INCOME</b>						
Revenue from rates						
Revenue from rates (excluding metered water)	1	234,007	233,551	226,022	234,007	226,022
Revenue from water rates by meter	1	12,329	13,333	11,366	12,329	11,366
Operating Activities						
Revenue from development contributions	2	5,873	5,000	4,356	5,873	4,356
Revenue from grants, subsidies and reimbursements	2	43,315	49,746	46,795	49,597	51,076
Revenue from other operating activities	2	115,213	101,936	111,056	125,440	122,608
Revenue from investments	3	23,253	19,118	23,590	11,287	12,668
<b>Total Revenue</b>		<b>433,990</b>	<b>422,684</b>	<b>423,185</b>	<b>438,533</b>	<b>428,096</b>
Fair value movement on investment property revaluation	17	-	-	5,385	-	5,385
Other income	4	14,949	1,120	14,706	14,959	14,719
Finance income	5	2,752	560	3,139	3,085	3,497
<b>TOTAL INCOME</b>		<b>451,691</b>	<b>424,364</b>	<b>446,415</b>	<b>456,577</b>	<b>451,697</b>
<b>EXPENSE</b>						
Finance expense	5	(22,754)	(21,965)	(23,150)	(22,756)	(23,152)
Expenditure on operating activities	6	(297,951)	(274,623)	(303,930)	(314,745)	(318,740)
Depreciation and amortisation	7	(95,860)	(92,109)	(91,148)	(96,611)	(91,977)
Fair value movement on investment property revaluation	17	(7,661)	-	-	(7,661)	-
<b>TOTAL EXPENSE</b>		<b>(424,226)</b>	<b>(388,697)</b>	<b>(418,228)</b>	<b>(441,773)</b>	<b>(433,869)</b>
<b>TOTAL OPERATING SURPLUS</b>		<b>27,465</b>	<b>35,667</b>	<b>28,187</b>	<b>14,804</b>	<b>17,828</b>
Share of equity accounted surplus/(deficit) from associates	41	-	-	-	16,120	12,705
<b>NET SURPLUS BEFORE TAXATION</b>		<b>27,465</b>	<b>35,667</b>	<b>28,187</b>	<b>30,924</b>	<b>30,533</b>
Income tax credit/(expense)	8	-	-	-	64	(91)
<b>NET SURPLUS for the year</b>		<b>27,465</b>	<b>35,667</b>	<b>28,187</b>	<b>30,988</b>	<b>30,442</b>
<b>OTHER COMPREHENSIVE INCOME</b>						
<i>Items that will not be reclassified to surplus/(deficit)</i>						
<b>Revaluations:</b>						
Fair value movement - property, plant and equipment - net	25	(45,290)	176,121	-	(47,163)	-
<b>Share of other comprehensive income of associates:</b>						
Effect of changed shareholding in associates	25	-	-	-	38	-
<i>Items that will be reclassified to surplus/(deficit)</i>						
<b>Cash flow hedges:</b>						
Fair value movement - net	26	9,552	-	14,104	9,552	14,104
Reclassification to finance income	26	-	-	(163)	-	(163)
<b>Fair value through other comprehensive income:</b>						
Fair value movement - financial assets - net	27	(30)	-	(61)	(30)	(61)
<b>Share of other comprehensive income of associates:</b>						
Reclassification to share of equity accounted surplus	26	-	-	-	1	153
<b>TOTAL OTHER COMPREHENSIVE INCOME/(EXPENSE) <sup>2</sup></b>		<b>(35,768)</b>	<b>176,121</b>	<b>13,880</b>	<b>(37,602)</b>	<b>14,033</b>
<b>TOTAL COMPREHENSIVE INCOME/(EXPENSE) for the year <sup>2</sup></b>		<b>(8,303)</b>	<b>211,788</b>	<b>42,067</b>	<b>(6,614)</b>	<b>44,475</b>

1. The Group includes the Council, the subsidiaries disclosed in Note 40, and the Council's interest in the associates disclosed in Note 41. A structural diagram of the Group is shown in Note 38.
2. Other comprehensive income / (expense) is non-cash in nature and only reflects changes in equity.

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

## Statement of Changes in Equity

For the year ended 30 June 2014

	Note	Council			Group	
		Actual	Budget	Actual	Actual	Actual
		2014	2014	2013	2014	2013
		\$000	\$000	\$000	\$000	\$000
<b>EQUITY - Opening balances</b>						
Accumulated funds and retained earnings	24	4,922,977	4,950,327	4,897,679	4,970,809	4,943,343
Revaluation reserves	25	1,417,323	1,417,693	1,417,693	1,529,130	1,529,500
Hedging reserve	26	(9,955)	(23,896)	(23,896)	(9,956)	(24,050)
Fair value through other comprehensive income reserve	27	93	586	154	93	154
Restricted funds	28	17,960	13,878	14,701	20,647	17,301
<b>TOTAL EQUITY - Opening balance</b>		<b>6,348,398</b>	<b>6,358,588</b>	<b>6,306,331</b>	<b>6,510,723</b>	<b>6,466,248</b>
<b>CHANGES IN EQUITY</b>						
<b>Retained earnings</b>						
Net surplus for the year	24	27,465	35,667	28,187	30,988	30,442
Transfer to restricted funds	24	(4,779)	(767)	(4,072)	(5,097)	(4,639)
Transfer from restricted funds	24	8,056	761	813	8,307	1,293
Transfer from revaluation reserves	24	-	-	370	-	370
<b>Revaluation reserves</b>						
Fair value movement - property, plant and equipment - net	25	(45,290)	176,121	-	(47,163)	-
Effect of changed shareholding in associates	25	-	-	-	38	-
Transfer to retained earnings	25	-	-	(370)	-	(370)
<b>Hedging reserve</b>						
Movement in hedging reserve	26	9,552	-	13,941	9,553	14,094
<b>Fair value through other comprehensive income reserve</b>						
Movement in fair value	27	(30)	-	(61)	(30)	(61)
<b>Restricted funds</b>						
Transfer to retained earnings	28	(8,056)	(761)	(813)	(8,307)	(1,293)
Transfer from retained earnings	28	4,779	767	4,072	5,097	4,639
<b>Total comprehensive income</b>		<b>(8,303)</b>	<b>211,788</b>	<b>42,067</b>	<b>(6,614)</b>	<b>44,475</b>
<b>EQUITY - Closing balances</b>						
Accumulated funds and retained earnings	24	4,953,719	4,985,988	4,922,977	5,005,007	4,970,809
Revaluation reserves	25	1,372,033	1,593,814	1,417,323	1,482,005	1,529,130
Hedging reserve	26	(403)	(23,896)	(9,955)	(403)	(9,956)
Fair value through other comprehensive income reserve	27	63	586	93	63	93
Restricted funds	28	14,683	13,884	17,960	17,437	20,647
<b>TOTAL EQUITY - Closing balance</b>		<b>6,340,095</b>	<b>6,570,376</b>	<b>6,348,398</b>	<b>6,504,109</b>	<b>6,510,723</b>

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

## Statement of Financial Position

As at 30 June 2014

	Note	Council			Group	
		Actual	Budget	Actual	Actual	Actual
		2014	2014	2013	2014	2013
		\$000	\$000	\$000	\$000	\$000
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	10	52,573	2,622	44,389	56,853	50,518
Derivative financial assets	11	-	108	409	-	409
Trade and other receivables	12	37,387	41,658	49,556	39,664	52,047
Other financial assets	13	20,000	-	-	20,400	400
Prepayments		11,643	14,211	15,048	11,723	15,233
Inventories	14	969	866	875	1,755	1,901
Non-current assets classified as held for sale	15	1,367	-	272	1,367	272
<b>Total current assets</b>		<b>123,939</b>	<b>59,465</b>	<b>110,549</b>	<b>131,762</b>	<b>120,380</b>
<b>Non-current assets</b>						
Derivative financial assets	11	4,428	949	3,280	4,428	3,280
Trade and other receivables	12	-	12,675	-	-	-
Other financial assets	13	9,849	8,392	8,369	9,849	8,369
Intangibles	16	16,750	13,900	13,549	16,820	13,588
Investment properties	17	192,901	200,474	205,951	192,901	205,951
Property, plant and equipment	18	6,536,012	6,768,587	6,546,292	6,547,197	6,558,933
Investment in subsidiaries	40	3,809	3,809	3,809	-	-
Investment in associates	41	19,504	19,519	19,519	174,631	170,453
<b>Total non-current assets</b>		<b>6,783,253</b>	<b>7,028,305</b>	<b>6,800,769</b>	<b>6,945,826</b>	<b>6,960,974</b>
<b>TOTAL ASSETS</b>		<b>6,907,192</b>	<b>7,087,770</b>	<b>6,911,318</b>	<b>7,077,588</b>	<b>7,081,354</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Derivative financial liabilities	11	180	469	404	180	404
Trade and other payables	19	57,638	53,217	57,945	60,322	62,352
Revenue in advance	20	12,105	11,889	11,405	13,224	11,892
Borrowings	21	129,371	129,572	155,562	129,375	155,565
Employee benefit liabilities and provisions	22	5,228	6,638	5,698	6,440	6,988
Provision for other liabilities	23	30,781	16,797	34,501	30,781	34,501
<b>Total current liabilities</b>		<b>235,303</b>	<b>218,582</b>	<b>265,515</b>	<b>240,322</b>	<b>271,702</b>
<b>Non-current liabilities</b>						
Deferred tax	9	-	-	-	1,279	1,427
Derivative financial liabilities	11	4,788	23,812	12,831	4,788	12,831
Trade and other payables	19	630	-	630	630	630
Borrowings	21	289,747	246,063	232,768	289,750	232,775
Employee benefit liabilities and provisions	22	1,207	1,649	1,474	1,288	1,564
Provision for other liabilities	23	35,422	27,288	49,702	35,422	49,702
<b>Total non-current liabilities</b>		<b>331,794</b>	<b>298,812</b>	<b>297,405</b>	<b>333,157</b>	<b>298,929</b>
<b>TOTAL LIABILITIES</b>		<b>567,097</b>	<b>517,394</b>	<b>562,920</b>	<b>573,479</b>	<b>570,631</b>
<b>EQUITY</b>						
Accumulated funds and retained earnings	24	4,953,719	4,985,988	4,922,977	5,005,007	4,970,809
Revaluation reserves	25	1,372,033	1,593,814	1,417,323	1,482,005	1,529,130
Hedging reserve	26	(403)	(23,896)	(9,955)	(403)	(9,956)
Fair value through other comprehensive income reserve	27	63	586	93	63	93
Restricted funds	28	14,683	13,884	17,960	17,437	20,647
<b>TOTAL EQUITY</b>		<b>6,340,095</b>	<b>6,570,376</b>	<b>6,348,398</b>	<b>6,504,109</b>	<b>6,510,723</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,907,192</b>	<b>7,087,770</b>	<b>6,911,318</b>	<b>7,077,588</b>	<b>7,081,354</b>

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

## Statement of Cash Flows

For the year ended 30 June 2014

	Note	Council			Group	
		Actual	Budget	Actual	Actual	Actual
		2014	2014	2013	2014	2013
		\$000	\$000	\$000	\$000	\$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from rates - Council (excluding metered water)		234,890	233,551	225,077	234,890	225,077
Receipts from water rates by meter		12,086	13,333	11,373	12,086	11,373
Receipts from rates- Greater Wellington Regional Council		48,575	50,341	46,517	48,575	46,517
Receipts from activities and other Income		137,052	108,056	116,087	151,890	134,271
Receipts from grants and subsidies - Operating		5,189	7,251	6,913	16,446	11,168
Receipts from grants and subsidies - Capital		37,129	42,495	45,938	39,253	46,377
Receipts from investment property lease rentals		11,174	9,220	13,508	11,174	13,649
Cash paid to suppliers and employees		(276,384)	(260,882)	(254,770)	(310,507)	(285,646)
Rates paid to GWRC		(48,828)	(50,341)	(50,410)	(48,828)	(50,410)
Grants paid		(32,341)	(29,389)	(32,811)	(25,743)	(22,959)
Income tax paid		-	-	-	(15)	-
Net GST (paid) / received		(609)	-	(455)	(1,487)	(1,246)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>127,933</b>	<b>123,635</b>	<b>126,967</b>	<b>127,734</b>	<b>128,171</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Dividends received		12,079	9,898	10,922	12,079	10,922
Interest received		2,240	10	1,642	2,491	1,856
Decrease in bank investments		-	-	-	-	1,532
Proceeds from sale of property, plant and equipment		4,088	15,075	3,492	4,088	3,492
Loan advance made		(300)	-	-	(300)	-
Increase in investments		(20,683)	-	(123)	(20,683)	(523)
Purchase of investment properties		(781)	-	(92)	(781)	(92)
Purchase of intangibles		(1,788)	(3,305)	(4,877)	(1,859)	(4,886)
Purchase of property, plant and equipment		(125,147)	(154,413)	(122,260)	(126,976)	(122,962)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(130,292)</b>	<b>(132,735)</b>	<b>(111,296)</b>	<b>(131,941)</b>	<b>(110,661)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
New borrowings		86,197	29,967	156,360	86,197	156,360
Repayment of borrowings		(55,000)	-	(129,000)	(55,000)	(129,000)
Interest paid on borrowings		(20,654)	(20,866)	(21,264)	(20,654)	(21,264)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>10,543</b>	<b>9,101</b>	<b>6,096</b>	<b>10,543</b>	<b>6,096</b>
Net increase/(decrease) in cash and cash equivalents		8,184	-	21,767	6,335	23,606
Cash and cash equivalents at beginning of year		44,389	2,622	22,622	50,518	26,912
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>10</b>	<b>52,573</b>	<b>2,622</b>	<b>44,389</b>	<b>56,853</b>	<b>50,518</b>

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 cash of \$24.320m relating to the housing upgrade project and waste activities; this has been offset against borrowings. See Note 21: Borrowings for more information.

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

## Statement of Cash Flows - continued

The net surplus from the Statement of Comprehensive Financial Performance is reconciled to the net cash flows from operating activities in the Statement of Cash Flows as follows:

Reconciliation of net surplus to net cash flows from operating activities	Note	Council		Group	
		2014	2013	2014	2013
		\$000	\$000	\$000	\$000
<b>Net surplus for the period</b>		<b>27,465</b>	<b>28,187</b>	<b>30,988</b>	<b>30,444</b>
<b>Add/(deduct) non-cash items:</b>					
Vested assets	4	(8,468)	(10,519)	(8,468)	(10,519)
Bad debts written off not previously provided for	6	101	46	101	46
Depreciation and amortisation	7	95,860	91,148	96,841	91,958
Impairment of property, plant and equipment	6	458	-	458	-
Fair value changes in investment properties	17	7,661	(5,385)	7,661	(5,385)
Other fair value changes		(375)	(850)	(375)	(566)
Movement in provision for impairments of doubtful debts		(322)	(179)	(333)	(217)
Tax expense		-	-	392	22
Non-cash movement in provisions		(65)	15,852	(65)	15,851
<b>Total non-cash items</b>		<b>94,850</b>	<b>90,067</b>	<b>96,211</b>	<b>91,144</b>
<b>Add/(deduct) movement in working capital: <sup>1</sup></b>					
Trade and other receivables		12,390	5,066	12,312	5,506
Prepayments		3,405	(837)	3,421	(942)
Inventories		(94)	(9)	85	118
Trade and other payables		(1,095)	1,262	(702)	1,127
Revenue in advance		700	(484)	(397)	(751)
Employee benefit liabilities		(737)	(1,115)	(689)	(1,243)
Provision for other liabilities		(18,000)	(4,997)	(17,945)	(4,993)
<b>Total working capital movement</b>		<b>(3,431)</b>	<b>(1,114)</b>	<b>(3,914)</b>	<b>(1,178)</b>
<b>Add/(deduct) investing and financing activities:</b>					
Net (gain)/loss on disposal of property, plant and equipment		1,861	1,127	1,782	1,162
Dividends received		(12,079)	(10,922)	(113)	(94)
Interest received		(2,240)	(1,642)	(2,383)	(1,863)
Tax paid		-	-	(15)	-
Interest paid on borrowings		21,507	21,264	21,507	21,261
Subvention payment		-	-	(209)	-
Share of equity accounted surplus in associates		-	-	(16,120)	(12,705)
<b>Total investing and financing activities</b>		<b>9,049</b>	<b>9,827</b>	<b>4,449</b>	<b>7,761</b>
<b>Net cash flow from operating activities</b>		<b>127,933</b>	<b>126,967</b>	<b>127,734</b>	<b>128,171</b>

1. Excluding non-cash items

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

## Notes forming part of the Financial Statements

For the year ended 30 June 2014

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## Summary of Significant Accounting Policies

### Reporting entity

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

The primary objective of the Council and Group is to provide goods or services for community or social benefits rather than making a financial return. Accordingly, for the purposes of financial reporting, Wellington City Council is a public benefit entity.

The financial statements include the Council and Group. A Group structural diagram is included in Note 38. The Council includes the results and operations of Wellington City Council as a separate legal entity, the Council's interests in the joint ventures as disclosed in Note 39 and both the Wellington Waterfront and Wellington Venues projects. The Group includes the Council, the subsidiaries disclosed in Note 40, and the Council's interest in the associates disclosed in Note 41.

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

The financial statements of the Council and Group are for the year ended 30 June 2014 and were authorised for issue by Council on 27 August 2014.

### Basis of preparation

#### Statement of compliance

The financial statements have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

The financial statements comply with New Zealand accounting standards appropriate for Public Sector Public Benefit Entities (NZ IFRS PBE) for periods beginning on or after 1 December 2012.

#### Measurement base

The measurement basis applied is historical cost, modified by the revaluation of certain assets and liabilities as identified in this summary of significant 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 inflation rates used are obtained from the latest relevant Business Economic Research Ltd (BERL) forecasts and the discount rate is the Council's forecast long-term cost of borrowing.

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.

## Change of accounting policies

There have been no changes in accounting policies during the financial period.

## Standards, amendments and interpretations issued but not yet effective and not early adopted

Standards, amendments and interpretations issued but not yet effective that have not been early adopted and which are relevant to the Council include:

- NZ IFRS 9 (2009) (PBE) *Financial Instruments* and NZ IFRS 9 (2010) (PBE) *Financial Instruments* - The Council has previously made the decision not to early adopt NZ IFRS 9 (PBE) *Financial Instruments* to replace NZ IAS 39 (PBE) *Financial Instruments: Recognition and Measurement*, as not all phases of NZ IFRS 9 (PBE) have been completed and authorised for use. The required effective date for adoption by the Council is currently 1 July 2015.

The NZ IFRS PBE suite of accounting standards currently applicable for Public Benefit Entities is interim, pending the introduction of a new set of New Zealand Public Benefit Entity Accounting Standards (PBE standards). The transition date to the PBE standards is 1 July 2014.

No disclosures have been made in regard to new or amended NZ IFRS that are only applicable to 'for profit' entities.

## Judgements and estimations

The preparation of financial statements using NZ IFRS PBE 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.

## Basis of consolidation

The Group includes joint ventures, subsidiaries and associates. A Group structure diagram is included in Note 38.

### Joint ventures

Joint ventures are contractual arrangements with other parties to undertake a jointly controlled operation. The Council has a liability in respect of its share of joint ventures' deficits and liabilities, and shares in any surpluses and assets. The Council's proportionate interest in the assets, liabilities, revenue and expenditure is included in the financial statements of the Council and Group on a line-by-line basis.

### Subsidiaries

Subsidiaries are entities that are controlled by the Council. In the Council financial statements, the investment in subsidiaries are carried at cost. In the Group financial statements, subsidiaries are accounted

for using the purchase method where assets, liabilities, revenue and expenditure is added in on a line-by-line basis.

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, but not control, over their operating and financial policies. 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.

## **Income**

Income comprises revenue, gains and finance income and is measured at the fair value of consideration received or receivable. Specific accounting policies for major categories of income are outlined below:

### **Rates**

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 proportionately throughout the year.

### **Operating activities**

#### *Grants, subsidies and reimbursements*

Grants, subsidies and reimbursements are initially recognised at their fair value where there is reasonable assurance that the payment 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.

#### *Development contributions*

Development contributions are recognised as income 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.

#### *Fines and penalties*

Revenue from fines and penalties (eg traffic and parking infringements, library overdue book fines, rates penalties) is recognised when infringement notices are issued or when the fines/penalties are otherwise imposed.

#### *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.

#### *Sale of goods*

Sale of goods is recognised when products are sold to the customer and all risks and rewards of ownership have transferred to the customer.

## Investment revenues

### *Dividends*

Dividends are recognised when the shareholders' rights to receive payment have 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.

## Other income

Specific accounting policies for major categories of other income are outlined below:

### *Donated, subsidised or vested assets*

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as income when the control of the asset is transferred to the Council.

### *Gains*

Gains include additional earnings on the disposal of property, plant and equipment and movements in the fair value of financial assets and liabilities.

## Finance income

### *Interest*

Interest income is recognised using the effective interest rate method.

## Donated services

The Council benefits from the voluntary service of many Wellingtonians in the delivery of its activities and services (e.g. 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.

## Expenses

Specific accounting policies for major categories of expenditure are outlined below:

## Operating activities

### *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 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.

## Finance expense

### *Interest*

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

## Depreciation and amortisation

Depreciation of property, plant and equipment and amortisation of intangible assets are charged on a straight-line basis over the estimated useful life of the associated assets.

## Taxation

Income tax on the surplus or deficit for the year comprises current and deferred tax.

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.

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.

## Goods and Services Tax (GST)

All items in the financial statements are exclusive of GST, with the exception of receivables 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.

## Financial instruments

Financial instruments include financial assets (loans and receivables and financial assets at fair value through other comprehensive income), financial liabilities (payables and borrowings) and derivative financial instruments. 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 Council. 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 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.

### Financial assets

Financial assets are classified as loans and receivables or financial assets at fair value through other comprehensive income.

Loans and receivables comprise cash and cash equivalents, trade and other receivables and loans and deposits.

Cash and cash equivalents comprise cash balances and call deposits with maturity dates of three months or less.

Trade and other receivables 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.

*Loans and deposits* include loans to other entities (including subsidiaries 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. Trade and other receivables 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.

*Financial assets at fair value through other comprehensive income* relate to equity investments that are held by the Council for long-term strategic purposes and therefore are not intended to be sold. Financial assets at fair value through other comprehensive income 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 income is recognised within surplus or deficit.

### **Financial liabilities**

Financial liabilities comprise trade and other payables 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.

### **Derivatives**

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 income while the ineffective part is recognised within surplus or deficit. Gains or losses recognised in other comprehensive income transfer to surplus or deficit in the same periods as when the hedged item affects the surplus or deficit. Where a derivative is used to hedge variability in the fair value of the Council's fixed rate borrowings (fair value hedge), the gain or loss is recognised within surplus or deficit.

As per the International Swap Dealers' Association (ISDA) master agreements, all swap payments or receipts are settled net.

### **Inventories**

Inventories consumed in the provision of services (such as botanical supplies) are measured at the lower of cost and current replacement cost.

Inventories held for resale (such as rubbish bags), are recorded at the lower of cost (determined on a first-in, first-out basis) and net realisable value. This valuation includes allowances for slow-moving and obsolete stock. Net realisable value is the estimated selling price in the ordinary course of business.

Inventories held for distribution at no or nominal cost, are recorded at the lower of cost and current replacement cost.

### **Investment properties**

Investment properties are properties which are held primarily to earn rental income and/or for capital growth. These properties include the Council's ground leases, land and buildings and the Wellington Waterfront Project's investment properties.

Investment properties exclude those properties held for strategic purposes or to provide a social service. This includes properties which generate cash inflows as the rental 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.

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.

### **Non-current assets classified as held for sale**

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.

### **Property, plant and equipment**

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.

Infrastructure assets include the roading network, water, waste and drainage reticulation networks 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.

#### **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.

Specific measurement policies for categories of property, plant and equipment are shown below:

#### *Operational assets*

Plant and equipment and the Civic Centre complex are measured at historical cost and not revalued.

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.

Land and buildings are valued at fair value on a three-year cycle by independent registered valuers.

#### *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 (roading network, water, waste and drainage reticulation assets) are valued at optimised depreciated replacement cost on a three-year cycle by independent registered valuers. Infrastructure valuations 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 at fair value on a three-year cycle.

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.

### **Revaluations**

The result of any revaluation of the Council's property, plant and equipment is recognised within other comprehensive income 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, with any remaining increase recognised within other comprehensive income 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.

Further information in respect of the most recent valuations for each class is provided in Note 25: Revaluation reserves.

## 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 estimated useful lives and depreciation rate ranges of the major classes of property, plant and equipment are as follows:

Asset Category	2014	
	Useful Life (years)	Depreciation Rate
Land	unlimited	not depreciated
Buildings	1 ~ 75	1.33 ~ 100%
Civic Centre Complex	10 ~ 78	1.28 ~ 10%
Plant and equipment	3 ~ 100	1 ~ 33.3%
Library collection	3 ~ 11	9.1 ~ 33.3%
Restricted assets (excluding buildings)	unlimited	not depreciated
Infrastructure assets:		
Land (including land under roads)	unlimited	not depreciated
Roading:		
Formation / earthworks	unlimited	not depreciated
Pavement	13 ~ 40	2.5 ~ 7.7%
Traffic islands	80	1.25%
Bridges and tunnels	3 ~ 175	0.57 ~ 33.3%
Drainage	60 ~ 130	0.8% ~ 130%
Retaining walls	30 ~ 75	1.33 ~ 3.33%
Pedestrian walkways	10 ~ 50	2 ~ 10%
Pedestrian furniture	10 ~ 25	4 ~ 10%
Barriers (handrails, guardrails)	25	4%
Lighting	3 ~ 50	2 ~ 33.3%
Cycleway network	25	4%
Parking equipment	8 ~ 10	10 ~ 12.5%
Passenger transport facilities	25	4%
Traffic infrastructure	5 ~ 40	2.5 ~ 20%
Drainage, waste and water:		
Pipework	50 ~ 130	0.77 ~ 2%
Fittings	25 ~ 110	0.91 ~ 4%
Water pump stations	20 ~ 100	1 ~ 5%
Water reservoirs	25 ~ 100	1 ~ 4%
Equipment	20	5%
Sewer pump stations	20 ~ 80	1.25 ~ 5%
Tunnels	3 ~ 175	0.57 ~ 33.3%
Treatment plants	3 ~ 100	1 ~ 33.3%

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

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.

## Impairment

The carrying amounts of property, plant and equipment 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 income.

## 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

The cost of projects within work in progress is transferred to the relevant asset class when the project is completed and then depreciated.

## Intangible assets

Intangible assets predominantly comprise computer software and carbon credits. They are recorded at cost less any subsequent amortisation and impairment losses.

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 and depreciation rate range of these assets are as follows:

Asset Category	2014	
	Useful Life (years)	Depreciation Rate
Computer software	1 ~ 7	14.29 ~ 100%

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 are recognised at cost at the date of allocation or purchase.

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.

## 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.

## Leases

### Operating leases as lessee

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.

## Operating leases as lessor

The Group leases investment properties and a portion of land and buildings. Rental income is recognised on a straight-line basis over the lease term.

## Finance leases

Finance leases transfer to the Group (as lessee) substantially all the risks and rewards of ownership of the leased asset. Initial recognition of a finance lease results in an asset and liability being recognised at amounts equal to the lower of the fair value of the leased property or the present value of the minimum lease payments.

The finance charge is released to surplus or deficit over the lease period and the capitalised values are amortised over the shorter of the lease term and the useful life of the leased item.

## Employee benefit liabilities

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 (qualified for), 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.

### Retirement gratuities

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.

### Other contractual entitlements

Other contractual entitlements 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.

## Provisions

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.

### Landfill post-closure costs

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. 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 has a 21.5% joint venture interest in the Spicer Valley landfill. The Council's provision for landfill post-closure costs includes the Council's proportionate share of the Spicer Valley landfill provision for post-closure costs.

### **ACC partnership programme**

The Council is an Accredited Employer under the ACC Partnership Programme. As such the Council accepts the management and financial responsibility of our employee work-related injuries. From 1 April 2009 the Council changed its agreement with ACC from Full Self Cover (FSC) to Partnership Discount Plan (PDP). Under the PDP option, the Council is responsible for managing work related injury claims for a two-year period only and transfer ongoing claims to ACC at the end of the two-year claim management period with no further liability. Under the ACC Partnership Programme the Council is effectively providing accident insurance to employees and this is accounted for as an insurance contract. The value of this liability represents the expected future payments in relation to work-related injuries occurring up to the end of the reporting period for which the Council has responsibility under the terms of the Partnership Programme.

### **Financial guarantee contracts**

A financial guarantee contract is a contract that requires the Council 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 Council 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 Council's best estimate of the obligation or the amount initially recognised less any amortisation.

## **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 disaggregated 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 income reserve and restricted funds (special funds, reserve funds, 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.

## **Contingent assets and liabilities**

Contingent liabilities and contingent assets are disclosed in the Notes forming part of the Financial Statements 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.

## **Statement of cash flows**

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 income sources of the Council and the 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 income. Financing activities relate to activities that change the equity and debt capital structure of the Council and Group and financing costs.

## **Related parties**

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 members of the Group and key management personnel, including the Mayor and Councillors, the Chief Executive and all members of the Executive Leadership Team.

The Mayor and Councillors are considered Directors as they occupy the position of a member of the governing body of the Council reporting entity. Directors' remuneration comprises any money, consideration or benefit received or receivable or otherwise made available, directly or indirectly, to a Director during the reporting period. The disclosures for the Group include the remuneration of the Mayor and those Councillors in their role as Trustees or Directors of entities within the Group. Directors' remuneration does not include reimbursement of authorised work expenses or the provision of work-related equipment such as cell phones and laptops.

## **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 subsidiaries 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. For completeness, any additional expenditure approved by the Council is explained in Notes 32 to 35. 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.

## **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.

## **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 2013/14 year)

## New Public Benefit Entity Standards

From 1 July 2014 the public sector in New Zealand moves to new Public Benefit Entity accounting standards (PBE standards). These standards are issued by the New Zealand Accounting Standards Board (NZASB) of the External Reporting Board comprising:

- Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS);
- Public Benefit Entity International Financial Reporting Standards (PBE IFRS), including Public Benefit Entity International Accounting Standards (PBE IAS); and
- Public Benefit Entity Financial Reporting Standards (PBE FRS).

There are new standards that have not been part of the current NZ IFRS PBE suite. In particular there are new standards that deal with exchange and non-exchange revenue and service concession assets.

Other changes resulting from the adoption of the new standards include the probable de-recognition of the Basin Reserve Trust and the Wellington Regional Stadium Trust as associates. This is due to Council not having an equity interest in the two entities in the form of a formal shareholding investment, this being a necessary condition for an associate under the new accounting standards. This change would only affect the Group results and the effect of the change is not considered significant.

The financial impacts of any changes at 1 July 2014 will be accounted for through opening retained earnings and will not have a material effect on Council's financial performance in the 2014/15 year.

**Note 1: Revenue from rates**

	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
<b>General rates</b>				
Base sector	71,280	68,202	71,280	68,202
Commercial, industrial and business sector	59,325	58,723	59,325	58,723
<b>Targeted rates</b>	-	-	-	-
Base sector	6,505	6,579	6,505	6,579
Commercial, industrial and business sector	4,900	5,163	4,900	5,163
Sewerage	35,463	33,518	35,463	33,518
Stormwater	18,145	17,397	18,145	17,397
Water	24,461	22,648	24,461	22,648
Downtown	13,881	13,745	13,881	13,745
Marsden Village	14	14	14	14
Tawa driveways	33	33	33	33
<b>Total revenue from rates (excluding metered water)</b>	<b>234,007</b>	<b>226,022</b>	<b>234,007</b>	<b>226,022</b>
<b>Revenue from water rates by meter</b>	<b>12,329</b>	<b>11,366</b>	<b>12,329</b>	<b>11,366</b>
<b>Total revenue from rates for Wellington City Council</b>	<b>246,336</b>	<b>237,388</b>	<b>246,336</b>	<b>237,388</b>
Total rates billed	294,450	284,043	294,450	284,043
less Greater Wellington Regional Council component	(48,114)	(46,655)	(48,114)	(46,655)
<b>Total revenue from rates for Wellington City Council</b>	<b>246,336</b>	<b>237,388</b>	<b>246,336</b>	<b>237,388</b>

The total amount of rates charged on Council owned properties that have not been eliminated from revenue and expenditure is \$11.333m (2013: \$10.419m). For the Group rates of \$11.378m (2013: \$10.455m) have not been eliminated.

**Rates remissions**

Revenue from rates and levies 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 levy 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 levy targeted rate. The Council committed itself at the start of the year to certain remissions, which for the reporting period ended 30 June 2014 totalled \$0.215m (2013: \$0.260m).

	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
<b>Total revenue from rates</b>	<b>246,551</b>	<b>237,648</b>	<b>246,551</b>	<b>237,648</b>
<b>/less Council policy remissions</b>				
Rural open space	134	129	134	129
Land used principally for games or sport	81	80	81	80
Downtown levy	-	51	-	51
<b>Total remissions</b>	<b>215</b>	<b>260</b>	<b>215</b>	<b>260</b>
<b>Total revenue from rates (net of remissions)</b>	<b>246,336</b>	<b>237,388</b>	<b>246,336</b>	<b>237,388</b>

**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 1: Revenue from rates - continued**

The revenue from rates for Wellington City Council was billed on the following rating information held as at 30 June 2013.

The number of rating units – 76,021

	<b>Council 2014 \$000</b>
Total capital value of rating units	<b>50,540,014</b>
Total land value of rating units	<b>22,127,973</b>

**Note 2: Revenue from operating activities**

	<b>Council</b>		<b>Group</b>	
	<b>2014 \$000</b>	<b>2013 \$000</b>	<b>2014 \$000</b>	<b>2013 \$000</b>
<b>Grants, subsidies and reimbursements</b>				
Operating	7,284	7,192	12,317	12,237
Capital	36,031	39,603	37,280	38,839
<b>Total grants, subsidies and reimbursements</b>	<b>43,315</b>	<b>46,795</b>	<b>49,597</b>	<b>51,076</b>
<b>Development contributions</b>	<b>5,873</b>	<b>4,356</b>	<b>5,873</b>	<b>4,356</b>
<b>Other operating activities</b>				
Fines and penalties	8,411	10,132	8,411	10,132
Rendering of services	100,539	94,888	109,744	104,687
Sale of goods	6,263	6,036	7,285	7,789
<b>Total other operating activities</b>	<b>115,213</b>	<b>111,056</b>	<b>125,440</b>	<b>122,608</b>
<b>Total revenue from operating activities</b>	<b>164,401</b>	<b>162,207</b>	<b>180,910</b>	<b>178,040</b>

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

- 1) The New Zealand Transport Agency (NZTA), which reimburses part of the Council's costs for maintaining the local roading infrastructure. The capital reimbursements from NZTA of \$10.491m (2013: \$10.641m) and operating reimbursements of \$4.555m (2013: \$4.471m) are for costs already incurred and there are no unfulfilled conditions or other contingencies relating to the reimbursements.
- 2) The Crown, for the upgrade of the Council's social housing stock. The capital grant recognised in the current year of \$24.514m (2013: \$28.088m) is part of a 10 year work programme that commenced in 2008 and the revenue is recognised in accordance with that agreed work programme. There are no unfulfilled conditions or other contingencies relating to this grant.

For the Group, the additional principal subsidy was \$5.261m (2013: \$3.814m) from Greater Wellington Regional Council to Wellington Cable Car Limited for the maintenance and upgrade of the overhead wire trolley system.

**Note 2: Revenue from operating activities - continued**

Rendering of services includes revenue from all Council services and is broken down as follows:

Rendering of services	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Animal control	1,041	1,128	1,041	1,128
Berths and boat sheds	581	578	581	578
Building consents and licensing services	11,814	11,591	11,814	11,591
Community programmes and facilities hire	2,622	2,403	2,622	2,403
Community housing	19,808	17,992	19,808	17,992
Convention and conference centre	13,865	14,441	13,865	14,441
Encroachments and reserve land contributions	1,768	1,702	1,768	1,702
Green spaces	2,025	1,967	2,025	1,967
Landfill operations and recycling	8,407	7,673	8,407	7,673
Lease revenue from property, plant and equipment	4,332	4,744	4,332	4,744
Libraries - hireage	952	1,095	952	1,095
Parking fees and permits	18,015	17,042	18,015	17,042
Rendering of services recognised in subsidiaries	-	-	9,205	9,799
Roading infrastructure projects	1,388	1,261	1,388	1,261
Services to Greater Wellington Regional Council	989	751	989	751
Swimming pools	6,519	6,382	6,519	6,382
Trade waste	571	565	571	565
Other	5,842	3,573	5,842	3,573
<b>Total rendering of services</b>	<b>100,539</b>	<b>94,888</b>	<b>109,744</b>	<b>104,687</b>

Rendering of services contains unbudgeted revenue from Wellington Waterfront Project (\$1.241m), Wellington Venues Project (\$13.601m) and the Porirua City Joint Ventures (\$0.490m).

**Note 3: Revenue from investments**

	Note	Council		Group	
		2014	2013	2014	2013
		\$000	\$000	\$000	\$000
Dividend from investment in associates	41	11,966	10,828	-	-
Dividend from investment in subsidiary		-	94	-	-
Dividend from investment in other entities		113	-	113	-
Investment property lease rentals	17	11,174	12,668	11,174	12,668
<b>Total revenue from investments</b>		<b>23,253</b>	<b>23,590</b>	<b>11,287</b>	<b>12,668</b>

The primary investment dividend was from Council's 34% holding in Wellington International Airport Limited. Council also received its first dividend (\$0.113m) from its investment in the Local Government Funding Agency (LGFA).

