

Absolutely Positively
Wellington City Council

Me Heke Ki Pōneke

Ordinary Meeting of Unaunahi Māhirahira | Audit and Risk Committee Rārangi Take | Agenda

9:30am Rāapa Wednesday, 16 Here-turi-kōkā August 2023

Ngake (16.09)

Level 16, Tahiwī

113 The Terrace

Pōneke | Wellington



MEMBERSHIP

Mayor Whanau
Councillor Apanowicz
Councillor Chung
Pouiwi Kelly
Councillor Pannett
Councillor Randle (Deputy Chair)
Bruce Robertson (Chair)
Wendy Venter

Have your say!

You can make a short presentation to the Councillors, Committee members, Subcommittee members or Community Board members at this meeting. Please let us know by noon the working day before the meeting. You can do this either by phoning 04-803-8337, emailing public.participation@wcc.govt.nz or writing to Democracy Services, Wellington City Council, PO Box 2199, Wellington, giving your name, phone number, and the issue you would like to talk about. All Council and committee meetings are livestreamed on our YouTube page. This includes any public participation at the meeting.

AREA OF FOCUS

The Unaunahi Māhirahira | Audit and Risk Committee oversees the work of the Council in discharging its responsibilities in the areas of risk management, statutory reporting, internal and external audit and assurance, monitoring of compliance with laws and regulations, including health and safety.

Quorum: 4 members

TABLE OF CONTENTS

16 AUGUST 2023

Business	Page No.
1. Meeting Conduct	7
1.1 Karakia	7
1.2 Apologies	7
1.3 Conflict of Interest Declarations	7
1.4 Confirmation of Minutes	7
1.5 Items not on the Agenda	7
1.6 Public Participation	8
2. General Business	9
2.1 Te Aho Marutau Internal Audit Report for the year ended 30 June 2023	9
2.2 Strategic Risks Update August 2023	21
2.3 Proforma Financial Statements for 30 June 2023 and year-end reporting update	37
2.4 Speed Management Privacy Breach Response	199
2.5 Health and Safety Performance Report	203
2.6 Actions Tracking	213
2.7 Forward Programme and Workplan Update	219
3. Public Excluded	225
3.1 Legal and Risk Updates	227

1. Meeting Conduct

1.1 Karakia

The Chairperson will open the meeting with a karakia.

Whakataka te hau ki te uru,	Cease oh winds of the west
Whakataka te hau ki te tonga.	and of the south
Kia mākinakina ki uta,	Let the bracing breezes flow,
Kia mātaratara ki tai.	over the land and the sea.
E hī ake ana te atākura.	Let the red-tipped dawn come
He tio, he huka, he hauhū.	with a sharpened edge, a touch of frost,
Tihei Mauri Ora!	a promise of a glorious day

At the appropriate time, the following karakia will be read to close the meeting.

Unuhia, unuhia, unuhia ki te uru tapu nui	Draw on, draw on
Kia wātea, kia māmā, te ngākau, te tinana,	Draw on the supreme sacredness
te wairua	To clear, to free the heart, the body
I te ara takatū	and the spirit of mankind
Koia rā e Rongo, whakairia ake ki runga	Oh Rongo, above (symbol of peace)
Kia wātea, kia wātea	Let this all be done in unity
Āe rā, kua wātea!	

1.2 Apologies

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

1.3 Conflict of Interest Declarations

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

1.4 Confirmation of Minutes

The minutes of the meeting held on 10 May 2023 will be put to the Unaunahi Māhirahira | Audit and Risk Committee for confirmation.

1.5 Items not on the Agenda

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

Matters Requiring Urgent Attention as Determined by Resolution of the Unaunahi Māhirahira | Audit and Risk Committee.

The Chairperson shall state to the meeting:

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

The item may be allowed onto the agenda by resolution of the Unaunahi Māhirahira | Audit and Risk Committee.

Minor Matters relating to the General Business of the Unaunahi Māhirahira | Audit and Risk Committee.

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

1.6 Public Participation

A maximum of 60 minutes is set aside for public participation at the commencement of any meeting of the Council or committee that is open to the public. Under Standing Order 31.2 a written, oral or electronic application to address the meeting setting forth the subject, is required to be lodged with the Chief Executive by 12.00 noon of the working day prior to the meeting concerned, and subsequently approved by the Chairperson.

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

2. General Business

TE AHO MARUTAU | INTERNAL AUDIT REPORT FOR THE YEAR ENDED 30 JUNE 2023

Kōrero taunaki | Summary of considerations

Purpose

1. This report provides the Unaunahi Māhirahira | Audit and Risk Committee with:
 - an update on Protected Disclosures and investigations received
 - information about the Council's internal control environment and summary of internal audit work completed for the period 2022-23
 - information about the legislative compliance system.
2. The information in this report supports the Committee to discharge its responsibility under its Terms of Reference to:
 - have oversight of the internal audit function
 - review and monitor whether management's approach to maintaining an effective internal control framework is sound and effective, and
 - have oversight of the systems in place to manage legislative compliance.

Strategic alignment with community wellbeing outcomes and priority areas

Aligns with the following strategies and priority areas:

- Sustainable, natural eco city
- People friendly, compact, safe and accessible capital city
- Innovative, inclusive and creative city
- Dynamic and sustainable economy

Strategic alignment with priority objective areas from Long-term Plan 2021–2031

- Functioning, resilient and reliable three waters infrastructure
- Affordable, resilient and safe place to live
- Safe, resilient and reliable core transport infrastructure network
- Fit-for-purpose community, creative and cultural spaces
- Accelerating zero-carbon and waste-free transition
- Strong partnerships with mana whenua

Relevant Previous decisions

Financial considerations

- Nil Budgetary provision in Annual Plan / Long-term Plan Unbudgeted \$X

3. There are no new financial implications raised in this paper.

Risk

- Low Medium High Extreme
4. This paper supports effective governance of assurance activities. This gives confidence to our stakeholders that the Council is meeting its responsibilities and the public's expectations of accountability.

Author	Gayle Costello, Senior Advisor Assurance & Business Integrity
Authoriser	Stephen McArthur, Chief Strategy & Governance Officer

Taunakitanga | Officers' Recommendations

Officers recommend the following motion

That the Unaunahi Māhirahira | Audit and Risk Committee:

1. Receive the update on Protected Disclosures and investigations.
2. Receive information about the Council's internal control environment and summary of internal audit work completed for the period 2022-23.
3. Receive information about the legislative compliance system.

Whakarāpopoto | Executive Summary

5. We have not received any new protected disclosures since our last report to the Committee on 15 February 2023. We received three other integrity complaints which have been resolved with no further investigation required.
6. The Council's internal control system is assessed as 'Core' which is defined as a basic approach and with elements of good practice in place but operating in isolation. This assessment result is generally consistent with last year, with some decrease in rating seen in the Control Environment.
7. The overall legislative compliance control environment is effective. There are adequate systems in place for meeting legislative requirements. There were nine key Acts with reported partial or non-compliances. The impacts of all reported non-compliances are rated as minor to moderate.

Takenga mai | Background

8. The Assurance & Business Integrity Team's purpose is to enable Council to deliver results and outcomes in a way that meets the public's expectations of accountability and our responsibilities as a public sector organisation.
9. To facilitate our purpose, each year the Assurance & Business Integrity Team develops a risk-based workplan of assurance activities across its core services. The Assurance & Business Integrity Team provides three core services:

Internal audit: an objective examination of evidence so that we can provide a view of the effectiveness of governance, risk management, and control processes.

Assurance advisory: activities that improve the organisation's internal control environment. Our advisory activities focus on assuring that actions to manage risks are effective. Activities include advice, facilitation, and training & awareness programmes.

Business integrity: services that enables our goal to build a strong culture of integrity. Our integrity activities relate to protected disclosure and investigation processes, gifts declaration processes, fraud risk awareness, and ongoing monitoring of sensitive expenditure.

Kōrerorero | Discussion

Protected disclosures and investigations

10. Assurance & Business Integrity has a responsibility to receive protected disclosures and to have oversight of any investigations under the Protected Disclosures (Protection of Whistleblowers) Act 2022. We will report to the Committee any allegations of internal fraud or other suspected financial misappropriation, and any protected disclosures or investigations instigated.
11. Since our last report to the Committee on 15 February 2023:
 - a) No new protected disclosures have been made to the Assurance & Business Integrity team.
 - b) We received three other integrity complaints. Two related to conflicts of interest. One related to alleged misconduct being committed by an external contractor. All three matters have been resolved with no further investigation required.

Internal Audit Report for the year ended 30 June 2023

12. The Internal Audit Report for the year ended 30 June 2023 provides the overall results of the work performed under the Internal Audit Plan 2022-23. This Plan was approved by the Kāwai Māhirahira – Audit and Risk Subcommittee on 3 May 2022.
13. The report includes our overall assessment of the Council’s Internal Control System based on the work performed and observations during the year. The Internal Control System is the attitude, actions and processes that assure the achievement of organisation objectives. The Internal Control System comprises:
 - control environment
 - risk assessment
 - control activities
 - information and communication
 - assurance and monitoring activities
14. We have identified the key expectations for the Internal Control System for each of these five areas. These key expectations are based on recognised international good practice standards for internal control frameworks.
15. The council’s internal control system is assessed as ‘Core’ which is defined as “a basic approach and with elements of good practices in place but operating in isolation”. This assessment result is generally consistent with last year, with some decrease in rating seen in the Control Environment due to the number of audit findings in this area. There are elements of good practice in place at some sites and business units, however overall understanding of first line of defence control requirements including implementation of key controls is generally at early maturity stages.

Legislative Compliance

16. The Assurance & Business Integrity team facilitated the annual legislative compliance attestation for the period ending 30 June 2023. The attestation process was carried out as one of the methods in place to assure that the Council has adequate systems to manage compliance with required legislation.
17. The legislative compliance attestation process involves:

-
- a) Reviewing the list of key Acts and the assigned Lead Manager with management
 - b) Attestation from Lead Managers about compliance with key Acts and whether the Council has adequate systems in place to manage compliance.
18. The results of the legislative compliance attestation indicate that:
- a) The overall legislative compliance control environment is effective.
 - b) There are adequate systems in place for meeting legislative requirements.
 - d) Nine out of the 56 key Acts reported partial or non-compliance.
 - e) The impacts of all are rated minor to moderate. Management have identified appropriate actions to address and continually improve our legislative compliance control environment.

Ngā mahinga e whai ake nei | Next actions

19. For information, no further actions required.

Attachments

- Attachment 1. Internal audit end of year report and controls assessment [↓](#)  Page 15
- Attachment 2. Legislative Compliance Report 2022-23 [↓](#)  Page 18

This report provides Unaunahi Māhirahira | Audit and Risk Committee and the Executive Leadership Team with:

- an overview of the internal control system for the year ended 30 June 2023.
- a summary of internal audit work completed for the period 2022-23

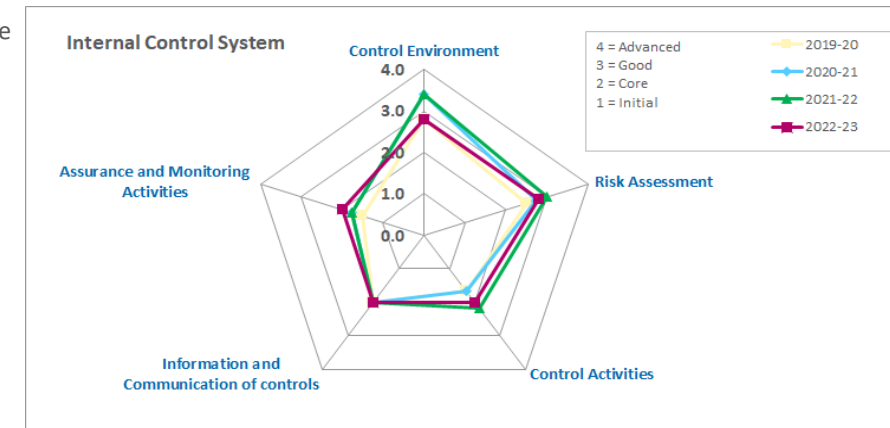
The information in this report supports the Unaunahi Māhirahira | Audit and Risk Committee to discharge their responsibility to:

- monitor whether management’s approach to maintaining an effective internal control system is sound and effective, and
- have oversight of the internal audit function.

Internal Control System assessment rating for the year ended 30 June 2023

Internal Control System is the attitude, actions and processes in place to assure achievement of business objectives. The Internal Control System comprises of:

Area	Explanation
Control Environment	The attitude and actions of leadership regarding the importance of control within the organisation, including its values, operating style, accountabilities and competency.
Risk Assessment	The systematic and iterative process of identifying and assessing relevant risks.
Control Activities	The actions established by policies, procedures or practice to ensure that risk management actions are effectively carried out.
Information and Communication of Controls	The flow of timely, accessible and pertinent information to carry out internal control responsibilities.
Assurance and Monitoring Activities	Management review of whether controls are working effectively to manage risks. Control weaknesses are addressed timely and escalated where appropriate.



The council’s internal control system is assessed as ‘Core’ which is defined as a basic approach with elements of good practices in place but operating in isolation.

This assessment result is generally consistent with last year, with a slight decrease in rating seen in the Control Environment. There are elements of good practice in place at some sites and business units, however overall understanding of first line of defence control requirements including implementation of key controls is generally at early maturity stages.

Appendix Two provides a summary of the internal control assessment results.

Work performed and performance of the Internal Audit function for 2022-23

We have completed our Internal Audit Workplan 2022-23 that was approved by the Kāwai Māhirahira | Audit and Risk Subcommittee on 3 May 2022.

Internal Audit receives the support of ELT to perform their role objectively. During 2022-23, Internal Audit was able to:

- determine the scope of matters to be audited and to set audit objectives
- have access to appropriate resources to carry out our purpose, and
- make balanced evidence-based assessments.

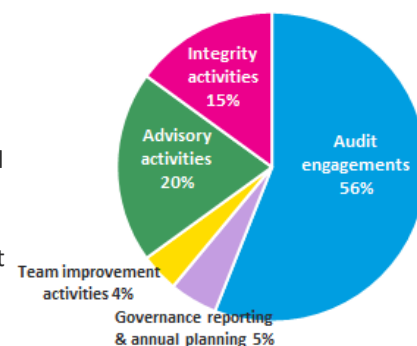
Our allocation of resources (time) was in line with our audit plan, with just over half of our resources on audit engagements and responsive audit reviews.

During 2022-23, we completed nine internal audit engagements, three of which were responsive reviews.

We completed eight integrity related investigations, monitored sensitive expenditure, gift declarations, and various other advisory engagements to support and strengthen our internal control system.

Appendix One summarises the results of our work.

Allocation of resources for 2022-23

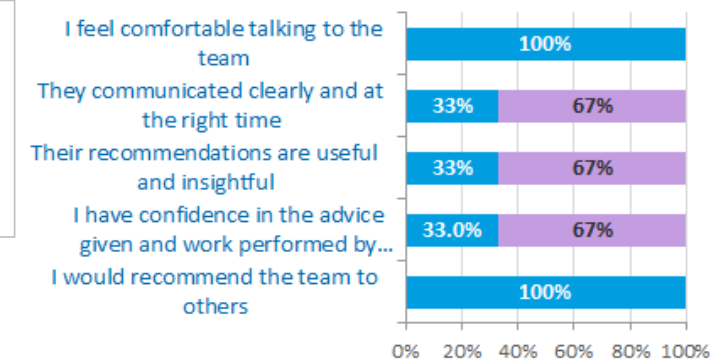


We issue customer feedback forms after the completion of each assurance engagement. Customers are asked to rate (on a scale of 1-5 stars) their overall experience when engaging with the Assurance & Business Integrity team. Our customers rated us 5 out of 5.

We also request our customers to rate how much they agreed with key performance statements that is focus on assessing trust and confidence. Feedback has been positive with 100% of the respondents who replied stating they ‘Strongly Agree’ or ‘Agree’ with our performance statements.



Performance statements: ■ Strongly Agree ■ Agree



Appendix 1: Summary of internal audit and other assurance activities

The Internal Audit Workplan 2022-23 was approved by the Kāwai Māhirahira | Audit and Risk Subcommittee on 3 May 2022. This section summarises the results of our work.

Internal Audit Engagements

Audit	Work Performed and Results	Audit Rating
Recruitment Documents	The objective of our review was to assess the recruitment processes and controls for ensuring that employment documents are accurate and comply with relevant legislation. We recommend to: <ul style="list-style-type: none"> Update the recruitment policy, document the process (including key controls), and investigate a software solution to reduce the risk of manual errors and increase efficiency. Develop a pre-employment process (including a quality check and overseas criminal vetting), and ensure all current staff have the appropriate pre-employment checks. 	Improvements Required
Facilities management	The objective of our review was to identify and assess the key actions, decisions, and controls around procurement and the transition between facilities management contracts and identify lessons learned. We identified: <ul style="list-style-type: none"> Unclear ownership of the procurement and contract management at the business level, an agenda that didn't align with WCC strategic direction, several direction changes, and limited accountability. We did not use existing business requirements, asset data and also did not utilise institutional knowledge within the Council which was not cost effective. Officers lacked the experience and support to identify and address the risk. We recommended ensuring that procurement and project management processes are followed, including appropriate operational ownership and at the executive governance level.	n/a
Burials and cremation	The objective of our review was to assess the effectiveness of the key controls in place to ensure that cemeteries processes are followed. This also included the effectiveness of the Plotbox system which the team uses to support operations. The processes and controls for burials and cremation are effective. The team have well documented and established processes in place, and the controls are both designed and operating effectively. Two low risk recommendations were raised to improve processes.	Good
Building controls follow up review	The objective of the review was to assess the progress for maintaining and improving consenting and compliance activities. Accreditation planning and actions were well underway however management were recommended to strengthen monitoring and oversight.	Improvements Recommended
Creative spaces - Toi Pōneke Arts centre	The objective of our review was to assess the effectiveness of the booking system and allocation of resources. We identified two areas of high risk which were rectified during the review. In addition, the processes and controls for the booking system and studio spaces required improvement. Management was already aware of several issues and is considering options regarding the current system. Advisory recommendations to consider when reviewing the booking system were also raised for consideration.	Improvements required
Customer enquiries, complaints and escalation	The objective for this review is to assess the effectiveness of processes and controls for ensuring customer complaints are managed in a timely and appropriate manner. The review is underway with the report being drafted, therefore the Improvements Required rating is indicative only.	Improvements required
Management Practices for Retaining Walls	This review was an additional request from Management and added to the workplan. The objective for this review was to assess the effectiveness of the process and identify opportunities for improvement. The review confirmed that all three retaining walls associated with The Terrace slip had been assessed within the last five years as required. Although one wall was given a condition rating of poor, it was still within the timeframe for repair. Improvements were identified during the review to both strengthen the process and ensure potential risks in the future are addressed.	Improvements Recommended
Street Lights	This review was an additional request from Management and added to the workplan. The objective for this review was to assess how streetlight faults have been managed since 2020 and the effectiveness of the risk and issues escalation process. We found that: <ul style="list-style-type: none"> The process to identify, assess, monitor and escalate faults is siloed and ineffective. There is an operational risk register but improvements to the process and register are required. There were no near-miss health and safety events logged until 2023. We recommended three high risk actions to manage the risks.	Improvements required
Haining Street developments (Te Kainga)	This review was an additional request from Management and added to the workplan. The objective for this review was to assess how effectively financial, legal and political issues have been managed since May 2020 until April 2023. The report is being drafted, therefore the Improvements Required rating is indicative only.	Improvements required

Integrity Activities

- Any integrity concerns raised with us, whether verbally or through our SpeakUp channel is assessed for further action, including whether an investigation is required.
- There were no **protected disclosures received** during the year 2022 -23 year.
- We received eight **other integrity related reports**. All reports to us remain confidential:
 - Six reports related to alleged Conflicts of Interest. Four of these related to procurement processes and the awards of contracts. All cases were investigated and advice given.
 - We received one integrity complaint from a member of the public about our staff. Due to the nature of the complaint, an external agency was engaged to conduct the investigation. The case was closed at the request of the person making the initial allegation.
 - We received one report relating to the conduct and crime of an external contractor. The matter was investigated by the external agency.
- We contracted an external company to implement an Ethics and Compliance Programme (**Whistleblower Hotline**) speak up 0800 number to improve our internal Protected Disclosure process. The hotline will strengthen and provide independence to our internal policy and process, and ensure we align with the Protected Disclosure (Protection of Whistleblowers) Act 2022.
- Sensitive Expenditure:** We reviewed a sample of P-card transactions to assess appropriateness and compliance with internal policies. Based on the work performed, we concluded that:
 - The processes and controls for Sensitive Expenditure requires improvement. A number of purchases did not have the required pre-approval, had insufficient documentation to justify the expense, did not have a receipt attached or exceeded the policy limits.
 - Improvements are required to improve the effectiveness of internal controls, specifically the internal policies and ensuring they are aligned to the OAG good practice guide. Clear guidance and training should be provided to both P-card holders and the approvers.
 - These improvements are in progress and a project team has been established. We will complete quarterly reviews and report any non-compliance to ELT.
- Staff Gift Register:** We monitored the gifts received and declined. The internal policy was updated to ensure alignment with OAG guidance. **Elected member gifts and hospitality declarations** were also monitored and reported on.
- Conflicts of Interest (COI):** The internal procedures, declaration and management forms were updated. A process was implemented to oversee the management or organisational COIs declared relating to resource and building consents including governance pressure as well as consents for property owned by WCC.
- Integrity awareness:** We organised a Fraud Awareness Week from 13-19 November 2022. It included internal communications on fraud awareness, and a published interview with the chair of the Audit and Risk Committee. Training material has been developed and work is underway to communicate expectations and increase awareness for Integrity in general including COI, gifts and fraud awareness.

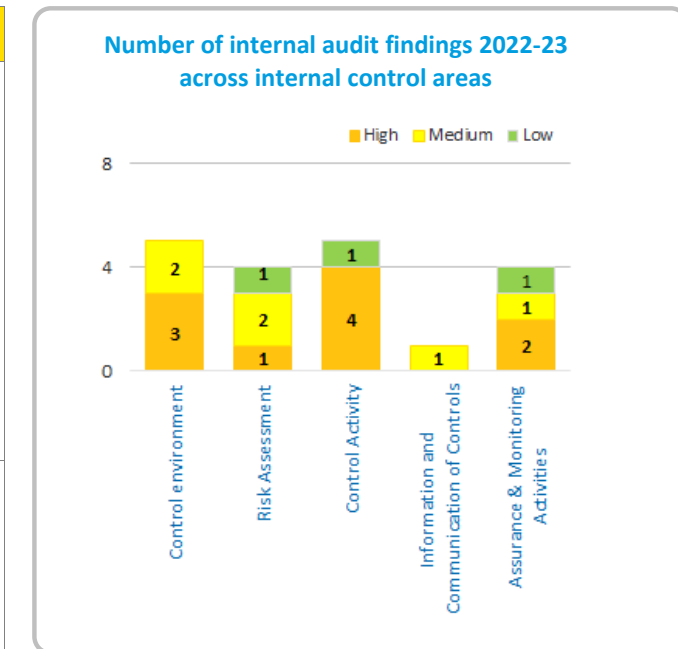
Assurance Advisory Activities

- We facilitated the annual legislative compliance attestation for the period ending 30 June 2023. The overall legislative compliance control environment is effective.
- We worked with the Risk Management team to understand operational and strategic risks. We participated in the Risk Champions network, and inputted on the development of a new strategic risk.
- Other assurance advisory work completed during the year included assurance support for the Holiday Act compliance project, internal policy governance framework, participation in the policy working group and the Protective Security Requirement working group.
- We updated the internal policy and process templates as part of the Internal policy governance framework. We supported the policy working group and engaged with policy holders to update their policies. This work is ongoing.
- Ad hoc advice was also given either verbally or in response to any queries received through one of our mailboxes for Business Integrity, Delegations Register, Internal Policies or Speak Up.

Appendix 2: Overview of the Council’s Internal Control System

The following is our assessment of the Internal Control System at the organisational-wide level. The assessment is based on judgement and supported by observations and results of Internal Audit assurance and advisory activities.

Area	Expectations	Assessment	Comments
Control Environment The attitude and actions of leadership regarding the importance of control within the organisation, including its values, operating style, accountabilities and competency.	1. demonstrates a commitment to integrity and ethical values 2. governing body demonstrates independence from management and exercises oversight responsibilities 3. establishes structures, authority and responsibilities to achieve objectives 4. demonstrates a commitment to attract, develop, and retain competent individuals 5. holds individuals accountable for their internal control responsibilities	Core	<ul style="list-style-type: none"> The Council continues to demonstrate a strong commitment to Our Values. The Code of Conduct is established and sets expectations of our people to conduct business legally, ethically, responsibly and in alignment with the Council's values. There is an independent chair of the Audit and Risk committee and an additional independent member recruited during the year. Improvements and stronger emphasis on governance with the Audit and Risk committee becoming a committee rather than subcommittee. The annual Kōrero Mai staff engagement survey is a recognised as an independent tool to understand organisational culture and continues to be used to provide feedback to the organisation on areas for attention. The annual 'How are we doing' survey is used to understand how our internal services survey are delivering and identify areas of improvement. Understanding of the three lines of defence and understanding of the requirement and responsibility of the first line of defence needs strengthening. <p>Two high and two medium rated findings raised in this area relating to inadequate oversight of process, developing a policy and developing controls in the process. One high risk related to Conflicts of Interest management. Additionally, six integrity related complaints related to the Control Environment.</p>
Risk Assessment The systematic and iterative process of identifying and assessing relevant risks.	6. specifies objectives with sufficient clarity – a precondition to effective risk assessment 7. identifies and assesses risks to the achievement of objectives 8. considers fraud risks to achievement of objectives 9. identifies and assesses significant change	Core	<ul style="list-style-type: none"> Strategic risks are monitored and reported well, however there is inconsistency in the application of risk management at an operational level. Work has been completed to establish the risk appetite for key consequences of Council's strategic risks with the Audit and Risk Committee All risk profiles have been reviewed and assessed to determine risk to achievement of objectives. Fraud risks are considered in risk profiles and controls assessed during each assurance review. Issues and risk management roadshows are currently under development. Council-wide Business Unit planning utilises the standardised operational risk framework. <p>One high risk finding related to including serious injury or death in the operational risk register and increasing frequency of review. Two medium findings relating to implementing a risk-based asset management framework and strengthen monitoring and oversight. One low rated issued was also raised.</p>
Control Activities The actions established by policies, procedures or practice to ensure that risk management actions are effectively carried out.	10. implement control activities to mitigate risks to acceptable levels 11. establishes appropriate controls to manage technology infrastructure, security and change processes that are aligned to business objectives 12. deploys policies that establish what is expected	Initial	<ul style="list-style-type: none"> No significant change to organisation wide system controls. There are elements of good practice in place at some sites and business units, however overall understanding of first line of defence control requirements, including implementation of key controls, is generally at early maturity stages. A cyber security policy has been developed and published. The Internal Policy Governance Framework and supporting templates have been published. The policy working group has been established and further work underway to review all organisational policy. A strategic risk relating to inadequate policies and processes is currently being developed. <p>Five findings related to the design and effectiveness of internal controls across various processes.</p>
Information and Communication of controls The flow of timely, accessible and pertinent information to carry out internal control responsibilities.	13. uses relevant, quality information to support effective functioning of internal controls 14. internally communicates to so that people understand and carry out their internal control responsibilities 15. communicates externally matters affecting the functioning of internal control and provide channels to allow input, including whistle-blower process	Core	<ul style="list-style-type: none"> Understanding of internal controls responsibilities are generally low based on generally low level of control activity maturity and supporting information systems. New MySafety and PMO system implemented to monitor priority investments. Availability of information to support effective function of internal controls is variable. There is limited continuous monitoring in place. Financial and HR delegations have been updated and published. Ara Poutama process for performance, career and development supports understanding of individuals responsibilities. Protected disclosure and whistle-blower processes are established with channels for reporting any concerns, the implementation of an external managed hotline to strengthen independence was implemented. <p>One medium finding on monitoring the delivery and evaluating the application of operational programmes in place was raised.</p>
Assurance and Monitoring Activities Management review of whether controls are working effectively to manage risks. Control weakness are addressed timely and escalated where appropriate.	16. management performs ongoing assessments to ascertain whether the processes and controls are working 17. management has processes to identify internal control improvements and monitors timely corrective action	Core	<ul style="list-style-type: none"> The Council has a formal assurance framework in place, but with varying levels of understanding about management assurance activities over areas of responsibility. There are opportunities to improve visibility, understanding and implication of the three lines of defence to better integrate risk and assurance activities. Internal and key external corrective actions are tracked. The external reviews undertaken at an operational level are not centrally monitored. <p>One high risk finding related to timeliness of resolving previous audit recommendations. Three additional findings related to issues management and on-going monitoring.</p>



Audit engagements 2021/22	High	Medium	Low
Recruitment Documents	1	1	
Facilities management			
Burials and cremation			3
Building controls follow up	1	2	
Creative spaces - Toi Poneke Arts centre	2		
Customer enquiries, complaints and escalation			
Management Practices for Retaining Wall		3	
Street Lights	4		
Haining Street development	2		
Total	10	6	3

Advanced	All elements of good practice are in place and operating effectively. High maturity rating for supporting elements.
Good	Most elements of good practice in place and operating effectively. Moderate to high level of maturity rating for supporting elements. May be some minor weaknesses.
Core	A basic approach with elements of good practice in place but operating in isolation. Low to moderate level of maturity rating for supporting elements. Areas for improvement noted.
Initial	Undefined or basic approach. Low level of maturity rating for supporting elements. Areas for improvements noted.

Report on Legislative Compliance for the year ended 30 June 2023

Purpose

This report provides the Executive Leadership team with:

- a summary of results for the legislative compliance attestation process for the financial year July 2022 to June 2023
- an overview of the legislative compliance control environment
- an understanding of key acts that are important to Council business.

What we found

The overall legislative compliance attestation control environment is **effective**. There are adequate systems in place for managing compliance. Business Units with lead responsibility for key Acts have appropriate controls and processes in place for meeting legislative compliance.

Overall, 9 of the 56 key Acts reported partial or non-compliances. The causes and/or actions to improve compliance were identified by Lead Managers. We rate the consequences of the non-compliances for all other Acts as minor to moderate.

Key themes from the reported non-compliances

Managers identified that recruiting and retaining staff remain challenges to maintaining compliance. Non-compliances and causes are consistent with previous attestations. These include:

- **Meeting statutory timeframes** – issuing resource and building consents, dealing with official information requests, and completing verifications for food businesses. Improvements in statutory timeframes have not all been fully realised because of engineer, staff vacancies and interruptions with Covid-19.
- **Process refinement** – refined processes and more information needed to meet legislative requirements.

There was good progress made by some Lead Managers to carry out planned actions to strengthen compliance. This includes the Holidays Act project that is well underway, and non-compliance issues identified in 2021/2022 report have been worked on and improvements made. There have also been improvements made to policy and procedures so that we are now compliant with the Vulnerable Childrens Act.

The Locosoft software, a collaboration tool that assists with managing and understanding organisational delegations has been implemented and is available for all staff to use.

Next steps

There is more work to do to improve the effectiveness of some policies and procedures, implementing training and tools. Some Lead Managers have noted that it would be beneficial to receive more training regarding the Acts they are responsible for to improve understanding and compliance.

The Assurance & Business Integrity team will work with Lead Managers and Legal to resolve questions identified during the attestation about specific roles and responsibilities under the various Acts. We will follow up with Lead Managers on the improvement actions identified.

Legislative compliance attestation for 1 July 2022 to 30 June 2023



Our legislative compliance control environment

I understand the Act and can confidently share how the Act applies to the Council, its key risks, and the impacts of changes made or proposed since 1 July 2022

- **81% Agree** – I understand the Act and can confidently share my knowledge with others
- **4% Disagree** – I cannot confirm that I understand the Act
- **15% Somewhat Agree** – I confirm that I understand the Act, but I am not confident about sharing my knowledge with others



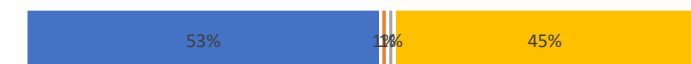
Managing compliance - I am satisfied that the systems, policies, procedures, and controls to identify, monitor and report on legislative compliance are effective

- **77% Agree** – I confirm that the systems, policies, procedures, and controls in place are effective
- **1% Disagree** – I cannot confirm that systems, policies, procedures, and controls in place are effective
- **21% Somewhat Agree** – I confirm that systems, policies, procedures, and controls in place are somewhat effective
- **1% no response**



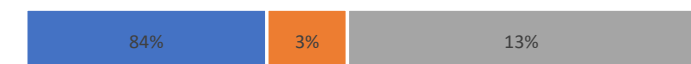
Effectiveness of tools and training for key staff to develop competency in legislative responsibilities

- **53% Agree** - I confirm that our tools and training for key staff are appropriate and adequate
- **1% Disagree** – I cannot confirm that tools and training for key staff are appropriate or adequate
- **1% Don't Know** - I don't know if tools & training for key staff are appropriate or adequate.
- **45% Somewhat agree** - I confirm that our tools & training for key staff mostly appropriate and adequate



Delegated powers and duties - I understand the delegated powers and duties applicable to me and my team

- **84% Agree** – I fully understand the delegated legal powers and duties that are applicable to me and my team
- **3% Not applicable** – The Act does not delegate any legal powers or duties that are applicable to me or my team
- **13% Somewhat agree** – I generally understand the delegated legal powers and duties that are applicable to me and my team



Compliance with the Act - The Council has complied with the Act for the period 1 July 2022 to 30 June 2023

- **87% Agree** – To the best of my knowledge, the Council has complied with the Act. I am satisfied my team has taken all practical steps to ensure compliance with our legal obligations.
- **1% Agree** – To the best of my knowledge, the Council has complied with the Act. I am satisfied my team has taken all practical steps to ensure compliance with our legal obligations.
- **12% Somewhat agree** – The Council has partial complied with the Act. During the year, there has been instances of non-compliance and actions are in place to address these



Non-compliances reported for the period 1 July 2022 to 30 June 2023

1 Non-compliance, 8 Partial non-compliances attestations were reported across 56 Acts.

Act	Group	Description	Management Actions
Resource Management Act 1991	Chief Planning Officer	Non-Compliance - Delays in receiving advisor comments on applications and subdivision certifications is the main reason for the non-compliance. We do have Service Level Agreements with each team but using WWL as an example, they do not have the resource to adequately support us currently.	In progress - Work is underway with WWL in terms of getting some traction at ELT level.
Building Act 2004	Chief Planning Officer	Partial compliance with the 20-day clock and statutory timeframes for issuing building consents. Issuing of building consents has decreased from 75% in 2021/2022 to 64% in 2022/2023. CCC has decreased from 91% in 2021/2022 to 85% in 2022/2023. Target – 100% of building consents issued within 20 days.	In progress – Work is underway to rectify the CCC (City Consenting Compliance) non-compliance issues. The Business Unit is continuing to recruit for an internal Engineer and engaging of additional engineering firms as contractors to assist in engineering reviews of building consents.
Food Act 2014	Chief Planning Officer	Partial compliance – The team have been unable to verify several food businesses within the specified timeframes due to the impacts of COVID. They are currently working on reducing the backlog which is significantly smaller than this time last year.	In progress – The team have been working on attracting and retaining appropriate levels of resourcing within the team. Their aim is to be fully compliant (in terms of verifications being completed within specified timeframes) within the next couple months.
Hazardous Substances and New Organisms Act 1996	Chief Planning Officer	Partial compliance – The team does not actively promote or monitor awareness of the adverse effects of hazardous substances.	In progress – A staff member who is experienced in HSNO has been identified and she is now warranted under the Act. A HSNO working group has been setup to identify and discuss the approach to a range of HSNO related issues across Council. Training options for existing and future officers have been identified.
Local Government Acts 1974 & 2002	Chief Strategy and Governance Officer	Partial compliance – Council is not fully compliant with section 17A of the Local Government 2002 Act.	In progress – In regard to section 17A, it requires an owner within the organisation.

Act	Group	Description	Management Actions
LGOIMA 1987	Chief Strategy and Governance Officer	Partial compliance – Compliance is generally good. There had been an instance where a meeting started later than what was publicly notified which meant the council was in breach of Section 46 of the act.	In progress – New team members are trained in applying the legislation correctly and ensuring they understand that Act so they can work independently when needed. When issues or new scenarios arise, they are discussed at the committee meeting debrief sessions and followed up with discussion at team meeting.
	Chief Strategy and Governance Officer	Partial compliance – There have been some instances of non-compliance these mostly relate to the timeframes for decisions. For the last quarter compliance has been 97%. The Ombudsman has only proceeded to fully investigate three complaints. We have reviewed our formal delegations for staff to respond to a LGOIMA to ensure that they comply with the Act.	In progress – The Official Information team has updated its internal procedures and publishes LGOIMA responses to those of wide public interest. Training for business units and senior leaders will encourage greater transparency and maturity. Simpson Grierson has completed an online presentation to staff to remind them of the purpose of the Act.
Public Records Act 2005	Chief Digital Officer	Partial compliance - Exceptions related to adequate monitoring and reporting on organisational recordkeeping.	In progress - Adequate monitoring and reporting on recordkeeping in the organisation. We have moved into a new system that has better monitoring and reporting, and we plan to develop in this space 2023/24. Taking results from Archives NZ Self-Assessment completed early 2023, we are looking for potential gaps and areas for improvement. Information Management induction updated to be more user-friendly and linked in with new M365 technology. Reviewed and updated of Information and Data Asset Management Policy.
Sale and Supply of Alcohol Act 2012	Chief Planning Officer	Partial compliance – relating to collection of unpaid alcohol licensing fees to assist the hospitality area. All unpaid fees have now been paid.	In progress – We have appointed a Chief Licensing Inspector whose focus is outward facing with the hospitality industry, upskilling existing inspectors and introducing a quality management system for the alcohol licensing process.

Attachment 1: Key Acts for 2022-2023

List of key Acts and the Lead Manager responsible for completing the annual legislative attestation form:

#	Key Act	Group	Lead T3 Manager
1	Residential Tenancies Act 1986	Chief Customer and Community Officer	Daniel Tai
2	Land Transport (Infringement and Reminder Notices) Regulations 2012	Chief Customer and Community Officer	Kevin Black
3	Summary Proceedings Act 1957	Chief Customer and Community Officer	Kevin Black
4	Biosecurity Act 1993	Chief Customer and Community Officer	Paul Andrews
5	Burial and Cremation Act 1964	Chief Customer and Community Officer	Paul Andrews
6	Freedom Camping Act 2011	Chief Customer and Community Officer	Paul Andrews
7	Reserves Act 1977	Chief Customer and Community Officer	Paul Andrews
8	Wellington Town Belt Act 2016	Chief Customer and Community Officer	Paul Andrews
9	Crimes Act 1961 – involving computers	Chief Digital Officer	Hein Beukes
10	Public Records Act 2005	Chief Digital Officer	Nadia Webster
11	Rating Valuations Act 1998	Chief Digital Officer	Nadia Webster
12	Goods and Services Tax Act 1985	Chief Financial Officer	Karina Young
13	Income Tax Act 2007	Chief Financial Officer	Karina Young
14	Rates Rebate Act 1973	Chief Financial Officer	Michael Nyamudeza
15	Local Government (Rating) Act 2002	Chief Financial Officer	Raina Kereama
16	Local Government Borrowing Act 2011	Chief Financial Officer	Sarah Houston Eastergaard
17	Land Drainage Act 1908	Chief Infrastructure Officer	Brad Singh
18	National Code of Practice for Utility Operators' Access to Transport Corridors 2019	Chief Infrastructure Officer	Brad Singh
19	Utilities Access Act 2010	Chief Infrastructure Officer	Brad Singh
20	Land Transport Act 1998	Chief Infrastructure Officer	Brad Singh Vida Christeller
21	Land Transport Management Act 2003	Chief Infrastructure Officer	Brad Singh Vida Christeller
22	Civil Defence Emergency Management Act 2002	Chief Infrastructure Officer	Chris Mathews
23	Water Services Entities Act 2022	Chief Infrastructure Officer	Chris Mathews
24	Waste Minimisation Act 2008	Chief Infrastructure Officer	Chris Mathews
25	Employment Relations Act 2000	Chief People & Culture Officer	Carla Flynn
26	Fair Pay Agreements Act 2022	Chief People & Culture Officer	Carla Flynn
27	Health and Safety at Work Act 2015	Chief People & Culture Officer	Wendi Henderson
28	Holidays Act 2003	Chief People & Culture Officer	Carla Flynn
29	Human Rights Act 1993	Chief People & Culture Officer	Carla Flynn
30	Vulnerable Children Act 2014	Chief People & Culture Officer	Wendi Henderson
31	Wages Protection Act 1983	Chief People & Culture Officer	Carla Flynn
32	Building Act 2004	Chief Planning Officer	Mark Pattimore
33	Climate Change Response Act 2002	Chief Planning Officer	Alison Howard
34	Construction Contracts Act 2002	Chief Planning Officer	Phil Becker
35	COVID-19 Recovery (Fast-track Consenting) Act 2020	Chief Planning Officer	Mark Pattimore
36	Dog Control Act 1996	Chief Planning Officer	Mark Pattimore
37	Food Act 2014	Chief Planning Officer	Mark Pattimore
38	Hazardous Substances and New Organisms Act 1996	Chief Planning Officer	Mark Pattimore
39	Health Act 1956	Chief Planning Officer	Mark Pattimore
40	Heritage NZ Pouhere Taonga Act 2014	Chief Planning Officer	Sean Audain
41	Litter Act 1979	Chief Planning Officer	Mark Pattimore
42	Public Works Act 1981	Chief Planning Officer	Phil Becker
43	Resource Management Act 1991	Chief Planning Officer	Mark Pattimore Sean Audain
44	Sale and Supply of Alcohol Act 2012	Chief Planning Officer	Mark Pattimore
45	Urban Development Act 2020	Chief Planning Officer	Phil Becker
46	Bylaws Act 1910	Chief Strategy and Governance Officer	Baz Kaufman
47	Companies Act 1993	Chief Strategy and Governance Officer	Anna Calver
48	Copyright Act 1994	Chief Strategy and Governance Officer	Jennifer Parker
49	Local Authorities (Members' Interests) Act 1968	Chief Strategy and Governance Officer	Jennifer Parker
50	Local Electoral Act 2001	Chief Strategy and Governance Officer	Jennifer Parker
51	Local Government Acts 1974 & 2002	Chief Strategy and Governance Officer	Multiple managers – see LGA* table
52	Local Government Official Information and Meetings Act 1987 (LGOIMA)	Chief Strategy and Governance Officer	Richard Leverington Jennifer Parker
53	Privacy Act 2020	Chief Strategy and Governance Officer	Richard Leverington
54	Protected Disclosures (Protection of Whistleblowers) Act 2022	Chief Strategy and Governance Officer	Richard Leverington
55	Trusts Act 2019	Chief Strategy and Governance Officer	Anna Calver
56	Weatheright Homes Resolution Services Act 2006	Chief Strategy and Governance Officer	Beth Keightley

*Local Government Act 2002

Key Sections of the LGA	Lead ELT	T3 Managers
Part 2 Purpose of local government, and role and powers of local authorities	Chief Strategy and Governance Officer	Baz Kaufman
Part 4 Governance and management of local authorities and community boards	Chief Strategy and Governance Officer	Jennifer Parker
Part 5 Council-controlled organisations and council organisations	Chief Strategy and Governance Officer	Anna Calver
Part 6 Planning, decision-making, and accountability	Chief Strategy and Governance Officer	Baz Kaufman
Subpart 2 Reporting Subpart 3 Financial management Subpart 4 Borrowing & Security	Chief Financial Officer	Raina Kereama Sarah Houston-Eastergaard
Part 7 Specific obligations and restrictions on local authorities & other persons	Chief Infrastructure Officer	Chris Mathews
Subpart 1 Specific obligations to make assessments of water and sanitary services Subpart 2 Obligations and restrictions relating to provision of water services	Chief Infrastructure Officer	Chris Mathews
Subpart 3 Restrictions on disposal of parks, reserves, and endowment properties	Chief Customer and Community Officer	Paul Andrews
Subpart 4 Public libraries	Chief Customer and Community Officer	Laurinda Thomas
Part 8 Regulatory, enforcement & coercive powers of local authorities	Chief Strategy and Governance Officer Chief Infrastructure Officer Chief Financial Officer	Baz Kaufman Chris Mathews Brad Singh
Subpart 1 Powers of local authorities to make bylaws Subpart 2 Enforcement powers Subpart 3 Powers in relation to private land Subpart 4 Powers in relation to water services and trade waste Subpart 5 Development contributions Subpart 6 Removal orders	Chief Strategy and Governance Officer Chief Infrastructure Officer Chief Financial Officer	Baz Kaufman Chris Mathews Brad Singh

Note: This list of Acts is not exhaustive. All managers are responsible for ensuring that they have systems in place to ensure that the work completed by their teams complies with all relevant legislation.

Criteria for key Acts

The list of Key Acts for inclusion in the attestation process were identified with management. The list is based on judgement and guided by the following:

- scope of the Act can be applied to the Council (has specific TA powers & responsibilities)
- have implications for the Council as a regulator
- are important to achieving our strategic priorities
- have specific responsibilities and/or consequences for elected members
- policies, systems, and training are expected to be in place to manage compliance
- compliance is monitored and reported
- risk of non-compliance may lead to significant consequences
- require active management and plans to address compliance improvements.

STRATEGIC RISKS UPDATE AUGUST 2023

Kōrero taunaki | Summary of considerations

Purpose

1. This report to Unaunahi Māhirahira | Audit and Risk Committee provides you with exception reporting on our Strategic Risks and describes work in progress to maintain our Strategic Risk Register. This report includes applies Council's Risk Appetite Statements to our Strategic ratings.

Strategic alignment with community wellbeing outcomes and priority areas

Aligns with the following strategies and priority areas:

Strategic alignment with priority objective areas from Long-term Plan 2021–2031

- Sustainable, natural eco city
- People friendly, compact, safe and accessible capital city
- Innovative, inclusive and creative city
- Dynamic and sustainable economy
- Functioning, resilient and reliable three waters infrastructure
- Affordable, resilient and safe place to live
- Safe, resilient and reliable core transport infrastructure network
- Fit-for-purpose community, creative and cultural spaces
- Accelerating zero-carbon and waste-free transition
- Strong partnerships with mana whenua

Relevant Previous decisions

In February 2023, this Committee was advised of new risk profiles that would be developed by request of the Executive Leadership team. In June 2023, Council approved eight Risk Appetite Statements, with further statements to be developed.

