
**ORDINARY MEETING
OF
KĀWAI MĀHIRAHIRA | AUDIT AND RISK SUBCOMMITTEE
AGENDA**

Time: 1:30pm
Date: Tuesday, 3 May 2022
Venue: Ngake (16.09)
Level 16, Tahiwi
113 The Terrace
Wellington

MEMBERSHIP

Mayor Foster
Councillor Condie (Deputy Chair)
Liz Kelly
Councillor Pannett
Councillor Paul
Linda Rieper (External)
Bruce Robertson (Chair)
Councillor Rush
Roy Tiffin (External)

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 Audit and Risk Subcommittee 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: 5 members (at least one external member must be present for a quorum to exist).

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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 2 February 2022 will be put to the Kāwai Māhirahira | Audit and Risk Subcommittee 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 Kāwai Māhirahira | Audit and Risk Subcommittee.

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 Kāwai Māhirahira | Audit and Risk Subcommittee.

Minor Matters relating to the General Business of the Kāwai Māhirahira | Audit and Risk Subcommittee.

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 Kāwai Māhirahira | Audit and Risk Subcommittee 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

AUDIT & RISK SUBCOMMITTEE | KĀWAI MĀHIRAHIRA SELF-ASSESSMENT SURVEY 2022

Kōrero taunaki | Summary of considerations

Purpose

1. This report informs members of the Kāwai Māhirahira | Audit and Risk Subcommittee about the purpose and timing of a survey which will assess the effectiveness of the Subcommittee.

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

Outline relevant previous decisions that pertain to the material being considered in this paper.

Financial considerations

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

2. There are no financial considerations associated with this paper.

Risk

- ☒ Low ☐ Medium ☐ High ☐ Extreme

3. This paper supports effective risk management and governance by providing subcommittee members with an opportunity to form a baseline for developing the future effectiveness of the Subcommittee.

Author	Richard Leverington, Manager Risk and Assurance
Authoriser	Stephen McArthur, Chief Strategy & Governance Officer

Taunakitanga | Officers' Recommendations

Officers recommend the following motion

That the Kāwai Māhirahira | Audit and Risk Subcommittee:

- 1) Receive the information.
- 2) Recommend any additional areas for inclusion in the survey.

Whakarāpopoto | Executive Summary

4. A survey will be conducted to assess the effectiveness of the Kāwai Māhirahira | Audit and Risk Subcommittee. All Councillors, mana whenua representatives, external appointees and the executive leadership team will be invited to take part so as to gain a broad perspective of the Subcommittee's effectiveness.
5. Any recommendations from the survey to increase effectiveness will be presented to the incoming Council for consideration.

Takenga mai | Background

6. The Kāwai Māhirahira | Audit and Risk Subcommittee was established in May 2021. It replaced the Finance, Audit and Risk Subcommittee (FARS), a subcommittee with similar delegations. The FARS had been chaired by an elected member whereas an external appointee now chairs the Kāwai Māhirahira | Audit and Risk Subcommittee.
7. The Office of the Auditor-General recommends as good practice that audit and risk committees regularly evaluate their performance.
8. This is the first evaluation of the Subcommittee. Given that the Kāwai Māhirahira | Audit and Risk Subcommittee has been in place for a full 12 months, and that local government elections will take place in October 2022, now is a good time to conduct a survey.
9. The survey questions have been modelled on good practice published by the Office of the Auditor-General and tailored to the Council environment.

Kōrerorero | Discussion

10. The Office of the Auditor-General notes that the main challenge in making audit committees work is the dynamic nature of people and organisations – such as changing structures, mandates, capability, capacity, and measuring frameworks. There is not necessarily a “best practice” way of solving the issues that audit committees in the public sector face. Solving issues requires experience, judgement, perspective, and knowledge of the context.
11. The survey encourages participants to consider the collective experience, judgement perspective and knowledge of the Subcommittee. It is split in to three sections: Membership, work programme and information flows. Participants are required to rate a number of statements and are also given the opportunity to provide narrative comments to lift the Subcommittee's effectiveness.

Ngā mahinga e whai ake nei | Next actions

12. Subject to any actions arising from the Subcommittee's discussion, the survey will be sent out to all Councillors, mana whenua representatives, external appointees and the executive leadership team. Survey results and analysis will be collated and presented to the September meeting of this Subcommittee.

-
13. Recommendations for improving the effectiveness of the audit and risk subcommittee will be made to the incoming Council to consider after October 2022.

Attachments

Attachment 1. Audit and Risk Subcommittee self-assessment survey

Audit & Risk Subcommittee| Kāwai Māhirahira self-assessment survey 2022

Kia ora koutou

I encourage all Councillors, mana whenua representatives and external appointees to complete this survey, including those of you that aren't members of the Audit & Risk Subcommittee| Kāwai Māhirahira. The results will form a baseline for developing the future effectiveness of the Subcommittee.

The survey is designed to evaluate whether the Subcommittee is operating effectively. The questions are modelled on good practice published by the Office of the Auditor-General and tailored to the Council environment.

The four main principles of an effective Audit & Risk Subcommittee are:

- Independence
- Competence
- Clarity of purpose
- Open and effective relationships

Ngā mihi

Bruce Robertson

Chair

Click here for the Subcommittee Terms of Reference: <https://wellington.govt.nz/-/media/your-council/meetings/tor/2019-2022-tor-audit-and-risk-subcommittee.pdf?la=en&hash=EC741B0F045C01E466DE625675E655E26FF54596> (<https://wellington.govt.nz/-/media/your-council/meetings/tor/2019-2022-tor-audit-and-risk-subcommittee.pdf?la=en&hash=EC741B0F045C01E466DE625675E655E26FF54596>).

1. Subcommittee role and membership: Please rate how much you agree with the following statements

	Strongly disagree	Disagree	Agree	Strongly agree	Don't know
The roles & responsibilities of the Subcommittee are clear, appropriate, and sufficient	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The members as a collective hold the relevant expertise and experience to address the areas of governance, finance, risk management and assurance; and specific issues related to the Council	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The external appointees bring additional insight and expertise [The external appointees are Bruce Robertson (Chair) Linda Rieper, and Roy Tiffin]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
There is sufficient rotation of members to ensure a fresh perspective	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

2. Do you have any specific comments about the role and membership of the Subcommittee?

3. Subcommittee work programme: Please rate how much you agree with the following statements

	Strongly disagree	Disagree	Agree	strongly agree	Don't know
The work programme enables the Subcommittee to discharge its responsibilities in risk management, statutory reporting, internal and external audit and assurance, monitoring of compliance with laws and regulations, including health and safety	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Members critically evaluate and challenge executive decision-making	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Members critically evaluate the internal and external auditors' plans and recommendations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

4. Do you have any specific comments about the Subcommittee's work programme?

5. Information flows: Please rate how much you agree with the following statements

	Strongly disagree	Disagree	Agree	Strongly agree	Don't know
Other Council committees and subcommittees are kept sufficiently informed of the work of the Subcommittee	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Subcommittee members are up-to-date with relevant developments in other areas of Council	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Council officers provide information to the Subcommittee that meets its expectations in regards to nature, clarity, quality, and timeliness	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The Subcommittee ensures that its requests of officers to do further work or provide further information are reasonable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Strongly disagree

Disagree

Agree

Strongly agree

Don't know

The internal and external auditors have uninhibited access to the Subcommittee members independent of management

☐☐☐☐☐

6. Do you have any specific comments about the information flows to and from the Subcommittee?

7. **Final question:** Do you have any other suggestions to improve the effectiveness of the Audit & Risk Subcommittee | Kāwai Māhirahira?



ASSURANCE & BUSINESS INTEGRITY PLAN 2022-23

Kōrero taunaki | Summary of considerations

Purpose

1. This report provides the Kāwai Māhirahira | Audit and Risk Subcommittee with:
 - The proposed Assurance & Business Integrity Workplan 2022-23
 - An update on elected member gifts and hospitality declarations
2. The information in this report supports the Subcommittee to discharge its responsibility under its Terms of Reference to:
 - review and approve the internal audit coverage and annual work plans
 - the effectiveness of internal control systems in place, including appropriate systems to prevent, detect and effectively investigate fraud

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

The Terms of Reference for this Subcommittee was adopted by the Council on 13 May 2021. This Subcommittee is delegated to review and monitor whether management's approach to maintaining an effective internal control framework is sound and effective, and in particular to review and approve the internal audit coverage and annual work plans. This paper presents the work plan for the coming year for approval.

This Subcommittee agreed to receive a statement on the completeness of the quarterly update of the Elected Member Gifts and Hospitality register during its meeting on 12 October 2021. This paper provides that statement of completeness.

Significance

The decision is rated low significance in accordance with schedule 1 of the Council's Significance and Engagement Policy.

Financial considerations

| ☒ Nil | ☐ Budgetary provision in Annual Plan / | ☐ Unbudgeted \$X

| Long-term Plan |

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

Risk

| ☒ Low | ☐ Medium | ☐ High | ☐ Extreme

4. There are no new financial implications raised in this paper.
5. 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	Phyllis Lee, Team Leader Assurance and Business Integrity
Authoriser	Stephen McArthur, Chief Strategy & Governance Officer

Taunakitanga | Officers' Recommendations

Officers recommend the following motion

That Kāwai Māhirahira | Audit and Risk Subcommittee:

- 1) Approve the Assurance & Business Integrity Workplan for 2022-23
- 2) Receive information about the completion of the Elected Member Gifts and Hospitality register.

Whakarāpopoto | Executive Summary

6. In accordance with the Subcommittee's terms of reference, the Assurance and Business Integrity Workplan 2022-23 is provided for your approval. Our assurance work is intended to provide assurance that expected internal controls continue to be fit for purpose and will operate effectively throughout periods of change. The upcoming year's focus includes assuring the ongoing effectiveness of site operations, how we manage customer enquiries and complaints, and the effectiveness of our systems to meet regulatory requirements.
7. Elected members were reminded to disclose any gifts or hospitality that have been offered, in line with the Council's guidance for Gifts and Hospitality. The disclosure completion rate for the quarter January to March 2022 is 43%.

Takenga mai | Background

3. 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.
4. 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

A. Assurance and Business Integrity Workplan 2022-23

8. The Assurance & Business Integrity Workplan 2022-23 identifies the key assurance activities and focus areas for the coming year (**Attachment 1**). The work plan has been developed in consultation with management and is presented to the Subcommittee for its approval.
9. The work plan was developed based on an audit risk assessment that considered:
 - last audited date and the audit assessment rating
 - integrity risk exposure e.g. sensitivity of public perceptions, opportunity, volume
 - recent changes in people, systems or processes
 - link to strategic risks and priority initiatives
 - recent issues or emerging matters
10. The development of the work plan included updating the Council's Assurance Map that shows the key assurance activities across the organisation, not just those performed by the Assurance & Business Integrity Team. This allows us to identified assurance gaps and assess assurance needs.
11. The work plan focuses on the effective operations of Council sites across the City including creative spaces, marina and cemetery operations. We will also examine how we manage customer enquiries and complaints. Events over the last two years had affected site operations and staff as the Council manages its response to COVID-19. Our internal audit engagements are intended to provide assurance that expected internal controls continue to be fit for purpose and will operate effectively throughout periods of change.
12. All internal audit engagements will include an agreed Terms of Reference to document the review objective and scope of work. We will consider how we might include and assess our commitment to Te Tiriti within the scope of all internal assurance engagements.
13. The plan can be delivered with current resources. 9% of our available effort has been set aside to respond to requests for assurance activities, investigations from protected disclosures or integrity related complaints and to respond to changes in risks.
14. We will continue to engage with business units throughout the year to identify whether changes or addition to the work plan will be required. Any significant change to the work plan will be brought to the attention of this Subcommittee.

B. Integrity Update & Elected members' gifts declaration

15. Elected members are reminded quarterly about their obligation to disclose gifts or hospitality that has been offered to them in their capacity as an elected member, in line with the Elected Member Guidance for Receiving Gifts and Hospitality. Assurance & Business Integrity reviews the register for completeness and consistency with the Council's guidance.
16. During this period an unsolicited gift of 10 litre bags of earthworm castings (compost) worth \$9/bag was sent to each elected member individually. This was recorded in the gifts and hospitality register by officers on behalf of the elected members.
17. The following table shows the quarterly completion rate for elected members gifts and hospitality disclosures:

Period	% Completion rate	Return with no disclosures (Nil return)	Return with disclosures	Pending response
1 July to 30 September 2021	87%	7	6	2
1 October to 31 December 2021	50%	2	5	7
1 January to 31 March 2022	43%	4	2	8

Whai whakaaro ki ngā whakataunga | Considerations for decision-making

Alignment with Council's strategies and policies

18. This report is about the Council's internal control systems that enable the Council to effectively deliver its business objectives.

Engagement and Consultation

19. This paper is low significance as per our Significance and Engagement Policy. This paper is for internal use to support governance of assurance activities and there are no requirements to consult with the public on the matters raised in this paper.

Implications for Māori

20. There are no specific Te Tiriti o Waitangi considerations to note. Our Te Tiriti o Waitangi obligations and our commitment to mana whenua partnerships are considered within each assurance engagements.

Financial implications

21. This paper does not give rise to any financial implications.

Legal considerations

22. There are no specific legislative or regulatory implications raised in this paper.

Risks and mitigations

23. There are no additional risk implication arising from this paper.
24. The governance of actions to address assurance recommendations forms part of the Council's risk mitigation to assure that identified risks are appropriately managed. This

gives confidence to our stakeholders that the Council is meeting its responsibilities and the public's expectations of accountability.