**Note 4: Other income**

	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Gain on disposal of property, plant and equipment	2,786	360	2,786	361
Release of provisions	1,593	2,403	1,603	2,415
Petrol tax	1,074	1,102	1,074	1,102
Restricted funds	1,028	322	1,028	322
Vested assets	8,468	10,519	8,468	10,519
<b>Total other income</b>	<b>14,949</b>	<b>14,706</b>	<b>14,959</b>	<b>14,719</b>

Restricted funds are received for specific purposes and are generally held for future use within special reserves or bequest and trust funds. For further information refer to Note 28: Restricted funds

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. 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.

The values of principal vested assets received were: Roothing (\$3.346m) and Drainage, waste and water (\$4.183m).

**Note 5: Finance income and expense**

	Note	Council		Group	
		2014	2013	2014	2013
		\$000	\$000	\$000	\$000
<b>Finance income</b>					
Amortisation of loans to related parties	13	512	465	512	465
Cash flow hedge movements reclassified from hedging reserve	26	-	163	-	163
Fair value hedge adjustments to borrowings		-	648	-	648
Interest on deposits, loans and receivables		2,240	1,641	2,573	1,999
Movements on derivatives at fair value through surplus or deficit	11	-	222	-	222
<b>Total finance income</b>		<b>2,752</b>	<b>3,139</b>	<b>3,085</b>	<b>3,497</b>
<i>Less</i>					
<b>Finance expense</b>					
Fair value hedge movements		-	648	-	648
Interest on borrowings		21,466	21,269	21,468	21,269
Interest on finance leases		41	62	41	64
Movements on derivatives at fair value through surplus or deficit		137	-	137	-
Re-discounting of interest on provisions		1,110	1,171	1,110	1,171
<b>Total finance expense</b>		<b>22,754</b>	<b>23,150</b>	<b>22,756</b>	<b>23,152</b>
<b>Net finance cost</b>		<b>20,002</b>	<b>20,011</b>	<b>19,671</b>	<b>19,655</b>

Movements arising from the remeasurement of the Group's fair value hedges are offset by a fair value adjustment to borrowings so there is no impact on the net surplus for the year.

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.

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 22: Employee benefit liabilities and provisions, and Note 23: Provision for other liabilities.

**Note 6: Expenditure on operating activities**

	Note	Council		Group	
		2014	2013	2014	2013
		\$000	\$000	\$000	\$000
<b>Auditor's remuneration:</b>					
Audit services - Audit New Zealand - Financial Statements		337	301	411	390
Audit services - Audit New Zealand - other		7	7	7	7
Audit services - Other Auditors		-	-	52	50
<b>Impairments</b>					
Bad debts written off not previously provided for		101	46	101	46
Increase in provision for impairment of trade and other receivables	12	218	803	218	803
Impairment loss from property, plant and equipment	18	458	-	1,246	-
<b>Governance and employment</b>					
Councillor remuneration as directors/trustees	43	1,341	1,317	1,368	1,407
Directors/trustees of subsidiaries - remuneration		-	-	442	467
Other elected members' remuneration (Community Boards)	43	95	105	95	105
Employee benefits expense:					
- Remuneration		71,268	73,666	89,175	91,320
- Superannuation contributions (including Kiwisaver)		1,897	1,380	2,272	1,644
- Termination benefits (including severances)		924	1,781	974	1,862
Other personnel costs		3,515	2,894	3,950	3,339
<b>Insurance</b>					
Insurance premiums		12,142	11,482	12,613	11,910
Insurance reserve costs - net	29	1,163	451	1,163	451
<b>General</b>					
Advertising, printing and publications		2,380	2,146	8,173	8,189
Consultants and legal fees		7,497	5,961	7,720	6,157
Contractors		3,260	2,701	4,982	3,815
Direct costs		106,095	105,644	115,090	113,871
Grants - general		10,827	13,182	10,624	13,082
Grants to subsidiaries	42	18,275	18,274	-	-
Grants to associates	42	355	1,355	355	1,355
Information and communication technology		6,062	6,012	6,818	6,748
Loss on disposal of property, plant and equipment		2,565	1,357	2,486	1,393
Loss on disposal of intangibles		2,082	130	2,082	130
Operating lease - minimum lease payments		1,116	1,174	1,864	1,706
Reassessment of provisions	23	2,979	15,945	2,979	15,945
Utility costs		18,316	17,861	18,710	18,355
Other general costs		22,676	17,955	18,775	14,193
<b>Total expenditure on operating activities</b>		<b>297,951</b>	<b>303,930</b>	<b>314,745</b>	<b>318,740</b>

**Auditor's remuneration**

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.

**General**

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

Grants – general include \$2.250m towards the funding of the Museum of New Zealand Te Papa Tongarewa.

**Note 6: Expenditure on operating activities - continued**

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

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 \$10.889m on Council owned properties.

**Note 7: Depreciation and amortisation**

	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
<b>Depreciation</b>				
Buildings	21,879	17,780	21,879	17,780
Civic Centre complex	2,962	2,866	2,962	2,866
Restricted buildings	1,302	1,240	1,302	1,240
Drainage, waste and water infrastructure	33,153	33,176	33,153	33,176
Landfill post closure	202	250	202	250
Library collections	2,438	2,307	2,438	2,307
Plant and equipment	9,797	10,243	10,500	10,994
Roading infrastructure	20,201	19,418	20,201	19,418
<b>Total depreciation</b>	<b>91,934</b>	<b>87,280</b>	<b>92,637</b>	<b>88,031</b>
<b>Amortisation</b>				
Computer software	3,926	3,868	3,974	3,946
<b>Total amortisation</b>	<b>3,926</b>	<b>3,868</b>	<b>3,974</b>	<b>3,946</b>
<b>Total depreciation and amortisation</b>	<b>95,860</b>	<b>91,148</b>	<b>96,611</b>	<b>91,977</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).

**Note 8: Income tax expense**

	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
<b>Current tax expense</b>				
Current year	-	-	-	47
Prior period adjustment	-	-	-	-
<b>Total current tax expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47</b>
<b>Deferred tax expense</b>				
Origination and reversal of temporary differences	(75)	(270)	-	-
Change in unrecognised temporary differences	-	-	-	44
Recognition of previously unrecognised tax losses	75	270	-	-
<b>Total deferred tax expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>44</b>

Reconciliation of tax on the surplus and tax expense	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Surplus for the period before taxation	27,465	28,187	30,924	30,533
Prima facie income tax based on domestic tax rate - 28%	7,690	7,892	8,658	8,549
Effect of non-deductible expenses and tax exempt income	(7,710)	(8,169)	(9,944)	(8,013)
Effect of tax losses utilised	75	270	0	-
Current years loss for which no deferred tax asset was recognised	20	7	30	7
Recognition of prior year loss	(75)	-	(75)	(51)
Change in unrecognised temporary differences	0	-	92	103
Prior period adjustment	0	-	12	22
Share of income tax of equity accounted associates	0	-	1,163	(526)
<b>Tax Expense/ (Credit)</b>	<b>-</b>	<b>-</b>	<b>(64)</b>	<b>91</b>

Imputation credits	Group	
	2014	2013
	\$000	\$000
Imputation credits available in subsequent periods	98	101

**Note 9: Deferred tax assets and liabilities****Unrecognised temporary differences and tax losses**

Deferred tax assets have not been recognised in respect of the following items:

	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Deductible temporary differences	-	-	971	463
Tax losses	1,882	2,003	1,921	2,005
<b>Total</b>	<b>1,882</b>	<b>2,003</b>	<b>2,892</b>	<b>2,468</b>

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 \$0.527m (2013: \$0.561m) and for the Group \$0.810m (2013: \$0.691m).

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.

In 2014 \$0.270m (2013: \$0.964m) previously unrecognised tax losses, with a tax effect of \$0.076m (2013: \$0.270m) were recognised by the Group by way of loss transfer arrangement.

As at 30 June 2014, the Group had a deferred tax liability of \$1.279m (2013: \$1.427m).

**Note 10: Cash and cash equivalents**

	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Cash at bank	4,434	7,284	5,600	10,105
Cash on hand	41	105	56	115
Short term bank deposits up to 3 months	48,098	37,000	51,197	40,298
<b>Total cash and cash equivalents</b>	<b>52,573</b>	<b>44,389</b>	<b>56,853</b>	<b>50,518</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 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 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 11: Derivative financial instruments**

	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
<b>Current assets</b>				
Interest rate swaps - fair value hedges	-	409	-	409
<b>Total current assets</b>	<b>-</b>	<b>409</b>	<b>-</b>	<b>409</b>
<b>Non-current assets</b>				
Interest rate swaps - cash flow hedges	4,428	3,280	4,428	3,280
<b>Total non-current assets</b>	<b>4,428</b>	<b>3,280</b>	<b>4,428</b>	<b>3,280</b>
<b>Total derivative financial instrument assets</b>	<b>4,428</b>	<b>3,689</b>	<b>4,428</b>	<b>3,689</b>
<b>Current liabilities</b>				
Interest rate swaps - cash flow hedges	180	404	180	404
<b>Total current liabilities</b>	<b>180</b>	<b>404</b>	<b>180</b>	<b>404</b>
<b>Non-current liabilities</b>				
Interest rate swaps - cash flow hedges	4,651	12,831	4,651	12,831
Interest rate swaps - non-hedged	137	-	137	-
<b>Total non-current liabilities</b>	<b>4,788</b>	<b>12,831</b>	<b>4,788</b>	<b>12,831</b>
<b>Total derivative financial instrument liabilities</b>	<b>4,968</b>	<b>13,235</b>	<b>4,968</b>	<b>13,235</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 31: Financial instruments

**Note 12: Trade and other receivables**

	Note	Council		Group	
		2014	2013	2014	2013
		\$000	\$000	\$000	\$000
Trade receivables - debtors		11,027	10,959	13,255	13,048
Provision for impairment - debtors		(256)	(241)	(256)	(532)
<b>Net trade receivables - debtors</b>		<b>10,771</b>	<b>10,718</b>	<b>12,999</b>	<b>12,516</b>
Trade receivables - fines		9,773	10,703	9,773	10,703
Provision for impairment - fines		(6,286)	(6,623)	(6,286)	(6,623)
<b>Net trade receivables - fines</b>		<b>3,487</b>	<b>4,080</b>	<b>3,487</b>	<b>4,080</b>
Trade receivables from related parties					
- Subsidiaries	42	976	671	-	-
- Associates	42	34	13	34	13
<b>Total trade receivables from related parties</b>		<b>1,010</b>	<b>684</b>	<b>34</b>	<b>13</b>
<b>Total net trade receivables</b>		<b>15,268</b>	<b>15,482</b>	<b>16,520</b>	<b>16,609</b>
Accrued income		7,096	6,099	7,417	6,602
GST receivable		5,014	4,406	5,134	4,722
Rates receivable		9,053	10,417	9,053	10,417
Sundry receivables		956	13,152	1,540	13,697
<b>Total trade and other receivables</b>		<b>37,387</b>	<b>49,556</b>	<b>39,664</b>	<b>52,047</b>
Represented by:					
Current		37,387	49,556	39,664	52,047
Non-current		-	-	-	-
<b>Total trade and other receivables</b>		<b>37,387</b>	<b>49,556</b>	<b>39,664</b>	<b>52,047</b>

Current trade receivables, rates receivables and sundry receivables are non-interest bearing and receipt is generally on 30 day terms, therefore the carrying value of trade and other receivables approximates their fair value.

The movement in the provision for impairment of trade receivables is analysed as follows:

Provision for impairment of total trade receivables	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Opening balance	6,864	6,647	7,155	6,920
New provisions made	218	803	218	821
Release of unused provision	(351)	(367)	(351)	(367)
Amount of provision utilised	(189)	(219)	(480)	(219)
<b>Provision for impairment of total trade receivables - closing balance</b>	<b>6,542</b>	<b>6,864</b>	<b>6,542</b>	<b>7,155</b>

**Note 12: Trade and other receivables - continued**

The ageing profile of trade and other receivables at the reporting date is as follows:

Council	2014			2013		
	Receivables			Receivables		
	Gross \$000	Impaired \$000	Net \$000	Gross \$000	Impaired \$000	Net \$000
<b>Trade and other receivables</b>						
Not past due	21,425	-	21,425	31,020	-	31,020
Past due 0-3 months	6,311	(98)	6,213	7,802	(113)	7,689
Past due 3-6 months	3,252	(115)	3,137	3,218	(111)	3,107
Past due more than 6 months	12,941	(6,329)	6,612	14,380	(6,640)	7,740
<b>Total trade and other receivables</b>	<b>43,929</b>	<b>(6,542)</b>	<b>37,387</b>	<b>56,420</b>	<b>(6,864)</b>	<b>49,556</b>
Group	2014			2013		
	Receivables			Receivables		
	Gross \$000	Impaired \$000	Net \$000	Gross \$000	Impaired \$000	Net \$000
<b>Trade and other receivables</b>						
Not past due	23,128	-	23,128	32,575	-	32,575
Past due 0-3 months	6,402	(98)	6,305	8,126	(113)	8,013
Past due 3-6 months	3,252	(115)	3,137	3,695	(111)	3,584
Past due more than 6 months	13,423	(6,329)	7,094	14,806	(6,931)	7,875
<b>Total trade and other receivables</b>	<b>46,205</b>	<b>(6,542)</b>	<b>39,664</b>	<b>59,202</b>	<b>(7,155)</b>	<b>52,047</b>

The receivables past due for more than six months primarily relates to fines. Due to their nature, the collection pattern for fines is longer than that for trade debtors.

**Note 13: Other financial assets**

	Note	Council		Group	
		2014	2013	2014	2013
		\$000	\$000	\$000	\$000
<b>Financial assets at fair value through other comprehensive income</b>					
Equity investments:					
- Civic Assurance		590	620	590	620
- NZ Local Government Funding Agency (LGFA)		1,883	1,883	1,883	1,883
<b>Loans and deposits</b>					
Bank deposits - term greater than 3 months		20,000	-	20,400	400
LGFA - borrower notes		1,328	480	1,328	480
Loans to related parties - associates	42	1,586	1,407	1,586	1,407
Loans to related parties - other organisations		4,312	3,979	4,312	3,979
Loans to external organisations		150	-	150	-
<b>Total other financial assets</b>		<b>29,849</b>	<b>8,369</b>	<b>30,249</b>	<b>8,769</b>
Represented by:					
Current		20,000	-	20,400	400
Non-current		9,849	8,369	9,849	8,369
<b>Total other financial assets</b>		<b>29,849</b>	<b>8,369</b>	<b>30,249</b>	<b>8,769</b>

Civic Assurance is the trading name of New Zealand Local Government Insurance Corporation Limited, which provides insurance products and other financial services principally to local authorities. The Council holds a 4.78% (2013: 4.78%) shareholding in this entity with 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 a AA+ (domestic long term) credit rating from Standard and Poors.

**Note 13: Other financial assets - continued****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:

	Note	Council		Group	
		2014 \$000	2013 \$000	2014 \$000	2013 \$000
<b>Loans to related parties - associates</b>					
<i><b>Wellington Regional Stadium Trust</b></i> <i><b>(nominal value \$15,394,893)</b></i>					
Opening balance		1,407	1,248	1,407	1,248
Amortisation of fair value adjustment		179	159	179	159
<b>Closing balance at fair value</b>	<b>42</b>	<b>1,586</b>	<b>1,407</b>	<b>1,586</b>	<b>1,407</b>
<b>Loans to related parties - other organisations</b>					
<i><b>Karori Wildlife Sanctuary Trust</b></i> <i><b>(nominal value \$10,346,689)</b></i>					
Opening balance		3,979	3,673	3,979	3,673
Amortisation of fair value adjustment		333	306	333	306
<b>Closing balance at fair value</b>		<b>4,312</b>	<b>3,979</b>	<b>4,312</b>	<b>3,979</b>
<b>Loans to other external organisations</b>					
Opening balance		-	-	-	-
New loan advanced		300	-	300	-
Loan repayments		(150)	-	(150)	-
<b>Closing balance at fair value</b>		<b>150</b>	<b>-</b>	<b>150</b>	<b>-</b>
<b>Total loans</b>		<b>6,048</b>	<b>5,386</b>	<b>6,048</b>	<b>5,386</b>

The fair value movement on loans reflects the timing of their expected repayments and the interest free nature of the loan. Over the remaining life of the loans their fair value will be amortised back up to their full nominal value.

The amortisation rate applicable to the Wellington Regional Stadium Trust is 12.710% and the rates applicable to the Karori Wildlife Sanctuary Trust range from 6.875% to 12.710%. Both loans are due for repayment by the end of 2040.

Loans to other external organisations are 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 42: Related party disclosures.

**Note 14: Inventories**

	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Consumables	631	551	1,313	1,457
Inventories held for re-sale	256	193	360	313
Inventories held for distribution	82	131	82	131
<b>Total inventories</b>	<b>969</b>	<b>875</b>	<b>1,755</b>	<b>1,901</b>

Consumables are materials or supplies which will be consumed in conjunction with the delivery of services. Consumables within the Council predominately comprise nursery plants, printing products and drainage and waste consumables. Consumables within the Group are mainly Wellington Cable Car Limited inventories of spare parts.

Inventories held for resale within the Council mainly comprise inventories at the Botanic Gardens and the Council's swimming pools. The Group includes inventories at Wellington Museums Trust and Wellington Zoo.

Inventories held for distribution primarily relate to the holding of wheelie bins, green bins and recycling bags for distribution at no or nominal cost.

**Note 15: Non-current assets classified as held for sale**

	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Opening balance	272	949	272	949
Disposals	(272)	(899)	(272)	(899)
Transfers from property, plant and equipment	1,367	222	1,367	222
<b>Non-current assets classified as held for sale - closing balance</b>	<b>1,367</b>	<b>272</b>	<b>1,367</b>	<b>272</b>

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.

**Note 16: Intangibles**

	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
<b>Computer software</b>				
Cost - opening balance	43,011	38,981	43,701	39,662
Accumulated amortisation	(31,941)	(28,936)	(32,592)	(29,509)
Computer software opening balance	11,070	10,045	11,109	10,153
Acquired by direct purchase	1,792	5,023	1,871	5,029
Amortisation	(3,926)	(3,868)	(3,974)	(3,946)
Net disposals	(2,082)	(130)	(2,082)	(130)
Transfer from property, plant and equipment	-	-	-	3
<b>Total computer software - closing balance</b>	<b>6,854</b>	<b>11,070</b>	<b>6,924</b>	<b>11,109</b>
Cost	39,849	43,011	40,491	43,701
Accumulated amortisation	(32,995)	(31,941)	(33,566)	(32,592)
<b>Total computer software - closing balance</b>	<b>6,854</b>	<b>11,070</b>	<b>6,924</b>	<b>11,109</b>
<b>Work in progress</b>				
Computer software	9,864	2,442	9,864	2,442
<b>Total work in progress</b>	<b>9,864</b>	<b>2,442</b>	<b>9,864</b>	<b>2,442</b>
<b>Carbon credits</b>				
Cost - Opening Balance	37	-	37	-
Additions	25	37	25	37
Net disposals	(30)	-	(30)	-
<b>Total Carbon credits - closing balance</b>	<b>32</b>	<b>37</b>	<b>32</b>	<b>37</b>
<b>Total intangibles</b>	<b>16,750</b>	<b>13,549</b>	<b>16,820</b>	<b>13,588</b>

Disposals and transfers are reported net of accumulated amortisation.

The increase in computer software work in progress of \$7.422m to \$9.864m reflects Council's commitment to enhancing its technological capabilities across a number of platforms. Council has embarked on replacing its core applications, a new electronic document records management system and a new asset management information system for its infrastructure assets.

**Carbon credits**

As part of the Emissions Trading Scheme (ETS) the Council received 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 2014 the Council received 29,721 credits (2013: 149,979). The Council purchased 110,000 credits (2013: 80,000) in the market to cover the expected liabilities associated with landfill operations. During the year 54,213 credits were surrendered to meet the Council's ETS obligations for the 2013 calendar year. At 30 June 2014 the total number of credits held is 320,194 (2013: 234,686).

At 30 June 2014 the liability relating to these credits is \$0.024mm (2013: \$0.080m).

More information on carbon credits can be found in the Statements of Service Performance under activity 2.2: Waste reduction and energy conservation.

**Note 17: Investment properties**

	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Opening balance	205,951	200,474	205,951	200,474
Additions by acquisition	-	-	-	-
Additions by subsequent expenditure	781	92	781	92
Fair value revaluation movements taken to surplus/(deficit)	(7,661)	5,385	(7,661)	5,385
Transfer to property, plant and equipment	(6,170)	-	(6,170)	-
<b>Investment properties - closing balance</b>	<b>192,901</b>	<b>205,951</b>	<b>192,901</b>	<b>205,951</b>

Wellington City Council's investment properties were valued as at 30 June 2014 by William Bunt (FNZIV, FPINZ), registered valuer and Director of Valuation Services for CBRE Limited. Wellington Waterfront Project's investment properties were valued as at 30 June 2014 by Andrew Washington (BCom (VPM) ANZIV SPINZ), registered valuer and Director Valuations for Colliers International (Wellington Valuation) Limited.

The Council's total investment properties comprise ground leases of \$153.480m (2013: \$154.902m) and land and buildings of \$39,421m (2013: \$51.049m) held for investment purposes.

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 rentals are charged on a commercial market basis.

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 rental income 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 rental payments.

Revenues and expenses	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Revenue from investment properties	11,174	12,668	11,174	12,668
Direct operating expenses of investment properties				
- From investment properties that generated income	545	339	545	339
Contractual obligations for capital expenditure	19	35	19	35
Contractual obligations for operating expenditure	13	48	13	48

The direct operating expenses relating to investment properties form part of the direct expenses in Note 6: Expenditure on operating activities.

Fair value of investment properties valued by independent registered valuers	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
William Bunt - CBRE Limited	154,830	156,662	154,830	156,662
Andrew Washington - Colliers International Limited	38,071	49,289	38,071	49,289
<b>Total fair value of investment properties valued by independent registered valuers</b>	<b>192,901</b>	<b>205,951</b>	<b>192,901</b>	<b>205,951</b>

**Note 18: Property, plant and equipment**

The movements in the property, plant and equipment assets are summarised as follows:

Summary	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Property, plant and equipment - Opening balance	6,546,292	6,501,686	6,558,933	6,514,367
Additions	104,322	149,795	105,949	149,956
Disposals	(3,503)	(6,823)	(3,504)	(6,860)
Depreciation expense	(91,934)	(87,280)	(92,637)	(88,031)
Impairment losses	(458)	-	(458)	-
Revaluation movement	(45,290)	-	(47,163)	-
Transfer from non-current assets held for sale	(1,367)	-	(1,367)	-
Transfer to non-current assets held for sale	-	(222)	-	(222)
Transfer from investment properties	6,170	-	6,170	-
Transfer to intangibles	-	-	-	(3)
Movement in work in progress	21,781	(10,864)	21,275	(10,274)
<b>Property, plant and equipment - Closing balance</b>	<b>6,536,013</b>	<b>6,546,292</b>	<b>6,547,198</b>	<b>6,558,933</b>

The movements according to the individual classes of assets are as follows:

	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
<b>Operational assets</b>				
<b>Land</b>				
Land - at cost - opening balance	-	-	-	-
Land - at valuation - opening balance	203,331	206,036	203,331	206,036
Total land - opening balance	203,331	206,036	203,331	206,036
Additions	6,976	-	6,976	-
Disposals	-	(2,205)	-	(2,205)
Revaluation movement	-	-	-	-
Transfer between asset classes	2,775	(500)	2,775	(500)
<b>Total land - closing balance</b>	<b>213,082</b>	<b>203,331</b>	<b>213,082</b>	<b>203,331</b>
Land - at cost - closing balance	-	-	-	-
Land - at valuation - closing balance	213,082	203,331	213,082	203,331
<b>Total land - closing balance</b>	<b>213,082</b>	<b>203,331</b>	<b>213,082</b>	<b>203,331</b>
<b>Buildings</b>				
Buildings - at cost - opening balance	60,906	-	60,906	-
Buildings - at valuation - opening balance	547,282	547,704	547,282	547,704
Total cost/valuation	608,188	547,704	608,188	547,704
Accumulated depreciation	(17,813)	-	(17,813)	-
Total buildings - opening balance	590,375	547,704	590,375	547,704
Additions	10,741	60,906	10,741	60,906
Depreciation expense	(21,879)	(17,780)	(21,879)	(17,780)
Disposals	(1,228)	(485)	(1,228)	(485)
Impairment	(458)	-	(458)	-
Revaluation movement	(9,295)	-	(9,295)	-
Transfer between asset classes	365	30	365	30
Transfer from investment properties	6,170	-	6,170	-
<b>Total buildings - closing balance</b>	<b>574,792</b>	<b>590,375</b>	<b>574,792</b>	<b>590,375</b>

Disposals and transfers are reported net of accumulated depreciation

## Note 18: Property, plant and equipment - continued

	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Buildings - at cost - closing balance	69,409	60,906	69,409	60,906
Buildings - at valuation - closing balance	539,236	547,282	539,236	547,282
Total cost/valuation	608,645	608,188	608,645	608,188
Accumulated depreciation	(33,853)	(17,813)	(33,853)	(17,813)
<b>Total buildings - closing balance</b>	<b>574,792</b>	<b>590,375</b>	<b>574,792</b>	<b>590,375</b>
<b>Landfill post closure costs <sup>1</sup></b>				
Landfill post closure - at cost - opening balance	3,783	3,930	3,783	3,930
Accumulated depreciation	(2,100)	(1,850)	(2,100)	(1,850)
Total landfill post closure costs - opening balance	1,683	2,080	1,683	2,080
Depreciation expense	(202)	(250)	(202)	(250)
Movement in post closure costs	(139)	(147)	(139)	(147)
<b>Total landfill post closure costs - closing balance</b>	<b>1,342</b>	<b>1,683</b>	<b>1,342</b>	<b>1,683</b>
Landfill post closure - at cost - closing balance	3,643	3,783	3,643	3,783
Accumulated depreciation	(2,301)	(2,100)	(2,301)	(2,100)
<b>Total landfill post closure costs - closing balance</b>	<b>1,342</b>	<b>1,683</b>	<b>1,342</b>	<b>1,683</b>
<b>Civic Centre complex</b>				
Civic Centre complex - at cost - opening balance	173,691	172,949	173,691	172,949
Accumulated depreciation	(55,931)	(53,065)	(55,931)	(53,065)
Total Civic Centre complex - opening balance	117,760	119,884	117,760	119,884
Additions	1,541	745	1,541	745
Disposals	(687)	-	(687)	-
Depreciation expense	(2,962)	(2,866)	(2,962)	(2,866)
Transfer between asset classes	-	(3)	-	(3)
<b>Total Civic Centre complex- closing balance</b>	<b>115,652</b>	<b>117,760</b>	<b>115,652</b>	<b>117,760</b>
Civic Centre complex - at cost - closing balance	173,817	173,691	173,817	173,691
Accumulated depreciation	(58,165)	(55,931)	(58,165)	(55,931)
<b>Total Civic Centre complex- closing balance</b>	<b>115,652</b>	<b>117,760</b>	<b>115,652</b>	<b>117,760</b>
<b>Plant and equipment</b>				
Plant and equipment - at cost - opening balance	157,065	156,363	169,867	169,045
Accumulated depreciation	(77,728)	(74,512)	(83,415)	(79,448)
Total plant and equipment - opening balance	79,337	81,851	86,452	89,597
Additions	13,846	11,304	15,473	11,464
Depreciation expense	(9,797)	(10,243)	(10,500)	(10,994)
Disposals	(1,491)	(3,548)	(1,492)	(3,585)
Transfer between asset classes	-	(27)	(1,873)	(27)
Transfer to intangibles	-	-	-	(3)
<b>Total plant and equipment - closing balance</b>	<b>81,895</b>	<b>79,337</b>	<b>88,060</b>	<b>86,452</b>
Plant and equipment - at cost	166,755	157,065	179,310	169,867
Accumulated depreciation	(84,860)	(77,728)	(91,250)	(83,415)
<b>Total plant and equipment - closing balance</b>	<b>81,895</b>	<b>79,337</b>	<b>88,060</b>	<b>86,452</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

**Note 18: Property, plant and equipment - continued**

	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
<b>Library collections</b>				
Library collections - at cost - opening balance	3,972	1,977	3,972	1,977
Library collections - at valuation - opening balance	15,715	15,715	15,715	15,715
Total cost/valuation	19,687	17,692	19,687	17,692
Accumulated depreciation	(4,377)	(2,070)	(4,377)	(2,070)
Total library collections - opening balance	15,310	15,622	15,310	15,622
Additions	2,072	1,995	2,072	1,995
Depreciation expense	(2,438)	(2,307)	(2,438)	(2,307)
Revaluation movement	(132)	-	(132)	-
<b>Total library collections - closing balance</b>	<b>14,812</b>	<b>15,310</b>	<b>14,812</b>	<b>15,310</b>
Library collections - at cost - closing balance	-	3,972	-	3,972
Library collections - at valuation - closing balance	14,812	15,715	14,812	15,715
Total cost/valuation	14,812	19,687	14,812	19,687
Accumulated depreciation	-	(4,377)	-	(4,377)
<b>Total library collections - closing balance</b>	<b>14,812</b>	<b>15,310</b>	<b>14,812</b>	<b>15,310</b>
<b>Total operational assets</b>	<b>1,001,574</b>	<b>1,007,796</b>	<b>1,007,740</b>	<b>1,014,911</b>
<b>Infrastructure assets</b>				
<b>Drainage, waste and water</b>				
Drainage, waste and water - at cost - opening balance	76,885	46,755	76,885	46,755
Drainage, waste and water - at valuation - opening balance	1,350,574	1,350,574	1,350,574	1,350,574
Total cost/valuation	1,427,459	1,397,329	1,427,459	1,397,329
Accumulated depreciation	(66,398)	(33,222)	(66,398)	(33,222)
Total drainage, water and waste - opening balance	1,361,061	1,364,107	1,361,061	1,364,107
Additions	27,784	30,130	27,784	30,130
Depreciation expense	(33,153)	(33,176)	(33,153)	(33,176)
Revaluation movement	(23,397)	-	(23,397)	-
Transfer between asset classes	(4)	-	(4)	-
<b>Total drainage, water and waste - closing balance</b>	<b>1,332,291</b>	<b>1,361,061</b>	<b>1,332,291</b>	<b>1,361,061</b>
Drainage, waste and water - at cost - closing balance	-	76,885	-	76,885
Drainage, waste and water - at valuation - closing balance	1,332,291	1,350,574	1,332,291	1,350,574
Total cost/valuation	1,332,291	1,427,459	1,332,291	1,427,459
Accumulated depreciation	-	(66,398)	-	(66,398)
<b>Total drainage, water and waste - closing balance</b>	<b>1,332,291</b>	<b>1,361,061</b>	<b>1,332,291</b>	<b>1,361,061</b>
<b>Roading</b>				
Roading - at cost - opening balance	77,227	38,614	77,227	38,614
Roading - at valuation - opening balance	784,374	784,374	786,974	786,974
Total cost/valuation	861,601	822,988	864,201	825,588
Accumulated depreciation	(38,113)	(18,695)	(38,113)	(18,695)
Total roading - opening balance	823,488	804,293	826,088	806,893
Additions	35,286	38,613	35,286	38,613
Depreciation expense	(20,201)	(19,418)	(20,201)	(19,418)
Revaluation movement	(14,481)	-	(16,354)	-
Transfer between asset classes	4	-	1,877	-
<b>Total roading - closing balance</b>	<b>824,096</b>	<b>823,488</b>	<b>826,696</b>	<b>826,088</b>
Roading - at cost - closing balance	-	77,227	-	77,227
Roading - at valuation - closing balance	824,096	784,374	826,696	786,974
Total cost/valuation	824,096	861,601	826,696	864,201
Accumulated depreciation	-	(38,113)	-	(38,113)
<b>Total roading - closing balance</b>	<b>824,096</b>	<b>823,488</b>	<b>826,696</b>	<b>826,088</b>

Disposals and transfers are reported net of accumulated depreciation

**Note 18: Property, plant and equipment - continued**

	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
<b>Infrastructure land</b>				
Infrastructure land - at cost - opening balance	-	-	-	-
Infrastructure land - at valuation - opening balance	36,077	36,447	36,077	36,447
<b>Total infrastructure land - opening balance</b>	<b>36,077</b>	<b>36,447</b>	<b>36,077</b>	<b>36,447</b>
Additions	2,799	-	2,799	-
Disposal	-	(370)	-	(370)
Revaluation movement	2,015	-	2,015	-
Transfer between asset classes	(2,884)	-	(2,884)	-
<b>Total infrastructure land - closing balance</b>	<b>38,007</b>	<b>36,077</b>	<b>38,007</b>	<b>36,077</b>
Infrastructure land - at cost - closing balance	-	-	-	-
Infrastructure land - at valuation - closing balance	38,007	36,077	38,007	36,077
<b>Total infrastructure land - closing balance</b>	<b>38,007</b>	<b>36,077</b>	<b>38,007</b>	<b>36,077</b>
<b>Land under roads</b>				
Land under roads - at cost - opening balance	2,947,937	2,944,770	2,947,937	2,944,770
Additions	58	3,117	58	3,117
Disposals	(51)	(88)	(51)	(88)
Transfer between asset classes	109	360	109	360
Transfer to non-current assets held for sale	(84)	(222)	(84)	(222)
<b>Land under roads - closing balance</b>	<b>2,947,969</b>	<b>2,947,937</b>	<b>2,947,969</b>	<b>2,947,937</b>
<b>Total infrastructure assets</b>	<b>5,142,363</b>	<b>5,168,563</b>	<b>5,144,963</b>	<b>5,171,163</b>
<b>Restricted assets</b>				
<b>Art and cultural assets</b>				
Art and cultural assets - at cost - opening balance	9,279	8,731	11,615	11,066
Additions	13	548	13	549
Transfer between asset classes	(365)	-	(365)	-
<b>Art and cultural assets - closing balance</b>	<b>8,927</b>	<b>9,279</b>	<b>11,263</b>	<b>11,615</b>
<b>Restricted buildings</b>				
Restricted buildings - at cost - opening balance	34,832	33,175	34,832	33,175
Accumulated depreciation	(6,793)	(5,766)	(6,793)	(5,766)
<b>Total restricted buildings - opening balance</b>	<b>28,039</b>	<b>27,409</b>	<b>28,039</b>	<b>27,409</b>
Additions	638	1,981	638	1,981
Depreciation expense	(1,302)	(1,240)	(1,302)	(1,240)
Disposals	-	(111)	-	(111)
<b>Restricted buildings - closing balance</b>	<b>27,375</b>	<b>28,039</b>	<b>27,375</b>	<b>28,039</b>
Restricted buildings - at cost - closing balance	35,470	34,832	35,470	34,832
Accumulated depreciation	(8,095)	(6,793)	(8,095)	(6,793)
<b>Total restricted buildings - closing balance</b>	<b>27,375</b>	<b>28,039</b>	<b>27,375</b>	<b>28,039</b>
<b>Parks and reserves</b>				
Parks and reserves - at cost - opening balance	208,802	204,516	208,802	204,516
Additions	2,706	603	2,706	603
Disposals	(46)	(16)	(46)	(16)
Transfer between asset classes	-	3,699	-	3,699
Transfer to non-current assets held for sale	(1,283)	-	(1,283)	-
<b>Parks and reserves - closing balance</b>	<b>210,179</b>	<b>208,802</b>	<b>210,179</b>	<b>208,802</b>

Disposals and transfers are reported net of accumulated depreciation

**Note 18: Property, plant and equipment - continued**

	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
<b>Town Belt - at cost</b>	<b>84,544</b>	<b>88,103</b>	<b>84,544</b>	<b>88,103</b>
Transfer between asset classes	-	(3,559)	-	(3,559)
<b>Total restricted buildings - closing balance</b>	<b>84,544</b>	<b>84,544</b>	<b>84,544</b>	<b>84,544</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>331,525</b>	<b>331,164</b>	<b>333,861</b>	<b>333,500</b>
<b>Work in progress</b>				
- Land	80	53	80	53
- Buildings	52,311	13,881	52,311	13,881
- Civic Centre complex	-	5,835	-	5,835
- Plant and equipment	7,990	13,354	8,074	13,944
- Drainage, waste and water	-	457	-	457
- Roothing	-	4,840	-	4,840
- Art and cultural	169	173	169	173
- Restricted buildings	-	176	-	176
<b>Total work in progress</b>	<b>60,550</b>	<b>38,769</b>	<b>60,634</b>	<b>39,359</b>
<b>Total property, plant and equipment</b>	<b>6,536,012</b>	<b>6,546,292</b>	<b>6,547,197</b>	<b>6,558,933</b>

**Core Assets**

Included within the infrastructure assets above are the following core Council assets:

Council	2014			
	Closing book value	Additions		Replacement Cost
		Constructed	Vested	
	\$000	\$000	\$000	\$000
<b>Water supply</b>				
- treatment plants and facilities	198,824	793	-	342,597
- other assets	315,647	1,783	-	540,993
<b>Sewerage</b>				
- treatment plants and facilities	171,589	-	-	211,785
- other assets	317,622	3,873	-	725,665
<b>Stormwater drainage</b>	327,629	3,032	-	615,621
<b>Flood protection and control works</b>	-	-	-	-
<b>Roads and footpaths</b>	602,634	4,994	500	784,610
<b>Total</b>	<b>1,933,945</b>	<b>14,475</b>	<b>500</b>	<b>3,221,271</b>

The replacement cost is based on the optimised replacement cost estimate amounts in the valuation for the 2013/14 year.