Financial considerations

- Nil Budgetary provision in Annual Plan / Long-term Plan Unbudgeted \$X

2. Nil

Risk

- Low Medium High Extreme

3. This report provides contributes to assurance reporting on risk management at Council.

Author	Kim Wright, Principal Advisor Risk Management
Authoriser	Stephen McArthur, Chief Strategy & Governance Officer

Taunakitanga | Officers' Recommendations

Officers recommend the following motion

That the Unaunahi Māhirahira | Audit and Risk Committee:

1. Receive the information.

Whakarāpopoto | Executive Summary

4. The status of our Council's Strategic Risks is provided in the Summary Dashboard (Attachment 1). The dashboard also includes reflection on how our risks relate to Council's Risk Appetite (Attachment 2). There are no emerging risks to note.
5. Exception reporting on Strategic Risks in this period includes one new risk profile and three significantly updated profiles. These profiles are provided as attachments to this paper (Attachments 3-6):
 - *Workforce constraints and the future of work* risk profile (replaces the *Resource and supply constraints* risk profile – developed as a completely new profile)
 - *Inadequate harm prevention*. The risk has been reassessed due to significant progress in capability and systems. The inherent risk rating has decreased from "Severe" to "High"
 - *Pandemic* risk profile replaces the COVID-19 risk profile. The new scenario is based on global probabilities and impacts for a major pandemic event
 - *Other hazard emergency*. This risk profile covers hazard emergencies other than the major earthquake and tsunami threat. A new major storm scenario has been assessed and the Inherent risk has increased from low to medium.
6. New risk profiles in development that will be provided to the Committee when completed and approved:
 - *Inadequate implementation of Tūpiki Ora and Tākai Here* risk profile: a first pass risk assessment has been completed and a draft profile developed
 - New *Inadequate policies and controls* risk profile a first pass risk assessment has been completed and a draft profile developed
 - *Strategic Planning* risk profile is being developed by collating the *Inadequate asset management, Inadequate financial planning and practice* and *Inadequate planning and prioritisation* profile
 - The *Inadequate partnership practice* risk profile is being refocussed to reflect mana whenua partnership being covered in a separate profile.
7. The Summary Dashboard shows the inherent and target ratings of all risks in our Strategic Risk Register. Our target residual ratings reflect the appetite of this Council for how we manage and report on specific consequences as part of our Strategic Risk. In general, Inherent maximum credible consequence ratings are outside appetite and target consequences are within appetite. Where the target residual ratings for specific consequences falls outside our appetite and are likely intolerable, commentary is provided.

8. Our risk rating matrix has been updated to a five-by-five scale from the previous four-by-four-scale (refer risk profiles and the Summary Dashboard). This is consistent with risk matrices applied in our Health and Safety framework and Project Management Investment Delivery framework. In some cases, this has resulted in minor changes to either a likelihood or consequence rating but the relativity of risk rating for risks is unchanged.

Takenga mai | Background

9. In February 2023, this Committee was advised of new risk profiles that would be developed after a review of the Strategic Risk Register by the Executive Leadership Team. The Risk Management team has coordinated subject matter expertise from across Council to conduct new risk assessments and develop and/or update risk profiles. All risk profiles are reviewed and maintained throughout the year, with a full review of the Register by ELT annually. Subject matter experts from across Council are involved in the developing the content of risk profiles and the maximum credible event risk assessments. All risk profiles are reviewed by the ELT risk owner, and where appropriate by other ELT members.
10. In June 2023, Council approved eight Risk Appetite Statements, with further statements to be developed. These statements describe Council's tolerance for risks to consequence areas within our Enterprise Risk Framework (Attachment 2). The Risk management team will continue work on the consequence categories that are yet to have agreed appetite statements. The intention is to incorporate information from the outcomes of Long-term Plan levels of service work elected members will be involved with in September. This information will be used to develop the appetite statements options focusing on our service delivery, environment, capital budget and critical assets. The indicative timeframe for having drafts for approval by this Committee prepared for these remaining consequence categories is the November Unaunahi Māhirahira meeting.

Kōrerorero | Discussion

11. A horizon scan of national and international risk trends has not identified any novel threats or risk additional to those included in previous reporting.
12. Several new or refocussed risk profiles are under development. The *Workforce constraints and the future of work* risk profile has been completed and approved by the ELT risk owner. During the assessment experts in the room saw this threat as relatively low risk in the short to medium term and also that it creates many opportunities. In the longer term the recruitment environment and demographic changes in the workforce will continue to create pressure. How we plan for these longer-term challenges and adapt our policies and controls for new technologies and ways of working is the key to managing risks associated with novel technologies and innovative ways of working.
13. The August Summary Dashboard is the first time we have applied the Risk Appetite Statements to our Strategic Risk Ratings. The appetite statements were applied to based on the following:
 - Council's strategic risks describe the most significant internal and external threats to strategic and operational function and delivery. We take a maximum credible (realistic worst case) approach when assessing our risks
 - When viewed across all maximum credible risk assessments, all consequences areas in the Enterprise risk Framework (excluding Democracy and Governance)

rate major or severe overall. This means for the eight consequence areas with Risk Appetite Statements we are outside or close to our tolerance limits







- Our target residual risk ratings (see Attachment 1) describe whether council can implement the required treatments, controls and mitigations to address these risks and operate within its risk.

14. In some cases, we are unable to reduce the consequences themselves to tolerable levels. Because our appetite is cautious for worker health and safety this does not mean we are tolerant of serious harm events. There is always the chance of worker fatality or serious harm in any job. In order to address the high consequences involved Council prioritises reducing the likelihood of worker harm incidents. Council also requires comprehensive and frequent reporting on how we are managing our Health and Safety risks.

Ngā mahinga e whai ake nei | Next actions

15. The Risk Management team will continue the development of new risk profiles and regular review and maintenance of existing risk profiles. The team will also coordinate further work on expanding the Council's risk appetite statements aligning this with the outcomes of levels of services workshops with elected members.

Attachments

Attachment 1.	Strategic Risks Summary Dashboard August 2023 ↓ 	Page 25
Attachment 2.	Risk Appetite Statements August 2023 ↓ 	Page 27
Attachment 3.	Inadequate Harm Prevention Strategic Risk Profile ↓ 	Page 29
Attachment 4.	Pandemic Strategic Risk Profile ↓ 	Page 31
Attachment 5.	Workforce Constraints and Future of Work Strategic Risk profile ↓ 	Page 33
Attachment 6.	Other Hazard Emergency Strategic Risk Profile ↓ 	Page 35

	Adaptation to Major Change	Inadequate Climate Change Response	Cyberattack	Earthquake and Tsunami	Fraud	Inadequate Harm Prevention	Other Hazard Emergency	Malicious Attack	Pandemic	Inadequate Partnership Practice	Inadequate Strategic Planning	Workforce Constraints and Future of Work
Inherent Risk Rating	Low/Medium	High/Medium	High	High	Medium	Medium	Medium	Medium	High	High	Extreme	Medium/Low
Overall Consequences Rating	Moderate	Major	Major	Severe	Moderate	Major	Major	Major	Severe	Major	Severe	Moderate
Likelihood Rating	Unlikely	Unlikely	Possible	Rare	Possible	Unlikely	Unlikely	Unlikely	Unlikely	Possible	Almost Certain	Unlikely
Target (Residual) Risk Rating	Low	Medium	Low	High	Low	Medium	Low	Medium	Medium	Low	High	TBA
Overall Consequences Rating	Minor	Major	Moderate	Severe	Minor	Major	Moderate	Major	Major	Moderate	Major	TBA
Likelihood Rating	Unlikely	Unlikely	Unlikely	Rare	Unlikely	Rare	Unlikely	Rare	Unlikely	Unlikely	Almost Certain	TBA
Change in risk status	↔	↔	↔	↔	↔	↓	↑	↔	↔	↔	↔	NEW

Maximum Credible Event Scenario Assessments - Risk Ratings Summary

Strategic Risk Ratings

Risk Rating Key

Extreme	High	Medium	Low	Very Low
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INHERENT AND TARGET RISK LEVELS

Current (Inherent) Risk Rating ● Target (Residual) Risk Levels ●

External Threats

- CA Cyberattack
- ET Earthquake and Tsunami
- HE Other Hazard Emergency
- MA Malicious Attack
- PA Pandemic
- WF Workforce Constraints and Future of Work

Internal Threats

- MC Inadequate Adaptation to Major Change
- CC Inadequate Climate Change Response
- FR Fraud
- HP Inadequate Harm Prevention
- FR Fraud
- PP Inadequate Partnership Practice
- SP Inadequate Strategic Planning

Key Changes:
 The replacement of the hazardous substances event with the new maximum credible storm event scenario for the *Other hazard emergency* risk has increased the inherent risk rating. Significant improvements in systems and capability have reduced the *Inadequate harm prevention* risk.

We have adopted a five x five scale to be consistent with other framework scales used (e.g. Health and Safety risks or Project risks). The relativity of the risks has remained (i.e. which risks rate higher overall, however the likelihood ratings of some risks have changed slightly due to the application of the new scale).

New inherent risk ratings have been added for *Inadequate Implementation of Tūpiki Ora and Tākai Here*, *Workforce Constraints and the Future of Work* and *Inadequate Policies and Controls*. Note the assessments for target (residual) risk for these three threats are in development. The Pandemic rating replaces COVID-19.

Inherent risk levels are assessed as maximum credible scenarios for each of the threats in our Strategic Risk Register. Inherent risk levels take into consideration treatments already in place but not those planned for the future, or that are in progress. Target risk levels are set as the realistic upper levels of maximum credible events following all available and practical treatments and controls that are planned or in progress. The target reflects what is achievable in terms of whether it is possible to reduce the likelihood or consequences for each threat. The current (inherent) risk ratings are expected to track towards the target residual ratings over time. As these are significant threats to Council, we expect this process to be gradual with our target residual ratings as medium to long-term goals. For most risks, we would expect change to occur over one year to three years, rather than within months.

Reviewed by WCC Executive Leadership August 2023

Target Risk Ratings and Consequences Ratings Summary

	Inadequate Adaptation to Major Change	Inadequate Climate Change Response	Cyberattack	Earthquake and Tsunami	Fraud	Inadequate Harm Prevention	Other Hazard Emergency	Malicious Attack	Pandemic	Inadequate Partnership Practice	Inadequate Strategic Planning	Workforce Constraints and Future of Work	Risk Appetite Rating	Risk Tolerance?
Democracy and Governance	Minor	Minor	Negligible	Moderate	Minor	Negligible	Minor	Moderate	Minor	Moderate	Minor	TBA		Within
Partnerships and Relationships	Moderate	Minor	Minor	Minor	Minor	Negligible	Minor	Minor	Minor	Moderate	Moderate	TBA		Within
Critical Service Delivery	Minor	Moderate	Moderate	Major	Minor	Negligible	Minor	Minor	Moderate	Minor	Moderate	TBA	N/A	
Wellbeing Services Delivery	Minor	Moderate	Moderate	Major	Minor	Negligible	Minor	Moderate	Major	Minor	Moderate	TBA	N/A	
Community Health and Safety	Minor	Major	Negligible	Major	Minor	Negligible	Moderate	Moderate	Major	Minor	Minor	TBA		Within ¹
Priority Investment Projects & Programmes	Moderate	Major	Moderate	Severe	Minor	Negligible	Minor	Minor	Major	Moderate	Major	TBA	N/A	
Environment	Moderate	Moderate	Minor	Major	Minor	Negligible	Minor	Minor	Moderate	Minor	Moderate	TBA	N/A	
Reputation and Trust	Moderate	Moderate	Moderate	Moderate	Moderate	Negligible	Moderate	Minor	Moderate	Moderate	Major	TBA		Within ²
Worker Health & Safety	Moderate	Moderate	Moderate	Major	Moderate	Severe	Major	Severe	Major	Moderate	Major	TBA		Intolerable ³
Capability and Capacity	Minor	Moderate	Minor	Major	Minor	Negligible	Minor	Moderate	Major	Minor	Major	TBA	N/A	
Our Critical Assets	Minor	Moderate	Minor	Major	Minor	Negligible	Minor	Minor	Moderate	Minor	Moderate	TBA	N/A	
Our Finances	Moderate	Moderate	Moderate	Severe	Minor	Negligible	Minor	Moderate	Major	Minor	Major	TBA		Somewhat ⁴
Data, Information and Tools	Moderate	Minor	Major	Major	Minor	Negligible	Minor	Minor	Minor	Minor	Minor	TBA		Within ⁵
Legal Regulatory and Compliance	Minor	Minor	Moderate	Moderate	Minor	Negligible	Moderate	Moderate	Minor	Moderate	Moderate	TBA		Within ⁶

This table indicates key vulnerabilities or consequence areas of focus for reducing strategic risks to our organisation. Our Priority Investment projects and programmes are shown as most vulnerable to a range of threats, followed by the physical and mental wellbeing of WCC staff. Commentary on whether consequence impacts tolerable is provided below. Note this table shows whether our expected course of action will bring risk to within tolerable levels/

Commentary

Significant changes in risk over last reporting period (exception reporting)

Council Risk Appetite









Risk Appetite Statement Category	Reference	Appetite rating	Overall consequence ratings	Commentary
Transparency and Public Participation	N/A	Cautious	Moderate	Within appetite – Covered under Democracy and Governance
Strategic Partnerships	N/A	Cautious	Moderate	Within appetite
Community Health and Safety	1	Cautious/flexible	Major	Within appetite – Although overall some threats give rise to major community health impacts (e.g. earthquake and tsunami) the appetite reflects Council’s sphere of influence
Reputation and Perception	2	Flexible	Major	Within appetite – Council generally accepts negative media coverage and changing public perceptions are part of doing business
Worker Health and Safety	3	Cautious	Severe/Major	Intolerable – As the worst-case consequences of serious harm or fatality are intolerable, but there is still a chance of occurrence due to the nature of our work, Council focuses on reducing the likelihood of harmful incidents
Operational Budget	4	Cautious/flexible	Major	Somewhat – Current risk assessment combine all financial impacts (capital and operational budgets). Council has a more flexible appetite for operational budget variations
Private and Sensitive Data	5	Cautious	Major	Within – Noting current threats in general do not show significant impacts in this consequence category. Controls are key for reducing this risk. The new risk profile for <i>Inadequate policies and controls</i> (under development) will provide more detail and the ratings may change whether we are within appetite
Legislative Compliance	6	Cautious/flexible	moderate	Within appetite but noting this will be updated following the release of the new <i>Inadequate Policies and Controls</i> threat (risk profile in development)- some Acts are of greater significance – e.g., if Council cannot improve current controls, compliance with Privacy Act cannot be assured

Emerging Risks or items of note

There are no novel or emerging risks to note.

Reviewed by WCC Executive Leadership August 2023

Wellington City Council Risk Appetite Statements

Consequence Categories	Risk Appetite Rating	Risk Appetite Statement
Worker Health and Safety		The health and safety of Council workers is critical. We will avoid all preventable risks to staff physical and mental health and safety unless they can be mitigated to minor risks. We will proactively monitor, manage and report health and safety risks in exceedance of legal requirements. All workers will have access to H&S training.
Community Health and Safety		The Council will take all practicable and legally required steps to reduce the chance of harm to the public on Council managed sites. The Council will work with partners and the public on safety initiatives in public spaces. This may include mitigating environments that create opportunities for harmful social behaviour.
Transparency and Public Participation		Council governance meetings should be transparent and open to the public, minutes and agendas must be available. Key strategic decisions require effective public participation and consultation. The default position is to share all information, but limited information will be withheld in specific circumstances on legal grounds and makes use of the public exclusion process.
Private and Sensitive Data		We will not tolerate intentional release of private or sensitive data or privileged information. We'll follow central government Protective Security Requirements to ensure we prevent unintentional release or malicious attacks on our data
Strategic Partnerships		The Council recognises the importance of partnerships in our work. The Council will build partnerships and collaborate to deliver shared benefits and outcomes.
Reputation and Perception		The Council acknowledges that Wellingtonians have diverse opinions and that some decisions may be controversial or unpopular and result in negative perceptions of us. The Council will engage in good faith with the media and the public and will work to maintain trust and confidence of the public through good management and governance of the organisation
Operational Budget		We will not tolerate fraudulent or corrupt financial transactions. Minor budget variations are acceptable, provided they are in line with the Council Procurement Policy, and variations fall within 5% of the activity or group budget.
Legislative Compliance		We will focus our efforts on monitoring compliance with key legislation and will not tolerate deliberate breaches of these key legislation. We will take a risk-based approach to non-compliance with all other legislation that may apply to the Council.

Wellington City Council Strategic Risk Profile – INADEQUATE HARM PREVENTION

Threat Title	INADEQUATE HARM PREVENTION		
Threat Description	Inadequate implementation of measures to provide a safe and healthy workplace, and/or to take practicable and appropriate measures available to Council to support the health and safety of the people of Wellington, within our sphere of responsibility and influence.	Last Review Date	August 2023
Risk Owner	Meredith Blackler (Chief People and Culture Officer)	Next Review Date	August 2024

Governance	
Governance Body	Topics Reported On:
Unaunahi Māhirahira Audit and Risk Committee	<ul style="list-style-type: none"> Overall risk status reporting and Health and Safety Performance reports
Kōrau Mātinitini Social, Cultural, and Economic Committee	<ul style="list-style-type: none"> Physical security improvements to Council owned/operated buildings (as well as to other appropriate Committees) Updates on Pōneke Promise
Kōrau Tōtōpū Long -Term Plan, Finance and Performance Committee	<ul style="list-style-type: none"> Officer Due Diligence Responsibilities (Health and Safety at Work Act 2015)
Executive Leadership Team (ELT)	<ul style="list-style-type: none"> Changes to operational process to Chief People and Culture Officer Priority Investments (including Pōneke Promise)

Monitoring and Exception Reporting
<ul style="list-style-type: none"> Trend - Risk decreasing since last report: This risk profile was updated in July 2023 in conjunction with People and Culture leaders and subject matter experts. The inherent maximum credible risk rating has reduced from Extreme/High to High/Medium. The change is the result of the suite of work completed by the Health and Safety team including the implementation of the MySafety system, which has comprehensive escalation and risk assessment functionality for H&S. While the worst cases scenario for consequences will always be severe, the likelihood of such an event has decreased.

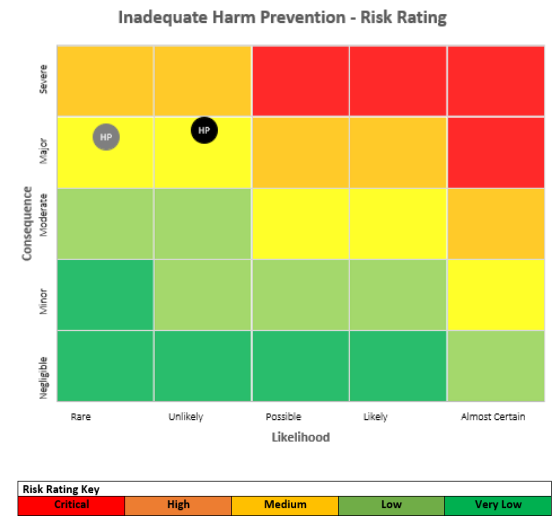
Current Risk Treatments/Controls/Mitigations
<p>Worker Health and Safety</p> <ul style="list-style-type: none"> Comprehensive Health and Safety training for staff available as required depending on role (machinery, vehicles, resilience, wellbeing, first aid, etc.) EcoPortal software 'MySafety' portal for reporting health and safety incidents and near misses, assessing Health and safety risks and escalation of risks Pandemic hygiene and wellbeing practices continued to reduce risk form other infectious illnesses Employment Assistance Programme available to all workers to support psychological health and safety Unions – representation/consultation in key decisions relate to health and safety Initiatives introduced in response to the Kōrero Mai staff survey that focus on staff conduct, bullying prevention and safe workspaces Health and Safety Business Partners work alongside Business Units to assess risk and follow safe sand compliant practice– subject matter experts; capability and capacity Health and Safety Good Sorts – recognition of key individuals make a difference in health and safety practice in the Council Five-year health and safety strategy created to improve organizational safety maturity Review of organizational critical risks underway to verify effectiveness and identify potential gaps in current controls

Document Owner: Risk Management Team
Template last updated: July 2023
Next template review: July 2024

Risk Assessment – Consequences		
Consequence Categories	Consequence Rating	Consequence Rating - Rationale
Democracy and Governance	Negligible	No direct impacts or consequences expected
Partnerships, Relationships and Influence	Moderate	Previous fatality at landfill did not directly impact partners and relationships (e.g., Still using the same contractors). Withdrawal or lower commitment to Pōneke Promise likely to affect key relationships but would be repairable with time and effort.
Critical Services Delivery	Negligible	No impacts expected. Critical services should be covered by their BCPs.
Wellbeing Outcomes Services Delivery	Negligible	No significant impact on overall service delivery
Community Health and Safety	Moderate	Pōneke Promise covers a broad range of initiatives to support safer streets in the CBD and particularly Courtney Place. Would expect reduced perception of safety and increased opportunity for harmful behaviour if we do not deliver Pōneke Promise activities.
Priority Investments, Projects, and Programmes of Work	Moderate	An incident may create a domino effect of changes to all programmes and projects. Incidents outside of the Council may also result in changes.
Environmental	Minor	No impacts expected
Reputation, Perception and Trust	Major	Whether harm is to our own staff/contractor or to a member of the public, if it appears we have not taken all necessary actions to keep people safe that are within our power we are likely to receive considerable negative media attention
Worker Health and Safety	Severe	Staff working in roles and locations that are hazardous, likewise some of our initiatives are important for assisting with harm prevention (e.g. the city CCTV network can be used for alerting police etc to response to dangerous situations. These situations can lead to serious harm
Capability and Capacity of Council People	Moderate	If we are not seen to be a good employer that puts staff wellbeing high, we may have trouble retaining and recruiting staff
Critical Assets	Minor	No significant impacts expected. Council Procurement includes H&S considerations.
Finances	Moderate	Incident may result in legislative fines. There may also be a cost to implement any changes as result of incidents. Note, there is some contingency budget available.
Data Information Technology and Tools	Minor	No significant impacts expected. MySafety is a secure platform.
Legal, Regulatory and Compliance	Major	We must comply with the Health and Safety at Work Act, could be investigated by Worksafe, possible legal action if it appears we have not fulfilled our legal H&S obligations.

Public Health and Safety		
<ul style="list-style-type: none"> Pōneke Promise initiatives to foster safety city spaces Downtown CCTV network - data collection and real time monitoring for rapid response by emergency services 		
Future Risk Treatments/Controls/Mitigations		
<ul style="list-style-type: none"> Review of safety management system underway to align the organisation with international standards. Health and Safety Team are working on improving data sharing with relevant teams across the Council and trend analysis using data from MySafety 		
Gaps, Issues or Opportunities		
<ul style="list-style-type: none"> More work needs to be done to better educate staff on good reporting practices, this will be done through regular staff engagement by the H&S business partner team. Greater understanding will give the organisation better data to make decisions and proactively identify health and safety risks. 		
References		
Relevant Legislation	Related Plans, Policies, and Strategies	Related Procedures, Information and Documents
<ul style="list-style-type: none"> Health and Safety at Work Act 2015 Crimes Act 1961 Trespass Act 1980 Health Act 1956 Local Government Act 2002 	<ul style="list-style-type: none"> A Safer Tomorrow: Our workplace health and safety strategy (2023 – 28) Wellbeing Framework Inclusion Strategy Poneke Promise 2021 	<ul style="list-style-type: none"> Code of Conduct
Relevant Report to Other Committees		
<ul style="list-style-type: none"> Unaunahi Māhirahira Audit and Risk Committee (10 May 2023) – Critical Observation Process; Establishment of Health Safety Good Sorts; MySafety positive feedback; Drafting of Health Safety Strategy; COVID19 Updates Council Meeting (1 June 2023) – Health and Safety Performance Report 		
Additional Commentary		
Links to Other Threats and Risks (Controls will be interrelated)		
<ul style="list-style-type: none"> Risk may be exacerbated by following risks: Pandemic; Earthquake and Tsunami; Other Hazard Events; and Malicious Attack, Inadequate Polices and Controls 		
Underlying Trends and Influencers of the Risk		
<ul style="list-style-type: none"> The ongoing COVID-19 global pandemic is a source of societal stress, including to the people of Wellington, our staff and contractors. 		

Risk Analysis



Field	Descriptor/Rating
Inherent Risk Rating ●	Medium
Target Residual Risk Rating ●	Medium
Likelihood	Unlikely
Consequence	Major

Maximum credible scenario (Inherent risk): Council inadequately implements available and practicable health and safety initiatives to protect staff, contractors and the public from harm. The risk assessment recognises that while Council plays a role in public health and safety, we are not solely responsible for reducing public harm; there are limits on our influence. We have greater influence and responsibility to the health and safety of our staff and contractors.

Document Owner: Risk Management Team
Template last updated: July 2023
Next template review: July 2024

Wellington City Council Strategic Risk Profile – PANDEMIC

Threat Title	PANDEMIC		
Threat Description	An uncontrolled and widespread outbreak of a pandemic disease, in Wellington and wider New Zealand	Last Review Date	August 2023
Risk Owner	Meredith Blackler (Chief People and Culture Officer)	Next Review Date	August 2024

Governance

Governance Body	Topics Reported On:
Unaunahi Māhirahira Audit and Risk Committee	<ul style="list-style-type: none"> Overall risk status reporting Requirements for health, safety and staff wellbeing
Kōrau Tūāpapa Environment and Infrastructure Committee	<ul style="list-style-type: none"> Impacts of pandemic on delivery of critical services and priority investment capital projects
Kōrau Tōtōpū Long -Term Plan, Finance and Performance Committee	<ul style="list-style-type: none"> Impacts of pandemic on Council finances and performance Reporting on emergency preparedness
Executive Leadership Team (ELT)	<ul style="list-style-type: none"> Pandemic scenario and impact planning advice Impacts of pandemic on Council finances, staff wellbeing, long-term and BAU workplans Oversee of implementation of all relevant government guidance and regulations

Monitoring and Exception Reporting

- This risk profile was reviewed by the People and Culture Senior Leadership Team and ELT in July 2023.
- The previous COVID-19 strategic risk has been re-developed into general pandemic.

Current Risk Treatments/Controls/Mitigations

- Corporate offices are organised to allow for physical distancing, and regular cleaning routines.
- Plans ready to be activated for team rostering and distancing in operational areas of the organisation.
- Digital democracy systems established for Council Committees and public participation to continue remotely.
- A comprehensive range of resources, factsheets, and guidance (physical distancing, mask, hygiene protocols), adapted business processes (digital democracy systems), support (financial and wellbeing related) developed to support all staff to understand and comply with requirements. This can be re-developed or reinstated for future pandemic responses.
- Priority Council services have been identified as part of business continuity planning.
- The Council can operate many functions remotely. Digital system checks are performed.
- Pandemic Response Team (2020) - able to be stood up as required.
- WCC Civil Defence Emergency Management role and responsibilities in partnership with central government local government and welfare service agencies to support affected communities.
- Designation of Priority council services and designation of critical services
- Employment Assistance Program available for staff
- Hybrid Working normalised with +50% of staff able to continue to work from home.

Future Risk Treatments/Controls/Mitigations

- Staff wellbeing, capability and capacity management ongoing in response to staff unavailability due to positive cases and close contact isolation requirements. Service delivery will continue to be prioritised or re-scaled as required on a case-by-case basis.

Document Owner: Risk Management Team
Template last updated: July 2023
Next template review: July 2024

Risk Assessment – Consequences

Consequence Categories	Consequence Rating	Consequence Rating - Rationale
Democracy and Governance	Minor	Contagion in Wellington could restrict voting. All public participation would have to be online. Barriers to getting true representation and access to the public.
Partnerships, Relationships and Influence	Minor	Much more virtual inter-action. Expectation of under-writing partners. Relationships with MBE, TPK will become more important than those in Civil Defence network. Tendency to work in silos
Critical Services Delivery	Moderate	Extended impact of supply chain constraints. More vulnerable to a possible disruption.
Wellbeing Outcomes Services Delivery	Major	No big events, hospitality not being able to operate. Council has a role to play in adapting to the new normal. Helping arts, sports, culture events to deliver smaller scale Covid-safe events
Community Health and Safety	Severe	Support likely to come directly from govt agencies rather than via CDEM network. Difficulty delivering support if staff are unwell. Resilience stretched further. Mass casualties and illness expected. New categories at risk - newly unemployed, those who haven't engaged with social agencies.
Priority Investments, Projects, and Programmes of Work	Severe	Extended impact of supply chain constraints. Management of expectations for delivery dates.
Environmental	Moderate	Recycling and PPE sent to landfill.
Reputation, Perception and Trust	Moderate	No change. Soe will be unhappy with Council enforcement of Government requirements. Community expectations that we have the mechanism to support outside our mandate.
Worker Health and Safety	Major	Compensation for staff WFH. Long term mental health of staff that are unable to work that are not easily redeploy able, decisions needed about discretionary leave and drop to 80%. These are lowest paid and most vulnerable staff. Risk of staff long term illness, even death. Act could be implemented to Isolate entire households
Capability and Capacity of Council People	Major	Over an extended period the need for more space to WFH drives people out of Wellington to more affordable locations. Very hard to bring in new staff when an entire team is WFH.
Critical Assets	Moderate	Potential to respond to a big event e.g. big sewerage break, slip, coastal erosion - would possibly apply different responses to incidents such as close road rather than repair
Finances	Severe	Would likely introduce special financial support mechanisms similar to COVID such as underwriting cancelled events or rates relief. This would impact on cashflow.
Data Information Technology and Tools	Minor	Data attacks amplified at national level during AL3 and AL4 COVID. Increased data security issues where staff working remotely.
Legal, Regulatory and Compliance	Minor	Improvement in responses to consenting due to less interruption but delays in inspections. Little warning of changes to Health Orders which are complex to implement

- Additional work is being done on building out the existing wellbeing hub for the organisation, alongside a new wellbeing framework. This will give the Council a larger toolkit to leverage for staff support in the scenario of a pandemic.

Gaps, Issues or Opportunities

- Opportunity:** Long-term recovery planning WCC specific and with regional partners
- Opportunity:** Strategic review all of significant projects and programmes to identify opportunities for prioritisation/coordination
- Opportunity:** to mitigate risk – WCC is now an accredited employer and able to recruit from overseas
- Gap in planning:** a dedicated and more diversely sourced COVID-19 response team to reduce impact on People and Culture
- Opportunity:** Similar support to the Pandemic Response Plan financial relief/support package (2022) could be applied in future events to mitigate impacts on Wellington City economy.

References

Relevant Legislation	Related Plans, Policies, and Strategies	Related Procedures, Information and Documents
<ul style="list-style-type: none"> Civil Defence Emergency Management Act 2002 Epidemic Preparedness Act 2006 Health Act 1956 COVID-19 Public Health Response Act 2020 Privacy Act 2020 Health and Safety at Work Act 2015 	<ul style="list-style-type: none"> A Safer Tomorrow: Our workplace health and safety strategy (2023 – 28) Rapid Antigen Test Policy March 2022 COVID-19 Vaccination Policy 2021 Associated COVID19 Information 	<ul style="list-style-type: none"> Being Well at WCC wellbeing hub

Relevant Report to Other Committees

- Unaunahi Māhirahira | Audit and Risk Committee (10 May 2023) – Critical Observation Process; Establishment of Health Safety Good Sorts; MySafety positive feedback; Drafting of Health Safety Strategy; COVID19 Updates
- Council Meeting (1 June 2023) – Health and Safety Performance Report

Additional Commentary

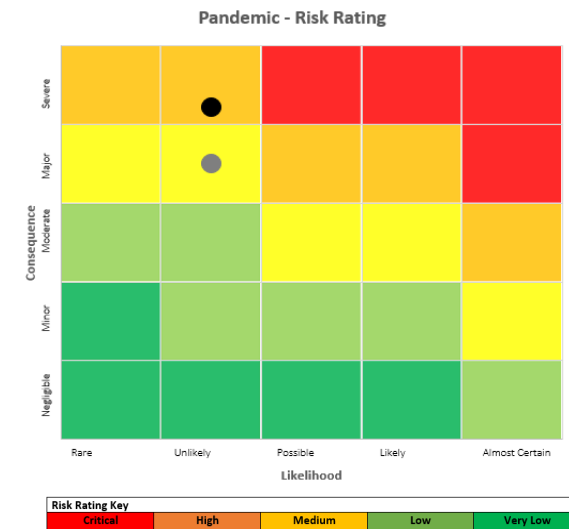
Links to Other Threats and Risks

- Emergency preparedness, response and recovery arrangements during a future pandemic are similar to those for other emergencies such as natural hazard events. MOH is the lead agency, but the functional roles of Council for emergency operations and welfare are similar to those for other emergency types. Capacity for emergency response supports the Council to manage risks from future pandemics as well as other emergencies.

Underlying Trends and Influencers of the Risk

- Global connectedness and increased population density create more favourable conditions for the spread of infectious diseases.
- Urbanisation and increased used of sustainable public transport options while benefiting our climate change risk management, increase transmission risks of infectious diseases should we have infections in the Wellington population.
- Lower social cohesion and the ongoing spread of misinformation are likely to be factors in future pandemics. While the New Zealand population was largely supportive of the border restrictions and lockdowns early in the COVID-19 pandemic, this tolerance decreased as the pandemic continued. The initial strong uptake in vaccination also decreases for booster vaccinations.

Risk Analysis



Field	Descriptor/Rating
Inherent Risk Rating ●	High
Target Residual Risk Rating ●	Medium
Likelihood	Unlikely
Consequence	Severe

Maximum credible scenario (Inherent risk): Infection spreads and require national response (e.g., lockdown). Significant Wellington health impacts (e.g., rapidly increasing fatality rates, multiple infection points; hospitalisation; elective surgery postponed). Emergency coordination at the national level with Council operating in partnership under a Health led response. Expect widespread, multi-year impact on Wellington.

Document Owner: Risk Management Team
Template last updated: July 2023
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Wellington City Council Strategic Risk Profile – WORKFORCE CONSTRAINTS AND FUTURE OF WORK

Threat Title	WORKFORCE CONSTRAINTS AND FUTURE OF WORK		
Threat Description	Ineffective understanding of and planning for workforce requirements, and changes in the external and internal working trends including managing emerging and disruptive technologies.	Last Review Date	August 2023
Risk Owner	Meredith Blackler (Chief People and Culture Officer)	Next Review Date	August 2024

Governance	
Governance Body	Topics Reported On:
Unaunahi Māhirahira Audit and Risk Committee	<ul style="list-style-type: none"> Overall risk status reporting
Kōrau Tōtōpū Long -Term Plan, Finance and Performance Committee	<ul style="list-style-type: none"> Long-term planning and annual planning Financial and non-financial performance oversight in relation to the long-term plan and annual plan
Executive Leadership Team (ELT)	<ul style="list-style-type: none"> Regular performance monitoring and workforce reporting

Monitoring and Exception Reporting
<ul style="list-style-type: none"> This risk profile was developed in July 2023. There is significant opportunity for Council alongside the risks as we proactively embrace hybrid and flexible working. Council is committed to providing a more flexible environment than competitors to increase recruitment and retention success. There are also opportunities in how we adopt new technologies for efficiency or innovation. The risks lie with ensuring policies and controls are adequate to meet a rapidly changing environment not in the technologies themselves. The risk is considered low for the next few years however demographic changes and increasing national and global workforce shortages in some technical areas are expected to increase the risk in the longer-term.

Current Risk Treatments/Controls/Mitigations
<ul style="list-style-type: none"> Tā Mātou Rautaki Hao Pūkenga - Talent Acquisition Strategy. He Tangata He Ahurea - Our People and Culture Strategy 2021 – 2026 – to support status of being an employer of choice. Kia oke tapatahi tātou - Together We Thrive – Inclusion Strategy 2021 – 2024 to support improved inclusion in the workplace and attracting greater diversity reflective of our communities; supports being an employer of choice. Kōrero Mai Engagement Survey – organisational wide actions and ongoing leadership support and development for lower team engagement results to support retention and workplace culture. Business Unit planning – assists in staffing / resourcing forecasting. Hybrid and flexible working arrangements to support attraction efforts as an employer of choice. Accredited Employer status to recruit for hard to fill roles from outside New Zealand. Focus on leadership development to support the culture and employee experience as an employer of choice. Focus on development and career pathways within the Council - Ara Poutama. Talent Management Framework – supports talent identification and uplift of internal staff to meet future workforce needs and being an employer of choice. Also identifies critical roles and individuals to support workforce planning and risk mitigation in the workforce. Internal recruitment and secondments. Approximately 40 percent of roles are filled internally. Targeting different demographics for high turnover roles (e.g., sports and recreation / aquatics).

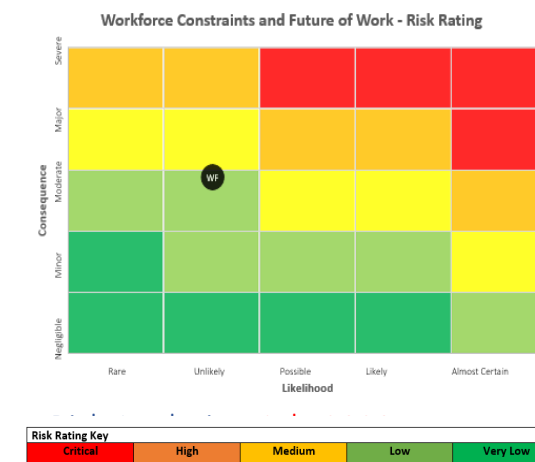
Document Owner: Risk Management Team
Template last updated: July 2023
Next template review: July 2024

Risk Assessment – Consequences		
Consequence Categories	Consequence Rating	Consequence Rating - Rationale
Democracy and Governance	Minor	Can be difficult to recruit for Democracy Services, small team with specialised talent, but likely easier because we are in Wellington, a political city.
Partnerships, Relationships and Influence	Minor	Possibly harder to maintain relationships with mana whenua if we don't ensure we maintain in person relationships as remote working increases. Opportunity - Māori capability framework - will build and uplift cultural capability. Relationships management - becoming more well known, becoming a career pathway. We share a lot of our resources to support other partnerships (LGWM).
Critical Services Delivery	Minor	Critical services technical and operational workers are in high demand for recruitment. Can be a loss of knowledge when people leave especially for small teams.
Wellbeing Outcomes Services Delivery	Minor	Globally overdemand for sports and recreation staff which has been a high risk but we now have mitigations in place. Changes in expectations of the services we provide can change the nature of the work (e.g. libraries).
Community Health and Safety	Minor	Social cohesion is still strained, this is an outside driver. CCTV has positive support and aids community protection; social media can make people feel unsafe but Council social media is positively received.
Priority Investments, Projects, and Programmes of Work	Moderate	Work force constraints - competition is high. Technology fit out for buildings may be under specification and lead to unplanned for expenditure. Technology will support staff working providing better customer experience, however costs are going up and staff need to know how to use technology. The PMO will lift capability but still gaps in governance and project management capability.
Environmental	Minor	Not expected to significantly impact our carbon footprint – we do fly some staff as part of hybrid working, but many also work from home.
Reputation, Perception and Trust	Minor	Questions about staff capability can arise through high interest, negative media stories but the drivers of public interest issues are typically controls and their implementation rather than capability and capacity. Negative media coverage could impact our ability to recruit, but overall our ability to recruitment is increasing. AI - chatbot is favourably received, accountability still sits with officer. Training is critical. Lower capacity in areas with statutory timeframes e.g., consenting can impact service delivery and public reputation.
Worker Health and Safety	Moderate	New AI assisted system for contact centre, call back or direct to correct team has the reduced number of upset customers, reducing personal confrontation. Learning new technology - training, stressful for some people but seen as removing current system frustrations for most. Strong support for hybrid working from staff. We want teams to empower themselves to have good culture. When we have recruitment challenges and/or changes in legislative requirements, will have an impact on well-being as it puts more pressure on staff. Invest in change programmes and implementation
Capability and Capacity of Council People	Major	Building talent within the Council has been getting better but turnover for Council is currently quite high (average 26.8%). The Talent Acquisition Strategy assists with recruiting in hard to fill roles. Some risk around leadership, it is critical as it attracts talent, competitive market for senior managers.
Critical Assets	Minor	Not expected to significantly impact. New technologies expected to enhance efficiency and effectiveness of asset management in the future.
Finances	Moderate	People mostly leave for career development/ better pay /advancements elsewhere. Use of certain technologies/not updating technology may make it harder to retain staff or increase frustrations.
Data Information Technology and Tools	Moderate	Most data breaches are human errors, it is the controls and their implementation that create risk. We need to balance the opportunities of new technologies with protecting the organisation. This requires enhanced training (capability building) and an adaptive control environment.
Legal, Regulatory and Compliance	Moderate	We take our health and safety requirements as an employer seriously; we need to ensure we also meet privacy and other legal requirements to do with data management in rapidly evolving working environment.

<ul style="list-style-type: none"> Resizing of approximately 1000 roles since 2021 to ensure competitive salaries in the LG market. 						
<p>Future Risk Treatments/Controls/Mitigations</p> <ul style="list-style-type: none"> Development of Data and Information policy – provide some guidance on disruptive technology and use of artificial intelligence. Development of Digital Strategy – to eliminate missed opportunities and plan for changes within digital environment. Development of framework to support managers in workforce planning maturity. Review of Remuneration Strategy – to ensure the Council is competitive against the Wellington market, including the Public Service, to reduce turnover and be more attractive as an employer of choice. Development of Kōkiritia – Mātauranga Māori Capability Uplift to support our workforce to meet requirements of Te Tiriti o Waitangi partnership responsibilities and a more inclusive working environment (2023/2024 launch). Development of a skills register - Focusing on skills retention and attainment to meet future work demands. 						
<p>Gaps, Issues or Opportunities</p> <ul style="list-style-type: none"> Opportunity: Improve portfolio planning and links across the Council to determine future constraints (e.g., resources, dependencies). Opportunity: Improve long term planning to include operational expenditure and workforce requirements in development of new assets and services. Opportunity and / or issue: Introduction of more sophisticated AI will change the future of work. Opportunity: As the COVID-19 tail lessens, the approach of other public service agencies in Wellington to hybrid and flexible working is variable. The Council has consciously decided to maintain and further develop its flexible and hybrid approach. This approach supports staff wellbeing, provides opportunities for innovation, and enhances our ability to recruit and retain staff in a competitive market. Opportunity: The Future of Local Government Report has various recommendations, including amalgamation, which would impact as well as potentially support workforce planning. Issue: Many of drivers are at global or national scale, including aging population and reduction in available workforce, also a restrictive national immigration policy 						
<p>References</p> <table border="1"> <thead> <tr> <th>Relevant Legislation</th> <th>Related Plans, Policies, and Strategies</th> <th>Related Procedures, Information and Documents</th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> Local Government Act 2002 Local Government (Financial Reporting and Prudence) Regulations 2014 </td> <td> <ul style="list-style-type: none"> Working Better Together Procurement Strategy 2021, policies and associated information Business Units Plans </td> <td> <ul style="list-style-type: none"> Investment Delivery Framework </td> </tr> </tbody> </table> <p>Relevant Report to Other Committees</p> <p>Additional Commentary</p> <p>Links to Other Threats and Risks</p> <ul style="list-style-type: none"> An adaptive and capable workforce is essential to manage our strategic planning risks. There are also clear connections with the <i>Inadequate Policies and Controls</i> (in development) risk profile which addresses the training systems, policies, and oversight required to ensure new technologies and new ways of working are safe for workers, and Council is protected. 	Relevant Legislation	Related Plans, Policies, and Strategies	Related Procedures, Information and Documents	<ul style="list-style-type: none"> Local Government Act 2002 Local Government (Financial Reporting and Prudence) Regulations 2014 	<ul style="list-style-type: none"> Working Better Together Procurement Strategy 2021, policies and associated information Business Units Plans 	<ul style="list-style-type: none"> Investment Delivery Framework
Relevant Legislation	Related Plans, Policies, and Strategies	Related Procedures, Information and Documents				
<ul style="list-style-type: none"> Local Government Act 2002 Local Government (Financial Reporting and Prudence) Regulations 2014 	<ul style="list-style-type: none"> Working Better Together Procurement Strategy 2021, policies and associated information Business Units Plans 	<ul style="list-style-type: none"> Investment Delivery Framework 				

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Risk Analysis



Field	Descriptor/Rating
Inherent Risk Rating ●	Medium/Low
Target Residual Risk Rating ●	To be assessed
Likelihood	Unlikely
Consequence	Moderate

Maximum credible scenario (Inherent risk):

Workers' expectations for access to, and use of novel technologies continue to increase. A large proportion of our people work in hybrid and flexi manner making onboarding, ongoing training and skills matching more challenging/ Scarcity of talent and resources (exacerbated by ongoing effects of pandemic/global migration) in the market. More challenging planning and forecasting due to rapidly changing workforce and technology. Additional effort to maintain culture and connectedness required. Salary, flexibility and culture expectations continue to increase, increased bargaining expectations on managers.

Wellington City Council Strategic Risk Profile – OTHER HAZARD EMERGENCY

Threat Title	OTHER HAZARD EMERGENCY		
Threat Description	A natural hazard, biosecurity or hazardous substance event. Would result in coordinated response, diversion of effort into managing response and recovery.	Last Review Date	July 2023
Risk Owner	Siobhan Procter (Chief Infrastructure Officer)	Next Review Date	July 2024

Governance	
Governance Body	Topics Reported On:
Unaunahi Māhirahira Audit and Risk Committee	<ul style="list-style-type: none"> Overall risk status reporting
Kōrau Tūāpapa Environment and Infrastructure Committee	<ul style="list-style-type: none"> Resilience of our city updates Controls of land subject to natural hazards
Wellington Civil Defence Emergency Management Group and Pūroro Rangaranga	<ul style="list-style-type: none"> Operational arrangements to plan and prepare for, respond to, and recover from emergencies
Executive Leadership Team (ELT)	<ul style="list-style-type: none"> Exception reporting as appropriate when events occur

Monitoring and Exception Reporting
<ul style="list-style-type: none"> This risk profile was reviewed by the Emergency Management Team and subject matter experts in July 2023

Current Risk Treatments/Controls/Mitigations
<p>Undertaken a review of the Council’s maturity across all aspects of Emergency Management- Identifying risks, opportunities.</p> <ul style="list-style-type: none"> Used the lessons learnt from recent emergency events to add context and enhance planning and delivery of services. Looked at maturity and associated risk across priority areas and have developed a Continuous Improvement Action Plan. This takes an enterprise approach to enhance emergency management maturity and reduce risk. The Action Plan identifies actions to be delivered over 2 years, addressing current gaps and moving the organisation from a reactive unplanned state to a planned, managed state. Improved monitoring and reporting through governance structure – to ELT and Elected Members Addressed immediate risks with a review of resources – have identified gaps in planning and logistics functions which will be provided to ensure WCC will meet the requirements under the CDEM Act. Formalised the approach in managing emergency events as the move along the continuum of increased risk and complexity- decision points when to activate Incident and Crisis Management Teams <p>Public direct notification to the Council of hazard incidents via helpline/Fixit</p> <ul style="list-style-type: none"> Comprehensive training programme in place for WCC staff – increase in training for emergency operation centre response in last six months: ninety additional staff trained in emergency management foundations in Nov 22 – May 2023 period and 25 staff have received intermediate training.

Future Risk Treatments/Controls/Mitigations
<ul style="list-style-type: none"> Ongoing implementation of continuous improvement plan will mean improved maturity in managing increased frequency and complexity of weather-related events. Establishing the EM Governance Structure in 2023 to ensure continued advancement in response and readiness actions.