Disability and accessibility impact

25. The recommendations in this report do not have any impacts on accessibility.

Climate Change impact and considerations

26. There are no climate change implications arising from this paper.

Communications Plan

27. Decisions in this paper does not require a communications plan to inform the community.

Health and Safety Impact considered

28. This report does not create or identify any new health and safety considerations.

Attachments

Attachment 1. Assurance & Business Integrity Workplan 2022-23

TE AHO MARUTAU

ASSURANCE & BUSINESS INTEGRITY

Workplan 2022-23

Approved by Kāwai Māhirahira - Audit and Risk Subcommittee DD MM YYYY



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1. Overview of the Assurance & Business Integrity Workplan

The Assurance & Business Integrity team's purpose is to enable Wellington City 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.

Our 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.
- **Business integrity:** activities that enable our goal to build a strong culture of integrity.

Each year, to facilitate our purpose, we develop a risk-based workplan of assurance activities across our core services.

We have also identified a shortlist of possible audit areas. These reviews are indicative for next year's plan or can be reprioritised to the current year, in response to changing risk profiles and priorities.

Our workplan also includes planning, governance reporting, and improvement activities to help ensure that we continue to lift our capability to effectively meet the assurance needs of the Council.

Assurance and Business Integrity Workplan for 2022-23	
Internal audit 47%	<ol style="list-style-type: none"> 1. Internal controls assessment 2. Recruitment 3. Facilities management 4. Burials and cremation 5. Follow up review on Building Controls 6. Creative spaces 7. Customer enquiries, complaints and escalation 8. Marinas
Assurance advisory 20%	<ol style="list-style-type: none"> 1. Advisory engagements: activities to improve internal controls including participation in working groups, process improvements, training and assurance advisory 2. Follow up of independent audit recommendations 3. Legislative compliance 4. Policy governance framework
Business integrity 15%	<ol style="list-style-type: none"> 1. Protected disclosures 2. Gifts received 3. Conflict of interest 4. Fraud risk awareness 5. Continuous monitoring activities
Responsive review 9%	<ol style="list-style-type: none"> 1. Responsive reviews: Capacity to respond to requests for assurance
Planning and reporting 5%	<ol style="list-style-type: none"> 1. Annual assurance planning 2. Governance reporting
Improvement activities 4%	<ol style="list-style-type: none"> 1. Professional development 2. Process improvement

Indicative audits for 2023-24*

1. **Parking:** discretionary decision making, appeals and complaints handling
2. **Credit Control Operations:** Accounts receivable, billing, collection, and debt management
3. **Independent contractors:** controls for engaging and managing independent contractors
4. **Rates operations:** billing, rebates, and collection arrangements
5. **Security:** organisational approach to security management of our people, places and communities
6. **Performance reporting:** adequacy of quality controls over non-financial performance measures and reporting process
7. **ICT Operations:** delivery of IT service, IT operations management, service requests, incidents and problem management and business process controls management
8. **IT acquisition and implementation:** manage change acceptance, IT assets, configuration, and knowledge
9. **Resource consents:** effectiveness of controls and processes in place for the consenting process and monitoring obligations under the RMA
10. **Community asset renewals programme:** management and delivery of projects
11. **Commercial management approach:** Oversight of significant services contracts and value for money for significant spend
12. **Climate smart buildings and infrastructure policy:** implementation and effectiveness of new policy
13. **People performance management:** completeness and effectiveness of framework, timeliness, and how it informs related people processes and decision making

* Alternative engagements for consideration. These activities may be prioritised for completion if risk profile changes.

2. About our assurance services

Our purpose, how we operate and what we do is documented in our Charter. We develop the **Assurance and Business Integrity Workplan** (Workplan) to deliver on our purpose. This Workplan contains three main type of assurance activities, in line with the services we provide.

1. Internal audit

Internal audit is an objective examination of evidence so that we can provide a view of the effectiveness of governance, risk management, and control processes. Internal audit engagements help provide assurance that risks are managed.

Our work in this space largely focuses on **operational risks and delivery of core services** to provide confidence to stakeholders that:

- processes and controls are operating as intended
- ways to be more effective are identified
- we continually improve the way we work

All internal audit engagements will include an agreed Terms of Reference to document the review objective and scope of work. We will consider how we might include and assess our commitment to Te Tiriti within the scope of all internal assurance engagements

Internal audit engagements will be performed consistent with professional standards for internal auditing and will include a final report of our assessment.

3. Business integrity

Business integrity services are activities we do that enables our goal to build a strong culture of integrity. This is about making our people feel safe to speak-up and encouraging good systems that discourage fraud and keep our people and organisation safe. Activities include:

- protected disclosure process and investigations into integrity related complaints
- gifts declaration process
- fraud awareness week
- monitoring of sensitive expenditure and purchasing cards

Work is ongoing to continually improve and lift the maturity of our systems and processes in this space.

2. Assurance advisory

Assurance advisory services are activities we do that help improve the organisation's internal control environment. They include a range of activities such as participation in working groups, facilitation, training, and awareness programmes.

Our advisory activities are focused on assuring that actions to manage strategic and operational risks are effective. Activities include:

- assessing planned actions and risk treatments are adequate
- follow up on open audit findings and confirming that risk treatment plans are on track
- participation in working groups and initiatives to support problem assessment and delivery of risk treatments
- supporting education and awareness

The scope of work and results of advisory activities are documented to the extent appropriate to the nature of the advisory work.



3. Workplan development and allocation of resources

Workplan development

Our plan focuses on assuring stakeholders that:

- things are working as expected to manage risk to an acceptable level
- actions to reduce risks are effective and action plans are on track

This Workplan was developed based on an audit risk assessment that considered:

- last audited date and the audit assessment rating
- integrity risk exposure e.g. sensitivity of public perceptions, opportunity, volume
- recent changes in people, systems or processes
- link to strategic risks and priority initiatives
- recent issues or emerging events



Allocation of resources

Delivery of this Workplan will be resourced internally:

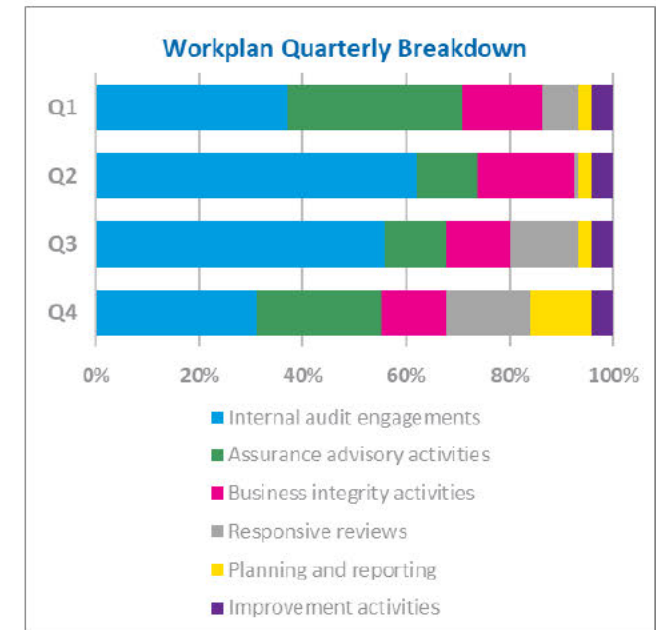
- Team Leader – 1 FTE
- Senior Advisors – 2 FTE

The team is supported by the Manager Risk and Assurance and the wider Assurance, Risk and Official information team.

For 2022-23, our resources are allocated as follows:









Internal audit engagements	47%
Assurance advisory	20%
Business Integrity	15%
Responsive review (unplanned audit work)	9%
Planning and reporting	5%
Improvement activities	4%





We have allocated some contingency (9%) to respond to requests for assurance activities, investigations from protected disclosures or integrity related complaints.



4. Detailed Assurance Workplan for 2021-22

This section provides further details about the proposed schedule of assurance activities.

Type	Ref.	Assurance activity	Scope Explanation (to be refined at engagement planning stage)	Planned quarter	WBT [^]
Internal audit engagements	A1.	Internal controls assessment	Provide an overview of the organisational internal controls assessment based on internal audit work completed during the financial year and assessment of a sample of selected sites or functions. The internal controls consist of control environment, risk management, control activities, information and communication of controls, management assurance and monitoring	Q1	
	A2.	Recruitment	Review employment agreements, compliance of the terms & conditions with the Employment Relations Act and the Holiday Act, as well as its correct application for classification of workers	Q1	
	A3.	Facilities management	Review the effectiveness of the Facilities Management Contract, its operations, and understanding key challenges and lessons learned.	Q2	
	A4.	Burials and cremation	Review regulatory compliance for burials and cremations, quality assurance system, and information systems.	Q2	
	A5.	Building controls follow up review	Follow up on progress to address current issues and readiness for the next IIANZ Building Control Accreditation	Q2	
	A6.	Creative spaces	Operations review of our creative spaces including tenant and facilities management, financial controls, health and safety, and operational performance measures	Q3	
	A7.	Customer enquiries, complaints and escalation	Review our customer approach in management of customer enquiries, complaints, and escalation of issues received via contact centre and other channels.	Q3	
	A8.	Marina	Review management of marina and waterfront berth tenants, response to public enquiries, security & emergency, financial management, asset management	Q4	

Type	Ref.	Assurance activity	Scope Explanation (to be refined at engagement planning stage)	Planned quarter	WBT^
Assurance advisory activities	V1.	Advisory engagements	<ul style="list-style-type: none"> Participate in selected initiatives and working groups and provide assurance advice as required. Activity areas include the following: <ul style="list-style-type: none"> Holiday Act Compliance (assurance support) Whakahui Tenancy Management System Phase 2 implementation (assurance support) TechOne Finance Upgrade project (assurance support) Risk champions network (education and awareness) Purchasing Officer and P-Card forums (education and awareness) 	Q1-Q4	
	V2.	Internal policy governance	<ul style="list-style-type: none"> Embed the Internal Policy Governance Framework as part of an initiative under the Working Better Together programme Support the Internal Policy Working Group 	Q1-Q4	
	V3.	Follow up on independent recommendations	<ul style="list-style-type: none"> Follow up on open internal audit recommendations, including actions relating to procurement policy, oversight of significant services contracts, purchase-to-pay processes and other high/moderate risk rated findings Follow up on findings from other independent reviews, statutory and regulatory audits, including: <ul style="list-style-type: none"> Audit New Zealand annual external audit IIANZ Building Consent Accreditation Waka Kotahi / NZTA technical and procedural audits Other independent reviews 	Q1-Q4	
	V4.	Legislative compliance	<ul style="list-style-type: none"> Facilitate the completion of management compliance attestation and assess the results to provide assurance as to whether systems are in place to effectively manage legislative compliance 	Q4	

Type	Ref.	Assurance activity	Scope Explanation (to be refined at engagement planning stage)	Planned quarter	WBT [^]
Business integrity activities	BI1.	Protected disclosures	<ul style="list-style-type: none"> Receive protected disclosures and take or recommend appropriate actions Maintain Protected Disclosures Policy, procedures and reporting channels 	Q1-Q4	
	BI2.	Gifts received	<ul style="list-style-type: none"> Review gifts received declaration policy and procedures 	Q1	
	BI3.	Conflict of interest declarations	<ul style="list-style-type: none"> Review conflict of interest policy and procedures Work with relevant business areas to establish organisation-wide view of interest declarations 	Q2	
	BI4.	Fraud risk awareness	<ul style="list-style-type: none"> Deliver actions to raise fraud risk awareness including Fraud Awareness week Work with relevant business areas to update our understanding of integrity risks Targeted response for protected disclosure and investigation as required 	Q2	
	BI5.	Continuous Auditing Activities	<ul style="list-style-type: none"> Provide regular assurance over integrity controls including sensitive expenditure, gifts declaration, and conflicts of interest through data matching, analysis and transaction testing 	Q1-Q4	
Planning and reporting	1.	Annual assurance planning	<ul style="list-style-type: none"> Develop the annual programme of work 	Q4	
	2.	Governance reporting	<ul style="list-style-type: none"> Regular reporting to the Audit and Risk Subcommittee and the Executive Leadership Team 	Q1-Q4	
Improvement activities	1.	Professional development	<ul style="list-style-type: none"> Training and meeting the required continuous professional education hours Sector catch up, professional group networking 	Q1-Q4	
	2.	Process improvement	<ul style="list-style-type: none"> Update internal assurance procedures, processes, and guidelines Kōrero mai action plans, team business plans and activities 	Q1-Q4	

[^] Contribution to Working Better Together* focus areas:



Accountable leaders



Living our values



How we work



Connected Council

* Working Better Together (WBT) is an organisational programme that brings together projects and initiatives that help us become a high performing organisation that is aligned to the Council's priorities and set up to deliver results for Wellington

5. Governance reporting

The following is the proposed schedule of reports that will be prepared by the Assurance and Business Integrity team for the Audit and Risk Subcommittee. The information in these reports is designed to support the Audit and Risk Subcommittee discharge their governance responsibilities as per their Terms of Reference.