**Finance leases**

The net carrying amount of plant and equipment assets held by the Council under finance leases is \$0.739m (2013: \$0.906m).

**Note 18: Property, plant and equipment - continued****Revaluation of property, plant and equipment**

The Council's operational land and buildings were valued as at 30 June 2012, and infrastructural land as at 30 June 2014 by William Bunt (FNZIV, FPINZI), registered valuer and Director of Valuation Services for CBRE Limited.

Library collections were valued as at 30 June 2014 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. An independent peer review was conducted by Michaela O'Donovan, Manager Service Design and Implementation, National Library of New Zealand.

Drainage, waste and water infrastructure and the roading network were valued as at 30 June 2014 by John Vessey (MIPENZ), Partner of Opus International Consultants Limited.

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 2012 and 30 June 2014 for the operational land and buildings were assessed using appropriate indices. The increase in asset value of 3.4% was not considered material by management and accordingly the assets were not revalued at 30 June 2014.

Further information on revaluation reserves and movements is contained in Note 25: Revaluation reserves.

**Service concession arrangement**

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 drainage, waste and water asset 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	
	2014	2013
	\$000	\$000
Total value of property, plant and equipment	6,536,012	6,546,292
Value of assets covered by insurance contracts	3,042,231	3,065,601
The maximum amount to which assets are insured under Council insurance policies	550,000	462,500

The value of assets covered by insurance excludes land and land under roads.

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 fund of \$9.609m (2013:\$10.022m) exists to meet the cost of claims that fall below deductible limits under Council insurance policies. Refer to Note 29: Special Reserves and Funds.

**Note 19: Trade and other payables**

	Note	Council		Group	
		2014	2013	2014	2013
		\$000	\$000	\$000	\$000
Trade payables and accruals		43,753	42,875	46,875	47,118
Trade payables owing to related parties					
- Subsidiaries	42	1,203	980	-	-
- Associates	42	1,030	712	1,030	712
Interest payable		3,679	2,826	3,679	2,826
Sundry payables		8,603	11,182	9,368	12,326
<b>Total trade and other payables</b>		<b>58,268</b>	<b>58,575</b>	<b>60,952</b>	<b>62,982</b>
represented by:					
Current		57,638	57,945	60,322	62,352
Non-current		630	630	630	630
<b>Total trade and other payables</b>		<b>58,268</b>	<b>58,575</b>	<b>60,952</b>	<b>62,982</b>

Trade payables are non-interest bearing and are normally settled on terms varying between seven days and the 20<sup>th</sup> of the month following the invoice date.

**Note 20: Revenue in advance**

	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Inspection and licensing fees	2,335	2,392	2,335	2,392
Lease rentals	3,942	2,584	3,942	2,584
Rates and water	968	1,457	968	1,457
Indoor Community Sports Centre	1,800	2,043	1,800	2,043
Wellington Venues	1,547	1,270	1,547	1,270
Revenue in advance - subsidiaries	-	-	1,119	487
Other	1,513	1,659	1,513	1,659
<b>Total revenue in advance</b>	<b>12,105</b>	<b>11,405</b>	<b>13,224</b>	<b>11,892</b>

## Note 21: Borrowings

The Council maintains a prudent borrowings position in relation to our equity and annual income. 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.

### Net Borrowings

The following table offsets cash and cash equivalents and other current (12 months or less) investment deposits held against the gross borrowings to obtain a net borrowings position.

Net borrowings	Council		Group	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Total gross borrowing and overdraft facilities utilised	419,118	388,330	419,125	388,340
<i>Less</i>				
Cash and cash equivalents	(52,573)	(44,389)	(56,853)	(50,518)
Bank deposits - term (3-12 months)	(20,000)	-	(20,400)	(400)
<b>Total net borrowings</b>	<b>346,545</b>	<b>343,941</b>	<b>341,872</b>	<b>337,422</b>

Further discussion and illustration of the net borrowing and investment position is included in the Financial Overview on page **XX**

### Gross Borrowings

The gross borrowings are comprised as follows:

Gross borrowings	Council		Group	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
<b>Current</b>				
Bank facilities - short term - committed	-	-	-	-
Commercial paper	100,000	100,000	100,000	100,000
Debt securities - fixed rate bonds	-	25,000	-	25,000
Debt securities - floating rate notes	29,000	30,000	29,000	30,000
Finance leases	371	562	375	565
<b>Total current</b>	<b>129,371</b>	<b>155,562</b>	<b>129,375</b>	<b>155,565</b>
<b>Non-current</b>				
Bank loans - term	3,125	3,035	3,125	3,035
Debt securities - fixed rate bonds	20,000	15,409	20,000	15,409
Debt securities - floating rate notes	266,500	214,000	266,500	214,000
Finance leases	122	324	125	331
<b>Total non-current</b>	<b>289,747</b>	<b>232,768</b>	<b>289,750</b>	<b>232,775</b>
<b>Total borrowings</b>	<b>419,118</b>	<b>388,330</b>	<b>419,125</b>	<b>388,340</b>

**Note 21: Borrowings - continued**

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 31: Financial instruments.

**Bank facilities**

A total of \$145m (2013: \$145m) of committed bank facilities is available to the Council. Some \$55m is on a short term basis of less than one year and \$90m for longer than one year. Interest is payable in arrears at wholesale market rates. A further \$5m (2013: \$5m) is available as an uncommitted facility with interest payable in arrears at wholesale market rates. Of these facilities, none were drawn at the end of the reporting period (2013: Nil).

**Bank loans – term**

Loans for the Council relate to the wastewater treatment plant joint venture with Porirua City Council, and comprise several individual loans totalling \$3.125m (2013: \$3.035m) with maturities from 2015 to 2036. The average effective interest rate applicable is 7.00%

**Commercial paper**

The Group has issued \$100m of commercial paper with maturities of three months or less. The interest is paid on issue. The interest rates range from 3.31% to 3.71%.

**Debt securities**

The Group has issued \$20m (2013: \$40m) of fixed rate bonds with maturities from 13 June 2016 to 31 July 2023. Interest is payable six monthly in arrears. The interest rates range from 4.47% to 7.13%. The value of fixed rate debt securities included a fair value hedge adjustment of \$Nil (2013: \$0.409m) relating to the fair value interest rate swaps associated with a bond that matured on 31 March 2014.

The Group has issued \$295.5m (2013: \$244m) of floating rate notes with maturities from 26 July 2014 to 15 April 2023. Interest is payable quarterly in arrears. The interest rates vary from 3.28% to 4.81% and are subject to quarterly reset dates.

The following table shows the further available but as yet unutilised borrowing facilities available to the Council and Group at the end of the reporting period.

Borrowing and overdraft facilities unutilised	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Bank facilities - short term - committed	55,000	55,000	55,000	55,000
Bank facilities - long term - committed	90,000	90,000	90,000	90,000
Bank facilities - short term - uncommitted	5,000	5,000	5,000	5,000
Bank overdraft	1,500	1,500	1,550	1,550
<b>Total borrowing and overdraft facilities unutilised</b>	<b>151,500</b>	<b>151,500</b>	<b>151,550</b>	<b>151,550</b>

**Bank overdraft**

An overdraft facility of \$1.500m (2013: \$1.500m) is available to Council. This facility was undrawn as at 30 June 2014 (2013: undrawn). The Group has additional overdraft facilities of \$0.050m (2013: \$0.050m).

**Security**

Council borrowings are secured by way of a Debenture Trust Deed over the Council's rates revenue.

**Note 21: Borrowings - continued****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 \$24.320m (2013: \$15.442m) of cash that may only be used for a specified purpose; this amount has been offset against borrowings. As part of the agreement with the Crown for the Housing Upgrade Project an amount of \$21.041m (2013: \$13.059m), representing the accumulated cash surpluses from the Housing activity, has been ring fenced for future investment in the Council's social housing assets. There is also an amount of \$3.279m (2013: \$2.383m) related to accumulated cash surpluses 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.

**Finance lease liabilities**

The Group has entered into finance leases for items of plant and equipment, predominantly computer equipment. The net carrying amount of the leased items is included within plant and equipment shown in Note 18: Property, plant and equipment.

The finance leases can be renewed at the Group's option, with rentals set by reference to current market rates for items of equivalent age and condition. The Group does have the option to purchase the asset at the end of the lease term.

There are no restrictions placed on the Group by any of the finance leasing arrangements.

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

The finance lease liabilities are analysed as follows:

Analysis of finance lease liabilities	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
<b>Future minimum lease payments</b>				
Not later than one year	394	596	399	600
Later than one year and not later than five years	130	336	133	344
Later than five years	-	-	-	-
<b>Total future minimum lease payments</b>	<b>524</b>	<b>932</b>	<b>532</b>	<b>944</b>
Future finance charges	(31)	(46)	(32)	(48)
<b>Present value of future minimum lease payments</b>	<b>493</b>	<b>886</b>	<b>500</b>	<b>896</b>
<b>Present value of future minimum lease payments</b>				
Not later than one year	371	562	375	565
Later than one year and not later than five years	122	324	125	331
Later than five years	-	-	-	-
<b>Total present value of future minimum lease payments</b>	<b>493</b>	<b>886</b>	<b>500</b>	<b>896</b>

**Note 22: Employee benefit liabilities and provisions**

	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
<b>Current</b>				
<b>Short-term benefits</b>				
Payroll accruals	771	459	1,039	793
Holiday leave	4,380	4,525	5,324	5,481
<b>Total short-term benefits</b>	<b>5,151</b>	<b>4,984</b>	<b>6,363</b>	<b>6,274</b>
<b>Termination benefits</b>				
Other contractual provisions	77	714	77	714
<b>Total termination benefits</b>	<b>77</b>	<b>714</b>	<b>77</b>	<b>714</b>
<b>Total current</b>	<b>5,228</b>	<b>5,698</b>	<b>6,440</b>	<b>6,988</b>
<b>Non-current</b>				
<b>Long-term benefits</b>				
Long service leave provision	-	-	69	78
Retirement gratuities provision	1,207	1,474	1,219	1,486
<b>Total long-term benefits</b>	<b>1,207</b>	<b>1,474</b>	<b>1,288</b>	<b>1,564</b>
<b>Total employee benefit liabilities and provisions</b>	<b>6,435</b>	<b>7,172</b>	<b>7,728</b>	<b>8,552</b>

Movements in the above short term and long term benefit provisions are analysed as follows:

Long service leave provision	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Opening balance	-	-	78	101
Additional or increased provision made	-	-	-	-
Release of provision	-	-	(9)	(23)
Amount utilised	-	-	-	-
<b>Long service leave - closing balance</b>	<b>-</b>	<b>-</b>	<b>69</b>	<b>78</b>

**Note 22: Employee benefit liabilities and provisions - continued**

Retirement gratuities provision	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Opening balance	1,474	1,649	1,486	1,699
Movement in required provision	(52)	(23)	(52)	(23)
Release of unused provision	(109)	(170)	(109)	(182)
Rediscounting of interest	92	102	92	102
Amount utilised	(198)	(84)	(198)	(110)
<b>Retirement gratuities - closing balance</b>	<b>1,207</b>	<b>1,474</b>	<b>1,219</b>	<b>1,486</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.

**Estimation**

The gross retirement gratuities provision (inflation adjusted at 2.57%) as at 30 June 2014, before discounting, is \$1.679m (2013: \$2.093m). The discount rate used is 6.50%.

Movements in the above termination benefits provision is analysed as follows:

Other contractual provisions	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Opening balance	714	1,229	714	1,229
New provision	77	714	77	714
Release of unused provision	-	(463)	-	(463)
Amount utilised	(714)	(766)	(714)	(766)
<b>Other contractual provisions - closing balance</b>	<b>77</b>	<b>714</b>	<b>77</b>	<b>714</b>

**Background**

The above provision is to cover estimated redundancy costs as at 30 June 2014 resulting from current restructuring within the Council.

**Note 23: Provision for other liabilities**

	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
<b>Current</b>				
ACC Partnership programme	31	20	31	20
Landfill post closure costs	2,311	3,322	2,311	3,322
Storm costs	-	855	-	855
Weathertight homes	28,439	30,304	28,439	30,304
<b>Total current</b>	<b>30,781</b>	<b>34,501</b>	<b>30,781</b>	<b>34,501</b>
<b>Non-current</b>				
Landfill post closure costs	13,468	13,027	13,468	13,027
Weathertight homes	21,954	36,675	21,954	36,675
<b>Total non-current</b>	<b>35,422</b>	<b>49,702</b>	<b>35,422</b>	<b>49,702</b>
<b>Total provision for other liabilities</b>	<b>66,203</b>	<b>84,203</b>	<b>66,203</b>	<b>84,203</b>

Movements in the above provisions for other liabilities are analysed as follows:

ACC Partnership programme	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Opening balance	20	10	20	10
Change in provision for risks incurred	95	96	95	96
Amounts utilised	(84)	(86)	(84)	(86)
<b>Total liability for claims outstanding</b>	<b>31</b>	<b>20</b>	<b>31</b>	<b>20</b>
Represented by:				
Present value of future payments	30	17	30	17
Risk margin	1	3	1	3
<b>Total liability for claims outstanding</b>	<b>31</b>	<b>20</b>	<b>31</b>	<b>20</b>

**Background**

The Council is a member of the Accident Compensation Corporation (ACC) partnership programme. The Council acts as an agent on behalf of ACC managing claims for its employees and providing entitlements under the Accident Insurance Act 1998 in relation to work-related personal injuries and illnesses.

**Estimation**

This provision represents an estimate of the claims outstanding at the end of the reporting period together with an estimate of the claims incurred but not yet reported.

**Note 23: Provision for other liabilities - continued**

Landfill post closure costs	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Opening balance	16,349	17,217	16,349	17,217
Release of provision	(1,284)	(1,521)	(1,284)	(1,521)
Re-discounting of interest	1,018	1,069	1,018	1,069
Amount utilised	(304)	(416)	(304)	(416)
<b>Landfill post closure costs - closing balance</b>	<b>15,779</b>	<b>16,349</b>	<b>15,779</b>	<b>16,349</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
- ongoing 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.

**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 rate of 6.50%. The gross provision (inflation adjusted at 2.80%), before discounting, is \$23.287m as at 30 June 2014 (2013: \$24.505m). 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 700,000m<sup>3</sup> (2013: 658,051m<sup>3</sup>) and is expected to close in 2018. 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 an estimated remaining capacity of 536,000m<sup>3</sup> (2013: 589,000m<sup>3</sup>) and an estimated remaining life out to the end of 2022.

**Note 23: Provision for other liabilities - continued**

Storm costs	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Opening balance	855	-	855	-
New provision	-	855	-	855
Amount utilised	(855)	-	(855)	-
<b>Storm costs - closing balance</b>	<b>-</b>	<b>855</b>	<b>-</b>	<b>855</b>

**Background**

Following a severe storm in June 2013 a provision was made for an estimate of the associated clean-up costs not covered through the self-insurance reserve fund. The clean-up has been completed and the provision extinguished.

Weathertight homes	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Opening balance	66,979	56,057	66,979	56,057
Additional or increased provision made	2,884	14,965	2,884	14,965
Amount utilised	(19,470)	(4,043)	(19,470)	(4,043)
<b>Weathertight homes - closing balance</b>	<b>50,393</b>	<b>66,979</b>	<b>50,393</b>	<b>66,979</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 \$4.997m (2013: \$7.739m) as a provision for future claims relating to weathertightness issues not yet identified or not yet reported.

**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 an applicable discount 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.

**Note 23: Provision for other liabilities - continued****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.

**Timing of claim payments**

Represents the expected timing of claim payments based on the expected length of time it takes to settle claims. This assumption is based on experience and the actual timings for claims already settled.

**Participation in Financial Assistance Package scheme**

The provision for 2014 includes certain actuarial assumptions around the Government's Financial Assistance Package (FAP). This assumption is based on actual and expected participation rates in the scheme.

**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.

The table below illustrates the potential impact on surplus or deficit of changes in some of the assumptions listed above.

Council and Group	2014	
	\$000	
	+10%	-10%
Assumption	Effect on Surplus or Deficit	
Amount claimed	5,039	(5,040)
Settlement level award	5,039	(5,040)
Council contribution to settlement	5,039	(5,040)
Timing of claim payments	241	(465)
Participation in FAP scheme	(1,748)	1,748
Change in percentage of homeowners who will make a successful claim	500	(500)

Council and Group	2014	
	\$000	
	+2%	-2%
Assumption	Effect on Surplus or Deficit	
Discount rate	(1,624)	1,353

**Note 23: Provision for other liabilities - continued****Funding of weathertight homes settlements**

Weathertight homes settlements are funded initially through borrowings. To repay those borrowings, the Council has agreed to incrementally increase rates by 0.75% per annum until such time as the weathertight homes liability has been settled and the associated borrowings and funding costs are repaid. 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	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Opening balance	(3,442)	(2,562)	(3,442)	(2,562)
Funding for weathertight homes liability	4,996	3,331	4,996	3,331
Total amounts paid	(19,470)	(4,043)	(19,470)	(4,043)
Interest allocation	(614)	(168)	(614)	(168)
<b>Closing balance funded through borrowings</b>	<b>(18,530)</b>	<b>(3,442)</b>	<b>(18,530)</b>	<b>(3,442)</b>

**Note 24: Accumulated funds and retained earnings**

	Note	Council		Group	
		2014 \$000	2013 \$000	2014 \$000	2013 \$000
<b>Accumulated funds</b>		<b>1,269,134</b>	<b>1,269,134</b>	<b>1,293,162</b>	<b>1,293,162</b>
<b>Retained earnings</b>					
Opening balance		3,653,843	3,628,545	3,677,647	3,650,181
Net surplus		27,465	28,187	30,988	30,442
Transfers from revaluation reserves	25	-	370	-	370
Transfers from restricted funds	28	8,056	813	8,307	1,293
Transfers to restricted funds	28	(4,779)	(4,072)	(5,097)	(4,639)
<b>Retained earnings - closing balance</b>		<b>3,684,585</b>	<b>3,653,843</b>	<b>3,711,845</b>	<b>3,677,647</b>
<b>Total accumulated funds and retained earnings</b>		<b>4,953,719</b>	<b>4,922,977</b>	<b>5,005,007</b>	<b>4,970,809</b>

**Note 25: Revaluation reserves**

	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
<b>Land - opening balance</b>	144,302	144,672	144,302	144,672
Transfer between classes	(48)		(48)	
Transfer to retained earnings on disposal of assets	-	(370)	-	(370)
<b>Land - closing balance</b>	<b>144,254</b>	<b>144,302</b>	<b>144,254</b>	<b>144,302</b>
<b>Buildings - opening balance</b>	240,462	240,462	240,462	240,462
Prior period revaluation	(9,295)	-	(9,295)	-
<b>Buildings - closing balance</b>	<b>231,167</b>	<b>240,462</b>	<b>231,167</b>	<b>240,462</b>
<b>Library collections - opening balance</b>	7,147	7,147	7,147	7,147
Revaluation recognised in other comprehensive income	(132)	-	(132)	-
<b>Library collections - closing balance</b>	<b>7,015</b>	<b>7,147</b>	<b>7,015</b>	<b>7,147</b>
<b>Drainage, waste and water - opening balance</b>	641,549	641,549	641,549	641,549
Revaluation recognised in other comprehensive income	(23,397)	-	(23,397)	-
<b>Drainage, waste and water - closing balance</b>	<b>618,152</b>	<b>641,549</b>	<b>618,152</b>	<b>641,549</b>
<b>Infrastructure land - opening balance</b>	13,347	13,347	13,347	13,347
Revaluation recognised in other comprehensive income	2,015	-	2,015	-
Transfer between classes	48		48	
<b>Infrastructure land - closing balance</b>	<b>15,410</b>	<b>13,347</b>	<b>15,410</b>	<b>13,347</b>
<b>Roading - opening balance</b>	370,516	370,516	372,389	372,389
Revaluation recognised in other comprehensive income	(14,481)	-	(16,354)	-
<b>Roading - closing balance</b>	<b>356,035</b>	<b>370,516</b>	<b>356,035</b>	<b>372,389</b>
<b>Associates' revaluation reserves - opening balance</b>	-	-	109,934	109,934
Revaluation recognised in other comprehensive income	-	-	-	-
Effect of changed shareholding in associates	-	-	38	-
<b>Associates' revaluation reserves - closing balance</b>	<b>-</b>	<b>-</b>	<b>109,972</b>	<b>109,934</b>
<b>Total revaluation reserves</b>	<b>1,372,033</b>	<b>1,417,323</b>	<b>1,482,005</b>	<b>1,529,130</b>
These revaluation reserves are represented by:				
Opening balance	1,417,323	1,417,693	1,529,130	1,529,500
Revaluation recognised in other comprehensive income	(45,290)	-	(47,163)	-
Effect of changed shareholding in associates	-	-	38	-
Transfer to retained earnings on disposal of assets	-	(370)	-	(370)
<b>Total revaluation reserves - closing balance</b>	<b>1,372,033</b>	<b>1,417,323</b>	<b>1,482,005</b>	<b>1,529,130</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 2014 Council revalued its infrastructure assets (networks and land), library collections and investment properties.

The Council is conducting a stocktake of infrastructural assets. The decrease on revaluation recorded in the 2014 financial year is due to the improvement in data about the condition and quantity of infrastructural assets that Council owns.

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.

**Note 26: Hedging reserve**

	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Opening balance	(9,955)	(23,896)	(9,956)	(24,050)
Cash flow hedge net movement recognised in other comprehensive income	9,552	14,104	9,552	14,104
Cash flow hedge movement reclassified to finance income	-	(163)	-	(163)
Cash flow hedge movement reclassified to share of equity accounted surplus of associate	-	-	1	153
<b>Hedging reserve - closing balance</b>	<b>(403)</b>	<b>(9,955)</b>	<b>(403)</b>	<b>(9,956)</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 Group includes the equity accounted net movement in the hedging reserve of our associate, Wellington International Airport Limited.

**Note 27: Fair value through other comprehensive income reserve**

	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Opening balance	93	154	93	154
Fair value adjustment taken to other comprehensive income	(30)	(61)	(30)	(61)
<b>Fair value through other comprehensive income - closing balance</b>	<b>63</b>	<b>93</b>	<b>63</b>	<b>93</b>

This reserve reflects the accumulated fair value movement in the Council's investment in Civic Assurance, for which there is no intention to sell. See Note 13: Other financial assets - for further information.

**Note 28: Restricted funds**

	Note	Council		Group	
		2014	2013	2014	2013
		\$000	\$000	\$000	\$000
Special reserves and funds	29	14,271	17,553	17,025	20,240
Trusts and bequests	30	412	407	412	407
		<b>14,683</b>	<b>17,960</b>	<b>17,437</b>	<b>20,647</b>
Opening balance		17,960	14,701	20,647	17,301
Additional funds		4,779	4,072	5,097	4,639
Funds utilised		(3,813)	(813)	(4,064)	(1,293)
Funds released to retained earnings		(4,243)	-	(4,243)	-
Closing balance		<b>14,683</b>	<b>17,960</b>	<b>17,437</b>	<b>20,647</b>

These funds are held by Council for specific purposes. More detailed information on the Council's restricted funds is disclosed in Note 29: Special reserves and funds and Note 30: Trusts and bequests.

**Note 29: Special reserves and funds**

	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
<b>Wellington economic initiatives development fund</b>				
Opening balance	3,000	-	3,000	-
Additional funds	3,000	3,000	3,000	3,000
Funds utilised	(1,625)	-	(1,625)	-
<b>Wellington economic initiatives development fund - closing balance</b>	<b>4,375</b>	<b>3,000</b>	<b>4,375</b>	<b>3,000</b>
<b>Reserve purchase and development fund</b>				
Opening balance	285	299	285	299
Additional funds received	2	7	2	7
Funds utilised	-	(21)	-	(21)
<b>Reserve purchase and development fund - closing balance</b>	<b>287</b>	<b>285</b>	<b>287</b>	<b>285</b>
<b>Early Settlers Memorial Park reserve</b>				
Opening balance	3	23	3	23
Funds utilised	(3)	(20)	(3)	(20)
<b>Early Settlers Memorial Park reserve - closing balance</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>3</b>
<b>Insurance reserve</b>				
Opening balance	10,022	9,723	10,022	9,723
Additional funds received	750	750	750	750
Funds utilised - net of recoveries	(1,163)	(451)	(1,163)	(451)
<b>Insurance reserve - closing balance</b>	<b>9,609</b>	<b>10,022</b>	<b>9,609</b>	<b>10,022</b>
<b>Subsidiaries' restricted funds</b>				
Opening balance	-	-	2,687	2,600
Additional funds received	-	-	318	567
Funds utilised	-	-	(251)	(480)
<b>Subsidiaries' restricted funds - closing balance</b>	<b>-</b>	<b>-</b>	<b>2,754</b>	<b>2,687</b>
<b>Subdivision development reserve</b>	<b>-</b>	<b>4,119</b>	<b>-</b>	<b>4,119</b>
<b>Other reserves</b>	<b>-</b>	<b>124</b>	<b>-</b>	<b>124</b>
<b>Total special reserves and funds - closing balance</b>	<b>14,271</b>	<b>17,553</b>	<b>17,025</b>	<b>20,240</b>

**Wellington economic initiatives development fund**

This fund has been set up to be part of an integrated approach to fostering growth in the economy.

**Reserve purchase and development fund**

This fund is used to purchase and develop reserve areas within the city but was not utilised during this year.

**Early Settlers Memorial Park reserve**

This reserve is used to upgrade and maintain the Bolton Street Cemetery and surrounding park and walkways. This fund has now been exhausted.

**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 \$0.750m (2013: \$0.750m) are funded through rates as identified in the Annual Plan.

**Note 29: Special reserves and funds - continued****Subsidiaries' restricted funds**

The restricted funds of the subsidiaries relate to the Wellington Museums Trust and the Wellington Zoo Trust:

- The Wellington Museums Trust has three reserves; a Capital Reserve, a Colonial Cottage Museum Collection reserve and a City and Sea Collection reserve. The two collection reserves are for the purpose of future museum acquisitions.
- The Wellington Zoo Trust has a number of trust and bequests made, which are held as restricted funds until utilised.

**Note 30: Trusts and bequests**

<b>Council</b>	<b>Closing Balance</b>	<b>Additional Funds</b>	<b>Funds Utilised</b>	<b>Closing Balance</b>
	<b>2013</b>	<b>2014</b>	<b>2014</b>	<b>2014</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
A Graham Trust	3	-	-	3
A W Newton Bequest	286	15	-	301
Charles Plimmer Bequest	-	1,009	(1,009)	-
E A McMillan Estate	6	-	-	6
E Pengelly Bequest	12	1	-	13
F L Irvine Smith Memorial	6	1	-	7
Greek NZ Memorial Association	5	-	-	5
Kidsarus 2 Donation	3	-	-	3
Kirkcaldie and Stains Donation	17	-	-	17
QEII Memorial Book Fund	20	1	(3)	18
Schola Cantorum Trust	6	-	-	6
Stanley Banks Trust	19	-	(10)	9
Terawhiti Grant	10	-	-	10
Wellington Beautifying Society Bequest	14	-	-	14
<b>Total trusts and bequests</b>	<b>407</b>	<b>1,027</b>	<b>(1,022)</b>	<b>412</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.

Charles Plimmer - Distributions through the Public Trust recognised as income - \$1.009m

*Funds utilised*

Trusts and bequests funds utilised during the year were:

- Charles Plimmer - Grasslees Park, Tawa- \$550,000
  - Alex Moore Park and walkway - \$380,000
  - Botanical Gardens Children's garden - \$79,000
- Stanley Banks - educational grants to children of WWII service personnel - \$10,300
- QEII Memorial Book fund - Purchase of Commonwealth language books - \$3,000

Other than those specific trusts and bequests discussed above, the others are generally provided for library, educational or environmental purposes.

**Note 31: Financial Instruments**

The following tables provide an analysis of the Council's financial assets and financial liabilities by reporting category as described in the summary of accounting policies:

	Council		Group	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
<b>Financial assets</b>				
<b>Loans and receivables</b>				
Cash and cash equivalents	52,573	44,389	56,853	50,518
Trade and other receivables	37,387	49,556	39,664	52,047
Other financial assets	27,376	5,866	27,776	6,266
<b>Total loans and receivables</b>	<b>117,336</b>	<b>99,811</b>	<b>124,293</b>	<b>108,831</b>
<b>Financial assets at fair value through other comprehensive income</b>				
Other financial assets	2,473	2,503	2,473	2,903
<b>Total financial assets at fair value through other comprehensive income</b>	<b>2,473</b>	<b>2,503</b>	<b>2,473</b>	<b>2,903</b>
<b>Hedged derivative financial instruments</b>				
Derivatives designated as cash flow hedges	4,428	3,280	4,428	3,280
Derivatives designated as fair value hedges	-	409	-	409
<b>Total hedged derivative financial instruments</b>	<b>4,428</b>	<b>3,689</b>	<b>4,428</b>	<b>3,689</b>
<b>Total financial assets</b>	<b>124,237</b>	<b>106,003</b>	<b>131,194</b>	<b>115,423</b>
Total non-financial assets	6,782,955	6,805,315	6,946,394	6,965,931
<b>Total assets</b>	<b>6,907,192</b>	<b>6,911,318</b>	<b>7,077,588</b>	<b>7,081,354</b>
<b>Financial liabilities</b>				
<b>Financial liabilities at amortised cost</b>				
Trade and other payables	58,268	58,575	60,952	62,982
Borrowings	419,118	388,330	419,125	388,340
<b>Total financial liabilities at amortised cost</b>	<b>477,386</b>	<b>446,905</b>	<b>480,077</b>	<b>451,322</b>
<b>Derivative financial instruments</b>				
Derivatives designated as cash flow hedges	4,831	13,235	4,831	13,235
<b>Total derivative financial instruments</b>	<b>4,831</b>	<b>13,235</b>	<b>4,831</b>	<b>13,235</b>
<b>Financial liabilities at fair value through surplus/deficit</b>				
Derivative financial instruments - non-hedged	137	-	137	-
<b>Total financial liabilities at fair value through surplus/deficit</b>	<b>137</b>	<b>-</b>	<b>137</b>	<b>-</b>
<b>Total financial liabilities</b>	<b>482,354</b>	<b>460,140</b>	<b>485,045</b>	<b>464,557</b>
Total non-financial liabilities	84,743	102,780	88,434	106,074
<b>Total liabilities</b>	<b>567,097</b>	<b>562,920</b>	<b>573,479</b>	<b>570,631</b>

**Note 31: Financial instruments - continued****Fair value**

The fair values of all financial instruments equate 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.

Council and Group	2014			2013		
	Level	Level	Level	Level	Level	Level
	1	2	3	1	2	3
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Financial assets</b>						
Financial assets at fair value through other comprehensive income	-	-	2,473	-	-	2,503
Derivative financial instruments						
- Fair value hedges	-	-	-	-	409	-
- Cash flow hedges	-	4,428	-	-	3,280	-
<b>Financial liabilities</b>						
Derivative financial instruments						
- Cash flow hedges	-	4,831	-	-	13,235	-
- non-hedged swaps	-	137	-	-	-	-

Reconciliation of fair value movements in Level 3	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
<b>Financial assets at fair value through other comprehensive income</b>				
- <b>Equity investments</b>				
Opening balance - 1 July	2,503	2,681	2,503	2,681
Purchases	-	-	-	-
Disposals	-	(117)	-	(117)
Gains or losses recognised in other comprehensive income	(30)	(61)	(30)	(61)
<b>Closing balance - 30 June</b>	<b>2,473</b>	<b>2,503</b>	<b>2,473</b>	<b>2,503</b>

The level 3 equity investments comprise the Council's shareholdings in the Local Government Funding Agency \$1.833mm (2013: \$1.833m) and Civic Assurance \$0.590m (2013:\$0.620m). Refer to Note 13: Other financial assets for more details.

**Note 31: Financial instruments - continued****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 37: Contingencies). 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	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
<b>Financial instruments with credit risk</b>				
Cash and cash equivalents	52,532	44,284	56,797	50,403
Derivative financial instrument assets	4,428	3,689	4,428	3,689
Trade and other receivables				
- Trade receivables	15,268	15,482	16,520	16,609
- Other receivables	22,119	34,074	23,144	35,438
Other financial assets				
- Bank deposits - term	20,000	-	20,400	400
- LGFA borrower notes	1,328	480	1,328	480
- Loans to related parties - associates	1,586	1,407	1,586	1,407
- Loans to related parties - other organisations	4,312	3,979	4,312	3,979
- Loans to external organisations	150	-	150	-
Financial guarantees to related parties	600	700	600	700
<b>Total financial instruments with credit risk</b>	<b>122,323</b>	<b>104,095</b>	<b>129,265</b>	<b>113,105</b>

Receivables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Council is exposed to credit risk as a guarantor of the LGFA's borrowings. Further information about this exposure is explained in Note 37: Contingencies.

**Note 31: Financial instruments - continued****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	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
<b>Cash - registered banks</b>				
AA-	4,434	7,284	5,600	10,105
<b>Short term deposits - registered banks</b>				
AA-	48,098	36,000	51,197	38,970
A+	-	1,000	-	1,328
<b>Term deposits (greater than 3 months) - registered banks</b>				
AA-	10,000	-	10,400	400
A+	10,000	-	10,000	-
<b>Term deposits - borrower notes - NZ LGFA</b>				
AA+	1,328	480	1,328	480
<b>Derivative financial instrument assets</b>				
AA-	4,428	3,689	4,428	3,689

**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	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
<b>Contractual cash flows of financial liabilities excluding derivatives</b>				
0-12 months	200,845	224,791	203,534	229,832
1-2 years	104,395	39,429	104,398	38,804
2-5 years	139,265	176,441	139,265	176,444
More than 5 years	95,146	46,526	95,146	46,526
<b>Total contractual cash flows of financial liabilities excluding derivatives</b>	<b>539,651</b>	<b>487,187</b>	<b>542,343</b>	<b>491,606</b>
<b>Represented by:</b>				
Carrying amount as per the Statement of Financial Position	477,386	446,905	480,077	451,322
Future interest payable	62,265	40,282	62,266	40,284
<b>Total contractual cash flows of financial liabilities excluding derivatives</b>	<b>539,651</b>	<b>487,187</b>	<b>542,343</b>	<b>491,606</b>

**Note 31: Financial instruments - continued**

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	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
<b>Contractual cash flows of derivative financial liabilities</b>				
0-12 months	3,478	6,612	3,478	6,612
1-2 years	1,464	4,310	1,464	4,310
2-5 years	1,289	3,998	1,289	3,998
More than 5 years	(252)	39	(252)	39
<b>Total contractual cashflow of derivative financial liabilities</b>	<b>5,979</b>	<b>14,959</b>	<b>5,979</b>	<b>14,959</b>
<b>Represented by:</b>				
Future interest payable	5,979	14,959	5,979	14,959
<b>Total contractual cash flows of derivative financial liabilities</b>	<b>5,979</b>	<b>14,959</b>	<b>5,979</b>	<b>14,959</b>

In addition to cash to be received in 2014/15 the Council currently has \$145m in unused committed bank facilities available to settle obligations as well as \$89.915 of cash, cash equivalents and receivables and is expected to have sufficient cash to meet all contractual liabilities as they fall due.

The Council 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 37: Contingencies.

The Council 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%	53%
3 - 5 years	20%	60%	21%
More than 5 years	15%	60%	26%

**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.

**Note 31: Financial instruments - continued**

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 debt prior interest rate swaps	Actual % of fixed debt after interest rate swaps
50%	95%	6%	90%

The table below shows the effect of the interest rate swaps at reducing the Council's exposure to interest rate risk:

	Council		Group	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
<b>Financial instruments subject to interest rate volatility - before effect of interest rate swaps</b>				
Cash and cash equivalents	52,573	44,389	56,853	50,518
Bank deposits - term greater than 3 months	20,000	-	20,400	400
Bank facilities - short term	-	-	-	-
Bank loans	(3,125)	(3,035)	(3,125)	(3,035)
Commercial paper	(100,000)	(100,000)	(100,000)	(100,000)
Debt securities - floating rate notes	(295,500)	(244,000)	(295,500)	(244,000)
<b>Total financial instruments subject to interest rate volatility - before effect of interest rate swaps</b>	<b>(326,052)</b>	<b>(302,646)</b>	<b>(321,372)</b>	<b>(296,517)</b>
<b>Effect of interest rate swaps in reducing interest rate volatility</b>				
Effect of fair value hedge	-	(25,000)	-	(25,000)
Effect of Cash flow interest rate swaps - hedged	303,500	277,000	303,500	277,000
Effect of Cash flow interest rate swaps - non-hedged	7,500	-	7,500	-
<b>Total effect of interest rate swaps in reducing interest rate volatility</b>	<b>311,000</b>	<b>252,000</b>	<b>311,000</b>	<b>252,000</b>
<b>Total financial instruments subject to interest rate volatility - after effect of interest rate swaps</b>	<b>(15,052)</b>	<b>(50,646)</b>	<b>(10,372)</b>	<b>(44,517)</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 2014 the fair value of the interest rate swaps was -\$0.540m (2013: -\$9.546m). This liability will reduce to zero as the swaps reach the end of their lives, and therefore do not represent a liability that the Council 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:

**Note 31: Financial instruments - continued**

Weighted effective interest rates	Council		Group	
	2014	2013	2014	2013
	%	%	%	%
<b>Investments</b>				
Cash and cash equivalents	3.79	3.18	3.71	3.17
Short term deposits > 3 months	4.29	-	4.29	-
Bank deposits - term	-	-	-	4.25
LGFA - borrower notes	4.11	3.35	4.11	3.35
Loans to related parties	-	-	-	-
Loans to external organisations	-	-	-	-
<b>Borrowings</b>				
Bank facilities - short term	-	-	-	-
Bank loans	7.00	7.00	7.00	7.00
Commercial paper	3.46	2.78	3.46	2.78
Debt securities - fixed	5.14	6.32	5.14	6.32
Debt securities - floating	4.17	3.50	4.17	3.50
Derivative financial instruments - hedged	5.04	5.00	5.04	5.00
Derivative financial instruments - non-hedged	4.84	-	4.84	-
Finance leases	10.20	10.28	10.21	10.29

Loans to related parties, being the loans to the Wellington Regional Stadium Trust and to the Karori Wildlife Sanctuary Trust, are both on interest free terms.