Document Owner: Risk Management Team
Template last updated: July 2023
Next template review: July 2024

Risk Assessment – Consequences		
Consequence Categories	Consequence Rating	Consequence Rating - Rationale
Democracy and Governance	Minor	Minor impact on governance
Partnerships, Relationships and Influence	Minor	Contractors stretched/strained; Field staff affected (hours creep and H&S); Strengthen partnerships and relationships during hazardous events (including funding partners); Declared event - risk when acquiring resources; Relationship with business depends on response
Critical Services Delivery	Major	Road outages not massive (~1 day) unless significant event (~weeks/months); Cumulative effect of multiple roads being affected = ability to respond; specialist resource response may be limited
Wellbeing Outcomes Services Delivery	Minor	Parks will be closed for a bit; CDEM staff response affected (decrease in output); Temporary drop-in service
Community Health and Safety	Major	Significant impacts on small percentage of community. People injured and witness others getting injured. Welfare support might be required; Casualties possible; Impacts on the organisation (trauma, wellbeing, etc)
Priority Investments, Projects, and Programmes of Work	Major	BAU Infrastructure (Transport) impacted; EOC (resource sharing); >1 month
Environmental	Moderate	Debris; Sewerage; Runoff from works (manageable); General runoff is uncontrolled; Risk with water/pipe system; Possible chemical contaminants; Not permanent/widespread
Reputation, Perception and Trust	Moderate	Disagreement with priorities (affects trust); Sufficient comms during major events from Council; Training for PIMS; Generally good controls/mitigations; Effective response is key; Comms to Elected Members (WIP); Longer = no good
Worker Health and Safety	Major	MySafety (incl phone app) - remote; Stay Safe App (lone worker app); Decisions made if too risky (incl no action); Contractors make their own decision (Council has power to overrule); No recent major incident (risk always there); Training required to do certain tasks;
Capability and Capacity of Council People	Major	Resource sharing from other BU; Fully activate EOC 120 people/day + ops; Transport 15 staff BAU rest in response; Impacts other Groups/BU
Critical Assets	Major	Full rebuild of assets have been done previously; Significant financial cost (significant event required to claim on insurance - we also don't insure everything) - BAU budget and assistance from Waka Kotahi; More likely the protective assets
Finances	Moderate	See above; Depending on severity there could be support from central govt
Data Information Technology and Tools	Minor	Some disruption (not long term)
Legal, Regulatory and Compliance	Moderate	Compliance inquiry from Worksafe; Compliance stuff from Consents; Emergency then retro consent (difficult as requires justification/evidence); Reviews afterwards; Lots of LGOIMA; Expecting to still be compliant

- Multiagency, demographic approach to planning for response in the central city – using spatial mapping overlaid with demographics and hazards/risks.
- Improved scenario planning for impact of climate change
- District Plan polices and rules for development areas subject to natural hazards, particularly for flood and coastal hazards. Draft District Plan policies for managing the residual risk to people and the environment from hazardous substances.
- Situational awareness plan under development that covers responses to escalating incidents led by EMBC
- Work focussing on reviewing processes, roles and responsibilities and the WCC, WREMO roles and responsibilities for escalating and differently scaled events has commenced. This work includes cross-council representation from the Emergency Management, Welfare Response, Business Continuity and Risk Management teams.
- Proposed District Plan polices and rules for development areas subject to natural hazards, particularly for flood and coastal hazards. Draft District Plan policies for managing the residual risk to people and the environment from hazardous substances

Gaps, Issues or Opportunities

- **Opportunity:** implementing the revised CDEM act (Emergency Management Act) the Emergency Management Bill is currently going through public consultation
- Opportunity for input into the consultation
- **Opportunity:** Update all Local CDEM plans to align with Regional and National plans

References

Relevant Legislation	Related Plans, Policies, and Strategies	Related Procedures, Information and Documents
<ul style="list-style-type: none"> • Civil Defence Emergency Management Act 2002 • Building Act 2004 • Resource Management Act 1991 • Local Government Act 2002 	<ul style="list-style-type: none"> • Wellington Civil Defence Emergency Management Group Plan • Draft District Plan (2021) • Wellington Resilience Strategy (2017) 	<ul style="list-style-type: none"> • Coordinated Incident Management System (CIMS)

Relevant Report to Other Committees

None noted.

Additional Commentary

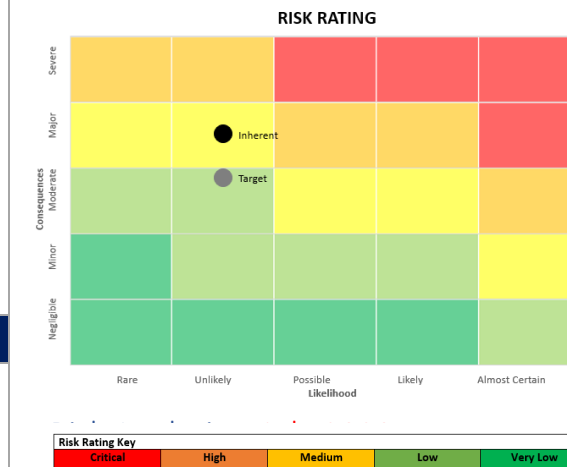
Links to Other Threats and Risks

- **Risk may be exacerbated by following risks:** COVID-19; Earthquake and Tsunami; Other Hazard Events; Partnership Practice; Planning and Prioritisation; Climate Change Response and Adaption to Change

Underlying Trends and Influencers of the Risk

- Climate change is an exacerbating factor in many natural hazard risks relevant to this threat.

Risk Analysis



Field	Descriptor/Rating
Inherent Risk Rating ●	Medium
Target Residual Risk Rating ●	Low
Likelihood	Unlikely
Consequence	Major

Maximum credible scenario (Inherent risk): Scenario major ex-tropical cyclonic storm and low-pressure systems similar to Cyclone Giselle (the Wahine Storm, 1968). Storm meets a cold front from the south and stalls over Wellington for several days. Outages and disruptions to critical lifeline services, physical damage to protection structures (e.g. seawalls), residential and other structures. Significant response and coordination required from the Council.

PROFORMA FINANCIAL STATEMENTS FOR 30 JUNE 2023 AND YEAR-END REPORTING UPDATE

Kōrero taunaki | Summary of considerations

Purpose

1. This report to Unaunahi Māhirahira | Audit and Risk Committee asks the committee to review the proforma financial statements for the year-ending 30 June 2023 and provide feedback on the proposed format and disclosures.
2. This report also provides an update on the status of non-financial performance for the year-ending 30 June 2023

Strategic alignment with community wellbeing outcomes and priority areas

Aligns with the following strategies and priority areas:

- Sustainable, natural eco city
- People friendly, compact, safe and accessible capital city
- Innovative, inclusive and creative city
- Dynamic and sustainable economy

Strategic alignment with priority objective areas from Long-term Plan 2021–2031

- Functioning, resilient and reliable three waters infrastructure
- Affordable, resilient and safe place to live
- Safe, resilient and reliable core transport infrastructure network
- Fit-for-purpose community, creative and cultural spaces
- Accelerating zero-carbon and waste-free transition
- Strong partnerships with mana whenua

Relevant Previous decisions

Financial considerations

- Nil
 | Budgetary provision in Annual Plan / Long-term Plan
 | Unbudgeted \$X

Risk

- Low
 | Medium
 | High
 | Extreme

Authors	Karina Young, Financial Controller Amy Brannigan, Senior Advisor Planning and Reporting Jocelyn Anton, Senior Advisor Planning & Reporting
Authoriser	Andrea Reeves, Chief Financial Officer Stephen McArthur, Chief Strategy & Governance Officer

Taunakitanga | Officers' Recommendations

Officers recommend the following motion

That the Unaunahi Māhirahira | Audit and Risk Committee:

1. Provide feedback on the proforma financial statements.
2. Receive an update on the status of non-financial performance for the year-ended 30 June 2023.

Whakarāpopoto | Executive Summary

3. The proforma financial statements are a template for the financial statements for the year-ended 30 June 2023. They have been drafted by the Council's Financial Accounting team.
4. Council's draft non-financial performance indicates a provisional uplift in performance in comparison to last year. This is despite being against a backdrop of challenges accruing from Covid, in particular material cost increases, contractor resourcing constraints and external advisory service delays.

Takenga mai | Background

5. Section 98 of the Local Government Act 2002 (LGA 2002) requires the Council to prepare and adopt an Annual Report containing specified disclosures within four months after the end of the financial year.
6. Section 111 of the LGA 2002 requires Council to comply with generally accepted accounting practice (GAAP) in preparing the Annual Report. The financial statements are a key document within the Annual Report.

Kōrerorero | Discussion

Overview of proforma financial statements

7. The attached proforma financial statements have been prepared where possible using plain english explanations. However, given the complexity of Council operations and the requirements of accounting standards, they will include some technical explanations that only experienced readers of financial statements will understand.
8. The sections highlighted in yellow are disclosures relating to the previous financial year. These sections are yet to be updated but have been kept in the proforma's as a placeholder to provide the Committee with an indication of the type information that will be disclosed.
9. The proforma financial statements have not been reviewed by Audit New Zealand. This will be completed as part of the final audit process. Their feedback will be incorporated into the draft financial statements and any material changes will be explained at the Annual Report workshop scheduled for 12 September 2023.

Key changes in the proforma financial statements

10. The proforma financial statements follow the same format and principles of the previous year's Annual Report. The proforma's have been thoroughly reviewed by the

Financial Accounting and Treasury teams and updates and editorial changes made where appropriate.

11. The financial statements for the year ended 30 June 2023 include the adoption of the new accounting standard *PBE IPSAS 41 Financial Instruments*. A new transition note *Note 40: Adoption of PBE IPSAS 41- Financial Instruments* has been drafted to summarise the effects of adoption. Further disclosures have been included directly in the relevant notes.
12. Te Toi Mahana (TTM), a Community Housing Provider (CHP), was established by the Wellington City Council with the Trust Deed signed on 16 February 2023. TTM is not a Council-Controlled Organisation under the *LGA 2002*, however it does require consolidation into the Group financial statements under *PBE IPSAS 35 – Consolidated Financial Statements*. In the Group financial statements, TTM is accounted for using the purchase method where assets, liabilities, revenue and expenditure are added on a line-by-line basis.

Progress update on the Annual Report and non-financial performance

13. The final audit is due to commence on 21 August 2023 with Audit New Zealand onsite at the Councils' offices. The Financial Accounting team are on track to deliver the required information to Audit New Zealand on the agreed schedule.
14. Asset revaluation for investment properties and operational land and building have been completed by CBRE and the final valuation reports issued. An independent assessment on our infrastructure assets by WSP concluded that the movement in fair value did not necessitate a full revaluation this year. All independent reports have been provided to Audit New Zealand.
15. We currently have results for 65 of our 95 KPIs (see paras below for explanation). Preliminary results indicate that we have had an uplift in performance with 41 (63%) KPIs meeting target versus 24 (37%) KPIs not meeting target. This has occurred against a backdrop of challenges accruing from Covid, in particular - material cost increases, contractor resourcing constraints and external advisory service delays.
16. While it is too early to be definitive about improved performance, we have identified a trend across a significant proportion of KPIs indicating improved performance regardless of whether or not they met their target. Of the 65 KPIs that have reported so far, 31 have recorded improved performance over their last year's result.
17. Our draft performance outcome is incomplete due to four Council KPIs not yet providing a result and 25 KPIs belonging to Wellington Water Limited being delayed (see para below). The four council KPIs relate to: corporate greenhouse gas which is currently being audited by Audit New Zealand, who is expected to report by mid-September; two WREDA KPIs which require input from external sources and is expected to report by end of August; and one KPI relating to cyclepaths which is undergoing a methodology audit to ensure accuracy and is expected to report by end of August also.
18. We were advised on 4 August 2023 that Wellington Water Limited will be providing their draft final results in the week ending 25 August 2023.

Ngā mahinga e whai ake nei | Next actions

19. The Council's Financial Accounting team will incorporate any feedback on the proformas into the draft financial statements. The draft financial statements will be presented to the Committee at a workshop briefing scheduled for 12 September 2023.

This workshop will cover the financial results, key judgements, major provisions and issues. It will also provide the committee with a further opportunity to provide feedback on the financial statements.

20. Draft statement of service provision including draft final non-financial performance will be provided to Committee at a workshop briefing scheduled for 12 September 2023.

Attachments

Attachment 1. Proforma Financial Statements for 30 June 2023 [↓](#) 

Page 41

Pro-forma

Annual Report

Financial Statements

for

30 June 2023

Ihirangi | Contents

Statement of Compliance and Responsibility	4
Council and Group structure	5
Basis of consolidation	6
Other significant accounting policies	7
Statement of Comprehensive Revenue and Expense	11
Statement of Comprehensive Revenue and Expense - Major budget variations	13
Note 1: Rates revenue	14
Note 2: Revenue from operating activities	15
Note 3: Investment revenue	18
Note 4: Vested assets and other revenue	19
Note 5: Fair value movements	20
Note 6: Finance revenue and expense	21
Note 7: Expenditure on operating activities	22
Note 8: Depreciation and amortisation	24
Note 9: Share of associates' and joint venture's surplus or deficit	25
Note 10: Income tax	27
Statement of Financial Position	28
Statement of Financial Position - Major budget variations	29
Note 11: Cash and cash equivalents	30
Note 12: Derivative financial instruments	31
Note 13: Receivables and recoverables	33
Note 14: Prepayments	35
Note 15: Other financial assets	36
Note 16: Non-current assets classified as held for sale	40
Note 17: Intangibles	41
Note 18: Investment properties	43
Note 19: Property, plant and equipment	45
Note 20: Investment in controlled entities	57
Note 21: Investment in associates and joint venture	58
Note 22: Exchange transactions, transfers and taxes payable	64
Note 23: Deferred revenue	65
Note 24: Borrowings	66
Note 25: Employee benefit liabilities and provisions	69
Note 26: Provisions for other liabilities	71
Note 27: Deferred tax	76

Statement of Changes in Equity	78
Statement of Changes in Equity – Major budget variations	79
Note 28: Revaluation reserves	81
Note 29: Hedging reserve	83
Note 30: Fair value through other comprehensive revenue and expense reserve	83
Note 31: Restricted funds	84
Statement of Cash Flows.....	86
Statement of Cash Flows – Major budget variations	88
Note 32: Reconciliation of cash flows	89
Other disclosures.....	91
Note 33: Financial instruments	Error! Bookmark not defined.
Note 34: Commitments	103
Note 35: Contingencies	105
Note 36: Joint operations	107
Note 37: Related party disclosures	108
Note 38: Remuneration and staffing	114
Note 39: Events after the end of the reporting period	119
Note 40: Adoption of <i>PBE IPSAS 41 - Financial Instruments</i>	
Financial prudence	124
Funding impact statements.....	138

Statement of Compliance and Responsibility

Reporting entity

Wellington City Council (the Council) is a territorial local authority established under the Local Government Act 2002 (LGA 2002) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA 2002 and the Local Government (Rating) Act 2002.

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

The reported Council figures include the results and operations of Wellington City Council and the Council's interests as disclosed in *Note 36: Joint operations* (pg X).

The reported Group figures include the Council, its controlled entities as disclosed in *Note 20: Investments in controlled entities* (pg X) and the Council's equity accounted interest in the associates and joint venture as disclosed in *Note 21: Investments in associates and joint venture* (pg X). A diagram of the Council and Group is included on page X.

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 LGA 2002, including the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP) have been complied with.

The financial statements have been prepared to comply with Public Sector Public Benefit Entity Accounting Standards (PBE Accounting Standards) for a Tier 1 entity¹ and were authorised for issue by the Council on XX October 2023

Responsibility

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

In the opinion of the Council and management, the Annual Report for the period ended 30 June 2023 fairly reflects the financial position, results of operations and service performance achievements of Wellington City Council and Group.

Tory Whanau
Mayor
XX October 2023

Barbara McKerrow
Chief Executive
XX October 2023

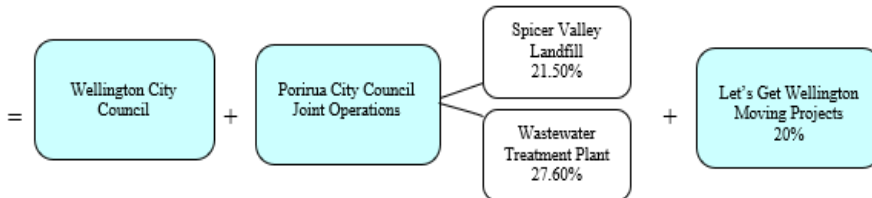
Andrea Reeves
Chief Financial Officer
XX October 2023

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

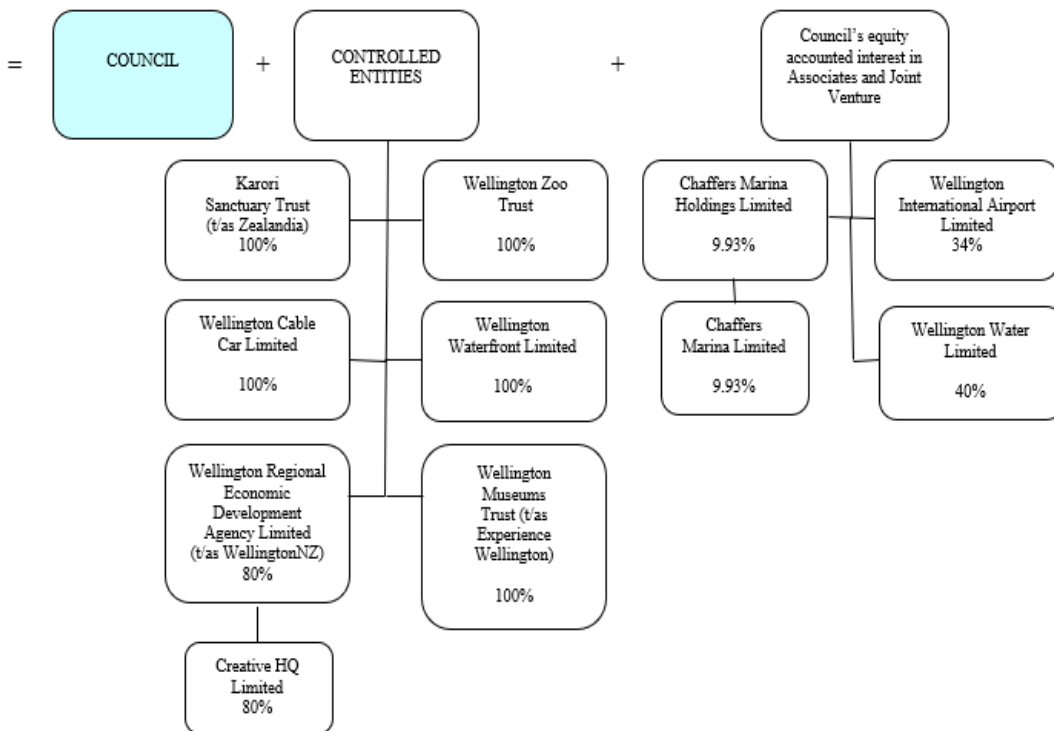
Council and Group structure

Figure 1: Reporting entity structures

Wellington City Council Reporting Entity (Council)



Wellington City Council Group Reporting Entity (Group)



All entities included within the Group are domiciled and operate in the Wellington region, New Zealand.

The percentages in the figures above, represent the Council's interest and/or ownership (for accounting purposes) in each of the entities in the Group. Refer to Notes 20, 21 and 36 (pg X, X and X) for more information.

Basis of Consolidation

Joint arrangements

Joint arrangements are arrangements where two or more parties have joint control. The accounting treatment can vary according to the structure of the arrangement. There are two types of joint arrangements, either a joint operation or a joint venture.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the agreed sharing of control of an arrangement by way of a binding arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

In the Council financial statements, the investments in joint ventures are carried at cost. In the Group financial statements, the Council's share of the assets, liabilities, revenue and expenditure of joint ventures is included on an equity accounting basis as a single line.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. For a joint operation the Council has a liability in respect of its share of joint ventures' operational deficits and liabilities and shares in any operational surpluses and assets.

The Council's proportionate interest in the assets, liabilities, revenue and expenditure of joint operations is included in the financial statements of the Council and Group on a line-by-line basis.

Controlled entities

Controlled entities are entities that are controlled by the Council. Control exists where the Council is exposed, or has rights, to variable benefits (either financial or non-financial) and can affect the nature and amount of those benefits from its power over the entity. Power can exist over an entity if, by virtue of its purpose and design, the relevant activities and the way in which the relevant activities of the entity can be directed has been predetermined by the Council.

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

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

Associates

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

Council-controlled organisations

The Council has established several Council-controlled organisations (CCO) and Council-controlled trading organisations (CCTO) 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. The performance of each CCO is reported on in Volume 1 of the report in Section 5: Our Council and organisation on page X to X. The Council has made appointments to other organisations, which make them Council organisations (as defined in the LGA 2002), but they are not Council controlled or part of the Group.

Other consolidated entities

Te Toi Mahana (TTM), a Community Housing Provider (CHP), was established by the Wellington City Council with the Trust Deed signed on 16 February 2023.

TTM is not a Council-controlled Organisation under the LGA 2002, however it does require consolidation into the Group under *PBE IPSAS 35 – Consolidated Financial Statements*. In the Group financial statements, TTM is accounted for using the purchase method where assets, liabilities, revenue and expenditure are added on a line-by-line basis.

Other significant accounting policies

The following accounting policies are additional to the disclosures and accounting policies included within the relevant specific Notes that form part of the financial statements.

Basis of preparation

Measurement base

The measurement basis applied is historical cost, modified by the revaluation of certain assets and liabilities as identified in the accounting policies. The accrual basis of accounting has been used unless otherwise stated.

For the assets and liabilities recorded at fair value, fair value is defined as the amount for which an item could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's-length transaction. For investment property, non-current assets classified as held for sale and items of property, plant and equipment which are revalued, the fair value is determined by reference to market value. The market value of a property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction.

Amounts expected to be recovered or settled more than one year after the end of the reporting period are recognised at their present value. The present value of the estimated future cash flows is calculated using applicable inflation factors and a discount rate.

The financial statements are presented in New Zealand dollars, rounded to the nearest thousand (\$000), unless otherwise stated.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

Exchange and non-exchange transactions

Revenue from exchange transactions

Revenue from exchange transactions arises where the Council provides goods or services to another entity or individual and directly receives approximately equal value in a willing arm's-length transaction (primarily in the form of cash in exchange).

Revenue from non-exchange transactions

Revenue from non-exchange transactions arises from transactions that are not exchange transactions. Revenue from non-exchange transaction arises when the Council receives value from another party without giving approximately equal value directly in exchange for the value received.

An inflow of resources from a non-exchange transaction recognised as an asset, is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the Council satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Approximately equal value

Approximately equal value is considered to reflect a fair or market value, which is normally considered as an arm's-length commercial transaction between a willing buyer and willing seller. Some goods or services that the Council provides (for example, the sale of goods at market rates) are defined as being exchange transactions. Only a few services provided by the Council operate on a full user pays (for example, parking services), cost recovery or breakeven basis and these are exchange transactions unless they are provided at less than active and open market prices.

Most of the services that the Council provides, for a fee, are subsidised by rates (for example, the cost to swim in a Council pool) and therefore do not constitute an approximately equal exchange. Accordingly, most of Council's revenue is categorised as non-exchange.

Foreign currency balances and transactions

Foreign currency transactions (including those subject to forward foreign exchange contracts) are translated into New Zealand Dollars (the functional currency) using the spot exchange rate at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in surplus or deficit.

Change of accounting policies

There are no accounting policies changes applicable for the current year other than changes to accounting standards as detailed below.

Changes to PBE accounting standards

Standards previously issued and now effective, and now adopted

The following accounting standards, having been issued with mandatory effect for this accounting period, are now adopted in these financial statements.

- *PBE FRS 48 – Service Performance Reporting*

The objective of this Standard is to establish principles and requirements for an entity to present service performance information that is useful for accountability and decision-making purposes in a general-purpose financial report. There is no financial impact from the adoption of this standard.

- *PBE IPSAS 41 - Financial Instruments*

In March 2019, the External Reporting Board (XRB) issued *PBE IPSAS 41- Financial Instruments*, which supersedes both *PBE IFRS 9 - Financial Instruments* and *PBE IPSAS 29 - Financial Instruments: Recognition and Measurement*. The Council has adopted *PBE IPSAS 41* and the main changes between *PBE IPSAS 29* and *PBE IPSAS 41* are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected credit losses, which may result in earlier recognition of impairment losses.
- Revised hedge accounting requirements to better reflect the management of risks.

Information about the transition to *PBE IPSAS 41* is disclosed in *Note 40 – Adoption of PBE IPSAS 41 – Financial Instruments* (pg XX). The adoption will not result in any significant impact on the Group financial statements.

Standards issued and not yet effective, and not early adopted

- Disclosure of Fees for Audit Firm's Services (Amendments to *PBE IPSAS 1 – Presentation of financial reports*)

The amendments require an entity to describe the services provided by its audit or review firm and to disclose the fees incurred by the entity for those services. The mandatory for adoption date is 1 January 2024. There will be no financial effect on the financial statements as the requirement is only for greater disclosure of incurred expenses.

Judgements and estimations

The preparation of financial statements using PBE accounting standards requires the use of judgements, estimates and assumptions. Where material, information on the main assumptions is provided in the relevant accounting policy or in the relevant note.

The estimates and assumptions are based on historical experience as well as other factors that are believed to be reasonable under the circumstances. Subsequent actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis and adjustments are made where necessary.

Judgements that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the relevant notes. Significant judgements and estimations include landfill post-closure costs, asset revaluations, impairments, certain fair value calculations and provisions.

Goods and Services Tax (GST)

All items in the financial statements are exclusive of GST, except for receivables, recoverables and payables, which are stated as GST inclusive. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

Budget figures

The 2022/23 Annual Plan (AP) budget figures included in these financial statements are for the Council as a separate entity. The AP figures do not include budget information relating to controlled

entities or associates. These figures are those approved by the Council at the beginning of each financial year following a period of consultation with the public as part of the LTP or AP process. These figures do not include any additional expenditure subsequently approved by the Council outside the LTP process. The AP figures have been prepared in accordance with GAAP and are consistent with the accounting policies adopted by the Council for the preparation of these financial statements.

Comparatives

To ensure consistency with the current year, certain comparative information has been reclassified where appropriate. This has occurred:

- where classifications have changed between periods
- where the Council has made additional disclosure in the current year, and where a greater degree of disaggregation of prior year amounts and balances is therefore required; and
- where there has been a change of accounting policy.

Statement of Comprehensive Revenue and Expense

Table X: Statement of Comprehensive Revenue and Expense for the period ended 30 June 2023	Note	Council			Group	
		Actual	Budget	Actual	Actual	Actual
		2023	2023	2022	2023	2022
		\$000	\$000	\$000	\$000	\$000
Revenue						
Rates	1			388,176		388,176
Revenue from operating activities						
Development contributions	2			3,743		3,743
Grants, subsidies and reimbursements	2			53,636		62,604
Other operating activities	2			143,958		159,291
Investments revenue	3			11,109		11,109
Vested assets and other revenue	4			85,530		85,768
Fair value movements - gains	5			20,645		20,645
Finance revenue	6			2,991		3,166
Total revenue				709,788		734,502
Expense						
Fair value movements - losses	5			(35)		(40)
Finance expense	6			(29,296)		(29,305)
Expenditure on operating activities	7			(446,534)		(471,190)
Depreciation and amortisation expense	8			(146,488)		(147,615)
Total expense				(622,353)		(648,150)
Operating surplus/(deficit)				87,435		86,352
Share of equity accounted surplus/(deficit) from associates and joint venture	9			-		2,213
Net surplus/(deficit) before taxation				87,435		88,565
Income tax credit/(expense)	10			-		56
NET SURPLUS/(DEFICIT) for the year				87,435		88,621
Net surplus/(deficit) attributable to:						
Wellington City Council and Group				87,435		88,699
Non-controlling interest				-		(78)
				87,435		88,621

The notes on pg X to X form part of and should be read in conjunction with the financial statements.

Table X: Statement of Comprehensive Revenue and Expense - continued	Refer	Council			Group	
		Actual	Budget	Actual	Actual	Actual
		2023	2023	2022	2023	2022
		\$000	\$000	\$000	\$000	\$000
Net surplus/(deficit) for the year		-	-	87,435	-	88,621
Other comprehensive revenue and expense ¹						
<i>Items that will be reclassified to surplus/(deficit)</i>						
Cash flow hedges:						
Fair value movement - net	SCIE ²		-	104,646		104,646
Share of other comprehensive revenue and expense of associates and joint venture						
Fair value movement - net	SCIE		-	-		1,167
Fair value through other comprehensive revenue and expense:						
Fair value movement - net	SCIE		-	825		1,327
<i>Items that will not be reclassified to surplus/(deficit)</i>						
Revaluations:						
Fair value movement - property, plant and equipment - net	SCIE		-	1,854,026		1,854,026
Share of other comprehensive revenue and expense of associates and joint venture						
Fair value movement - property, plant and equipment - net	SCIE		-	-		21,535
Total other comprehensive revenue and expense		-	-	1,959,497	-	1,982,701
TOTAL COMPREHENSIVE REVENUE and EXPENSE for the year		-	-	2,046,932	-	2,071,322
Total comprehensive revenue and expense attributable to:						
Wellington City Council and Group		-	-	2,046,932		2,071,400
Non-controlling interest		-	-	-		(78)
		-	-	2,046,932	-	2,071,322

1. Other comprehensive revenue and expense is non-cash in nature and only reflects changes in equity.
2. Statement of Changes in Equity – see pg X

The notes on pg X to X form part of and should be read in conjunction with the financial statements.

Statement of Comprehensive Revenue and Expense - Major budget variations

Significant variations from budgeted revenues and expenses are as follows:

Revenues were \$Xm higher/lower than budgeted with major variances included of:

Expenses were \$Xm higher/lower than budgeted with major variances included of:

Net finance expense was \$Xm higher/lower than budgeted reflecting higher/lower interest rates.

Other comprehensive revenue and expense was \$Xm higher/lower than budgeted with major variances included of:

Note 1: Rates revenue

Table X: Rates revenue	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
General rates		226,129		226,129
Targeted rates		146,622		146,622
Metered water supply		15,026		15,026
Penalties and adjustments		399		399
TOTAL RATES REVENUE	-	388,176	-	388,176

The total amount of rates charged on Council-owned properties that have not been eliminated from revenue and expenditure is \$Xm (2022: \$16.342m). For the Group, rates of \$Xm (2022: \$16.424m) have not been eliminated.

The revenue from rates for Wellington City Council was billed on the following rating information held at the end of the year immediately prior to the new rating year.

Table X: Rates revenue billing basis	As at 30 June 2022	As at 30 June 2021
Number of rating units		81,030
Total capital value of rating units		\$80,608.516m
Total land value of rating units		\$41,041.846m

The property revaluations that occurred in September 2021 have been applied for the rates billed for the 2022/23 year.

Rates remissions

Revenue from rates is shown net of rates remissions. The Council's Rates Remission and Postponement Policies provide for general rates to be partially remitted for rural open space; land used principally for games or sport and in special circumstances (where the rating policy is deemed to unfairly disadvantage an individual ratepayer). A remission of the Downtown targeted rate may also be granted to provide rates relief for downtown commercial property temporarily not fit for the purpose due to the property undergoing development and therefore not receiving the benefits derived by contributing to the Downtown targeted rate. The Council committed itself at the start of the year to certain remissions, which for the reporting period ended 30 June 2023 totalled \$Xm (2022: \$1.320m).

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.

Relevant significant accounting policies

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

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

Note 2: Revenue from operating activities

Table X: Revenue from operating activities	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Development contributions		3,743		3,743
Grants, subsidies and reimbursements				
Operating		21,667		29,602
Capital		31,969		33,002
Total grants, subsidies and reimbursements	-	53,636	-	62,604
Other operating activities				
Fines and penalties		4,962		4,962
Rendering of services		131,556		143,480
Sale of goods		7,440		10,849
Total other operating activities	-	143,958	-	159,291
TOTAL REVENUE FROM OPERATING ACTIVITIES	-	201,337	-	225,638

For the Council, the principal grants and reimbursements are from Waka Kotahi – NZ Transport Agency, which reimburses part of the Council's costs for maintaining the local roading and cycling infrastructure. The capital reimbursements recognised from Waka Kotahi of \$Xm (2022: \$23.032m) and operating reimbursements of \$Xm (2022: \$7.951m) are for costs already incurred and there are no unfulfilled conditions or other contingencies relating to the reimbursements.

The Council applied for and received \$Xm of Better-off funding in relation to.....

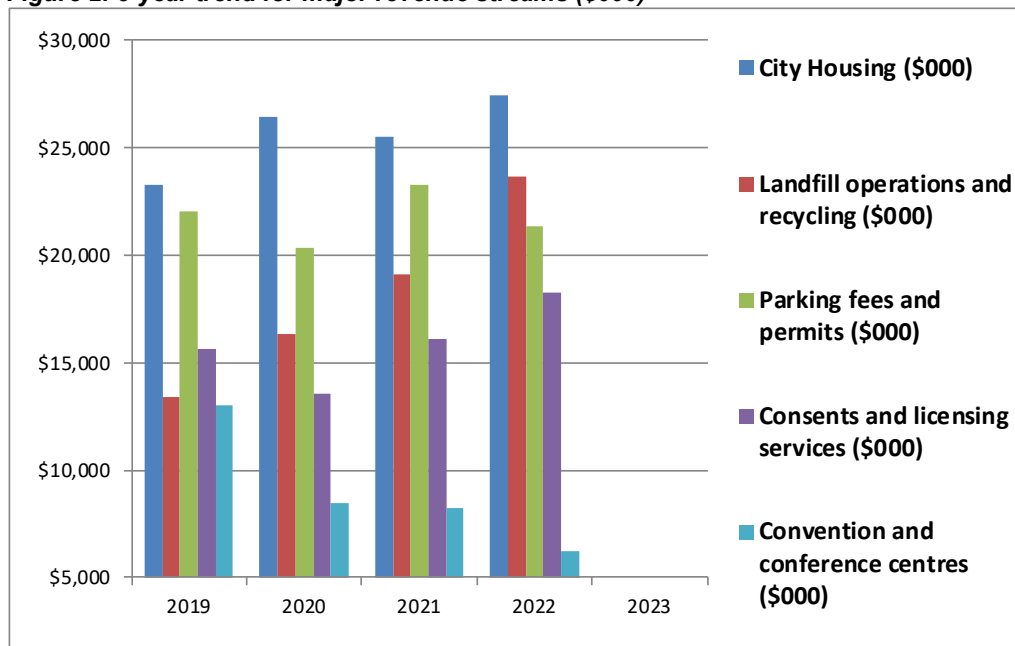
The Council applied for and received \$Xm of National Transitional Unit funding in relation to...

For revenue from other operating activities of the Council, the five major contributors were:

- City housing - \$Xm (2022: \$27.416m)
- Landfill operations and recycling - \$Xm (2022: \$23.654m) – including unbudgeted revenue from the joint operation with Porirua City Council \$Xm (2022: \$2.395m).
- Parking fees and permits - \$Xm (2022: \$21.360m)
- Consents and licensing services - \$Xm (2022: \$18.284m)
- Convention and conference centres – \$Xm (2022: \$6.246m)

See *Figure 2* for a five-year trend analysis of these major revenue streams.

Figure 2: 5-year trend for major revenue streams (\$000)



Five-year trend analysis commentary

City Housing

.....

For further information – refer to Section 4: Our performance in detail - strategy area 5.2 – Community support (Volume 1, page X).

Parking fees and permits

.....

For further information – refer to Section 4: Our performance in detail - strategy area 7.2 – Parking (Volume 1, page X).

Landfill Operations and Recycling

.....

For further information – refer to Section 4: Our performance in detail - strategy 2.2 – Waste reduction and energy conservation (Volume 1, page X).

Consents and Licensing Services

.....

For further information – refer to Section 4: Our performance in detail - strategy area 6.2 – Building and development control (Volume 1, page X).

Convention and Conference centres

.....

For further information – refer to Section 4: Our performance in detail – strategy area 3.1 – City promotions and business support (Volume 1, page X).

Relevant significant accounting policies

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

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

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

Development contributions

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

Grants, subsidies and reimbursements

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

Fines and penalties

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

Rendering of services

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

Sale of goods

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

Note 3: Investment revenue

Table X: Investment revenue	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Dividend from associates		-		-
Dividend from equity investments		64		64
Investment property revenues		11,045		11,045
TOTAL INVESTMENT REVENUE	-	11,109	-	11,109

Dividends

The 2022/23 dividend from the Council's 34 percent shareholding in Wellington International Airport Limited, was higher/lower than budgeted. The Council continues to maintain its current level of investment as it considers the future dividend stream adds diversity to normal rates revenue. The investment portfolio is presently maintained as it is strategically, financially and economically prudent to do so.

For further information refer to *Note 21: Investment in associates and joint venture* (pg X).

Investment properties

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

For further information refer to *Note 18: Investment properties* (pg X).

Relevant significant accounting policies

Dividends

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

Investment property lease rentals

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

Note 4: Vested assets and other revenue

Table X: Vested assets and other revenue	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Vested assets		82,488		82,488
Other revenue		3,042		3,280
TOTAL VESTED ASSETS AND OTHER REVENUE	-	85,530	-	85,768

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

The breakdown of principal vested assets received is:

- Drainage, water and waste - \$Xm (2022: \$74.116m). The significant amount in the 2021/22 year was due to recognition of \$72.396m of wastewater lateral connections as Council assets. Previously, these laterals were considered as being the responsibility of building owners.
- Land - \$Xm (2022: \$3.610m)
- Roading - \$Xm (2022: \$3.864m)

Other revenue consisted mainly of:

- Gains on disposal of assets - \$Xm (2022: \$0.322m)
- Restricted funds - \$Xm (2022: \$0.509m)
- Fuel tax - \$Xm (2022: \$1.024m)
- Release of unused provisions - \$Xm (2022: \$0.913m)

Relevant significant accounting policies

Donated, subsidised or vested assets

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

Gains

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

Donated services

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

Note 5: Fair value movements

Table X: Fair value movements	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Investment property revaluation increase		20,614		20,614
Amortisation of loans to related parties		31		31
TOTAL FAIR VALUE MOVEMENTS - GAINS	-	20,645	-	20,645
Less				
Investment property revaluation decrease				
Fair value adjustment to loan		35		40
Currency exchange loss	-	-	-	-
TOTAL FAIR VALUE MOVEMENTS - LOSSES	-	35	-	40
TOTAL NET FAIR VALUE MOVEMENTS	-	20,610	-	20,605

Investment properties, which are revalued annually, are held primarily to earn lease revenue and/or for capital growth. These properties include the Council's ground leases and certain land and buildings, including the Wellington Waterfront investment properties. For more information refer to *Note 18: Investment properties* (pg X).

In May 2021, Wellington Regional Stadium Trust made an initial drawdown of a joint loan facility, between Wellington City Council and Greater Wellington Regional Council (GWRC), which was made available as part of a COVID-19 response. Two further drawdowns were made during 2021/22 to fully utilise the \$2.100m facility from the Council. As the initial two-year period was interest free, adjustments to reflect fair value were required for each drawdown. For more information refer to *Note 15: Other financial assets* (pg X).

Relevant significant accounting policies

Gains

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

Investment properties

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

Derivatives

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

Note 6: Finance revenue and expense

Table X: Finance revenue, expense and net finance cost	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Interest on borrowings		28,798		28,802
Interest on finance leases		-		5
Re-discounting of interest on provisions		498		498
TOTAL FINANCE EXPENSE	-	29,296	-	29,305
Less				
Interest earned		2,991		3,166
TOTAL FINANCE REVENUE	-	2,991	-	3,166
NET FINANCE COST	-	26,305	-	26,139

An increase in interest rates during the year, as a result of increases in the Official Cash Rate (OCR) totalling X percent, has increased average borrowing costs. Coupled with a higher level of borrowings, the interest expense has increased compared to the previous year. The Council's policy is to have a portion of borrowings on fixed interest rates to avoid total exposure to volatility in its interest expense as interest rates change. To achieve this, it uses interest rate swaps (which effectively changes floating rate debt to fixed rate debt) along with fixed rate debt.

Returns on investment deposits are also exposed to market movements, so have increased accordingly as interest rates have risen.

Relevant significant accounting policies

Interest on borrowings

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

Re-discounting of interest

Re-discounting of interest on provisions is the Council's funding cost for non-current provisions (where the cash flows will not occur until a future date). For further information refer to Note 25: *Employee benefit liabilities and provisions* (pg X) and Note 26: *Provision for other liabilities* (pg X).

Interest earned

Interest earned is recognised using the effective interest rate method. All interest revenue is recognised in the period in which it is earned.

Note 7: Expenditure on operating activities

Table X: Expenditure on operating activities	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Governance and employment				
Elected member remuneration		1,867		1,867
Independent directors/trustees fees for controlled entities		-		445
Employee benefits expense:				
- Remuneration		118,767		148,407
- Superannuation contributions (including KiwiSaver)		3,560		4,279
Other personnel costs		4,501		5,899
Impairments				
Bad debts written off not previously provided for		133		133
Increase in provision for impairment of receivables and recoverables		205		206
Impairment of property, plant and equipment		4,414		4,414
Insurance				
Insurance premiums		16,585		17,431
Insurance reserve costs - net		605		605
General				
Administration Costs		5,661		16,976
Auditor's remuneration		536		838
Contractors		5,086		7,838
Contracts, services and materials		161,099		163,086
Grants		45,947		16,362
Information and communication technology		16,101		17,670
Loss on disposal of intangibles		518		518
Loss on disposal of property, plant and equipment		2,713		2,746
Loss on disposal of investment property		-		-
Loss on investments		-		-
Operating lease - minimum lease payments		10,380		11,612
Professional costs		11,360		12,374
Reassessment of weathertight provision		-		-
Utility costs		36,496		37,484
TOTAL EXPENDITURE ON OPERATING ACTIVITIES		- 446,534		- 471,190

Governance and employment

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

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

During the year \$Xm (2022: \$0.394m) of termination benefits were incurred by the Council and \$Xm (2022: \$0.610m) for the Group. Termination benefits include all payments relating to the end of employment other than unpaid salary and leave entitlements. Termination benefits include contractual (for example, redundancy, in lieu of notice) and non-contractual (for example, severance) payments, but exclude retirement payments already provided for.

For further information refer to *Note 38: Remuneration and staffing levels* (pg X).

General

Table X: Auditor's remuneration	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Audit New Zealand - Financial Statements		352		554
Audit New Zealand - LTP amendment		130		130
Audit New Zealand - Wellington Waterfront Project		40		40
Audit New Zealand - Other assurances		14		14
Audit services - Other auditors		-		100
	-	536	-	838

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 Waka Kotahi and assurance services relating to the Council's debenture trust deed compliance (see *Table X*).

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

Grants include the operating grants to the Council's controlled entities (refer to *Note 37: Related Party disclosures*, for a breakdown (pg X)). Other major grants include the funding to the Museum of New Zealand Te Papa Tongarewa \$Xm (2022: \$2.250m).

Operating lease minimum lease payments are for non-cancellable agreements for the use of office or other spaces in buildings.

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 \$Xm (2022: \$16.342m) on Council-owned properties.

Relevant significant accounting policies

Grants and sponsorships

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

Cost allocation

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

Research and Development

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

Note 8: Depreciation and amortisation

Table X: Depreciation and amortisation	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Depreciation				
Buildings		31,461		31,646
Civic Precinct		1,254		1,254
Drainage, waste and water infrastructure		53,295		53,295
Landfill post closure		102		102
Library collections		2,057		2,057
Plant and equipment		16,854		17,751
Restricted buildings		1,854		1,854
Roading infrastructure		34,258		34,258
Total depreciation	-	141,135	-	142,217
Amortisation				
Computer software		5,353		5,398
TOTAL DEPRECIATION AND AMORTISATION	-	146,488	-	147,615

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

Relevant significant accounting policies

Depreciation

Depreciation is provided on all property, plant and equipment, with certain exceptions. The exceptions are land, restricted assets other than buildings, investment properties 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 remaining useful life. (See Table X).

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

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its remaining useful life. Amortisation begins when the asset is available for use and ceases at the date the asset is derecognised (See Table X).

Table X: Estimated remaining useful lives of property, plant and equipment assets	2023
	Remaining useful life (years)
Asset Category	
Operational assets	
Land	unlimited
Buildings:	
Structure	7 - 87
Roof	6 - 50
Interior	5 - 50
Services	5 - 47
Civic Precinct	5 - 66
Plant and equipment	5 - 100
Library collection	6 - 10
Infrastructure assets	
Land (including land under roads)	unlimited
Roading:	
Road pavement	10 - 46
Retaining / sea walls	5 - 198
Kerb and channel	10 - 60
Structures - other sea defences	100 - 250
Tunnels - structure and services	55 - 250
Bridges	5 - 104
Drainage, waste and water:	
Pipes	30 - 52
Reservoirs	30 - 140
Pump stations	48 - 91
Fittings	30 - 56
Restricted assets (excluding buildings)	unlimited

A small number of assets will have lives that extend past the range indicated above.

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

Table X: Estimated remaining useful lives of intangible assets	2023
	Remaining useful life (years)
Asset Category	
Computer software	2 - 11

Note 9: Share of associates' and joint venture's surplus or deficit

The Council's share of the results of the Chaffers Marina Holdings Limited, Wellington International Airport Limited (WIAL) and Wellington Water Limited is as shown in *Table X*.

Table X: Share of associates' and joint venture's surplus or deficit	Group	
	2023	2022
	\$000	\$000
Associates		
Chaffers Marina Holdings Limited		(44)
Wellington International Airport Limited		958
Joint venture		
Wellington Water Limited		1,299
TOTAL SHARE OF ASSOCIATES' AND JOINT VENTURE'S SURPLUS OR (DEFICIT)	-	2,213

Further information on the cost and value of the above investments is found in *Note 21: Investments in associates and joint venture* (pg X).

Relevant significant accounting policies

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

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the agreed sharing of control of an arrangement by way of a binding arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. In the Council financial statements, the investments in joint ventures are carried at cost. In the Group financial statements, the Council's share of the assets, liabilities, revenue and expenditure of joint ventures is included on an equity accounting basis as a single line.

Note 10: Income tax

Table X: Income Tax	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Current tax expense/(credit)				
Current year	-	-		28
Prior period adjustment	-	-		2
Total current tax expense/(credit)	-	-	-	30
Deferred tax expense/(credit)				
Origination and reversal of temporary differences		3		(86)
Change in unrecognised temporary differences		-	-	-
Recognition of previously unrecognised tax losses		(3)	-	-
Total deferred tax expense/(credit)	-	-	-	(86)
TOTAL INCOME TAX EXPENSE/(CREDIT)	-	-	-	(56)

Table X: Reconciliation of tax on the surplus/(deficit) and tax expense/(credit)	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Surplus/(deficit) for the period before taxation	-	87,435	-	88,565
Prima facie income tax based on domestic tax rate - 28%	-	24,482	-	24,798
Effect of non-deductible expenses and tax exempt income		(24,485)		(23,975)
Effect of tax losses utilised		-		(305)
Current years loss for which no deferred tax asset was recognised		3		3
Previously unrecognised tax losses now utilised		-		19
Change in unrecognised temporary differences		-		-
Prior period adjustment		-		(2)
Overseas withholding tax - non-reclaimable		-		26
Share of income tax of equity accounted associates		-		(620)
TOTAL INCOME TAX EXPENSE/(CREDIT)	-	-	-	(56)

Relevant significant accounting policies

The Council, as a local authority is only liable for income tax on the surplus or deficit for the year derived from any council-controlled trading organisations. Other members of the Group are subject to normal taxation unless they have tax exempt status as charitable trusts.