Meeting Date	Proposed Reports	Subcommittee's Responsibilities <i>(extract of Terms of Reference for Audit and Risk Subcommittee – Kāwai Māhirahira)</i>
3 May 2022	<ul style="list-style-type: none"> Annual Workplan 2022-23 	8(a) Review and approve the internal audit coverage and annual workplans, ensuring these plans are based on the Council's risk profile
September 2022	<ul style="list-style-type: none"> Internal Control Report for the period ending 30 June 2022 	12. Review and monitor whether management's approach to maintaining an effective internal control framework is sound and effective, and in particular: <ul style="list-style-type: none"> (a) Review whether management has taken steps to embed a culture that is committed to probity and ethical behaviour (b) Review whether management has in place relevant policies and procedures and how these are reviewed and monitored (c) Review whether there are appropriate systems, processes and controls in place to prevent, detect and effectively investigate fraud
	<ul style="list-style-type: none"> Update on legislative compliance for the period ending 30 June 2022 	7(b) Oversight of the systems in place to manage legislative compliance
February 2023	Update on: <ul style="list-style-type: none"> management actions to address open audit recommendations protected disclosures, internal fraud and investigations progress against agreed Workplan 	8(b) Review the adequacy of management's implementation of internal audit recommendations 12(c) Review whether there are appropriate systems, processes and controls in place to prevent, detect and effectively investigate fraud
June 2023	<ul style="list-style-type: none"> Annual Workplan 2023-24 	8(a) Review and approve the internal audit coverage and annual workplans, ensuring these plans are based on the Council's risk profile

Appendix 1 – Assurance Map

Assurance Areas	Summary of key activities	Assurance Line One & Two Key sources of Management Assurance	Assurance Line Three			Assurance Line Four (External Assurance)
			Previous Internal Audit and Other Independent Assurance Reviews	Proposed Workplan for 2022-23	Possible activities for out years	
Customer & Community	<p>City Housing</p> <ul style="list-style-type: none"> Tenancy operations and facilities management <p>Creative Capital</p> <ul style="list-style-type: none"> Aho Tini Programme delivery City events and City Art collection Toi Poneke Ars centre operations <p>Parks, Sports and Recreation</p> <ul style="list-style-type: none"> Pools and recreation centres management Mowing, horticulture and arboriculture operations Community sports and club partnerships Open spaces, town belt and reserves management Biodiversity and biosecurity operations Cemetery operations <p>Parking Services</p> <ul style="list-style-type: none"> Parking operations and resolutions On-street support and services <p>Community Services</p> <ul style="list-style-type: none"> Community safety & resilience City Partnerships and Funding <p>Libraries & Community Spaces</p>	<ul style="list-style-type: none"> Deed of Grant monitoring & reporting Tenants Satisfaction Survey Training and Competency Framework Management reporting to Grants Subcommittee Quality management systems standards, policies and procedures & checks Outcome Indicators and Performance Measures KPI operational audits Health and safety assessments Enforcement management system 	<ul style="list-style-type: none"> Cash handling and reconciliation (2021-22) Membership and booking system (2021-22) Tenancy Management System – Phase 1 (2021-22) Grants (2019-20) PSR operations (2018-19) Parking (2016-17) Playgrounds (2016-17) Swimming Pools (2016-17) Burials and Cremations (2015-16) Art and Cultural Activities (2015-16) Housing (2015-16) 	<ul style="list-style-type: none"> Creative Spaces: Operations review including tenant and facilities management, financial controls, health and safety, and operational performance measures. Cemetery operations: quality assurance, regulatory compliance, customer services, cemetery management system Marina – Management of marina and waterfront berth tenants, response to public enquiries, security & emergency, financial management, asset management Whakahui Tenancy Management System – Phase 2 implementation (advisory) 	<ul style="list-style-type: none"> Parking: discretionary decision making, appeals and complaints handling Vulnerable Children Act: operational processes supporting compliance Playground: service levels, maintenance, and renewals Predator free: Monitoring and reporting received for ongoing support for predator free and community trapping Aho Tini – Action plans Grants management system: business process changes from new system implementation Library operations 	<ul style="list-style-type: none"> Telarc NZ annual audit on the ISO:9001 Quality Management System Accreditation (burials and cremation) Greater Wellington Regional Council (relating to the management of pests and animals) Worksafe Hazardous Substance Audit MBIE Tenancy Compliance Audit HUD Deed of Grant compliance
Planning & Environment	<p>City Consenting and Compliance</p> <ul style="list-style-type: none"> Building and plumbing inspections and consents Resource consent and compliance Land information Public health and alcohol management <p>City Design</p> <ul style="list-style-type: none"> Urban regeneration strategy and projects Streets for people and Bike Network Masterplan Transitional programme delivery Public space design and delivery <p>Strategic Planning</p> <ul style="list-style-type: none"> District plan delivery City insights and GIS Culture and Heritage Strategy and Build Heritage Incentive Fund <p>Climate Change Response</p> <ul style="list-style-type: none"> Deliver Te Atakura - First to Zero programme Transport behaviour change initiatives Climate action and Climate and Sustainability Fund <p>Housing Development</p> <ul style="list-style-type: none"> Te Kainga programme <p>City Development</p>	<ul style="list-style-type: none"> Quality Management Systems & Assessments Consultation and engagements Approvals and authorisations Licencing Marking Programme Regulatory audits and inspections programmes Officer Qualification system Competency Assessments Professional development & training Investment delivery framework Project assurance 	<ul style="list-style-type: none"> Alcohol licencing and compliance monitoring (2021-22) BCA Readiness Assessment (2020-21) Building Consents (2017-18) Transport and Place planning (2019-2020) Public Spaces & Centre Development (Bond St) (2015-16) Alcohol Licencing (2015-16) Public Health (Dogs) (2015-16) 	<ul style="list-style-type: none"> Customer enquiries, complaints and escalation: Our customer approach in management of customer enquiries, complaints, and escalation of issues received via contact centre and other channels. Follow up review on Building Consent Authorities accreditation readiness assessment Follow up on findings from statutory and regulatory audits (advisory) 	<ul style="list-style-type: none"> Resource consents: consenting process and compliance monitoring Climate change response: action plan implementation, implementation of climate smart buildings and infrastructure policy Land and property information Billing for consenting fees: Revenue collection completeness and accuracy and customers experience. Dog control: effectiveness of contract management and monitoring to ensure obligations for compliance, enforcement and infringement activities are met Landfill operations 	<ul style="list-style-type: none"> Building consent authority accreditation by IANZ (every 2 years) and technical reviews by MBIE MPI accreditation (food safety – to assess competency to verify National Programmes)
Infrastructure & Delivery	<p>Transport & Infrastructure</p> <ul style="list-style-type: none"> Transport infrastructure planning National Land Transport Programme implementation Roading Transport assets management Kiwi Point Quarry operations <p>Resilience</p> <ul style="list-style-type: none"> Business Continuity, Emergency Management and Earthquake-Prone Buildings Landfill operations and waste management, minimisation, and landfill strategies City Engineer and Three Waters <p>Property</p> <ul style="list-style-type: none"> Energy Management Property management, leasing, sales and acquisitions Facilities Maintenance <p>Strategic Asset Management</p> <p>Enterprise Project Management Office</p>	<ul style="list-style-type: none"> Professional memberships, development & training Alignment to relevant national standards e.g. infrastructure & service provision, conditions of contract for build and civil engineering Independent road safety audits Compliance activities including Traffic Management Plan approval and reinstatement audits Recycling audit & litter enforcement Resident's Monitoring Survey Project, Programme and Portfolio management maturity assessment 	<ul style="list-style-type: none"> PMO Establishment (planned for 2021-22) Evans Bay Cycleway Parade Cycleway – contract & issues management (2021-22) Business continuity processes (2020-21) Town Hall Project Health Check (2020-21) Asset Management Maturity Assessment (2021) CE review of levels of engagement between the Wellington City Council and Wellington Water Limited (2020) Tip Shop – staff purchases (2019-2020) Property Management (2019-20) FM contract control design review (2019-2020) Landfill operations (2018-19) Transport operations (2018-19) Procurement – Project Town Hall (2017-18) 	<ul style="list-style-type: none"> Customer enquiries, complaints and escalation: Our customer approach in management of customer enquiries, complaints, and escalation of issues received via contact centre and other channels. Facilities management: Effectiveness of the Facilities Management Contract, its operations, and understanding key challenges and lessons learned. 	<ul style="list-style-type: none"> Commercial management approach: Oversight of significant services contracts and value for money for significant spend Strategic asset management function: establishment and action plan progress Landfill operations Property management Three waters reform 	<ul style="list-style-type: none"> NZTA technical & procedural audits every 2-3 years Greater Wellington Regional Council consenting checks

Assurance Areas	Summary of key activities	Assurance Line One & Two Key sources of Management Assurance	Assurance Line Three			Assurance Line Four (External Assurance)
			Previous Internal Audit and Other Independent Assurance Reviews	Proposed Workplan for 2022-23	Possible activities for out years	
Smart Council	Technology Services <ul style="list-style-type: none"> Service desk, deskside and application support, Infrastructure service Customer Experience <ul style="list-style-type: none"> Service design and project management Contact centre and service centre operations Data and Insights <ul style="list-style-type: none"> Information Management Support, Corporate GIS & Business Intelligence, City Archives, and Land, Customer & Property information Architecture and Digital Innovation <ul style="list-style-type: none"> Systems development, Digital Innovation & Solutions Architecture 	<ul style="list-style-type: none"> Customer feedback surveys IT Architecture review Disaster recovery review Compliance against PCI Security Council Standards 	<ul style="list-style-type: none"> Cyber and Information Security (2021-22) Service Centre cash handling (2021-22) IT Infrastructure (2014-15) 	<ul style="list-style-type: none"> Customer enquiries, complaints and escalation: Our customer approach in management of customer enquiries, complaints, and escalation of issues received via contact centre and other channels. Information data strategy (advisory) 	<ul style="list-style-type: none"> IT Support: delivery of staff support, service desk, incidents and problem management IT acquisition and implementation: manage change acceptance, IT assets, configuration, knowledge Land and property information: completeness, efficiency, security 	<ul style="list-style-type: none"> Audit New Zealand review of IT general controls
People & Culture	HR Services <ul style="list-style-type: none"> Talent acquisition Payroll, remuneration, analysis, and reporting Organisation change management Culture & Capability <ul style="list-style-type: none"> Organisation culture Learning and development Safety, Security & Wellbeing <ul style="list-style-type: none"> Injury and incident prevention & investigations Wellness programme Security 	<ul style="list-style-type: none"> Korero Mai Engagement Survey Code of conduct acknowledgement Holiday Act compliance review HRIS dashboard Approvals and authorisations Protective Security Requirements Assessment Safety Observations 	<ul style="list-style-type: none"> Holiday pay peer review (2021-22) Actions Plans for Nasty Nine (2020-21) Independent H&S Audit 2021 H&S Assurance Framework (Advisory) (2018-19) Payroll (2017-18) 	<ul style="list-style-type: none"> Recruitment process: Review employment agreements, compliance of the terms and condition with the ERA and Holiday Act and its correct application for classification of workers Protective Security Requirements maturity assessment (advisory) Holiday Act Compliance (advisory) 	<ul style="list-style-type: none"> People performance management: effectiveness of framework, timeliness, how it informs related people processes & decision making Wellbeing & psychological health: Psychological health and safety measures in place Culture: Operational practices and behaviour patterns that affect the control environment culture 	<ul style="list-style-type: none"> ACC Audit for Accredited Employers Programme WorksafeNZ reviews
Finance & Business	Financial Policy & Planning <ul style="list-style-type: none"> Financial strategies and policies Financial advice for strategic business activities Treasurer <ul style="list-style-type: none"> Funding, investments and organisational balance sheet management Financial risk management & insurance Financial Operations <ul style="list-style-type: none"> Rates, Payment services & Credit Control Finance Business Partnering <ul style="list-style-type: none"> Business reporting, budgeting & forecasting and financial analysis & advice Commercial Partnership <ul style="list-style-type: none"> Commercial procurement, contracts and planning Financial Controller <ul style="list-style-type: none"> Financial internal control environment Financial systems strategy and management External financial reporting 	<ul style="list-style-type: none"> Management annual letter of responsibility and accountability Financial dashboard Approvals and authorisations Quality checks, reconciliation, and reporting processes Payments monitoring and reporting P-card compliance monitoring Conflict of interest declarations Management reporting to the Finance & Performance Committee 	<ul style="list-style-type: none"> Reconciliations (part of Cash Handling audit - 2021-22) WOW Funding Request (2021-22) Continuous Monitoring Activities: gifts declaration, conflicts of interest, sensitive expenditure (2020-21) Purchase – to – pay (2020-21) Procurement and contracts management (2018-19) Sensitive Expenditure (2018-19, 2017-18, 2016-17) Balance sheet reconciliation (2016-17) Accounts Receivable (2015-16) Business Reporting (2015-16) 	<ul style="list-style-type: none"> TechOne Financial System Upgrade and finance process improvements (advisory) Continuous monitoring activities: gifts declaration, conflicts of interest, sensitive expenditure (integrity) 	<ul style="list-style-type: none"> Credit Control Operations: Accounts receivable, billing, collection, and debt management Procurement processes: Processes for procurement planning, sourcing, and contract management Rates operations: billing, rebates, and collection arrangements Financial delegations: DFA process Financial planning budgeting and forecasting 	<ul style="list-style-type: none"> Audit New Zealand annual audit of financial statements and service performance information Audit New Zealand audit of the Long-Term Plan and Consultation Document
Mataaho Aronui	Māori partnerships Māori strategy	<ul style="list-style-type: none"> Information to be gathered 		<ul style="list-style-type: none"> Consider how we might include and assess our commitment to Te Tiriti within the scope of all other internal assurance engagements 	<ul style="list-style-type: none"> Internal policies and tools Māori strategy action plans Effectiveness for Māori framework Memoranda of Understanding 	
Strategy & Governance	Risk & Assurance <ul style="list-style-type: none"> Official information and privacy requests, Internal Audit, Integrity services, Risk management Communications & Engagement <ul style="list-style-type: none"> External communication and engagement, Internal communications and Media services, Creative and brand services Governance <ul style="list-style-type: none"> Elected Members Support, Democracy Services, Mayor's Office, Corporate Library Strategy, Policy & Research <ul style="list-style-type: none"> Strategy, policy, research and evaluation Annual Plan Annual and Quarterly Reports International Relations Legal Services Economic Wellbeing and CCOs <ul style="list-style-type: none"> CCO governance, economic wellbeing & funding 	<ul style="list-style-type: none"> Risk Management Maturity Assessment Professional memberships, development & training Quality checks, reconciliation, and reporting processes Research and evaluation quality methodology Standing order guidelines Annual legislative compliance attestation CCO governance & reporting 	<ul style="list-style-type: none"> Privacy management 2021-22) Project Assurance – Elections and Transition Readiness Assessment (2018-19) Organisational Policies (2016-17) Complaints Resolution (2015-16) Consultation & Engagement and consultation (2015-16) Elections 2016 Assurance Review (2016-17) 	<ul style="list-style-type: none"> Organisational internal controls assessment (audit) Internal policy governance framework (advisory) Legislative compliance annual attestation (advisory) Gifts received (integrity) Protected disclosures monitoring & investigations (integrity) 	<ul style="list-style-type: none"> Business planning: Integration and alignment of strategy, business planning, financial budgeting and performance reporting Performance reporting: adequacy of quality controls over performance measures and reporting process CCO governance and monitoring 	<ul style="list-style-type: none"> Ombudsman determinations Office of the Privacy Commissioner investigations

HEALTH, SAFETY AND SECURITY (PERFORMANCE) REPORT

Kōrero taunaki | Summary of considerations

Purpose

1. This report to Kāwai Māhirahira | Audit and Risk Subcommittee to review the Council's health and safety performance for the period 1 January 2022 to 31 March 2022.