**Sensitivity analysis**

While the Council 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 Council's and the Group's exposures at the end of the reporting period:

Council	Note	2014			
		\$000			
		+1%	-1%	+1%	-1%
<b>Interest rate risk</b>		<b>Effect on</b>		<b>Effect on</b>	
<b>Financial assets</b>					
Cash and cash equivalents - Council	a	526	(526)		
Bank deposits - term greater than 3 months		200	(200)		
LGFA - Borrower notes		13	(13)		
Derivatives - Interest rate swaps - hedged	b			7,417	(8,023)
<b>Financial liabilities</b>					
Bank term loans		(31)	31		
Commercial paper	c	(180)	180		
Debt securities	d	(840)	840		
Derivatives - Interest rate swaps - hedged	b			8,069	(8,496)
Derivatives - Interest rate swaps - non-hedged	e	859	(916)		
<b>Total sensitivity to interest rate risk</b>		<b>547</b>	<b>(604)</b>	<b>15,486</b>	<b>(16,519)</b>

**a. Cash and cash equivalents**

Council 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 income of \$0.526m.

## Note 31: Financial instruments - continued

### b. Derivatives - hedged interest rate swaps

Derivatives include interest rate swaps with a fair value totalling -\$0.540m. A movement in interest rates of plus 1% has an effect on increasing the unrealised value of the hedged interest rate swaps by \$15.486m. A movement in interest rates of minus 1% has an effect on reducing the unrealised value of the hedged interest rate swaps by \$16.519m.

### c. Commercial paper

Commercial paper is part of a programme and subject to floating rates and totals \$100m. The full exposure to changes in interest rates has been reduced because the Council has \$82m of the 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 \$0.180m.

### d. Debt securities

Debt securities at floating rates total \$295.500m. The full exposure to changes in interest rates has been reduced because the Council has \$211.500m of this debt at fixed rates through interest rate swaps. Debt securities at fixed rates total \$20m. A movement in interest rates of plus or minus 1% has an effect on the interest expense of \$0.840m.

### e. Derivatives – non-hedged interest rate swaps

Council presently has non-hedged interest rate swaps with a fair value totalling \$0.137m. A movement in interest rates of plus 1% has an effect on the interest expense of \$0.859m. A movement in interest rates of minus 1% has an effect on the interest expense of -\$0.916m.

## Equity management

The Group's equity includes accumulated funds and retained earnings, revaluation reserves, a hedging reserve, a fair value through other comprehensive income reserve and restricted funds which comprise special funds, reserve funds and trusts and bequests.

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 32: Analysis of operating surplus by strategic area**

This analysis by strategic area is a summary of the “what it cost” information within the Statements of Service Performance. Refer to pages XX to XX for more detailed information including variance explanations in respect of the Council’s strategies and activities.

Operating Income and Expenditure							
Council	Income		Expenditure		Net		Net
	Actual	Budget	Actual	Budget	Actual	Budget	Variance
	2014	2014	2014	2014	2014	2014	2014
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Strategic area</b>							
Governance	1,102	733	16,590	17,314	(15,488)	(16,581)	1,093
Environment	21,349	15,440	142,512	144,978	(121,163)	(129,538)	8,375
Economic development	22,137	186	42,143	19,080	(20,006)	(18,894)	(1,112)
Cultural wellbeing	933	1,013	17,311	17,361	(16,378)	(16,348)	(30)
Social and recreation	62,082	68,490	100,078	101,146	(37,996)	(32,656)	(5,340)
Urban development	9,300	11,473	35,020	27,634	(25,720)	(16,161)	(9,559)
Transport	33,731	33,056	53,890	54,473	(20,159)	(21,417)	1,258
<b>Total strategic areas</b>	<b>150,634</b>	<b>130,391</b>	<b>407,544</b>	<b>381,986</b>	<b>(256,910)</b>	<b>(251,595)</b>	<b>(5,315)</b>
Council	301,057	293,973	16,682	6,711	284,375	287,262	(2,887)
<b>Total strategic areas and Council</b>	<b>451,691</b>	<b>424,364</b>	<b>424,226</b>	<b>388,697</b>	<b>27,465</b>	<b>35,667</b>	<b>(8,202)</b>

The variance in Governance is due to savings arising from personnel vacancies during the year.

Environment is under budget due to assets which have been vested to Council. The value of these assets is reflected as income. The favourable position was also impacted by a reduction in the Closed Landfill Provision, and lower landfill operations, refuse collection and waste water treatment plant operational costs.

The variance in Economic Development is due to unbudgeted investments in economic projects, which were funded via the Wellington Economic Initiatives Development Fund (WEID). A total of \$3m for WEID was approved by Council, after the 2013/14 Annual Plan was finalised, and was to be funded out of the 2012/13 Audited Operating Surplus.

Social and Recreation is over budget mainly due to the timing of grant income recognition relating to the Housing Upgrade Project. Libraries are also over budget due to lower operating revenue and higher personnel and depreciation expenditure.

Transport is under budget due to assets which have been vested to Council. The value of these assets is reflected as income. This has offset an unfavourable variance in parking due to lower enforcement revenue and one off costs associated with transitioning parking enforcement from an external contractor to an internal Council team.

Urban development is over budget due to a downward movement in the fair value of investment properties and additional depreciation costs all relating to the Wellington Waterfront Project.

The variance in Council is due to number of factors including the increase in the provision for weathertight homes, payments from the self-insurance reserve, the decrease in the value of commercial properties and reduced rates revenue. Offset by higher than budgeted Wellington International Airport Limited dividend income.

Other major operating income and expenditure budget variances are explained within Note 33: Major budget variations.

**Note 32: Analysis of operating surplus by strategic area**

Council	Income		Expenditure		Net		Net
	Actual	Budget	Actual	Budget	Actual	Budget	Variance
	2013	2013	2013	2013	2013	2013	2013
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Strategic area</b>							
Governance	475	384	14,993	15,287	(14,518)	(14,903)	385
Environment	21,732	14,897	140,030	140,022	(118,298)	(125,125)	6,827
Economic development	14,835	-	33,033	19,404	(18,198)	(19,404)	1,206
Cultural wellbeing	1,115	1,047	17,938	17,898	(16,823)	(16,851)	28
Social and recreation	63,707	70,642	96,694	97,468	(32,987)	(26,826)	(6,161)
Urban development	19,725	10,684	36,453	25,777	(16,728)	(15,093)	(1,635)
Transport	34,385	33,400	50,713	53,737	(16,328)	(20,337)	4,009
<b>Total strategic areas</b>	<b>155,974</b>	<b>131,054</b>	<b>389,854</b>	<b>369,593</b>	<b>(233,880)</b>	<b>(238,539)</b>	<b>4,659</b>
Council	290,441	285,552	28,374	9,587	262,067	275,965	(13,898)
<b>Total strategic areas and Council</b>	<b>446,415</b>	<b>416,606</b>	<b>418,228</b>	<b>379,180</b>	<b>28,187</b>	<b>37,426</b>	<b>(9,239)</b>

**Note 33: Major budget variations**

Statement of Comprehensive Financial Performance	Council 2014 \$000	Council 2013 \$000
<b>Reconciliation of actual surplus to underlying surplus and variance to budget</b>		
<b>Council actual net surplus</b>	<b>27,465</b>	<b>28,187</b>
<b>Less:</b>		
<b>Fair value movements:</b>		
Investment property revaluation (including Wellington Waterfront Project)	7,661	(5,385)
Other	175	(298)
<b>Total fair value movements</b>	<b>7,836</b>	<b>(5,683)</b>
<b>Additional net expenditure from Wellington Waterfront and Venues Projects and Porirua Joint Ventures</b>	<b>5,003</b>	<b>6,764</b>
<b>Changes to external funding for capital expenditure:</b>		
Restricted funds income	52	(72)
(Increase)/Decrease in development contributions revenue	(873)	644
Timing of the Housing New Zealand capital grant	6,225	6,513
Change in New Zealand Transport Agency reimbursement - capital	(227)	(139)
Additional external funding towards capital projects	(730)	(271)
<b>Total changes to external funding for capital expenditure</b>	<b>4,447</b>	<b>6,675</b>
<b>Vested assets - income</b>	<b>(8,468)</b>	<b>(10,519)</b>
<b>Gain on disposal of assets</b>	<b>(2,786)</b>	<b>(360)</b>
<b>Loss on disposal of assets and intangible assets</b>	<b>4,647</b>	<b>1,487</b>
<b>Loss on impairment of assets</b>	<b>458</b>	<b>-</b>
<b>Expenditure not funded under section 100 of LGA</b>		
New Zealand Transport Agency funded transport projects	110	(31)
Moa Point Treatment Plant and Living Earth	-	(517)
<b>Total additional expenditure not funded under section 100 of LGA</b>	<b>110</b>	<b>(548)</b>
<b>Underlying Council actual net surplus</b>	<b>38,712</b>	<b>26,003</b>
<b>less Council budget net surplus</b>	<b>35,667</b>	<b>37,426</b>
<b>Council underlying variance from budget</b>	<b>3,045</b>	<b>(11,423)</b>
<b>Major Budget Variations</b>		
<b>Unbudgeted revenue/(expenditure):</b>		
Restatement of weathertight homes provision	(2,884)	(14,965)
Provision for storm costs	-	(855)
Insurance costs (net of recoveries) funded through self insurance reserve	(1,163)	(451)
<b>Total unbudgeted revenue/expenditure</b>	<b>(4,047)</b>	<b>(16,271)</b>
<b>Significant variations from budget</b>		
Decrease in rates revenue	(498)	(2,228)
Decrease in income from activities	(1,052)	(3,276)
Dividends in excess of budget (including Wellington International Airport Limited)	2,181	1,624
Decrease in net interest expense	1,762	1,997
Decrease in depreciation	1,244	2,820
Other net variances <sup>1</sup>	1,605	2,039
<b>Total significant variations from budget</b>	<b>5,242</b>	<b>2,976</b>
<b>Council underlying variance excluding ringfenced amounts</b>	<b>1,195</b>	<b>(13,295)</b>
Variance in ringfenced City Housing surplus / (deficit)	973	505
Variance in ringfenced Waste Activity surplus / (deficit)	877	1,367
<b>Council underlying variance from budget</b>	<b>3,045</b>	<b>(11,423)</b>

1. Other net variances relate to other reduced costs in programmes, projects and organisational costs.

### Note 33: Major budget variations - continued

#### Statement of Changes in Equity

Significant variations from budgeted changes in equity are as follows:

- \$8.202m of lower surplus in the current year,
- \$221.411m of lower revaluation movements for Property, plant and equipment due to improved data on the condition and quantity of infrastructure assets owned, and
- \$9.552m of favourable movements in the hedging reserve.

- Total equity is \$230.281m lower than budgeted primarily due to the \$220.061m of variations above, plus a \$10.190m lower opening position due to annual plan budget timing.

#### Statement of Financial Position

Significant variations from budget are as follows:

- Current assets are \$64.474m higher than budget primarily due to:

- Higher short term deposits due to prefunding of debt repayments - \$20.000m
- Higher short-term deposits due to unspent capital expenditure - \$44.470m

- Non-current assets are \$245.052m lower than budget primarily due to

- Lower values for property, plant and equipment due to revaluations - \$221.411m
- Lower values for investment properties due to revaluations - \$7.573m
- Payment of a trade receivable recognised as non-current in the annual plan budget which was repaid in the current year - \$12.675m.
- Higher derivative asset values due to favourable changes in the interest rate valuation curves (ie. due to higher interest rates) - \$3.479m

- Total liabilities are \$49.703m higher than budget due to:

- Lower derivative liability values due to favourable changes in the interest rate valuation curves and timing of the annual plan budget - \$19.313m
- Higher provisions for other liabilities, primarily weather-tight homes, mainly due to annual plan timing differences - \$22.118m
- Higher levels in gross borrowings due to prefunding of debt repayments on favourable interest rates, and differences in annual plan budget timing, offset by underspends in the capital expenditure programme - \$43.483m

#### Statement of Cash Flows

Significant variations from budget are as follows:

- Net cash flows from operating activities increased by \$4.298m primarily due to higher revenue from activities and other income - \$28.996m and grants received - \$7.428m, offset by higher payments to suppliers and employees - \$15.502m and grants paid - \$2.952m.
- Net cash flows from investing activities were slightly below budget in total but included higher dividends – \$2.181m and unbudgeted interest received of \$2.230m. This was offset by lower proceeds from the sale of Property, plant and equipment - \$10.987m but increased investments, primarily bank deposits greater than 3 months of \$20.000m. Less cash was also spent on the purchase of new Property, plant and equipment - \$29.266m.

**Note 34: Analysis of capital expenditure by strategic area**

This analysis reports capital expenditure performance against the approved budget contained within the Annual Plan by strategic area. The note reflects Wellington City Council capital expenditure only.

Council	Annual Plan Budget	Budget Brought Forward from 2013	Total Capex Budget 2014	Budget to Carry Forward to 2015	Available Capex Budget 2014	Actual Capex 2014	Variance Net 2014
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Strategic area</b>							
Governance	110	-	110	-	110	53	57
Environment	29,203	5,467	34,670	(2,796)	31,874	27,680	4,194
Economic development	765	3,531	4,296	(480)	3,816	3,551	265
Cultural wellbeing	26	-	26	-	26	-	26
Social and recreation	38,278	13,239	51,517	(3,802)	47,715	38,368	9,347
Urban development	26,087	2,897	28,984	(3,519)	25,466	13,650	11,816
Transport	31,321	1,655	32,976	(1,503)	31,473	28,875	2,598
<b>Total strategic areas</b>	<b>125,790</b>	<b>26,789</b>	<b>152,579</b>	<b>(12,100)</b>	<b>140,480</b>	<b>112,177</b>	<b>28,303</b>
Council	13,929	5,954	19,883	(2,826)	17,056	15,815	1,241
<b>Total capital expenditure</b>	<b>139,719</b>	<b>32,743</b>	<b>172,462</b>	<b>(14,926)</b>	<b>157,536</b>	<b>127,992</b>	<b>29,544</b>
<b>Excluding additional expenditure funded from external sources:</b>							
SPCA Capital contribution towards Chest Hospital							309
Track Maintenance for Spicer Forest							3
Insurance recoveries for June13 storm damage repairs							438
Halfway House Glenside from Lotteries Commission							28
Cost recover for retaining wall 64A Waripori St							20
Cost recovery for retaining wall works (2-8 Durham Crescent)							1
Greater Wellington Regional Council funding for Park & Ride facilities (Raroa Station on Fraser Ave)							50
Greater Wellington Regional Council funding for Bus Stop facilities (Churchill Drive, Ngaio)							50
Private work carried out in association with bus layby (114A Newlands Rd, Newlands)							2
<b>Total adjusted net variance</b>							<b>30,445</b>

The \$29.54m variance in the capital expenditure programme represents a shift in Council's process, where the majority of these projects will be reprioritised in the forthcoming 2015-25 Long-Term Plan to ensure the Council has the capacity to deliver these projects within the financial year that they will be budgeted for.

The variance of \$29.54m has been adjusted for additional external funding received over and above budget.

**Budget to carry forward**

Amounts committed for future expenditure at end of the reporting period from within these capital expenditure budget carry forwards have been included within Note 36: Commitments.

**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 Performance.

**Note 34: Analysis of capital expenditure by strategic area - continued**

	2013 \$000	from 2012 \$000	2013 \$000	to 2014 \$000	2013 \$000	2013 \$000	2013 \$000
<b>Strategic area</b>							
Governance	-	31	31	-	31	19	12
Environment*	27,186	5,254	32,440	(5,467)	26,973	26,963	10
Economic development	5,494	1,736	7,230	(3,531)	3,699	3,313	386
Cultural wellbeing	40	-	40	-	40	10	30
Social and recreation	47,075	8,057	55,132	(13,239)	41,893	41,091	802
Urban development	9,545	2,979	12,524	(2,897)	9,627	11,726	(2,099)
Transport	32,258	8,473	40,731	(1,655)	39,076	39,803	(727)
<b>Total strategic areas</b>	<b>121,598</b>	<b>26,530</b>	<b>148,128</b>	<b>(26,789)</b>	<b>121,339</b>	<b>122,925</b>	<b>(1,586)</b>
Council	14,539	5,032	19,571	(5,954)	13,617	11,192	2,425
<b>Total capital expenditure</b>	<b>136,137</b>	<b>31,562</b>	<b>167,699</b>	<b>(32,743)</b>	<b>134,956</b>	<b>134,117</b>	<b>839</b>
<b>Excluding additional expenditure funded from external sources:</b>							
Zoo Trust - Contribution							461
Trench Sharing - Wellington Electricity Lines Limited							109
Track Maintenance - Spicer Forest							99
The Nest Te Kōhanga - Zoo Trust							82
Town Belt Maintenance - Max Drake							50
Willis Street - Wellington Electricity Lines Limited							31
Ross Street - Wellington City Transport Limited							18
ASB Sports Centre - Four Winds							15
Karori Recreation Centre - Energy Efficiency and Conservation Authority							8
Minor funding for capital works							2
<b>Total adjusted net variance</b>							<b>1,714</b>

**Note 35: Capital expenditure performance****Capital expenditure projects**

The following analysis shows the actual capital expenditure against budget. Projects are classified according to the strategic area. Detailed commentaries on each strategic area, activity and the outcomes that they contribute towards are contained in the strategy area section of the Statements of Service Performance.

	<b>Actual Expenditure <sup>1</sup> 2014 \$000</b>	<b>Proposed Budget Carry Forward <sup>2</sup> 2014 \$000</b>	<b>Total Forecast Expenditure 2014 \$000</b>	<b>Budget <sup>3</sup> 2014 \$000</b>	<b>Notes</b>
<b>Governance</b>					
City governance and engagement	53	-	53	110	
<b>Total Governance</b>	<b>53</b>	<b>-</b>	<b>53</b>	<b>110</b>	
<b>Environment</b>					
Local parks and open spaces	1,939	220	2,159	2,207	
Botanical gardens	661	-	661	886	4
Water network	10,984	710	11,694	12,577	
Sewage collection and disposal network	7,924	-	7,924	8,242	
Stormwater management	4,193	-	4,193	5,220	
Conservation visitor attractions	1,203	1,866	3,069	3,069	
Other	776	-	776	2,469	5
<b>Total Environment</b>	<b>27,680</b>	<b>2,796</b>	<b>30,476</b>	<b>34,670</b>	
<b>Economic development</b>					
Visitor attractions and Convention venues	3,551	480	4,031	4,296	
<b>Total Economic development</b>	<b>3,551</b>	<b>480</b>	<b>4,031</b>	<b>4,296</b>	
<b>Cultural Wellbeing</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26</b>	
<b>Social and recreation</b>					
Swimming Pools	3,713	3,802	7,515	7,516	
Sportsfields	888	-	888	864	
Libraries	2,103	-	2,103	2,099	
Housing	27,763	-	27,763	37,237	6
Public toilets	484	-	484	537	
Other	3,417	-	3,417	3,264	
<b>Total Social and recreation</b>	<b>38,368</b>	<b>3,802</b>	<b>42,170</b>	<b>51,517</b>	
<b>Urban development</b>					
Urban planning and policy	535	-	535	527	
Waterfront development	5,882	-	5,882	9,532	
Public spaces and centres development	3,325	1,854	5,179	5,070	
Earthquake risk mitigation - built environment	3,908	1,665	5,573	13,856	7
<b>Total Urban development</b>	<b>13,650</b>	<b>3,519</b>	<b>17,169</b>	<b>28,985</b>	
<b>Transport</b>					
Vehicle network	19,278	1,300	20,578	21,717	
Cycle network	1,886	-	1,886	1,729	
Passenger transport network	171	-	171	165	
Pedestrian network	3,775	-	3,775	4,820	
Network-wide control and management	1,891	-	1,891	2,140	
Road safety	1,873	203	2,076	2,404	
Parking	1	-	1	1	
<b>Total Transport</b>	<b>28,875</b>	<b>1,503</b>	<b>30,378</b>	<b>32,976</b>	
<b>Council</b>	<b>15,815</b>	<b>2,826</b>	<b>18,641</b>	<b>19,882</b>	8
<b>Total capital expenditure projects</b>	<b>127,992</b>	<b>14,926</b>	<b>142,918</b>	<b>172,462</b>	

1. Actual capital expenditure consists of all expenditure 2013/14 including expenditure against carry forwards.
2. Proposed budget carry forwards represent the portion of the project budget to be carried forward to future financial years.
3. Budgets comprise 2013/14 Annual Plan budgets brought forward into 2013/14 from the previous financial period.
4. Under budget due to delays in the reconfiguring of the Curator's House at Otari-Wilton's Bush.

**Note 35: Capital expenditure performance - continued**

5. Under budget due to delays in the Stage 4 landfill extension as a result of a protracted resource consent process.
6. Under budget due to timing changes on the Housing Upgrade project. Housing renewals are also behind budget this year. The revised timeframes for the Housing Upgrade project will be reflected in the 2015-25 LTP.
7. Savings due to the changes to the Town Hall strengthening project. Options will be presented to Council and funding will be included in the 2015-25 LTP to deliver the approved option.
8. Savings on property renewal costs.

**Note 36: Commitments**

Capital commitments	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Approved and contracted - property, plant and equipment	38,375	48,790	46,475	51,775
Approved and contracted - investment properties	19	35	19	35
Approved and contracted - intangibles	-	1,400	-	1,400
Approved and contracted - share of associates	-	-	1,030	5,745
Approved and contracted - share of joint ventures	-	-	-	-
<b>Total capital commitments</b>	<b>38,394</b>	<b>50,225</b>	<b>47,524</b>	<b>58,955</b>

The capital commitments above often span more than one financial year and includes the capital expenditure carried forward from Note 34: Analysis of capital expenditure by strategic area, which forms only part of the total commitments shown.

**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 6: Expenditure on operating activities.

The future expenditure committed by these leases is analysed as follows:

Non-cancellable operating lease commitments as lessee	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
<b>Plant and equipment</b>				
Not later than one year	29	22	125	154
Later than one year and not later than five years	13	8	113	172
Later than five years	-	-	-	-
<b>Land and buildings</b>				
Not later than one year	973	981	1,335	1,263
Later than one year and not later than five years	1,625	2,135	1,975	2,392
Later than five years	1,100	1,398	1,100	1,398
<b>Total non-cancellable operating lease commitments as lessee</b>	<b>3,739</b>	<b>4,544</b>	<b>4,647</b>	<b>5,379</b>

**Note 36: Commitments - continued****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 rentals 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.

The committed revenues expected from these lease portfolios are analysed as follows:

Non-cancellable operating lease commitments as lessor	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
<b>Investment properties</b>				
Not later than one year	9,332	9,344	9,332	9,344
Later than one year and not later than five years	36,220	36,280	36,220	36,280
Later than five years	81,846	89,994	81,846	89,994
	-		-	
<b>Land and buildings</b>				
Not later than one year	1,434	2,158	1,512	1,070
Later than one year and not later than five years	2,771	4,246	2,771	1,045
Later than five years	7,557	4,150	7,557	4,150
<b>Total non-cancellable operating lease commitments as lessor</b>	<b>139,160</b>	<b>146,172</b>	<b>139,238</b>	<b>141,883</b>

**Note 36: Commitments - continued****Commitments to related parties**

The Council and Group have no commitments to key management personnel beyond normal employment obligations.

The Council has commitments to its subsidiaries and associates only to the extent of the expenditure approved in the Long-Term Plan for the period ending 30 June 2014. Other expenditure approved as part of the Long-Term Plan for the period from 1 July 2014 to 30 June 2022 is subject to change and approval each year through the Annual Plan.

<b>Council</b>	<b>2014/15 Annual Plan \$000</b>	<b>2016-2022 LTP \$000</b>	<b>Total \$000</b>
<b>Subsidiaries</b>			
Wellington Zoo Trust	2,757	19,593	22,350
Wellington Museums Trust	7,860	53,972	61,832
Positively Wellington Tourism	5,630	48,188	53,818
Carter Observatory	312	2,100	2,412
Wellington Venues	-	716	716
<b>Total subsidiary commitments</b>	<b>16,559</b>	<b>124,570</b>	<b>141,129</b>
<b>Associates</b>			
Basin Reserve Trust	605	2,485	3,090
<b>Total associate commitments</b>	<b>605</b>	<b>2,485</b>	<b>3,090</b>
<b>Other related parties</b>			
Karori Wildlife Sanctuary Trust	875	-	875
<b>Total other related party commitments</b>	<b>875</b>	<b>-</b>	<b>875</b>
<b>Total related party commitments</b>	<b>18,039</b>	<b>127,055</b>	<b>145,094</b>

**Note 37: Contingencies**

<b>Contingent liabilities</b>	<b>Council</b>		<b>Group</b>	
	<b>2014 \$000</b>	<b>2013 \$000</b>	<b>2014 \$000</b>	<b>2013 \$000</b>
Financial guarantees to community groups	600	700	600	700
Uncalled capital - LGFA	1,883	1,883	1,883	1,883
Other legal proceedings	2,237	172	2,237	172
Share of associates' contingent liabilities	-	-	-	-
Share of joint ventures' contingent liabilities	-	-	-	-
<b>Total contingent liabilities</b>	<b>4,720</b>	<b>2,755</b>	<b>4,720</b>	<b>2,755</b>

The financial guarantees to community groups above are analysed below:

<b>Outstanding debt subject to Council guarantees</b>	<b>Council</b>		<b>Group</b>	
	<b>2014 \$000</b>	<b>2013 \$000</b>	<b>2014 \$000</b>	<b>2013 \$000</b>
Karori Wildlife Sanctuary Trust	600	700	600	700
<b>Total outstanding debt subject to Council guarantees</b>	<b>600</b>	<b>700</b>	<b>600</b>	<b>700</b>

**Note 37: Contingencies - continued****Karori Wildlife 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.

**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 \$1.883m. 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 2014, LGFA had borrowings totalling \$3,778m (2013: \$2,422m).

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.

**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 Council is anticipated to be less than \$2.237m.

**Unquantified contingent liabilities**

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. The impact that this package will have on future claim numbers and the quantum of those claims remains unknown at this stage since the scheme is still in its early stage. A provision for known claims and future claims has been made (refer Note 23: Provisions for other liabilities), but there may be an uplift in the number of claims as a result of the Government package. The impact and cost of this potential uplift in claims is unknown at this stage and 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.

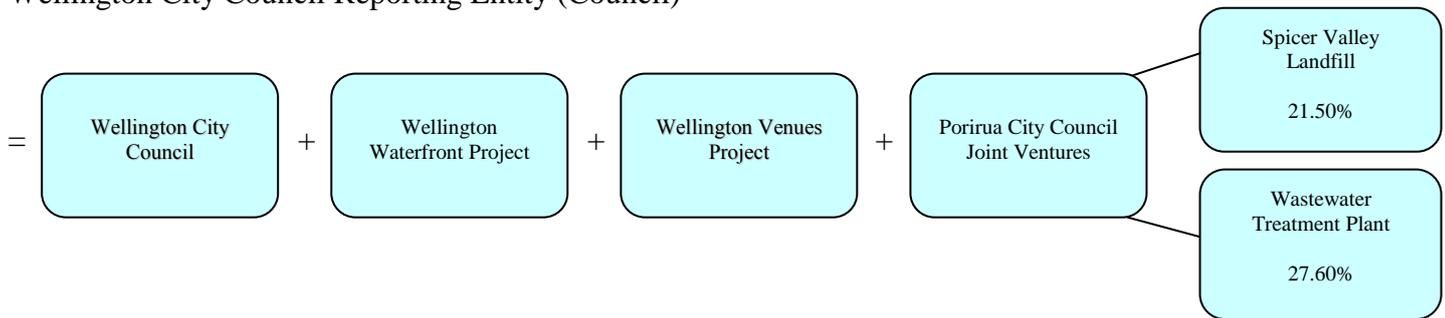
There are various other claims that the Council and Group are currently contesting which have not been quantified due to the nature of the issues, the uncertainty of the outcome and/or the extent to which the Council and Group have a responsibility to the claimant. The possibility of any outflow in settlement in these cases is assessed as remote.

**Contingent assets**

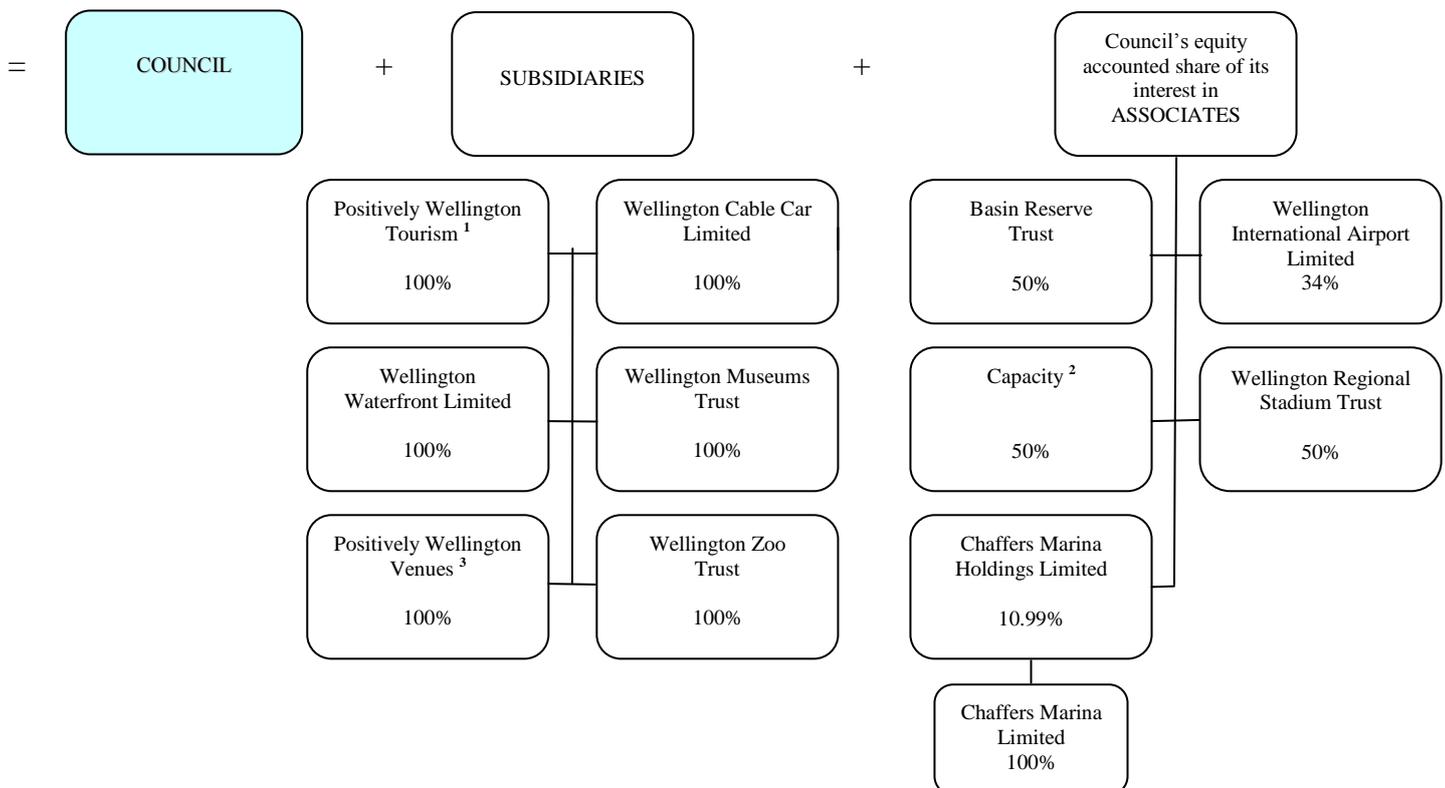
The Council and Group have no contingent assets as at 30 June 2014 (2013: \$Nil).

## Note 38: Group structure

### Wellington City Council Reporting Entity (Council)



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



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.

Percentages above represent the Council's interest and/or ownership (for accounting purposes) in each of the entities in the Group.

1. The legal name of the subsidiary is the Partnership Wellington Trust Inc.
2. The legal name of the associate is Capacity Infrastructure Services Limited.
3. The legal name of the subsidiary is Wellington Venues Limited.

**Note 39: Joint ventures**

The Council has significant interests in the following joint ventures:

Joint Venture	Interest 2014	Interest 2013	Nature of business
Wastewater treatment plant – Porirua City Council	27.6%	27.6%	Owens 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	21.5%	21.5%	Owens 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.

Share of Net Assets	2014 \$000	2013 \$000
<b>Assets</b>		
<b>Current</b>		
Inventory	36	5
Trade and other receivables	1,126	693
<b>Non-current</b>		
Property, plant and equipment	21,012	19,430
<b>Share of total assets</b>	<b>22,174</b>	<b>20,128</b>
<b>Liabilities</b>		
<b>Current</b>		
Trade and other payables	-	-
<b>Non-current</b>		
Borrowings	3,125	3,035
Provisions for other liabilities	1,661	1,768
<b>Share of total liabilities</b>	<b>4,786</b>	<b>4,803</b>
<b>Share of net assets</b>	<b>17,388</b>	<b>15,325</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	2014 \$000	2013 \$000
Operating revenue	2,679	2,400
Operating expenditure	(2,660)	(3,540)
<b>Share of net surplus or (deficit)</b>	<b>19</b>	<b>(1,140)</b>
<b>Share of current year revaluation movement</b>	<b>2,044</b>	<b>-</b>

The Council's and Group's share of the joint ventures' capital commitments is \$Nil (2013: \$Nil) and contingent liabilities is \$Nil (2013: \$Nil).

**Note 40: Investment in Subsidiaries**

The following entities are subsidiaries of Council:

Subsidiary	Interest 2014	Interest 2013	Nature of business
Positively Wellington Tourism (Partnership Wellington Trust Inc)	100%	100%	Creates economic and social benefit by marketing the city with the private sector as a visitor destination.
Wellington Waterfront Limited	100%	100%	Manages the Wellington Waterfront Project.
Wellington Cable Car Limited	100%	100%	Owns and manages the trolley bus overhead wiring system and the Cable Car.
Wellington Museums Trust	100%	100%	Administers the Cable Car Museum, Capital E, the City Gallery, the Colonial Cottage Museum, the Carter Observatory and the Museum of Wellington City and Sea
Positively Wellington Venues (Wellington Venues Limited)	100%	100%	Manages the Wellington Venues Project.
Wellington Zoo Trust	100%	100%	Manages and guides the future direction of the Wellington Zoo.

The reporting period end date for all subsidiaries 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 Report on Council Controlled Organisations (page XX).

The cost of the Council's investment in subsidiaries is reflected in the Council's financial statements as follows:

Investment in subsidiaries	2014 \$000	2013 \$000
Wellington Cable Car Limited	3,809	3,809
<b>Total investment in subsidiaries</b>	<b>3,809</b>	<b>3,809</b>

The equity investment represents the cost of the investment to the Council and includes all capital contributions made by the Council to subsidiaries. The Council has only made equity investments in Wellington Cable Car Limited. 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.

Information on inter-company transactions is included in the Note 42: Related party disclosures.

**Note 41: Investment in Associates**

The Council has a significant interest in the following associates:

Associate	Interest 2014	Interest 2013	Nature of business
Basin Reserve Trust	50%	50%	Manages, operates and maintains the Basin Reserve
Capacity (Capacity Infrastructure Services Limited)	50%	62.5%	Jointly manages water services for Wellington, Lower Hutt, Upper Hutt and Porirua cities. (refer below for voting rights)
Chaffers Marina Holdings Limited	10.99%	11.45%	Holding company for Chaffers Marina Limited.
- Chaffers Marina Limited	100%	100%	Owns and manages the marina.
Wellington International Airport Limited	34%	34%	Owns and manages Wellington International Airport facilities and services.
Wellington Regional Stadium Trust	50%	50%	Owns and manages the Westpac Stadium.

Full copies of the associates' separately prepared financial statements can be obtained directly from their offices.

**Basin Reserve Trust**

The Basin Reserve Trust was established on 24 February 2005 to manage, operate and maintain the Basin Reserve and has a reporting period end date of 30 June. 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. On this basis the Trust is recognised as an associate of the Council in accordance with NZ IAS 28 (PBE): *Investments in Associates*. It is therefore appropriate to recognise the interest that Wellington City ratepayers have in the Trust within the Council's financial statements. As each party has equal power to appoint Trustees, Wellington City Council's ownership interest in the Trust has been accounted for at 50%.