Income tax expense includes components relating to both current tax 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.

Statement of Financial Position

Table X: Statement of Financial Position as at 30 June 2023		Council			Group	
		Actual 2023 \$000	Budget 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
	Note					
ASSETS						
Current assets						
Cash and cash equivalents	11			26,575		40,727
Derivative financial assets	12			216		216
Receivables and recoverables	13			86,355		87,755
Prepayments	14			18,294		18,773
Other financial assets	15			102,856		109,556
Inventories				944		1,534
Non-current assets classified as held for sale	16			13,366		13,366
Total current assets		-	-	248,606	-	271,927
Non-current assets						
Derivative financial assets	12			58,191		58,191
Other financial assets	15			29,298		31,578
Intangibles	17			38,211		38,238
Investment properties	18			300,108		300,108
Property, plant and equipment	19			10,278,248		10,292,099
Investment in controlled entities	20			5,071		-
Investment in associates and joint venture	21			19,473		258,206
Total non-current assets		-	-	10,728,600	-	10,978,420
TOTAL ASSETS		-	-	10,977,206	-	11,250,347
LIABILITIES						
Current liabilities						
Derivative financial liabilities	12			260		260
Exchange transactions and transfers payable	22			84,963		84,503
Taxes payable	22			11,134		11,459
Deferred revenue	23			16,670		25,645
Borrowings	24			209,001		209,001
Employee benefit liabilities and provisions	25			7,840		10,033
Provision for other liabilities	26			5,481		5,481
Total current liabilities		-	-	335,349	-	346,382
Non-current liabilities						
Derivative financial liabilities	12			523		523
Exchange transactions and transfers payable	22			231		231
Borrowings	24			862,157		863,757
Employee benefit liabilities and provisions	25			624		662
Provision for other liabilities	26			37,696		37,696
Deferred tax	27			-		590
Total non-current liabilities		-	-	901,231	-	903,459
TOTAL LIABILITIES		-	-	1,236,580	-	1,249,841

Table X: Statement of Financial Position as at 30 June 2023		Council			Group	
		Actual 2023	Budget 2023	Actual 2022	Actual 2023	Actual 2022
	Note	\$000	\$000	\$000	\$000	\$000
EQUITY						
Accumulated funds				1,269,134		1,293,162
Retained earnings				3,903,366		3,911,964
Revaluation reserves	28			4,484,022		4,704,556
Hedging reserve	29			57,624		58,172
Fair value through other comprehensive revenue and expense reserve	30			6,854		7,983
Non-controlling interest				-		797
Restricted funds	31			19,626		23,872
TOTAL EQUITY		-	-	9,740,626	-	10,000,506
TOTAL EQUITY AND LIABILITIES		-	-	10,977,206	-	11,250,347

The notes on pg X to X form part of and should be read in conjunction with the financial statements.

Statement of Financial Position - Major budget variations

Significant variations from budget are as follows:

Current assets are \$Xm higher/lower than budgeted with major variances included of:

Non-current assets are \$Xm higher/lower than budget with major variances included of:

Total liabilities are \$Xm higher/lower than budget, with major variances included of:

Note 11: Cash and cash equivalents

Table X : Cash and cash equivalents	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Cash at bank		6,560		19,189
Cash on hand		15		29
Short-term bank deposits of up to 3 months at acquisition		20,000		21,509
TOTAL CASH AND CASH EQUIVALENTS	-	26,575	-	40,727

Bank balances that are interest bearing earn interest based on current Official Cash Rates (OCR).

The Council holds short-term bank deposits as part of its overall liquidity risk management programme. This programme enables the Council to maintain its required liquidity buffer and to pre-fund upcoming debt maturities. The combination of the liquidity support and short term bank deposits reduces the Council's cost of funds.

Relevant significant accounting policies

Cash and cash equivalents include cash at bank, cash on hand, and short-term bank deposits of up to 3 months at acquisition.

Foreign currency cash and cash equivalents are translated into NZD using the spot rates at balance date. (\$nil held at 30 June 2023).

Although cash and cash equivalents at balance date are subject to the expected credit loss requirements of *PBE IPSAS 41 – Financial Instruments*, no loss allowance has been recognised because the estimated allowance is trivial.

Note 12: Derivative financial instruments

Table X: Derivative financial instruments	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Assets				
Current assets				
Interest rate swaps - cash flow hedges		216		216
Total current assets	-	216	-	216
Non-current assets				
Interest rate swaps - cash flow hedges		58,191		58,191
Total non-current assets	-	58,191	-	58,191
TOTAL DERIVATIVE FINANCIAL INSTRUMENT ASSETS	-	58,407	-	58,407
Liabilities				
Current liabilities				
Interest rate swaps - cash flow hedges		260		260
Total current liabilities	-	260	-	260
Non-current liabilities				
Interest rate swaps - cash flow hedges		523		523
Total non-current liabilities	-	523	-	523
TOTAL DERIVATIVE FINANCIAL INSTRUMENT LIABILITIES	-	783	-	783

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.

Interest rate swaps (cash flow hedges) are used to fix interest rates on floating rate debt (floating rate notes or commercial paper). The swaps are held until maturity and have no cash impact or effect on the rates requirements. The timing of the maturities of the active swaps, their nominal values and their weighted average fixed interest rates are shown in *Table X*.

Table X: Nominal value and weighted average fixed rate of live interest rate swaps	Council				Group			
	2023		2022		2023		2022	
	\$000	%	\$000	%	\$000	%	\$000	%
Interest rate swaps - cash flow hedges								
Not later than one year			109,000	3.61%			109,000	3.61%
Later than one year and not later than five years			148,000	4.06%			148,000	4.06%
Later than five years			196,000	3.03%			196,000	3.03%
TOTAL INTEREST RATE SWAPS - CASH FLOW HEDGES	-		453,000	3.50%	-		453,000	3.50%

The Council and Group currently have no fair value hedges.

For further information on the Council's interest rate swaps please refer to *Note 29: Hedging reserve* (pg X) and *Note 33: Financial instruments* (pg X).

Relevant significant accounting policies

Derivative financial instruments include interest rate swaps used to hedge exposure to interest rate risk on borrowings. Derivatives are initially recognised at fair value, 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

The full fair value of a hedge accounted derivative is classified as non-current if the remaining maturity of the hedged item is more than 12 months, and as current if the remaining maturity of the hedged item is less than 12 months.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges are recognised directly in other comprehensive revenue and expenditure. The gain or loss relating to the ineffective portion is recognised immediately in surplus or deficit. On derecognition, amounts accumulated in cash flow hedge reserve are transferred to surplus or deficit.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in the cash flow hedge reserve at that time remains in equity and is recognised when the forecast transaction occurs.

The Council and group have elected to adopt the new hedge accounting requirements of PBE IPSAS 41 where new requirements are aligned more closely with an entity's risk management and allows more hedging instruments and relationships to qualify for hedge accounting. There is no material financial impact on adoption.

As per the International Swap Dealers' Association (ISDA) master agreements, all swap payments or receipts are settled net.

Note 13: Receivables and recoverables

Table X: Receivables and recoverables	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Current	-	86,355	-	87,755
Non-current	-	-	-	-
TOTAL RECEIVABLES AND RECOVERABLES - NET	-	86,355	-	87,755
Trade receivables and recoverables - debtors - net		23,448		24,613
Trade recoverables - fines - net		3,657		3,657
Accrued revenue		19,715		19,738
Sundry receivables		8,239		8,659
GST recoverable		5,052		4,844
Rates recoverable		26,244		26,244
TOTAL RECEIVABLES AND RECOVERABLES - NET	-	86,355	-	87,755

Current trade, rates and sundry receivables and recoverables are non-interest bearing and receipt is generally on 30-day terms, therefore the carrying value approximates their fair value.

Table X: Receivables and recoverables from related parties	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Receivables and recoverables from related parties				
Controlled entities		217	-	-
Associates and jointly controlled entity		168		168
Total receivables and recoverables from related parties	-	385	-	168

Relevant significant accounting policies

Receivables from exchange transactions

Receivables from exchange transactions arise when the Council is owed by another entity or individual for goods or services provided directly by the Council and will receive approximately equal value in a willing arm's-length transaction (primarily in the form of cash in exchange). Examples of exchange transactions include parking services and metered water rates.

Recoverables from non-exchange transactions

Recoverables from non-exchange transactions arise when the Council is owed value from another party without giving approximately equal value directly in exchange for the value received. Most of the goods or services the Council provides are subsidised by rates revenue and therefore the exchange is unequal. Examples of non-exchange transactions include social housing rentals, parking fines and recreational centre activities. Non-exchange transactions are comprised of either taxes or transfers. Transfers also include grants that do not have specific conditions attached which require return of the grant for non-performance.

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow. As the Council satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Expected credit losses

Short-term receivables are recorded at the amount due, less an allowance for expected credit losses (ECL).

The Council and group apply the simplified ECL model of recognising lifetime ECL for short-term receivables. Lifetime ECL result from all possible default events over the expected life of a receivable. The Council and Group use a provision matrix based on historical credit loss information upon initial recognition of a receivable, using reasonable assumptions and any available customer information.

Other receivables are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation.

Previous accounting policy

In the previous year, under PBE IPSAS 29 the allowance for credit losses was based on the incurred credit loss model. An allowance for credit losses was recognised only when there was objective evidence that the amount due would not be fully collected.

Rates receivable

The Council does not provide for ECLs on rates receivable. Council has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow the Council to commence legal proceedings to recover any rates that remain unpaid four months after the due date for payment. If payment has not been made within three months of the Court's judgment, then the Council can apply to the Registrar of the High Court to have the judgment enforced by sale or lease of the rating unit.

Ratepayers can apply for payment plan options in special circumstances.

Other receivables

In measuring ECLs, all receivables have been grouped based on shared risk characteristics and the days overdue. The ECL rates for other receivables at 1 July 2022 and 30 June 2023 are based on the payment profile of revenue on credit over the prior three years at balance date. A provision matrix is then established based on historical, current and forward-looking information specific to each class of debtors and the macroeconomic environment affecting the ability of customers to settle their debt...

There have been no changes since 1 July 2022 in the estimation methodology or significant assumptions in measuring the loss allowance.

The allowance for expected credit losses on total receivables and recoverables based on Council and the Group's credit loss matrix is shown in Table X.

Table X: Debt aging profile and credit loss matrix	2023				2022			
	Gross	Expected Credit Loss Rate	Lifetime ECL	Net	Gross	Expected Credit Loss Rate	Lifetime ECL	Net
	\$000	%		\$000	\$000	%		\$000
Council								
Receivables and recoverables								
Not past due					49,338	0.31%	(152)	49,186
Past due 0-3 months					17,460	0.45%	(79)	17,381
Past due 3-6 months					8,193	0.61%	(50)	8,143
Past due more than 6 months					18,095	35.65%	(6,450)	11,645
TOTAL RECEIVABLES AND RECOVERABLES	-	-	-	-	93,086		(6,731)	86,355
Group								
Receivables and recoverables								
Not past due					50,646	0.30%	(153)	50,493
Past due 0-3 months					17,537	0.45%	(79)	17,458
Past due 3-6 months					8,208	0.61%	(50)	8,158
Past due more than 6 months					18,096	35.64%	(6,450)	11,646
TOTAL RECEIVABLES AND RECOVERABLES	-	-	-	-	94,487		(6,732)	87,755

The net receivables and recoverables past due for more than six months primarily relate to fines, which after initial debt recovery attempts, are passed to the Courts to further pursue. Due to their nature, the collection pattern for such fines is longer than for trade debtors.

Note 14: Prepayments

Table X: Prepayments	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Insurance		12,982		13,021
3 Waters reform stimulus funding		1,010		1,010
Information and communications technology		1,876		1,876
Waterfront operations		995		995
Other		1,431		1,871
TOTAL PREPAYMENTS	-	18,294	-	18,773

The Council's significant material damage insurance policies renew at the end of May each year. Accordingly the major prepayment relates to this expenditure, which will be recognised within the surplus or deficit on a month-by-month basis, during the 2023/24 accounting year.

Note 15: Other financial assets

Table X: Other financial assets	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Represented by:				
Current		102,856		109,556
Non-current		29,298		31,578
TOTAL OTHER FINANCIAL ASSETS		- 132,154		- 141,134
Comprised of:				
Equity investments				
Civic Financial Services Limited		524		524
Local Government Funding Agency (LGFA)		8,674		8,674
Creative HQ shareholdings - available-for-sale		-		1,879
Legacy investment - Wellington Museums Trust		-		274
Gifted investment - Karori Sanctuary Trust		-		126
Debt securities investments				
LGFA - borrower notes		19,868		19,868
Deposits and loans				
Bank term deposits - greater than 3 months		101,000		107,700
Loans to related parties		2,088		2,088
Loans to external organisations		-		1
TOTAL OTHER FINANCIAL ASSETS		- 132,154		- 141,134

Equity investments

Civic Financial Services Limited is the trading name for the New Zealand Local Government Insurance Corporation Limited. The Council holds a 4.78 percent (2021: 4.78 percent) shareholding in this entity and has no present intention to sell. The fair value of the investment is determined by reference to the net equity amount from their most recent Annual Report.

The LGFA is an alternative debt provider majority owned by and operated for local authorities. The Council holds an 8.30 percent 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. Refer to *Note 37: Related party disclosures*, for more information (pg X). The fair value of the investment is determined by reference to the net equity amount from their most recent unaudited fourth quarter report.

Creative HQ, a controlled entity of Wellington Regional Economic Development Agency Limited (WREDA), has small shareholdings in various incubator and accelerator programme companies. These shares are held until the companies mature or cease operations.

Deposits and loans

Bank term deposits

Bank term deposits with maturities greater than three months are categorised as investments. These longer-term deposits are largely due to the early borrowing (pre-funding) for future debt repayments and generally mature in less than 12 months.

The carrying amount of term deposits approximates their fair value as no ECL has been recognised due to the continued low credit risk associated with these deposits, being held in NZ registered banks with A or better long-term investment grade credit ratings.

Borrower notes

As part of the borrowing arrangements through the LGFA, the Council is required to leave 2.5 percent of any debt drawdown with the LGFA, as an investment, in the form of a borrower note. Borrower notes are subordinated convertible debt instruments, which will be repaid with interest to the Council, once the related borrowing is repaid or no longer owed to the LGFA. The maturity profile of these notes matches the related debt maturity profile (1 February 2024 to 15 October 2033).

The fair value of borrower notes is determined by reference to the relevant interest rate curve.

Loans to related parties

The loans to related parties are concessionary in nature since the loans have been granted on interest free terms for all or part of the life of the loan. The movements in the loans are shown in *Table X*.

Table X: Loans	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Loans to related parties				
<i>Wellington Regional Stadium Trust</i>				
<i>(Build and membership underwrite - \$15,394,893)</i>				
Opening balance		44		44
Amortisation of fair value adjustment		6		6
Closing balance at fair value	-	50	-	50
<i>Wellington Regional Stadium Trust</i>				
<i>(COVID-19 support - \$2,100,000)</i>				
Opening balance		848		848
Drawn down		1,200		1,200
Fair value adjustment		(35)		(35)
Amortisation of fair value adjustment		25		25
Closing balance at fair value	-	2,038	-	2,038
Loans to other external organisations				
Opening balance		-		15
New loan		-		1
Loan repayments received		-		(15)
Closing balance at fair value	-	-	-	1
TOTAL LOANS	-	2,088	-	2,089

The fair value movement on loans reflects the timing of their expected repayments and the interest free or other nature of the loan. Over the remaining life of the loans their fair value will be amortised back up to their full nominal value.

Wellington Regional Stadium Trust (WRST)

The Council holds a \$15.000m limited recourse loan to WRST, which is unsecured, with no specified maturity and at no interest. The loan is not repayable until all other debts are extinguished.

On maturity of the initial WRST membership underwrite, the unpaid interest was converted to a \$0.395m advance repayable after all other advances made by the Council and GWRC. The current expected repayment of the loan and the advance back to the Council, as advised by WRST, is in 2070.

The amortisation rate applicable to the WRST loan is 12.71 percent.

Agreed in 2019/20, a new joint loan facility of \$4.200m shared between the Council and GWRC was further drawn down by WRST from the Council (\$1.200m) during 2021/22. The loan facility is to fund operating deficits resulting from the impact of COVID-19 and to provide funding for the capital works required to continue with the strengthening of the Fran Wilde walkway. The Council's share of the unsecured loan is \$2.100m with a fixed interest rate of 3.00 percent and was interest free for the first two years commencing from the date of the first drawdown in December 2020. The first six-monthly accrued interest payment was received in June 2023, with the loan due to be fully repaid by the end of the 2030/31 reporting period.

The Council does not hold any collateral for any of its loan assets.

Relevant significant accounting policies

Initial recognition

Other financial assets (other than shares in subsidiaries) are initially recognised at fair value. They are then classified as, and subsequently measured under, the following categories:

- amortised cost.
- fair value through other comprehensive revenue and expense (FVTOCRE); and
- fair value through surplus and deficit (FVTSD).

Transaction costs are included in the value of the financial asset at initial recognition unless the it has been designated at FVTSD, in which case it is recognised in surplus or deficit.

The classification of a financial asset depends on its cash flow characteristics and the Council and Group's management model for managing them.

A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal outstanding and is held within a management model whose objective is to collect the contractual cash flows of the asset.

A financial asset is classified and subsequently measured at FVTOCRE if it gives rise to cash flows that are SPPI and held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Financial assets that do not meet the criteria to be measured at amortised cost or FVTOCRE are subsequently measured at FVTSD. However, the Council and Group may elect at initial recognition to designate an equity investment not held for trading as subsequently measured at FVTOCRE.

Initial recognition of concessionary loans

Loans made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flow, discounted at the current market rate of return for a similar financial instrument. For loans to community organisations, the difference between the loan amount and present value of the expected future cash flows of the loan is recognised in the surplus or deficit as a grant expense.

Subsequent measurement of financial assets at amortised cost

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses (ECL).. Instruments in this category include term deposits, and loans to related parties.

Subsequent measurement of financial assets at FVTOCRE

Financial assets in this category that are equity instruments designated as FVTOCRE are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense. There is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to accumulated funds within equity. The Council and Group designate into this category all equity investments that are not held for trading as they are strategic investments that are intended to be held for the medium to long-term.

Subsequent measurement of financial assets at FVTSD

Financial assets in this category are subsequently measured at fair value with fair value gains and losses recognised in surplus or deficit.

Interest revenue and dividends recognised from these financial assets are separately presented within revenue.

Expected credit loss allowance (ECL)

The Council and Group recognise an allowance for ECLs for all debt instruments not classified as FVTSD. ECLs are the probability-weighted estimate of credit losses, measured at the present value of cash shortfalls, which is the difference between the cash flows due to Council and Group in accordance with the contract and the cash flows it expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

ECLs are recognised in two stages. ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). However, if there has been a significant increase in credit risk since initial recognition, the loss allowance is based on losses possible for the remaining life of the financial asset (Lifetime ECL).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Council and Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Council and Group's historical experience and informed credit assessment and including forward-looking information.

Previous accounting policy (summarised)

In the previous year, other financial assets were classified into the following categories:

- loans and receivables at amortised cost (included term deposits, related party loans, and community loans).
- held-to-maturity investments at amortised cost (included debt securities investments); and
- fair value through other comprehensive revenue and expense (included equity investments).

Note 16: Non-current assets classified as held for sale

Table X: Non-current assets classified as held for sale	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Buildings		5,889		5,889
Land		7,477		7,477
TOTAL NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE	-	13,366	-	13,366

Relevant significant accounting policies

Non-current assets are classified as held for sale if their carrying value will be recovered principally through a sale transaction, rather than through continuing use.

Non-current held for sale are measured at the lower of the carrying amount and fair value less costs to sell. Impairment losses on initial classification are included within surplus or deficit.

Non-current assets are not depreciated or amortised while they are classified as held for sale.

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.

Note 17: Intangibles

Table X: Intangibles	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Computer software				
Cost - opening balance		72,823		73,419
Accumulated amortisation		(50,870)		(51,392)
Computer software opening balance	-	21,953	-	22,027
Acquired by direct purchase		1,517		1,517
Amortisation		(5,353)		(5,398)
Impairment		(3)		(3)
Net disposals		(518)		(521)
Total computer software - closing balance	-	17,595	-	17,622
Cost		73,015		73,575
Accumulated amortisation and Impairment		(55,420)		(55,953)
Total computer software - closing balance	-	17,595	-	17,622
Work in progress				
Computer software		7,645		7,645
Total work in progress	-	7,645	-	7,645
Carbon credits				
Cost - opening Balance		14,049		14,049
Additions		898		898
Net disposals		(1,976)		(1,976)
Total Carbon credits - closing balance	-	12,971	-	12,971
TOTAL INTANGIBLES	-	38,211	-	38,238

Disposals and transfers are reported net of accumulated amortisation.

Carbon credits

As part of the Emissions Trading Scheme (ETS) the Council receives carbon credit units from the Crown in recognition of the carbon absorbed by a portion of the Council's green belt.

The Council may also purchase units to cover the expected liabilities associated with landfill operation as required. The Council surrenders units to extinguish these liabilities.

At 30 June 2023 the total liability relating to landfill carbon emissions for the first six months of the 2023 calendar year is \$Xm (2022: \$1.171m).

More information on carbon credits can be found in Section 4: Our performance in detail, under activity 2.2: Waste reduction and energy conservation (Volume 1, page X).

The movement in units held by the Council are shown in *Table X*.

Table X: Carbon credits	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Opening balance		601,177		601,177
Additions - Allocated from the Crown		14,004		14,004
Additions - Purchases		-		-
Disposals - Surrendered to the Crown		(75,796)		(75,796)
TOTAL CARBON CREDITS	-	539,385	-	539,385

Relevant significant accounting policies

Computer software

Acquired computer software is measured on initial recognition at the costs to acquire and bring to use and subsequently less any amortisation and impairment losses.

Typically, the estimated useful life of these assets is between 2 to 11 years.

Carbon Credits

Carbon credits comprise either allocations of emission allowances granted by the Crown related to forestry assets or units purchased in the market to cover liabilities associated with landfill operations. Carbon credits allocated as a non-exchange transaction are initially recognised at fair value, which then becomes the deemed cost. Carbon credits that are purchased are recognised at cost.

Gains and losses arising from disposal of intangible assets are recognised within surplus or deficit in the period in which the transaction occurs. Intangible assets are reviewed at least annually to determine if there is any indication of impairment. Where an intangible asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. Losses resulting from impairment are reported within surplus or deficit.

Note 18: Investment properties

Table X: Investment properties	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Ground leases, other land and buildings				
Opening balance		279,036		279,036
Additions by acquisition		-		-
Disposals		-		-
Fair value revaluation movements taken to surplus/(deficit)		20,614		20,614
Transfer (to)/from non-current assets classified as held for sale		-		-
Transfer between asset classes		62		62
Total ground leases, other land and buildings	-	299,712	-	299,712
Work in progress				
Other land and buildings		396		396
Total work in progress	-	396	-	396
TOTAL INVESTMENT PROPERTIES	-	300,108	-	300,108

Wellington City Council's investment properties including the waterfront investment properties were valued as at 30 June 2023 by an independent valuer, William Bunt (FNZIV, FPNZ), registered valuer and Director of Valuation Services for CBRE Limited.

Table X: Investment property by type	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Ground leases		260,782	-	260,782
Other land and buildings (including WIP)		39,326	-	39,326
TOTAL INVESTMENT PROPERTIES	-	300,108	-	300,108

Investment properties are properties which are held primarily to earn lease revenue and/or for capital growth. These properties include the Council's ground leases and certain land and buildings.

Ground leases are parcels of land owned by the Council in the central city or on the waterfront that are leased to other parties who own the buildings situated on the land. The leases are generally based on 21-year perpetually renewable terms. As these parcels of land are held for investment purposes the leases are charged on a commercial market basis.

Investment properties exclude those properties held for strategic purposes or to provide a social service. This includes properties which generate cash inflows where the lease revenue is incidental to the purpose for holding the property. Such properties include the Council's social housing assets, which are held within operational assets in property, plant and equipment.

Relevant significant accounting policies

The basis of valuation varies depending on the nature of the lease. For sites that are subject to a terminating lease the approach is to assess the value of the lease revenue over the remaining term of the lease and add the residual value of the land at lease expiry.

For sites subject to perpetually renewable leases, values have been assessed utilising the discounted cash flow methodology and arriving at a net present value of all future anticipated gross lease payments.

Borrowing costs incurred during the construction of investment property are not capitalised.

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

Certain ground leases on the waterfront and within the central city have, for accounting purposes, been treated as sold assets due to the very long-term nature of the lease and peppercorn rentals.

At a future point in time, prior to the asset being returned to the Council ownership, the Council will begin to incrementally re-recognise the value of the asset. The amortisation of the estimated future value will reflect the prevalent economic situation and will be more relevant in terms of both the estimated value and materiality.

Note 19: Property, plant and equipment

Table X: Summary of property, plant and equipment	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Property, plant and equipment - opening balance		8,203,230		8,217,301
Additions		209,157		210,025
Disposals		(6,846)		(6,946)
Depreciation expense		(141,135)		(142,217)
Impairment losses		(10,615)		(10,615)
Revaluation movement		1,859,025		1,859,027
Transfer between asset classes		(69)		(69)
Movement of non-current assets held for sale		1,336		1,336
Movement of work in progress		164,164		164,257
TOTAL PROPERTY, PLANT AND EQUIPMENT		- 10,278,248		- 10,292,099

Relevant significant accounting policies

Property, plant and equipment consists of operational assets, restricted assets and infrastructure assets.

Operational assets include: land, buildings, landfill post-closure asset, Civic Precinct, library collection, plant and equipment.

Restricted assets include: art and cultural assets, restricted buildings, parks and reserves, and the Town Belt. These assets provide a benefit or service to the community and in most cases cannot be disposed of because of legal or other restrictions (for example, land declared as a reserve under the Reserves Act 1977). The use of the asset may also be restricted such as the donated Basin Reserve land which must be retained for the purposes of providing a cricket and recreation ground with no permitted thoroughfare.

Infrastructure assets include: the roading network, drainage, water and waste reticulation networks, service concession arrangement assets and infrastructure land (including land under roads). Each asset type includes all items that are required for the network to function.

Heritage assets are tangible assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture. The Council and Group recognises these assets within these financial statements to the extent their value can be reliably measured.

Vested assets are those assets where ownership and control are transferred to the Council from a third party (for example, 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 (for example, 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 using the optimised depreciated replacement cost methodology.

Optimised depreciated replacement cost is a valuation methodology where the value of an asset is based on the cost of replacement with an efficient modern equivalent making allowance for obsolescence or surplus capacity. The remaining life of the asset is estimated and straight-line depreciation applied to bring the replacement cost to a fair value.

Specific measurement policies for categories of property, plant and equipment are shown below:

Library Collections

Library collections are valued at depreciated replacement cost on a three-year cycle by the Council's library staff in accordance with guidelines outlined in Valuation Guidance for Cultural and Heritage Assets, published by The Treasury Accounting Team, November 2002.

Operational Land and Buildings

Operational land and buildings are valued at fair value on a regular basis or, whenever the carrying amount differs materially to fair value, by independent registered valuers. Where the information is available, land and buildings are valued based on market evidence. Most of the Council's land and buildings are of a 'non-tradeable' or specialist nature and the value is based on the fair value of the land plus the optimised depreciated replacement cost of the buildings.

For earthquake prone buildings that are expected to be strengthened, the estimated cost to strengthen the building has been deducted from the optimised depreciated replacement cost.

Non-specialised properties that comprise the City Housing portfolio have been valued on a market-based approach with the associated land value being established through analysis of sales and market evidence.

Restricted assets

Art and cultural assets (artworks, sculptures and statues) are valued at historical cost. All other restricted assets (buildings, parks and reserves and the Town Belt) were valued at fair value as at 30 June 2005 by an independent registered valuer. 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. Since 2021/22, Zoo animals were derecognised due to the difficulty of assigning a value.

Infrastructure assets

Infrastructure assets (the roading network, drainage, water and waste reticulation networks including service concession arrangement assets (wastewater treatment plants)) are valued at optimised depreciated replacement cost on a regular basis or, whenever the carrying amount differs materially to fair value, by an independent registered valuer. Infrastructure valuations are based on the physical attributes of the assets, their condition and their remaining lives based on the Council's best information reflected in its asset management plans. The costs are based on current quotes from

actual suppliers. As such, they include ancillary costs such as breaking through seal, traffic control and rehabilitation. Between valuations, expenditure on asset improvements is capitalised at cost.

Infrastructure land (excluding land under roads) is valued on a regular basis or, whenever the carrying amount differs materially to fair value, by an independent registered valuer.

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 percent to reflect its restricted nature. The Council elected to use the fair value of land under roads at 30 June 2005 as the deemed cost of the asset. Land under roads is no longer revalued. Subsequent additions have been recorded at cost.

The carrying values of revalued property, plant and equipment are reviewed at the end of each reporting period to ensure that those values are not materially different to fair value.

Other Assets

Plant and equipment and the Civic Precinct are measured at historical cost and not revalued.

Impairment

The Council's assets are defined as cash generating if the primary purpose of the asset is to provide a commercial return. Non-cash generating assets are assets other than cash generating assets. Property, plant and equipment assets, measured at fair value, are not required to be reviewed and tested for impairment.

The carrying amounts of cash generating property, plant and equipment assets are reviewed at least annually to determine if there is any indication of impairment. Where an asset's, or class of assets', recoverable amount is less than its carrying amount it will be reported at its recoverable amount and an impairment loss will be recognised. The recoverable amount is the higher of an item's fair value less costs to sell and value in use. Losses resulting from impairment are reported within surplus or deficit unless the asset is carried at a revalued amount in which case any impairment loss is treated as a revaluation decrease and recorded within other comprehensive revenue and expense.

The carrying amounts of non-cash generating property, plant and equipment assets, and intangible assets are reviewed at least annually to determine if there is any indication of impairment. Where an asset's, or class of assets', recoverable service amount is less than its carrying amount it will be reported at its recoverable service amount and an impairment loss will be recognised.

The recoverable service amount is the higher of an item's fair value less costs to sell and value in use. A non-cash generating asset's value in use is the present value of the asset's remaining service potential. Losses resulting from impairment are reported within surplus or deficit unless the asset is carried at a revalued amount in which case any impairment loss is treated as a revaluation decrease and recorded within other comprehensive revenue and expense.

Disposal

Gains and losses on disposals are determined by comparing the proceeds from sale with the carrying amount of the asset. Gains and losses on disposal are reported net in surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Work in progress

Work in progress represents the cost of capital expenditure projects that are not yet capable for use in the manner intended by management. The cost of projects within work in progress is transferred to the relevant asset class when the project is completed and is then subject to depreciation/amortisation.

The movements according to the individual classes of assets are as shown in *Table X*

Table X: Property, plant and equipment by category and class of asset	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Operational assets				
Land				
Land - at cost - opening balance		3,161		3,161
Land - at valuation - opening balance		365,343		365,343
Total land - opening balance	-	368,504	-	368,504
Additions		41		41
Disposals		(2,425)		(2,425)
Revaluation movement		-		-
Revaluation adjustment		605		605
Movements of non-current assets held for sale		(1,217)		(1,217)
Total land - closing balance	-	365,508	-	365,508
Land - at cost - closing balance		3,202		3,202
Land - at valuation - closing balance		362,306		362,306
Total land - closing balance	-	365,508	-	365,508
Buildings				
Buildings - at cost - opening balance		115,761		115,761
Buildings - at valuation - opening balance		1,009,833		1,019,356
Total cost/valuation	-	1,125,594	-	1,135,117
Accumulated depreciation and impairment		(327,406)		(332,782)
Total buildings - opening balance	-	798,188	-	802,335
Additions		19,816		19,868
Depreciation expense		(31,461)		(31,646)
Disposals		(2,211)		(2,543)
Impairment		(6,289)		(6,289)
Revaluation movement		-		-
Transfer between asset classes		1,277		1,277
Movements of non-current assets held for sale		(202)		(202)
Total buildings - closing balance	-	779,118	-	782,800
Buildings - at cost - closing balance		136,410		136,410
Buildings - at valuation - closing balance		1,006,704		1,015,328
Total cost/valuation	-	1,143,114	-	1,151,738
Accumulated depreciation and impairment		(363,996)		(368,938)
Total buildings - closing balance	-	779,118	-	782,800

1. The Council's share of the joint venture with Porirua City Council relating to the Spicer Valley landfill is included in this asset class.

Disposals and transfers are reported net of accumulated depreciation.

	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Landfill post closure costs ¹				
Landfill post closure - at cost - opening balance		4,404		4,404
Accumulated depreciation		(3,541)		(3,541)
Total landfill post closure costs - opening balance	-	863	-	863
Depreciation expense		(102)		(102)
Movement in post closure costs		(553)		(553)
Total landfill post closure costs - closing balance	-	208	-	208
Landfill post closure - at cost - closing balance		3,851		3,851
Accumulated depreciation		(3,643)		(3,643)
Total landfill post closure costs - closing balance	-	208	-	208
Civic Precinct				
Civic Precinct - at cost - opening balance		182,590		182,590
Accumulated depreciation and impairment		(132,317)		(132,317)
Total Civic Precinct - opening balance	-	50,273	-	50,273
Additions		1,425		1,425
Depreciation expense		(1,254)		(1,254)
Disposals		(187)		(187)
Impairment		-		-
Total Civic Precinct- closing balance	-	50,257	-	50,257
Civic Precinct - at cost - closing balance		183,635		183,635
Accumulated depreciation and impairment		(133,378)		(133,378)
Total Civic Precinct- closing balance	-	50,257	-	50,257
Plant and equipment				
Plant and equipment - at cost - opening balance		295,203		315,162
Accumulated depreciation and impairment		(169,216)		(182,319)
Total plant and equipment - opening balance	-	125,987	-	132,843
Additions		25,931		26,747
Depreciation expense		(16,854)		(17,751)
Disposals		(728)		(496)
Transfer between asset classes		(2,193)		(2,193)
Total plant and equipment - closing balance	-	132,144	-	139,151
Plant and equipment - at cost		311,883		332,129
Accumulated depreciation and impairment		(179,739)		(192,978)
Total plant and equipment - closing balance	-	132,144	-	139,151

Disposals and transfers are reported net of accumulated depreciation.

	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Library collections				
Library collections - at cost - opening balance		1,569		1,569
Library collections - at valuation - opening balance		15,143		15,143
Total cost/valuation	-	16,712	-	16,712
Accumulated depreciation		(1,863)		(1,863)
Total library collections - opening balance	-	14,849	-	14,849
Additions		1,718		1,718
Depreciation expense		(2,057)		(2,057)
Total library collections - closing balance	-	14,510	-	14,510
Library collections - at cost - closing balance		1,718		1,718
Library collections - at valuation - closing balance		16,711		16,711
Total cost/valuation	-	18,429	-	18,429
Accumulated depreciation		(3,919)		(3,919)
Total library collections - closing balance	-	14,510	-	14,510
Total operational assets	-	1,341,745	-	1,352,434
Infrastructure assets				
Drainage, water and waste				
Drainage, water and waste - at cost - opening balance		79,225		79,225
Drainage, water and waste - at valuation - opening balance		3,944,936		3,944,936
Total cost/valuation	-	4,024,161	-	4,024,161
Accumulated depreciation		(2,132,975)		(2,132,975)
Total drainage, water and waste - opening balance	-	1,891,186	-	1,891,186
Additions		110,659		110,659
Depreciation expense		(53,295)		(53,295)
Revaluation movement		1,548,475		1,548,475
Transfer between asset classes		848		848
Total drainage, water and waste - closing balance	-	3,497,873	-	3,497,873
Drainage, water and waste - at cost - closing balance		109,934		109,934
Drainage, water and waste - at valuation - closing balance		7,531,028		7,531,028
Total cost/valuation	-	7,640,962	-	7,640,962
Accumulated depreciation		(4,143,089)		(4,143,089)
Total drainage, water and waste - closing balance	-	3,497,873	-	3,497,873

Disposals and transfers are reported net of accumulated depreciation.

	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Roadings				
Roadings - at cost - opening balance		50,828		50,828
Roadings - at valuation - opening balance		1,904,216		1,904,216
Total cost/valuation	-	1,955,044	-	1,955,044
Accumulated depreciation		(651,020)		(651,020)
Total roadings - opening balance	-	1,304,024	-	1,304,024
Additions		38,203		38,203
Depreciation expense		(34,258)		(34,258)
Revaluation movement		292,910		292,910
Transfer between asset classes		-		-
Total roadings - closing balance	-	1,600,879	-	1,600,879
Roadings - at cost - closing balance		38,203		38,203
Roadings - at valuation - closing balance		2,470,888		2,470,888
Total cost/valuation	-	2,509,091	-	2,509,091
Accumulated depreciation		(908,212)		(908,212)
Total roadings - closing balance	-	1,600,879	-	1,600,879
Infrastructure land				
Infrastructure land - at cost - opening balance		-		-
Infrastructure land - at valuation - opening balance		44,177		44,177
Total infrastructure land - opening balance	-	44,177	-	44,177
Additions		4,365		4,365
Disposals		-		-
Impairment		(4,330)		(4,330)
Revaluation movement		17,038		17,038
Transfer between asset classes		12		12
Movements of non-current assets held for sale		(615)		(615)
Total infrastructure land - closing balance	-	60,647	-	60,647
Infrastructure land - at cost - closing balance		4,635		4,635
Infrastructure land - at valuation - closing balance		56,012		56,012
Total infrastructure land - closing balance	-	60,647	-	60,647
Land under roads				
Land under roads - at cost - opening balance		2,955,234		2,955,234
Additions		207		207
Disposals		(772)		(772)
Transfer between asset classes		123		123
Movements of non-current assets held for sale		3,343		3,343
Land under roads - closing balance	-	2,958,135	-	2,958,135
Total infrastructure assets	-	8,117,534	-	8,117,534

Disposals and transfers are reported net of accumulated depreciation

	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Restricted assets ²				
Art and cultural assets				
Art and cultural assets - at cost - opening balance		8,872		11,211
Additions		34		34
Transfer between asset classes		(13)		(13)
Art and cultural assets - closing balance		8,893		11,232
Buildings on restricted land				
Buildings on restricted land - at cost - opening balance		47,381		47,381
Accumulated depreciation and impairment		(18,266)		(18,266)
Total buildings on restricted land - opening balance		29,115		29,115
Additions		3,729		3,729
Depreciation expense		(1,850)		(1,850)
Impairment		-		-
Transfer between asset classes		-		-
Total buildings on restricted land - closing balance		30,994		30,994
Buildings on restricted land - at cost - closing balance		51,164		51,164
Accumulated depreciation and impairment		(20,170)		(20,170)
Total buildings on restricted land - closing balance		30,994		30,994
Parks and reserves				
Parks and reserves - at cost - opening balance		213,309		213,309
Additions		3,579		3,579
Disposals		(10)		(10)
Transfer between asset classes		(7,257)		(7,257)
Movements of non-current assets held for sale		27		27
Parks and reserves - closing balance		209,648		209,648
Town Belt				
Town Belt - at cost - opening balance		89,232		89,232
Transfer between asset classes		7,121		7,121
Town Belt - at cost - closing balance		96,353		96,353
Zoo animals				
Zoo animals - opening balance		500		500
Disposals		(500)		(500)
Zoo animals - opening balance		-		-
Total restricted assets		345,888		348,227

2. For restricted assets, valuation at cost means they are not subject to revaluation. Please refer to the relevant significant accounting policies above for a more detailed explanation.

Disposals and transfers are reported net of accumulated depreciation

	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Work in progress				
Land		1,625		1,625
Buildings		291,894		292,718
Civic Precinct		3,945		3,945
Plant and equipment		71,745		71,745
Drainage, water and waste		48,774		48,774
Roading		54,723		54,723
Other		374		374
Total work in progress		473,080		473,904
TOTAL PROPERTY, PLANT AND EQUIPMENT		10,278,248		10,292,099

Revaluation of property, plant and equipment

Operational land and buildings

The operational land and building assets were valued with effect from 30 June 2023 by William Bunt (FNZIV, FPINZI), registered valuer and Director of Valuation Services for CBRE Limited.

This revaluation would normally be performed in 2023/24 in line with the 3-yearly cycle. In late 2022, an initial assessment was performed which indicated a material change in the value of the assets. This resulted in the need to perform a full revaluation.

There was an uplift in values for operational buildings of approximately X% and decrease in value for operational land of approximately X%. The key factors that have contributed to the movements in fair value of these assets are as below:

- 1) Rapid interest rate rises instigated by central banks to combat high inflation and increased outgoings for multi-units have caused a decrease in value in the housing portfolio.
- 2) Construction price increases post COVID-19 and on-going shortage of input materials and specialised skilled overseas labour and supply chain disruptions have resulted in an increase in the value of specialised non-housing portfolio.
- 3) Significant new projects like Takina, St. James and Araheke apartments have also contributed to the overall increase in value to the operational building asset class
- 4) Generally, land values for housing assets have also reduced in line with the reduction in values for the buildings, exceptions are where the land has been rezoned to a higher use or better development potential under the new zonings under the Proposed District Plan. In sub-urban locations there has been a higher value change due to new zoning allowing greater height limits.

Library collection

Library collections were valued as at 30 June 2023 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.

Infrastructure assets

Assets are valued at regular intervals by an independent registered valuer or whenever the carrying amount differs materially to fair value. In the years which an asset class is not revalued, the Group assesses whether there has been any material change in the value of that asset class.

The movement in the fair value of infrastructure assets between 30 June 2022 and 30 June 2023 were assessed by independent valuer WSP and the increase in value of these asset classes was not considered material by management and accordingly these assets did not require a revaluation for 30 June 2023.

Further information on revaluation reserves and movements is contained in *Note 28: Revaluation reserves* (pg X).

Significant acquisitions and replacements of assets

In accordance with the provisions of Schedule 10 of the LGA 2002, information in respect of significant acquisitions and replacements of assets is reported within the Statements of Service Performance.

Service concession arrangements

The Council's service concession assets consist of the Moa Point treatment plant, including the sludge dewatering plant at Carey's Gully, and Western (Karori) wastewater treatment plant. These facilities are owned by the Council, and included within infrastructure assets, but operated by Veolia Water under a contract with Wellington Water Limited. The contract also covers the Porirua wastewater treatment plant which is operating under a joint operation with Porirua City Council.

The Council incurs all associated operating expenses through the on-charged costs paid to Wellington Water Limited.

The Council has a contract with Veolia Water, which covers the wastewater treatment plants of Wellington, Porirua and Hutt City councils. The contract expires 30 June 2030 with two rights of renewal for further subsequent terms of three and two years respectively.

The carrying value of these service concession assets for the Council and Group is \$Xm (2022: \$155.062m).

Core Assets

Included within the infrastructure assets (*Table X*) are the Council's core assets as shown in *Table X*.

Table X: Council's core assets	2023			
	Closing book value	Constructed Additions	Vested Additions	Replacement Cost
	\$000	\$000	\$000	\$000
Water supply				
treatment plants and facilities				
other assets				
Sewerage				
treatment plants and facilities				
other assets				
Stormwater drainage				
Flood protection and control works				
Roads and footpaths				
TOTAL CORE ASSETS	-	-	-	-
	2022			
	Closing book value	Constructed Additions	Vested Additions	Replacement Cost
	\$000	\$000	\$000	\$000
Water supply				
treatment plants and facilities				
other assets	876,576	9,765	503	1,943,886
Sewerage				
treatment plants and facilities	177,583	2,674	-	296,070
other assets	1,274,888	16,243	73,115	3,058,648
Stormwater drainage	1,168,826	7,701	661	2,317,584
Flood protection and control works	-	-	-	-
Roads and footpaths	1,600,879	37,369	834	2,509,091
TOTAL CORE ASSETS	5,098,752	73,752	75,112	10,125,278

Drainage, water, waste and roading assets were revalued for the prior period ending 30 June 2022, by WSP New Zealand Limited, as part of an off-cycle revaluation required due to estimated material movements in the fair value of the assets.

Insurance of assets

Table X: Insurance of assets	Council	
	2023	2022
	\$000	\$000
Total value of property, plant and equipment	-	10,278,248
less assets (primarily land) excluded from insurance contracts	-	(4,163,371)
Value of assets covered by insurance contracts	-	6,114,877
The maximum amount to which assets are insured under Council insurance policies	-	728,260

In addition to Council's insurance, in the event of natural disaster it is assumed that Central Government will contribute 60 percent towards the rebuild or repair of essential Council owned below ground infrastructure (drainage, water and waste assets) subject to eligibility considerations. Also, Waka Kotahi, will contribute approximately 55 percent towards the restoration of qualifying roading assets.

The Council is not covered by any financial risk sharing arrangements in relation to its assets.

An insurance reserve of \$Xm (2022: \$13.835m) exists to meet the cost of claims that fall below deductible limits under the Council insurance policies. The reserve is funded annually through rates. For the year ending 30 June 2023 an amount of \$Xm (2022: \$1.461m) was added to the reserve. The net cost of claims applied to the reserve during the year amounted to \$Xm (2022: \$0.605m).

For insurance purposes, the Council take a "sum insured" approach to managing most risks, including for damage from a significant natural disaster. This approach recognises the wide-ranging location and type of assets in the portfolio.

We have policies in place for our three main asset classes:

- Below ground infrastructure (declared replacement value of \$X (2022: \$4.0b),
- Above ground infrastructure (declared replacement value of \$X (2022: \$2.3b)
- Housing (declared replacement value of \$X (2022: \$0.8b).

The declared values are overlaid with the assessed GNS loss estimate for each asset subclasses for a 1–1000 year loss. The assessment is then used to assess the level of insurance required.

The required insurance values are met by cover in place from various sources, including purchased material damage insurance, the internal Insurance reserve (described above), balance sheet headroom (approved via the 2021-31 LTP) and a conservative level of assumed promissory allocation of Crown funded rebuild capacity.

Note 20: Investment in controlled entities

The cost of the Council's investment in controlled entities is reflected in the Council's financial statements as shown in *Table X*.

Table X: Cost of Investment in controlled entities	Council	
	2023	2022
	\$000	\$000
Wellington Cable Car Limited		3,809
Wellington Regional Economic Development Agency Limited (WREDA)		1,262
TOTAL COST OF INVESTMENT IN CONTROLLED ENTITIES	-	5,071

The equity investment represents the cost of the investment to the Council and includes all capital contributions made by the Council to controlled entities. The Council has only made equity investments as shareholders as noted in *Table X*. 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 and are not considered as equity investments.

Information on inter-company transactions is included in the *Note 37: Related party disclosures* (pg X).

The controlled entities of the Council are listed as shown in *Table X*.

Table X: Controlled entities	Accounting Interest 2023	Accounting Interest 2022	Nature of business
Karori Sanctuary Trust (Trading as Zealandia)	100%	100%	Owns and manages the activities of the urban eco-sanctuary in Karori.
Wellington Cable Car Limited	100%	100%	Owns and operates the Cable Car.
Wellington Museums Trust (Trading as Experience Wellington)	100%	100%	Administers: Cable Car Museum, Capital E, City Gallery, Nairn Street Cottage, Space Place (Carter Observatory), Wellington Museum and the NZ Cricket Museum
Wellington Regional Economic Development Agency Limited (WREDA) (Trading as WellingtonNZ)	80%	80%	Manages Wellington Venues Project and creates economic and social benefit by marketing the city with the private sector as a tourism destination.
- Creative HQ Limited	80%	80%	Business incubators.
Wellington Waterfront Limited	100%	100%	Acts as bare trustee for the Waterfront project.
Wellington Zoo Trust	100%	100%	Manages and guides the future direction of the Wellington Zoo.