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

Outline relevant previous decisions that pertain to the material being considered in this paper.

Financial considerations

- | | | |
|------------------------------|--|---|
| <input type="checkbox"/> Nil | <input type="checkbox"/> Budgetary provision in Annual Plan / Long-term Plan | <input type="checkbox"/> Unbudgeted \$X |
|------------------------------|--|---|

Risk

- | | | | |
|------------------------------|---------------------------------|-------------------------------|----------------------------------|
| <input type="checkbox"/> Low | <input type="checkbox"/> Medium | <input type="checkbox"/> High | <input type="checkbox"/> Extreme |
|------------------------------|---------------------------------|-------------------------------|----------------------------------|

Authors	Wendi Henderson, Health, Safety & Security Manager Thomas Fowler, Principal Advisor Health & Safety Services
Authoriser	Meredith Blackler, Chief People and Culture Officer

Taunakitanga | Officers' Recommendations

Officers recommend the following motion

That the Kāwai Māhirahira | Audit and Risk Subcommittee:

- 1) Receive the information.
- 2) Recommend to the Pūroro Tahua – Finance Performance Committee to receive the information on 19 May 2022.

Whakarāpopoto | Executive Summary

2. The Report provides information that aligns with the Officer 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.
3. This report comprises qualitative commentary on activities that have occurred in the last four months, and are presented in three categories:
 - Risks
 - Relationships
 - Resources.
4. The dashboard reporting (attachment 1) provides quantitative leading and lagging indicators to measure health and safety performance within Council.
5. 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

6. Not Applicable.

Kōrerorero | Discussion

7. The Council's Health, Safety and Security Team focusses on the Council's top nine priority hazard/risk controls, as presented to the Finance, Audit and Risk Subcommittee previously. The top nine risks are shown below and defined by potential consequence and likelihood.

#	Risk
1	Personal Confrontation
2	Vehicle Traffic Mobile Equipment

3	Health and Impairment
4	Asset Failure
5	Work Related Health Hazards
6	Natural Events
7	Work with or in the Vicinity of Services
8	Work at Height
9	Ignition Sources

Specific Areas of Risk

8. The following summarises key pieces of work that have occurred in the last three months as the Council continue to manage the risks associated with specific hazard categories. This work is both good health and safety practice and assists the Council to meet our legal obligations under the HSWA and Local Government Act 2002 (good employer).

Health and Safety Management System Update

9. Work continues to procure a new Health and Safety Management System, with the project currently tracking on time for an implementation in October 2022.
10. Since the last reporting period, presentations have been made by the four shortlisted suppliers. Additional detail has been requested from two suppliers to assist with decision making. A decision is expected in May.
11. Once a decision has been reached, the project will move into the discovery and pre-implementation phase where the Council will work with the supplier to appropriately set up and configure the system.

Protest Response

12. The Parliament Protest necessitated an increased response from the HS&S Team
- Council sites closest to the event and liable for impact were reviewed with increased Security measures implemented at those sites as recommended.
 - Additional Security resources were sourced to patrol at risk sites (e.g., Katherine Mansfield Park, Waterfront).
 - Members of the HS&S Team joined the Protest Management Team to provide ongoing advice and support.

COVID Response

13. On 6 April 2022, the Council confirmed that from 12.01am Friday 8 April vaccine passes would no longer be required at public-facing facilities and all roles previously identified in the COVID-19 Vaccination Policy would be removed.
14. QR codes remain visible in most sites for members of the public who wish to continue recording their movements in the NZ COVID Tracer App, but scanning is no longer mandatory.
15. These changes were made taking into consideration changes to the COVID Protection Framework, updated public health advice, findings of an independent review, an internal risk assessment, consultation with staff, unions and feedback from the community.

16. A range of infection prevention controls remain in place to protect staff and customers, namely the use of surgical or N95 masks, capacity restrictions (under red), hygiene measures, and physical distancing where practicable.
17. There continues to be a diminishing number of COVID-19 cases in the Council workforce, with no indication of widespread transmission within the workplace.
18. Staff who had previously been predominantly working from home have steadily begun returning to offices now that Wellington has passed its Omicron peak and the risk is decreased. Controls remain in place to protect those working in the office and for staff at higher risk of severe illness from COVID-19.

Provision of Security Services

19. During October 2021, a request for proposals (RFP) for the Provision of Security Services was released as an open tender. This was due to the existing contract expiring and the requirement to test the market, as per Procurement guidelines.
20. Tenders closed on 18 November 2021 and evaluations took place prior to Christmas. Negotiations with the successful supplier are ongoing and progressing well with an expected start date of 1 May. Further information will be provided in the next reporting period.

Security review of Level 8 and 16 of Tahiwī 113 The Terrace

21. A review of levels 8 and 16 of Tahiwī, 113 The Terrace, has commenced, which will produce recommendations for physical changes on each floor to increase security.
22. Technicians visited each floor in late April to scope potential modifications and are now working on producing costs and engineering requirements.
23. Proposed modifications will be presented to the Security Reference Group in June for review before being endorsed and sent to the Executive Leadership Team for decision.
24. In parallel, the Standard Operating Procedures (SOPs) for Elected Official Meetings, with reference to disruptive activity, aggressive behaviour or Threats of Violence/Violent Attendees, are being reviewed and re-documented to identify any changes required and reclarifying processes where needed.

Incident Investigations

25. Three incidents reported were rated as high or extreme risk in this reporting period. These incidents are detailed in section 5 of the Health and Safety Performance Report. Each are under investigation by management.

Local Government Official Information and Meetings Act 1987 (LGOIMA)

26. The Health, Safety & Security team were required to provide information for nine (9) LGOIMA requests which were received in this reporting period. The types of information requested related to;
 - Vaccine Passports and Mandates
 - COVID capacity limits
 - Health and Safety Risk Assessments (Covid)
 - CCTV Cameras (surveillance of public outdoor spaces)

Relationships

27. The Council has several external relationships to support its best practice, knowledge uplift and collaboration. In this reporting period, the following interactions were undertaken:

- Local Government: Connections with other local authorities, especially during various stages of the COVID response have been utilised to ensure consistency with the region's approach and enabled information sharing.
- Taituarā (previously SOLGM) have provided significant information and guidance to Councils during the COVID response.
- Health & Safety Specialist Consultant – facilitated a workshop with elected members.

Resources

Health, Safety and Security Structure Review - Update

28. Recruitment is almost complete for the additional roles to increase the Health, Safety and Security Business Unit to support the Council's health, safety and security maturity uplift and reduction of risk exposure to the organisation's business groups. The model of Health, Safety & Security Business Partnering has been implemented and business partners have started working closely with business units. We have recruited a Senior Security Advisor who starts in April along with a Security Systems Advisor.

Mental Health and Wellbeing

29. Our Wellbeing programme (Being Well at WCC) continues to provide support for our staff, teams, and leaders. In March we focused on supporting mental wellbeing, in response to feedback we received from staff about levels of anxiety in respect to the changes to the COVID protection framework made by the Government. To provide fact and evidence-based information about COVID 19 we engaged Dr Siouxsie Wiles again to:

- Assist our staff to understand Omicron and how COVID-19 variants evolve,
- Dispel common myths/misinformation surrounding COVID-19, particularly those commonly used by anti-vaccine/anti-mandate protestors, and
- Help our staff identify things they can do to help keep themselves safe including the importance of booster shots.

30. This popular webinar had 360 live attendees from WCC and a range of CCOs including: Wellington NZ, Experience Wellington, and Zealandia. The recording was sent to our CCO network and is available to WCC staff through our Being Well at WCC resources hub. Since the recording was loaded, we have had an additional 62 views.

31. Resources were also created to provide practical ideas and support for staff to manage their anxiety using brain-based psychology collated by our internal organisational psychologist and tools from our resilience provider Mal Winnie. A team activity for leaders was also promoted based on the circles of concern, influence, and control to support open and constructive conversations in teams about how to manage things that were concerning for them.

32. The outcome of our entry into the Taituarā Local Government excellence awards for our Being Well at WCC programme is likely to be announced in mid-May.

Elected Members' Due Diligence

33. The information below demonstrates elected members' performance against due diligence actions for the 3-month period 1 January 2022 to 31st March 2022.
34. Legislative Due Diligence Requirement:
- Acquire and keep up to date with knowledge of work health and safety matters
 - Understand nature of operations and hazards and associated risks
 - Appropriate resources and processes to eliminate or minimise risks
 - Appropriate resources to receive and consider information
 - Verify provision and use of resources and processes
 - Have processes for compliance with duty or obligation under the HSWA (2015).

Due Diligence	Actual
Attend one health and safety leadership induction workshop(s) per annum, (e.g., Business Leaders forum; 'Leading Safety' refresher; public Health & Safety Seminars)	None during this reporting period. The most recent elected member workshop was in April 2022 on due diligence obligations. This was facilitated by Emma Brookes, Health and Safety Consultant - PBS Solutions. Present: Cr Pannett, DM Free, Cr Day, Cr Foon, Cr Condie, Cr O'Neill, Cr Fitzsimons, Cr Calvert, Mayor Foster, Chair ARS – Mr Robertson.
Participate in site/workplace safety observations with an ELT Member	We had three ELT safety observations completed during quarter three. Present: N/A
Oversight of Health and Safety Climate survey findings and results	The biennial Health & Safety Climate survey was last undertaken in November 2020 and reported to HSSG (<i>next scheduled for 2022</i>).
Receive and review health and safety information on Council health and safety performance through Council's health and safety reporting framework	The most recent reports presented to FARS and CSC are for the periods: 1 Sept 2021 – 31 st Dec 2021 1 May 2021 - 31 August 2021 1 January 2021 – 30 April 2021 1 July 2020 – 31 December 2020 1 July 2019 to 30 June 2020 (annual report).
Have oversight of Council's Hazard and Risk Register through annual review process	Council have nine critical risk categories and 20 other risk categories.

Ngā mahinga e whai ake nei | Next actions

7. Not Applicable.

Attachments

Attachment 1. HS&S Periodic Report - Jan 1st 2022 - March 31st 2022

Health, Safety & Security Performance

Reporting Period 1 January 2022 – 31 March 2022

Wellington City Council (WCC) has a responsibility to regularly monitor its Health and Safety (H&S) performance to ensure it is on track to meet both its related Policy expectations and H&S 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: Leading indicators

Leading indicators involve precursors that may lead to an accident, injury, or disease. They focus on improving health and safety performance and reducing the probability of serious accidents. They can be used to monitor the effectiveness of the health and safety management system before accidents, incidents and failures happen and work towards preventing or controlling their occurrence. Leading indicators are typically specific and linked to an aspect of the H&S management system.

1.1 Leading indicators

Metric	Reporting Period	Same period last year	FYTD
# of health and safety representatives (HSR)	125	109	125
# of representatives trained (HSR) during period	7	0	39
# of leaders trained Health and Safety during period	9	0	23
# of physical first aiders trained (SSW Coordinated)	0	0	0
# of mental health first aiders trained	0	36	9
# of workers trained on personal confrontation (full day)	18	0	40
# of worker trained on resilience (full day)	29	0	50
# of health and safety heroes	0	0	0
# of elected member workplace engagements	0	4	0
# of executive member workplace engagements	3	8	12
# of random drug and alcohol Test - pass	21	35	67
# of random drug and alcohol Test - fail	0	0	1
# of early intervention physiotherapy (mirimiri) sessions	0	0	0
# of early intervention physiotherapy (European method) sessions	8	24	23
# of employee assistance programme hours	239.50	176.5	384

Points to highlight

Course numbers have been restricted due to COVID, but work has been done to take training online

While we will see some residual impact of training not being available online. Now that our providers have been set up to deliver virtually, we should see an increase in training uptake for the next reporting period.

As part of the Covid response, the wellbeing programme has provided an alternative for staff over and above the historic option of EAP (Employee Assistance Programme) for support. We have experienced high uptake to the wellbeing webinars by staff during the reporting period – most recently a second webinar by Dr Siouxsie Wiles talking through the COVID-19 data, global context, insights and potential future; which was attended by over 400 live participants (including some from the CCOs).

1.2 Critical risk observations

Critical risk observations provide a key opportunity to engage with teams to understand how a specific critical risk is being managed, control measures that require strengthening and the overall level of assurance that the risk is being managed effectively.