**Capacity**

Capacity, the trading name for Capacity Infrastructure Services Limited was jointly created with Hutt City Council on 9 July 2003 and has a reporting period ending 30 June. At inception Wellington City Council and Hutt City Council each owned Class A and Class B shares in the company. Effective from 1 November 2013 Upper Hutt City and Porirua City Councils have formally joined as shareholders. The new structure is as follows:

	Class A shares (voting rights)	Class B Shares (financial entitlements)	Ownership interest
Wellington City Council	150	200	50%
Hutt City Council	150	100	25%
Upper Hutt City Council	150	40	10%
Porirua City Council	150	60	15%
<b>Total shares on issue</b>	<b>600</b>	<b>400</b>	

The Class A shares represent voting rights and are split evenly between the four Councils. The Class B shares confer the level of contributions and ownership benefits of each council. The company is considered to be jointly controlled because of the equal sharing of voting rights conferred through the Class A shares and is therefore an associate of each Council in accordance with NZ IAS 28 (PBE): *Investments in Associates*. Each Council will equity account for their respective ownership interest as determined by the proportionate value of Class B shares held. Wellington City Council's ownership interest in the company is 50%.

Greater Wellington Regional Council, who is responsible for the bulk supply of water, is currently considering joining the single delivery agency. This would ensure knowledge and ideas are shared to ensure a long term regional approach to water management.

**Note 41: Investment in Associates - continued****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 2014 Council held a 10.99% interest in Chaffers Marina Holdings Limited (2013:11.45%) which has been reflected 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).

**Wellington Regional Stadium Trust**

Wellington Regional Stadium Trust was jointly created with Greater Wellington Regional Council and has a reporting period end date of 30 June. 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. On this basis the Trust is an associate of the Council in accordance with NZ IAS 28 (PBE): *Investments in Associates*. It is therefore appropriate to recognise the interest that Wellington City ratepayers have in the Trust within the Council's financial statements. As each Council has equal power to appoint Trustees, Wellington City Council's ownership interest in the Trust has been accounted for at 50%.

**Summary of Financial Position and Performance of Associates**

The Council's share of the assets, liabilities, revenues and surpluses or deficits of the associates is as follows:

Associates	Assets	Liabilities	Revenues	Surplus/(Deficit)
	2014	2014	2014	2014
	\$000	\$000	\$000	\$000
Basin Reserve Trust	421	38	317	(91)
Capacity	1,835	1,499	6,641	18
Chaffers Marina Holdings Limited	668	138	95	(15)
Wellington International Airport Limited	286,391	136,678	37,703	15,192
Wellington Regional Stadium Trust	49,863	9,438	8,155	1,016
Associates	Assets	Liabilities	Revenues	Surplus/(Deficit)
	2013	2013	2013	2013
	\$000	\$000	\$000	\$000
Basin Reserve Trust	524	50	318	(100)
Capacity	1,343	1,073	4,763	45
Chaffers Marina Holdings Limited	690	143	97	(16)
Wellington International Airport Limited	276,346	130,935	36,104	11,349
Wellington Regional Stadium Trust	48,412	9,115	8,347	1,427

**Note 41: Investment in Associates - continued****Investment in associates**

The cost of the Council's investment in associates is reflected in the Council financial statements as follows:

Investment in associates	Council	
	2014 \$000	2013 \$000
Capacity	400	376
Chaffers Marina Holdings Limited	1,329	1,368
Wellington International Airport Limited	17,775	17,775
<b>Total investment in associates</b>	<b>19,504</b>	<b>19,519</b>

The investment in associates in the Group financial statements represents the Council's share of the net assets of the associate. This is reflected in the Group financial statements as follows:

Investment in associates	Group	
	2014 \$000	2013 \$000
<b>Basin Reserve Trust</b>		
Opening balance	474	574
Equity accounted earnings of associate	(91)	(100)
<b>Closing balance - investment in Basin Reserve Trust</b>	<b>383</b>	<b>474</b>
<b>Capacity</b>		
Opening balance	271	226
Change in shares during the year	24	-
Change in equity due to changed shareholding	23	-
Equity accounted earnings of associate	18	45
<b>Closing balance - investment in Capacity</b>	<b>336</b>	<b>271</b>
<b>Chaffers Marina Holdings Limited</b>		
Opening balance	998	1,014
Change in shares during the year	(39)	-
Change in equity due to changed shareholding	15	-
Equity accounted earnings of associate	(15)	(16)
<b>Closing balance - investment in Chaffers Marina Holdings Limited</b>	<b>959</b>	<b>998</b>
<b>Wellington International Airport Limited</b>		
Opening balance	130,633	129,959
Dividends	(11,966)	(10,828)
Equity accounted earnings of associate	15,192	11,349
Share of hedging reserve - movement	1	153
<b>Closing balance - investment in Wellington International Airport Limited</b>	<b>133,860</b>	<b>130,633</b>
<b>Wellington Regional Stadium Trust</b>		
Opening balance	38,078	36,651
Equity accounted earnings of associate	1,016	1,427
<b>Closing balance - investment in Wellington Regional Stadium Trust</b>	<b>39,094</b>	<b>38,078</b>
<b>Total investment in associates</b>	<b>174,631</b>	<b>170,453</b>

**Note 41: Investment in Associates - continued**

The Council's share of the results of the Basin Reserve Trust, Capacity, Chaffers Marina Holdings Limited, Wellington International Airport Limited and the Wellington Regional Stadium Trust is as follows:

Share of associates' surplus/(deficit)	Group	
	2014	2013
	\$000	\$000
<b>Basin Reserve Trust</b>		
Share of net surplus/(deficit) before tax	(91)	(100)
Tax (expense)/credit	-	-
<b>Share of associate's surplus/(deficit) - Basin Reserve Trust</b>	<b>(91)</b>	<b>(100)</b>
<b>Capacity</b>		
Share of net surplus/(deficit) before tax	18	45
Tax (expense)/credit	-	-
<b>Share of associate's surplus/(deficit) - Capacity</b>	<b>18</b>	<b>45</b>
<b>Chaffers Marina Holdings Limited</b>		
Share of net surplus/(deficit) before tax	(15)	(16)
Tax (expense)/credit	-	-
<b>Share of associate's surplus/(deficit) - Chaffers Marina Holdings Limited</b>	<b>(15)</b>	<b>(16)</b>
<b>Wellington International Airport Limited</b>		
Share of net surplus before tax	16,088	11,671
Tax (expense)/credit	(896)	(322)
<b>Share of associate's surplus/(deficit) - Wellington International Airport Limited</b>	<b>15,192</b>	<b>11,349</b>
<b>Wellington Regional Stadium Trust</b>		
Share of net surplus before tax	1,016	1,427
Tax (expense)/credit	-	-
<b>Share of associate's surplus - Wellington Regional Stadium Trust</b>	<b>1,016</b>	<b>1,427</b>
<b>Total share of associates' surplus/(deficit)</b>	<b>16,120</b>	<b>12,705</b>

**Note 42 : Related party disclosures****Identity of related parties**

In this section, the Council discloses the remuneration and related party transactions of key management personnel, which comprises the Directors (the Mayor and Councillors), the Chief Executive and all members of the Council's Executive Leadership Team. All members of the Group are also considered to be related parties of Wellington City Council, including its joint ventures, subsidiaries and associates.

Key management personnel	Note	Council		Group	
		2014 \$	2013 \$	2014 \$	2013 \$
<b>Council Members (Directors)</b>					
Short-term employee benefits	43	1,385,983	1,362,501	1,455,653	1,529,492
<b>Chief Executive and Executive Leadership Team</b>					
Short-term employee benefits		2,480,499	2,219,482	2,480,499	2,219,482
Post employment benefits		52,576	22,148	52,576	22,148
Termination benefits		285,000	104,520	285,000	104,520
<b>Total remuneration paid to key management</b>		<b>4,204,058</b>	<b>3,708,651</b>	<b>4,273,727</b>	<b>3,875,642</b>

For further disclosure of the remuneration payable to the Mayor, Councillors and the Chief Executive refer to Note 43: Remuneration and staffing.

**Material related party transactions – key management personnel**

During the year key management personnel, as part of normal local authority relationships, were involved in transactions of a minor and routine nature with the Council on normal commercial terms (such as payment of rates and purchases of rubbish bags).

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****- 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 \$1.883m representing 8% of paid-up capital.

**Note 42 : Related party disclosures - continued****- Karori Wildlife Sanctuary Trust (Zealandia)**

The Council has influence in the governance, funding and operations of the Karori Wildlife Sanctuary Trust (trading as Zealandia) which is not part of the Group, to the extent that it is considered appropriate to disclose the nature of the transactions as being between related parties.

The Council appoints two of the five trustees including the Chair. Operational funding of \$0.875m was made during the year to 30 June 2014. The Council has a concessionary loan totalling \$10.347m on interest free terms to the Trust. Further information on the loan is included in Note 13: Other financial assets.

**Intra group transactions and balances**

During the year the Council has entered into several transactions with its joint venture partner Porirua City Council. The nature of these intra-group transactions and the outstanding balances at the year-end are as follows:

<b>Intra group transactions and balances - Joint ventures</b>		<b>2014</b>	<b>2013</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		<b>2,196</b>	<b>1,792</b>

**Note 42 : Related party disclosures - continued**

During the year the Council has entered into several transactions with its subsidiaries. The nature of these intra-group transactions and the outstanding balances at the year-end are as follows:

<b>Intra group transactions and balances - Subsidiaries</b>		<b>2014</b>	<b>2013</b>
		<b>\$000</b>	<b>\$000</b>
<b>Dividend received from:</b>			
	Wellington Cable Car Limited	-	94
<b>Revenue for services provided by the Council to:</b>			
	Positively Wellington Tourism	222	125
	Positively Wellington Waterfront	27	2
	Wellington Cable Car Limited	50	68
	Wellington Museums Trust	1,485	1,970
	Wellington Venues Limited	32	-
	Wellington Zoo Trust	361	608
		<b>2,177</b>	<b>2,773</b>
<b>Expenditure incurred by the Council to fund operations and management of:</b>			
	Positively Wellington Tourism	6,475	6,390
	Positively Wellington Waterfront	1,075	1,075
	Wellington Museums Trust	8,010	8,010
	Wellington Zoo Trust	2,715	2,799
		<b>18,275</b>	<b>18,274</b>
<b>Expenditure for services provided to the Council by:</b>			
	Positively Wellington Tourism	178	168
	Wellington Cable Car Limited	13	323
	Wellington Museums Trust	329	313
	Wellington Venues Limited	5,585	5,386
	Wellington Zoo Trust	1,798	1,280
		<b>7,903</b>	<b>7,470</b>
<b>Current receivables owing to the Council from:</b>			
	Positively Wellington Waterfront	29	-
	Wellington Cable Car Limited	1	2
	Wellington Museums Trust	267	30
	Wellington Venues Limited	386	-
	Wellington Zoo Trust	293	639
		<b>976</b>	<b>671</b>
<b>Current payables owed by the Council to:</b>			
	Positively Wellington Tourism	89	15
	Wellington Cable Car Limited	4	-
	Wellington Museums Trust	657	15
	Wellington Venues Limited	32	492
	Wellington Zoo Trust	421	458
		<b>1,203</b>	<b>980</b>

**Current receivables and payables**

The receivables and payables balances are non-interest bearing and are to be settled with the relevant entities on normal trading terms and conditions.

**Note 42 : Related party disclosures - continued**

During the year the Council has entered into several transactions with its associates. The nature of these intra-group transactions and the outstanding balances at the year-end are as follows:

<b>Intra group transactions and balances - Associates</b>		<b>2014</b>	<b>2013</b>
		<b>\$000</b>	<b>\$000</b>
<b>Dividend received from:</b>			
	Wellington International Airport Limited	<b>11,966</b>	<b>10,828</b>
<b>Revenue for services provided by the Council to:</b>			
	Basin Reserve Trust	<b>71</b>	71
	Capacity	<b>45</b>	34
	Wellington International Airport Limited	-	1
	Wellington Regional Stadium Trust	<b>279</b>	276
		<b>395</b>	<b>382</b>
<b>Expenditure incurred by the Council to fund the operation and management of:</b>			
	Basin Reserve Trust	<b>355</b>	355
	Wellington International Airport Limited <sup>1</sup>	-	1,000
		<b>355</b>	<b>1,355</b>
<b>Expenditure for services provided to the Council from:</b>			
	Capacity	<b>15,200</b>	11,370
	Wellington International Airport Limited	<b>120</b>	108
	Wellington Regional Stadium Trust	<b>2</b>	297
		<b>15,322</b>	<b>11,775</b>
<b>Current receivables owing to the Council from:</b>			
	Basin Reserve Trust	<b>5</b>	2
	Capacity	<b>9</b>	3
	Wellington Regional Stadium Trust	<b>20</b>	8
		<b>34</b>	<b>13</b>
<b>Current payables owed by the Council to:</b>			
	Capacity	<b>1,030</b>	605
	Wellington International Airport Limited	-	35
	Wellington Regional Stadium Trust	-	72
		<b>1,030</b>	<b>712</b>
<b>Limited-recourse funding loan and advance</b>			
	Wellington Regional Stadium Trust - nominal value - \$15,394,893	<b>1,586</b>	<b>1,407</b>

**Current receivables and payables:**

The receivables and payables balances are non-interest bearing and are to be settled with the relevant entities on normal trading terms and conditions.

**Limited-recourse funding loan and advance**

The \$15m loan to the Wellington Regional Stadium Trust (WRST) 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 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.

1. This grant to Wellington International Airport Limited related to the agreement to fund 50% (capped at \$1m) of the resource consent costs arising from the airport runway extension.

**Note 43: Remuneration and staffing****Mayoral and Councillor remuneration**

Remuneration is any money, consideration or benefit received, receivable or otherwise made available, directly or indirectly, to the Mayor or a Councillor during the reporting period. The Mayor and Councillors are considered directors as they occupy the position of a member of the governing body of the Council reporting entity. The disclosures for the Group include the remuneration of the Mayor and the appropriate Councillors in their role as trustees or directors of entities within the Group.

The following people held office as, either or both, elected members of the Council's governing body, and trustees or directors of entities comprising the Group during the reporting period. The total remuneration attributed to the Mayor and Councillors during the year from 1 July 2013 to 30 June 2014 was \$1,455,653 (2013: \$1,529,492) and is disaggregated and classified as follows:

Council Member	Monetary Remuneration			Non Monetary Remuneration	Total Council Remuneration 2014	Director/ Trustee Fees	Total Remuneration 2014
	Salary	Resource Consent Hearing Fees	Allowances				
	\$	\$	\$	\$	\$	\$	\$
<b>Current Council</b>							
Ahipene-Mercer, Ray	82,639		360	3,000	85,999	5,544	91,543
Coughlan, Jo	86,073		360	3,000	89,433	6,250	95,683
Eagle, Paul	86,073		360	3,000	89,433	20,000	109,433
Foster, Andy	89,085	1,727	360	3,000	94,172	7,500	101,672
Free, Sarah	56,105		240	2,000	58,345	5,000	63,345
Lee, David	56,105		240	2,000	58,345		58,345
Lester, Justin	93,050		360	3,000	96,410		96,410
Marsh, Simon	78,447		360	3,000	81,807	3,750	85,557
Pannett, Iona	86,073		360	3,000	89,433		89,433
Peck, Mark	56,105		240	2,000	58,345		58,345
Ritchie, Helene	80,340		360	3,000	83,700		83,700
Sparrow, Malcolm	56,105		240	2,000	58,345		58,345
Wade-Brown, Celia	159,240			3,000	162,240		162,240
Woolf, Simon	56,105		240	2,000	58,345		58,345
Young, Nicola	56,105		240	2,000	58,345		58,345
<b>Previous Council</b>							
Best, Ngaire	24,461		120	1,000	25,581	4,240	29,821
Cook, Stephanie	26,789		120	1,000	27,909		27,909
Gill, Leonie	25,971			1,000	26,971		26,971
McKinnon, Ian	28,816		120	1,000	29,936	12,886	42,822
Morrison, John	24,461		120	1,000	25,581	4,500	30,081
Pepperell, Bryan	24,461	1,727	120	1,000	27,308		27,308
<b>Totals</b>	<b>1,332,609</b>	<b>3,454</b>	<b>4,920</b>	<b>45,000</b>	<b>1,385,983</b>	<b>69,670</b>	<b>1,455,653</b>
		<b>Total monetary remuneration</b>			<b>1,340,983</b>	<b>69,670</b>	<b>1,410,653</b>
		<b>Total non-monetary remuneration</b>			<b>45,000</b>	<b>-</b>	<b>45,000</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 2013/14 financial year rather than the alternative option of a combination of meeting fee payments and annual salary.

**Note 43: Remuneration and staffing - continued****Resource consent hearings payments**

The determination issued by the Remuneration Authority also provides for the payment of hearing fees for those Councillors who sit as members of the Hearings Committee for hearings of resource consent applications lodged under the Resource Management Act 1991. The fees for members, who act in this capacity, are paid at the rate of \$100 per hour for the Chair and \$80 per hour for other members.

**Taxable and non-taxable allowances – mileage, broadband services and mobile phones**

The Remuneration Authority's current policy does not allow Councillors to claim an allowance for mileage for their normal duties. However, prior to this decision Councillors had voluntarily decided to forgo receiving this allowance from December 2008.

Councillors are able to choose either of the following two options:

- The payment of a communication allowance of \$30 per month; 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.

**Note 43: Remuneration and staffing - continued****Director/Trustee Fees**

In November 2012, the Council resolved that no further payments would be made to elected members appointed to Council Controlled Organisation (CCO) boards from the start of the new triennium (being 19 October 2013). On 14 November 2013 the Council resolved that elected members appointed to the Council Organisation (CO) boards, including the Wellington Regional Stadium Trust, Zealandia, and Wellington International Airport Limited (where applicable), would not receive remuneration with respect to those appointments. Any remuneration that otherwise would have been paid to elected members on a Council Organisation board will be paid directly to the Council and included in the relevant grant fund.

For the period from 1 July 2013 to the end of the previous triennium (being 19 October 2013), which is prior to the above resolutions taking effect, the following payments were made to elected members in their capacity as Council appointees to the following organisations:

Council Member	Position	Director / Trustee Fees		Organisation	Council Interest
		Subsidiaries	Associates		
		\$	\$		
<b>Current Council</b>					
Ahipene-Mercer, Ray	Trustee	5,544		Wellington Museums Trust	100
Coughlan, Jo	Trustee	6,250		Positively Wellington Tourism	100
Eagle, Paul	Director	7,500		Positively Wellington Venues	100
	Director		12,500	Wellington Regional Stadium Trust	
Foster, Andy	Director		7,500	Capacity	50
Sarah Free	Director		5,000	Capacity	50
Marsh, Simon	Trustee	3,750		Wellington Zoo Trust	100
<b>Previous Council</b>					
Best, Ngaire	Director	4,240		Positively Wellington Venues	100
McKinnon, Ian	Director		12,886	Wellington International Airport Limited	34
Morrison, John	Trustee		4,500	Wellington Regional Stadium Trust	50
<b>Total director and trustee fees</b>		<b>27,284</b>	<b>42,386</b>		

**Note 43: Remuneration and staffing - continued****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:

<b>Community Board Member</b>	<b>Salary</b>	<b>Allowances</b>	<b>Total 2014</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>TAWA COMMUNITY BOARD</b>			
<i>Current Board</i>			
Tredger, Robert (Chair)	13,823	360	14,183
Lucas, Margaret (Deputy Chair)	8,490		8,490
Hansen, Graeme (previous Deputy Chair)	8,490		8,490
Herbert, Richard	6,078		6,078
Lester, Justin (Councillor remuneration shown above)	-		-
Marshall, Jack	6,078		6,078
Sutton, Alistair	8,490		8,490
Sparrow, Malcolm (Councillor remuneration shown separately above)	6,310	180	6,490
<i>Previous Board</i>			
Reading, Chris	2,552		2,552
<b>MAKARA-OHARIU COMMUNITY BOARD</b>			
Grace, Christine (Chair)	9,890	540	10,430
Burden, Murray	3,218		3,218
Liddell, Judy	4,727		4,727
Rudd, Wayne	4,727		4,727
Scotts, Margie	4,727		4,727
Todd, Hamish	4,727		4,727
<i>Previous Board</i>			
Bruce, Gavin (Deputy Chair)	1,595		1,595
<b>Totals</b>	<b>93,919</b>	<b>1,080</b>	<b>94,999</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.

Malcolm Sparrow was the previous Chair of the Tawa Community Board, before his election to the Council.

**Note 43: Remuneration and staffing - continued****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 2014.

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	
	2014	2013
	\$	\$
<b>Short-term employee benefits</b>		
<b>Kevin Lavery</b>		
Salary <sup>1</sup>	379,624	99,726
Motor Vehicle	20,376	
<b>Total remuneration paid or payable</b>	<b>400,000</b>	<b>99,726</b>
<b>Garry Poole</b>		
Salary <sup>2</sup>	-	327,345
Other remuneration:		
Accrued leave entitlement for the tenure of employment (1998 - 2013)	-	123,027
Contractual payment due at expiry of fixed term employment agreement that commenced on 2 March 2008	-	104,520
<b>Total remuneration paid or payable</b>	<b>-</b>	<b>554,892</b>

<sup>1</sup> Kevin Lavery is on a fixed term individual employment agreement with total remuneration of \$400,000pa. His remuneration for 2013 reflects his term as Chief Executive only being for the 3 months from 31 March 2013 to 30 June 2013.

<sup>2</sup> Garry Poole was on a fixed term individual employment agreement with total remuneration of \$419,231pa. for the 2013 year.

**Severances**

In accordance with Schedule 10, section 19 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.

For the year ending 30 June 2014 the Council made severance payments to 15 employees (2013:12) totalling \$290,555 (2013: \$240,830).

The individual values of each of these severance payments are: \$7,668; \$6,500; \$6,531; \$31,998; \$1,561; \$14,832; \$12,169; \$75,700; \$8,532; \$10,000; \$700; \$54,399; \$8,055; \$45,000; \$6,860.

**Note 43: Remuneration and staffing - continued****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	
	2014	2013
The number of full-time employees as at 30 June	971	910
The full-time equivalent number of all other non full-time employees	228	216
The number of employees receiving total annual remuneration of less than \$60,000	1044	1024
The number of employees receiving total annual remuneration of more than \$60,000 in bands of \$20,000		
\$60,000 - \$79,999.99	266	257
\$80,000 - \$99,999.99	142	122
\$100,000 - \$119,999.99	74	76
\$120,000 - \$139,999.99	44	39
\$140,000 - \$159,999.99	23	10
\$160,000 - \$179,999.99	14	14
\$180,000 - \$219,999.99*	9	9
\$220,000 - \$299,999.99*	7	9
\$300,000 - \$400,000**	3	2

The Council as at 30 June has 1626 (2013:1562) individual employees of which 655 (2013: 652) work part-time.

A full-time employee or full-time equivalent is based on a 40 hour week.

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 it has been combined with the next highest band.

\*\* Includes the Chief Executive.

**Note 44: Events after the end of the reporting period**

There are no events after the end of the reporting period that require adjustment to the financial statements or the notes to the financial statements.

## **FINANCIAL PRUDENCE**

The government has introduced the new Local Government (Financial Reporting and Prudence) Regulations 2014 which has a series of measures and benchmarks, disclosed in the following pages. These measures further highlight the financial performance of Council in a way that is consistent and standardised.

These measures allow for comparison of financial performance with other Councils. However, 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.

The Council considers there are three key financial areas that demonstrate whether a Council is being managed in a prudent manner; they are in broad terms the level of rate increases, level of borrowings and the balancing of the budget. A Council sets what it believes to be prudent levels for each of these areas when it adopts its Long-term Plan. Set out below is a summary of how the Council has performed against those targets.

### **Rates Increase**

The Financial Strategy outlines the Councils strategy on rate increases and how to maintain the ratepayers willingness to pay rates as they perceive the value of the services provided by Council. There are two measures that indicate Councils adherence to its strategy:

1. Percentage limit on rate increases before growth (in the rating base) is 4.0% (based on the Local Government Cost Index for 2013/14).

The percentage rate increase for 2013/14 is 3.65%

2. Dollar limit on rate increases for rates revenue not to exceed, this was set at \$249.7 million for 2013/14.

The rates revenue for 2013/14 is \$246.3 million.

The Council has adhered to its limits as set out in Long Term Financial Strategy as set out in the 2012 Long Term Plan.

### **Borrowing levels**

The Financial Strategy outlines its guiding principles on the level of borrowing the Council may undertake, and in broad terms:

- a) Debt cannot be used to fund operations, and
- b) The current level of debt will not restrict a future Councils ability to fund new assets through debt.

The Council has met all of its borrowing measures set out in the following pages, as the Council continues to be prudent in carefully managing its debt

levels and ensuring that future generations are not impeded in their ability to borrow to fund future capital expenditure.

### **Balanced Budget**

This measure is designed to highlight whether a Council has achieved a balanced budget as discussed in the financial overview. The Council's aim is to be as close to the 100% as possible, as large variances would indicate that ratepayers are either paying too much or too little rates that could lead to intergenerational issues in later years.

Council has achieved 103% for 2014 indicating that Council has managed to effectively balance the needs of running the city with that of meeting the ratepayers expectations.

## **Annual report disclosure statement for year ending 30 June 2014**

### ***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.

### ***Rates affordability benchmark***

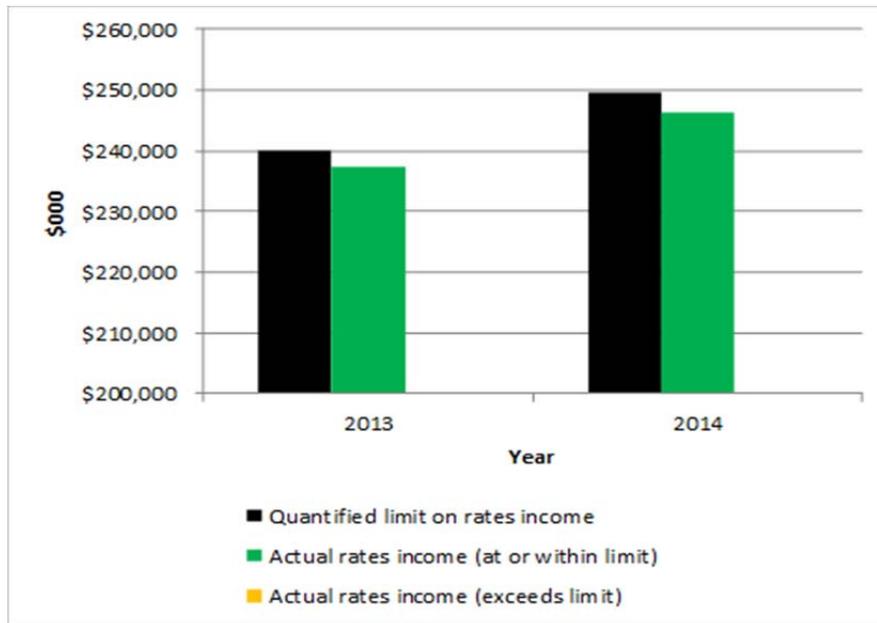
The council meets the rates affordability benchmark if—

- 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.

These limits are based on the Local Government Cost Index and the limits are set each year during the Annual Plan process. This will cause some limits to be different than those disclosed in the 2012-2022 Long Term Plan. Where this occurs both the Annual Plan and Long Term Plan limits will be disclosed.

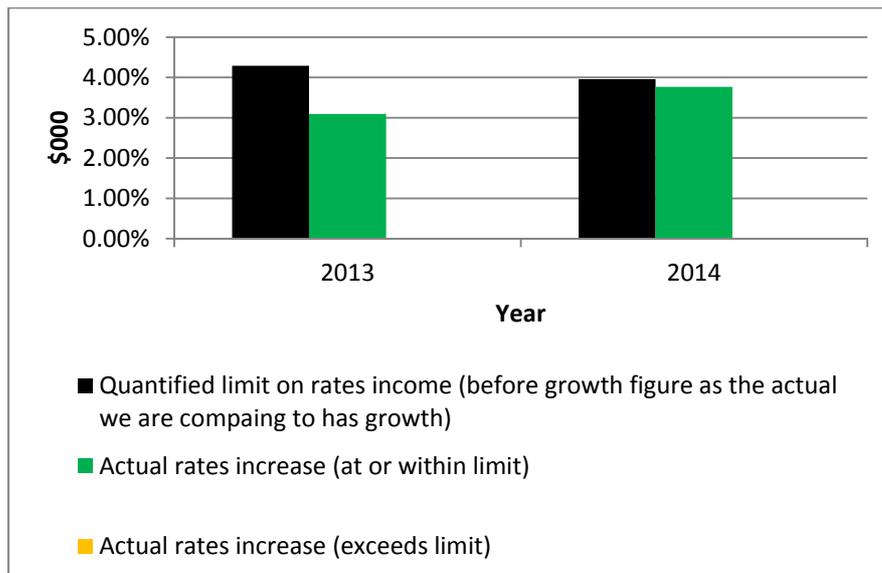
### Rates (income) affordability

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 is \$249,671,000 (quantified limit for the 2013/14 Annual Plan was \$248,386,000).



### 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 included in the council's long-term plan. The quantified limit is a 3.96% increase before growth (quantified limit for the 2013/14 annual plan was a 3.57% increase).

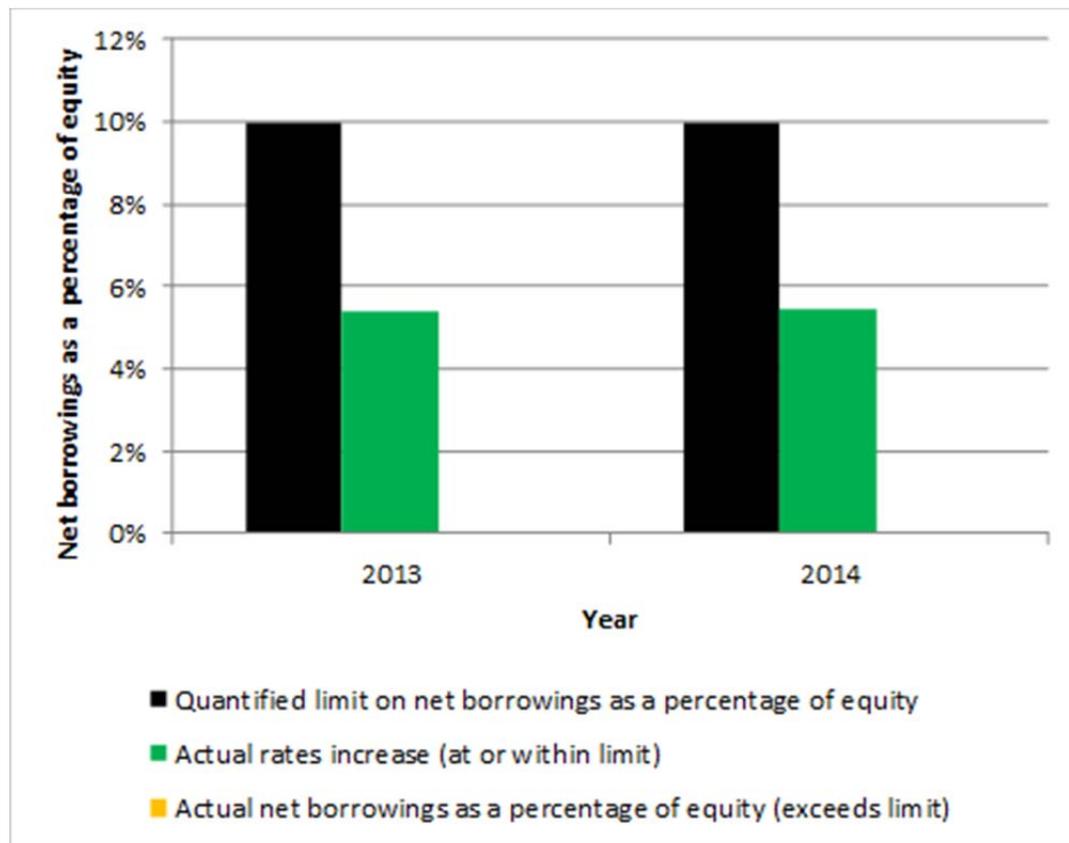


### **Debt affordability benchmark**

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.

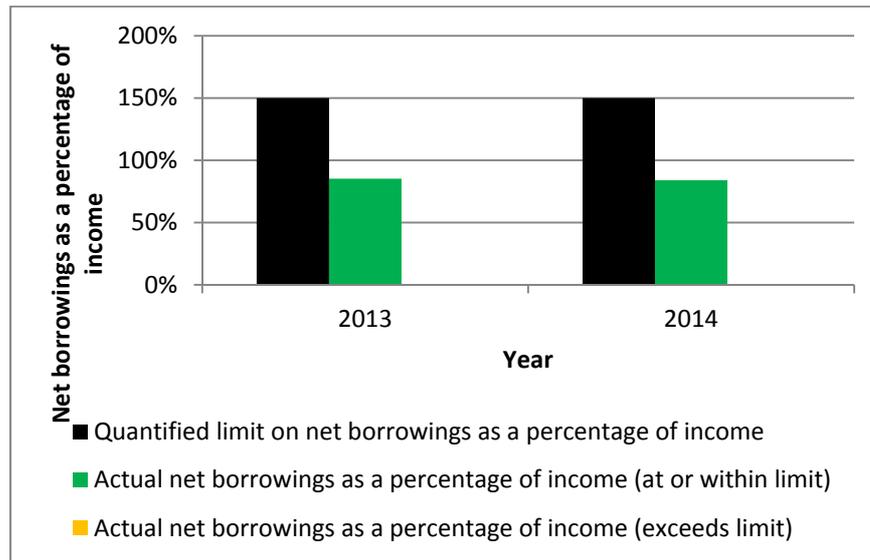
### **Net borrowing as a percentage of equity**

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 10% of equity.



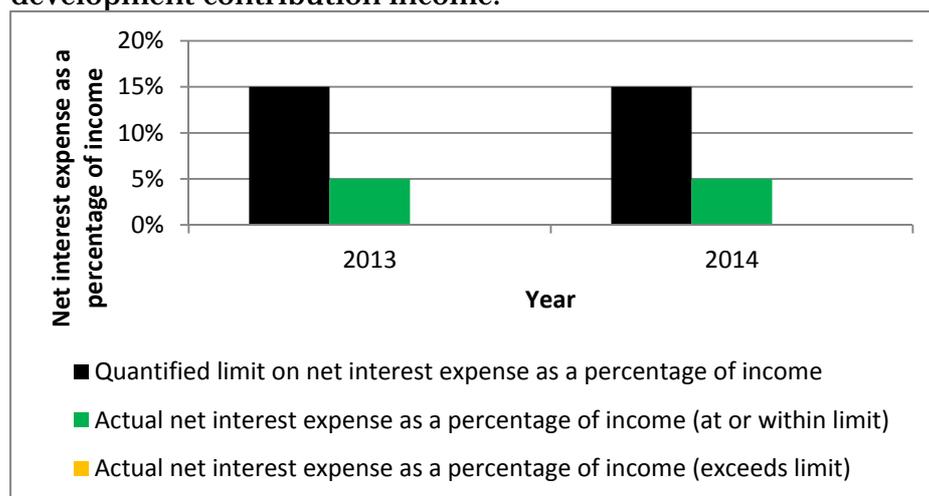
## Net borrowing as a percentage of income<sup>1</sup>

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 150% of income. For this measure income is defined as total revenue less vested assets and development contribution income.



## Net interest as a percentage of income<sup>1</sup>

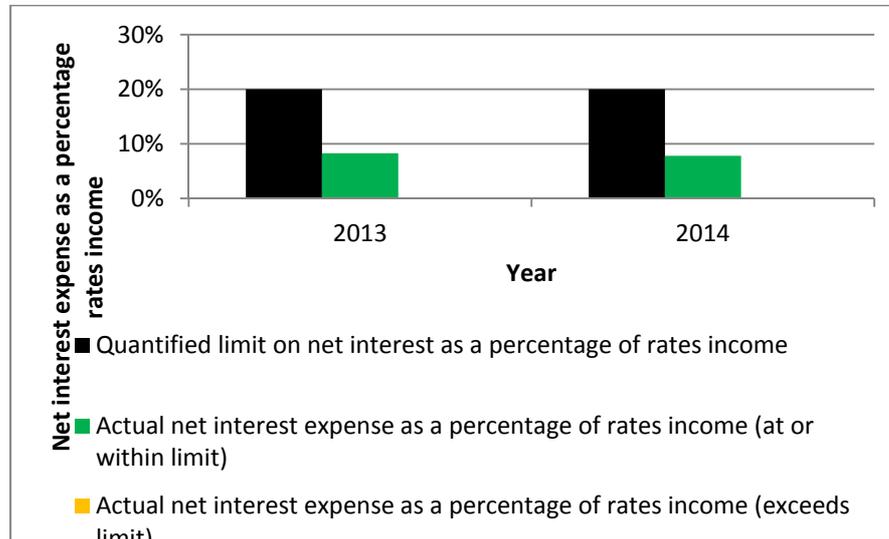
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is net interest, defined as interest expense less interest income, being less than or equal to 15% of income. For this measure income is defined as total revenue less vested assets and development contribution income.



<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.