The reporting period end date for all controlled entities is 30 June. Full copies of their financial statements can be obtained directly from their offices. Further information on the structure, objectives, the nature and scope of activities, and the performance measures and targets of the entities can be found in the relevant sections of the Statements of Service Provision.

Note 21: Investment in associates and joint venture

The cost of the Council's investment in associates and joint venture is reflected in the Council financial statements as shown in *Table X*.

Table X: Cost of investment in associates and joint venture	Council	
	2023	2022
	\$000	\$000
Chaffers Marina Holdings Limited		1,298
Wellington International Airport Limited		17,775
Wellington Water Limited		400
TOTAL COST OF INVESTMENT IN ASSOCIATES AND JOINT VENTURE	-	19,473

The Council has significant influence over the following entities as listed in *Table X*. All of these are domiciled and operate in New Zealand.

Table X: Associates and Joint venture	Accounting Interest 2023	Accounting Interest 2022	Nature of business
Chaffers Marina Holdings Limited	9.93%	10.72%	Holding company for Chaffers Marina Limited.
- Chaffers Marina Limited	9.93%	10.72%	Owns and manages the marina.
Wellington International Airport Limited	34%	34%	Owns and manages Wellington International Airport facilities and services.
Wellington Water Limited	40%	40%	Manages all water services for Wellington, Hutt, Upper Hutt and Porirua city councils, the South Wairarapa District Council and the GWRC.

Full copies of their separately prepared financial statements can be obtained directly from their respective offices.

Associates

Chaffers Marina

Chaffers Marina Holdings Limited and Chaffers Marina Limited have a reporting period end date of 30 June. The shares in Chaffers Marina Holdings Limited are held by Wellington Waterfront Limited in a fiduciary capacity. As at 30 June 2023 the Council held a 9.93 percent (2022: 10.72 percent) interest in Chaffers Marina Holdings Limited which has been recognised in the Group financial statements on an equity accounting basis, reflecting the special rights (as set out in Chaffers Marina Limited's Constitution), which attach to the golden share that it holds in Chaffers Marina Limited.

Wellington International Airport Limited

Wellington International Airport Limited has a reporting period end date of 31 March. The ultimate majority owner, Infratil Limited, has determined a different end of reporting period to the Council, which is legislatively required to use 30 June. The Council owns 34 percent of the company, with the remaining 66 percent owned by NZ Airports Limited (which is wholly owned by Infratil Limited).

Joint venture

Wellington Water Limited

Wellington Water Limited was jointly created with Hutt City Council on 9 July 2003 to manage the drinking water, wastewater and stormwater assets of the councils. Since its inception it has gradually expanded its operations and now covers six councils in the Wellington region.

The company has a reporting period ending 30 June and has a dual share structure as shown in *Table X*.

Table 42: Shareholding Councils	Class A shares (voting rights)	Class B Shares (financial entitlements)	Ownership interest
Wellington City	150	200	40%
Hutt City	150	100	20%
Upper Hutt City (from 1/11/2013)	150	40	8%
Porirua City (from 1/11/2013)	150	60	12%
Greater Wellington Regional (from 16/9/2014)	150	75	15%
South Wairarapa District (from 26/9/2019)	150	25	5%
Total shares on issue	900	500	100%

The Council classifies this entity as a joint venture because of the equal sharing of voting rights conferred through the Class A shares and the shareholder's agreement, which constitutes a binding arrangement.

The Class B shares confer the level of contributions and ownership benefits of each council. The Council uses equity accounting to recognise its 40 percent (2021: 40 percent) ownership interest.

Value of the investments

The investment in associates and the joint venture in the Group financial statements represents the Council's share of the net assets of the associates and the joint venture. This is reflected in the Group financial statements as shown in *Table X*:

Table X: Value of investment in associates and joint venture	Council	
	2023	2022
	\$000	\$000
Chaffers Marina Holdings Limited		
Opening balance		856
Change in shares during the year		-
Change in equity due to changed shareholding		-
Equity accounted earnings of associate		(44)
Closing balance - investment in Chaffers Marina Holdings Limited	-	812
Wellington International Airport Limited		
Opening balance		231,589
Dividends		-
Equity accounted earnings of associate		958
Share of net revaluation of property, plant and equipment - movement		21,535
Share of hedging reserve - movement		1,166
Closing balance - investment in Wellington International Airport Limited	-	255,248
Wellington Water Limited		
Opening balance		847
Equity accounted earnings of joint venture		1,299
Closing balance - investment in Wellington Water Limited	-	2,146
TOTAL VALUE OF INVESTMENT IN ASSOCIATES AND JOINT VENTURE	-	258,206

The Council's share of the operating surplus or deficit results of the Chaffers Marina Holdings Limited, Wellington International Airport Limited and Wellington Water Limited is outlined in *Note 9: Share of Associates' and Joint Venture's surplus or deficit* (pg X).

Summary of Financial Position and Performance of associates

Financial information relating to the Council's associates is provided in *Tables X and X*.

Table X: Chaffers Marina Holdings Limited	2023	2022
	\$000	\$000
Council		
Investment in Chaffers Marina Holdings Limited (at cost)		1,298
Group		
Summarised financial information of associate		
Current assets		963
Non-current assets		5,050
Current liabilities		(235)
Non-current liabilities		(2,317)
Net assets	-	3,461
Revenue		1,773
Tax expense		-
Surplus / (deficit) after tax		(403)
Other comprehensive revenue and expense		-
Total comprehensive revenue and expense	-	(403)
Reconciliation to equity accounted carrying amount		
Net assets		3,461
Group's share %		10.72%
Group's share \$000		371
Other consolidation adjustments		441
Equity accounted carrying amount	-	812
Risks associated with the Council's investment in the associate		
Share of contingent liabilities	-	-

Table X: Wellington International Airport Limited	2023	2022
	\$000	\$000
Council		
Investment in Wellington International Airport Limited (at cost)		17,775
Group		
Dividends received	-	-
Summarised financial information of associate		
Current assets		55,975
Non-current assets		1,474,737
Current liabilities		(17,623)
Non-current liabilities		(762,496)
Net assets	-	750,593
Revenue		95,577
Tax credit /(expense)		(2,474)
Surplus / (deficit) after tax		3,043
Other comprehensive revenue and expense		75,048
Total comprehensive revenue and expense	-	78,091
Reconciliation to equity accounted carrying amount		
Net assets		750,593
Group's share %		34%
Group's share \$000		255,202
Dividends received not in WIAL annual report		-
Difference on adoption of IFRS 9		46
Other consolidation adjustments		-
Equity accounted carrying amount	-	255,248
Risks associated with the Council's investment in the associate		
Share of contingent liabilities	-	-

Summary of Financial Position and Performance of joint venture

Financial information relating to the Council's joint venture is provided in *Table X*.

Table X: Wellington Water Limited	2023	2022
	\$000	\$000
Council		
Investment in Wellington Water Limited (at cost)		400
Group		
Summarised financial information of joint venture		
Current assets		
Cash and cash equivalents		21,241
Other current assets		34,309
Total current assets	-	55,550
Non-current assets		5,648
Current liabilities		
Financial liabilities (excluding accounts payable)		-
Other current liabilities		(55,724)
Total current liabilities	-	(55,724)
Non-current liabilities		
Financial liabilities (excluding accounts payable)		-
Other non-current liabilities		(111)
Total non-current liabilities	-	(111)
Net assets	-	5,363
Revenue, excluding interest		302,385
Interest revenue		214
Depreciation and amortisation		(1,252)
Interest expense		-
Tax expense		-
Surplus / (deficit) after tax		3,374
Other comprehensive revenue and expense		-
Total comprehensive revenue and expense	-	3,374
Reconciliation to equity accounted carrying amount		
Net assets		5,363
Group's share %		40%
Group's share \$000		2,145
Other consolidation adjustments		1
Equity accounted carrying amount	-	2,146
Risks associated with the Council's investment in the joint venture		
Shareholder funding commitments for the next three years	-	-
Share of contingent liabilities	-	-

Note 22: Exchange transactions, transfers and taxes payable

Table X: Exchange transactions, transfers and taxes payable	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Current				
Exchange transactions and transfers payable		84,963		84,503
Taxes payable		11,134		11,459
Non-current				
Exchange transactions and transfers payable		231		231
TOTAL EXCHANGE TRANSACTIONS, TRANSFERS AND TAXES PAYABLE	-	96,328	-	96,193

Comprised of:

Table X: Exchange transactions and transfers payable	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Trade payables and accruals		74,358		73,898
Interest payable		5,262		5,262
Sundry payables		5,574		5,574
Total exchange transactions and transfers payable	-	85,194	-	84,734

Table X: Taxes payable	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
GWRC rates		8,063		8,063
Other		3,071		3,396
Total taxes payable	-	11,134	-	11,459
TOTAL EXCHANGE TRANSACTIONS, TRANSFERS AND TAXES PAYABLE	-	96,328	-	96,193

Table X: Exchange transactions, transfers and payable to related parties	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Controlled entities	-	3,539	-	-
Associates and joint venture	-	2,763	-	2,763
Total exchange transactions, transfers and payable to related parties	-	6,302	-	2,763

Payables under exchange transactions, transfers and taxes payable are non-interest bearing and settled on terms varying between seven days and the 20th of the month following the invoice date. Most of the Council's payables are exchange transactions as they are directly with another party on an arm's-length basis and are of approximately equal value. Non-exchange payables are classified as either transfers payable (for example, Council grants) or taxes (for example, PAYE).

Note 23: Deferred revenue

Table X: Deferred revenue	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Exchange transactions				
Lease rentals		2,051		2,051
Other		40		7,115
Transfers				
Wellington Venues operations		1,637		1,637
Inspection and licensing fees		5,983		5,983
Other		1,055		1,168
Taxes				
Rates		2,078		2,078
Liabilities recognised under conditional transfer agreements		3,826		5,613
TOTAL DEFERRED REVENUE	-	16,670	-	25,645

Relevant significant accounting policies

Liabilities recognised under conditional transfer agreements

The Council and the Group have received non-exchange transfer monies for specific purposes, which apply to periods beyond the current year, with conditions that would require the return of the monies if they were not able to fulfil the agreement. The revenue from these agreements will only be recognised as the conditions are fulfilled over time.

These liabilities relate to:

- naming rights agreement that the Council has with third parties for buildings.
- various grants.

Note 24: Borrowings

The Council maintains a prudent borrowings position in relation to our equity and annual revenue. Borrowings are primarily used to fund the purchase of new assets or upgrades to existing assets that are approved through the Annual Plan and LTP processes.

Gross Borrowings

The gross borrowings, based on maturity, are comprised as shown in *Table X*.

Table X: Gross borrowings	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Current				
Bank loans - term		1		1
Commercial paper		68,000		68,000
Debt securities - fixed rate bonds		-		-
Debt securities - floating rate notes		141,000		141,000
Finance leases		-		-
Total current		- 209,001		- 209,001
Non-current				
Bank loans - term		10,157		11,757
Debt securities - fixed rate bonds		105,000		105,000
Debt securities - floating rate notes		697,000		697,000
Debt securities - floating rate notes - GSS loans*		50,000		50,000
Total non-current		- 862,157		- 863,757
TOTAL GROSS BORROWINGS		- 1,071,158		- 1,072,758

*GSS loans are Green, Social and Sustainability loans. For the Council, these loans are linked to Takina as a 5-Star green building. Reporting obligations for these loans began in the next reporting period. We receive a 5-basis point discount on this lending compared to a vanilla instrument.

Net Borrowings

When the cash position of the Council and the Group is considered, the net borrowings position is comprised as shown in *Table X*.

Table X: Net borrowings	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Total gross borrowings		1,071,158		1,072,758
<i>Less</i>				
Cash and cash equivalents (see Note X)		(26,575)		(40,727)
Bank term deposits - greater than 3 months (see Note X)		(101,000)		(107,700)
TOTAL NET BORROWINGS		- 943,583		- 924,331

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 33: Financial instruments* (pg X).

Table X shows the utilisation of the borrowing facilities available to the Group at the end of the reporting period. The table also indicates the current applicable maturity and interest rate ranges.

Table X: Group borrowing facilities	Available	Utilised	Maturities	Interest
	2023	2023		Rate Range
	\$000	\$000		%
Bank overdraft - committed				
Bank facilities - short-term - uncommitted				
Bank facilities - long-term - committed				
LGFA facilities - long term - committed				
Bank loans - term				
Commercial paper				
Debt securities - fixed rate bonds				
Debt securities - floating rate notes				
Debt securities - floating rate notes - GSS loans				
Total	-	-		

The bank overdraft facilities are \$1.500m for the Council and \$0.400m for WREDA.

In addition to the above facilities, the Council operates purchase cards to efficiently facilitate the purchase of goods and services. The cards are paid in full on a monthly basis. An aggregate bank limit of \$2.000m for all cards applies across the Council.

Security

Borrowings are secured by way of a Debenture Trust Deed over the Council's rates revenue.

Internal Borrowings

The 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 \$Xm (2022: \$80.486m) of funds that may only be used for a specified purpose. These funds are not held in cash but are utilised against borrowings until required. The main specified uses for these funds are as follows:

City Housing

As part of the agreement with the Crown for the Housing Upgrade Project an amount of \$Xm (2022: \$66.806m), representing the accumulated surpluses and deficits from the City Housing activity, has been ring-fenced for future investment in the Council's social housing assets.

Waste reduction and energy

An amount of \$Xm (2022: \$13.679m) related to accumulated surpluses and deficits from the Waste reduction and energy conservation - Activity 2.2, which under the Waste Minimisation Act 2008, must be ring-fenced for future investment in waste activities. The Council is committed to several waste minimisation projects that will utilise these funds.

Relevant significant accounting policies

Borrowings on normal commercial terms are initially recognised at amortised cost. Interest due on the borrowings is subsequently accrued.

Borrowings are classified as current liabilities unless the Council or Group has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Note 25: Employee benefit liabilities and provisions

Table X: Employee benefit liabilities and provisions	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Current				
Short-term benefits				
Payroll accruals		136		605
Holiday leave		7,704		9,428
Other contractual provisions		-		-
Total current benefits	-	7,840	-	10,033
Non-current				
Long-term benefits				
Long service leave provision		-		38
Retirement gratuities provision		624		624
Total non-current benefits	-	624	-	662
TOTAL EMPLOYEE BENEFIT LIABILITIES AND PROVISIONS	-	8,464	-	10,695

Relevant significant accounting policies - general

A provision for employee benefit liabilities (holiday leave, long service leave and retirement gratuities) is recognised as a liability when benefits are earned but not paid.

Holiday leave

Holiday leave includes annual leave, long service leave, statutory time off in lieu and ordinary time off in lieu. Annual leave is calculated on an actual entitlement basis in accordance with section 21(2) of the Holidays Act 2003.

Movements in specific employee benefit provisions above are analysed in *Tables X and X*.

Table X: Other contractual provisions	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Opening balance	-	-	-	-
New provision	-	-	-	-
Release of unused provision	-	-	-	-
Amount utilised	-	-	-	-
Other contractual provisions - closing balance	-	-	-	-

Background to Other contractual provisions

The above provision is to cover estimated redundancy costs, if any, as at 30 June 2023 resulting from current restructuring within the Council.

Relevant significant accounting policies – Other contractual provisions specific

Other contractual provisions include termination benefits, which are recognised within surplus or deficit only when there is a demonstrable commitment to either terminate employment prior to normal retirement date or to provide such benefits as a result of an offer to encourage voluntary redundancy. Termination benefits settled within 12 months are reported at the amount expected to be paid, otherwise they are reported as the present value of the estimated future cash outflows.

Table X: Retirement gratuities provision	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Opening balance		724		724
Movement in required provision		12		12
Release of unused provision		(4)		(4)
Rediscounting of interest		2		2
Amount utilised		(110)		(110)
Retirement gratuities provision - closing balance	-	624	-	624

Background to the retirement gratuity provision

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 the Council employees since 1991. Based on the age of remaining participants the provision may not be extinguished until 2037, assuming retirement at age 65.

Relevant significant accounting policies – retirement gratuities provision specific

Retirement gratuities are calculated on an actuarial basis based on the likely future entitlements accruing to employees, after taking into account years of service, years to entitlement, the likelihood that employees will reach the point of entitlement, and other contractual entitlements information.

Estimation

The gross retirement gratuities provision (inflation adjusted at X percent (2022: 1.90 percent) as at 30 June 2023, before discounting, is \$Xm (2022: \$0.689m). The discount factor of X percent is based on the Treasury risk-free rate.

Note 26: Provisions for other liabilities

Table X: Provisions for other liabilities	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Current				
Landfill post-closure costs		728		728
Weathertight homes		4,753		4,753
Total current	-	5,481	-	5,481
Non-current				
Landfill post-closure costs		17,843		17,843
Weathertight homes		19,853		19,853
Total non-current	-	37,696	-	37,696
TOTAL PROVISIONS FOR OTHER LIABILITIES	-	43,177	-	43,177

Relevant significant accounting policies - general

Provisions are recognised for future liabilities of uncertain timing or amount when there is a present obligation as a result of a past event, it is probable that expenditure will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are measured at the expenditure expected to be required to settle the obligation. Liabilities and provisions to be settled beyond 12 months are recorded at their present value.

Movements in material provisions above are analysed in *Tables X and X*.

Table X: Landfill post-closure costs	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Opening balance		19,608		19,608
Movement in provision		(763)		(763)
Re-discounting of interest		495		495
Amount utilised		(769)		(769)
Landfill post-closure costs - closing balance	-	18,571	-	18,571

Background to the Landfill post-closure costs provision

The Council operates the Southern Landfill (Stage 3) and has a 21.5 percent joint venture interest in the Spicer Valley Landfill. It also manages several 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.
- 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.
- on-going site maintenance for drainage systems, final cover and vegetation.

The management of the landfill will influence the timing of recognition of some liabilities – for example, the Southern Landfill operates in stages. A liability relating to any future stages will only be created when the stage is commissioned and when refuse begins to accumulate in this stage.

The Council, as operator of the Southern Landfill, has a legal obligation to apply for resource consents when the landfill or landfill stages reach the end of their operating life and are to be closed. These resource consents will set out the closure requirements and the requirements for ongoing maintenance and monitoring services at the landfill site after closure.

Relevant significant accounting policies – Landfill post-closure specific

A provision for post-closure costs is recognised as a liability when the obligation for post-closure arises, which is when each stage of the landfill is commissioned, and refuse begins to accumulate.

The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including known changes to legal requirements and known improvements in technology.

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.

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 changes to legal requirements and known improvements in technology. Future cash flows are discounted using the Treasury risk free rate of X percent for open landfills and between X and X percent depending on how long landfills have been closed. The gross provision (inflation adjusted at X percent for open landfills and between X and X percent for closed landfills, before discounting, is \$m (2022: \$23.009m). 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 X^m (2022: 357,614 m³) and is expected to close in 2026 when its resource consent expires. These estimates have

been made by the Council's contracted engineers based on expected future and historical volume information.

The Council's provision includes a 21.5% proportionate share of the Spicer Valley Landfill provision for post-closure costs. The Spicer Valley Landfill has a remaining life out to 2053.

Table X: Weathertight homes	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Opening balance		33,161		33,161
Additional or increased provision made		-		-
Release of unused provision		(909)		(909)
Amount utilised		(7,646)		(7,646)
Weathertight homes - closing balance	-	24,606	-	24,606

Background to the Weathertight homes provision

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 a net amount of \$Xm (2022: \$12.840m) as a provision for future claims relating to weathertightness issues not yet identified or not yet reported.

Movement in the provision

During the year \$Xm (2022: \$7.646m) was paid as either part or full settlement of claims. \$Xm (2022: \$0.909m) was removed from the provision after an actuarial re-assessment of the likely future costs to be incurred as explained below. The current/non-current split in *Table X* reflects the expected timing of payments but is reassessed each year to take account of delays in claim negotiations and any mediation outcomes.

Estimation

The Council has provided for the expected future costs of reported claims. The provision for active claims is based on the best estimate of the Council's expected future costs to settle these claims and is reviewed on a case-by-case basis. The estimate for claims which have been notified and are not yet actively managed and unreported claims is based on actuarial assessments and other information on these claims. The nature of the liability means there are significant inherent uncertainties in estimating the likely costs that will be incurred in the future. This represents the Council's best estimate of the amount required to settle the obligation at the estimated time of the cash outflow. Future cash flows are inflation adjusted and discounted using the Treasury's risk-free rate. The provision is net of any third-party contributions including insurance, where applicable.

The provision is based on best estimates and actuarial assessments and therefore actual costs incurred may vary significantly from those included in this provision, especially for future claims relating to weathertightness issues not yet identified or not yet reported.

The significant assumptions used in the calculation of the weathertight homes provision are as follows:

Amount claimed

Represents the expected amount claimed by the homeowner and is based on the actual amounts for claims already settled.

Settlement amount

Represents the expected amount of awarded settlement and is based on the actual amounts for claims already settled.

Amount expected to be paid by the Council

Represents the amount expected to be paid by the Council out of any awarded settlement amount and is based on the actual amounts for claims already settled. This figure has been increasing over the last few years as it is becoming more common for the other parties involved in a claim to be either in liquidation, bankrupt or have limited funds and be unable to contribute to settlement.

Percentage of homeowners who will make a successful claim

Historical data collected on the number of claims lodged has enabled assumptions to be made on the percentage of homes built in the last 10 years which may experience weathertightness issues and therefore the percentage of homeowner who may make a successful claim.

Sensitivity

Table X illustrates the potential impact on surplus or deficit of changes in some of the assumptions listed above.

Table X: Weathertight provision sensitivity		2023		2022	
		\$000		\$000	
		+10%	-10%	+10%	-10%
Assumption		Surplus or Deficit		Surplus or Deficit	
Amount claimed				2,461	(2,461)
Settlement amount awarded				2,461	(2,641)
Council contribution to settlement				2,461	(2,641)
Change in percentage of homeowners who will make a successful claim				1,284	(1,284)
		+2%	-2%	+2%	-2%
Assumption		Surplus or Deficit		Surplus or Deficit	
Discount rate				(1,847)	2,163

Funding of weathertight homes settlements

The Council uses borrowings in the first instance to meet the cost of settlements with the associated borrowings subsequently being repaid through rates funding. To ensure that the funding of weathertight homes is fully transparent the associated settlement costs, borrowings and rates funding is reported annually.

Table X: Funding for weathertight homes liability	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Opening balance		(37,475)		(37,475)
Rates funding for weathertight homes liability		4,686		4,686
Total amounts paid		(7,646)		(7,646)
Interest allocation		(1,058)		(1,058)
Closing balance funded through borrowings	-	(41,493)	-	(41,493)

Note 27: Deferred tax

Recognised temporary differences and tax losses

Table X: Deferred tax assets and liabilities	Group	
	2023	2022
	\$000	\$000
Opening balance		
Property, plant and equipment		(893)
Intangible assets		(8)
Employee benefits		169
Other provisions		9
Tax losses		43
Total opening balance	-	(680)
Charged to surplus or deficit		
Property, plant and equipment		(167)
Intangible assets		4
Employee benefits		22
Other provisions		(3)
Tax losses		234
Total charged to surplus or deficit	-	90
Closing balance		
Property, plant and equipment		(1,060)
Intangible assets		(4)
Employee benefits		191
Other provisions		6
Tax losses		277
TOTAL CLOSING BALANCE	-	(590)

Unrecognised tax losses

Under current income tax legislation, the unrecognised tax losses do not expire.

There is an unrecognised deferred tax asset in respect of the tax losses for the Council of \$Xm (2022: \$0.108m).

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.

Relevant significant accounting policies

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the assets and liabilities, and the

unused tax losses using tax rates enacted or substantively enacted at the end of the reporting period. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which they can be utilised.

Statement of Changes in Equity

Table X: Statement of Changes in Equity for the period ended 30 June 2023		Council			Group	
		Actual 2023	Budget 2023	Actual 2022	Actual 2023	Actual 2022
	Note	\$000	\$000	\$000	\$000	\$000
EQUITY - Opening balances						
Accumulated funds				1,269,134		1,293,162
Retained earnings				3,815,363		3,822,663
Effect of new accounting standard adoption - PBE IPSAS 41 *				-		-
Revaluation reserves				2,631,206		2,830,205
Hedging reserve				(47,022)		(47,641)
Fair value through other comprehensive revenue and expense reserve				6,029		6,656
Non-controlling interest				-		781
Restricted funds				18,985		23,358
TOTAL EQUITY - Opening balance		-	-	7,693,695	-	7,929,184
CHANGES IN EQUITY						
Retained earnings						
Net surplus / (deficit) for the year				87,435		88,621
Transfer to restricted funds				(3,359)		(3,462)
Transfer from restricted funds				2,718		2,948
Transfer from revaluation reserves				1,210		1,210
Transfer to non-controlling interest				-		(16)
Revaluation reserves	28					
Fair value movement - property, plant and equipment - net				1,854,026		1,875,561
Transfer to retained earnings				(1,210)		(1,210)
Hedging reserve	29					
Movement in hedging reserve				104,646		105,813
Fair value through other comprehensive revenue and expense reserve	30					
Movement in fair value - Equity investments				825		854
Movement in fair value - Available-for-sale equities				-		473
Non-controlling interest						
Transfer from retained earnings				-		16
Restricted funds	31					
Transfer to retained earnings				(2,718)		(2,948)
Transfer from retained earnings				3,359		3,462
Total comprehensive revenue and expense		-	-	2,046,932	-	2,071,322

Table X: Statement of Changes in Equity for the period ended 30 June 2023 - continued		Council			Group	
		Actual	Budget	Actual	Actual	Actual
		2023	2023	2022	2023	2022
	Note	\$000	\$000	\$000	\$000	\$000
EQUITY - Closing balances						
Accumulated funds		-		1,269,134	-	1,293,162
Retained earnings		-		3,903,366	-	3,911,964
Revaluation reserves		-		4,484,022	-	4,704,556
Hedging reserve		-		57,624	-	58,172
Fair value through other comprehensive revenue and expense reserve		-		6,854	-	7,983
Non-controlling interest		-		-	-	797
Restricted funds		-		19,626	-	23,872
TOTAL EQUITY - Closing balance		-	-	9,740,626	-	10,000,506
Total comprehensive revenue and expense attributable to:						
Wellington City Council and Group		-	-	2,046,932	-	2,071,400
Non-controlling interest		-	-	-	-	(78)
		-	-	2,046,932	-	2,071,322

The notes on pg X to X form part of and should be read in conjunction with the financial statements.

Statement of changes in equity – Major budget variations

Significant variations from budgeted changes in equity are as follows:

Opening equity is \$Xm higher/lower than budget. This is largely due to:

Changes in equity were \$Xm higher/lower than budget with major variances of:

Closing equity is \$Xm higher/lower than budget with major variances of:

*Due to the adoption of the accounting standard *PBE IPSAS 41 – Financial Instruments*, an adjustment to the opening fair value of LGFA borrower notes was required.

Equity

Equity is the community's interest in the Council and Group and is measured as the difference between total assets and total liabilities. Equity is broken down and classified into several components:

- accumulated funds and retained earnings
- revaluation reserves
- hedging reserve
- fair value through other comprehensive revenue and expense reserve; and
- restricted funds.

Restricted funds are those reserves that are subject to specific conditions of use, whether under statute or accepted as binding by the Council, and that may not be revised without reference to the Courts or third parties. Transfers from these reserves may be made only for specified purposes or when certain specified conditions are met.

Equity management

The LGA 2002 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 LGA 2002 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 LGA 2002 requires the Council to make adequate and effective provision in its LTP and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The LGA 2002 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 28: Revaluation reserves

Table X: Revaluation reserves	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Land - opening balance		288,200		288,200
Revaluation recognised in other comprehensive revenue and expense		-		-
Transfer to retained earnings due to disposal of assets		(579)		(579)
Revaluations adjustment		605		605
Land - closing balance	-	288,226	-	288,226
Buildings - opening balance		515,432		515,432
Revaluation recognised in other comprehensive revenue and expense		-		-
Revaluation adjustment		(4,955)		(4,955)
Transfer between assets classes		-		-
Transfer to retained earnings due to disposal of assets		(631)		(631)
Buildings - closing balance	-	509,846	-	509,846
Library collections - opening balance		8,592		8,592
Revaluation recognised in other comprehensive revenue and expense		-		-
Library collections - closing balance	-	8,592	-	8,592
Drainage, water and waste - opening balance		1,167,739		1,167,739
Revaluation recognised in other comprehensive revenue and expense		1,548,475		1,548,475
Drainage, water and waste - closing balance	-	2,716,214	-	2,716,214
Infrastructure land - opening balance		24,580		24,580
Revaluation recognised in other comprehensive revenue and expense		17,038		17,038
Transfer to retained earnings due to disposal of assets		-		-
Infrastructure land - closing balance	-	41,618	-	41,618
Roading - opening balance		626,663		626,663
Revaluation recognised in other comprehensive revenue and expense		292,863		292,863
Transfer between assets classes		-		-
Roading - closing balance	-	919,526	-	919,526
Associates' revaluation reserves - opening balance		-		198,999
Revaluation recognised in other comprehensive revenue and expense		-		21,535
Associates' revaluation reserves - closing balance	-	-	-	220,534
Total revaluation reserves - closing balance	-	4,484,022	-	4,704,556

These revaluation reserve movements are represented by:

Table X: Summary of revaluation reserve movements	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Opening balance		2,631,206		2,830,205
Revaluation recognised in other comprehensive revenue and expense	-	1,858,376	-	1,879,911
Revaluations adjustment	-	(4,350)	-	(4,350)
Transfer to retained earnings due to disposal of assets	-	(1,210)	-	(1,210)
TOTAL REVALUATION RESERVES	-	4,484,022	-	4,704,556

The revaluation reserves are used to record accumulated increases and decreases in the fair value of certain asset classes.

Revaluation movements are non-cash in nature and represent the restating of the Council's assets, subject to revaluation, into current dollar values after considering the condition and remaining useful lives of the assets.

Relevant significant accounting policies

The result of any revaluation of the Group's property, plant and equipment is recognised within other comprehensive revenue and expense and taken to the asset revaluation reserve. Where this results in a debit balance in the reserve for a class of property, plant and equipment, the balance is included in the surplus or deficit. Any subsequent increase on revaluation that offsets a previous decrease in value recognised within surplus or deficit will be recognised firstly, within surplus or deficit up to the amount previously expensed, and with any remaining increase recognised within other comprehensive revenue and expense and in the revaluation reserve for that class of property, plant and equipment.

Any impairment in a revalued class of asset is recognised within other comprehensive revenue and expense and taken to the asset revaluation reserve.

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 the assets is not visible and must therefore be estimated. Any revaluation risk is minimised by performing a combination of physical inspections and condition modelling assessments.

Note 29: Hedging reserve

Table X: Hedging reserve	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Opening balance		(47,022)		(47,641)
Cash flow hedge net movement recognised in other comprehensive revenue and expense		104,646		105,813
TOTAL HEDGING RESERVE	-	57,624	-	58,172

The hedging reserve shows accumulated fair value changes for interest rate swaps which satisfy the criteria for hedge accounting and have operated as effective hedges during the period. The Council uses interest rate swaps to fix interest rates on floating rate debt (floating rate notes and commercial paper) to give it certainty over interest costs.

The Council uses hedge accounting to recognise any fair value fluctuations in these swaps through this reserve within equity. Using hedge accounting prevents any significant volatility in interest rates significantly affecting the Council's ability to meet its balanced budget requirements.

The Group movement reflects the hedging related to Wellington International Airport Limited but adjusted to align with the Groups' accounting policies.

Note 30: Fair value through other comprehensive revenue and expense reserve

Table X: Fair value through other comprehensive revenue and expense reserve	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Opening balance		6,029		6,656
Movements:				
Equity investments:				
Civic Financial Services Limited		17		17
Local Government Funding Agency (LGFA)		808		808
Creative HQ shareholdings - available-for-sale		-		473
Legacy investment - Wellington Museum Trust		-		13
Gifted investment - Karori Sanctuary Trust		-		16
TOTAL FAIR VALUE THROUGH OTHER COMPREHENSIVE REVENUE AND EXPENSE RESERVE	-	6,854	-	7,983

This reserve reflects the accumulated fair value movement in the Council's investment in Civic Financial Services Limited and the LGFA.

In the Group, Creative HQ, a controlled entity of WREDA, has small shareholdings in various incubator and accelerator programme companies. These shareholdings are fair valued annually and any movement is held within this reserve until the disposal of the shares.

Note 31: Restricted funds

Restricted funds are comprised of special reserves and funds that the Council holds for specific purposes and trusts and bequests that have been bestowed upon the Council for the benefit of all Wellingtonians.

Table X: Restricted funds	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Special reserves and funds		19,131		22,188
Trusts and bequests		495		1,684
TOTAL RESTRICTED FUNDS	-	19,626	-	23,872

Table X: Special reserves and funds	Opening	Additional	Utilised	Closing
	Balance	Funds	Funds	Balance
	2022	2022	2022	2022
	\$000	\$000	\$000	\$000
Council				
City Growth fund	4,514			
Reserve purchase and development fund	782			
Insurance reserve	13,835			
Total Council	19,131	-	-	-
Controlled entities' reserve funds	3,057			
TOTAL GROUP - SPECIAL RESERVES AND FUNDS	22,188	-	-	-

Nature and purpose, funding and utilisation

City Growth fund

The City Growth fund has a closing balance of \$Xm (2022: \$4.514m) with funding for the year of \$Xm (2022: \$1.885m) provided from rates. During the year \$Xm (2022: \$2.113m) was utilised.

Reserve purchase and development fund

This fund is used to purchase and develop reserve areas within the city. During the year no purchases were made (2022: \$nil)

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 the Council's insurance policies. Additions to the reserve of \$Xm (2022: \$1.461m) were funded through rates as identified in the LTP. During the year \$Xm (2022: \$0.605m) was used to meet under-excess insurance costs.

Controlled entities' reserve funds

The restricted funds of the controlled entities relate to the Wellington Museums Trust and the Wellington Zoo Trust:

- The Wellington Museums Trust has six reserves: Capital reserve, Capital E reserve, Nairn Street Cottage collection reserve, Wellington Museums collection reserve, City Gallery reserve and Wellington Museum Plimmer reserve. The two collection reserves are for the purpose of future museum acquisitions.
- The Wellington Zoo Trust has two reserves; Animal Transfer Fund specifically for the transfer of animals and Conservation Fund to specifically support field conservation.

Analysis of movements in trusts and bequests

Additional funds and utilisation

Trusts and bequests receiving additional funds during the year were only those where interest totalling \$Xm (2022: \$0.013m) has been applied in accordance with the original terms and conditions.

Nature and purpose

The Council's trusts and bequests have been generally provided for library, educational or environmental purposes.

The Wellington Zoo Trust has several trusts, bequests and capital grants made to it for specific purposes, which are held as restricted funds until utilised. Further information on these can be found in the Wellington Zoo Trust annual report published on their website –

<https://wellingtonzoo.com/about-us/about-our-zoo/>

Charles Plimmer Bequest

This bequest is held and administered by the Public Trust and is primarily used for major beautification projects. As the sole beneficiary, Council applies for distribution of available funds for particular projects after consultation with the Plimmer family. The receipt and use of these funds are disclosed separately to record the generous contribution the bequest makes to the benefit of the city.

As at 31 August 2022, the value of the estate held by the Public Trust was \$20.203m (31 August 2021: \$20.852m), but the distributions to the beneficiary are only available from an agreed percentage of revenue generated. The distributions are only drawn down as required.

During the year:

- Distributions recognised as revenue - \$Xm
- Funds utilised towards - \$Xm

Statement of Cash Flows

Table X: Statement of Cash Flows for the period ended 30 June 2023	Council			Group	
	Actual	Budget	Actual	Actual	Actual
	2023	2023	2022	2023	2022
	\$000	\$000	\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from rates - Council			378,439		378,439
Receipts from rates - GWRC			77,127		77,127
Receipts from activities and other revenue			134,206		152,128
Receipts from grants and subsidies - Operating			20,657		31,621
Receipts from grants and subsidies - Capital			32,396		32,845
Receipts from investment property lease rentals			11,045		11,045
Cash paid to suppliers and employees			(388,785)		(446,294)
Rates paid to GWRC			(77,621)		(77,621)
Grants paid			(45,947)		(17,215)
Income tax paid			-		(126)
Net GST (paid) / received			(797)		(1,014)
NET CASH FLOWS FROM OPERATING ACTIVITIES	-	-	140,720	-	140,935
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividends received			64		64
Interest received			2,991		3,150
Decrease in bank investments			-		235
Proceeds from sale of property, plant and equipment			5,749		5,753
Proceeds from sale of Intangibles			-		-
Proceeds from sale of Investment property			-		-
Loan advances made			(1,200)		(1,200)
(Increase) / decrease in investments			(44,466)		(50,137)
Purchase of investment properties			(62)		(62)
Purchase of intangibles			(5,053)		(5,053)
Purchase of property, plant and equipment			(291,758)		(292,658)
NET CASH FLOWS FROM INVESTING ACTIVITIES	-	-	(333,735)	-	(339,908)
CASH FLOWS FROM FINANCING ACTIVITIES					
New borrowings			249,343		250,281
Repayment of borrowings			(86,837)		(86,858)
Interest paid on borrowings			(27,265)		(27,265)
NET CASH FLOWS FROM FINANCING ACTIVITIES	-	-	135,241	-	136,158
Net increase/(decrease) in cash and cash equivalents	-	-	(57,774)	-	(62,815)
Cash and cash equivalents at the beginning of the period			84,349		103,542
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	-	-	26,575	-	40,727

The notes on pg X to X form part of and should be read in conjunction with the financial statements.

The cash and cash equivalents balance above equates to the cash and cash equivalents balance in the Statement of Financial Position.

Council acts as a collection agency for 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 accordingly.

The Council has ring-fenced funds of \$Xm (2022: \$80.486m) relating to the City Housing and Waste reduction and energy conservation activities. For more information see *Note 24: Borrowings* (pg X).

Cash and cash equivalents for the purposes of the Statement of cash flows comprises cash at bank, cash on hand and short-term deposits with a maturity of up to three months at acquisition. The Statement of cash flows has been prepared using the direct approach subject to the netting of certain cash flows. Cash flows in respect of investments and borrowings that have been rolled over under arranged finance facilities have been netted in order to provide more meaningful disclosures.

Operating activities include cash received from all non-financial revenue sources of the Council and Group and record the cash payments made for the supply of goods and services.

Investing activities relate to the acquisition and disposal of assets and investment revenue.

Financing activities relate to activities that change the equity and debt capital structure of the Council and Group and financing costs.

Statement of Cash Flows – Major budget variations

Cash flow budgeting is performed using various assumptions around the timing of events and any departure from these timings will affect the outcome against budget.

Significant variations from the cash flow budgets are as follows:

Net cash flows from operating activities were \$Xm higher/lower than budget, including main variances of:

Net cash flows from investing activities were \$Xm higher/lower than budget, including main variances of:

Net cash flows from financing activities were \$Xm higher/lower than budget, including main variances of:

Note 32: Reconciliation of cash flows

Table X: Reconciliation of net surplus/(deficit) to net cash flows from operating activities	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Net surplus/(deficit) for the period		87,435		88,621
Add/(deduct) non-cash items:				
Vested assets		(82,488)		(82,488)
Bad debts written off not previously provided for		133		133
Depreciation and amortisation		146,488		147,615
Impairment of property, plant and equipment		4,415		4,415
Fair value changes in investment properties		(20,614)		(20,614)
Other fair value changes		3		(375)
Movement in provision for impairments of doubtful debts		(317)		(317)
Tax expense/(credit)		-		(64)
Non-cash movement in provisions		(930)		(816)
Total non-cash items	-	46,690	-	47,489
Add/(deduct) movement in working capital: ¹				
Exchange receivables and non-exchange recoverables		(25,380)		(23,088)
Prepayments		3,043		2,874
Inventories		(157)		(141)
Exchange transactions, transfers and taxes payable		13,523		8,081
Revenue in advance		(4,214)		(486)
Employee benefit liabilities		668		1,110
Provision for other liabilities		(8,007)		(8,163)
Total movement in working capital	-	(20,524)	-	(19,813)
Add/(deduct) investing and financing activities:				
Net (gain)/loss on disposal of property, plant and equipment		2,391		2,424
Net (gain)/loss on disposal of intangibles		518		518
Net (gain)/loss on disposal of investment property		-		-
Dividends received		(64)		(310)
Interest received		(2,991)		(3,165)
Tax paid and subvention receipts		-		110
Interest paid on borrowings		27,265		27,274
Share of equity accounted (surplus)/deficit in associates		-		(2,213)
Total investing and financing activities	-	27,119	-	24,638
NET CASH FLOWS FROM OPERATING ACTIVITIES	-	140,720	-	140,935

1. Excluding non-cash items

Table X: Reconciliation of liabilities arising from financing activities	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Opening balance				
Current borrowings		154,523		154,544
Non-current borrowings		754,129		754,792
Hedges held against borrowings:				
- Interest rate swaps - cash flow hedges		47,022		47,641
Total opening balance	-	955,674	-	956,977
Cash flow movements - current				
Repayment of borrowings - current		(86,836)		(86,857)
New borrowings				
Movement from non-current to current borrowings		141,313		141,313
Cash flow movements - non-current				
New borrowings		249,342		250,279
Movement from non-current to current borrowings		(141,313)		(141,313)
Total Cash movements	-	162,506	-	163,422
Non-cash flow movements				
- Interest rate swaps - cash flow hedges	-	(104,646)	-	(105,813)
Total movements	-	57,860	-	57,609
Closing balance				
Current borrowings	-	209,001	-	209,001
Non-current borrowings	-	862,157	-	863,757
Hedges held against borrowings:				
- Interest rate swaps - cash flow hedges	-	(57,624)	-	(58,172)
Total closing balance	-	1,013,534	-	1,014,586

Other disclosures

Note 33: Financial instruments

For the purpose of measurement, the Council's and Group's financial assets and liabilities are classified into categories according to the purpose for which the financial assets and liabilities were acquired. The classification is determined at initial recognition and re-evaluated at the end of each reporting period.

Relevant significant accounting policies

Financial instruments are initially recognised on trade-date at their fair value plus transaction costs. Subsequent measurement of financial instruments depends on the classification determined by the Group.

Financial Assets

Financial assets are classified as: amortised cost, fair value through surplus or deficit (FVTSD), or fair value through other comprehensive revenue and expense (FVTOCRE).

Amortised cost

Financial assets at amortised cost comprises cash and cash equivalents, receivables or recoverables and loans and deposits.

- Cash and cash equivalents include cash balances and bank deposits with maturity dates of three months or less at acquisition.
- Receivables and recoverables have fixed or determinable payments. They arise when the Group provides money, goods or services directly to a debtor, and has no intention of trading the receivable or recoverable.
- Loans and deposits include loans to other entities (including controlled entities and associates), and bank deposits with maturity dates of more than three months.

Financial assets in this category are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method. Fair value is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date for assets of a similar maturity and credit risk. Receivables or recoverables due in less than 12 months are recognised at their nominal value. A provision for impairment is recognised when there is objective evidence that the asset is impaired. As there are statutory remedies to recover unpaid rates, rates penalties and water meter charges, no provision has been made for impairment in respect of these receivables or recoverables.

Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit comprise LGFA borrower notes, which are subsequently revalued through surplus or deficit, as LGFA has the ability to repay the investment before the original maturity date.

Financial assets at fair value through other comprehensive revenue and expense

Financial assets at fair value through other comprehensive revenue and expense primarily relate to equity investments that are held by the Group for long-term strategic purposes and therefore are not intended to be sold. Within the Group, small shareholdings are held in start-up companies, which are available for sale, until the companies mature or cease operations. Financial assets at fair value through other comprehensive revenue and expense are initially recorded at fair value plus transaction costs. They are subsequently measured at fair value and changes, other than impairment losses, are recognised directly in a reserve within equity. On disposal, the cumulative fair value gain or loss previously recognised directly in other comprehensive revenue and expense is recognised within surplus or deficit.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial Liabilities

Financial liabilities include payables under exchange transactions, transfers, taxes 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.

Table X provides an analysis of the Group's financial assets and financial liabilities by reporting category as described in the accounting policies:

Table X: Financial Instruments by category	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Financial assets				
Financial assets at amortised cost				
Cash and cash equivalents		26,575		40,727
Receivables and recoverables		86,355		87,755
Bank term deposits - greater than 3 months		101,000		107,700
Loans to related parties and external organisations		2,088		2,089
Other financial assets				
Total financial assets at amortised cost		216,018		238,271
Total financial assets	-	303,491	-	328,023
Total non-financial assets	-	10,673,715	-	10,922,324
Financial assets at FVTSD				
LGFA - borrower notes		19,868		19,868
Total financial assets at FVTSD		19,868		19,868
Financial assets at FVTOCRE				
Interest rate swaps - cash flow hedges		58,407		58,407
Equity investments		9,198		11,477
Total financial assets at FVTOCRE		67,605		69,884
Total financial assets	-	390,964	-	417,775
Total non-financial assets	-	10,673,715	-	10,922,324
TOTAL ASSETS	-	10,977,206	-	11,250,347
Financial liabilities at amortised cost				
Exchange transactions and transfers payable		85,194	-	84,734
Taxes payable		11,134	-	11,459
Borrowings		1,071,158	-	1,072,758
Total financial liabilities at amortised cost	-	1,167,486	-	1,168,951
Financial liabilities at fair value through other comprehensive revenue and expense				
Interest rate swaps - cash flow hedges		783	-	783
Total financial liabilities at fair value through other comprehensive revenue and expense	-	783	-	783
Total financial liabilities	-	1,168,269	-	1,169,734
Total non-financial liabilities	-	68,311	-	80,107
TOTAL LIABILITIES	-	1,236,580	-	1,249,841

Fair value

The fair values of all financial instruments equate to or are approximate to the carrying amount recognised in the Statement of Financial Position.

Fair value hierarchy

For those financial instruments recognised at fair value in the Statement of Financial Position, the fair values are determined according to the following hierarchy:

- **Level 1:** Quoted market price - Financial instruments with quoted prices for identical instruments in active markets.
- **Level 2:** Valuation technique using observable inputs – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- **Level 3:** Valuation techniques with significant non-observable inputs – Financial instruments valued using models where one or more significant inputs are not observable.

Table X: Group hierarchy	2023			2022		
	Level	Level	Level	Level	Level	Level
	1	2	3	1	2	3
	\$000	\$000	\$000	\$000	\$000	\$000
Financial assets						
Financial assets at FVTSD						
- LGFA - borrower notes					19,868	
Financial assets at FVTOCRE						
- Equity investments				-	-	11,475
- Interest rate swaps - Cash flow hedges				-	58,407	-
Financial liabilities						
- Interest rate swaps - Cash flow hedges				-	783	-

Table X summarises the reconciliation of movements in Level 3 financial instruments

Table X: Reconciliation of fair value movements in Level 3	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Financial assets at fair value through other comprehensive revenue and expense				
- Equity investments				
Opening balance - 1 July		8,372		10,122
Purchases		-		156
Disposals		-		-
Impairment		-		-
Loss on investment		-		(53)
Gains or losses recognised in other comprehensive revenue and expense		825		1,250
Closing balance - 30 June		- 9,197		- 11,475
Closing balance - 30 June		- 10,022		- 12,828

The Level 3 equity investments comprise the Group's shareholdings in: LGFA \$Xm (2022: \$8.674m), Civic Financial Services Limited \$Xm (2022: \$0.524m), Creative HQ shareholdings \$Xm (2022: \$1.879m), legacy investment for Wellington Museum's Trust of \$Xm (2022: \$0.274m) and a gifted investment for the Karori Sanctuary Trust of \$Xm (2022: \$0.126m). Refer to *Note 15: Other financial assets* (pg X) for more details.