Ongoing COVID-19 restrictions and team reprioritisations meant only two critical risk observations were possible during this reporting period – both at Te Matapihi.

Both observations did not surface any significant risks which weren't being actively mitigated.

1.3 Near miss incident risk break down

Severity	Extreme	High	Moderate	Low
Near miss incidents	0	6	23	206

Related definition: any incident that did not harm people or damage assets or the environment but, in different circumstances, could have done so. *These events are included within section 5 below.

Points to highlight

The large proportion of low impact risk near miss incidents show the effectiveness of our existing controls. This gives assurance that should the incident actualise, the outcome would be less significant.

Health, Safety & Security Performance

Section 2: Lagging indicators

Lagging indicators measure loss events that have already occurred. They quantify WCC's H&S performance in terms of past incident statistics (numbers of incidents, reported accidents, incidences of disease or failures of systems). We use these indicators to measure the outcomes of WCC's management of H&S. 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 Lagging Indicators

Metric	Reporting Period 1 January 2022 – 31 March 2022	Same period last year 1 January 2021 – 31 March 2021	FYTD
# work related ACC injury claims	9	21	54
# non-work related Well NZ managed claims	4	2	8
Claim costs to date	\$923.32	\$32,531.98	\$25,338.09
Number of workdays lost	2	92.84	86.78
Average delay in incident reporting (days)	5.61	4.60	5.9
# Personal Confrontation (#1 Critical Risk) incidents	178	128	613
# non-negative drugs & alcohol tests	0	0	1
# health exposure tests with results over thresholds	0	0	1
# bans issued	7	12	17
# trespass notices issued	0	1	12
# incidents reported to Police	23	30	79

Points to highlight

Of the nine claims, six have been finalised. Three claims are still pending and will not be fully reflected in the costs for this reporting period.

The higher value in claims costs for the same period last year is reflective of a single significant claim of over \$17,000 for that period. This claim is ongoing.

Equally, we witnessed less cost significant claims (and total claims) for this reporting period compared to the last.

2.2 Reported injury incidents risk breakdown

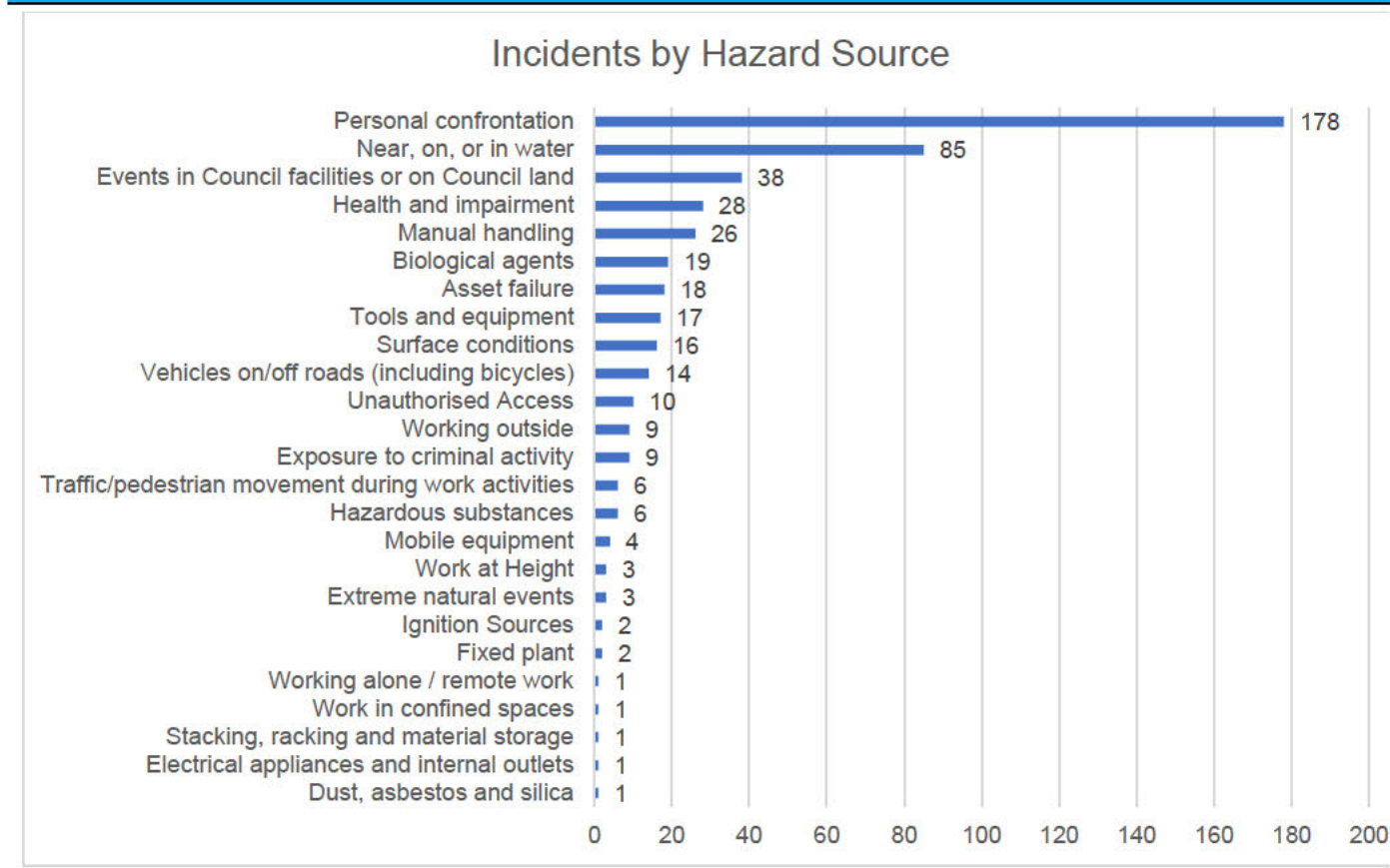
Severity	Extreme	High	Moderate	Low
Injury events (FA, MT, NE/LTI)	0	4	21	295

Definitions: FA = first aid injury, MT = medical. NE/LTI = notifiable event/lost time injury.

Points to highlight

The larger proportion of low-risk events demonstrates the effectiveness of controls in place.

2.3 Report injury incidents by hazard source



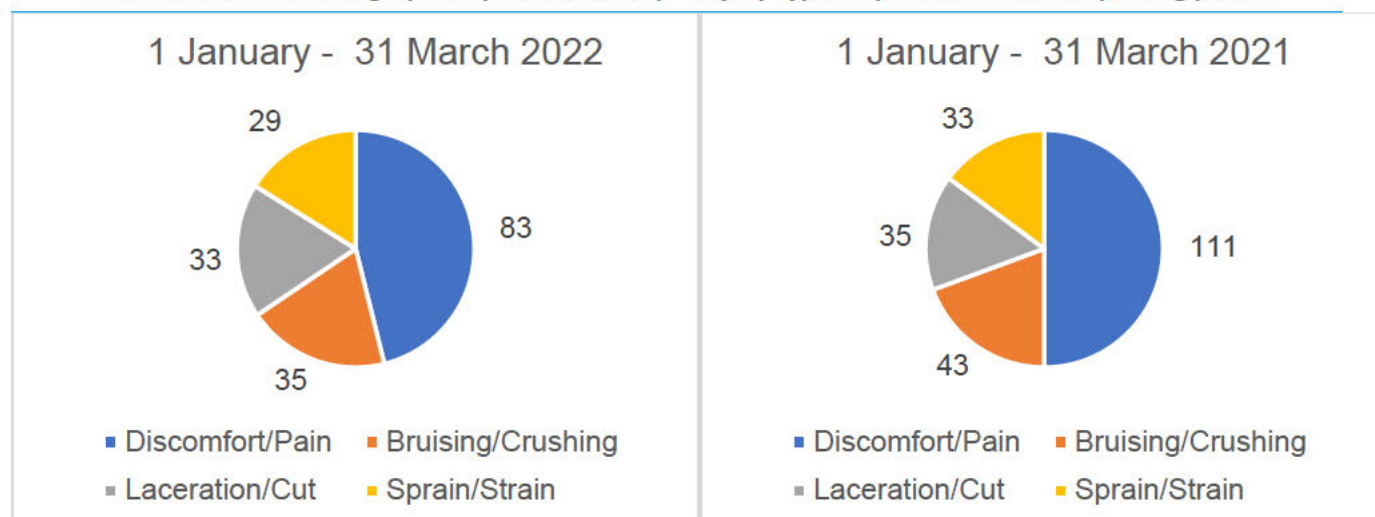
Points to highlight

Personal confrontation remains WCC's top hazard and is consistent with previous reporting periods.

2.4 Reported injury type breakdown (top 4)

(Percentage of total worker injuries reported)






Please note, the below graphs represent the top 4 injury types reported over the reporting period



Points to highlight

Discomfort and pain remain the top injury type reported on for this reporting period. Early reporting of pain and discomfort is encouraged as it presents an opportunity for staff to receive early intervention treatment before the discomfort or pain become more significant (and costly) or lead to an injury. It is important to note the reduced number of reports across all four categories for this reporting period compared to last.

2.5 Role Type Incident Report Breakdown

Role type	Reporting period		Same period last year	
 Worker	NM	74	NM	80
	FA	68	FA	67
	MT	20	MT	38
	NE/LTI	0	NE/LTI	0
 Public	NM	150	NM	127
	FA	186	FA	184
	MT	35	MT	24
	NE/LTI	0	NE/LTI	0
 Tenant	NM	1	NM	0
	FA	1	FA	0
	MT	1	MT	0
	NE/LTI	0	NE/LTI	0
 Contractor	NM	10	NM	22
	FA	6	FA	5
	MT	4	MT	4
	NE/LTI	0	NE/LTI	1
 Volunteer	NM	0	NM	0
	FA	0	FA	0
	MT	0	MT	0
	NE/LTI	0	NE/LTI	0

Related definitions: NM = near miss, FA = first aid injury, MT = medical.
NE/LTI = notifiable event/lost time injury.

Points to highlight

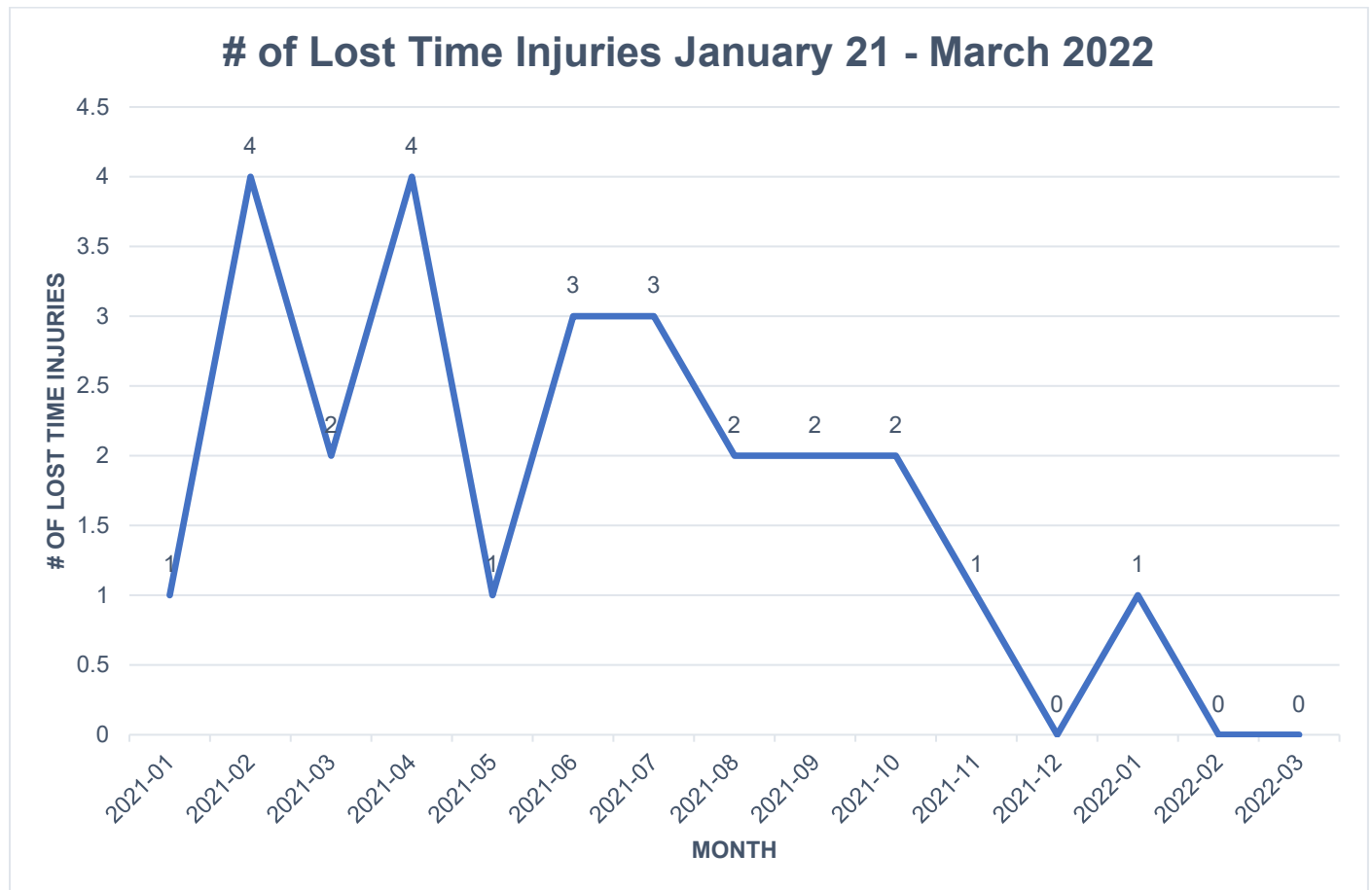
Numbers are similar across all metrics, with a general trend downwards for WCC workers and contractors.