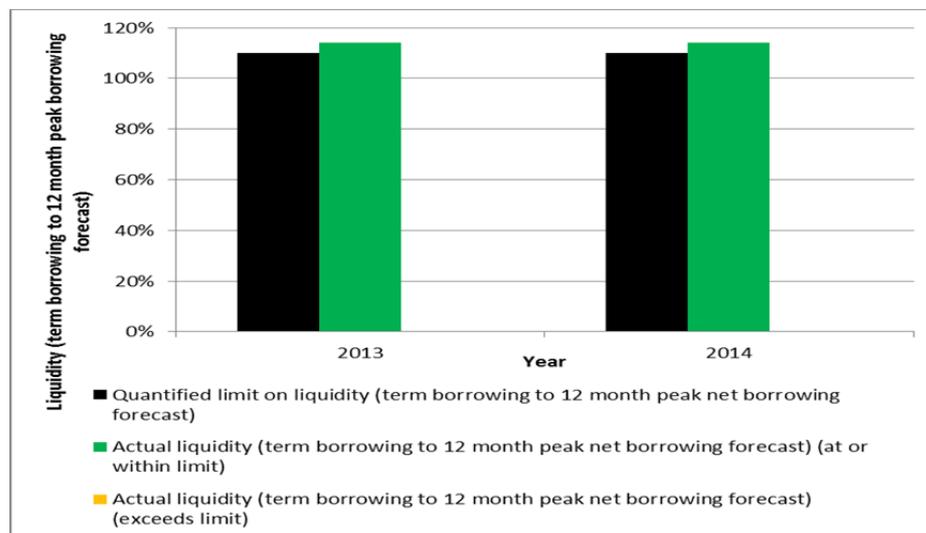
## Net interest as a percentage of annual rates income

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.



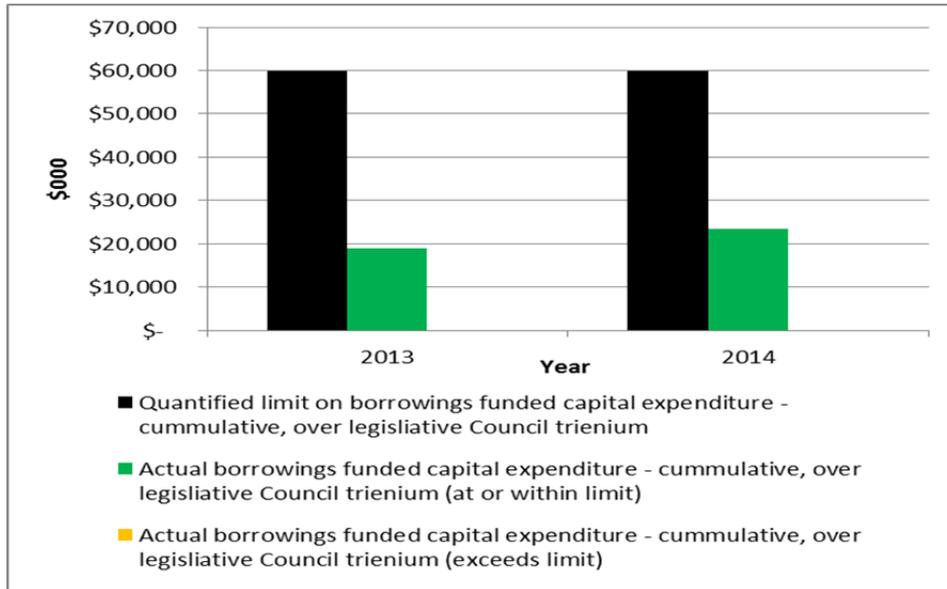
## Liquidity (term borrowing committed loan facilities to 12 month peak net borrowing forecast)

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 110%. For debt affordability, liquidity is the total of Councils arranged loan facilities, both drawn down and not drawn down, compared with the peak net borrowings expected for the next 12 months. Net borrowings for debt affordability are defined as comprised of borrowings less cash and cash equivalents.



### Borrowings funded capital expenditure limit

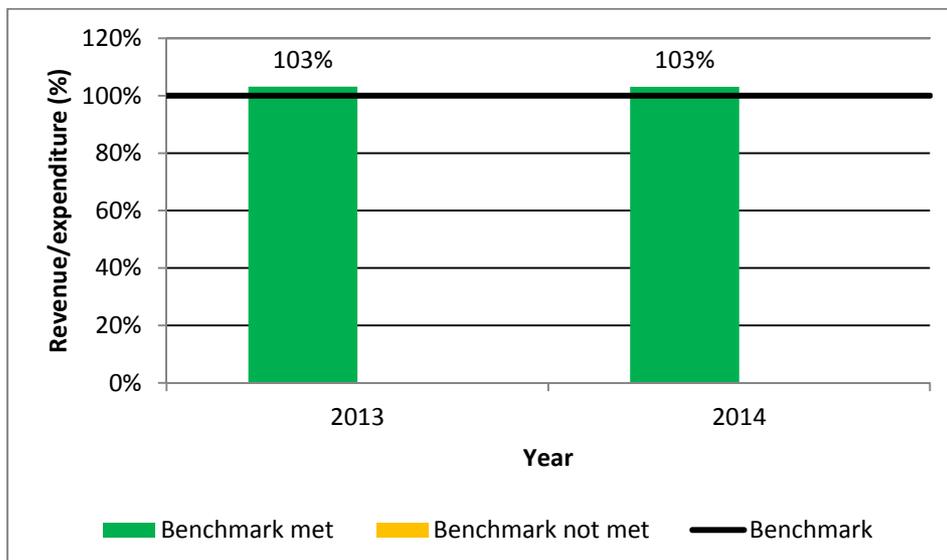
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is no more than \$60 million of capital expenditure funded by new borrowing over the council triennium. This is an accumulative measure over the three years of the Council triennium.



### 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).

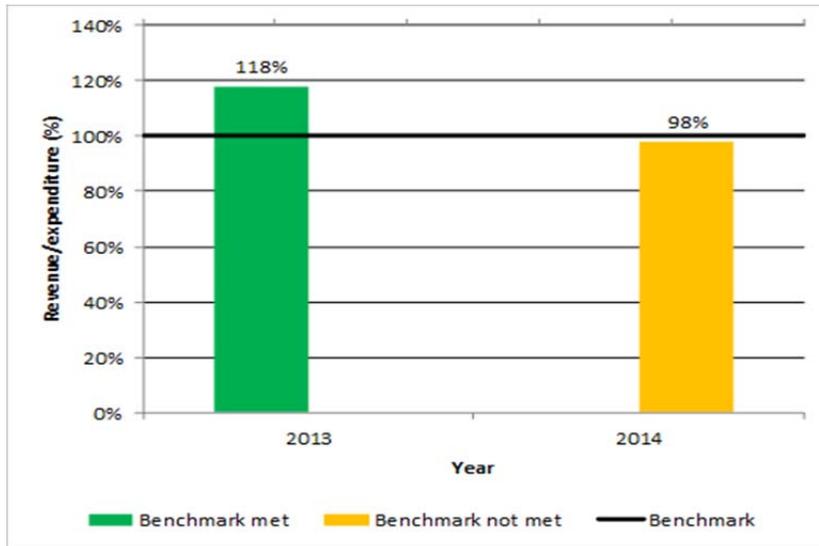
The council meets this benchmark if its revenue equals or is greater than its operating expenses.



### Essential services benchmark

The following graph displays the council's capital expenditure on network services as a proportion of depreciation on network services.

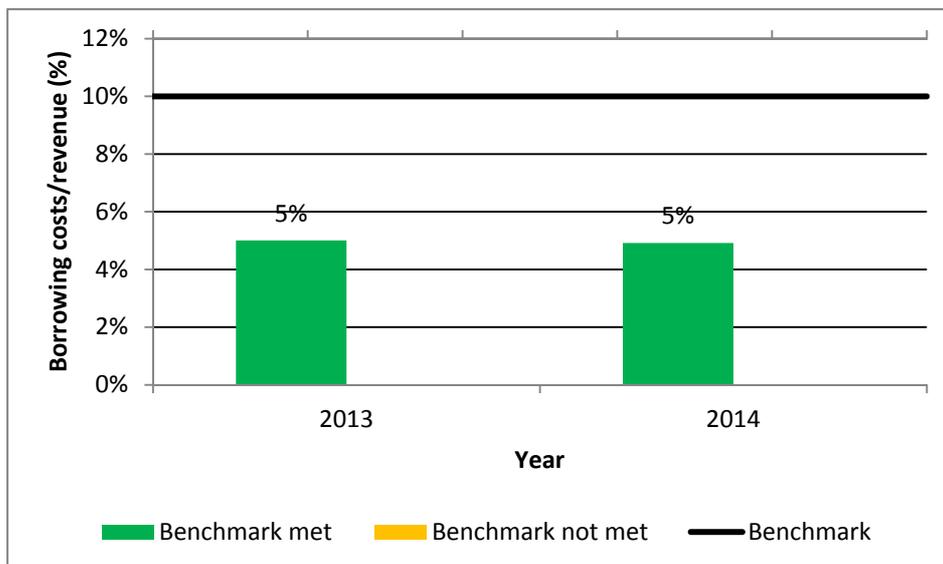
The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services. The capital expenditure included in this measure includes the renewal of assets (\$43.2 million), assets that increase capacity (\$0.6 million) and assets that increase the level of service (\$8.2 million) provided as part of the network services.



### 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).

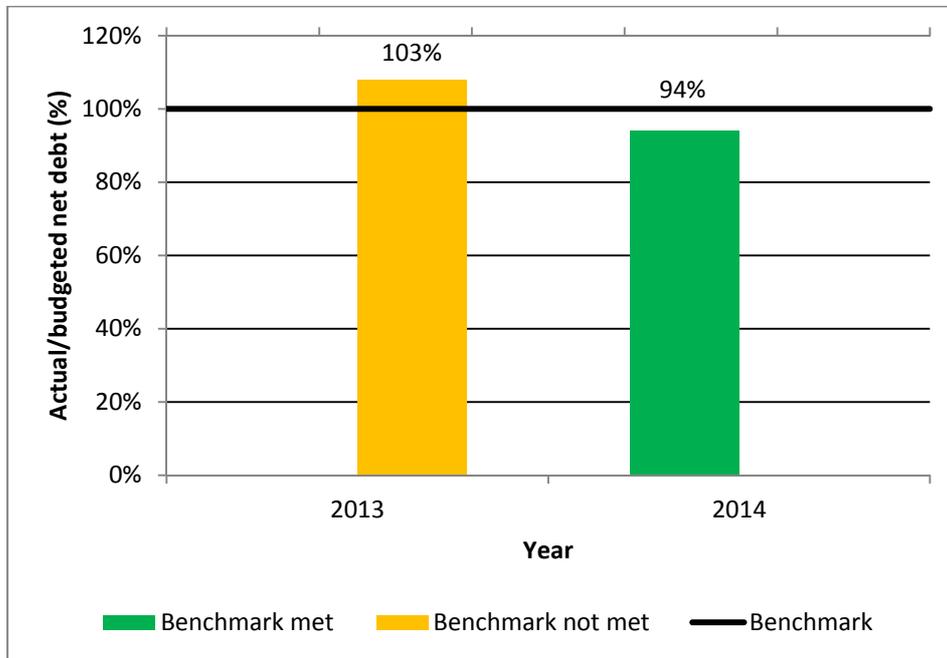
Because Statistics New Zealand projects the council's population will grow as fast as the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



### **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).

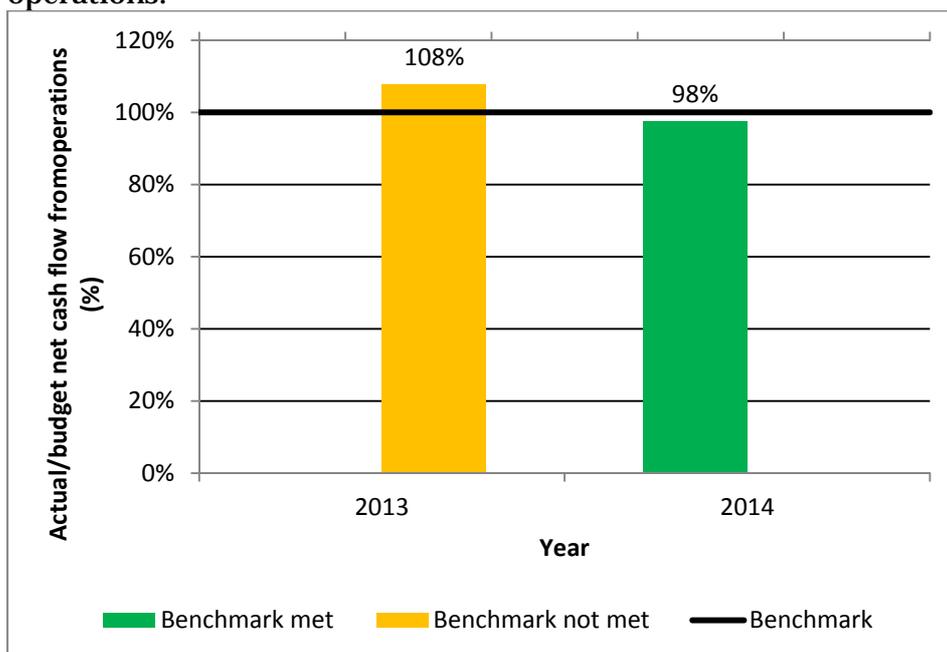
The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



### **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.



## ***Additional information***

### **Areas of reported non-compliance**

The essential services benchmark compares the level of depreciation for network assets (comprising roading, drainage, waste and water assets) to the level of capital expenditure made during that financial year for those assets. Included within the depreciation figure, there is a depreciation amount included 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 (125% 2012/13).

This measure also takes a snapshot of capital expenditure on a year on year basis, whereas capital expenditure for essential services are planned on a project by project basis and do not always neatly align with the financial year. This is further impacted by delays to projects that cause timing differences that will affect the outcome of this measure.

Therefore over time there will be an irregular pattern of expenditure and the Council believes an average over time should be applied to this measure to ensure that Council is sufficiently meeting this requirement. If the average is taken for the two years shown, then Council has met the requirement for both years with an average of 108% for both years. In light of these factors, the Council considers that it has achieved a pass with this measure even though it is shown as an orange in the actual measure.

### **2012/13 Comparative measures**

The debt control benchmark shows whether actual net debt as defined by the regulations is equal or less than the planned net debt. During the preparation of the long-term plan for which this control relates to, a number of assumptions were 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 its net debt position, as reflected in its AA credit rating and favourable ratios of net debt to income and net debt to investments. Council’s net debt to income ratio is significantly lower than most other metropolitan councils in New Zealand.

The operations control benchmark shows whether actual net operating cash flow is equal or less than the planned net cash flow from operations. During the preparation of the long-term plan for which this control relates to, a number of assumptions were 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 2012/13 year 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

For the period 1 July 2013 to 30 June 2014

The funding impact statements show the source and application of funds for activities of the Council. The statements present the capital and operational expenditure separately. The format is prescribed in the Local Government (Financial Reporting and Prudence) Regulations 2014 to improve the ability to compare the results across different councils.

<b>Funding impact statement for 1 July 2013 to 30 June 2014 (Whole of Council)</b>					
	2012/13	2013/14	2012/13	2013/14	2013/14
	LTP	LTP	Actuals	AP	Actuals
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	128,147	134,395	128,018	131,000	131,652
Targeted rates (other than a targeted rate for water supply)	99,740	102,343	99,097	103,552	103,405
Subsidies and grants for operating purposes	6,831	6,935	6,660	7,250	9,131
Fees, charges, and targeted rates for water supply <sup>1</sup>	109,101	110,360	108,342	113,761	113,528
Interest and dividends from investments	9,308	9,308	12,530	9,908	14,259
Local authorities fuel tax, fines, infringement fees, and other receipts	12,162	12,396	9,607	10,817	7,889
<b>Total operating funding (A)</b>	<b>365,289</b>	<b>375,737</b>	<b>364,254</b>	<b>376,288</b>	<b>379,864</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	235,262	240,510	229,409	244,969	241,712
Finance costs	22,647	22,859	22,245	21,965	22,372
Other operating funding applications	29,568	30,671	35,537	29,623	32,684
<b>Total applications of operating funding (B)</b>	<b>287,477</b>	<b>294,040</b>	<b>287,190</b>	<b>296,557</b>	<b>296,768</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>77,812</b>	<b>81,697</b>	<b>77,064</b>	<b>79,731</b>	<b>83,096</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	45,765	39,967	39,925	42,495	35,500
Development and financial contributions	5,000	5,000	4,356	5,000	5,873
Increase (decrease) in debt	14,919	25,873	19,651	20,893	17,819
Gross proceeds from sales of assets	-	9,000	-	15,075	12,675
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>65,684</b>	<b>79,840</b>	<b>63,932</b>	<b>83,463</b>	<b>71,867</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	2,702	1,590	3,181	1,634	1,640
- to improve the level of service	54,491	61,255	52,695	53,991	49,423
- to replace existing assets	78,944	86,632	78,243	84,094	76,929
Increase (decrease) in reserves	7,359	12,060	6,877	23,475	26,971
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>143,496</b>	<b>161,537</b>	<b>140,996</b>	<b>163,194</b>	<b>154,963</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(77,812)</b>	<b>(81,697)</b>	<b>(77,064)</b>	<b>(79,731)</b>	<b>(83,096)</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>91,703</b>	<b>94,155</b>	<b>88,577</b>	<b>92,107</b>	<b>90,863</b>
1 Included in this figure is the metered water rates (applicable to Funding Impact Statement for Water).					

## 1.1 Governance, information and engagement

<b>Funding impact statement for 1 July 2013 to 30 June 2014 for Governance, information and engagement</b>						
	2012/13	2013/14	2012/13	2013/14	2013/14	
	LTP	LTP	Actuals	AP	Actuals	
	\$000	\$000	\$000	\$000	\$000	
<b>Sources of operating funding</b>						
General rates, uniform annual general charges, rates penalties	14,666	15,711	14,666	16,356	16,356	
Targeted rates (other than a targeted rate for water supply)	-	-	-	-	-	
Subsidies and grants for operating purposes	-	-	-	-	56	
Fees, charges, and targeted rates for water supply <sup>1</sup>	384	694	470	733	1,044	
Internal charges and overheads recovered	-	-	-	-	-	
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	
<b>Total operating funding (A)</b>	<b>15,050</b>	<b>16,405</b>	<b>15,136</b>	<b>17,089</b>	<b>17,456</b>	
<b>Applications of operating funding</b>						
Payments to staff and suppliers	7,892	8,772	7,509	8,579	8,757	
Finance costs	3	3	12	14	12	
Internal charges and overheads applied	7,031	7,541	7,022	8,156	7,097	
Other operating funding applications	10	10	127	267	416	
<b>Total applications of operating funding (B)</b>	<b>14,936</b>	<b>16,326</b>	<b>14,670</b>	<b>17,016</b>	<b>16,282</b>	
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>114</b>	<b>79</b>	<b>466</b>	<b>73</b>	<b>1,174</b>	
<b>Sources of capital funding</b>						
Subsidies and grants for capital expenditure	-	-	-	-	-	
Development and financial contributions	-	-	-	-	-	
Increase (decrease) in debt	-	-	-	-	-	
Gross proceeds from sales of assets	-	-	-	-	-	
Lump sum contributions	-	-	-	-	-	
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Applications of capital funding</b>						
Capital expenditure						
- to meet additional demand	-	-	-	-	-	
- to improve the level of service	-	-	-	-	-	
- to replace existing assets	-	110	19	110	53	
Increase (decrease) in reserves	114	(31)	447	(37)	1,121	
Increase (decrease) in investments	-	-	-	-	-	
<b>Total applications of capital funding (D)</b>	<b>114</b>	<b>79</b>	<b>466</b>	<b>73</b>	<b>1,174</b>	
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(114)</b>	<b>(79)</b>	<b>(466)</b>	<b>(73)</b>	<b>(1,174)</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>114</b>	<b>79</b>	<b>99</b>	<b>73</b>	<b>83</b>	
1 Included in this figure is the metered water rates (applicable to Funding Impact Statement for Water).						

## 1.2 Maori engagement (including mana whenua)

<b>Funding impact statement for 1 July 2013 to 30 June 2014 for Maori and Mana Whenua partnerships</b>						
	2012/13	2013/14	2012/13	2013/14	2013/14	
	LTP	LTP	Actuals	AP	Actuals	
	\$000	\$000	\$000	\$000	\$000	
<b>Sources of operating funding</b>						
General rates, uniform annual general charges, rates penalties	237	244	237	225	225	
Targeted rates (other than a targeted rate for water supply)	-	-	-	-	-	
Subsidies and grants for operating purposes	-	-	-	-	-	
Fees, charges, and targeted rates for water supply <sup>1</sup>	-	-	5	-	1	
Internal charges and overheads recovered	-	-	-	-	-	
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	
<b>Total operating funding (A)</b>	<b>237</b>	<b>244</b>	<b>242</b>	<b>225</b>	<b>226</b>	
<b>Applications of operating funding</b>						
Payments to staff and suppliers	229	236	214	214	186	
Finance costs	-	-	1	1	1	
Internal charges and overheads applied	8	8	4	8	37	
Other operating funding applications	-	-	-	-	-	
<b>Total applications of operating funding (B)</b>	<b>237</b>	<b>244</b>	<b>219</b>	<b>223</b>	<b>224</b>	
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>-</b>	<b>-</b>	<b>23</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	-	-	-	-	-	
Gross proceeds from sales of assets	-	-	-	-	-	
Lump sum contributions	-	-	-	-	-	
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</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	-	-	23	2	2	
Increase (decrease) in investments	-	-	-	-	-	
<b>Total applications of capital funding (D)</b>	<b>-</b>	<b>-</b>	<b>23</b>	<b>2</b>	<b>2</b>	
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>-</b>	<b>-</b>	<b>(23)</b>	<b>(2)</b>	<b>(2)</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>-</b>	<b>-</b>	<b>2</b>	<b>2</b>	<b>2</b>	
1 Included in this figure is the metered water rates (applicable to Funding Impact Statement for Water).						

## 2.1 Open spaces and conservation

<b>Funding impact statement for 1 July 2013 to 30 June 2014 for Gardens, beaches and green open spaces</b>						
	2012/13	2013/14	2012/13	2013/14	2013/14	
	LTP	LTP	Actuals	AP	Actuals	
	\$000	\$000	\$000	\$000	\$000	
<b>Sources of operating funding</b>						
General rates, uniform annual general charges, rates penalties	26,648	29,484	26,648	26,540	26,540	
Targeted rates (other than a targeted rate for water supply)	408	418	408	436	436	
Subsidies and grants for operating purposes	549	566	766	637	679	
Fees, charges, and targeted rates for water supply <sup>1</sup>	1,188	1,224	1,215	1,118	1,668	
Internal charges and overheads recovered	5,207	5,332	5,120	4,910	4,920	
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	
<b>Total operating funding (A)</b>	<b>34,000</b>	<b>37,024</b>	<b>34,157</b>	<b>33,641</b>	<b>34,243</b>	
<b>Applications of operating funding</b>						
Payments to staff and suppliers	16,453	18,432	16,932	16,980	17,574	
Finance costs	1,668	1,822	1,559	1,674	1,563	
Internal charges and overheads applied	11,776	12,583	12,128	11,233	11,737	
Other operating funding applications	100	100	57	80	88	
<b>Total applications of operating funding (B)</b>	<b>29,997</b>	<b>32,937</b>	<b>30,676</b>	<b>29,967</b>	<b>30,962</b>	
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>4,003</b>	<b>4,087</b>	<b>3,481</b>	<b>3,674</b>	<b>3,281</b>	
<b>Sources of capital funding</b>						
Subsidies and grants for capital expenditure	250	700	472	1,080	1,060	
Development and financial contributions	1,099	1,099	792	1,099	831	
Increase (decrease) in debt	(1,206)	(1,695)	(1,117)	(2,071)	(1,745)	
Gross proceeds from sales of assets	-	-	-	-	-	
Lump sum contributions	-	-	-	-	-	
<b>Total sources of capital funding (C)</b>	<b>143</b>	<b>104</b>	<b>147</b>	<b>108</b>	<b>146</b>	
<b>Applications of capital funding</b>						
Capital expenditure						
- to meet additional demand	49	52	50	53	50	
- to improve the level of service	94	52	97	55	96	
- to replace existing assets	2,479	2,280	2,525	2,545	2,872	
Increase (decrease) in reserves	1,524	1,807	956	1,129	409	
Increase (decrease) in investments	-	-	-	-	-	
<b>Total applications of capital funding (D)</b>	<b>4,146</b>	<b>4,191</b>	<b>3,628</b>	<b>3,782</b>	<b>3,427</b>	
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(4,003)</b>	<b>(4,087)</b>	<b>(3,481)</b>	<b>(3,674)</b>	<b>(3,281)</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>4,226</b>	<b>4,313</b>	<b>3,971</b>	<b>3,952</b>	<b>3,911</b>	
1 Included in this figure is the metered water rates (applicable to Funding Impact Statement for Water).						

## 2.2 Waste reduction, recycling and energy conservation

Funding impact statement for 1 July 2013 to 30 June 2014 for Waste reduction and energy conservation					
	2012/13	2013/14	2012/13	2013/14	2013/14
	LTP	LTP	Actuals	AP	Actuals
	\$000	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	496	1,819	496	451	451
Targeted rates (other than a targeted rate for water supply)	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees, charges, and targeted rates for water supply <sup>1</sup>	11,821	11,200	12,079	12,393	12,191
Internal charges and overheads recovered	296	303	89	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	7	7	-	-	4
<b>Total operating funding (A)</b>	<b>12,620</b>	<b>13,329</b>	<b>12,664</b>	<b>12,844</b>	<b>12,646</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	10,817	11,728	8,723	11,112	9,438
Finance costs	1,002	826	1,050	1,051	992
Internal charges and overheads applied	(78)	(60)	(367)	111	135
Other operating funding applications	-	-	11	5	8
<b>Total applications of operating funding (B)</b>	<b>11,741</b>	<b>12,494</b>	<b>9,417</b>	<b>12,279</b>	<b>10,573</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>879</b>	<b>835</b>	<b>3,247</b>	<b>565</b>	<b>2,073</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	8	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	204	802	137	91	84
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>204</b>	<b>802</b>	<b>145</b>	<b>91</b>	<b>84</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	204	802	137	91	84
- to replace existing assets	865	8,486	395	963	275
Increase (decrease) in reserves	14	(7,651)	2,860	(398)	1,798
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>1,083</b>	<b>1,637</b>	<b>3,392</b>	<b>656</b>	<b>2,157</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(879)</b>	<b>(835)</b>	<b>(3,247)</b>	<b>(565)</b>	<b>(2,073)</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>879</b>	<b>835</b>	<b>657</b>	<b>565</b>	<b>430</b>
1 Included in this figure is the metered water rates (applicable to Funding Impact Statement for Water).					

## 2.3 Water

Funding impact statement for 1 July 2013 to 30 June 2014 for Water						
	2012/13	2013/14	2012/13	2013/14	2013/14	
	LTP	LTP	Actuals	AP	Actuals	
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>						
General rates, uniform annual general charges, rates penalties	-	-	-	-	-	-
Targeted rates (other than a targeted rate for water supply)	23,536	24,651	23,536	24,804	24,804	
Subsidies and grants for operating purposes	-	-	-	-	-	-
Fees, charges, and targeted rates for water supply <sup>1</sup>	12,854	12,855	11,427	13,366	12,391	
Internal charges and overheads recovered	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>36,390</b>	<b>37,506</b>	<b>34,963</b>	<b>38,170</b>	<b>37,195</b>	
<b>Applications of operating funding</b>						
Payments to staff and suppliers	19,816	20,560	20,232	21,373	20,803	
Finance costs	1,945	2,073	1,825	1,912	1,775	
Internal charges and overheads applied	1,720	1,780	1,778	1,704	1,697	
Other operating funding applications	-	-	10	-	-	-
<b>Total applications of operating funding (B)</b>	<b>23,481</b>	<b>24,413</b>	<b>23,845</b>	<b>24,989</b>	<b>24,275</b>	
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>12,909</b>	<b>13,093</b>	<b>11,118</b>	<b>13,181</b>	<b>12,920</b>	
<b>Sources of capital funding</b>						
Subsidies and grants for capital expenditure	-	-	109	-	-	-
Development and financial contributions	1,231	1,231	733	1,231	1,663	
Increase (decrease) in debt	1,899	973	2,472	988	390	
Gross proceeds from sales of assets	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>3,130</b>	<b>2,204</b>	<b>3,314</b>	<b>2,219</b>	<b>2,053</b>	
<b>Applications of capital funding</b>						
Capital expenditure						
- to meet additional demand	254	274	274	274	243	
- to improve the level of service	2,876	1,930	3,040	1,945	1,810	
- to replace existing assets	8,226	9,962	8,857	9,962	8,931	
Increase (decrease) in reserves	4,683	3,131	2,261	3,219	3,989	
Increase (decrease) in investments	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>16,039</b>	<b>15,297</b>	<b>14,432</b>	<b>15,400</b>	<b>14,973</b>	
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(12,909)</b>	<b>(13,093)</b>	<b>(11,118)</b>	<b>(13,181)</b>	<b>(12,920)</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>						
	13,824	13,701	13,823	13,744	13,788	
1 Included in this figure is the metered water rates (applicable to Funding Impact Statement for Water).						

## 2.4 Wastewater

Funding impact statement for 1 July 2013 to 30 June 2014 for Wastewater					
	2012/13	2013/14	2012/13	2013/14	2013/14
	LTP	LTP	Actuals	AP	Actuals
	\$000	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	-	-	-	-	-
Targeted rates (other than a targeted rate for water supply)	33,433	34,667	33,433	35,370	35,370
Subsidies and grants for operating purposes	-	-	-	-	-
Fees, charges, and targeted rates for water supply <sup>1</sup>	1,252	1,289	1,182	1,210	1,129
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>34,685</b>	<b>35,956</b>	<b>34,615</b>	<b>36,580</b>	<b>36,499</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	16,863	18,218	18,475	20,715	19,795
Finance costs	3,662	3,730	3,554	3,402	3,298
Internal charges and overheads applied	5,079	5,252	3,685	3,821	3,481
Other operating funding applications	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>25,604</b>	<b>27,200</b>	<b>25,714</b>	<b>27,938</b>	<b>26,574</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>9,081</b>	<b>8,756</b>	<b>8,901</b>	<b>8,642</b>	<b>9,925</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	1,007	1,007	1,038	1,007	735
Increase (decrease) in debt	(818)	(822)	(708)	(822)	(537)
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>189</b>	<b>185</b>	<b>330</b>	<b>185</b>	<b>198</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	189	185	172	185	198
- to improve the level of service	-	-	158	-	-
- to replace existing assets	7,363	7,226	6,553	7,226	7,725
Increase (decrease) in reserves	1,718	1,530	2,348	1,416	2,200
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>9,270</b>	<b>8,941</b>	<b>9,231</b>	<b>8,827</b>	<b>10,123</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(9,081)</b>	<b>(8,756)</b>	<b>(8,901)</b>	<b>(8,642)</b>	<b>(9,925)</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>12,984</b>	<b>12,986</b>	<b>12,514</b>	<b>12,538</b>	<b>12,533</b>
1 Included in this figure is the metered water rates (applicable to Funding Impact Statement for Water).					

## 2.5 Stormwater

Funding impact statement for 1 July 2013 to 30 June 2014 for Stormwater					
	2012/13	2013/14	2012/13	2013/14	2013/14
	LTP	LTP	Actuals	AP	Actuals
	\$000	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	-	-	-	-	-
Targeted rates (other than a targeted rate for water supply)	17,363	17,405	17,363	18,089	18,089
Subsidies and grants for operating purposes	39	40	57	40	30
Fees, charges, and targeted rates for water supply <sup>1</sup>	9	9	93	9	18
Internal charges and overheads recovered	-	-	1	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>17,411</b>	<b>17,454</b>	<b>17,514</b>	<b>18,138</b>	<b>18,137</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	5,356	5,083	6,599	7,486	6,694
Finance costs	2,618	2,858	2,436	2,612	2,417
Internal charges and overheads applied	2,955	3,056	1,913	1,600	1,839
Other operating funding applications	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>10,929</b>	<b>10,997</b>	<b>10,948</b>	<b>11,698</b>	<b>10,950</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>6,482</b>	<b>6,457</b>	<b>6,566</b>	<b>6,440</b>	<b>7,187</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	189	-	-	-	-
Development and financial contributions	107	107	85	107	113
Increase (decrease) in debt	(35)	(7)	8	(7)	117
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>261</b>	<b>100</b>	<b>93</b>	<b>100</b>	<b>230</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	95	100	64	100	105
- to improve the level of service	166	-	29	-	125
- to replace existing assets	3,532	3,912	2,470	3,912	3,963
Increase (decrease) in reserves	2,950	2,545	4,096	2,528	3,224
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>6,743</b>	<b>6,557</b>	<b>6,659</b>	<b>6,540</b>	<b>7,417</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(6,482)</b>	<b>(6,457)</b>	<b>(6,566)</b>	<b>(6,440)</b>	<b>(7,187)</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>6,482</b>	<b>6,457</b>	<b>6,543</b>	<b>6,440</b>	<b>6,552</b>
1 Included in this figure is the metered water rates (applicable to Funding Impact Statement for Water).					

## 2.6 Conservation attractions

Funding impact statement for 1 July 2013 to 30 June 2014 for Conservation attractions						
	2012/13	2013/14	2012/13	2013/14	2013/14	
	LTP	LTP	Actuals	AP	Actuals	
	\$000	\$000	\$000	\$000	\$000	
<b>Sources of operating funding</b>						
General rates, uniform annual general charges, rates penalties	5,378	5,751	5,378	5,779	5,779	
Targeted rates (other than a targeted rate for water supply)	-	-	-	-	-	
Subsidies and grants for operating purposes	-	-	-	-	-	
Fees, charges, and targeted rates for water supply <sup>1</sup>	-	-	-	-	-	
Internal charges and overheads recovered	-	-	-	-	-	
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	
<b>Total operating funding (A)</b>	<b>5,378</b>	<b>5,751</b>	<b>5,378</b>	<b>5,779</b>	<b>5,779</b>	
<b>Applications of operating funding</b>						
Payments to staff and suppliers	122	132	128	127	135	
Finance costs	767	776	689	708	680	
Internal charges and overheads applied	264	264	264	268	264	
Other operating funding applications	3,164	3,499	3,149	3,590	3,590	
<b>Total applications of operating funding (B)</b>	<b>4,317</b>	<b>4,671</b>	<b>4,230</b>	<b>4,693</b>	<b>4,669</b>	
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>1,061</b>	<b>1,080</b>	<b>1,148</b>	<b>1,086</b>	<b>1,110</b>	
<b>Sources of capital funding</b>						
Subsidies and grants for capital expenditure	155	412	541	412	241	
Development and financial contributions	-	-	-	-	-	
Increase (decrease) in debt	467	1,239	1,430	1,239	722	
Gross proceeds from sales of assets	-	-	-	-	-	
Lump sum contributions	-	-	-	-	-	
<b>Total sources of capital funding (C)</b>	<b>622</b>	<b>1,651</b>	<b>1,971</b>	<b>1,651</b>	<b>963</b>	
<b>Applications of capital funding</b>						
Capital expenditure						
- to meet additional demand	-	-	-	-	-	
- to improve the level of service	622	1,651	1,971	1,651	963	
- to replace existing assets	172	241	173	241	240	
Increase (decrease) in reserves	889	839	975	845	870	
Increase (decrease) in investments	-	-	-	-	-	
<b>Total applications of capital funding (D)</b>	<b>1,683</b>	<b>2,731</b>	<b>3,119</b>	<b>2,737</b>	<b>2,073</b>	
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(1,061)</b>	<b>(1,080)</b>	<b>(1,148)</b>	<b>(1,086)</b>	<b>(1,110)</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>						
	1,061	1,080	1,124	1,086	1,293	
1 Included in this figure is the metered water rates (applicable to Funding Impact Statement for Water).						

### 3.1 City promotions and business support

Funding impact statement for 1 July 2013 to 30 June 2014 for City promotions and business support					
	2012/13	2013/14	2012/13	2013/14	2013/14
	LTP	LTP	Actuals	AP	Actuals
	\$000	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	5,032	5,175	5,032	4,311	4,311
Targeted rates (other than a targeted rate for water supply)	14,572	14,630	14,572	14,583	14,583
Subsidies and grants for operating purposes	-	-	40	-	92
Fees, charges, and targeted rates for water supply <sup>1</sup>	-	-	635	186	616
Internal charges and overheads recovered	-	-	-	50	50
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>19,604</b>	<b>19,805</b>	<b>20,279</b>	<b>19,130</b>	<b>19,652</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	5,755	5,844	6,739	7,160	9,164
Finance costs	295	318	304	682	740
Internal charges and overheads applied	2,133	2,227	2,076	2,192	1,873
Other operating funding applications	9,178	9,077	8,366	7,523	7,923
<b>Total applications of operating funding (B)</b>	<b>17,361</b>	<b>17,466</b>	<b>17,485</b>	<b>17,557</b>	<b>19,700</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>2,243</b>	<b>2,339</b>	<b>2,794</b>	<b>1,573</b>	<b>(48)</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	4,011	-	2,419	-	2,593
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>4,011</b>	<b>-</b>	<b>2,419</b>	<b>-</b>	<b>2,593</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	4,011	-	2,419	-	2,593
- to replace existing assets	1,483	864	895	765	958
Increase (decrease) in reserves	760	1,475	1,899	808	(1,006)
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>6,254</b>	<b>2,339</b>	<b>5,213</b>	<b>1,573</b>	<b>2,545</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(2,243)</b>	<b>(2,339)</b>	<b>(2,794)</b>	<b>(1,573)</b>	<b>48</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>2,243</b>	<b>2,339</b>	<b>1,450</b>	<b>1,573</b>	<b>1,624</b>
1 Included in this figure is the metered water rates (applicable to Funding Impact Statement for Water).					