Financial risk management

As part of its normal operations, the Group is exposed to several 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 35: Contingencies* (pg X)). 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 detailed in *Table X*.

Table X: Financial instruments with credit risk	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Cash and cash equivalents		26,560		40,698
Interest rate swaps - Cash flow hedges		58,407		58,407
Receivables and recoverables		86,355		87,755
Other financial assets				
- Bank term deposits - greater than 3 months		101,000		107,700
- LGFA borrower notes		19,868		19,868
- Loans to related parties - other organisations		2,088		2,088
- Loans to external organisations		-		1
Total financial instruments with credit risk	-	294,278	-	316,517

Receivables and recoverables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group is exposed to credit risk as a guarantor of the LGFA's borrowings. Further information about this exposure is explained in *Note 35: Contingencies* (pg X).

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 (or otherwise as stated) as shown in *Table X*.

Table X: Counterparties with credit ratings	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Cash - NZ registered banks				
AA-		6,560		19,189
Short-term deposits (less than 3 months) - NZ registered banks				
AA (Fitch)		20,000		21,509
Interest rate swaps - NZ registered banks				
AA-		58,407		58,407
Term deposits (greater than 3 months) - NZ registered banks				
AA-		65,000		71,700
AA (Fitch)		36,000		36,000
Borrower notes - LGFA				
AAA		19,868		19,868

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 can access required funds.

Contractual maturity

The following maturity analysis in *Table X* 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.

Table X: Contractual cash flows of financial liabilities excluding derivatives	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Contractual cash flows of financial liabilities excluding derivatives				
0-12 months		330,254		329,794
1-2 years		155,960		155,960
2-5 years		320,180		321,924
More than 5 years		578,307		578,307
Total contractual cash flows of financial liabilities excluding derivatives		- 1,384,701		- 1,385,985
Represented by:				
Carrying amount as per the Statement of Financial Position		1,156,352		1,157,492
Future interest payable		228,349		228,493
Total contractual cash flows of financial liabilities excluding derivatives		- 1,384,701		- 1,385,985

The following maturity analysis in *Table X*, 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.

Table X: Contractual cash flows of derivative financial liabilities	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Contractual cash flows of derivative financial liabilities				
0-12 months		1,586		
1-2 years		84		84
2-5 years		44		44
More than 5 years		6		6
Total contractual cashflow of derivative financial liabilities		- 1,720		134
Represented by:				
Future interest payable		1,720		1,720
Total contractual cash flows of derivative financial liabilities		- 1,720		1,720

In addition to cash to be received in 2023/24 the Group currently has \$Xm (2022: \$210.000m) in unutilised committed bank facilities available to settle obligations as well as \$Xm (2022: \$132.982m) of cash, cash equivalents and receivables and is expected to have sufficient cash to meet all contractual liabilities as they fall due.

The Group is exposed to liquidity risk as a guarantor of all 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 35: Contingencies* (pg X).

The Group mitigates exposure to liquidity risk by managing the maturity of its borrowings programme within the following maturity limits as shown in *Table X*.

Table X: Liquidity funding risk limits			
Period	Minimum	Maximum	Actual
0 - 3 years	15%	60%	
3 - 5 years	15%	60%	
More than 5 years	15%	60%	

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 Investment and Liability Management Policies, which are formally approved by the Council as part of the LTP.

Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value of 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 a conservative portion of its borrowings.

The Group manages its cash flow interest rate risk by using interest rate swaps. These have the economic effect of converting borrowings from floating rates to fixed rates. The Group uses interest rate swaps to maintain a required proportion of borrowing between fixed and floating interest rates, using a corridor policy, as specified in the Liability Management Policy.

The proportion of gross borrowing at a fixed interest rate for the period ending 30 June 2023 is X percent. (2022: 59 percent)

Table X shows the effect of the interest rate swaps at reducing the Council's and Group's exposure to interest rate risk:

Table X: Interest rate volatility	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Financial instruments subject to interest rate volatility - before effect of interest rate swaps				
Cash and cash equivalents		26,575		40,727
Bank term deposits - greater than 3 months		101,000		107,700
Commercial paper		(68,000)		(68,000)
Debt securities - floating rate notes		(888,000)		(888,000)
Total financial instruments subject to interest rate volatility - before effect of interest rate swaps	-	(828,425)	-	(807,573)
Effect of interest rate swaps in reducing interest rate volatility				
Interest rate swaps - cash flow hedges		453,000		453,000
Total effect of interest rate swaps in reducing interest rate volatility	-	453,000	-	453,000
Total financial instruments subject to interest rate volatility - after effect of interest rate swaps	-	(375,425)	-	(354,573)

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 forecast current floating interest rate and the fixed swap interest rate discounted back to present value. As at 30 June 2023, the fair value of the interest rate swaps was \$Xm (2022: \$57.624m). The asset represents the forecast cost savings the Council is expected to receive from locking in fixed interest rates lower than current market rates over the period of the swap contracts versus floating rates.

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 as shown in Table X.

Table X: Weighted effective interest rates	Council		Group	
	2023	2022	2023	2022
	%	%	%	%
Investments				
Cash and cash equivalents		2.23		0.59
Bank term deposits - greater than 3 months		1.99		1.98
LGFA - borrower notes		0.53		0.53
Loans to related parties		-		-
Borrowings				
Bank loans		3.00		3.00
Commercial paper		2.53		2.53
Debt securities - fixed rate bonds		2.02		2.02
Debt securities - floating rate notes		2.60		2.60
Interest rate swaps - cash flows hedges		3.50		3.50

The original related party loan to WRST for the Stadium construction and membership underwrite is on interest free terms.

The loan to WRST for COVID-19 support and further upgrade of the Fran Wilde walkway is at an interest rate of 3% p.a. and is now effective as the initial 2-year interest free period has expired.

Sensitivity analysis

While the Group has significantly reduced the impact of short-term fluctuations on the Group's earnings through interest rate swap arrangements, there is still some exposure to changes in interest rates.

Table X illustrates the potential surplus or deficit impact of a 1 percent change in interest rates based on the Group's exposures at the end of the reporting period:

Table X: Sensitivity to interest rate risk		Group			
		2023			
		\$000			
		+1%	-1%	+1%	-1%
		Effect on Surplus or Deficit		Effect on Other Comprehensive Revenue and Expense	
Note					
Financial assets					
Cash and cash equivalents	a				
LGFA - borrower notes	b				
Bank term deposits - greater than 3 months	c				
Interest rate swaps - cash flow hedges	d				
Financial liabilities					
Interest rate swaps - cash flow hedges	d				
Debt securities - floating rate notes	e				
Bank loans	f				
Commercial paper	g				
Total sensitivity to interest rate risk		-	-	-	-

a. Cash and cash equivalents

Group funds are in several different registered bank accounts with interest payable on the aggregation of all accounts. While most of the funds are held on short-term deposit, they are subject to interest rate movement on any subsequent reinvestment. A movement in interest rates of plus or minus 1 percent has an effect on interest revenue of \$Xm (2022: \$0.407m) accordingly.

b. LGFA borrower notes

The Group holds \$Xm (2022: \$19.868m) of borrower notes which are investments held by LGFA as part of their lending policy. They are subject to quarterly interest rate resetting. A movement in interest rates of plus or minus 1 percent has an effect on interest revenue of \$Xm (\$0.199m) accordingly.

c. Bank term deposits > than 3 months

Bank term deposits with maturities greater than 3 months are subject to interest rate movement on any subsequent reinvestment. A movement in interest rates of plus or minus 1 percent has an effect on interest revenue of \$Xm (2022: \$ 1.077m) accordingly.

d. Interest rate swaps – cash flow hedges

Interest rate swaps have a fair value totalling \$Xm (2022: \$57.62m). A movement in interest rates of plus 1 percent has an effect on increasing the unrealised value of the interest rate swaps by \$Xm (2022: \$39.857m). A movement in interest rates of minus 1 percent has an effect on reducing the unrealised value of the interest rate swaps by \$Xm (2022: \$44.073m)

e. Debt securities – floating rate notes

Debt securities at floating rates total \$Xm (2022: \$888.000m). The full exposure to changes in interest rates has been reduced because the Group has \$Xm (2022: \$402.000m) of this debt at fixed rates through interest rate swaps. A movement in interest rates of plus or minus 1 percent has an effect on the interest expense of \$Xm (2022: \$4.860m) accordingly.

f. Bank loans

The Group, through the Council's joint operations with Porirua City Council has bank term loans of \$Xm (2022: \$10.158m). These loans are provided to the joint operations through Porirua City Council borrowing. A movement in interest rates of plus or minus 1 percent has an effect on the interest expense of \$Xm (2022: \$0.102m) accordingly.

g. Commercial paper

The Group has a Commercial Paper programme which is subject to floating rates and totals \$100.000m of which only \$Xm (2022: \$68.000m) is presently utilised. The full exposure to changes in interest rates has been reduced because the Group has \$Xm (2022: \$51.000m) of this debt at fixed rates through interest rate swaps. A movement in interest rates of plus or minus 1 percent has an effect on the interest expense of \$Xm (2022: \$0.170m) accordingly.

Foreign exchange risk

Foreign exchange risk is the risk that costs materially exceed budget due to adverse movements in foreign exchange rates.

The Group is exposed to foreign exchange risk when it purchases equipment and services denominated in a foreign currency or has cash holdings denominated in a foreign currency.

Risk management

The Group seeks to limit foreign exchange risk by holding foreign currency prior to material foreign currency denominated capital and operating expenditure. Foreign exchange exposure is recognised when the expenditure has been approved and a contract is expected to follow.

The Group does not receive foreign currency revenue in its normal course of business.

Note 34: Commitments

Table X: Capital commitments	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Approved and contracted				
Property, plant and equipment		156,815		158,215
Investment properties		-		-
Intangibles		-		-
Share of associates		-		7,444
Share of joint ventures		-		-
TOTAL CAPITAL COMMITMENTS		- 156,815		- 165,659

The capital commitments in Table X represent signed contracts in place at the end of the reporting period.

The contracts will often span more than one financial year and may include capital expenditure carried forward from 2022/23 to future years.

Lease commitments

Operating leases – Group as lessee

The Group leases certain items of plant, equipment, land and buildings under various non-cancellable operating lease agreements.

The lease terms are between 2 and 21 years and the majority of the lease agreements are generally renewable at the end of the lease period at market rates.

The value of minimum payments for non-cancellable operating leases is recognised as an expense in *Note 7: Expenditure on operating activities* (pg X).

Relevant significant accounting policies

Leases where the lessor retains substantially all the risks and rewards of ownership of the leased items are classified as operating leases. Payments made under operating leases are recognised within surplus or deficit on a straight-line basis over the term of the lease. Lease incentives received are recognised within surplus or deficit over the term of the lease as they form an integral part of the total lease payment.

The future expenditure committed by these leases is analysed as shown in *Table X*.

Table X: Non-cancellable operating lease commitments as lessee	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Plant and equipment				
Not later than one year		-		84
Later than one year and not later than five years		-		69
Later than five years		-		-
Land and buildings				
Not later than one year		10,815		13,170
Later than one year and not later than five years		30,054		30,722
Later than five years		47,487		47,487
TOTAL NON-CANCELLABLE OPERATING LEASE COMMITMENTS AS LESSEE		-	88,356	-
				91,532

Operating leases – Group as lessor

The Group has entered into commercial property leases of its investment property portfolio and other land and buildings.

The land and buildings held for investment purposes are properties which are not held for operational purposes and are leased to external parties.

Ground leases are parcels of land owned by the Group in the central city or on the waterfront that are leased to other parties who own the buildings situated on the land. The leases are generally based on 21-year perpetually renewable terms. As these parcels of land are held for investment purposes the leases are charged on a commercial market basis.

The land and buildings not held for investment purposes are either used to accommodate the Group's operational activities or are held for purposes such as road widening, heritage, or are being monitored for compliance reasons. In some cases, parts of these assets are leased to external parties on a commercial basis. The terms of these commercial leases generally range from 1 to 15 years.

Relevant significant accounting policies

Rental revenue is recognised on a straight-line basis over the lease term.

The committed revenues expected from these lease portfolios are analysed as shown in *Table X*.

Table X: Non-cancellable operating lease commitments as lessor	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Investment properties				
Not later than one year		10,971		10,971
Later than one year and not later than five years		38,322		38,322
Later than five years		73,020		73,020
Land and buildings				
Not later than one year		5,849		5,849
Later than one year and not later than five years		4,173		4,173
Later than five years		9,093		9,093
TOTAL NON-CANCELLABLE OPERATING LEASE COMMITMENTS AS LESSOR		- 141,428		- 141,428

Commitments to related parties

The Council and Group have no commitments to key management personnel beyond normal employment obligations.

Note 35: Contingencies

Table X: Contingent liabilities	Council		Group	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Uncalled capital - LGFA		1,866	-	1,866
Other legal proceedings		399	-	399
Share of associates' and joint venture's contingent liabilities	-	-	-	-
Share of joint operations' contingent liabilities	-	-	-	-
TOTAL CONTINGENT LIABILITIES	-	2,265	-	2,265

Local Government Funding Agency Limited (LGFA)

The Council is one of 30 local authority shareholder, borrower, and guarantor councils of the LGFA. Any non-shareholder council that borrows in aggregate NZ\$20m or more from LGFA must be a guarantor. There are 71 guarantor Councils in total. In this regard the Council has uncalled capital of \$1.866m. When aggregated with the uncalled capital of other shareholders, \$20m is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, the Council is a guarantor of all of LGFA's borrowings. At 30 June 2023, LGFA had borrowings totalling \$Xm (2022: \$15,789m).

Financial reporting standards require the Council to recognise the guaranteed 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.

The Council considers that even if it was called upon to contribute, the cost would not be material.

Other legal proceedings

Other legal proceedings are current claims against the Council and Group as a result of past events which are currently being contested. The amounts shown reflect potential liability for financial reporting purposes only and do not represent an admission that any claim is valid. The outcome of these remains uncertain at the end of the reporting period. The maximum exposure to the Group is anticipated to be less than \$Xm (2022: \$0.399m)

Structural defect claim

A large and novel claim alleging a breach of duty to a tenant of a commercial building was filed in August 2019. The claim is at an early stage. The Council's current estimated financial exposure for this claim is \$0.050m being the insurance excess payable, which is included in the total above.

Unquantified contingent liabilities

Holiday Pay remediation

Several New Zealand's public and private organisations have identified issues with the calculation of leave entitlements under the Holidays Act 2003 ("the Act"). During 2019/20, Council completed its own review of payroll processes which identified instances of non-compliance with the Act. This review resulted in the Council establishing a project team to further look at system configuration and business processes to better understand the areas of non-compliance with the Act, this work has continued into 2021/22.

This is a significant undertaking and due to this the Council has decided that the project will be split into two phases; phase one is the rectification of known system configuration and business process issues, while phase two will be the remediation. The Council is near to completing phase one of the project with a completion date estimated to be late 2022.

Council have completed an RFP to engage a third party to start work on Phase two of the Holiday Project in the New Year. Phase 2 has an expected completion date by end 2023.

Council has agreed to pay any remediation costs for Council Controlled entities where the Council was responsible for processing their payroll.

The Council acknowledges that the potential liability could be significant as the issue affects current and past employees and covers a period going back six years plus one from October 2020.

Other claims

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 2023 (2022: \$Nil).

Relevant significant accounting policies

Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are disclosed at the point at which the contingency is evident. Contingent liabilities are disclosed if the possibility they will crystallise is not remote. Contingent assets are disclosed if it is probable the benefits will be realised.

Note 36: Joint operations

The Council has significant interests in the following joint operations. These are domiciled and operate in New Zealand. Porirua City Council operates two of the joint operations under an agreement which provides that all assets of the joint operation are owned by the two councils as tenants in common. The remaining joint operations are part of Let's Get Wellington Moving (LGWM) which is a joint initiative between Wellington City Council, GWRC, and Waka Kotahi NZ Transport Agency.

Table X: Joint operations	Interest	Interest	Nature of business
	2023	2022	
Wastewater treatment plant – Porirua City Council	27.60%	27.60%	Owns and operates a wastewater treatment plant and associated trunk sewers and pumping stations that provide services to Wellington City's northern suburbs. Ownership of the assets is in proportion to the capacity of the plant allocated to the two councils.
Spicer Valley Landfill – Porirua City Council	21.50%	21.50%	Owns and operates a sanitary landfill that provides services to Wellington City's northern suburbs. Ownership of the assets is in proportion to the ratio of the populations of Porirua City and the area of the former Tawa Borough.
LGWM Projects			
State Highway improvement	20.00%	20.00%	Joint initiative to develop a transport system that supports future aspirations for the look, feel, and function of Wellington City. These will support Wellington's growth while making it safer and easier to get around.
Mass Rapid Transport	20.00%	20.00%	
City Streets	20.00%	20.00%	
Early Delivery	0 - 49%	0 - 49%	
Travel Demand Management	20.00%	20.00%	
Integrated Delivery Vehicle	20.00%	20.00%	

The end of the reporting period for the joint operations is 30 June.

Relevant significant accounting policies

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

The Council's and Group's share of the joint operations' capital commitments is \$Nil (2022: \$Nil) and contingent liabilities is \$Nil (2022: \$Nil).

Note 37: Related party disclosures

Relevant significant accounting policies

Related parties arise where one entity has the ability to affect the financial and operating policies of another through the presence of control or significant influence. Related parties include all members of the Group (controlled entities, associates and joint ventures) and key management personnel.

Key management personnel include the Mayor and Councillors as elected members of the governing body of the Council reporting entity, the Chief Executive, and all members of the Executive Leadership Team, being key advisors to the Council and Chief Executive.

Key management personnel

In this section, the Council discloses the remuneration and related party transactions of key management personnel. The remuneration payable to key management personnel of the Group's other entities is disclosed separately within their individual financial statements and is not included in *Table X*.

Table X: Remuneration paid to key management personnel	Council	
	2023	2022
	\$	\$
Council Members		
Remuneration		1,932,434
Chief Executive and Executive Leadership Team		
Remuneration		3,034,461
Termination benefits		73,644
TOTAL REMUNERATION PAID TO KEY MANAGEMENT PERSONNEL	-	5,040,539

As at 30 June 2023 key management personnel comprised of 25 individuals: 16 elected members or 16 fulltime equivalents (2022:15) and 9 executive leaders or 9 fulltime equivalents (2022: 9).

The additional elected member is due to the new Te Whanganui-a-tara Māori electoral ward in the Local Government election on 8 October 2022.

Material related party transactions

Material related party transactions – key management personnel

During the year, key management personnel, as part of normal local authority relationships, were involved in transactions with the Council such as payment of rates and purchases of rubbish bags or other Council services. These transactions were on normal commercial terms.

A related party of an Executive Leadership Team member provided training services, through a company, to the Council during the year. These services valued at \$X were procured as arm's-length transactions 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 the Council to key management personnel.

Material related party transactions – structured entities

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 percent of the issued capital, with the Crown holding the remaining 20 percent. The Council became an establishment shareholder in this Council Controlled Trading Organisation (CCTO) and currently has an investment of \$1.866m representing 8.3 percent of paid-up capital.

During the year ending 30 June 2023 the Council drew down new borrowings of \$Xm and repaid \$Xm. Interest expense is paid quarterly in arrears on all borrowings and interest revenue of \$Xm was received on \$m of maturing borrower notes. The Council borrowings from the LGFA are comprised of \$100.000m (2022:100.000m) of fixed rate bonds and \$Xm (2022: \$863.000m) of floating rate notes, including \$Xm of green, social and sustainability (GSS) loans.

The Council holds \$Xm (2022: \$19.868m) of investment borrower notes and during the year Council received a shareholder dividend of \$Xm (2022: \$0.064m)

Material related party transactions – unstructured entities

Financial information relating to the Council's interests in unstructured entities is provided in Tables X and X.

Table X: Basin Reserve Trust	2023	2022
	\$000	\$000
<i>Summarised financial information of unstructured entity</i>		
Total assets		913
Total liabilities		(309)
Net assets	-	604
Revenue		1,280
Expenses		(1,332)
Surplus/(deficit)	-	(52)

Basin Reserve Trust (BRT)

The Basin Reserve Trust was established on 24 February 2005 to manage, operate and maintain the Basin Reserve. The Trust was jointly created with Cricket Wellington Incorporated (CWI). Council and CWI each appoint two of the four trustees. Council does not have an equity investment in the Trust but has influence over the Trust through the appointment of trustees and receives benefits from the complementary activities of the Trust in alignment with the Council's objectives.

During the year ending 30 June 2023 the Council contributed \$Xm (2022: \$0.718m) to fund the core operations of the Trust.

Table X: Wellington Regional Stadium Trust	2023	2022
	\$000	\$000
<i>Summarised financial information of unstructured entity</i>		
Total assets		95,305
Total liabilities		(9,431)
Net assets	-	85,874
Revenue		7,654
Expenses		(12,354)
Surplus/(deficit)	-	(4,700)

Wellington Regional Stadium Trust (WRST)

Wellington Regional Stadium Trust was jointly created by Council and GWRC. Council does not have an equity investment in the Trust but has influence over the Trust through the appointment of trustees and receives benefits from the complementary activities of the Trust in alignment with the Council's objectives.

The Council holds a \$15.000m limited recourse loan to 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 initial WRST membership underwrite, the unpaid interest was converted to a \$0.395m advance repayable after all other advances made by the Council and GWRC.

During the period ending 30 June 2023, the Council transacted directly with WRST to the amount of \$Xm (2022: \$1.500m). This payment was made to.....

In addition, WRST made the first six-monthly interest payment on the Council's share of the loan made available for COVID-19 impact support and additional concourse works. Refer to *Note 15: Other financial assets* (page X), for more information on this loan.

Intra Group transactions and balances

Intra Group transactions and balances – Joint operations

During the year the Council has entered into transactions with its joint operations partners Porirua City Council and Let's Get Wellington Moving. These transactions disclosed are within the normal course of business. The nature of these intra-Group transactions and the outstanding balances at the year-end are as shown in *Table X*.

Table X: Intra group transactions and balances - Joint operations		2023	2022
		\$000	\$000
Share of jointly incurred expenditure			
	Porirua City Council - wastewater treatment plant		2,620
	Let's Get Wellington Moving		6,660
		-	9,280
Current receivables and recoverables owing to the Council from:			
	Let's Get Wellington Moving		5,762

Intra Group transactions and balances – Controlled entities

During the year the Council has entered into transactions with its controlled entities. These transactions disclosed are within the normal course of business. The nature of these intra-Group transactions and the outstanding balances at the reporting date are as shown in *Table X*.

Table X: Intra group transactions and balances - Controlled entities		2023	2022
		\$000	\$000
Revenue received by Council for services provided to:			
	Karori Sanctuary Trust		37
	Wellington Cable Car Limited		103
	Wellington Museums Trust		1,457
	Wellington Regional Economic Development Agency Limited		41
	Wellington Zoo Trust		151
		-	1,789
Grant funding paid by Council for the operations and management of:			
	Karori Sanctuary Trust		1,496
	Wellington Museums Trust		9,940
	Wellington Regional Economic Development Agency Limited		12,515
	Wellington Zoo Trust		3,639
		-	27,590
Funding paid by Council for COVID-19 support of:			
	Karori Sanctuary Trust		-
	Wellington Cable Car Limited		977
	Wellington Museums Trust		469
	Wellington Zoo Trust		509
		-	1,955
Expenditure payments made by Council for services provided by:			
	Karori Sanctuary Trust		10
	Wellington Cable Car Limited		99
	Wellington Museums Trust		81
	Wellington Regional Economic Development Agency Limited		3,883
	Wellington Zoo Trust		3,257
		-	7,330
Current receivables and recoverables owing to the Council from:			
	Karori Sanctuary Trust		6
	Wellington Cable Car Limited		-
	Wellington Museums Trust		165
	Wellington Regional Economic Development Agency Limited		-
	Wellington Zoo Trust		46
		-	217
Current payables owed by the Council to:			
	Karori Sanctuary Trust		-
	Wellington Cable Car Limited		287
	Wellington Museums Trust		353
	Wellington Regional Economic Development Agency Limited		1,381
	Wellington Zoo Trust		1,518
		-	3,539

Current receivables, recoverables and payables

The receivable, recoverable and payable balances are non-interest bearing and are to be settled with the relevant entities on normal trading terms and conditions.

Payments to controlled entities

The total payments to controlled entities were \$Xm (2022: \$36.875m) comprising grant funding of \$Xm (2022: \$27.590m), COVID-19 support of \$Xm (2022: \$1.955m) and expenditure for services provided to the Council of \$Xm (2022: \$7.330m) when combined.

Intra Group transactions and balances – Associates and Joint venture

During the year the Council has entered into several transactions with its associates and joint venture. These transactions disclosed are within the normal course of business. The nature of these intra-Group transactions and the outstanding balances at the year-end are as shown in Table X.

Table X: Intra group transactions and balances - Associates and joint venture		2023	2022
		\$000	\$000
Revenue received by Council for services provided to:			
	Wellington International Airport Limited		102
	Wellington Water Limited		571
		-	673
Expenditure payments made by Council for services provided by:			
	Wellington International Airport Limited		87
	Wellington Water Limited		107,628
		-	107,715
Current receivables and recoverables owing to the Council from:			
	Wellington International Airport Limited		24
	Wellington Water Limited		144
		-	168
Current payables owed by the Council to:			
	Wellington Water Limited		2,763

Current receivables, recoverables and payables

The receivable, recoverable and payable balances are non-interest bearing and are to be settled with the relevant entities on normal trading terms and conditions.

1. Due to Local Government elections on 8 October 2022 and subsequent changes around the Council table, new Remuneration Authority determinations were enacted. The salaries payable to elected members have been calculated accordingly.

Salary

The Remuneration Authority is responsible for setting the remuneration levels for elected members (Clause 6, Schedule 7 of the LGA 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 2022/23 financial year rather than the alternative option of a combination of meeting fee payments and annual salary.

Mayoral car

The Remuneration Authority permits the Council to provide the Mayor with a vehicle for full private use, which is a taxable benefit. Mayor Whanau has chosen not to take up this option.

Non-monetary

In addition, the Mayor and Councillors receive non-monetary remuneration (benefit) in relation to on-site car parking spaces provided, regardless of whether they elect to use these or not.

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.

Relevant significant accounting policies

Remuneration of elected members comprises any money, consideration or benefit received or receivable or otherwise made available, directly or indirectly, during the reporting period but does not include reimbursement of authorised work expenses or the provision of work-related equipment such as cell phones and laptops.

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 shown in *Table X*.

Table X: Community Board member remuneration	Salary	Salary	Salary	Allowances	Other	Total
	106 days to	259 days from	Pro-rated			2023
	14-Oct-22	15-Oct-22				
	\$	\$	\$	\$	\$	\$
TAWA COMMUNITY BOARD						
Current members						
Day, Jill (Chair from 15/10/22, Councillor until 14/10/22)						-
Davin, Tim (Deputy Chair from 15/10/22)						-
Allan, Rachel						-
Fernandez, Janryll						-
Lacy, Jackson (includes Youth Council attendance fees)						-
Moore, Miriam						-
McNulty, Ben (Councillor - see remuneration above)						-
Randle, Tony (Councillor - see remuneration above)						-
Prior members						
Parkinson, Robyn (Chair)						-
Herbert, Richard (Deputy Chair)						-
Hansen, Graeme						-
Scott, Anna						-
MAKARA/OHARIU COMMUNITY BOARD						
Current members						
Reed, Mark (Chair from 15/10/22)						-
Grace, Christine (Deputy Chair until 14/10/22)						-
Hoskins, Darren (Deputy Chair from 15/10 22)						-
Renner, Chris						-
Rudd, Wayne						-
Todd, Hamish						-
Prior member						
Apanowicz, John (Chair until elected to Council from 15/10/22)						-
TOTAL REMUNERATION TO COMMUNITY BOARD MEMBERS			-	-	-	-

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.

Chief Executive's remuneration

The Chief Executive of the Council was appointed in accordance with section 42 of the LGA 2002.

Table X shows the total remuneration of the Chief Executive paid or payable for the year ended 30 June 2023.

Under the terms of the agreement, the Chief Executive of the Council chooses how they wish to take their remuneration package (salary only or a combination of salary and benefits).

The total remuneration package for the Chief Executive is detailed in Table X.

Table X: Remuneration of the Chief Executive	Council	
	2023	2022
	\$	\$
Barbara McKerrow		
Salary		454,130
TOTAL REMUNERATION OF THE CHIEF EXECUTIVE	-	454,130

Severances

In accordance with Schedule 10, section 33 of the LGA 2002, the Council is required to disclose the number of employees who received severance payments during the year and the amount of each severance payment made.

Severance payments include any consideration (monetary and non-monetary) provided to any employee in respect of the employee's agreement to the termination of their employment with the Council. Severance payments exclude any final payment of salary, holiday pay and superannuation contributions or other contractual entitlement.

For the year ending 30 June 2023 the Council made severance payments to X employees totalling \$X (2022: 8 employees, \$148,068).

The individual values of each of these Council severance payments were: \$X

Employee numbers and remuneration bands

Table X identifies the number of full-time employees as at the end of the reporting period and the full-time equivalent number of all other part-time, fixed term and casual employees.

Table X: Employee numbers	Council	
	2023	2022
Full-time and full-time equivalent employee numbers		
Full-time employees (based on a 40 hour week) as at 30 June		1,251
Full-time equivalents for all other non full-time employees		295

Table X further identifies the breakdown of remuneration levels of those employees into various bands.

Table X: Remuneration bands	Council 2023
The number of employees receiving total annual remuneration of less than \$60,000	
Of the XX employees in this band, XX are part-time or casual	
The number of employees receiving total annual remuneration of more than \$60,000 in bands of \$20,000	
\$60,000 - \$79,999.99	
\$80,000 - \$99,999.99	
\$100,000 - \$119,999.99	
\$120,000 - \$139,999.99	
\$140,000 - \$159,999.99	
\$160,000 - \$179,999.99	
\$180,000 - \$199,999.99	
\$200,000 - \$219,999.99	
\$220,000 - \$259,999.99*	
\$280,000 - \$359,999.99*	
\$440,000 - \$459,999.99*	
TOTAL EMPLOYEES	-

Of the X (2022: 1,967 individual employees, X (2022: 716) are part-time or casual.

Table X: Remuneration bands	Council 2022
The number of employees receiving total annual remuneration of less than \$60,000	974
Of the 974 employees in this band, 649 are part-time or casual	
The number of employees receiving total annual remuneration of more than \$60,000 in bands of \$20,000	
\$60,000 - \$79,999.99	294
\$80,000 - \$99,999.99	254
\$100,000 - \$119,999.99	178
\$120,000 - \$139,999.99	138
\$140,000 - \$159,999.99	52
\$160,000 - \$179,999.99	32
\$180,000 - \$199,999.99	19
\$200,000 - \$219,999.99	9
\$220,000 - \$259,999.99*	9
\$280,000 - \$339,999.99*	7
\$440,000 - \$459,999.99*	1
TOTAL EMPLOYEES	1,967

* If the number of employees for any band was five or less then we are legally required to combine it with the next highest band. This means that some rows span different bands across the two years shown.

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.

The Council has resolved that in addition to legislative requirements to disclose the above bandings it has also included the two lowest remuneration grades as shown in *Table X*.

Table X: Lowest remuneration grades	Salary Range	2023	Salary Range	2022
	\$	Employees	\$	Employees
Q (Living Wage)	47,450		46,094	299
9	47,450 - 59,925		46,905 - 59,160	452

The current Living Wage rate for the Council was \$X (2022: \$22.75) per hour for the period to 30 June 2023. Each year the living wage rate for the Council will be reviewed in accordance with the latest Living Wage rate announced/published by Living Wage Aotearoa.

Note 39: 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 notes to the financial statements.

The following updates have been included due to their significance.

Weather Impacts

During August 2022, prolonged and higher than usual rainfall has caused several substantial slips and hundreds of more minor one with many roads being temporarily closed. Many houses are also at risk and several are no longer safe for habitation.

The impacts of these incidents will be ongoing.

Affordable Water (previously Three Waters) reform

In July 2020, the Crown launched the Three Waters Reform Programme – a three-year programme to reform local government three waters service delivery arrangements. Currently 67 different councils own and operate the majority of the drinking water, wastewater and stormwater services across New Zealand. The proposed reform programme is being progressed through a partnership-basis approach with the local government sector, alongside iwi/Māori as the Crown's Treaty Partner.

During the financial year, further progress has been made towards transitioning three waters assets and delivery services from councils via the establishment of a National Transition Unit (NTU) and the establishment of the four new water entities. It has now been confirmed that Wellington City Council water delivery will be assumed by Entity C along with all eligible assets.

The requisite legislation to enable the new water entities includes the Water Services Entity (WSE) Bill, the Water Services Entities Amendment Bill, and the Water Services Economic and Consumer Protection Bill. The WSE legislation received royal assent from the Governor-General on 14 December 2022.

The two further reform Bills were introduced on 14 December 2022. The WSE Amendment Bill covers how the entities will operate, regarding funding, pricing, customer relations between entities and local authorities. The Water Services Economic and Consumer Protection Bill provides the Commerce Commission with the powers it needs to act as the regulator for the entities' pricing and funding decisions.

There are several compensation packages being provided by the Crown to ensure Wellington City Council is not put in a worse off position post water reform and these are being worked on as more detail becomes available. Wellington City Council have been working alongside the NTU and other local councils to provide information to support establishment of the new three waters landscape and are providing staff, data and resources to enable the transition to occur on 1 July 2024.

Sludge Minimisation Project

To address the issues identified with Wellington wastewater treatment, and achieve the objectives identified, Wellington City Council intends to construct a Sludge Minimisation Facility using Lysis-Digestion and Thermal Drying Technology at the Moa Point site to facilitate the disposal of Wellington's sewage sludge. The Council has been working to deliver a reliable and effective new facility to substantially reduce the wastewater treatment sludge volume discharged to the southern landfill. The SMF will play a key role in ensuring that the Council's waste management systems are effective and sustainable and is an important enabler of the Council achieving its emission reduction targets.

Traditional funding and financing of the SMF is not feasible given balance sheet constraints or would require significant reprioritisation of the Council's existing long-term capital expenditure programme to ensure that debt covenants were not exceeded. Furthermore, future headroom to fund strategically important initiatives such as Let's Get Wellington Moving would be unavailable. We have therefore looked to use an alternative funding option based on the new Infrastructure Funding and Financing Act 2020 (IFFA). Using an IFF Levy to fund the SMF will deliver a range of benefits to the Council, its ratepayers and the Crown.

Let's Get Wellington Moving (LGWM)

LGWM is a joint initiative between Wellington City Council, GWRC, and Waka Kotahi NZ Transport Agency, with support from Mana Whenua partners Taranaki Whānui ki Te Upoko o Te Ika and Ngāti Toa Rangatira.

On July 6th, 2022, Wellington City Council and GWRC approved the mass rapid transport option 1 for the LGWM programme, the same option endorsed by the Crown the week before.

Option 1 introduces mass rapid transit to the South Coast and continuous bus priority to the East and focuses on a new Mt Victoria tunnel with dedicated provision for public transport, walking and cycling, as well as upgrades at the Basin Reserve to improve flows and physically separate movements and extend the Arras tunnel.

The next stage will involve detailed investigations which will test assumptions. Bus rapid transit will also be investigated further as a reserve plan may be appropriate given technological developments.

COVID-19

The financial impact of COVID-19 to the Council in 2021/22 and earlier years is outlined in the separate disclosure on page 10.

From 31 July 2022, New Zealand fully opened its international borders with the world, assuming vaccination requirements are met. Migrant workers and international students are also slowly returning to New Zealand. However many New Zealanders and other non-New Zealand citizens are also leaving with a net migration loss.

The combined effect of this net migration loss and other factors including lingering effects of COVID-19 in the community, and other winter illnesses in particular, is contributing to the lack of staff in various employment sectors. The Council has not been immune to this situation and has been required to close the Tawa Pool to the general public since 25 July 2022 until 30 September 2022 due to a nationwide shortage of lifeguards. Generally, other operations of the Council have been able to continue as usual.

From 13 September 2022, the COVID-19 Protection Framework ended and most restrictions were removed apart from mask requirements in certain healthcare environments such as hospitals. The vaccine requirements previously required for international visitors were also removed.

Resource Management Act reform

In February 2021, the Crown announced that it would replace the Resource Management Act 1991 (RMA) with a new legislative framework, reflecting that the RMA has not delivered the desired environmental and development outcomes, and does not consistently give effect to Te Tiriti o Waitangi/ the Treaty of Waitangi.

On 23 November 2022, the Crown introduced two of the three Bills to replace the Resource Management Act 1991, the Spatial Planning Bill and the Natural and Built Environment Bill. The NBA will act as the primary replacement of the RMA, focusing on protecting and restoring the environment while enabling development; the SPA will require spatial planning to be undertaken at a regional level rather than a local level, helping to coordinate and integrate decision making. The third yet to be introduced bill – the Climate Change Adaptation Act will address issues related to the managed retreat of communities from coastal environments.

Together, the purpose of this new framework is to support the protection and restoration of the environment, guide long-term regional spatial planning, and address issues associated with climate change adaptation.

It is expected that the NBA and SPA will pass early in 2023 with the transition period to the new arrangements extending to the end of the 2020's.

From 30 November 2022, it became a legal requirement for local government to 'have regard to' the national adaptation plan and the emissions reduction plan when preparing or changing Resource Management Act 1991 (RMA) regional policy statements, regional plans, and district plans.

Future for Local Government Review

In 2021, the Crown appointed a panel to identify how our system of local democracy and governance needs to evolve over the next 30 years to improve the wellbeing of New Zealand communities and the environment, and to actively embody the Treaty partnership.

The scope of this local government review covers all aspects of local government, including the functions, roles, and structures of local government; relationships between local government, central government, iwi, Māori, businesses, communities, and other organisations; the embodiment of Te Tiriti o Waitangi, and funding and financing arrangements.

As a result of the Review Panel's engagement process over the past 12 months, five key shifts for the local government system have been identified.

These shifts consider how to:

- strengthen local democracy
- have a stronger focus on wellbeing
- build and maintain authentic relationships with hapū/ iwi/ Māori
- have genuine partnership between local and central government
- establish a more equitable funding approach for local government's activities.

The Review into the Future for Local Government published its second draft report, He mata whāriki, he matawhānui. on 28 October 2022. The draft report poses recommendations and key questions to shape a more community-focused, citizen-centred local governance system.

Submissions and feedback to shape the third and final report are open until 28 February 2023, with the final report to be delivered in June 2023.

Interest rates

Since 30 June 20XX, there have been no subsequent increases in the Official Cash Rate, as Reserve Bank guidance from the last increase in May 2023, was that this would be the last increase before potential decreases from late 2024. The effect on the Council in the short term is primarily increased interest expense on its borrowings, as earlier and cheaper rates roll off on maturity. Any increases in interest rates could be mitigated by existing cash flow hedging and increased interest revenue on investment deposits.

The increase in interest rates has also seen a positive movement in the unrealised value of the cash flow swaps used for hedging some of the Council's debt portfolio.

Te Toi Mahana (Wellington Community Housing Provider Trust)

The Council made the decision to establish a Community Housing Provider (CHP) on 30 June 2022, following a statutory process of community consultation and an LTP amendment.

On 4 August 2022, the Social, Cultural and Economic committee considered a paper on various provisions of the Trust Deed, including the purpose of the Trust, size and composition of the Board and required skills and processes for Trustee appointments. Decisions were also made in regard to the lease and loan agreements between the CHP and the Council, support for transferring existing tenants and a transition plan to establish the Trust by July 2023.

On 1 September 2022, the committee considered a second paper on the provisions of the Trust, including Trustee duties and powers, remuneration, terms of office, voting and decision-making thresholds and incorporation of Takai Here principles. Decisions were also made on the components of a relationship management and monitoring framework.

On 16 November 2022, four Council-appointed Trustees were confirmed.

The Council signed-off the Trust Deed on 15 December 2022, with settlement of the Trust anticipated to occur in early 2023.

Note 40: Adoption of PBE IPSAS 41- Financial Instruments

In accordance with the transitional provisions in *PBE IPSAS 41*, the Council and Group have elected not to restate the comparative information. The comparative information continues to be reported under *PBE IPSAS 29* Financial instruments. Adjustments arising from the adoption of *PBE IPSAS 41* are recognised in opening equity at 1 July 2022 (the date of initial application).

The accounting policies for the year ended 30 June 2023 have been updated to comply with *PBE IPSAS 41*. The main changes to the Council and Group's accounting policies are:

- *Note 13 - Receivables and recoverables* - This policy has been updated to reflect that the impairment of short-term receivables is now determined by applying the simplified ECL model.
- *Note 15 - Others financial assets* - This policy has been updated to reflect:
 - the new classification categories.

On the date of initial of application of *PBE IPSAS 41*, the classification and carrying amounts of financial assets under *PBE IPSAS 41* and *PBE IPSAS 29* is outlined as shown in *Table X*.

Table X: Classification and carrying amounts of financial assets and liabilities	Measurement category		Value at 1 July 2022		Adjustment
	Current treatment under PBE IPSAS 29	New treatment under PBE IPSAS 41	Original measurement under PBE IPSAS 29	New measurement under PBE IPSAS 41	
Financial assets					
Cash and cash equivalents	Amortised cost	Amortised cost	26,575	26,575	-
Bank term deposits- greater than 3 months	Amortised cost	Amortised cost	101,000	101,000	-
LGFA borrower notes	Amortised cost	FVTSD	19,868	19,312	(556)
Loans to related parties	Amortised cost	Amortised cost	2,088	2,088	-
Equity investment – Civic financial services	FVTOCRE	FVTOCRE	524	524	-
Equity investment – LGFA	FVTOCRE	FVTOCRE	8,674	8,674	-
Trade receivables and recoverables	Amortised cost	Amortised cost	58,401	58,401	-
Accrued revenue	Amortised cost	Amortised cost	19,715	19,715	-
Sundry receivables	Amortised cost	Amortised cost	8,239	8,239	-
Interest rate swaps – cash flow hedges	FVTOCRE	FVTOCRE	58,407	58,407	-
Total financial assets			303,491	302,935	(556)
Financial liabilities					
Borrowings	Amortised cost	Amortised cost	1,071,158	1,071,158	-
Trade payables and accruals	Amortised cost	Amortised cost	74,358	74,358	-
Interest payable	Amortised cost	Amortised cost	5,262	5,262	-
Sundry payables	Amortised cost	Amortised cost	5,574	5,574	-
GWRC rates	Amortised cost	Amortised cost	8,063	8,063	-
Other	Amortised cost	Amortised cost	3,071	3,071	-
Interest rate swaps – cash flow hedges	FVTOCRE	FVTOCRE	783	783	-
Total financial liabilities			1,168,269	1,168,269	-

Additional information in relation to subsequent measurement classification assessment

PBE IPSAS 41 requires equity instruments to be classified at FVTSD. However, it permits entities to make an irrevocable election on transition to *PBE IPSAS 41* to subsequently measure at FVTOCRE if the equity investments are not held for trading. The Council has elected to subsequently measure all of its equity investments at FVTOCRE.

Financial prudence

The Crown has introduced the Local Government (Financial Reporting and Prudence) Regulations 2014 which has a series of measures and benchmarks, disclosed in the following pages.

Readers are urged to read the commentary and explanations provided to give context to the information, as it is not always possible to compare Wellington City Council's results with other councils due to their size, location and provision of services.

Annual report disclosure statement for year ended 30 June 2023

What is the purpose of this statement?

The purpose of this statement is to disclose the Council's financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The Council is required to include this statement in its annual report in accordance with the *Local Government (Financial Reporting and Prudence) Regulations 2014* (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Unless prescribed by the regulations the quantified limit for each benchmark is calculated using the financial information from the Council's 2021-31 LTP.

TO BE UPDATED

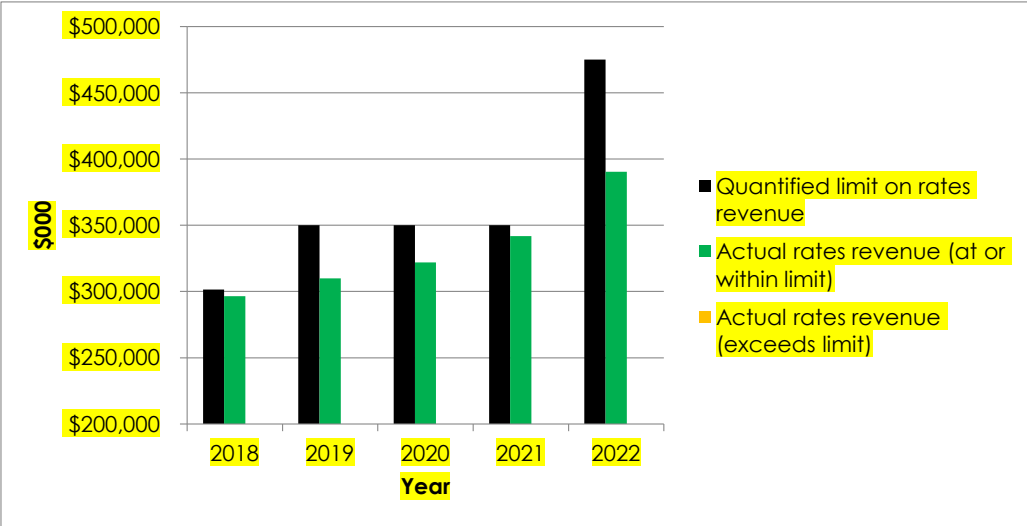
Rates affordability benchmark

The Council meets the rates affordability benchmark if —

- its actual rates revenue equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

Rates (revenue) affordability

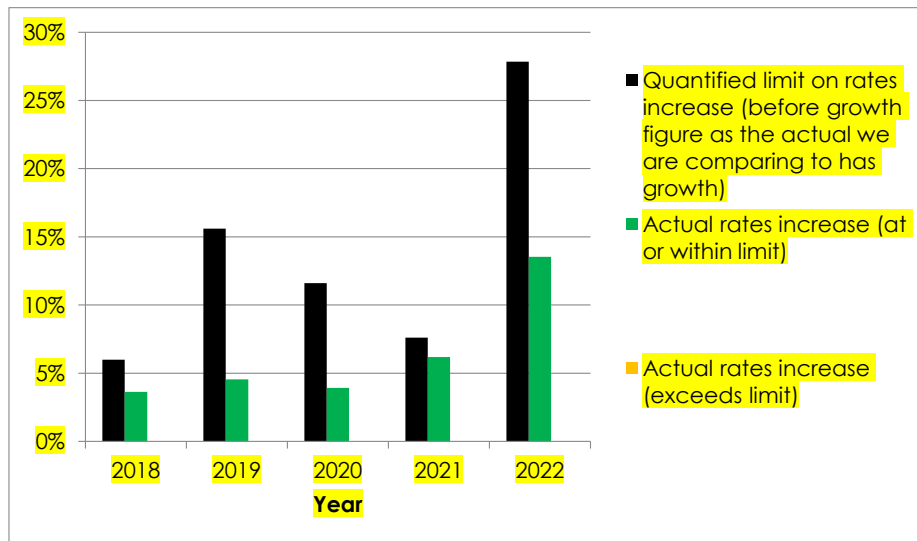
The following graph compares the Council's actual rates revenue with a quantified dollar limit on rates revenue included in the financial strategy included in the Council's LTP. The quantified limit for the first three years of the 2021-31 LTP, which encompasses the financial years 2021/22; 2022/23 and 2023/24 is \$475,000,000. This means rates revenue should remain below this limit for each of these years.