Section 3: Graph indicators – lost time injuries, near miss reporting and employee assistance programme usage.

3.1 Lost Time Injuries

The following graph shows the number of lost time injuries per month by employees (excluding contractors) for the reporting period 1 January 2021 – March 2022.

A **lost time injury (LTI)** is an event that results in a fatality, permanent disability, or time lost from work. It could be as little as one day or a shift off work being lost, or months of rehabilitation. It can arise from a small incident, like a paper cut, or from a notifiable event such as a fall from height.

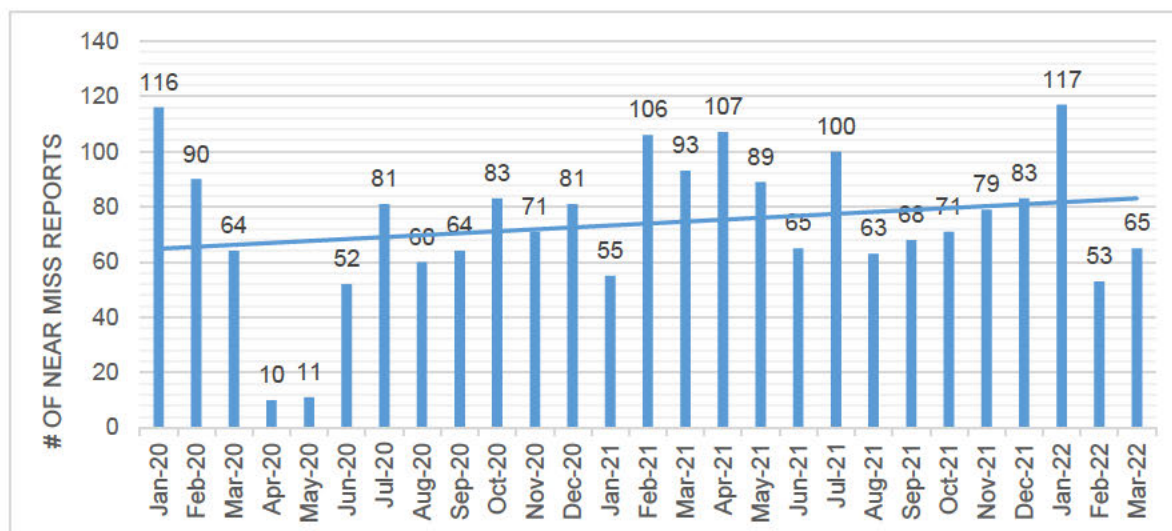


Points to highlight

We continue to see a downward trend in loss time injuries.

3.2 Near Miss Reporting

The following shows near misses reported for the reporting period 1 January 2020 – 31 March 2022. A **near miss** is an unplanned event that did not result in injury, illness, or damage – but had the potential to do so. Collecting near-miss reports helps create a culture that seeks to identify and control hazards, which will reduce risks and the potential for harm.

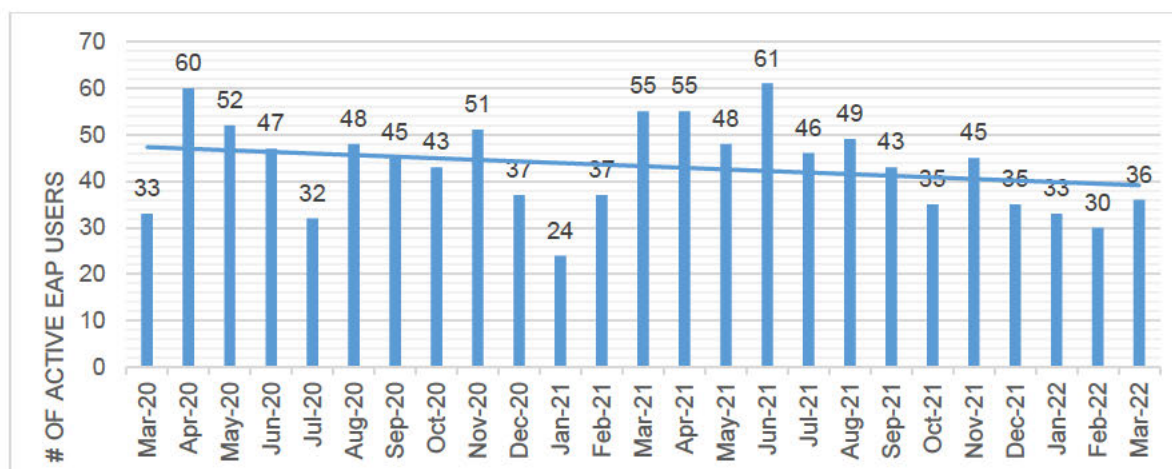


Points to highlight

We continue to record an upward trend of near miss reporting, a good sign that ongoing work with Business Units to capture their near misses is having an impact. You will see for the months of February and March 2022 that there were less near misses reported than that of January 2022 – this can be attributed to the large percentage of staff who have been working remotely during this period.

3.3 Employee Assistance Programme (EAP) Usage

The following shows the total number of active EAP users for the reporting period 1 January 2020 – 31 December 2021.



Points to highlight

There continues to be a consistent use of EAP across the Council – more work will need to be done in 2022 to increase the use of EAP, as it currently appears to be underutilised as a service (and on a downward trend). This will be done in line with the overall wellbeing programme for the Council.

Section 4: Information Sources:

- Data pulled from Risk Manager reporting system (internal), EAP provider reporting, WellNZ third party injury management provider.

Section 5: Serious Incidents (including high potential near misses)

A serious incident is an event that has resulted in or had the potential to result to cause serious harm via illness, injury (or both).
Key for acronyms: KPI - Key Person Involved; MOP - Member of Public; LG - Life Guard; DM - Duty Manager; OP - Operations Manager; PO - Parking officer

Date of Incident	Business Group/Team	Location	#	Brief Details of Incident/ High Potential Incident	Corrective Action	Corrective Action Status	Critical Risk (Nasty Nine)	High Potential
17/03/2022	Customer and Community Community Services Hapai Ake	Kai Upoko Level 10	1268405	<p>While staff member gathering evidence for repeated busking violations by recording on mobile phone, subject in question has assaulted staff member by punching - connecting with forearm.</p> <p>Immediate Actions Taken.</p> <p>Informed other staff members likely to come into contact with subject - Noise Control, Licensing/Busking and Hapai Ake. Report to Police and statement completed.</p>	WCC legal team are working on trespassing busker from the Waterfront Hapai Ake team not to engage with Busker but assess from a distance Manager to meet with Police Leadership to discuss further action	Simple investigation completed some actions still underway	Personal confrontation	Yes
18/2/2022	Customer and Community Parking Services	Molesworth St	1264406	<p>Parking Officers had begun to enforce the vehicles in the street, one of the challenges that faced was that the Police were too few to safety watch them while dealing with protestors. Parking officer had his back turned and was shoved away by the driver of [REDACTED] He shouted at me get away from his vehicle. One of the Police Officers let r know what had happened and she went straight to the male to diffuse the situation.</p> <p>Parking Officers continued moving from Hill Street/ CNR of Molesworth down to Kate Sheppard, at multiple times having to stop because of the protestors beginning to form human walls to provide them from moving further. They had to rely on Police to move forward and follow them in a line.</p> <p>Enforcement became impossible for some vehicles as the protestors who started to body block the VIN number and/ or the License plate and rego. Police had to step in to draw attention away from Officers/ directly engage with protestors who were becoming to enraged.</p>	<p>The police had insufficient numbers to support the ticketing function in and around Parliament.</p> <p>This has been immediately addressed by senior Parking Management and it will continue to be monitored very closely.</p> <p>Recommendations</p> <ul style="list-style-type: none">- Ensure Field supervisor is satisfied with Police to WCC staff ratio on the day.- all staff are clear what to do if things get out of hand- Debrief with Police over any concerns.	Awaiting review	Personal confrontation	Yes



13/01/2022	Customer and Community City Housing	Duncan Terrace	1258004	Visited [REDACTED] as previously arranged. We knocked on the door, the tenant came up and opened the door. He was unhappy about us being there. The stench coming from the flat was very strong. Tenant walked away towards the living area allowing access in a rude manner. I asked him to come back towards the door and discuss with us that the smell had to be addressed. He shouted "no! fuck off" and slammed the door in my face. [REDACTED] left the building	Reported it to direct manager [REDACTED] and completed Risk Manager Reported it to direct manager [REDACTED] and completed Risk Manager	Closed	Personal confrontation	Yes
17/01/2022	Customer and Community Parks, Sport and Recreation	Botanical Gardens	1258792	A sound cable was fed through the hedge from summer city. I couldn't see it and it was cut with a hedge trimmer while trimming the hedge. There was another power cable (also fed through the hedge) beside it, if this was cut there was potential for harm.	Reported to Risk Manager	Closed	Working in the vicinity of services	Yes
16/01/2022	Customer and community PSR	Khandallah Pool	1259270	A large amount of visitors descended upon Khandallah pool around 2:30-3:00 pm. Roughly 80-90 people entered the pool, which was too much for the 3 lifeguards on duty	(team leader) was contacted. Lifeguard in charge stopped admitting more people into the pool, put up signs on the front gate stating that the pool had hit capacity, and administered a "1 in, 1 out" policy in order to prevent an increase in visitor numbers.	Awaiting Managers Update	N/A	Yes
28/12/2021	Customer and Community PSR	Freyberg Pool & Fitness Centre	1256862	LG1, LG2 and LG3 left Freyberg pool at 6.10pm. LG1 gave LG3 a ride. MOP pulled into the Fryberg carpark and then proceeded to follow behind LG1 car (LG3 and LG1 in car together) LG1 changed lanes and realised MOP was following LG3 and LG1 LG1 rang the police and LG3 rang OM. MOP proceeded to tailgate us throughout Wellington CBD. He ran a red light to follow them and screamed abuse at them. He turned off when they got nearer to the police station. LG1 and LG3 explained what was happening to the police and gave official statements to them.	Dialled 111 (Police) Gave official Police statements, every road they went through etc Spoke to OM	Awaiting Managers Update	Personal Confrontation	Yes

20/01/2022	Customer and Community Parking Services	Kai Upoko	1259210	<p>Parking Resolutions Staff members full name / email address must be private, we are treated the same as Parking Officers, however Contact Centre staff member has released KPI's full/firstname (and he uses his middle name due to 1st name being so unusual) and email address. This is the 2nd time this has happened in approx 6 months.</p>	<p>Contacted the customer - advised what had happened, and asked him to send me info on exactly who released the info, he was very understanding and at this stage, doesn't appear to be of any concern</p> <p>Emailed, Management to advise</p> <p>Have now received info from customer, so forwarding to TL to follow up, confirm it was aCC staff member (and not passed to anyone else in the Council) and then look at actions that will be need to ensure this doesn't happen again.</p>	Awaiting simple investigation	Personal confrontation	yes
18/02/2022	Customer and Community Parking services	Parliament	1264406	<p>I volunteered to be one of Parking Officers to take part in the enforcement for the Protesters today.</p> <p>We journeyed to the Parliament grounds and wait about half and hour for Police to escort us to Molesworth Street to begun ticketing.</p> <p>We numbered 6 Parking Wardens in total, when the Police arrived there were only 5 Police Officers that would escort us through Molesworth street.</p> <p>We decided that one group of 3 Parking Officers, would go with two Police officers and the other group of three would go with the other group of three Police Officers.</p> <p>Once we got to Molesworth the protestors clustered around us, there were some who tried to remind the other protestors that it was a peaceful protest, they looked to be leaders for some groups of the protestors in the area. However most choose to be confrontation towards us.</p> <p>We begun to enforce the vehicles in the street, one of the challenges that we faced that the Police we too few to safety watch us, while dealing with protestors. I had my back turn andwas shovedaway by the driver of [REDACTED]. He shouted at me get away from hisvehicle, I had to go up to one of the Police Officers and let her know what had happened, she went straight to the male to diffuse the situation to which she did.</p> <p>We continued moving from Hill Street/ CNR of Molesworth down to Kate Sheppard, at multiple times we did have to stop because of the protestors beginning to form human walls to provide us from moving further. I have volunteered to be apart of this enforcement action in past on the 15/2/2022 when we went through Stout/Bunny and finishing at Lambton Quay bus interchange. Comparing the two, today was much worse in terms of behaviour from the protestors, being physically confrontation. Im thankful for the Police who were with us as they helped the situation from escalating, however I did still get pushed from behind that went unnoticed from the Police presence today.</p> <p>If we continue to with this enforcement at Parliament, we would need greater numbers of Police, the first group to observe the crowd, the second on watch to ensure that none of the protestors get too close.</p>	<p>We had to rely on Police to move forward and follow them in a line.</p> <p>Enforcement become impossible for some vehicle as the protestors who started to body block the VIN number and or the License plate and rego. Police had to step in to draw attention away from us/ directly engage with protestors who were becoming to enraged.</p> <p>Once we continued down to Molesworth to Kate Sheppard, Chris Tchernegovski made the call that we would leave through Kate Sheppard, continuing up Mulgrave, through Aitken to Parliament to leave using our work vehicles.</p>	Awaiting review	Personal confrontation	yes