#### 4.1 Arts and culture activities

Funding impact statement for 1 July 2013 to 30 June 2014 for Arts and culture activities					
	2012/13	2013/14	2012/13	2013/14	2013/14
	LTP	LTP	Actuals	AP	Actuals
	\$000	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	11,716	12,567	11,716	11,132	11,132
Targeted rates (other than a targeted rate for water supply)	5,135	5,121	5,135	5,216	5,216
Subsidies and grants for operating purposes	420	430	285	402	206
Fees, charges, and targeted rates for water supply <sup>1</sup>	626	645	823	611	717
Internal charges and overheads recovered	162	166	162	341	341
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>18,059</b>	<b>18,929</b>	<b>18,121</b>	<b>17,702</b>	<b>17,612</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	3,256	3,254	3,131	3,219	3,317
Finance costs	272	264	187	215	178
Internal charges and overheads applied	1,488	1,566	1,611	935	857
Other operating funding applications	12,177	12,981	12,306	12,484	12,395
<b>Total applications of operating funding (B)</b>	<b>17,193</b>	<b>18,065</b>	<b>17,235</b>	<b>16,853</b>	<b>16,747</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>866</b>	<b>864</b>	<b>886</b>	<b>849</b>	<b>865</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	40	25	10	25	-
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>40</b>	<b>25</b>	<b>10</b>	<b>25</b>	<b>-</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	40	25	10	25	-
- to replace existing assets	-	1	-	1	-
Increase (decrease) in reserves	866	863	886	848	865
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>906</b>	<b>889</b>	<b>896</b>	<b>874</b>	<b>865</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(866)</b>	<b>(864)</b>	<b>(886)</b>	<b>(849)</b>	<b>(865)</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>866</b>	<b>864</b>	<b>867</b>	<b>849</b>	<b>904</b>
1 Included in this figure is the metered water rates (applicable to Funding Impact Statement for Water).					

## 5.1 Recreation promotion and support

Funding impact statement for 1 July 2013 to 30 June 2014 for Recreation promotion and support					
	2012/13	2013/14	2012/13	2013/14	2013/14
	LTP	LTP	Actuals	AP	Actuals
	\$000	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	23,011	24,507	23,011	24,661	24,661
Targeted rates (other than a targeted rate for water supply)	850	863	850	776	776
Subsidies and grants for operating purposes	396	397	597	396	490
Fees, charges, and targeted rates for water supply <sup>1</sup>	11,490	11,713	10,249	11,353	10,551
Internal charges and overheads recovered	1,025	1,049	988	1,005	1,046
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>36,772</b>	<b>38,529</b>	<b>35,695</b>	<b>38,191</b>	<b>37,524</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	16,484	17,459	16,209	17,116	17,010
Finance costs	3,978	3,949	3,513	3,902	3,441
Internal charges and overheads applied	9,085	9,560	9,683	9,770	9,095
Other operating funding applications	400	400	405	400	417
<b>Total applications of operating funding (B)</b>	<b>29,947</b>	<b>31,368</b>	<b>29,810</b>	<b>31,188</b>	<b>29,963</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>6,825</b>	<b>7,161</b>	<b>5,885</b>	<b>7,003</b>	<b>7,561</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	17	-	(24)
Development and financial contributions	466	466	308	466	430
Increase (decrease) in debt	3,563	1,935	3,216	1,469	3,734
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>4,029</b>	<b>2,401</b>	<b>3,541</b>	<b>1,935</b>	<b>4,140</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	1,502	871	1,433	871	957
- to improve the level of service	2,061	1,064	1,783	1,064	2,777
- to replace existing assets	3,227	2,853	3,068	2,902	3,902
Increase (decrease) in reserves	4,064	4,774	3,142	4,101	4,065
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>10,854</b>	<b>9,562</b>	<b>9,426</b>	<b>8,938</b>	<b>11,701</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(6,825)</b>	<b>(7,161)</b>	<b>(5,885)</b>	<b>(7,003)</b>	<b>(7,561)</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>6,913</b>	<b>7,250</b>	<b>6,828</b>	<b>7,091</b>	<b>7,188</b>
1 Included in this figure is the metered water rates (applicable to Funding Impact Statement for Water).					

## 5.2 Community participation and support

<b>Funding impact statement for 1 July 2013 to 30 June 2014 for Community support</b>					
	2012/13	2013/14	2012/13	2013/14	2013/14
	LTP	LTP	Actuals	AP	Actuals
	\$000	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	21,744	22,424	21,744	22,293	22,293
Targeted rates (other than a targeted rate for water supply)	4,410	4,555	4,410	4,245	4,245
Subsidies and grants for operating purposes	1,124	1,050	1,102	1,023	1,230
Fees, charges, and targeted rates for water supply <sup>1</sup>	18,650	18,688	19,435	20,635	21,140
Internal charges and overheads recovered	1,222	1,259	1,093	1,363	1,304
Local authorities fuel tax, fines, infringement fees, and other receipts	1,029	964	632	851	553
<b>Total operating funding (A)</b>	<b>48,179</b>	<b>48,940</b>	<b>48,416</b>	<b>50,410</b>	<b>50,765</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	25,034	25,603	23,201	24,926	25,376
Finance costs	(739)	(1,326)	(871)	(602)	(1,105)
Internal charges and overheads applied	11,788	12,357	12,025	12,416	12,205
Other operating funding applications	3,524	3,588	3,382	3,574	3,423
<b>Total applications of operating funding (B)</b>	<b>39,607</b>	<b>40,222</b>	<b>37,737</b>	<b>40,314</b>	<b>39,899</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>8,572</b>	<b>8,718</b>	<b>10,679</b>	<b>10,096</b>	<b>10,866</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	34,600	28,448	28,088	30,739	24,514
Development and financial contributions	88	88	58	88	81
Increase (decrease) in debt	(88)	(88)	(155)	(88)	(84)
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>34,600</b>	<b>28,448</b>	<b>27,991</b>	<b>30,739</b>	<b>24,511</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	34,293	28,416	27,986	25,694	24,506
- to replace existing assets	5,311	7,447	5,975	7,031	5,400
Increase (decrease) in reserves	3,568	1,303	4,709	8,110	5,471
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>43,172</b>	<b>37,166</b>	<b>38,670</b>	<b>40,835</b>	<b>35,377</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(8,572)</b>	<b>(8,718)</b>	<b>(10,679)</b>	<b>(10,096)</b>	<b>(10,866)</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>11,480</b>	<b>12,086</b>	<b>12,478</b>	<b>13,707</b>	<b>13,681</b>
<small>1 Included in this figure is the metered water rates (applicable to Funding Impact Statement for Water).</small>					

### 5.3 Public health and safety

<b>Funding impact statement for 1 July 2013 to 30 June 2014 for Public health and safety</b>					
	2012/13	2013/14	2012/13	2013/14	2013/14
	LTP	LTP	Actuals	AP	Actuals
	\$000	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	8,409	8,848	8,409	7,713	7,713
Targeted rates (other than a targeted rate for water supply)	-	-	-	-	-
Subsidies and grants for operating purposes	10	10	84	10	55
Fees, charges, and targeted rates for water supply <sup>1</sup>	3,287	3,385	3,469	3,436	3,480
Internal charges and overheads recovered	666	682	688	668	689
Local authorities fuel tax, fines, infringement fees, and other receipts	57	59	52	48	39
<b>Total operating funding (A)</b>	<b>12,429</b>	<b>12,984</b>	<b>12,702</b>	<b>11,875</b>	<b>11,976</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	7,364	7,688	8,051	7,860	8,143
Finance costs	76	80	67	70	74
Internal charges and overheads applied	4,312	4,549	3,904	3,292	3,537
Other operating funding applications	25	25	20	29	55
<b>Total applications of operating funding (B)</b>	<b>11,777</b>	<b>12,342</b>	<b>12,042</b>	<b>11,251</b>	<b>11,809</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>652</b>	<b>642</b>	<b>660</b>	<b>624</b>	<b>167</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	15	15	10	15	13
Increase (decrease) in debt	33	135	38	95	127
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>48</b>	<b>150</b>	<b>48</b>	<b>110</b>	<b>140</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	9	33	9	24	25
- to improve the level of service	39	117	39	86	115
- to replace existing assets	633	1,074	796	606	686
Increase (decrease) in reserves	19	(432)	(136)	18	(519)
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>700</b>	<b>792</b>	<b>708</b>	<b>734</b>	<b>307</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(652)</b>	<b>(642)</b>	<b>(660)</b>	<b>(624)</b>	<b>(167)</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>658</b>	<b>648</b>	<b>564</b>	<b>639</b>	<b>575</b>
1 Included in this figure is the metered water rates (applicable to Funding Impact Statement for Water).					

## 6.1 Urban planning, heritage and public spaces development

Funding impact statement for 1 July 2013 to 30 June 2014 for Urban planning, heritage and public spaces development					
	2012/13	2013/14	2012/13	2013/14	2013/14
	LTP	LTP	Actuals	AP	Actuals
	\$000	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	7,040	7,159	7,040	7,254	7,254
Targeted rates (other than a targeted rate for water supply)	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees, charges, and targeted rates for water supply <sup>1</sup>	20	21	4	20	5
Internal charges and overheads recovered	-	-	-	-	(10)
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>7,060</b>	<b>7,180</b>	<b>7,044</b>	<b>7,274</b>	<b>7,249</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	1,895	1,950	1,503	2,029	1,747
Finance costs	1,134	1,078	958	1,370	1,008
Internal charges and overheads applied	2,575	2,696	2,196	2,337	2,661
Other operating funding applications	1,455	1,455	4,425	1,526	1,525
<b>Total applications of operating funding (B)</b>	<b>7,059</b>	<b>7,179</b>	<b>9,082</b>	<b>7,262</b>	<b>6,941</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>1</b>	<b>1</b>	<b>(2,038)</b>	<b>12</b>	<b>308</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	31	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	1,208	3,668	446	3,739	3,013
Gross proceeds from sales of assets	-	9,000	-	15,075	12,675
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>1,208</b>	<b>12,668</b>	<b>477</b>	<b>18,814</b>	<b>15,688</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	1,208	3,668	477	3,739	3,013
- to replace existing assets	5,360	2,915	9,056	9,114	6,728
Increase (decrease) in reserves	(5,359)	6,086	(11,094)	5,973	6,255
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>1,209</b>	<b>12,669</b>	<b>(1,561)</b>	<b>18,826</b>	<b>15,996</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(1)</b>	<b>(1)</b>	<b>2,038</b>	<b>(12)</b>	<b>(308)</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>1</b>	<b>1</b>	<b>11</b>	<b>12</b>	<b>11</b>
<sup>1</sup> Included in this figure is the metered water rates (applicable to Funding Impact Statement for Water).					

## 6.2 Building and development management

Funding impact statement for 1 July 2013 to 30 June 2014 for Building and development control					
	2012/13	2013/14	2012/13	2013/14	2013/14
	LTP	LTP	Actuals	AP	Actuals
	\$000	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	8,053	8,335	8,053	8,857	8,857
Targeted rates (other than a targeted rate for water supply)	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees, charges, and targeted rates for water supply <sup>1</sup>	10,611	10,929	10,237	11,425	10,218
Internal charges and overheads recovered	90	92	-	423	283
Local authorities fuel tax, fines, infringement fees, and other receipts	55	56	(29)	29	48
<b>Total operating funding (A)</b>	<b>18,809</b>	<b>19,412</b>	<b>18,261</b>	<b>20,734</b>	<b>19,406</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	10,733	10,791	9,693	12,135	11,892
Finance costs	1	-	-	-	3
Internal charges and overheads applied	8,004	8,556	8,141	8,407	7,937
Other operating funding applications	35	36	4	35	57
<b>Total applications of operating funding (B)</b>	<b>18,773</b>	<b>19,383</b>	<b>17,838</b>	<b>20,577</b>	<b>19,889</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>36</b>	<b>29</b>	<b>423</b>	<b>157</b>	<b>(483)</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	2,977	17,595	2,193	13,234	3,909
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>2,977</b>	<b>17,595</b>	<b>2,193</b>	<b>13,234</b>	<b>3,909</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	2,977	17,595	2,193	13,234	3,909
- to replace existing assets	-	-	-	-	-
Increase (decrease) in reserves	36	29	423	157	(483)
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>3,013</b>	<b>17,624</b>	<b>2,616</b>	<b>13,391</b>	<b>3,426</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(36)</b>	<b>(29)</b>	<b>(423)</b>	<b>(157)</b>	<b>483</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>					
	36	29	42	157	28
<sup>1</sup> Included in this figure is the metered water rates (applicable to Funding Impact Statement for Water).					

## 7.1 Transport

Funding impact statement for 1 July 2013 to 30 June 2014 for Transport					
	2012/13	2013/14	2012/13	2013/14	2013/14
	LTP	LTP	Actuals	AP	Actuals
	\$000	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	27,666	28,534	27,666	27,924	27,924
Targeted rates (other than a targeted rate for water supply)	33	33	33	33	33
Subsidies and grants for operating purposes	4,166	4,315	3,729	4,667	5,590
Fees, charges, and targeted rates for water supply <sup>1</sup>	2,057	2,181	1,879	2,100	1,357
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>33,922</b>	<b>35,063</b>	<b>33,307</b>	<b>34,724</b>	<b>34,904</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	11,526	12,070	11,646	11,852	12,113
Finance costs	4,300	4,637	4,083	4,303	4,034
Internal charges and overheads applied	5,786	6,009	4,961	6,696	6,046
Other operating funding applications	-	-	4	10	19
<b>Total applications of operating funding (B)</b>	<b>21,612</b>	<b>22,716</b>	<b>20,694</b>	<b>22,861</b>	<b>22,212</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>12,310</b>	<b>12,347</b>	<b>12,613</b>	<b>11,863</b>	<b>12,692</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	10,101	10,407	10,659	10,264	10,080
Development and financial contributions	987	987	1,332	987	2,007
Increase (decrease) in debt	3,134	2,113	6,948	3,000	1,920
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>14,222</b>	<b>13,507</b>	<b>18,939</b>	<b>14,251</b>	<b>14,007</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	604	75	58	127	62
- to improve the level of service	5,900	5,935	11,163	6,406	6,227
- to replace existing assets	25,754	24,831	28,585	24,786	22,586
Increase (decrease) in reserves	(5,726)	(4,987)	(8,254)	(5,205)	(2,176)
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>26,532</b>	<b>25,854</b>	<b>31,552</b>	<b>26,114</b>	<b>26,699</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(12,310)</b>	<b>(12,347)</b>	<b>(12,613)</b>	<b>(11,863)</b>	<b>(12,692)</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>20,093</b>	<b>20,560</b>	<b>19,318</b>	<b>20,461</b>	<b>20,125</b>
<sup>1</sup> Included in this figure is the metered water rates (applicable to Funding Impact Statement for Water).					

## 7.2 Parking services

Funding impact statement for 1 July 2013 to 30 June 2014 for Parking					
	2012/13	2013/14	2012/13	2013/14	2013/14
	LTP	LTP	Actuals	AP	Actuals
	\$000	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	(16,785)	(16,588)	(16,785)	(15,638)	(15,638)
Targeted rates (other than a targeted rate for water supply)	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees, charges, and targeted rates for water supply <sup>1</sup>	17,814	18,488	17,575	17,992	18,562
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	9,850	10,146	7,850	8,800	6,172
<b>Total operating funding (A)</b>	<b>10,879</b>	<b>12,046</b>	<b>8,640</b>	<b>11,154</b>	<b>9,096</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	11,075	11,472	9,915	10,071	10,655
Finance costs	12	12	16	17	16
Internal charges and overheads applied	574	605	603	549	748
Other operating funding applications	-	-	(290)	-	(303)
<b>Total applications of operating funding (B)</b>	<b>11,661</b>	<b>12,089</b>	<b>10,244</b>	<b>10,637</b>	<b>11,116</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>(782)</b>	<b>(43)</b>	<b>(1,604)</b>	<b>517</b>	<b>(2,020)</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	-	-	-	1	-
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	-	-	1	-
- to replace existing assets	-	-	(3)	-	-
Increase (decrease) in reserves	(782)	(43)	(1,601)	517	(2,020)
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>(782)</b>	<b>(43)</b>	<b>(1,604)</b>	<b>518</b>	<b>(2,020)</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>782</b>	<b>43</b>	<b>1,604</b>	<b>(517)</b>	<b>2,020</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>373</b>	<b>413</b>	<b>457</b>	<b>517</b>	<b>437</b>
1 Included in this figure is the metered water rates (applicable to Funding Impact Statement for Water).					

Capex by Strategic Area					
Strategic Area	2012/13 LTP	2013/14 LTP	2012/13 Actuals	2013/14 AP	2013/14 Actuals
	\$000	\$000	\$000	\$000	\$000
<b>Governance:</b>					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	-	-	-	-
- to replace existing assets	-	110	19	110	53
<b>Governance Total</b>	-	110	19	110	53
<b>Environment:</b>					
- to meet additional demand	587	611	560	612	596
- to improve the level of service	3,962	4,435	5,432	3,742	3,078
- to replace existing assets	22,637	32,107	20,971	24,849	24,006
<b>Environment Total</b>	27,186	37,153	26,963	29,203	27,680
<b>Economic Development:</b>					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	4,011	-	2,419	-	2,593
- to replace existing assets	1,483	864	894	765	958
<b>Economic Development Total</b>	5,494	864	3,313	765	3,551
<b>Cultural Wellbeing</b>					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	40	25	10	25	-
- to replace existing assets	-	1	-	1	-
<b>Cultural Wellbeing Total</b>	40	26	10	26	-
<b>Social and Recreation:</b>					
- to meet additional demand	1,511	904	1,442	895	982
- to improve the level of service	36,393	29,597	29,808	26,844	27,398
- to replace existing assets	9,171	11,374	9,841	10,539	9,988
<b>Social and Recreation Total</b>	47,075	41,875	41,091	38,278	38,368
<b>Urban Development:</b>					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	4,185	21,263	2,670	16,973	6,922
- to replace existing assets	5,360	2,915	9,056	9,114	6,728
<b>Urban Development Total</b>	9,545	24,178	11,726	26,087	13,650
<b>Transport:</b>					
- to meet additional demand	604	75	58	127	62
- to improve the level of service	5,900	5,935	11,163	6,407	6,227
- to replace existing assets	25,754	24,831	28,582	24,786	22,586
<b>Transport Total</b>	32,258	30,841	39,803	31,320	28,875
<b>Council:</b>					
- to meet additional demand	-	-	1,121	-	-
- to improve the level of service	-	-	1,193	-	3,205
- to replace existing assets	14,539	14,430	8,878	13,930	12,610
<b>Council Total</b>	14,539	14,430	11,192	13,930	15,815
<b>Total Council:</b>					
- to meet additional demand	2,702	1,590	3,181	1,634	1,640
- to improve the level of service	54,491	61,255	52,695	53,991	49,423
- to replace existing assets	78,944	86,632	78,241	84,094	76,929
<b>TOTAL COUNCIL</b>	<b>136,137</b>	<b>149,477</b>	<b>134,117</b>	<b>139,719</b>	<b>127,992</b>



# Appendices

## Report on council controlled organisations

In order to achieve our objectives for Wellington, we have established several companies and trusts. These organisations were set up to independently manage Council facilities, or to deliver significant services and undertake development on behalf of the Wellington community. Where necessary, we provide funding to support their operations and capital investment requirements.

The following pages explain what the organisations do, how their performance is measured, and how they performed during 2013/14.

### WELLINGTON REGIONAL STADIUM TRUST

Structure	Objectives	Activities	Performance measures	Target 2013/14	Actual 2013/14
<p>All of the trustees are jointly appointed by the Council and Greater Wellington Regional Council (GWRC).</p> <p>As at 30 June 2014, they are John Shewan (Chair), Councillor Nigel Wilson (GWRC), Steven Fyfe, Sir John Anderson, Liz Dawson, Sue Elliott, Mark McGuinness and Councillor Paul Eagle.</p> <p>The Chief Executive is Shane Harmon.</p>	<p>The Wellington Regional Stadium Trust owns, operates and maintains the Stadium as a high-quality multi-purpose sporting and cultural venue. It provides facilities to be used for rugby, cricket and other sports codes, musical and cultural events, and other users including sponsors and event and fixture organisers.</p>	<p>The Trust:</p> <ul style="list-style-type: none"><li>Operates the Stadium.</li><li>Manages the event programme and seeks opportunities to provide regular quality events.</li><li>Ensures the Stadium is provided to the community for appropriate usage.</li><li>Administers the Trust assets and the Stadium on a prudent commercial basis.</li></ul>	<ul style="list-style-type: none"><li>Number of events</li><li>Total revenue</li><li>Event revenue</li><li>Net surplus</li></ul>	<ul style="list-style-type: none"><li>46</li><li>\$15.72 million</li><li>\$5.36 million</li><li>\$1.58 million</li></ul>	<ul style="list-style-type: none"><li>61</li><li>\$16.33 million</li><li>\$5.81 million</li><li>\$2.24 million</li></ul>

Note: the Wellington Regional Stadium Trust is not formally defined as a Council Controlled Organisation. This plan for their activities is presented to recognise the interest that Wellington city ratepayers have in the Trust and its activities.

## PARTNERSHIP WELLINGTON TRUST (TRADING AS POSITIVELY WELLINGTON TOURISM)

Structure	Objectives	Activities	Performance measures	Target 2013/14	Actual 2013/14
<p>All trustees are appointed by the Council.</p> <p>As at <b>30 June 2014</b>, they are Howard Greive (Chair), Sarah Gibbs, Councillor Simon Woolf and Chris Wilkinson.</p> <p>The Chief Executive is David Perks.</p>	<p>The Partnership Wellington Trust markets and adds value to Wellington to achieve sustainable economic growth for the people of the city.</p> <p>It acts to enhance the recognition of Wellington as a desirable visitor destination, enhance the profile of city businesses and to promote strategic alliances and private sector partnerships, and maximise the city's share of regional spending.</p> <p>It also promotes community focused initiatives, aims to improve the sustainability of Wellington's commercial sector through its marketing initiatives, and facilitates the coordination of marketing initiatives that are appropriate to its objectives.</p>	<p>The Trust:</p> <ul style="list-style-type: none"> <li>Promotes Wellington as a visitor destination in national and international markets.</li> <li>Markets Wellington as a convention and conference destination.</li> <li>Provides visitor information services.</li> <li>Runs initiatives that promote retail growth, including the downtown retail campaign.</li> <li>Profiles Wellington's strengths in arts, sport and education attractions, and conducts development of an ongoing events profile for the city.</li> <li>Facilitates the development of new tourism and event product, and the development of the Visiting Friends and Relatives (VFR) market.</li> <li>Manages Wellington's destination profile on the internet.</li> <li>Conducts research and analysis of the tourism industry.</li> </ul>	<ul style="list-style-type: none"> <li>International direct arrivals to Wellington Airport from Australia</li> <li>International commercial guest nights</li> <li>Domestic commercial guest nights in Wellington City</li> <li>Weekend occupancy in partner hotels</li> <li>Downtown weekend visitation</li> <li>i-SITE revenue</li> <li>Cost effectiveness</li> <li>Visits to WellingtonNZ.com</li> </ul>	<ul style="list-style-type: none"> <li>Increase by 5% over 2012/13 levels</li> <li>Increase by 1% relative to 2012/13</li> <li>Increase by 2% relative to 2012/13</li> <li>by 2% relative to 2012/13</li> <li>Maintained at 2012/13 levels</li> <li>Maintain at 2012/13 levels</li> <li>Maintain Council's funding at 50% or less of Wellington's marketing activity investment</li> <li>10% increase over 2012/13 levels</li> </ul>	<ul style="list-style-type: none"> <li>Increased 1.4%</li> <li>Increased 2.6%</li> <li>Decreased 1.5%</li> <li>Decreased 2%</li> <li>Decreased 0.7%</li> <li>Decreased 14.5%</li> <li>43.26%</li> <li>visits decreased 5%</li> </ul>

## WELLINGTON MUSEUMS TRUST

Structure	Objectives	Activities	Performance measures	Target 2013/14	Actual 2013/14
All trustees are appointed by the Council.	The Wellington Museums Trust was established in 1995 to promote and manage the City Gallery Wellington, the Museum of Wellington City & Sea, the Colonial Cottage, Capital E, the Wellington Cable Car Museum and the Carter Observatory. The Trust has a management agreement with the New Zealand Cricket Museum.	<ul style="list-style-type: none"> <li>Delivers high quality experiences, events and exhibitions at its facilities.</li> <li>Manages conservation and care for the objects of its collections, and conducts research and development to enhance visitors' experiences.</li> <li>Offers quality education experiences to children and young people.</li> <li>Promotes and protects the heritage of venues.</li> <li>Develops and operates the Soundhouse Studio.</li> <li>Works with national and international artists and collectors.</li> </ul>	Attendance targets: <ul style="list-style-type: none"> <li>City Gallery</li> <li>Capital E</li> <li>Museum of Wellington</li> <li>Colonial Cottage</li> <li>Cable Car Museum</li> <li>Carter Observatory</li> <li>Subsidy per customer (excludes \$50,000 for Capital E festival)</li> <li>Carter Observatory subsidy per customer</li> <li>Percentage of visitors to all trust institutions who rate the quality of their experience as good or very good</li> <li>Percentage of visitors to all Trust institutions are repeat visitors</li> <li>Percentage of all residents are aware of Trust institutions</li> </ul>	<ul style="list-style-type: none"> <li>143,000</li> <li>52,000</li> <li>94,000</li> <li>2,075</li> <li>220,998</li> <li>50,000</li> <li>\$14.34</li> <li>\$7.12</li> <li>90% on average</li> <li>27% average</li> <li>Approximately 85% (across all institutions)</li> </ul>	<ul style="list-style-type: none"> <li>150,289</li> <li>59,265</li> <li>112,536</li> <li>2,375</li> <li>229,960</li> <li>47,318</li> <li>\$13.29</li> <li>\$6.07</li> <li>88%</li> <li>37%</li> <li>83%<sup>1</sup></li> </ul>
As at <b>30 June 2014</b> , they are Quentin Hay (Chair), Councillor Nicola Young, Rachel Farrant, Jackie Lloyd and Jill Wilson.					
The Chief Executive is Pat Stuart.	The Trust manages and develops the programmes and services, and acquires and manages collections for the benefit of Wellington. It provides advice to the Council for the development of museum and gallery services in Wellington, establishes exhibition programmes and education policies for its facilities, and develops acquisition, deaccession and collection development policies. It liaises with Positively Wellington Tourism to enhance its attraction to Wellington's visitors.				

<sup>1</sup> This result excludes the Cricket Museum because it was closed for most of the 2013/14 year.

## WELLINGTON VENUES LIMITED (TRADING AS POSITIVELY WELLINGTON VENUES)

Structure	Objectives	Activities	Performance measures	Target 2013/14	Actual 2013/14
<p>All directors are appointed by the Council.</p> <p>As at <b>1 June 2014</b>, they are Chris Parkin (Chair), Councillor Simon Woolf, Mike Egan, Samantha Sharif, Lorraine Witten, Linda Rieper and Dan Bridges.</p> <p>The Chief Executive is Glenys Coughlan.</p>	<p>Wellington Venues Limited exists to manage and promote Wellington's major Events venues, including the Michael Fowler Centre, Town Hall, St James Theatre and Opera House as venues, and to help establish Wellington as the premier city for events and conferences.</p>	<p>Wellington Venues Ltd.:</p> <ul style="list-style-type: none"> <li>• Manages and operates the Venues and any related Events business</li> <li>• Advocates for the Venue and Event sector for the benefit of the residents of Wellington</li> <li>• Works to achieve greater community access to the Venues' facilities</li> <li>• Develops and maintains beneficial relationships with other national and international institutions, supports Positively Wellington Tourism, and develops new initiatives in its role as a key provider of event and performance venues.</li> </ul>	<ul style="list-style-type: none"> <li>• Venue hire days</li> <li>• Performance days and revenues</li> <li>• Convention and events days and revenues</li> <li>• Maintain appropriate mix of commercial and community hires</li> <li>• Pan-venue asset management</li> <li>• Reduced environmental foot print targets</li> <li>• Joint marketing with PWT and other partners</li> <li>• Contingency plan for seismic strengthening of Town Hall</li> </ul>	<ul style="list-style-type: none"> <li>• Occupancy across all venue per annum of &gt;= 60%</li> </ul>	<ul style="list-style-type: none"> <li>• 50%</li> <li>• 348</li> <li>• 385</li> <li>• Achieved</li> <li>• Achieved</li> <li>• Achieved</li> <li>• Achieved</li> <li>• Achieved</li> </ul>

## LAMBTON HARBOUR MANAGEMENT LIMITED (TRADING AS WELLINGTON WATERFRONT LIMITED)

Structure	Objectives	Activities	Performance measures	Target 2013/14	Actual 2013/14
<p>The Council is the 100% shareholder in this company and appoints all of the directors.</p> <p>As at <b>30 June 2014</b>, they are council officers Kevin Lavery (Chair), Derek Fry, Andy Matthews and Greg Orchard.</p> <p>On 1 April 2014, the external Board of Wellington Waterfront Limited was disestablished.</p>	<p>Wellington Waterfront Limited acts as the implementation manager for the waterfront development area. This means ensuring that the waterfront area is recognised locally and internationally for its design; is attractive; caters for a wide range of activities; is readily accessible to all people; and is both safe and perceived to be safe. Wellington Waterfront Limited also acts to protect significant heritage buildings on the waterfront, and makes sure that activities on the waterfront are integrated with those on the harbour.</p>	<p>The company:</p> <ul style="list-style-type: none"> <li>• Implements the objectives of the Waterfront Framework as outlined in the Waterfront Development Plan.</li> <li>• Demonstrates willingness to engage with the public about how the waterfront is developed</li> <li>• Manages day to day operations on the waterfront, including cleaning, security and maintenance.</li> <li>• Negotiates and manages contracts for the design and construction of the waterfront's public spaces.</li> <li>• Negotiates and manages contracts and leases for all building development sites, and the refurbishment and re-use of existing buildings.</li> <li>• Owns and manages the marina.</li> </ul>	<ul style="list-style-type: none"> <li>• Percentage of residents visiting the waterfront</li> <li>• Percentage of residents satisfied with the waterfront</li> <li>• Number of project milestones achieved on time</li> <li>• Developer selection process completed on Sites 9&amp;10 (Q4)</li> <li>• Complete building and public space improvements around Queen's wharf (Q4)</li> <li>• Negotiate a new naming rights agreement for the TSB arena (Q3)</li> <li>• Complete seismic strengthening, fit out and upgrade work on Shed 6 (Q1)</li> <li>• Complete public space development on Clyde Quay Wharf (Q4)</li> <li>• Subject to capital raising, complete the upgrade of the children's playground at Frank Kitts Park and the development of public activity space on Queen's wharf</li> </ul>	<ul style="list-style-type: none"> <li>• 95%</li> <li>• 90%</li> <li>• All project milestones achieved</li> </ul>	<ul style="list-style-type: none"> <li>• 97%</li> <li>• 90%</li> <li>• Achieved</li> <li>• Deferred to 2014/15</li> <li>• Underway. To be completed in 2014/15</li> <li>• Achieved</li> <li>• Underway to be completed in 14/15</li> <li>• Planning work is underway. To be completed in 2014/15</li> </ul>

## WELLINGTON CABLE CAR LIMITED

Structure	Objectives	Activities	Performance measures	Target 2013/14	Actual 2013/14
<p>The Council is the 100% shareholder in this company and appoints all of the directors.</p> <p>As at 30 June 2014, they are council officers Anthony Milford (Chair) and Andy Matthews. The Chief Executive is Simon Fleisher.</p> <p>On 1 April 2014, the external Board of Wellington Cable Car Limited was disestablished.</p>	<p>Wellington Cable Car Limited owns and operates the Cable Car as an efficient, reliable and safe transport service and a uniquely Wellington tourism asset. It also owns and maintains the overhead wiring system for the trolley bus passenger network which services the city.</p>	<p>The company:</p> <ul style="list-style-type: none"> <li>• Maintains the cable cars and associated track, plant, tunnels, bridges and buildings in accordance with best engineering practice, and to meet the certification requirements of the New Zealand Transport Agency.</li> <li>• Manages the cable car passenger service operation.</li> <li>• Markets the cable car.</li> <li>• Identifies options for enhancing the cable car travel and tourism experience.</li> <li>• Specifies and controls the contract for the inspection, maintenance and repair of the trolley bus overhead wiring system.</li> </ul>	<ul style="list-style-type: none"> <li>• Cable car passenger numbers</li> <li>• All cable car vehicles and associated buildings and equipment are maintained to required safety standards</li> <li>• Cable car service reliability</li> <li>• Percentage of residents who have used the cable car in the last 12 months</li> <li>• Percentage of users who rate the standard and operational reliability of the Cable Car as good or very good</li> </ul>	<ul style="list-style-type: none"> <li>• 1,084,400</li> <li>• Achieve</li> <li>• Greater than 99%</li> <li>• 30%</li> <li>• 95%</li> </ul>	<ul style="list-style-type: none"> <li>• 956,612</li> <li>• Achieved</li> <li>• 98.6%</li> <li>• 52.6%</li> <li>• 91%</li> </ul>

## CAPACITY INFRASTRUCTURE SERVICES LIMITED

Structure	Objectives	Activities	Performance measures	Target 2013/14	Actual 2013/14
<p>Wellington City Council, Hutt City Council, Upper Hutt City Council, and Porirua City Council are equal voting shareholders in this Council-controlled trading organisation, and between them appoint all of the directors. The company is overseen by a board of directors made up of four sole Council appointments (one from each council) and four joint appointments. Each council continues to own its respective water, storm water and waste water assets and determines the level and standard of services to be provided to its customers and ratepayers.</p> <p>As at <b>30 June 2014</b>, the Councillor appointees are Councillor Sarah Free (Wellington City Council), Councillor David Bassett (Hutt City Council), Mayor Nick Leggett (Porirua City Council) and Mayor Wayne Guppy (Upper Hutt City Council). The remaining directors are John Strahl (Chair), Ian Hutchings and Reveen Jadrum.</p> <p>The Chief Executive is David Hill.</p>	<p>The objective of Capacity is to manage the provision of water services (water supply, storm water and wastewater) to the residents and businesses in the areas served by its customers. Capacity's current customers are Wellington City Council, Hutt City Council, Upper Hutt City Council and Porirua City Council.</p>	<p>The company's purpose is to provide high quality, safe and environmentally sustainable services to shareholding councils and other customers with a principal focus on asset management planning and contracted service delivery for the operation, maintenance and on-going development of drinking water, storm water and waste water assets and services.</p> <p>The company is committed to ensuring all work managed on behalf of customers accords with the highest standards of health and safety for those involved in the work and for the general public. The company will continually seek opportunities to integrate water, storm water and waste water activities within the Wellington region where such integration can deliver least cost, best practice outcomes to the benefit of shareholder councils and other entities.</p> <p>See also the Environment strategic area for more information on water, storm water and waste water services.</p>	<ul style="list-style-type: none"> <li>• Provide a reliable water supply, wastewater and storm water service.</li> <li>• Develop and complete asset management plans</li> <li>• Deliver budgeted capital expenditure projects for respective councils</li> <li>• Deliver budgeted operating and maintenance activities for respective councils</li> <li>• Manage and operate Capacity within its budget</li> <li>• Comply with relevant standards, legislation and resource consents</li> </ul>	<ul style="list-style-type: none"> <li>• Fewer than 4 unplanned supply cuts (pipe bursts) per 1000 connections</li> <li>• Within agreed timeframe</li> <li>• Within agreed timeframes and budget</li> <li>• Within agreed timeframes and budget</li> <li>• Within agreed budget</li> <li>• Achieve full compliance</li> </ul>	<ul style="list-style-type: none"> <li>• 1.1 breaks/1000 connections</li> <li>• Target met</li> </ul>

## WELLINGTON ZOO TRUST

Structure	Objectives	Activities	Performance measures	Target 2013/14	Actual 2013/14
<p>The Wellington Zoo Trust was established on 1 July 2003 and all of the trustees are appointed by the Council.</p> <p>As at <b>30 June 2014</b>, they are Ross Martin (Chair), Frances Russell, Linda Meade, Alan Dixon, and Councillor Simon Marsh.</p>	<p>The Wellington Zoo Trust manages the assets and operations of Wellington Zoo for the benefit of the residents of Wellington and visitors to the city. It promotes species conservation, educates the community by building an awareness of plant and animal species, and supports the conservation and educational activities of other organisations.</p>	<ul style="list-style-type: none"> <li>• Cares for resident animals and manages the animal collection.</li> <li>• Provides a high-quality visitor experience</li> <li>• Participates in captive management breeding and breed-for-release programmes.</li> <li>• Develops and maintains high quality animal exhibits.</li> <li>• Delivers educational material and learning experiences.</li> <li>• Contributes to zoological, conservation and facilities management research projects.</li> </ul>	<ul style="list-style-type: none"> <li>• Number of visitors</li> <li>• Conservation Programme Managed Species (% of total collection)</li> <li>• Average WCC subsidy per visitor</li> <li>• Annual fundraising target for ZCP</li> <li>• Average income per visitor (excluding WCC grant)</li> <li>• Ratio of generated Trust income as % of WCC grant</li> </ul>	<ul style="list-style-type: none"> <li>• 216,890<sup>2</sup></li> <li>• 41%</li> <li>• \$12.52</li> <li>• \$400,000</li> <li>• 14.82</li> <li>• 118%</li> </ul>	<ul style="list-style-type: none"> <li>• 227,434</li> <li>• 40%</li> <li>• 11.94</li> <li>• \$241,000<sup>3</sup></li> <li>• 14.01</li> <li>• 117%</li> </ul>

<sup>2</sup> This figure has increased from the original Long-term Plan target to reflect the higher than anticipated visitor numbers

<sup>3</sup> The Trust's fundraising target for the year was 25% of capital expenditure. The \$400,000 target was based on anticipated capital expenditure of \$2 million. The trust's actual capital expenditure was \$962,826. Based on this, the fundraising target should have been \$240,706, which the Trust achieved.