Rates (increases) affordability

The following graph compares the Council's actual rates increases with a quantified limit on rates increases included in the financial strategy in the Council's LTP.

The quantified limit for 2021/22 is 27.8 percent although the actual rates increase set for the 2021/22 year was lower than this limit. The rates increase proposed in the 2021-31 LTP is equivalent to an average rates increase of 10.5 percent over the first three years, which encompasses the financial years 2021/22; 2022/23 and 2023/24.

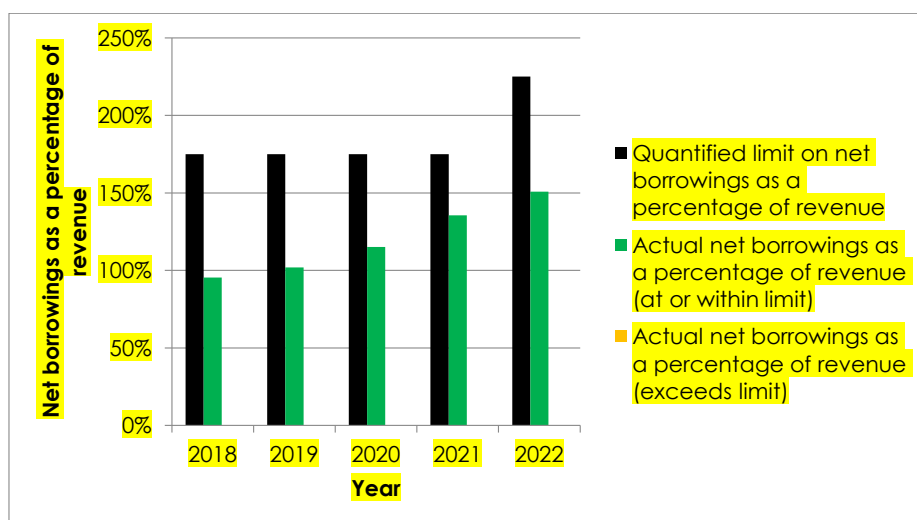


Debt affordability benchmark

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, PwC Wellington.

Net borrowing as a percentage of revenue²

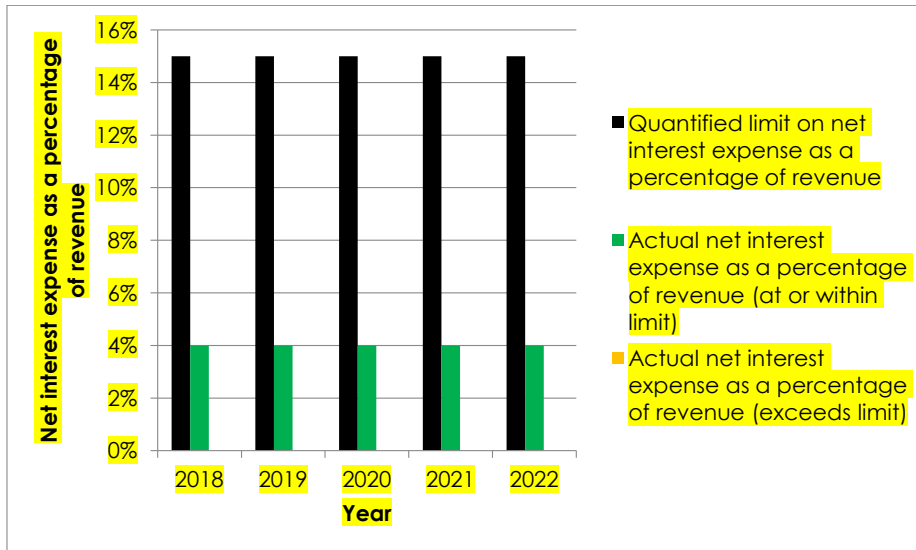
The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's LTP. The quantified limit is net borrowings, comprised of borrowings less cash and cash equivalents, being less than or equal to 225 percent of revenue. For this measure revenue is defined as total revenue less vested assets and development contribution revenue.



² The revenue figure used for this calculation of Net Borrowing as percentage of Revenue and Net Interest as a percentage of Revenue is Total Revenue less Vested Assets and Development Contribution Revenue.

Net interest as a percentage of revenue³

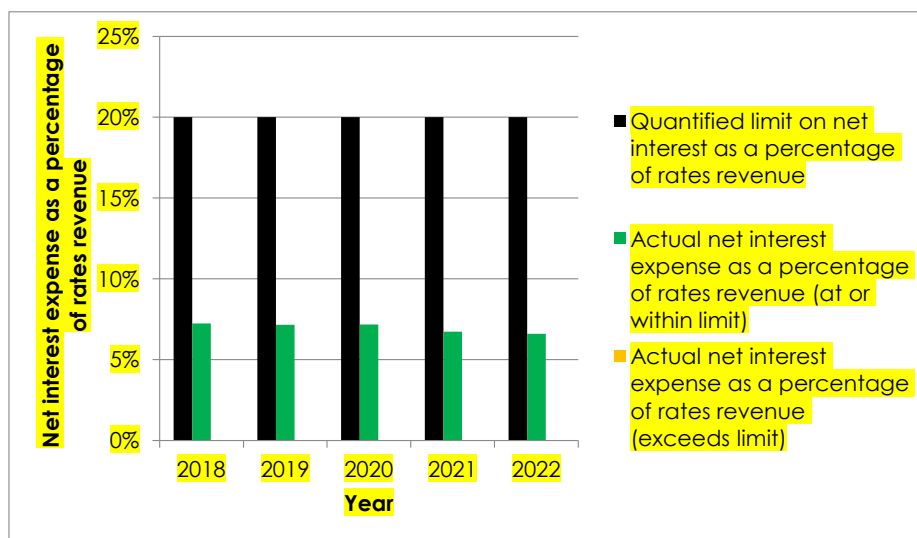
The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's LTP. The quantified limit is net interest, defined as interest expense less interest revenue, being less than or equal to 15 percent of revenue. For this measure revenue is defined as total revenue less vested assets and development contribution revenue.



³ The revenue figure used for this calculation of Net Borrowing as percentage of Revenue and Net Interest as a percentage of Revenue is Total Revenue less Vested Assets and Development Contribution Revenue.

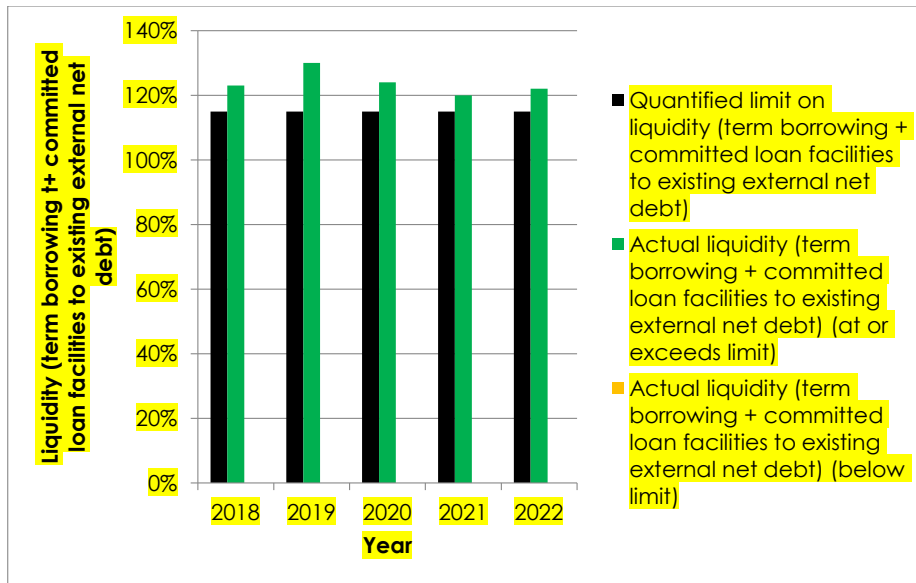
Net interest as a percentage of annual rates revenue

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 LTP. The quantified limit is net interest, defined as interest expense less interest revenue, being less than or equal to 20 percent of annual rates revenue.



Liquidity (term borrowing + committed loan facilities to existing external net debt)

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's LTP. The quantified limit is liquidity being greater than or equal to 115 percent. For debt affordability, liquidity is the total of Council's existing external net debt. Net borrowings for debt affordability are defined as borrowings less cash and cash equivalents.

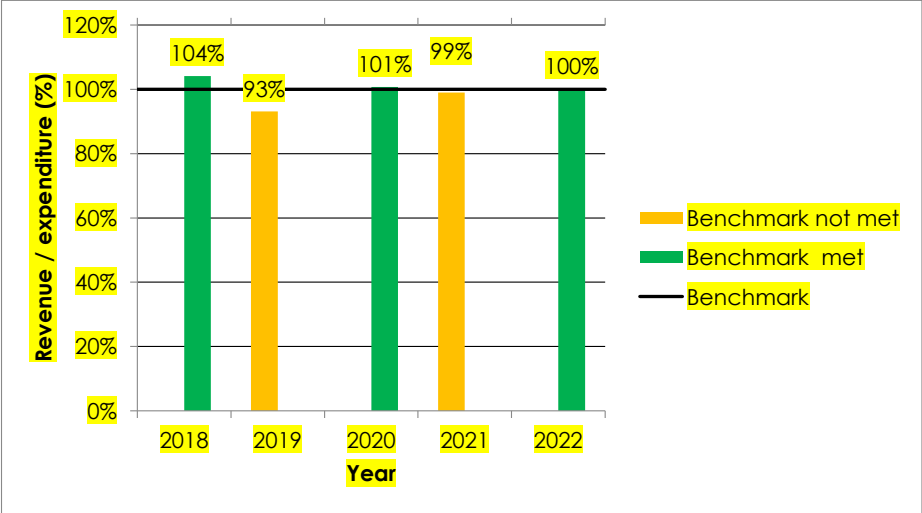


Balanced budget benchmark

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.

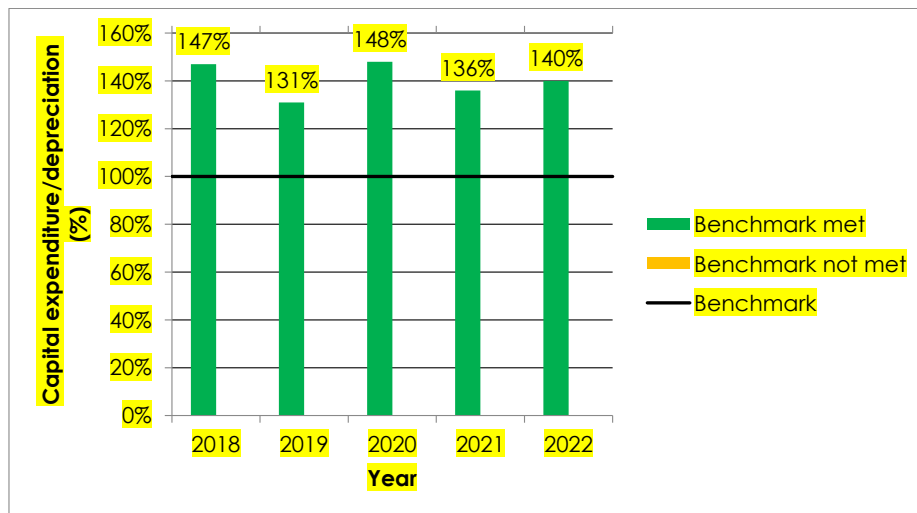
For the purposes of this benchmark, impairments, which represent a non-cash movement in the valuation of assets, were included in the calculation. These unbudgeted impairments represent asset valuation movements relating to Civic Precinct buildings as disclosed in the financial statements. For 2019, 2020, 2021 and 2022 impairments of \$50.603m, \$10.183m, \$1.848m \$4.414m and were included in the calculation. If these were excluded, the benchmarks for these four years would be 102 percent, 103 percent, 99 percent and 101 percent respectively.



Essential services benchmark

The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services.

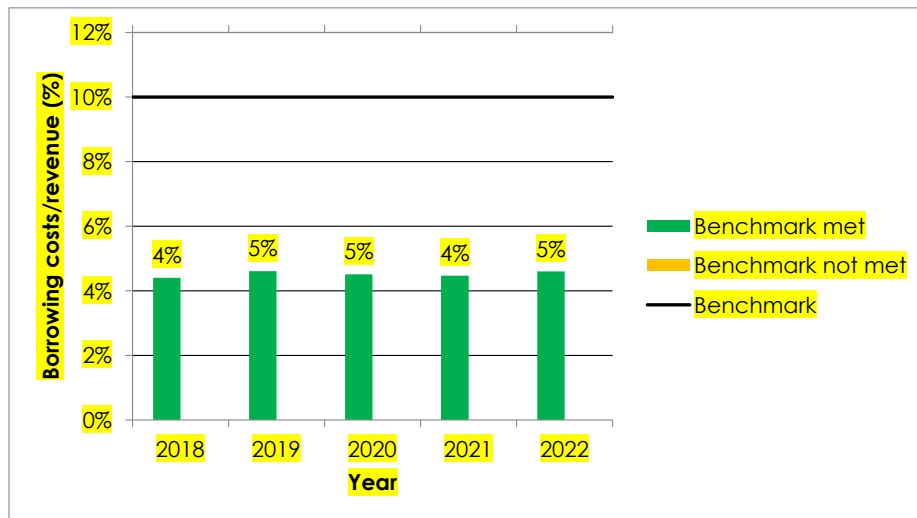
The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



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 percent of its revenue.

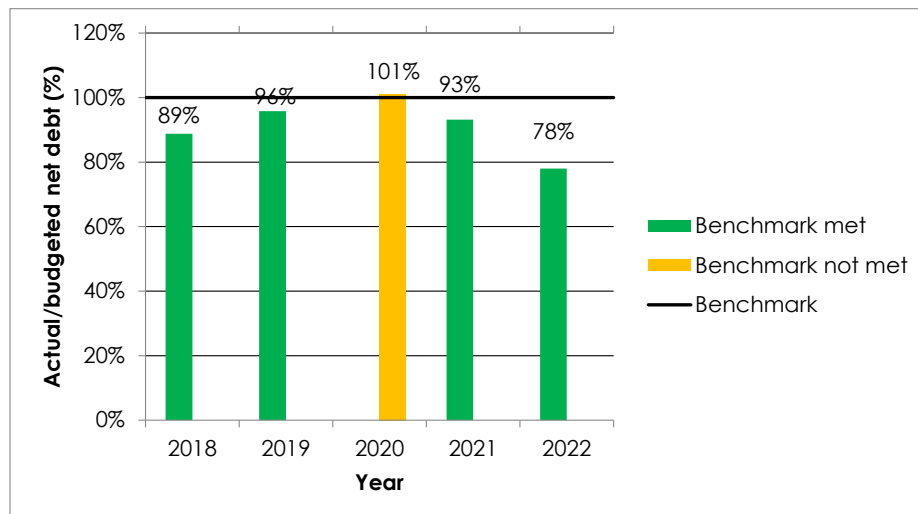


Debt control benchmark

The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.

The calculation of net debt in this benchmark includes derivative (non-cash) financial instruments, predominantly cash flow hedges. The 2019/20 net debt was impacted by the valuation of the Council's cash flow hedge liabilities being higher than planned as a result of interest rate volatility during the financial year.

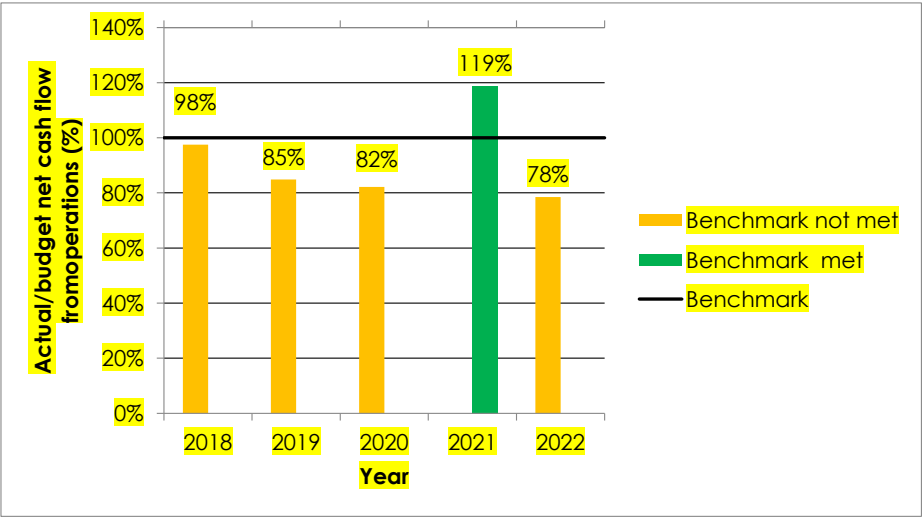


Operations control benchmark

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.

Several assumptions are made around the timing of events. Any departure from these assumptions can affect the outcome of this measure. The Council is satisfied that it is prudently managing operational cash flow, with variances in the 2017/18, 2018/19, 2019/20 and 2021/22 years explained by the timing difference in the receipt of revenues compared to budget that led to the "not met" outcome for this measure. In 2019/20 and 2021/22 there were also significant revenue losses due to the COVID-19 lockdown which would have impacted this measure.



Funding impact statements

Annual report disclosure statement for year ended 30 June 2023

What is the purpose of these statements?

An annual report must include an audited funding impact statement for the financial year to which the report relates. The purpose of the Funding impact statements is to disclose the amount of funds produced from each source of funding, identify how the funds were applied and compare this information against the information included in the 2021/22 LTP.

One statement is prepared for the whole of the Council's activities and individual statements are prepared for each strategic activity.

The application of capital funding is summarised in an additional table on pg XX

TO BE UPDATED

Funding impact statement for 1 July 2021 to 30 June 2022 for Whole of Council					
	2020/21	2020/21	2020/21	2021/22	2021/22
	LTP	AP	Actual	LTP	Actual
	\$000	\$000	\$000	\$000	\$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	200,332	196,248	195,122	227,390	226,129
Targeted rates	147,291	147,738	146,792	165,415	162,047
Subsidies and grants for operating purposes	6,712	8,972	13,003	8,616	21,667
Fees and charges	151,822	147,779	134,467	155,430	140,472
Interest and Dividends from investments	14,921	921	2,156	140	3,017
Local authorities fuel tax, fines, infringement fees, and other receipts	8,748	8,347	8,973	10,662	6,674
Total operating funding (A)	529,826	510,004	500,513	567,653	560,006
Applications of operating funding					
Payments to staff and suppliers	341,516	376,461	346,809	387,684	384,963
Finance costs	38,175	25,718	25,164	23,323	29,000
Internal charges and overheads applied	42,099	48,490	32,832	37,952	36,719
Internal charges and overheads recovered	(42,099)	(48,490)	(32,832)	(37,952)	(36,719)
Other operating funding applications	45,692	53,671	48,307	49,187	46,217
Total applications of operating funding (B)	425,383	455,850	420,280	460,194	460,180
Surplus (deficit) of operating funding (A - B)	104,443	54,153	80,233	107,459	99,826
Sources of capital funding					
Subsidies and grants for capital expenditure	20,136	26,112	31,793	41,051	33,634
Development and financial contributions	2,000	2,000	3,689	3,500	3,742
Increase (decrease) in debt	133,196	233,417	122,133	188,802	166,711
Gross proceeds from sales of assets	9,500	2,000	2,772	2,000	(5,749)
Lump sum contributions	-	-	-	-	-
Total sources of capital funding (C)	164,832	263,529	160,387	235,353	198,338
Applications of capital funding					
Capital expenditure					
- to meet additional demand	2,044	7,641	1,343	42,822	28,645
- to improve the level of service	150,473	161,666	153,998	173,973	146,163
- to replace existing assets	109,331	129,823	111,412	126,228	115,710
Increase (decrease) in reserves	7,427	18,551	(26,133)	(212)	7,646
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	269,275	317,682	240,620	342,812	298,164
Surplus (deficit) of capital funding (C - D)	(104,443)	(54,153)	(80,233)	(107,459)	(99,826)
Funding balance ((A - B) + (C - D))	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge					
	133,748	137,869	135,722	146,736	145,732

Funding impact statement for 1 July 2021 to 30 June 2022 for Governance, information and engagement					
	2020/21	2020/21	2020/21	2021/22	2021/22
1.1	LTP	AP	Actual	LTP	Actual
	\$000	\$000	\$000	\$000	\$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	17,684	19,225	19,225	23,676	23,676
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	555	516	487	528	548
Internal charges and overheads recovered	-	-	14	-	239
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Total operating funding (A)	18,239	19,741	19,726	24,204	24,463
Applications of operating funding					
Payments to staff and suppliers	10,842	11,820	10,303	15,131	13,377
Finance costs	24	15	15	11	16
Internal charges and overheads applied	7,348	7,961	8,893	8,475	8,073
Other operating funding applications	10	5,010	2,451	2,075	2,516
Total applications of operating funding (B)	18,224	24,806	21,662	25,692	23,982
Surplus (deficit) of operating funding (A - B)	15	(5,065)	(1,936)	(1,488)	481
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	13	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(15)	5,065	5,064	2,675	2,677
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Total sources of capital funding (C)	(15)	5,065	5,077	2,675	2,677
Applications of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	-	-	1,187	1,188
- to replace existing assets	-	-	-	-	-
Increase (decrease) in reserves	-	-	3,141	-	1,970
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	-	-	3,141	1,187	3,158
Surplus (deficit) of capital funding (C - D)	(15)	5,065	1,936	1,488	(481)
Funding balance ((A - B) + (C - D))	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge					
	15	25	14	6	5

Funding impact statement for 1 July 2021 to 30 June 2022 for Maori and Mana Whenua partnerships					
	2020/21	2020/21	2020/21	2021/22	2021/22
1.2	LTP	AP	Actual	LTP	Actual
	\$000	\$000	\$000	\$000	\$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	320	317	317	3,717	3,717
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	10	-	-
Fees and charges	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Total operating funding (A)	320	317	327	3,717	3,717
Applications of operating funding					
Payments to staff and suppliers	288	296	304	3,067	1,981
Finance costs	1	1	1	-	1
Internal charges and overheads applied	16	16	7	625	636
Other operating funding applications	10	-	-	20	-
Total applications of operating funding (B)	315	313	312	3,713	2,618
Surplus (deficit) of operating funding (A - B)	5	4	15	4	1,099
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(5)	(4)	(3)	(4)	(1)
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Total sources of capital funding (C)	(5)	(4)	(3)	(4)	(1)
Applications of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	-	-	-	-
- to replace existing assets	-	-	-	-	-
Increase (decrease) in reserves	-	-	12	-	1,098
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	-	-	12	-	1,098
Surplus (deficit) of capital funding (C - D)	(5)	(4)	(15)	(4)	(1,099)
Funding balance ((A - B) + (C - D))	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	5	4	3	4	1

Funding impact statement for 1 July 2021 to 30 June 2022 for Gardens, beaches and green open spaces					
	2020/21	2020/21	2020/21	2021/22	2021/22
2.1	LTP	AP	Actual	LTP	Actual
	\$000	\$000	\$000	\$000	\$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	42,443	44,073	44,073	45,362	45,362
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	952	1,180	1,420	1,322	996
Fees and charges	2,030	1,427	1,715	1,844	1,701
Internal charges and overheads recovered	6,185	6,297	4,435	5,758	4,557
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	1	-	-
Total operating funding (A)	51,610	52,977	51,644	54,285	52,616
Applications of operating funding					
Payments to staff and suppliers	24,718	26,463	23,328	29,759	26,870
Finance costs	4,072	2,082	2,032	2,044	2,883
Internal charges and overheads applied	15,175	16,091	14,079	14,224	13,108
Other operating funding applications	166	147	167	167	194
Total applications of operating funding (B)	44,131	44,783	39,606	46,195	43,055
Surplus (deficit) of operating funding (A - B)	7,479	8,194	12,038	8,091	9,561
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	110	-	1,161
Development and financial contributions	183	183	635	320	353
Increase (decrease) in debt	(527)	(2,037)	13	(4,213)	(2,567)
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Total sources of capital funding (C)	(344)	(1,854)	758	(3,894)	(1,053)
Applications of capital funding					
Capital expenditure					
- to meet additional demand	2,029	-	-	177	16
- to improve the level of service	2,417	3,036	3,488	408	1,102
- to replace existing assets	2,689	3,302	2,357	3,612	5,704
Increase (decrease) in reserves	-	2	6,951	-	1,686
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	7,135	6,340	12,796	4,197	8,508
Surplus (deficit) of capital funding (C - D)	(7,479)	(8,194)	(12,038)	(8,091)	(9,561)
Funding balance ((A - B) + (C - D))	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	7,479	8,913	8,583	8,787	8,572

Funding impact statement for 1 July 2021 to 30 June 2022 for Waste reduction and energy conservation					
	2020/21	2020/21	2020/21	2021/22	2021/22
2.2	LTP	AP	Actual	LTP	Actual
	\$000	\$000	\$000	\$000	\$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	771	1,228	1,228	815	815
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	16,965	21,053	22,899	22,337	28,511
Internal charges and overheads recovered	-	501	315	618	479
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Total operating funding (A)	17,736	22,782	24,442	23,770	29,805
Applications of operating funding					
Payments to staff and suppliers	14,936	18,011	18,399	18,449	19,324
Finance costs	808	765	405	995	611
Internal charges and overheads applied	1,052	3,235	2,840	3,448	3,629
Other operating funding applications	120	210	65	6	(181)
Total applications of operating funding (B)	16,916	22,221	21,709	22,899	23,383
Surplus (deficit) of operating funding (A - B)	820	561	2,733	871	6,422
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	8	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	5,097	6,203	6,257	516	(475)
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Total sources of capital funding (C)	5,097	6,203	6,265	516	(475)
Applications of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	-	-	-	-
- to replace existing assets	5,917	6,764	8,979	1,387	1,019
Increase (decrease) in reserves	-	-	19	-	4,928
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	5,917	6,764	8,998	1,387	5,947
Surplus (deficit) of capital funding (C - D)	(820)	(561)	(2,733)	(871)	(6,422)
Funding balance ((A - B) + (C - D))	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	820	501	932	699	784

Funding impact statement for 1 July 2021 to 30 June 2022 for Water					
	2020/21	2020/21	2020/21	2021/22	2021/22
2.3	LTP	AP	Actual	LTP	Actual
	\$000	\$000	\$000	\$000	\$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	-	-	-	-	-
Targeted rates	51,090	53,247	53,247	55,579	55,579
Subsidies and grants for operating purposes	-	-	1,969	-	4,031
Fees and charges	39	39	173	45	78
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Total operating funding (A)	51,129	53,286	55,389	55,624	59,688
Applications of operating funding					
Payments to staff and suppliers	29,167	29,475	30,592	32,658	37,082
Finance costs	3,617	2,383	2,300	2,065	2,476
Internal charges and overheads applied	2,030	2,510	2,262	786	1,192
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	34,814	34,368	35,154	35,510	40,750
Surplus (deficit) of operating funding (A - B)	16,315	18,918	20,235	20,114	18,938
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	5,200	6,014
Development and financial contributions	671	671	822	1,175	916
Increase (decrease) in debt	17,627	6,985	9,434	7,481	12,354
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Total sources of capital funding (C)	18,298	7,656	10,256	13,856	19,284
Applications of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	24,389	22,349
- to improve the level of service	27,645	19,649	19,221	2,097	1,891
- to replace existing assets	6,968	6,926	8,774	7,485	11,291
Increase (decrease) in reserves	-	(1)	2,496	-	2,691
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	34,613	26,574	30,491	33,970	38,222
Surplus (deficit) of capital funding (C - D)	(16,315)	(18,918)	(20,235)	(20,114)	(18,938)
Funding balance ((A - B) + (C - D))	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	16,315	19,842	18,663	19,929	19,062

Funding impact statement for 1 July 2021 to 30 June 2022 for Wastewater					
	2020/21	2020/21	2020/21	2021/22	2021/22
2.4	LTP	AP	Actual	LTP	Actual
	\$000	\$000	\$000	\$000	\$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	-	-	-	-	-
Targeted rates	47,081	47,481	47,481	50,551	50,551
Subsidies and grants for operating purposes	-	-	1,942	-	4,804
Fees and charges	1,296	694	902	835	706
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Total operating funding (A)	48,377	48,175	50,325	51,386	56,061
Applications of operating funding					
Payments to staff and suppliers	24,435	21,767	25,123	23,444	33,843
Finance costs	5,565	3,981	3,894	3,667	4,071
Internal charges and overheads applied	5,348	5,788	5,232	1,751	2,431
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	35,348	31,536	34,249	28,861	40,345
Surplus (deficit) of operating funding (A - B)	13,029	16,639	16,076	22,525	15,716
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	2,217
Development and financial contributions	549	549	981	961	786
Increase (decrease) in debt	(54)	(3,648)	340	1,219	1,785
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Total sources of capital funding (C)	495	(3,099)	1,321	2,180	4,788
Applications of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	3,951	1,940
- to improve the level of service	2,498	2,501	2,037	2,430	7,933
- to replace existing assets	11,026	11,039	15,728	18,325	18,283
Increase (decrease) in reserves	-	-	(368)	-	(7,652)
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	13,524	13,540	17,397	24,705	20,504
Surplus (deficit) of capital funding (C - D)	(13,029)	(16,639)	(16,076)	(22,525)	(15,716)
Funding balance ((A - B) + (C - D))	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge					
	14,933	20,140	19,722	21,101	21,944

Funding impact statement for 1 July 2021 to 30 June 2022 for Stormwater					
	2020/21	2020/21	2020/21	2021/22	2021/22
2.5	LTP	AP	Actual	LTP	Actual
	\$000	\$000	\$000	\$000	\$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	-	-	-	-	-
Targeted rates	21,635	21,938	21,938	28,420	28,420
Subsidies and grants for operating purposes	154	193	979	159	4,172
Fees and charges	11	11	34	3	2
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Total operating funding (A)	21,800	22,142	22,951	28,582	32,594
Applications of operating funding					
Payments to staff and suppliers	7,458	7,383	8,129	13,728	11,562
Finance costs	3,850	2,610	2,550	2,591	2,745
Internal charges and overheads applied	1,975	2,465	2,134	644	848
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	13,283	12,458	12,813	16,964	15,155
Surplus (deficit) of operating funding (A - B)	8,517	9,684	10,138	11,618	17,439
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	58	58	68	102	79
Increase (decrease) in debt	(4,327)	(1,940)	(269)	(6,621)	(6,889)
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Total sources of capital funding (C)	(4,269)	(1,882)	(201)	(6,519)	(6,810)
Applications of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	162	-
- to improve the level of service	554	4,101	496	1,115	1,691
- to replace existing assets	3,694	3,701	9,485	3,822	3,431
Increase (decrease) in reserves	-	-	(44)	-	5,507
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	4,248	7,802	9,937	5,099	10,629
Surplus (deficit) of capital funding (C - D)	(8,517)	(9,684)	(10,138)	(11,618)	(17,439)
Funding balance ((A - B) + (C - D))	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	8,517	10,303	10,801	11,494	11,808

Funding impact statement for 1 July 2021 to 30 June 2022 for Conservation attractions					
	2020/21	2020/21	2020/21	2021/22	2021/22
2.6	LTP	AP	Actual	LTP	Actual
	\$000	\$000	\$000	\$000	\$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	7,183	6,988	6,988	7,376	7,376
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Total operating funding (A)	7,183	6,988	6,988	7,376	7,376
Applications of operating funding					
Payments to staff and suppliers	176	179	182	140	124
Finance costs	762	588	495	451	498
Internal charges and overheads applied	-	-	-	196	88
Other operating funding applications	4,550	4,550	4,943	5,112	5,126
Total applications of operating funding (B)	5,488	5,317	5,620	5,898	5,836
Surplus (deficit) of operating funding (A - B)	1,695	1,671	1,368	1,478	1,540
Sources of capital funding					
Subsidies and grants for capital expenditure	800	280	905	429	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	879	1,903	(828)	970	1,443
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Total sources of capital funding (C)	1,679	2,183	77	1,399	1,443
Applications of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	2,463	2,899	617	1,716	1,855
- to replace existing assets	911	955	1,393	1,161	1,203
Increase (decrease) in reserves	-	-	(565)	-	(75)
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	3,374	3,854	1,445	2,877	2,983
Surplus (deficit) of capital funding (C - D)	(1,695)	(1,671)	(1,368)	(1,478)	(1,540)
Funding balance ((A - B) + (C - D))	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	1,695	1,671	1,932	1,858	1,995

Funding impact statement for 1 July 2021 to 30 June 2022 for City promotions and business support					
	2020/21	2020/21	2020/21	2021/22	2021/22
3.1	LTP	AP	Actual	LTP	Actual
	\$000	\$000	\$000	\$000	\$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	6,146	8,808	8,808	7,800	7,800
Targeted rates	14,383	12,442	12,442	15,647	15,647
Subsidies and grants for operating purposes	-	-	-	-	200
Fees and charges	15,264	15,277	194	8,326	176
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Total operating funding (A)	35,793	36,527	21,444	31,774	23,823
Applications of operating funding					
Payments to staff and suppliers	18,801	18,394	4,461	13,472	4,671
Finance costs	3,798	2,623	1,819	2,700	2,797
Internal charges and overheads applied	1,386	2,127	1,297	1,308	948
Other operating funding applications	14,843	15,980	12,581	15,461	15,945
Total applications of operating funding (B)	38,828	39,124	20,158	32,942	24,361
Surplus (deficit) of operating funding (A - B)	(3,035)	(2,597)	1,286	(1,168)	(538)
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	3
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	5,005	15,406	5,626	5,000	5,060
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Total sources of capital funding (C)	5,005	15,406	5,626	5,000	5,063
Applications of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	521	-	-	1,000	100
- to replace existing assets	1,449	12,809	3,388	2,832	2,225
Increase (decrease) in reserves	-	-	3,524	-	2,200
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	1,970	12,809	6,912	3,832	4,525
Surplus (deficit) of capital funding (C - D)	3,035	2,597	(1,286)	1,168	538
Funding balance ((A - B) + (C - D))	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	1,981	1,609	1,977	2,373	2,303

Funding impact statement for 1 July 2021 to 30 June 2022 Arts and cultural activities					
	2020/21	2020/21	2020/21	2021/22	2021/22
4.1	LTP	AP	Actual	LTP	Actual
	\$000	\$000	\$000	\$000	\$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	15,918	14,522	14,522	17,543	17,543
Targeted rates	5,991	5,689	5,689	5,966	5,966
Subsidies and grants for operating purposes	424	224	-	324	190
Fees and charges	610	552	532	643	515
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Total operating funding (A)	22,943	20,987	20,743	24,476	24,214
Applications of operating funding					
Payments to staff and suppliers	6,091	4,836	4,923	5,768	5,232
Finance costs	268	89	76	54	66
Internal charges and overheads applied	1,438	898	1,206	1,809	2,054
Other operating funding applications	14,426	14,911	15,112	16,228	16,094
Total applications of operating funding (B)	22,223	20,734	21,317	23,859	23,446
Surplus (deficit) of operating funding (A - B)	720	253	(574)	617	768
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	52,926	52,416	55,709	49,898	54,095
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Total sources of capital funding (C)	52,926	52,416	55,709	49,898	54,095
Applications of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	53,646	52,669	55,958	50,495	54,571
- to replace existing assets	-	-	-	20	51
Increase (decrease) in reserves	-	-	(823)	-	241
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	53,646	52,669	55,135	50,515	54,863
Surplus (deficit) of capital funding (C - D)	(720)	(253)	574	(617)	(768)
Funding balance ((A - B) + (C - D))	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	720	715	711	729	639

Funding impact statement for 1 July 2021 to 30 June 2022 for Recreation promotion and support					
	2020/21	2020/21	2020/21	2021/22	2021/22
5.1	LTP	AP	Actual	LTP	Actual
	\$000	\$000	\$000	\$000	\$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	30,567	31,490	31,490	32,463	32,463
Targeted rates	1,453	1,524	1,524	2,283	2,283
Subsidies and grants for operating purposes	195	15	81	20	40
Fees and charges	11,840	9,333	12,025	12,232	10,060
Internal charges and overheads recovered	1,163	1,155	1,375	1,152	1,308
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Total operating funding (A)	45,218	43,517	46,495	48,150	46,154
Applications of operating funding					
Payments to staff and suppliers	21,424	22,073	21,896	22,820	22,711
Finance costs	3,065	2,537	2,102	2,359	2,082
Internal charges and overheads applied	11,583	12,703	12,338	12,527	12,795
Other operating funding applications	742	892	892	915	953
Total applications of operating funding (B)	36,814	38,205	37,228	38,622	38,541
Surplus (deficit) of operating funding (A - B)	8,404	5,312	9,267	9,529	7,613
Sources of capital funding					
Subsidies and grants for capital expenditure	750	748	979	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	2,291	4,511	(643)	(563)	1,223
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Total sources of capital funding (C)	3,041	5,259	336	(563)	1,223
Applications of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	290	259	476	105	539
- to replace existing assets	11,155	10,312	5,439	8,861	11,055
Increase (decrease) in reserves	-	-	3,688	-	(2,758)
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	11,445	10,571	9,603	8,966	8,836
Surplus (deficit) of capital funding (C - D)	(8,404)	(5,312)	(9,267)	(9,529)	(7,613)
Funding balance ((A - B) + (C - D))	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	8,404	8,578	8,853	9,155	9,832

Funding impact statement for 1 July 2021 to 30 June 2022 for Community Support					
	2020/21	2020/21	2020/21	2021/22	2021/22
5.2	LTP	AP	Actual	LTP	Actual
	\$000	\$000	\$000	\$000	\$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	28,820	31,207	31,207	33,651	33,651
Targeted rates	5,658	5,382	5,382	6,969	6,969
Subsidies and grants for operating purposes	-	-	-	-	246
Fees and charges	25,349	26,838	26,284	27,836	28,071
Internal charges and overheads recovered	490	448	695	870	675
Local authorities fuel tax, fines, infringement fees, and other receipts	443	271	343	407	(167)
Total operating funding (A)	60,760	64,146	63,911	69,734	69,445
Applications of operating funding					
Payments to staff and suppliers	29,806	32,340	30,512	36,054	35,375
Finance costs	(738)	(1,218)	(1,057)	(612)	(1,355)
Internal charges and overheads applied	14,421	15,424	15,139	16,008	16,256
Other operating funding applications	4,685	5,277	4,995	4,720	4,275
Total applications of operating funding (B)	48,174	51,823	49,589	56,170	54,551
Surplus (deficit) of operating funding (A - B)	12,586	12,323	14,322	13,564	14,894
Sources of capital funding					
Subsidies and grants for capital expenditure	-	1,211	1,303	300	-
Development and financial contributions	-	-	14	-	-
Increase (decrease) in debt	(4,624)	5,641	(7,959)	7,183	(8,123)
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Total sources of capital funding (C)	(4,624)	6,852	(6,642)	7,483	(8,123)
Applications of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	1,220	1,891	3,378	2,435
- to replace existing assets	7,962	17,955	4,315	17,668	4,858
Increase (decrease) in reserves	-	-	1,474	-	(522)
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	7,962	19,175	7,680	21,046	6,771
Surplus (deficit) of capital funding (C - D)	(12,586)	(12,323)	(14,322)	(13,564)	(14,894)
Funding balance ((A - B) + (C - D))	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	19,531	18,986	18,068	20,509	22,656

Funding impact statement for 1 July 2021 to 30 June 2022 for Public health and safety					
	2020/21	2020/21	2020/21	2021/22	2021/22
5.3	LTP	AP	Actual	LTP	Actual
	\$000	\$000	\$000	\$000	\$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	13,229	12,894	12,894	13,725	13,725
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	10	11	12	11
Fees and charges	4,611	3,256	4,373	4,824	4,321
Internal charges and overheads recovered	762	751	600	664	608
Local authorities fuel tax, fines, infringement fees, and other receipts	79	63	22	23	28
Total operating funding (A)	18,681	16,974	17,900	19,247	18,693
Applications of operating funding					
Payments to staff and suppliers	9,931	10,214	10,295	10,460	11,124
Finance costs	208	152	145	108	156
Internal charges and overheads applied	7,007	7,510	6,709	6,903	7,346
Other operating funding applications	54	55	186	56	15
Total applications of operating funding (B)	17,200	17,931	17,335	17,527	18,641
Surplus (deficit) of operating funding (A - B)	1,481	(957)	565	1,720	52
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	298	4,266	5,495	1,118	263
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Total sources of capital funding (C)	298	4,266	5,495	1,118	263
Applications of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	255	1,524	3,293	51	(60)
- to replace existing assets	1,524	1,785	1,403	2,788	1,310
Increase (decrease) in reserves	-	-	1,364	-	(935)
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	1,779	3,309	6,060	2,838	315
Surplus (deficit) of capital funding (C - D)	(1,481)	957	(565)	(1,720)	(52)
Funding balance ((A - B) + (C - D))	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge					
	1,481	1,340	1,416	1,548	1,297

Funding impact statement for 1 July 2021 to 30 June 2022 for Urban planning, heritage and public spaces development					
	2020/21	2020/21	2020/21	2021/22	2021/22
6.1	LTP	AP	Actual	LTP	Actual
	\$000	\$000	\$000	\$000	\$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	9,994	9,953	9,953	14,173	14,173
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	22	1,031	564	2,594	1,768
Internal charges and overheads recovered	272	1,156	383	574	402
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Total operating funding (A)	10,288	12,140	10,900	17,340	16,343
Applications of operating funding					
Payments to staff and suppliers	6,748	8,657	9,573	14,074	11,358
Finance costs	23	26	16	(30)	(11)
Internal charges and overheads applied	2,953	2,828	3,172	3,366	4,284
Other operating funding applications	450	503	869	503	489
Total applications of operating funding (B)	10,174	12,014	13,630	17,913	16,120
Surplus (deficit) of operating funding (A - B)	114	126	(2,730)	(573)	223
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	56	-	79
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	3,636	4,487	2,504	23,840	9,789
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Total sources of capital funding (C)	3,636	4,487	2,560	23,840	9,868
Applications of capital funding					
Capital expenditure					
- to meet additional demand	-	455	1,092	7,046	3,543
- to improve the level of service	2,602	2,872	392	9,521	4,425
- to replace existing assets	1,148	1,286	1,148	6,700	1,260
Increase (decrease) in reserves	-	-	(2,802)	-	863
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	3,750	4,613	(170)	23,267	10,091
Surplus (deficit) of capital funding (C - D)	(114)	(126)	2,730	573	(223)
Funding balance ((A - B) + (C - D))	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge					
	114	127	73	177	110

Funding impact statement for 1 July 2021 to 30 June 2022 for Building and development control					
	2020/21	2020/21	2020/21	2021/22	2021/22
6.2	LTP	AP	Actual	LTP	Actual
	\$000	\$000	\$000	\$000	\$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	8,637	11,378	11,378	11,568	11,568
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	22	-	4
Fees and charges	12,860	10,099	14,204	17,809	18,057
Internal charges and overheads recovered	206	-	-	-	11
Local authorities fuel tax, fines, infringement fees, and other receipts	24	19	3	11	1
Total operating funding (A)	21,727	21,496	25,607	29,388	29,641
Applications of operating funding					
Payments to staff and suppliers	13,202	16,322	16,893	20,712	17,943
Finance costs	4	1	-	1	-
Internal charges and overheads applied	8,474	10,393	10,295	11,229	11,257
Other operating funding applications	35	536	(24)	21	221
Total applications of operating funding (B)	21,715	27,252	27,164	31,963	29,421
Surplus (deficit) of operating funding (A - B)	12	(5,756)	(1,557)	(2,575)	220
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	28,823	47,727	47,170	40,533	48,484
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Total sources of capital funding (C)	28,823	47,727	47,170	40,533	48,484
Applications of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	28,349	37,881	27,901	33,657	29,324
- to replace existing assets	486	4,090	13,509	4,300	16,593
Increase (decrease) in reserves	-	-	4,203	-	2,787
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	28,835	41,971	45,613	37,957	48,704
Surplus (deficit) of capital funding (C - D)	(12)	5,756	1,557	2,575	(220)
Funding balance ((A - B) + (C - D))	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge					
	12	29	24	21	28

Funding impact statement for 1 July 2021 to 30 June 2022 for Transport					
	2020/21	2020/21	2020/21	2021/22	2021/22
7.1	LTP	AP	Actual	LTP	Actual
	\$000	\$000	\$000	\$000	\$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	53,899	42,133	42,133	51,961	51,961
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	4,987	7,070	6,514	6,350	6,907
Fees and charges	2,293	2,357	2,962	3,530	3,202
Internal charges and overheads recovered	-	-	191	-	120
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Total operating funding (A)	61,179	51,560	51,800	61,841	62,190
Applications of operating funding					
Payments to staff and suppliers	16,822	25,262	18,789	24,375	19,579
Finance costs	10,150	7,101	6,426	5,325	6,908
Internal charges and overheads applied	7,925	8,733	10,129	9,092	11,327
Other operating funding applications	2,500	2,500	5,133	2,647	81
Total applications of operating funding (B)	37,397	43,596	40,477	41,440	37,895
Surplus (deficit) of operating funding (A - B)	23,782	7,964	11,323	20,401	24,295
Sources of capital funding					
Subsidies and grants for capital expenditure	16,291	25,362	28,406	35,851	23,718
Development and financial contributions	539	539	1,169	942	1,608
Increase (decrease) in debt	7,157	36,411	23,767	28,379	5,436
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Total sources of capital funding (C)	23,987	62,312	53,342	65,173	30,762
Applications of capital funding					
Capital expenditure					
- to meet additional demand	15	7,186	251	7,097	797
- to improve the level of service	14,941	25,763	25,274	48,198	25,403
- to replace existing assets	32,813	37,327	30,323	30,277	25,831
Increase (decrease) in reserves	-	-	8,817	-	3,026
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	47,769	70,276	64,665	85,574	55,057
Surplus (deficit) of capital funding (C - D)	(23,782)	(7,964)	(11,323)	(20,401)	(24,295)
Funding balance ((A - B) + (C - D))	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	39,703	34,726	32,570	35,780	33,287

Funding impact statement for 1 July 2021 to 30 June 2022 for Parking					
	2020/21	2020/21	2020/21	2021/22	2021/22
7.2	LTP	AP	Actual	LTP	Actual
	\$000	\$000	\$000	\$000	\$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	(20,164)	(19,037)	(19,037)	(23,531)	(23,531)
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	28,788	22,225	24,419	33,136	21,824
Internal charges and overheads recovered	-	-	-	-	244
Local authorities fuel tax, fines, infringement fees, and other receipts	7,102	6,894	7,432	9,122	5,788
Total operating funding (A)	15,726	10,082	12,814	18,726	4,325
Applications of operating funding					
Payments to staff and suppliers	11,429	12,752	11,838	13,191	11,372
Finance costs	28	13	10	7	11
Internal charges and overheads applied	3,695	4,023	3,914	4,283	3,906
Other operating funding applications	1	1	(13)	2	20
Total applications of operating funding (B)	15,153	16,789	15,749	17,482	15,309
Surplus (deficit) of operating funding (A - B)	573	(6,707)	(2,935)	1,244	(10,984)
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(452)	7,268	7,098	(53)	(369)
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Total sources of capital funding (C)	(452)	7,268	7,098	(53)	(369)
Applications of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	121	123	145	181	88
- to replace existing assets	-	438	263	1,009	296
Increase (decrease) in reserves	-	-	3,755	-	(11,737)
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	121	561	4,163	1,191	(11,353)
Surplus (deficit) of capital funding (C - D)	(573)	6,707	2,935	(1,244)	10,984
Funding balance ((A - B) + (C - D))	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge					
	573	549	566	353	372

Capital expenditure by Strategy					
	2020/21	2020/21	2020/21	2021/22	2021/22
	LTP	AP	Actual	LTP	Actual
	\$000	\$000	\$000	\$000	\$000
Governance:					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	-	-	1,187	1,188
- to replace existing assets	-	-	-	-	-
Governance Total	-	-	-	1,187	1,188
Environment:					
- to meet additional demand	2,029	-	-	28,679	24,305
- to improve the level of service	35,577	32,185	25,859	7,766	14,472
- to replace existing assets	31,205	32,687	46,716	35,792	40,931
Environment Total	68,811	64,872	72,575	72,237	79,708
Economic Development:					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	521	-	-	1,000	100
- to replace existing assets	1,449	12,809	3,388	2,832	2,225
Economic Development Total	1,970	12,809	3,388	3,832	2,325
Cultural Well-being					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	53,646	52,669	55,958	50,495	54,571
- to replace existing assets	-	-	-	20	51
Cultural Wellbeing Total	53,646	52,669	55,958	50,515	54,622
Social and Recreation:					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	545	3,003	5,660	3,534	2,914
- to replace existing assets	20,641	30,052	11,157	29,317	17,223
Social and Recreation Total	21,186	33,055	16,817	32,851	20,137
Urban Development:					
- to meet additional demand	-	455	1,092	7,046	3,543
- to improve the level of service	30,951	40,752	28,293	43,178	33,749
- to replace existing assets	1,634	5,375	14,657	11,000	17,854
Urban Development Total	32,585	46,582	44,042	61,224	55,146
Transport:					
- to meet additional demand	15	7,186	251	7,097	797
- to improve the level of service	15,062	25,887	25,419	48,379	25,490
- to replace existing assets	32,813	37,764	30,586	31,286	26,127
Transport Total	47,890	70,837	56,256	86,762	52,414
Council:					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	14,171	7,170	12,809	18,434	13,679
- to replace existing assets	21,589	11,136	4,908	15,982	11,299
Council Total	35,760	18,306	17,717	34,416	24,978
Total Council:					
- to meet additional demand	2,044	7,641	1,343	42,822	28,645
- to improve the level of service	150,473	161,666	153,998	173,973	146,163
- to replace existing assets	109,331	129,823	111,412	126,228	115,710
TOTAL COUNCIL	261,848	299,130	266,753	343,023	290,518

SPEED MANAGEMENT PRIVACY BREACH RESPONSE

Kōrero taunaki | Summary of considerations

Purpose

1. This report to Unaunahi Māhirahira | Audit and Risk Committee provides you with an update on the recent data breach. This follows regular updates which have been provided to the Chair and Deputy Chair.