18/02/2022	Customer and community PSR	Botanic gardens	1264420	KPI had paused the tractor while waiting for KIP1 to leave the loading bay with the RG tractor and trailer. The tractor was facing the stream. KPI2 was waiting in the truck to my left, as we were loading the truck with green waste. When KPI1 had left the area, KPI went to reverse back in to the yard and instead of pressing the right reverse pedal, KPI pressed the left forward pedal, causing the tractor to move forward approx 0.5m and hit the fence before the stream.	Reversed tractor away from the fence, assessed damage, phoned OM to report incident.	Awaiting manager update	Vehicles, traffic, and mobile equipment	yes
12/03/2022	Customer and Community Parking services	Footpaths or roads	1267492	Myself () was called to a complaint at Victoria St for Footpath. There were four vehicles parked outside civic centre and . I was ticketing the first rego when I noticed a sticker related to the protest down a parliament. I rang comms and advised them, they said they have called back up and for me to wait for them. shortly arrived and helped me finishing ticketing the rest of the vehicles during which two guys from the protest came up to us and was asking a question about something I wasn't too sure about but I think the answer I gave them was fine cause they left saying thank you. We then crossed the road after ticketing and someone yelled at us from across the road. They looked very angry so I said we should just keep walking and hope they don't follow us. Unfortunately this didn't work and the guy crossed over saying something I couldn't understand so I said what and he said what do you mean what I replied what's the problem he said you ticketed my car we've been parked here all day I said we aren't going to talk to you if you're angry like this which he either didn't hear or ignored. I explained it was a footpath and there was a complaint about it he asked how much I said \$40. At some point he was walking towards me like he going to hit or push me but I activated a code red which was heard on RT which scared him off and he left us alone. We walked away and waited for to come pick us up and take us back to base.	Activated camera and code red picked us up and we returned to base wrote an incident report	Awaiting simple investigation	Personal confrontation	yes
2/03/2022	Customer and community PSR	Botanic Gardens	1269263	VENTIA have logged a hazard identifying that there are no satisfactory fall arrest anchor point on the Treehouse roofs	Asset Manager has searched the files and found PIB anchor certification for the roof above the toilet block. No records have been found for the top roof. A staticline and running lanyard system using fixed structures has been used previously VENTIA has advised they are suspending any roof based maintenance until resolved	Awaiting closure	Working at height	yes
6/03/2022	Customer and community PSR	Khandallah Pool	1269218	Pieces of metal panels falling off roof	Cleared cars from laneway Closed off laneway Called fire department	Awaiting managers update	Asset Failure	yes

DRAFT 2021/22 ANNUAL REPORT FORMAT INCLUDING FINANCIAL STATEMENTS AND PROPOSED SIGN-OFF PROCESS

Kōrero taunaki | Summary of considerations

Purpose

1. This report to Kāwai Māhirahira | Audit and Risk Subcommittee asks that the Subcommittee agree to the broad approach to the Council's 2021/22 Annual Report and Summary Annual Report structure, including the format and disclosures for the Financial Statements.

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

- | | | |
|---|--|---|
| <input checked="" type="checkbox"/> Nil | <input type="checkbox"/> Budgetary provision in Annual Plan / Long-term Plan | <input type="checkbox"/> Unbudgeted \$X |
|---|--|---|

Risk

- | | | | |
|------------------------------|---------------------------------|-------------------------------|----------------------------------|
| <input type="checkbox"/> Low | <input type="checkbox"/> Medium | <input type="checkbox"/> High | <input type="checkbox"/> Extreme |
|------------------------------|---------------------------------|-------------------------------|----------------------------------|

2. A focused, resourced and well-managed Audit process operating within scope is a significant driver of delivering the AR efficiently, in-full and on time. AuditNZ have constrained audit capacity and to address this they have indicated that they will implement tighter processes management from their end. Close Audit relationship management will be important in ensuring that this occurs and Audit activities are delivered within scope. This has been a key focus in agreeing both the audit timeline and, how the collective management of the Audit will proceed. The aim of this is to limit iterations of the Audit review.
3. Other audit related risks to manage include:
 - uncertainty on the audit approach to the non-financial aspects of the COVID impact

-
- ongoing delay on the auditor's opinion on Wellington Water's KPIs; and
 - auditors proof reading and editing the document and changes in the Audit team during the audit.
4. The overall impact of these issues has in the past been escalating rework of the report as the audit proceeded.
 5. The 2021-22 Annual Report will include the ongoing impact of the pandemic on the Council's performance. While this is expected to be in less detail than previously Audit will have a significant influence over what is covered which means early clarity on how Audit will approach this is essential.

Authors	Matthew Deng, Senior Advisor Joy Volkerling, Senior Advisor, Planning & Reporting Bronwen Green, Senior Advisor, Planning and Reporting Geoffrey Coe, Principal Advisor Corporate Planning Annemarie Booth, T/L Financial Accounting Lloyd Jowsey, Team Leader, Planning and Reporting Raina Kereama, Team Leader, Financial Planning
Authoriser	Baz Kaufman, Manager Strategy and Research Sara Hay, Chief Financial Officer Stephen McArthur, Chief Strategy & Governance Officer

Taunakitanga | Officers' Recommendations

Officers recommend the following motion

That the Kāwai Māhirahira | Audit and Risk Subcommittee:

- 1) Receive the information.
- 2) Note the approach and structure for the 2021/22 Annual Report (and Summary Annual Report) is similar to the 2020/21 Annual Report. This is subject to:
 - a. The key themes and final performance story for actual full year results; and
 - b. The key messages for the summary story for the year.
- 3) Note the Audit Plan for the year ending 30 June 2022.
- 4) Approve the proposed format and disclosures for the 2021/22 financial statements subject to:
 - a) Consideration of the implications of any changes in NZ GAAP arising up to 30 June 2022 which may be required to be applied retrospectively; and
 - b) The determination and disclosure of the results of operations, cash-flows and financial position for the year ending 30 June 2022 (and any subsequent impact on the notes to the financial statements); and
 - c) Receiving final clearance from Audit New Zealand.
- 5) Approve the sign-off process and timetable for the 2021/22 financial statements.

Whakarāpopoto | Executive Summary

6. The aim is to efficiently deliver a concise, readable, and compliant AR, with layout and presentation largely unchanged from previous year, including:
 - Structure and content: A simplified front-end summary including a short and visual overview of financial and non-financial performance.
 - Aligned with our strategic framework in the 2021-31 LTP
 - Publication in two volumes with a common look and feel i.e., Volume 1 overview and performance in our strategic activity areas, and Volume 2 detailed financial performance; and
 - Covers the requirements for entry into the Australasian Reporting Awards (ARA).

Process & timing:

7. AuditNZ resource constraints have resulted in an adoption date of 15 December 2022 for the final Annual Report. This means the report will not be adopted prior to Local Elections 2022, however the current Council will approve the report on the 29th September.
8. To provide a level of quality assurance for the Audit & Risk Subcommittee, and Council there will be a programme peer-review of both the non-financial and financial content. The Audit plan timings agreed with AuditNZ recognises that the Wellington City Council is one of AuditNZ's priority Councils. This means that AuditNZ have a statutory obligation to complete the audit and provide an opinion by the end of December 2022.
9. The Audit Plan for the year ending 30 June 2022 that includes these timelines is included as Attachment 2.

Management of the audit interface:

10. The following actions support an efficient and on-time delivery of the audit:
- Clarification of audit requirements, one month prior to pre-final audit
 - Ongoing project and relationship management to ensure that the overall audit is delivered within scope; and
 - Preparing the business for input in advance of the audit commencing.

Takenga mai | Background

9. Section 98 of the Local Government Act (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. However, because of the way Covid-19 affected Audit New Zealand's ability to carry out its annual audits in a timely manner Parliament passed a Bill to extend the statutory reporting time frames in the Crown Entities Act 2004 and the Local Government Act 2002 to 31 December. Section 111 of the LGA 2002 requires Council to comply with generally accepted accounting practice (GAAP) in preparing the Annual Report.
10. Council officers propose to prepare the 2021/22 Annual Report for adoption on 15 December 2022. Due to the extended timing of the final Audit and sign-off, and that this year is also an election year, the process has been changed to include both the outgoing Council and Subcommittees as well as the new incoming Council. In order to achieve this timeframe, there will be two workshops with the outgoing subcommittee (open to all Councillors). This will provide Councillors, that have been serving during the financial reporting period, the opportunity to review and provide feedback on the draft Annual Report prior to the Election on 8 October 2022.
11. The timeline includes the last outgoing Finance and Performance Committee meeting of 29 September 2022 (to be scheduled) to recommend the draft 2021/22 Annual Report be adopted by the incoming Council. There will then be a third workshop for the incoming "Committee of the whole" Council to recommend adoption of the final 2021/22 Annual Report.
12. The first workshop on 30 August 2022 focuses on the Council's service performance and summary sections ("summary of our year" and "our performance in detail") of the Annual Report.
13. The second workshop on 30 August 2022 will focus on the financial statements, underlying assumptions and judgements made. The review of the document that is available to Councillors prior to the Election will be at the Audit and Risk Subcommittee meeting of 14 September 2022. They will recommend the outgoing Council accept the draft 2021/22 Annual Report.
14. At the Finance and Performance Committee meeting on 29 September 2022 (yet to be scheduled) the outgoing Council will then recommend, that after the Election, the incoming Council adopt the draft 2021/22 Annual Report subject to certain criteria and audit clearance.
15. The third workshop on 8 December 2022 will focus on any changes that have been made to the Annual Report since the recommendation from the outgoing Council was made. It is the final review available to Councillors prior to adoption on 15 December 2022. They will then recommend adoption of the final 2021/22 Annual Report.

16. To assist in the Annual Report process, a draft template has been prepared for the Subcommittee's review which identifies the proposed financial statement format and disclosures which will be used for the Annual Report.
17. The financial statements template is still to be reviewed by Audit New Zealand. Their feedback will be incorporated into the attached draft financial statements and any material changes will be explained at the Annual Report workshop 30 August 2022.

Kōrerorero | Discussion

Overview of Annual Report and Summary documents

18. The Annual Report will comprise of five sections (plus appendices): Our City, Summary of our year, Our performance in detail, Governance and management and Financial Statements.
19. The Summary Annual Report comprises of an introduction, an overview, highlights of the year of our financial and non-financial performance, an overview of the financial result (with reference to the Financial Statements in the full Annual Report), and independent auditors report.
20. No change is proposed to the Annual Report or the Summary Annual Report structure from the previous (2020/21) Annual Report.
21. The near-final draft of the Annual Report will be circulated at the Annual Report second workshop on 30 August 2022 for feedback.
22. The Summary Annual Report will be made publically available within one month of the adoption of the Annual Report.

Overview of our performance

23. As in the previous year's (2020/21) Annual report, Section 2 provides an overview of our performance. This comprises of:
 - Introductions by the Mayor and Chief Executive, General highlights of the year (interesting facts & figures) summary of what we do, the services we deliver
 - "Summary of our performance" - how we performed during the year, including outcome indicators and key performance measure results against targets, plus high level financial against Strategic areas
 - "Our finances" The "the numbers" - a series of key messages on the Council's financial performance. It will include key headline messages and short explanatory narratives. This will be supported by graphs on revenue, expenditure and capital expenditure as well as an explanation on the "underlying operating result". Also included will be an explanation of how the capital expenditure programme has performed during the 2021/22 year and key influences. Where the money comes from (income) and where the money goes (expenses) and the allocation of rates income.
24. Section three covers "Our performance in detail". This summarises key aspects of non-financial performance for the year in each activity area (Governance, Environment, Economic Development etc). The commentary also includes the year's actual performance against each activity areas key performance indicators (KPIs). The commentary will include case studies to provide a concise non-technical performance story for activity area.
25. The overall aim is to make it easier for the ordinary reader to understand how the Council has performed for the year in non-technical terms.

Report is designed to be a “lift-out” from the full Annual Report (Sections “Our City” and “Summary of our year”). The Summary also contains summarised financial statements. For those who wish to delve into detail, the summary information will reference where the detail can be found in the full Annual Report. The Summary also includes an Independent Auditor’s report.

26. The visual and layout elements of both the full Annual Report and The Summary will support a concise overall performance story and a structure that is intuitive and easily navigated by a variety of audiences. We will continue to use Te reo headings and translations of the Mayor’s and Chief Executive’s Statements.

Overview of Financial Statements

27. The financial overview and financial statements template has been drafted by the Council’s Financial Accounting team.
28. The financial statements have been prepared where possible using plain english explanations but 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.
29. It is important to note that the financial statements template reflects applicable PBE accounting standards as at the date of preparation and any subsequent changes to accounting standards will be updated at the next Subcommittee meeting.
30. These changes in format are subject to Audit NZ review and any changes / recommendations arising from that review will be incorporated into the financial statements to be presented at the workshop 30 August 2022.

Key changes in the financial statements template

31. The attached financial statements template have only had minor editorial changes made and follows the same format and principles of the previous years Annual Report.
32. The impact of proposed new or revised PBE standards will be outlined under a separate paper to the Subcommittee.

Potential Risks

33. Potential risks and areas of AuditNZ interest are identified in the Audit Plan and will be managed through Annual Report development process.
34. Risks relating to the process of developing the Annual Report include:
 - a. Emerging strategic risk of staff capability and capacity that could cause delays to the audit if it places pressure on Audit NZ, other external advisors or valuers. The pressures driving the Resource and Supply risk continue to increase as costs escalate and continuing recruitment challenges for skilled workers. In addition, we are now seeing impacts from “the Great Resignation”. This is being demonstrated through an increase in turnover rates and pandemic-driven changes in workforce attitudes, and remuneration expectations.

Ongoing risk of new Covid variants and staff sickness adding to the delay.
 - b. Providing Audit NZ with Issues papers pre audit but not receiving feedback or responses in a timely manner.
 - c. Previous emphasis of matter areas not yet resolved due to the complex changes required resulting in another year with the same qualification.