## BASIN RESERVE TRUST

Structure	Objectives	Activities	Performance measures	Target 2013/14	Actual 2013/14
<p>There are four trustees, of whom two are appointed by the Council and two by Cricket Wellington.</p> <p>As at <b>30 June 2014</b>, the two trustees appointed by the Council are Councillor Paul Eagle and Sir John Anderson (Chair). The two trustees appointed by Cricket Wellington are Don Neely and John Greenwood. The Chief Executive of Cricket Wellington is Peter Clinton.</p>	<p>The Basin Reserve Trust manages and operates the Basin Reserve to continue to attract national and international sporting events to Wellington.</p>	<p>The Trust:</p> <ul style="list-style-type: none"> <li>Manages the Basin Reserve for recreational activities and the playing of cricket for the residents of Wellington.</li> <li>Contributes to the events programme for Wellington.</li> <li>Operates as a successful not-for-profit undertaking.</li> <li>Preserves and enhances the heritage value of the Basin Reserve.</li> </ul>	<p>Number of events</p> <ul style="list-style-type: none"> <li>Cricket</li> <li>Other sports</li> <li>Community</li> </ul> <p>Number of event days</p> <ul style="list-style-type: none"> <li>Cricket</li> <li>Other sports</li> <li>Community</li> <li>Attendance figures</li> </ul>	<ul style="list-style-type: none"> <li>12</li> <li>6</li> <li>2</li> <li>32</li> <li>6</li> <li>2</li> <li>28,000</li> </ul>	<ul style="list-style-type: none"> <li>22</li> <li>9</li> <li>2</li> <li>41</li> <li>9</li> <li>2</li> <li>30,664</li> </ul>

# Monitoring information

The following indicators have been developed to assess achievement of our Council outcomes that were set as part of the 2012-22 Long-term Plan.

The Council's outcomes are our aspirations for the city and our communities. They are aimed at promoting Wellington's social, economic, environmental, and cultural wellbeing now and in the future.

The Council outcomes reflect areas of the city we are able to influence, whereas community outcomes reflect the community's overall aspirations including areas we have limited ability to influence (for example, affordability of housing). Over time we expect to see improvement across all areas. The information provided below is a complete record of the 'outcomes indicators' section under each strategy area.

Note: we only have 2012/13 and 2013/14 results for indicators that are sourced from the Council's Residents' Monitoring Survey (RMS). This is because we made changes to the survey methodology in 2012/13 that mean the results of previous RMS are not directly comparable.

We use some acronyms:

GIS: Geographic Information Systems

PWT: Positively Wellington Tourism

NZTA: New Zealand Transport Agency

TEC: Tertiary Education Commission.

## Governance outcome indicators

Council outcome indicator	Source	Data
Residents who agree that decisions are made in the best interests of the city	WCC Residents' Monitoring Survey	(2013, 2014) 31%, 36%
Residents who state that they understand how the Council make decisions	WCC Residents' Monitoring Survey	(2013, 2014) 27%, 30%
Residents who believe they have an influence on Council decision-making	WCC Residents' Monitoring Survey	(Large and Some Influence) 2013: 41%, 2014: 41%
Mana Whenua partner agreement that the use and protection of the city's resources for the future is appropriate	WCC Research, Consultation and Planning	Both partners agree that Council is making appropriate decisions regarding the use and protection of the city's resources.
Residents' who believe they have the opportunity to participate in city life	WCC Residents' Monitoring Survey	(Agree and strongly agree) 2013: 67%, 2014: 64%
Voter turnout in local elections	WCC Democratic Services	2010: 39%, 2013: 41%

# Environment outcome indicators

Council outcome indicator	Source	Data
Hectares of open space land owned or maintained by WCC, per capita <sup>4</sup>	WCC Parks, Sports and Recreation	2009/10: 208.6m <sup>2</sup> /person (4,078 hec); 2010/11: 206.7m <sup>2</sup> /person (4,086 hec); 2011/12: 210.9m <sup>2</sup> /person (4,221 hec); 2012/13: 202.1m <sup>2</sup> /person (4,086 hec); 2013/14: 206.5m <sup>2</sup> /person (4,213 hec).
Residents' usage of the city's open spaces	WCC Residents' Monitoring Survey	See table below

Usage of the city's open spaces (this table is part of the above measure)

	Weekly		Yearly	
	2012/13	2013/14	2012/13	2013/14
Coastal areas or beaches	19%	20%	95%	94%
Botanic gardens	5%	5%	83%	78%
Parks and reserves	26%	25%	94%	92%
Town Belt or outer green belt	9%	13%	72%	72%
Walking tracks	10%	14%	72%	72%
Sports fields	16%	12%	60%	58%

Residents' perceptions that the natural environment is appropriately managed and protected	WCC Residents' Monitoring Survey	2013: 80%, 2014: 77%
Kilometres of managed tracks and walkways	WCC Parks, Sports and Recreation	2009/10: 337km; 2010/11 = 327km; 2011/12 = 335km; 2012/13 = 360km; 2013/14 = 340 <sup>5</sup>
Hours worked by recognised environmental volunteer groups and Botanic Garden volunteers	WCC Parks, Sports and Recreation	2009/10 = 25,000 hours; 2010/11 = 28,000 hours; 2011/12 = 31,200 hours; 2012/13 = 24,682 hours.; 2013/14 = 34,611
Bird counts - abundance and distribution	WCC Parks, Sports and Recreation	Average number of birds observed at each station <sup>6</sup>

Bird counts (this table is part of the above measure)

Species	% of stations where species were recorded						average number of birds observed at each station					
	2008	2009	2010	2011	2012	2013	2008	2009	2010	2011	2012	2013
bellbird	23	7	3	0	1.5	3	0.13	0.56	0.19	0.00	0.02	0.03
fantail	57	47	51	27	18.5	19.9	0.33	4.50	7.44	0.35	0.25	0.23
grey warbler	93	76	68	59	69	70.6	1.51	7.75	9.84	0.84	1.20	1.3
hihi		1		0	0	0	0.00	0.06	0.00	0.00	0.00	0

<sup>4</sup> All per capita calculations are based on the most recent 30 June 2012) Wellington City resident population estimate from Statistics NZ (202,200)

<sup>5</sup> The decrease from 2012/13 to 2013/14 is due to improvements in measurement methodology. We excluded some non-WCC pathways that were previously included.

<sup>6</sup> In 2011 we changed the areas we were conducting bird counts in, which led to a change in abundance that we were recording.

Council outcome indicator		Source					Data					
<b>kaka</b>	16	7	6	1	5.5	9.5	0.07	0.56	0.44	0.10	0.07	0.12
<b>kakariki</b>		1		0.05	0.5	0.5	0.00	0.06	0.00	0.01	0.02	0.01
<b>karearea</b>		1		0	0.5	1	0.00	0.06	0.00	0.00	0.01	0.01
<b>kingfisher</b>	27	15	4	0.02	2.5	3	0.16	1.13	0.25	0.03	0.04	0.03
<b>saddleback</b>	4	3		0.05	1	2.5	0.02	0.19	0.00	0.07	0.02	0.03
<b>shining cuckoo</b>	8	19	29	0.16	19.5	21.4	0.03	1.44	3.00	0.17	0.25	0.24
<b>silveryeye</b>	98	89	55	79	82.5	74.6	2.66	19.75	0.00	1.86	2.40	2.01
<b>tui</b>	99	93	89	72	36.5	80.1	2.16	16.88	38.31	1.35	0.80	2.16
<b>whitehead</b>		6	1	0.04	5	3	0.00	0.75	0.18	0.06	0.09	0.04
<b>woodpigeon</b>	20	16	15	0.06	3	9	0.11	1.25	1.62	0.07	0.03	0.11
Water consumption (commercial and residential combined)		Capacity Infrastructure Services Ltd					(2012/13, 2013/14) 23.7 billion litres, 26.4 billion litres This figure is total usage excluding unaccounted for water					
Renewable energy (GWh) generated in the city		Meridian Energy					Total renewable energy generated in the city: 2012/13 = 476 GWh <sup>7</sup> , 2013/14 = 542 GWh.					
City-wide greenhouse gas emissions		URS Report – Greenhouse gas inventory for the Wellington Region.					Total net emissions (t CO <sub>2</sub> e) 2009/10: 1,325,237; 2010/11: 1,242,162; 2011/12: 1,367,690; 2012/13: 1,243,802					
Fresh water biological health (macro invertebrates)		Greater Wellington Regional Council					(2008/09, 2009/10, 2010/11, 2011/12, 2012/13) – Makara Stream: 113, 112, 110, 120, 122.7; Karori Stream: 95, 82, 79, 95.5, 100.8; Kaiwharawhara Stream: 85, 91, 87, 86.7, 81.1. Most recently available data are for 2012/13 year.					
Fresh water quality		Greater Wellington Regional Council					(2008/09, 2009/10, 2010/11, 2011/12, 2012/13) Makara Stream: Fair, Good, Fair, Fair, Fair; Karori Stream: Fair, Fair, Fair, Fair, Fair; Kaiwharawhara Stream: Fair, Fair, Fair, Fair, Fair. Most recently available data are for 2012/13 year.					
Residents' actions to reduce stormwater pollution.		WCC Residents' Monitoring Survey					(2013, 2014) Putting litter in a rubbish bin: 91%, 90%; Pouring all household liquid waste down inside sink, toilet or gully trap: 64%, 64%; Disposing of oil, paint, chemicals by putting them out with household rubbish or taking them for recycling: 49%, 47%; collect sweepings from driveway, paths or yard for composting or for disposal with your household rubbish: 49%, 43%; Wash the car at the car wash or on the lawn: 30%, 26%; Washing paint brushes in an inside sink: 48%, 50%; Pick up					

<sup>7</sup> This figure does not include small scale renewables such as solar PV, microwind and solar hot water.

Council outcome indicator	Source	Data
		droppings left by dogs: n/a, 18%.
Total waste to landfill, per capita	WCC CitiOperations	2009/10 = 0.41 tonnes/person; 2010/11 = 0.42 tonnes/person; 2011/12 = 0.43 tonnes/person; 2012/13 = 0.41 tonnes/person; 2013/14 = 0.40 tonnes/person.
Residents' actions to reduce waste from homes (including recycling, composting, etc).	WCC Residents' Monitoring Survey	(2013, 2014) Use Council's kerbside recycling service: 86%, 82%; Donating things to second-hand shops/charities: 80%, 79%; Reusing plastic containers such as food containers: 85%, 81%; Buying refills: 59%, 58%; Avoiding using plastic bottles or bags/use green bags: 34%, 30%; Taking things to recycling stations: 39%, 40%; Home composting: 41%, 39%.
New Zealanders' and residents' perceptions that Wellington is an eco-city	WCC Residents' Monitoring Survey and Arts Omnibus Survey	(2013, 2014) New Zealanders: 27%, 30% Residents: 29%, 29%
Energy-use, per capita (Wellington Region)	Wellington Electricity	2009/10: 7.2 MWh/person; 2010/11: 7.0 MWh/person; 2011/12: 6.9 MWh/person; 2012/13: 6.7 MWh/person; 2013/14: 6.6 MWh/person.
Number/sqm of 'green star' buildings/space in the city	New Zealand Green Building Council	2013/14: Design rating = 9 buildings, 141,365 sqm; Interior fitout rating = 3 buildings, 37964 sqm.
Residents (%) who live in an insulated property	WCC Residents' Monitoring Survey	(2013, 2014) Residents' who report their home as rarely or never: Cold: 27%, 31%; Damp: 60%, 58%; Hard to heat: 49%, 51%

## Economic development outcome indicators

Council outcome indicator	Source	Data
Number of enterprises and jobs in the city and central city	Statistics NZ	(2012) City - enterprises: 25,163; jobs: 151,853. Central city – enterprises: 8,643; jobs: 96,412.
Visitor numbers – international (guest nights)	PWT	(2009/10, 2010/11, 2011/12, 2012/13, 2013/14) 692,202; 702,463; 776,834; 667,760; 686,692.
Visitor numbers – domestic (guest nights)	PWT	(2009/10, 2010/11, 2011/12, 2012/13, 2013/14): 1,352,242; 1,280,162; 1,315,814; 1,373,613; 1396,402.

<b>Council outcome indicator</b>	<b>Source</b>	<b>Data</b>
Accommodation (commercial) – occupancy rates and guest nights	Statistics NZ	(2009/10, 2010/11, 2011/12, 2012/13, 2013/14) Guest nights: 2,017,445; 1,982,625; 2,092,605; 2,041,371; 2,083,094 Occupancy: 64%, 62%, 66%, 64%, 67% (Year-end April)
Number of major conferences	PWT	2011/12 = 468; 2012/13 = 606; 2013/14 = 619 (year end March).
Number of A-level events <sup>8</sup> held in Wellington and their economic contribution	WCC Events	2009/10 = 9 A-Level events (\$34.8m); 2010/11= 9 A-Level events (\$23.7m); 2011/12 = 16 A-Level events (\$17m); 2012/13 = 9 A-level events (\$30.2m); 2013/14 = 10 A-level events (\$30.9m).
New Zealand's top 200 companies based in Wellington.	NZ Management Magazine	(2008/09, 2009/10, 2010/11, 2011/12, 2012/13) 24, 20, 18, 20, 21
Business enterprises - births and growths (net growth in business)	Statistics NZ	Annual growth (business units) <sup>9</sup> : 2008/09 = 1.9%; 2009/10 = -1.9%; 2010/11: 0.0%; 2011/12: 0.7%; 2012/13 = -0.20%. Net growth 2000–2010: 22%.
Growth in business and employees - 'smart' business	Market Economics	(2012) Number of smart businesses in the city: 4,896; Percentage of employees working in smart business sector: 31.0%
Domestic and international airline passengers entering Wellington Airport	Wellington International Airport	(2009/10, 2010/11, 2011/12, 2012/13, 2013/14 - March year-end) Domestic: 4,491,402; 4,479,664; 4,474,000; 4,647,000; 4,684,000 International: 626,365; 654,615; 718,000; 727,000; 753,000
Free wifi usage (logons/day) – waterfront and central city	Citylink	(2012/13) Central city: 1,903,357 logons (5,214 per day) Waterfront: 106,659 (292 per day). (2013/14) Central city: 2,431,247 logons (6,661 per day) Waterfront: 194,852 (534 per day).
Residents who have access to broadband (%) including ultrafast	WCC Residents' Monitoring Survey	(2013, 2014): 97%, 97%.
Gross Domestic Product (per capita growth)	Infometrics	(2008/09, 2009/10, 2010/11, 2011/12, 2012/13) 0.60%, 2.80%, 2.90%, 0.40%, 1.6% <sup>10</sup> Regional share of national employment: 11.5% (MBIE Regional Activity Report)

<sup>8</sup> 'A level' events are defined as those events with a total funding spend of \$50K plus, excluding the iconic events, being WOW, Hertz Sevens & NZ International Arts Festival.

<sup>9</sup> Previous results have been changed as more up-to-date data is available.

<sup>10</sup> Previous results have been changed as more up-to-date data is available.

<b>Council outcome indicator</b>	<b>Source</b>	<b>Data</b>
Educational achievement (degree level qualifications)	Statistics NZ	(2006 Census, 2013 Census) Percentage of Wellingtonians over the age of 15 that have a Degree-level qualification or higher: 33%, 38%.
Labour force participation rate and youth NEET rates	Statistics NZ	(2012/13, 2013/14) Labour force participation rate: 71.5%, 73.2% (2012/13, 2013/14) Youth NEET rates: 9.9%, 12.4%
Income – household and personal	Statistics NZ	(2006 Census, 2013 Census): Median personal income: \$32,500, \$37,900. (2006 Census, 2013 Census): Median Household Income: \$72,200, \$91,100.
Ratio of income to cost of living for residents	Statistics NZ	Between 2012 and 2013, the difference between earnings and cost of living decreased by 3% (became less expensive).
Pedestrian counts – average of various Lambton Quay sites	WCC golden mile pedestrian survey	(2012/13, 2013/14) Average hourly pedestrian counts for various Lambton quay sites Monday – Friday: 2,179; 2,069
Total value of exports (value and estimated tonnage)	Statistics NZ	(2012/13, 2013/14) Wellington Airport: Tonnage: 870, 1,028; Value \$18.5 Million, \$13.5 million. Wellington Seaport: Tonnage 1.15M, 1.07M; Value \$989M, 1,022M.
Number of international air connections (by country)	Wellington International Airport	One - Australia
Businesses and employees engaged in research and development sector	Statistics NZ	(2008, 2009, 2010, 2011, 2012) Businesses: 152; 155; 150; 146; 152. Employees: 4,930; 4,830; 4,940; 4,980; 4,920.
Secondary (international) and Tertiary (international and domestic) students enrolled per 1000 residents	Education Counts	(2013/14) International fee paying secondary school students: 347  Tertiary students: Domestic: 28049; International: 3,801.

## Cultural wellbeing outcome indicators

<b>COUNCIL OUTCOME INDICATOR</b>	<b>SOURCE</b>	<b>DATA</b>
Residents' frequency of engagement in cultural and arts activities	WCC Residents' Monitoring Survey	(2013, 2014) At least once a week: 7%, 7%; At least once a month: 30%, 25%; At least once ever six months: 32%, 34%; At least once a year: 15%, 13%; less often: 12%, 12%.

COUNCIL OUTCOME INDICATOR	SOURCE	DATA
New Zealanders' and residents' perceptions that 'Wellington has a culturally rich and diverse arts scene'.	WCC Residents' Monitoring Survey and Arts Omnibus Survey	New Zealanders (2010, 2011, 2012, 2013, 2014) 85%, 81%, 77%, 84%, 84%.  Residents' (2013, 2014) 92%, 89%
Residents' perceptions that Wellington's local identity (sense of place) is appropriately valued and protected.	WCC Residents' Monitoring Survey	(2013, 2014) 77%, 72%.
Number of events held at key venues <sup>11</sup> .	Venues and Te Papa	(2009/10, 2010/11, 2011/12, 2012/13, 2013/14) 1,514; 1,489; 1,424; 1,356; 1,689
New Zealanders' and Residents' perceptions that 'Wellington is the arts capital of New Zealand.'	WCC Residents' Monitoring Survey and Arts Omnibus Survey	New Zealanders (2010, 2011, 2012, 2013, 2014) 68%, 65%, 61%, 54%, 52%.  Residents (2013, 2014) 70%, 68%.
New Zealander and Residents' perceptions that 'Wellington is the events capital of New Zealand.'	WCC Residents' Monitoring Survey and Arts Omnibus Survey	New Zealanders (2010, 2011, 2012, 2013, 2014) 53%, 42%, 37%, 29%, 31%.  Residents (2013, 2014) 51%, 48%.
Residents' (%) agreement with the statement that 'Wellington is an easy place to get involved in the arts'	WCC Residents' Monitoring Survey	(2013, 2014) 87%, 80%

## Social and recreation outcome indicators

COUNCIL OUTCOME INDICATOR	SOURCE	DATA
Residents' usage of WCC community facilities	WCC Residents' Monitoring Survey	(2013, 2014) Community centre = 19%, 20%; Community Hall = 17%, 19%

<sup>11</sup> Key venues include: Westpac Stadium; St James Theatre; Opera House; Wellington Town Hall; Michael Fowler Centre; TSB Bank Arena and Te Papa.

<b>COUNCIL OUTCOME INDICATOR</b>	<b>SOURCE</b>	<b>DATA</b>
Residents' perceptions that they feel a sense of community with others in their local neighbourhood	Quality of Life Survey	(2006, 2008, 2010, 2012) 57%, 51%, 60%, 53%
Residents' perceptions that Wellington offers a wide range of recreation activities	WCC Residents' Monitoring Survey	(2013, 2014) 76%, 76%
Residents' frequency of physical activity	WCC Residents' Monitoring Survey	(2013, 2014) 64%, 65% (more than 2.5 hours per week).
Residents' perceptions of barriers restricting participation in recreation activities, for example, too busy, poor health, no facilities, parking, transport, weather, expense, etc.	WCC Residents' Monitoring Survey	(2013, 2014) Too busy: 47%, 45; Poor health: 11%, 9%; Lack of motivation: 24%, 23%; Lack of parking/public transport/transport: 20%, 19%; Weather: 27%, 30%; Expense: 37%, 36%.
Residents' importance of sense of community in local neighbourhood	Quality of Life Survey	(2006, 2008, 2010, 2012): 69%, 59%, 70%, 75%
Residents' usage of WCC Libraries	WCC Residents' Monitoring Survey	(2013, 2014) 68%, 69%.
Residents frequency of visiting WCC Libraries	WCC Residents' Monitoring Survey	(2013, 2014) more than once a week: 5%, 5%; once a week: 10%, 15%; once every 2-3 weeks: 29%, 22%; once a month: 18%, 19%; once every 2-3 months: 19%, 17%; once every 4-6 months: 13%, 11%; less often: 6%, 11%.
Residents engaging in neighbourly actions	WCC Residents' Monitoring Survey	(2013, 2014) Spoken to a neighbour: 92%, 88%; given help to a neighbour: 58%, 55%; received help from a neighbour: 43%, 44%; participated in an activity with a neighbour: 28%, 34%; discussed emergency preparedness with a neighbour: 12%, 19%; none of the above: 7%, 10%.
Types of social networks to which residents belong (i.e. community, sports, ethnic, etc)	Quality of Life Survey	(2006, 2008, 2010, 2012) School or work network: 62%, 67%, 65%, 58%; Hobby/interest group: 37%, 41%, 38%, 30%; Online community groups (eg Facebook): 20%, 38%, 59%, 51%; Sports club: 33%, 29%, 30%, 29%; Church/spiritual group: 32%, 26%, 23%, 19%; Community/voluntary group: 22%, 19%, 22%, 18%; Friends: 4%, 11%, 7%, 3%.
Ethnic diversity of the city's population and resident's values regarding diversity	Statistics NZ and WCC Residents' Monitoring Survey	30% of the city's population are non-European.  67% of residents' believe that different lifestyles and cultures make Wellington a better place to live.
Residents' perceptions of safety – central city and local neighbourhood (day and night)	WCC Residents' Monitoring Survey	(2013, 2014) Central city day = 98%, 98%. Central city night = 72%, 69%. Neighbourhood day = 99%, 99%. Neighbourhood night = 85%, 83%.

COUNCIL OUTCOME INDICATOR	SOURCE	DATA
Resident perceptions – city safety issues of most concern <sup>12</sup>	WCC Residents' Monitoring Survey	(2013, 2014): Alcohol and drug problems: 54%, 55%. Dangerous drivers (including speed, drunk drivers): 34%, 35%. Threatening people/people behaving dangerously: 53%, 51%. Poorly lit/dark public areas (streets, paths, parks): 63%, 71%. Traffic including busy roads/lack of pedestrian facilities: 31%, 31%. Car theft/vandalism: 33%, 29%. Graffiti: 46%, 40%. Vandalism (broken windows in shops): 30%, 28%. Poorly maintained/dangerous public areas: 37%, 40%.
Crime – number recorded (resolution rate) – by category <sup>13</sup>	NZ Police	(2009, 2010, 2011, 2012, 2013) Offences against the person (% resolved): 7,222 (80%); 6,959 (76%); 6,406 (77%); 5,837 (71%); 5,445 (59%). Burglary/Theft: 21,259 (21%); 19,733 (19%); 20,144 (19%); 17,606 (20%); 16,920 (17%). Illicit drug offences: 2,367 (97%); 1,907 (95%); 1,810 (96%); 2,603 (96%); 1,157 (89%). Public order offences: 5,108 (87%); 4,342 (86%); 4,056 (89%); 3,807 (85%); 3596 (78%).
Residents with home emergency items and plan	WCC Residents' Monitoring Survey	Items: (2013, 2014): 78%, 80% Plan: (2013, 2014): 42%, 50%
Number of notifications of the most prevalent food and water-borne diseases	WCC Building Consents and Licensing	2009/10 = 291; 2010/11 = 210; 2011/12 = 161; 2012/13 = 234; 2013/14 = 264.
Life expectancy (with break-down)	Statistics NZ	Male: 1995–1997 = 75.4; 2000–2002 = 78; 2005–2007 = 80.1%. Female: 1995–1997 = 81.2; 2000–2002 = 82.5; 2005–2007 = 83.7%. (Census – dataset not updated in 2011/12, 2012/13 or 2013/14).
Resident's perception of their 'quality of life'	WCC Residents' Monitoring Survey	(2013, 2014) 88%, 86%

## Urban development outcome indicators

COUNCIL OUTCOME INDICATOR	SOURCE	DATA
Resident perceptions that Wellington is a great place to live, work and play	WCC Residents' Monitoring Survey	(2013, 2014) great place to live: 93%, 89%; great place to work: 66%, 62%; great place to play: 88%, 88%.
Value of commercial and residential	Statistics NZ	(2010, 2011, 2012, 2013, 2014 March Year End).

<sup>12</sup> In the Residents' Monitoring Survey, residents were asked what issues were particularly concerning, as opposed to which issue was of 'most' concern.

<sup>13</sup> There has been an error in calculation of Burglary/Theft numbers in previous reports. The error has been corrected and data backdated accordingly.

COUNCIL OUTCOME INDICATOR	SOURCE	DATA
building consents		Commercial: \$308m, \$264m, \$204m, \$226m, 271m. Residential: \$211m, \$266m, \$217m, \$327, \$255m.
Population density – central city area, 'Growth Spine,' inner-city residential, outer residential, suburban centres (long-term indicator).	WCC GIS	(2001, 2006, 2013) Central city: 5,844; 8,547; 11,797 people; 'Growth Spine:' 18,348; 22,293; 25,301 people; Inner city: 23,559; 25,227; 26,583 people; Outer residential: 98,718; 108,402; 111,639 people; Suburban centres: 2,295; 3,105; 3,261 people. (Census – updated in 2013).
Resident's perceptions of the city centre as an easy place to get to, use and enjoy	WCC Residents' Monitoring Survey	(2013, 2014): easy to get around: 81%, 78%; easy to access leisure activities: 74%, 71%
Resident's perceptions of urban design/urban form safety issues (ie graffiti, vandalism, poorly lit public spaces etc)	WCC Residents' Monitoring Survey	(2013, 2014) Poorly lit public areas: 63%, 71% Vandalism: 30%, 28% Graffiti: 46%, 40% Poorly maintained public areas: 37%, 40%.
% of city's population who reside in the central city	Statistics NZ	(2006 census, 2013 census) 7.3%, 8.9% <sup>14</sup>
Building density (buildings per hectare) – central city area, 'Growth Spine,' inner-city residential, outer residential, suburban centres (long-term indicator)	WCC GIS	(2010, 2011, 2012, 2013) Central Area – 1,904 (7.85 buildings per hectare); 1,884 (7.76 buildings per hectare); 1,869 (7.70 buildings per hectare); 1,870 (7.7 buildings per hectare). Inner Residential – 10,652 (34.60 buildings per hectare); 10,633 (34.5l buildings per hectare); 10,578 (34.46 buildings per hectare), 10,577 (34.39 buildings per hectare).Outer Residential – 76,699 (21.84 buildings per hectare); 76,818 (21.88 buildings per hectare); 76,990 (21.96 buildings per hectare); 77,009 (21.9 buildings per hectare). Suburban Centres – 2,217 (7.37 buildings per hectare); 2,207 (7.34 buildings per hectare); 2,201 (7.32 buildings per hectare); 2,202 (7.32 buildings per hectare). Growth Spine – 10,172 (13.93 buildings per hectare); 10,153 (13.90 buildings per hectare)); 10,124 (13.87 buildings per hectare); 10,131 (13.87 buildings per hectare). <sup>15</sup>
Proportion of houses within 100m of a public transport stop.	WCC GIS	2006 = 48%; 2008 = 48%; 2010 = 48%; 2011 = 47%; 2012 = 46%; 2013 = 45%. <sup>16</sup>
Identified earthquake-prone buildings that have been strengthened/demolished	WCC Building Consents and Licensing	2009/10: 4; 2010/11: 11; 2011/12: 12; 2012/13: 44; 2013/14: 52

<sup>14</sup> Central city is defined as the Thorndon/Tinakori; Lambton; Willis St/Cambridge area units.

<sup>15</sup> Dataset not updated in 2013/14.

<sup>16</sup> Dataset not updated in 2013/14.

COUNCIL OUTCOME INDICATOR	SOURCE	DATA
Residents' perceptions that heritage items contribute to the city and local communities' unique character	WCC Residents' Monitoring Survey	(2013, 2014) City: 92%, 85% Local community: 72%, 67%
New Zealanders perception that Wellington is an attractive destination	Colmar Brunton Omnibus Survey	(2010, 2011, 2012, 2013, 2014) 82%, 75%, 77%, 78%, 80%.
Residents' rating of sense of pride in the way their city looks and feels.	WCC Residents' Monitoring Survey	(2013, 2014) 82%, 75%.

## Transport outcome indicators

COUNCIL OUTCOME INDICATOR	SOURCE	DATA
Residents' perceptions that peak traffic volumes are acceptable	WCC Residents' Monitoring Survey	(2013, 2014) 57%, 53%
Total fuel used on Wellington roads, per capita	WCC Infrastructure Planning and Data	2009/10: 2,012 litres/person 2010/11: 1,934 litres/person; 2011/12: 1908 litres/person; 2012/13: 1,843 litres/person; 2013/14: 1,817 litres/person
Residents' perceptions that the city's transport system allows easy access from the suburbs to the city	WCC Residents' Monitoring Survey	(2013, 2014) 63%, 64%.
Mode of transport used by residents to come into the CBD – by car, bus, walking, train, and cycling	WCC Residents' Monitoring Survey	(2013, 2014) Car: 33%, 31%; Bus: 34%, 28%; Walking: 20%, 27%; Train: 6%, 6%; Cycle: 3%, 4%.
Residents' perceptions that public transport is convenient and affordable	WCC Residents' Monitoring Survey	(2013, 2014) Convenient: 68%, 70%; Affordable: 40%, 38%.
Uses of public transport: buses, trains	Greater Wellington	(2013, 2014 Total passenger boardings – Wellington Region – 000s) Bus: 23,608; 23,981. Trains: 11,355; 11,643
Air quality monitoring (i.e. nitrogen dioxide, carbon monoxide, and particulate matter PM <sub>10</sub> )	Greater Wellington	(2009, 2010, 2011, 2012, 2013 Calendar years): Nitrogen dioxide (µg/m <sup>3</sup> ): Maximum: 100.1, 105.4, 93.7, 92.0, 79.8; mean (annual): 27.4, 25.8, 24.4, 20.2, 19.4. Carbon monoxide (mg/m <sup>3</sup> ): Maximum: 2.9, 3.2, 2.5, 1.9, 2.1; mean (annual): 0.6, 0.6, 0.6, 0.4, 0.4. Particulate matter PM <sub>10</sub> (µg/m <sup>3</sup> ):

COUNCIL OUTCOME INDICATOR	SOURCE	DATA
		Maximum: 31, 32, 34, 32, 28; mean: 13, 13, 13, 13, 14.
Number of road crashes resulting in injury	NZTA	(2009, 2010, 2011, 2012, 2013): Total: 433, 372, 314, 298, 333. Fatal: 3, 3, 6, 2, 2. Serious: 53, 55, 79, 77, 35.
Social cost of all crashes – includes loss of life estimates and non-injury crashes.	NZTA	(2009, 2010, 2011, 2012, 2013) \$112m, \$104m, \$116m, \$98m, \$59m.
Residents perceptions of transport related safety issues (i.e issues of most concern)	WCC Residents' Monitoring Survey	(2013, 2014) Traffic or busy roads: 31%, 31%; Car theft or vandalism: 33%, 29%; Poorly lit or dark public areas: 63%, 71%; Dangerous driving: 34%, 35%.

# Mayor and Councillors

## Photos to be inserted when typeset

### **Celia Wade-Brown**

(Mayor)

City-wide

Phone: (04) 801 3102

mayor@wcc.govt.nz

### **Council appointments**

The Mayor is an ex officio member of all committees and subcommittees other than a quasi-judicial committee.

### **Ray Ahipene-Mercer**

Eastern Ward

Phone: (04) 388 2366

ray.ahipene-mercerc@wcc.govt.nz

### **Council appointments**

Chair: Regulatory Processes Committee

Portfolio Leader: Economic Growth and Arts

### **Jo Coughlan**

Onslow-Western Ward

Phone: (04) 473 7920

jo.coughlan@wcc.govt.nz

### **Council appointments**

Chair: Economic Growth and Arts Committee

### **Paul Eagle**

Southern Ward

Phone: 021 673 630

paul.eagle@wcc.govt.nz

### **Council appointments**

Chair: Community, Sport and Recreation Committee

Trustee: Wellington Regional Stadium Trust

Trustee: Basin Reserve Trust

### **Sarah Free**

Eastern Ward

Phone: 021 121 6412

sarah.free@wcc.govt.nz

### **Council appointments**

Portfolio Leader: Community Facilities

Director: Capacity Infrastructure Services

### **David Lee**

Southern Ward

Phone: 021 220 2357

david.lee@wcc.govt.nz

### **Council appointments**

Portfolio Leader: Environment – Climate Change

### **Andy Foster**

Onslow-Western Ward

Phone: (04) 476 9220

andy.foster@wcc.govt.nz

### **Council appointments**

Chair: Transport and Urban Development Committee

### **Justin Lester**

(Deputy Mayor)

Northern Ward

Phone: (04) 478 8264

justin.lester@wcc.govt.nz

### **Council appointments**

Chair: Governance, Finance and Planning Committee

Chair: Performance Review Committee

Director: Wellington Waterfront Ltd

Tawa Community Board (appointed member)

**Simon Marsh**

Eastern Ward

Phone: 021 922 196

simon.marsh@wcc.govt.nz

**Council appointments**

Portfolio Leader: Economic Growth and Arts –  
Small Medium Enterprise and Tertiary Liaison

Trustee: Wellington Zoo Trust

**Iona Pannett**

Lambton Ward

Phone: (04) 384 3382

iona.pannett@wcc.govt.nz

**Council appointments**

Chair: Environment Committee

Portfolio Leader: Transport and Urban  
Development - Buildings

**Mark Peck**

Lambton Ward

Phone: 027 446 1650

mark.peck@wcc.govt.nz

**Council appointments**

Chair: Audit and Risk Subcommittee

**Helene Ritchie**

Northern Ward

Phone: (04) 473 1335

helene.ritchie@wcc.govt.nz

**Council appointments**

Portfolio Leader: Environment – Natural  
Environment

**Malcolm Sparrow**

Northern Ward

Phone: 027 232 2320

malcolm.sparrow@wcc.govt.nz

**Council appointments**

Portfolio Leader: Community, Sport and  
Recreation – Community Resilience

Tawa Community Board (appointed member)

**Simon Woolf**

Onslow-Western Ward

Phone: 027 975 3136

simon.woolf@wcc.govt.nz

**Council appointments**

Portfolio Leader: Community Engagement

Director: Positively Wellington Tourism

Director: Positively Wellington Venues Ltd

**Nicola Young**

Lambton Ward

Phone: 021 654 844

nicola.young@wcc.govt.nz

**Council appointments**

Portfolio Leader: Transport and Urban  
Development – Central City Projects

Trustee: Wellington Museums Trust

# Glossary

**Annual Plan** – The Annual Plan is a budget prepared by Council showing the expected cost of running the city for the year of the plan 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).

**Associates** – are entities that the Council owns a share of but does not control. Our share of the associates' surplus/deficit and net assets is recorded in the Group financial statements. The Council's associates are Basin Reserve Trust (50%), Capacity (50%), Chaffers Marina Holding Limited (11%), Wellington International Airport Limited (34%) and Wellington Regional Stadium Trust (50%).

**Capital expenditure** – expenditure on assets that provide a long term ongoing benefit to Council, usually fixed assets (Property, Plant and Equipment), for example buildings.

**Cash and cash equivalents** – includes cash as well as deposits which mature in three months or less.

**Current asset** – an asset that can readily be converted to cash or will be used to repay a liability within 12 months of balance date.

**Current liability** – a liability that is required to be discharged within 12 months of balance date.

**Depreciation (amortisation)** – 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).

**External funding for capital expenditure** – Funding recorded as income but used to fund capital expenditure projects.

**Fair value** – essentially reflects the market value of assets or liabilities.

**Investment properties** – these are properties that are primarily held by the Council to earn rental income.

**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** – A ten year forecast prepared every three years showing the expected cost of running the city for the following ten years and how the costs will be funded.

**Net borrowings** – Net borrowings is total borrowings less any funds held on deposit.

**Net surplus/(deficit)** - Net surplus/deficit is the difference between total income 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 income and fair value movements.

**Operational expenditure** – expenditure that is not capital expenditure (see Capital expenditure).

**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 that can only be used for a specific purpose.

**Total comprehensive income / (expense)** – 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 changing fair values of assets the Council owns.

**Underlying funding surplus/(deficit)** – the portion of the overall net surplus/(deficit) that has arisen from changes to operating income operational expenditure as compared to budget.

**Unfunded depreciation** – the amount of depreciation that is not funded by rates and relates mainly to roading assets that are funded by NZTA and sewerage treatment assets where the operator has responsibility for asset renewal.

**Vested assets** – assets that are created by others and passed into Council ownership (e.g. roads built by a developer as part of a subdivision).