Strategic alignment with community wellbeing outcomes and priority areas

Aligns with the following strategies and priority areas:

- Sustainable, natural eco city
 - People friendly, compact, safe and accessible capital city
 - Innovative, inclusive and creative city
 - Dynamic and sustainable economy
- Strategic alignment with priority objective areas from Long-term Plan 2021–2031**
- Functioning, resilient and reliable three waters infrastructure
 - Affordable, resilient and safe place to live
 - Safe, resilient and reliable core transport infrastructure network
 - Fit-for-purpose community, creative and cultural spaces
 - Accelerating zero-carbon and waste-free transition
 - Strong partnerships with mana whenua

Relevant Previous decisions

Financial considerations

- Nil Budgetary provision in Annual Plan / Long-term Plan Unbudgeted \$X

2. Nil

Risk

- Low Medium High Extreme
3. The information in this report is low risk as we have released a public notice outlining our response.

Author	Gareth Hancock, Manager Risk & Assurance
Authoriser	Stephen McArthur, Chief Strategy & Governance Officer

Taunakitanga | Officers' Recommendations

Officers recommend the following motion

That the Unaunahi Māhirahira | Audit and Risk Committee:

1. Receive the information.

Whakarāpopoto | Executive Summary

4. On 20 June 2023, a privacy breach was reported to Council officers by the media (NZ Herald). We acted immediately to verify the breach, reported the matter to the Office of the Privacy Commissioner, and ensured the data could not be further accessed by the public.
5. The privacy breach occurred as a result of a spreadsheet containing the Speed Management Cost Benefit Analysis being supplied as part of a LGOIMA request. The request was made in June 2022 (released in July 2022) and published on the FYI website.
6. We have now completed our response to the privacy breach and are providing information on the steps taken and how trust in our systems of disclosure is being restored.

Takenga mai | Background

7. Councillors and the Chair of the Committee were immediately advised of the privacy breach. We have provided regular updates to the Chair and Deputy Chair at various stages of our response.
8. We have been in regular contact with the Office of the Privacy Commissioner to keep them updated about our response, and they have not raised concerns with how we have responded. WCC has published a public notice on our website to serve as part of the public notification process.
9. We have engaged the specialist service of a privacy consultant (Info by Design) to assist with our response to the breach. An independent review (the same consultant) is well underway, which will identify how the breach occurred and what steps need to be undertaken to prevent privacy breaches from occurring in the future.

Kōrerorero | Discussion

10. The breach involved an excel spreadsheet calculating the costs and benefits of a Council proposal to lower traffic speed limits around the city under the 'Speed Management Plan.'
11. To calculate the cost/benefit analysis, the costs of crashes needed to be looked at. To do this, the data in the spreadsheet was extracted from a system called the 'Crash Analysis System' (CAS) which is managed by Waka Kotahi NZ Transport Agency.
12. The spreadsheet, which was released in a LGOIMA request, contains the workings of this calculation and information about car crashes around Wellington from January 2015 to December 2019. In the spreadsheet, some information was included in 'free text' fields that in some cases could identify individuals – their name, car registration,

contact information, address – or had the potential to be used in conjunction with other information to identify individuals.

13. We confirmed with the website FYI after becoming aware of the breach that the page was accessed 35 times. We are not able to identify how many times the spreadsheet specifically was accessed, or whether it was downloaded. It was immediately removed from the website.
14. A manual line by line assessment was required of the spreadsheet to identify personal information, which involved going through over 4,000 lines of data. This took nearly two weeks work from the Risk & Assurance team with some assistance from Info by Design. This exercise involved identifying instances of personal data, such as names, licence plates details, address, and details or circumstances around the crash.
15. On 27 June 2023, a public notice was published to serve as part of the public notification process. This included information about who to contact should individuals affected about their privacy have concerns.
16. We have completed work with the data to determine precisely who has been affected and how severe it was so that we can best address the impacts of the breach. Where possible, we have considered individually notifying those who are identifiable through the information in the spreadsheet.
17. We reached a short list of 27 individuals who met a threshold of consideration of direct notification (i.e. being they are identifiable). We determined after discussion with NZ Police and Waka Kotahi that eight met the threshold that warranted personally notification (i.e. phone call or email). We worked with the Police to obtain contact information for the eight individuals.
18. Police indicated that they have out of date contact information for some of the individuals. We would have to use personal information collected for other purposes (via Waka Kotahi) to find these individuals and to contact them. This step has not been deemed proportional to go beyond the public notice. We have consulted with the Office of the Privacy of Commissioner and have notified them of our approach. They have not raised any concerns with our approach.
19. We have amended our public notice to reflect this position approach and reiterating that people can contact us. We will be providing the findings of the independent review to the Office of the Privacy Commissioner.

Ngā mahinga e whai ake nei | Next actions

20. The next Audit & Risk Committee will include an update from the findings of the independent review.

Attachments

Nil

HEALTH AND SAFETY PERFORMANCE REPORT

Kōrero taunaki | Summary of considerations

Purpose

1. This report to Unaunahi Māhirahira | Audit and Risk Committee is to review the Council's health and safety performance for the period 1 April 2023 to 30 June 2023.

Strategic alignment with community wellbeing outcomes and priority areas

Aligns with the following strategies and priority areas:

- Sustainable, natural eco city
 - People friendly, compact, safe and accessible capital city
 - Innovative, inclusive and creative city
 - Dynamic and sustainable economy
- Strategic alignment with priority objective areas from Long-term Plan 2021–2031**
- Functioning, resilient and reliable three waters infrastructure
 - Affordable, resilient and safe place to live
 - Safe, resilient and reliable core transport infrastructure network
 - Fit-for-purpose community, creative and cultural spaces
 - Accelerating zero-carbon and waste-free transition
 - Strong partnerships with mana whenua

Relevant Previous decisions

Financial considerations

- Nil Budgetary provision in Annual Plan / Long-term Plan Unbudgeted \$X

2.

Risk

- Low Medium High Extreme

3.

Authors	Thomas Fowler, Principal Advisor Health & Safety Services Wendi Henderson, Health, Safety & Security Manager
Authoriser	Meredith Blackler, Chief People and Culture Officer

Taunakitanga | Officers' Recommendations

Officers recommend the following motion:

That the Unaunahi Māhirahira | Audit and Risk Committee:

1. Receive the information.
2. Recommend that Te Kaunihera o Pōneke | Council:
 - a. Receive the information.

Whakarāpopoto | Executive Summary

4. The Report provides information that aligns with the Office Due Diligence responsibilities under the Health and Safety at Work Act 2015 (HSWA), specifically having:
 - Knowledge of work health and safety matters.
 - An understanding of the nature of operations and the hazards and associated risks.
 - Appropriate resources and processes to eliminate or minimise risk.
 - Appropriate resources to receive and consider information.
 - Verification of the provision and use of resources and processes.
 - Processes for compliance with duties or obligations under the HSWA.
5. This report comprises qualitative commentary on activities that have occurred in the last three months, and are presented in three categories:
 - Risks.
 - Relationships.
 - Resources.
6. The dashboard reporting (attachment 1) provides quantitative leading and lagging indicators to measure health and safety performance within the Council.
7. This style of reporting is based on the Business Leader's Health and Safety Forum: 'Monitoring what matters in Health and Safety' – a guide for CEOs. The Council is a member of the Business Leader's Forum.

Takenga mai | Background

8. Not applicable.

Kōrerorero | Discussion

Risks

Annual ACC Accredited Employer Audit

9. The Council has maintained its status as a tertiary provider through the ACC Accredited Employer Programme (AEP) after a successful two-day independent audit in July of our injury management practices. Tertiary is the highest level an organisation can be certified as through the programme.
10. Being part of the AEP means the Council can manage its own workplace injuries on behalf of ACC, following a strong set of standards that promote great injury management and safe return to work.
11. While this year's audit was focused specifically on our injury management activity, rather than our entire safety management system, the auditor commented on the volume of work that has been completed in the last 12 months on continuous improvement of health and safety outside of just injury management.
12. The auditor mentioned in his closing remarks on the number of positive comments made regarding injury management during the individual case studies and group focus sessions, verifying the quality of the support we are providing staff who have been injured while at work.
13. There will be a small list of minor recommendations made regarding further continuous improvement that we will receive when the full report is made available to us later in August. These recommendations will be included into our existing work programme as have recommendations made previously.

COVID-19

14. The Council requires all staff to record any positive COVID-19 test results in our health and safety reporting system so there is accurate data to understand the ongoing impacts of the pandemic.

Number of active cases over time



15. COVID-19 numbers in our workforce continue to remain low as they did last quarter. This reflects the relatively low numbers of COVID-19 in the region also.

16. As expected, our reinfection rate of recent cases (those within the last three months) has increased from last quarter – now sitting at 50% compared to 44% for the three months prior. The longer COVID-19 circulates in the community, the more we expect this to rise.
17. There are no definitive understood impacts of long-COVID but we are monitoring various sources to identify what more can be done when it is better understood.
18. With the Winter months we were anticipating an increase in COVID-19 numbers, but this has not eventuated. Instead there is anecdotal feedback of general seasonal illnesses circulating as normal. Messages regarding staying home if you are sick have been circulated with staff (supporting the same national public health advice).
19. In anticipation of seasonal illness, we delivered the annual influenza vaccination programme in June which saw over 600 vaccinations administered across the workforce. This is the most vaccinations distributed through the programme to date.

Relationships

Contractors Breakfast and Safe to Speak campaign

20. A number of the Health and Safety Business Partners recently attended the annual contractor breakfast – an event where all our major contractors in the region come together to network and share knowledge.
21. Hosting this event helps improve relationships with contractors engaged by Wellington City Council, building better awareness and knowledge of our shared duties and how we can continuously improve how we work together.
22. During the event the business partner team presented a group video focused on “Safe to Speak”.
23. The video featured members of the Health and Safety Business Partner team across various Wellington City Council sites talking about the importance of having a culture and environment where it is safe to speak.
24. It is one example of the culture and behaviour work the business partner team are delivering every day, finding ways to share important messages and build trust and confidence with the organisation and with our partners.
25. The video, and its message will be used internally where appropriate to help all staff understand why Safe to Speak is important and what they can do to make it a reality for everyone.

Resources

A Safer Tomorrow: Our Workplace Health and Safety Strategy

26. A Safer Tomorrow: Our Workplace Health and Safety Strategy has been approved by the Council’s Executive Leadership Team.
27. The strategy content was presented to Elected Members in July and is in the final stages of design before it is published in August.
28. The strategy was developed with input from across the organisation, and includes input from Elected Members.

29. The strategy sets the Council's vision of having a proactive workplace safety culture by 2028.
30. We will monitor the impact of the strategy closely, including adjusting our regular reporting framework and undertaking a new external safety culture audit later this year to highlight any change in maturity since the last audit in 2021.

Evolving our Safety Management System

31. Work continues on the evolution of the Council's Safety Management System, our collective set of policies, procedure, guidance and practices that make up how the Council manages safety across its operations.
32. A gap analysis of our existing system against the elements set out in ISO45001 has been undertaken, with work now being done to update any outdated or missing documentation. Aligning our future SMS to ISO45001 means the system the Council is using will meet an internationally recognised standard which offers up greater efficiencies when verifying safety management in practice i.e. potential changes to the standards of the ACC Accredited Employers Programme.

Our Employee Assistance Programme (EAP)

33. For this quarter there were 231 total EAP hours used, up from 122 used in the previous quarter.
34. The average utilisation rate for 2023 is currently 9.4%, which is down from 13% and 11.2% in 2021 and 2022 respectively.
35. During the peak of the pandemic, EAP was a key support mechanism offered for staff. Other organisations also saw increases in EAP utilisation through the 21 and 22 calendar years.
36. In the Council, our utilisation has returned to pre-pandemic levels.
37. For the last 12 months, the prime presenting reason for accessing EAP has been related to personal issues. Further to this, the number of staff citing work stress as a reason for accessing the service has dropped significantly (a 44% decrease) between October 22 and June 23.
38. Of those who provided feedback following their use of EAP, 90% stated their ability to focus and apply themselves at work either improved, or improved a lot. 8% said they stayed the same, and 2% said it had declined.


Future Dashboard Reporting

39. Following the launch of A Safer Tomorrow, the dashboards used to monitor and report on health and safety performance will adjust.
40. A number of metrics and deliverables are outlined in the strategy which need to be integrated into existing reporting activities.
41. This means future dashboard reports attached to this paper will look different to what has been presented in the past.
42. These adjustments will mean you get additional detail on various health and safety metrics, and see, in practice, the impact the strategy is having on our overall safety performance and maturity uplift.
43. The updated dashboards will be ready for the next quarters' report.

Ngā mahinga e whai ake nei | Next actions

44. None

Attachments

Attachment 1. Health and Safety Performance Dashboards (Quarter 4
FY22/23) [↓](#) 

Page 209

Health and Safety Quarterly Performance Report

Reporting Period 1 April 2023 – 30 June 2023

Wellington City Council (WCC) has a responsibility to regularly monitor its health and performance to ensure it is on track to meet both its related policy expectations and safety strategy. To monitor its performance, WCC will collect data and use a range of indicators as part of regular reporting protocols. These measures include a balance of leading and lagging indicators and are selected to outline improving, consistent or deteriorating H&S performance.

Section 1: Lead indicators

Lead indicators provide information about trends which may lead to an accident, injury, or disease. Insights from lead indicators help prioritise proactive HS activity to further improve health and safety performance and reduce the probability of serious accidents.

1.1 Key lead indicators

Metric	Q4	Prev	Change	FYTD	Prev	Diff
Active health and safety representatives (HSR)	160	145	15	160	125	35
Health and safety representatives trained	15	0	15	38	51	-13
Leadership training attendance	0	6	-6	22	33	-11
Physical first aid training	16	44	-28	105	1	104
Mental health first aid training	38	29	9	127	9	118
Resilience training	22	12	10	67	60	7
Failed random drug and alcohol tests	2	0	2	2	1	1
Early intervention physio (Mirimiri) sessions	1	0	1	3	1	2
Early intervention physio (European) sessions	9	5	4	32	36	-4was
Employee assistance programme hours	231	149	82	835	722	113
Elected member critical risk observations	10	1	9	16	1	15
Executive team critical risk observation	7	2	5	24	20	4
Near misses reported	225	316	-91	978	961	17

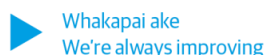
Insights

Despite not training as many as we had last financial year, at the end of this year we have had a net increase of 35 active health and safety representatives (HSR), meaning better representation and worker engagement with health and safety across the organisation. This is in large part driven by the increased capacity of the business partner team to build proactive relationships within the organisation and encourage more volunteers to take up the role.

We have temporarily paused our health and safety leadership training programme while we reconfigure what it looks like now that a new strategy has been set. Expect to see these numbers rise in the coming financial year.

Both mental and physical first aid training finished the year with an increase on what had been delivered in the last. We continue to receive positive feedback from our partnership with St John delivering these essential skill trainings to the organisation.

This quarter we had two failed random drug and alcohol tests out of 33 administered. The appropriate processes were followed when the results of these two tests were confirmed.



Health and Safety Quarterly Performance Report

Use of the employee assistance programme increased this quarter and is up on the last financial year. We have worked closely with our provider to improve understanding of the service and how staff can access it which has contributed to an increased use. Personal reasons continue to be our top prime presenting reason for accessing the service.

Both Elected Members and the Executive Leadership Team have increased the number of critical risk observations undertaken this financial year. Updates made to how these observations are co-ordinated seem to have made it easier for all parties to attend.

While the volume of near misses reported this quarter is down from last, our total annual comparison shows a slight increase. More work needs to be done to improve health and safety reporting understanding which will be a focus through the health and safety strategy, enabled by the business partner team.

Section 2: Lag indicators

Lag indicators measure loss events that have occurred. They quantify WCC’s HS performance in terms of past incident statistics. We use these indicators to measure the outcomes of WCC’s management of HS. Noting, they provide insufficient information to ensure the success of the health and safety management process since they promote reactive rather than proactive management.

2.1 Key lag indicators

Metric	Q4	Prev	Change	FYTD	Prev	Diff
Work related ACC injury claims	11	6	5	37	58	-21
Claim costs to date	\$6082	\$2512	\$3570	\$20,769	\$30,024	-\$9255
Number of workdays lost	24.75	8	16.75	81.75	104	-22.25
Personal confrontation incidents	248	160	88	799	813	-14
High risk events	33	42	-9	157	144	13

Insights

We have finished this financial year with a total reduction of work-related ACC claims by 21. This has then had positive impacts on both the number of workdays lost this year and our total claims cost. This reduction follows a trend from the last two financial years of steady reduction in workplace injuries.

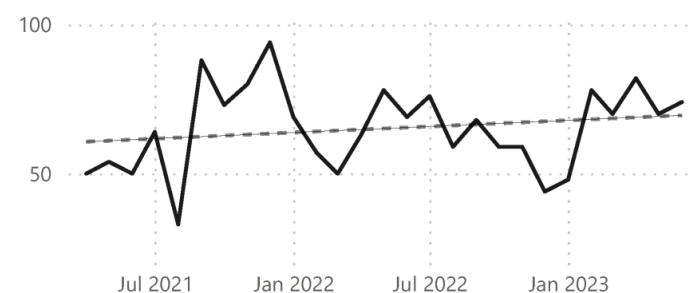
While our total annual number of personal confrontation events is down on last year, the number of high-risk events is up – which has been heavily influenced by personal confrontation as a critical risk.

In the last financial year, we had 51 high risk personal confrontation events, making up 35% of the total recorded high-risk events; however, in this financial year that number increased to 91 high risk personal confrontation events, representing 58% of the total recorded high-risk events in FY22/23. We continue to work with different business units to identify new ways to further mitigate the personal confrontation risk.

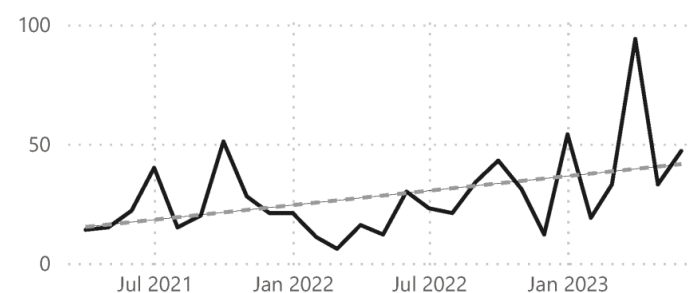
Section 3: Trends and graphs

3.1 Two-year risk trends

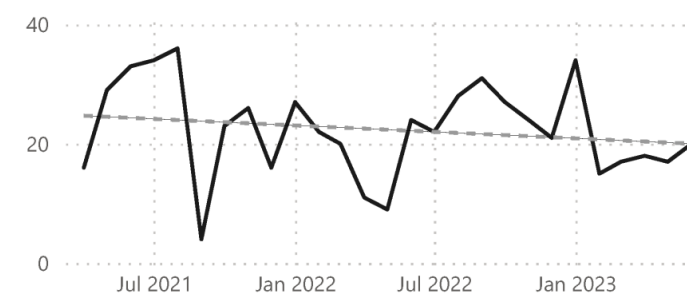
Personal confrontation



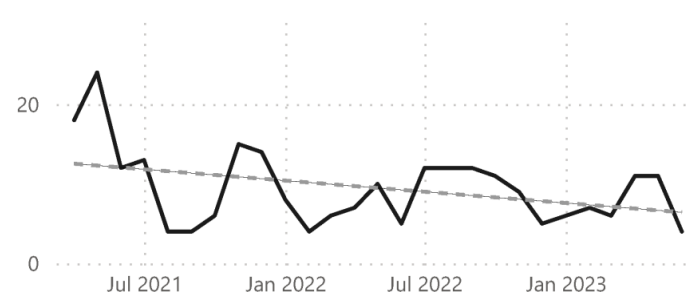
Events on/in WCC facilities or land



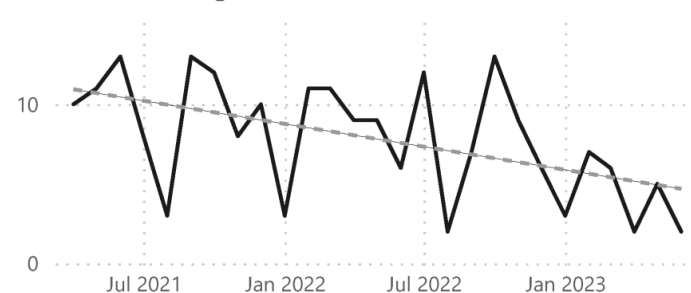
Near, on or in water



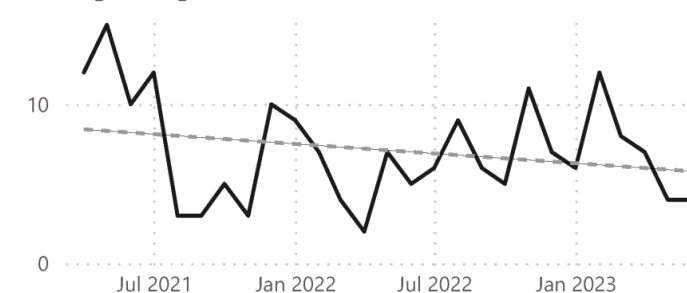
Surface conditions



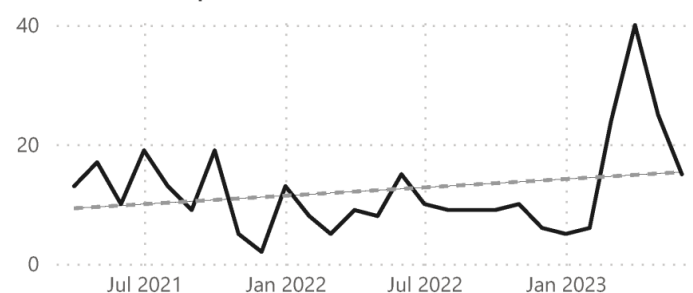
Manual handling



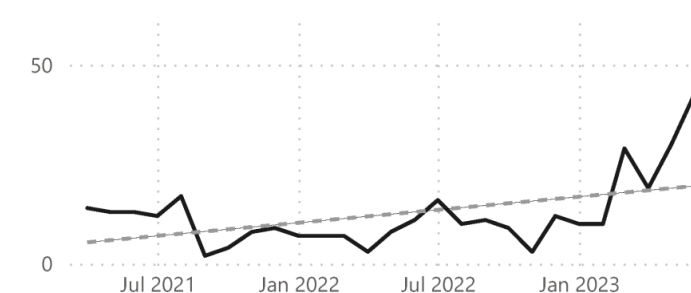
Biological agents



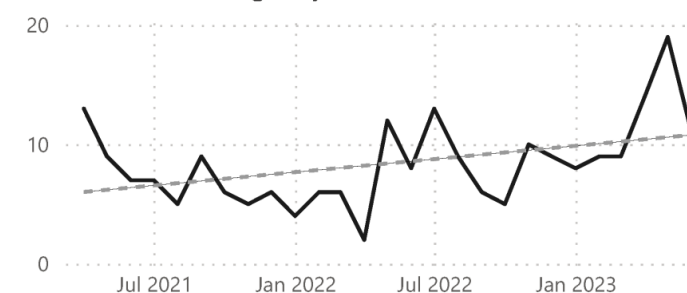
Health and impairment



Asset failure



Vehicles (including bicycles)



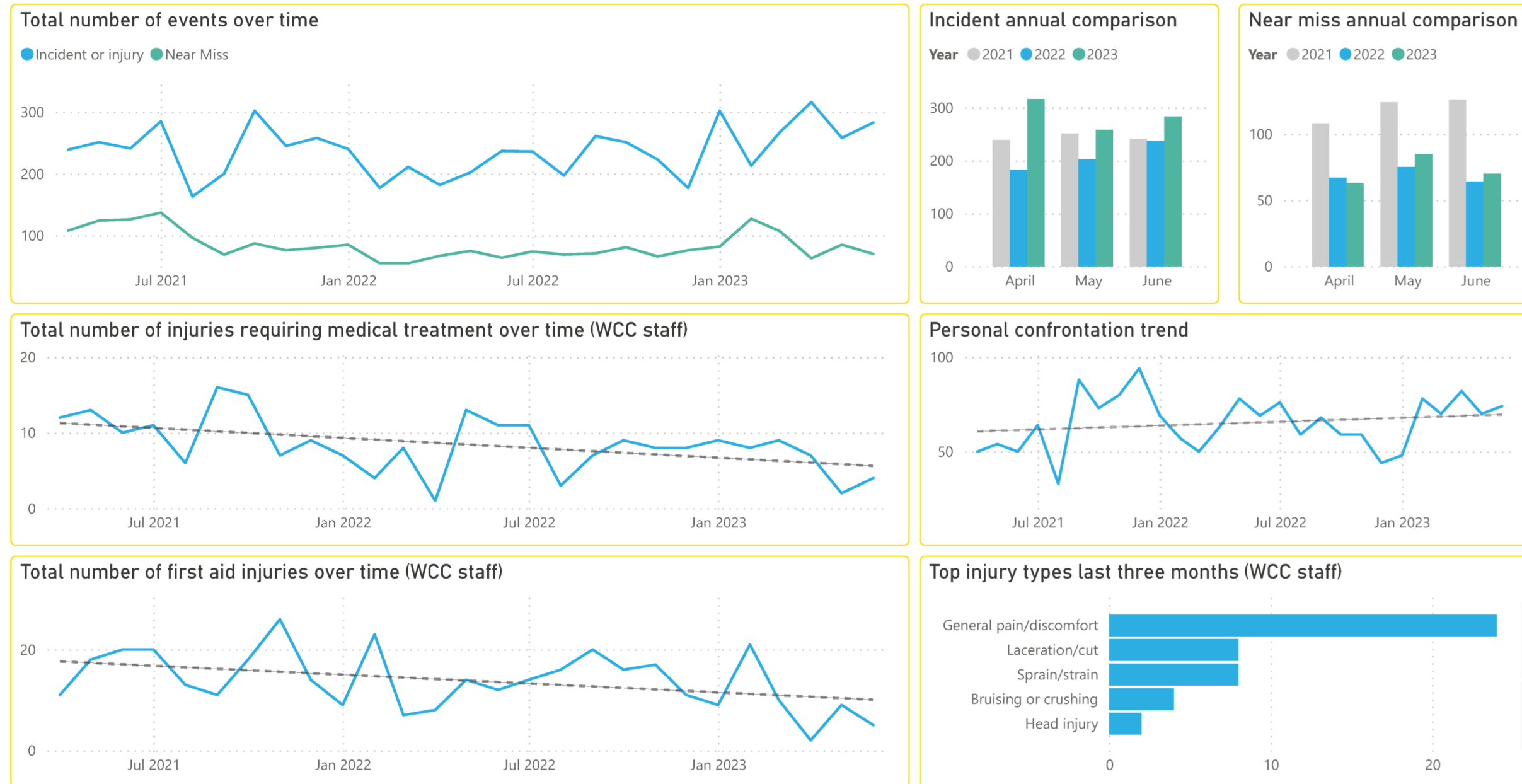
Insights

The introduction of our new reporting system has had temporary impacts on our trend information; this is in large part due to the increased awareness of correct event risk classifications. In our previous system it was difficult to classify events correctly, and what we have seen in the last three months is events being classified differently than they had before. For example, the decrease in events near, on or in water is largely attributed to the move of faecal related incidents being classified now under health and impairment – which is what caused the spike in May as seen in the graph on the bottom left. It will take some time to educate the business further on risk classifications which will provide more robust trend information in the future.

Given its our most common presenting hazard source – the trend for personal confrontation still mirrors what is being experienced on the ground. As mentioned in the previous insights, personal confrontation is increasingly representing our high-risk events meaning the level of aggression being displayed by the public is increasing.

Health and Safety Quarterly Performance Report

3.2 Two-year incident, injury and near miss trends (1 April 2021 to 31 March 2023)



Insights

Compared to the last financial year there has been an increase in both incident and near miss reporting. This doesn't necessarily mean there is more happening; rather better access to reporting tools has meant we are receiving more reports than we had previously. This means more can be done to prevent future events of the same nature happening. That said, the number of injuries (both requiring medical treatment or first aid) have reduced this financial year compared to last and are displaying a strong declining trend. Pain and discomfort continues to be our most reported injury type, further supporting our ongoing need for the early intervention physiotherapy programme.

1. ACTIONS TRACKING

Kōrero taunaki | Summary of considerations

Purpose

1. This report provides an update on the past actions agreed by the Unaunahi Māhirahira | Audit and Risk Committee.

Strategic alignment with community wellbeing outcomes and priority areas

Aligns with the following strategies and priority areas:

- Sustainable, natural eco city
 - People friendly, compact, safe and accessible capital city
 - Innovative, inclusive and creative city
 - Dynamic and sustainable economy
- Strategic alignment with priority objective areas from Long-term Plan 2021–2031**
- Functioning, resilient and reliable three waters infrastructure
 - Affordable, resilient and safe place to live
 - Safe, resilient and reliable core transport infrastructure network
 - Fit-for-purpose community, creative and cultural spaces
 - Accelerating zero-carbon and waste-free transition
 - Strong partnerships with mana whenua

Relevant Previous decisions

Not applicable.

Financial considerations

- Nil Budgetary provision in Annual Plan / Long-term Plan Unbudgeted \$X

Risk

- Low Medium High Extreme

Author	Marcella Freeman, Democracy Advisor
Authoriser	Stephen McArthur, Chief Strategy & Governance Officer

Taunakitanga | Officers' Recommendations

Officers recommend the following motion

That the Unaunahi Māhirahira | Audit and Risk Committee:

1. Receive the information.

Whakarāpopoto | Executive Summary

2. This report lists the dates of previous committee meetings and the items discussed at those meetings.
3. Each clause within the resolution has been considered separately and the following statuses have been assigned:
 - In progress: Resolutions with this status are currently being implemented.
 - Complete: Clauses which have been completed, either by officers subsequent to the meeting, or by the meeting itself (i.e. by receiving or noting information).
4. All actions will be included in the subsequent monthly updates but completed actions will only appear once.

Takenga mai | Background

5. At the 13 May 2021 Council meeting, the recommendations of the Wellington City Council Governance Review (the Review Report) were endorsed and agreed to be implemented.
6. The purpose of this report is to ensure that all resolutions are being actioned over time. It does not take the place of performance monitoring or full updates. The committee could resolve to receive a full update report on an item if it wishes.
7. On 25 October 2022 through memorandum, the 2022-2025 committee structure chosen by Mayor Tory Whanau was advised. This included establishment of the Unaunahi Māhirahira | Audit and Risk Committee.
8. The Audit and Risk Subcommittee for the 2022-2025 triennium fulfils the functions of Unaunahi Māhirahira | Audit and Risk Committee of the 2019-2022 triennium.
9. The last meeting of the equivalent committees in the 2019-2022 triennium were held on 14 September 2022.
10. The purpose of this report is to ensure that all resolutions are being actioned over time. It does not take the place of performance monitoring or full updates. The committee could resolve to receive a full update report on an item if it wishes.

Kōrerorero | Discussion

11. Of the 18 resolutions of the Unaunahi Māhirahira | Audit and Risk Committee in May 2023:
 - 3 are in progress.
 - 15 complete.
12. 4 actions carried forward from previous actions tracking reports, all are still in progress.

Attachments

Attachment 1. Actions Tracking  

Page 216

Date	Title	#	Clause	Status	Comment
Wednesday, 14 September 2022	2.5 Insurance Maturity Roadmap report	3	Agree that Council officers will report back to the committee on a regular basis as a standing item on the Kāwai Māhirahira Audit and Risk Subcommittee on progress against the workplan	In progress	The next update regarding the Insurance Roadmap will be presented to the Audit and Risk Committee in October 2023.
Wednesday, 14 September 2022	2.5 Insurance Maturity Roadmap report	4	Receive periodic updates against the project plan and risk assessments over the life of the roadmap project.	In progress	The next update regarding the Insurance Roadmap will be presented to the Audit and Risk Committee in October 2023.
Tuesday, 28 February 2023	2.2 2023 Audit New Zealand Audit Plan	5	Delegate the authority to finalise the audit fee for the year ended 30 June 2023 to the Chief Financial Officer, Chair of the Unaunahi Māhirahira Audit and Risk Committee and Mayor.	In progress	
Tuesday, 28 February 2023	2.4 Introduction to the WCC Strategic Risks Framework and Strategic Risk Register	2	Agree to the proposed changes to the Strategic Risk Register. Changes include the merging of some risk profiles and development of new risk profiles to reflect WCC's risk management priorities.	In progress	Work underway to develop the new risk registers - three new risk profiles due for presentation at August UMARC (one new profile still in development)
Tuesday, 28 February 2023	2.5 2022 Insurance Update	3	Note officers will engage further on the risk appetite relating to insurance workstreams via the Introduction to the WCC Strategic Risks Framework and Strategic Risk Register on the agenda of this meeting of Unaunahi Māhirahira Audit and Risk Committee and bring a paper back to the Committee on a plan for implementing Aon's recommendations.	Completed	
Wednesday, 10 May 2023	2.1 Assurance and Business Integrity Update and Approval of Workplan 2023/2024	1	Receive the update on the Assurance & Business Integrity Workplan for 2022-23	Completed	
Wednesday, 10 May 2023	2.1 Assurance and Business Integrity Update and Approval of Workplan 2023/2024	2	Approve the Assurance & Business Integrity Workplan for 2023-24	Completed	Was approved at the 10 May 2023 meeting.
Wednesday, 10 May 2023	2.1 Assurance and Business Integrity Update and Approval of Workplan 2023/2024	3	Receive information about the completion of the Elected Member Gifts and Hospitality register.	Completed	Received by the Committee 10 May.
Wednesday, 10 May 2023	2.1 Assurance and Business Integrity Update and Approval of Workplan 2023/2024	4	Receive the Streetlight Fault Response Review and endorse the recommended actions, including an additional action of early escalation to management, and elected members, of any significant operational risks/issues.	Completed	Was received by the Committee 10 May 2023. Issue Roadshow underway with senior management to education on risk escalation and management.
Wednesday, 10 May 2023	2.2 Strategic Risks update, Risk Appetite Statements development and approval of the Risk Management Workplan 2023-24	1	Receive the information.	Completed	
Wednesday, 10 May 2023	2.2 Strategic Risks update, Risk Appetite Statements development and approval of the Risk Management Workplan 2023-24	2	Approve the Risk Management Workplan for 2023-24	Completed	
Wednesday, 10 May 2023	2.2 Strategic Risks update, Risk Appetite Statements development and approval of the Risk Management Workplan 2023-24	3	3) Agree to recommend the Risk Appetite Statements as set out in clause 16 and 17 to the Council for adoption with the exception of the Statement relating to Environment, and with the following changes: a. Rename 'Staff health and safety' to 'Worker health and safety'.	Completed	
Wednesday, 10 May 2023	2.2 Strategic Risks update, Risk Appetite Statements development and approval of the Risk Management Workplan 2023-24	4	Agree to support future work on expanding the range of Risk Appetite statements at an appropriate time, including after supporting LTP level of service work has been completed (likely Q2 2023-24).	In progress	Awaiting LTP level of service work

Wednesday, 10 May 2023	2.2 Strategic Risks update, Risk Appetite Statements development and approval of the Risk Management Workplan 2023-24	5	Recommend that Te Kaunihera o Pōneke Council note that the Unahaahi Māhira Audit and Risk Committee wished to take more time to finalise the Risk Appetite Statement relating to Environment, and that those Statements are expected to be recommended from a future meeting of the Committee.	Completed	Te Kaunihera o Pōneke noted that the Unahaahi Māhira Audit and Risk Committee wished to take more time in finalised the Risk Appetite Statement, on 1 June 2023 when the Risk Appetite Statements were presented to the Council meeting.
Wednesday, 10 May 2023	2.3 Health and Safety Performance Report	1	Receive the information.	Completed	
Wednesday, 10 May 2023	2.4 Audit New Zealand Governing Body Report 2021/22	1	Receive the information.	Completed	
Wednesday, 10 May 2023	2.4 Audit New Zealand Governing Body Report 2021/22	2	Note the content of Audit New Zealand's Report to Council for the year ended 30 June 2022.	In progress	
Wednesday, 10 May 2023	2.5 Wellington City Council and Group 30 June 2023 Year-end Reporting and Audit Considerations	1	Receive the information in this year-end reporting and audit considerations update.	In progress	
Wednesday, 10 May 2023	2.6 Insurance Renewal Update	1	Receive the information	Completed	
Wednesday, 10 May 2023	2.6 Insurance Renewal Update	2	Note workplan updates.	Completed	This was completed in May 2023.
Wednesday, 10 May 2023	2.6 Insurance Renewal Update	3	Agree to a verbal update on commercial terms to be presented to the committee during the public excluded portion of the meeting.	Completed	This was completed in May 2023.
Wednesday, 10 May 2023	2.7 Forward Programme and workplan update	1	Receive the information.	Completed	
Wednesday, 10 May 2023	2.8 Actions Tracking	1	Receive the information.	Completed	

FORWARD PROGRAMME AND WORKPLAN UPDATE

Kōrero taunaki | Summary of considerations

Purpose

1. This report provides the Forward Programme and the Proposed Workplan for the Unanahi Māhirahira | Audit and Risk Committee.

Strategic alignment with community wellbeing outcomes and priority areas

Aligns with the following strategies and priority areas:

- Sustainable, natural eco city
- People friendly, compact, safe and accessible capital city
- Innovative, inclusive and creative city
- Dynamic and sustainable economy
- Functioning, resilient and reliable three waters infrastructure
- Affordable, resilient and safe place to live
- Safe, resilient and reliable core transport infrastructure network
- Fit-for-purpose community, creative and cultural spaces
- Accelerating zero-carbon and waste-free transition
- Strong partnerships with mana whenua

Strategic alignment with priority objective areas from Long-term Plan 2021–2031

Relevant Previous decisions

Financial considerations

- Nil Budgetary provision in Annual Plan / Long-term Plan Unbudgeted \$X

Risk

- Low Medium High Extreme

Author	Gareth Hancock, Manager Risk & Assurance
Authoriser	Stephen McArthur, Chief Strategy & Governance Officer

Taunakitanga | Officers' Recommendations

Officers recommend the following motion

That the Unaunahi Māhirahira | Audit and Risk Committee:

1. Receive the information.

Whakarāpopoto | Executive Summary

2. The Forward Programme sets out the reports planned for Unaunahi Māhirahira | Audit and Risk Committee meetings in the next meeting that require committee consideration.
3. The Forward Programme is a working document and is subject to change on a regular basis.
4. The Proposed Workplan sets out the reports coming to the Unaunahi Māhirahira | Audit & Risk Committee for the remainder of this triennium until September 2025.

Kōrerorero | Discussion

5. Next meeting agenda October 2023:

- Draft Annual Report and letters of representation
- LTP forecasting assumptions
- Audit NZ LTP assurance plan
- CCO Annual reports impacting on Council group risk
- Status of internal and third-party audit recommendations
- Strategic Risk Management Framework - profile update
- Speed management data breach and assurance review

Public excluded:

- Litigation matters update

6. On 12 September, a workshop is scheduled for review of the draft annual report, including performance summary, KPI results and statement of service provision.

Attachments

- Attachment 1. Unaunahi Māhirahira Audit and Risk Committee - Proposed Work Plan 16 Aug 2023 [↓](#)  Page 221

Unaunahi Māhirahira | Audit & Risk Committee: Proposed Workplan

	16 Aug 2023	31 Oct 2023	29 Nov 2023	14 Feb 2024	8 May 2024	25 Sep 2024	20 Nov 2024	5 Feb 2025	30 Apr 2025	10 Sep 2025
Committee Governance										
○ Forward programme and workplan update	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆
○ ARS self-assessment of performance and effectiveness			◆						◆	
○ Elected member gifts & hospitality and pecuniary interests					◆				◆	
Assurance and Business Integrity (Internal Audit)										
○ Approval of the following year Assurance work plan					◆				◆	
○ Update on current year Assurance work plan			◆		◆		◆		◆	
○ Update on Protected Disclosures and investigations	◆			◆		◆		◆		◆
○ Status of internal and third-party audit recommendations		◆		◆		◆		◆		◆
○ Update on fraud risk				◆						
○ Annual legislative compliance attestation report	◆					◆				
○ Committee briefing with no mgmt present (+ as req'd)					◆				◆	
○ Review Internal Audit Charter						◆				
External Audit and Statutory Reporting										
○ Audit plan and engagement letter				◆				◆		
○ Progress to address matters of emphasis in 21/22 audit opinion										
○ Proforma Annual Report (financial statements & accounting policies)					◆				◆	
○ Draft Annual Report and letters of representation		◆				◆				◆
○ Year-end management letter						◆				◆
○ Committee briefing with no mgmt present (+ as req'd)		◆				◆				
Risk Management										
○ Strategic Risk Management Framework - profile update	◆	◆		◆		◆		◆		◆
○ Annual refresh of strategic risks					◆				◆	
○ Approval of annual Risk work plan					◆				◆	
○ Risk Maturity update			◆			◆				◆
○ Group Risk Management – Chief Officer updates										

Unaunahi Māhirahira | Audit & Risk Committee: Proposed Workplan

	16 Aug 2023	31 Oct 2023	29 Nov 2023	14 Feb 2024	8 May 2024	25 Sep 2024	20 Nov 2024	5 Feb 2025	30 Apr 2025	10 Sep 2025
<ul style="list-style-type: none"> Chief Executive (as required) Chief Planning Chief People and Culture Chief Customer and Community Chief Māori Chief Infrastructure Chief Financial Chief Strategy & Governance Chief Digital 	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦
<ul style="list-style-type: none"> Chief Planning 								♦		
<ul style="list-style-type: none"> Chief People and Culture 	♦								♦	
<ul style="list-style-type: none"> Chief Customer and Community 			♦							♦
<ul style="list-style-type: none"> Chief Māori 				♦						
<ul style="list-style-type: none"> Chief Infrastructure 					♦					
<ul style="list-style-type: none"> Chief Financial 						♦				
<ul style="list-style-type: none"> Chief Strategy & Governance 							♦			
<ul style="list-style-type: none"> Chief Digital 										
Council Controlled Organisations										
<ul style="list-style-type: none"> CCO annual reports on risk impacting Council's group risk 		♦				♦				♦
Finance										
<ul style="list-style-type: none"> Insurance roadmap update 				♦				♦		
Health and Safety										
<ul style="list-style-type: none"> Performance report 	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦
Legal Risk										
<ul style="list-style-type: none"> Litigation matters update (Public excluded) 	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦
Long Term Plan										
<ul style="list-style-type: none"> 2024 LTP Development Programme – project plan 										
<ul style="list-style-type: none"> LTP forecasting assumptions 		♦								
<ul style="list-style-type: none"> Asset Management Planning – assurance 										
<ul style="list-style-type: none"> Audit New Zealand LTP assurance plan 		♦								
<ul style="list-style-type: none"> Audit NZ LTP Management letter 						♦				
Focus Topics										
<ul style="list-style-type: none"> Asset management maturity 										

Unaunahi Māhirahira | Audit & Risk Committee: Proposed Workplan

	16 Aug 2023	31 Oct 2023	29 Nov 2023	14 Feb 2024	8 May 2024	25 Sep 2024	20 Nov 2024	5 Feb 2025	30 Apr 2025	10 Sep 2025
○ Programme Management Office P3M3 maturity										

3. Public Excluded

Recommendation

That the Unaunahi Māhirahira | Audit and Risk Committee:

1. Pursuant to the provisions of the Local Government Official Information and Meetings Act 1987, exclude the public from the following part of the proceedings of this meeting namely:

General subject of the matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
3.1 Legal and Risk Updates	<p>7(2)(g) The withholding of the information is necessary to maintain legal professional privilege.</p> <p>7(2)(i) The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p>	<p>s48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7.</p>