- d. The finalisation of the Revaluation of Infrastructure assets could be delayed due to Valuers resource issues identified in point a. above. This has the potential to impact the ability to report our full position within the current timeframe.
 - e. Council has prepared a Fair Value Assessment of Operational Land and Buildings not revalued for 30 June 2022
WCC is engaging with the Valuer to review the assessment and requesting 1 or 2 samples from each category be “revalued” to ensure comfort with our assessment and recommendation.
 - f. Any delay in the finalisation of the Election result could impact the adoption of the Annual Report and risk missing the statutory deadline.
35. There are a number of potential risks and issues that have been identified by Audit NZ in both their management report from the last Annual Report and their current Audit Plan. Our plan to address these risks includes agreeing with Audit what exactly the key issues are before they come into Council for their Interim Audit 27th June. We can then make sure that we have been able to identify what actions have already been taken and if not what the plan is to resolve this issue before the end of the audit visit where possible.

Ngā mahinga e whai ake nei | Next actions

36. On the basis that the Subcommittee has been delegated the primary responsibility for the audit of the Council’s financial statements, a proposed sign-off process and timetable is outlined below.

Date:	Action:
3 May 2022 (scheduled)	<i>Audit and Risk Subcommittee meeting</i> Subcommittee to review and conditionally approve draft format for the 2021/22 Annual Report including financial statements and the proposed sign-off process.
27 June to 15 July 2022 (scheduled)	Audit New Zealand commence combined interim and pre-final audit fieldwork.
30 August 2022 (scheduled)	Workshop 1 - Audit and Risk Subcommittee briefing on performance in detail and issues.
30 August 2022 (scheduled)	Workshop 2 - Audit and Risk Subcommittee briefing on financial results, key judgements, major provisions and issues.
14 September 2022 (scheduled)	<i>Audit and Risk Subcommittee meeting</i> Subcommittee to review draft Annual Report including consolidated draft financial statements, encompassing results of operations and cash-flows for the year ending 30 June 2022, financial position as at 30 June 2022 and financial overview, subject to final Audit New Zealand clearance. Subcommittee to also review Statements of Service Performance including reports on CCOs and mana whenua partnership.

	Subcommittee to recommend acceptance of draft 2021/22 financial statements to outgoing Council and the letter of representation.
29 September 2022 (to be scheduled in Councillors calendars)	<i>Finance and Performance Committee</i> Outgoing Council to recommend draft 2021/22 Annual Report be accepted and adopted by the incoming Council subject to certain criteria and final audit clearance.
3 October 2022 (scheduled)	Final Audit starts
8 October 2022 (scheduled)	Local Body Election
8 December 2022 (scheduled)	<i>Council Briefing</i> Incoming Committee (Council) to review the changes to the draft 2021/22 Annual Report since outgoing Council recommended it be accepted 29 September 2022. Audit New Zealand to provide update as to whether an unqualified, or qualified audit opinion will be issued. To recommend adoption of the final 2021/22 Annual Report.
15 December 2022 (scheduled)	<i>Council meeting</i> Council to adopt 2021/22 Annual Report. Management Letter of Representation issued to Audit New Zealand. Audit New Zealand sign audit opinion. Media release – financial results for the year ending 30 June 2022.
15 January 2023	Release of published Annual Report and Summary Annual Report.

Attachments

- Attachment 1. Draft 2021/22 Financial Statements template
Attachment 2. Audit Plan for year ending 30 June 2022

2021/2022 Annual Report Financial Statements

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Statement of Compliance and Responsibility

Reporting entity

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

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

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

The reported Group figures includes the Council (as defined above), its controlled entities as disclosed in Note 20 (pg XX) and the Council's equity accounted interest in the associates and a joint venture as disclosed in Note 21 (pg XX). A structural diagram of the Council and Group is included on the following page.

Compliance

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

The financial statements have been prepared to comply with Public Sector Public Benefit Entity Accounting Standards (PBE accounting standards) for a Tier 1 entity¹ and were authorised for issue by the Council on 15 December 2022

Responsibility

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

In the opinion of the Council and management, the Annual Report for the year ended 30 June 2022 fairly reflect the financial position, results of operations and service performance achievements of Wellington City Council and Group.



Barbara McKerrow
Chief Executive

Mayor

15 December 2022



Sara Hay
Chief Financial Officer

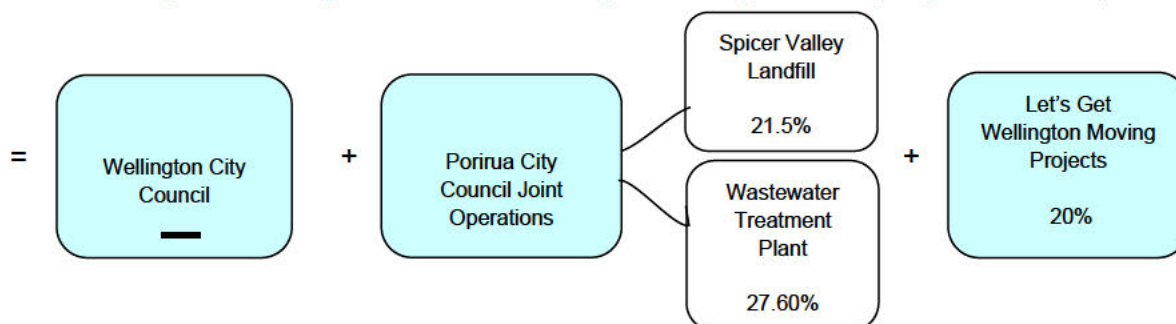
15 December 2022

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

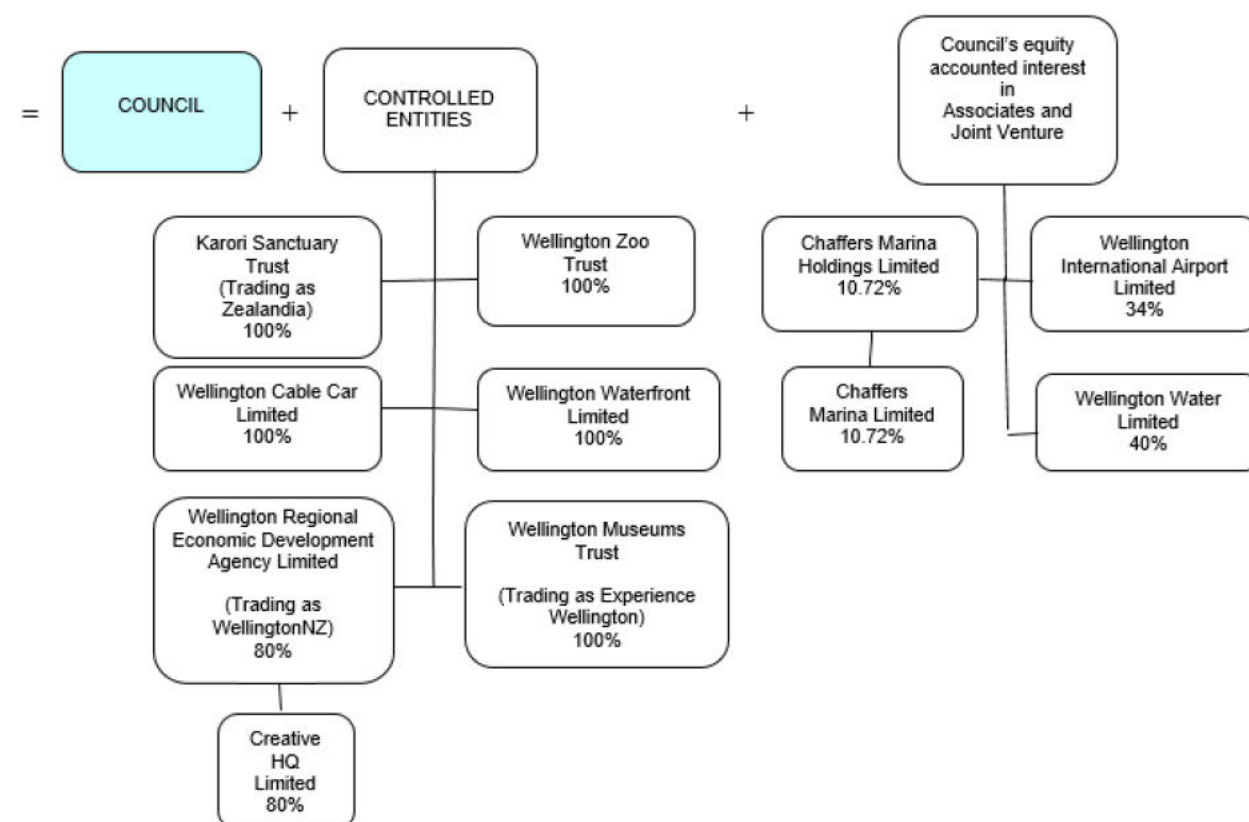
Council and Group Structure

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

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

Associates

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

Council Controlled Organisations

The Council has established several Council Controlled Organisations (CCO's) and Council Controlled Trading Organisations (CCTO's) to help it achieve its goals for Wellington. These organisations were set up to independently manage Council facilities or deliver specific services and developments on behalf of Wellington residents. The performance of each CCO is reported on in Volume 1 of the report in Section 2: Our performance in detail on pg. XX to pg XX. Council has made appointments to other organisations, which make them Council Organisations (as defined in the Local Government Act 2002), but they are not Council controlled or part of the Group.

Other Significant Accounting Policies

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

Basis of preparation

Measurement base

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

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

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

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

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

Exchange and non-exchange transactions

Revenue from exchange transactions

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

Revenue from non-exchange transactions

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

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

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

Approximately equal value

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

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

Change of accounting policies

During the year the accounting policy in relation to the recognition of Zoo animals was changed from holding them at an estimated replacement cost, to being held at nil value. This recognises that Zoo animals are generally not purchased, but rather exchanged as part of breeding programmes to ensure continued existence of species.

Changes to PBE accounting standards

The following new accounting standards have been issued with mandatory effect for the accounting period.

Significant standards, amendments and interpretations issued but not yet effective and not early adopted

Significant standards, amendments and interpretations issued but not yet effective and not early adopted which are relevant to the Group are:

- In January 2017, the XRB also issued *PBE IFRS 9 Financial Instruments* to replace *PBE IPSAS 29 Financial Instruments: Recognition and Measurement*. With an effective date for annual periods beginning on or after 1 January 2021, but with early adoption permitted, the intention is not to adopt at this stage while the effects on Council and the Group are more thoroughly assessed. The main changes under *PBE IFRS 9* are:
 - New financial asset classifications requirements for determining whether an asset is measured at fair value or amortised cost.
 - A new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses.
 - Revised hedge accounting requirements to better reflect the management of risks.
- In March 2019, the XRB issued *PBE IPSAS 41 Financial Instruments*, with an effective date for reporting periods after 1 January 2022. This new standard supersedes most of *PBE IPSAS 29 Financial Instruments: Recognition and Measurement*. *PBE IPSAS 41* also supersedes *PBE IFRS 9 Financial Instruments* above.
- In November 2019, the XRB issued *PBE FRS 48 Service Performance Reporting*, for periods beginning on or after 1 January 2021. 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. An amendment in 2020 has extended the effective date to periods beginning on or after 1 January 2022.

The Council and group have not yet fully assessed the effects of the new standards.

Judgements and estimations

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

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

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

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

Goods and Services Tax (GST)

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

Budget figures

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

Comparatives

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

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

COVID-19 Financial impact

An assessment of the main impacts of COVID-19 on the Council's financial statements for the year ending 30 June 2022 is outlined in *Table 1* below with reference to the relevant Note to the financial statements for more detailed information.

Table 1: COVID-19 Financial impact Assessment

Item	Financial impact	2022 \$000	2021 \$000	2020 \$000	Total \$000	Note
Revenue	Lost revenue for facilities being unable to operate under varying alert levels and uncertain times for planning events, particularly operations of the Wellington Venues facilities.		5,592	13,577		2
Revenue	Wellington International Airport Limited - approximate dividend not declared for distribution, although already not included in the Annual Plan for 2020/21		14,000	-		3
Rates postponement	Deferral of certain Quarter 4 commercial rates for 2021/22, Quarter 1 rates instalment payments for 2020/21 and Quarter 4 instalment for 2019/20.		1,908	2,182		1
Expenditure	Net reduction in costs, particularly the costs of sales relating to events not held		3,140	257		7
Remuneration	Teams unable to work during lockdown		-	1,958		
Employee liabilities	Increase in annual leave liability		-	1,529		
Payment terms	Reduction in payment timeframes from 20 to 5 working days maintained		N/A	N/A		21
CCO support	Wellington Cable Car Limited	690				
CCO support	Drawdown on the joint loan facility agreed between Council and Greater Wellington Regional Council for the Wellington Regional Stadium Trust		900	-		34
CCO support	Provision of shareholder support to Wellington International Airport Limited if required, extended for another year		25,758	25,758		34
CCO support	Budgeted additional grant funding to Council controlled entities (unbudgeted in 2020)		2,318	504		34
Other entity support	Funding agreement with WOW to provide access to financial relief in the event of a Government announced COVID-19 lockdown up to a maximum of \$5.000m	3,622	-	-		34
City recovery fund	Utilisation of the of City Recovery Fund (CRF)		2,940	-		30
Revaluations	Valuation reports for investment property, operational or infrastructure assets contain statements around the heightened uncertainty relating to COVID-19		N/A	N/A		18

Statement of Comprehensive Revenue and Expense

Table 2: Statement of Comprehensive Revenue and Expense For the year ended 30 June 2022		Council			Group	
		Actual 2022 \$000	Budget 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
	Note					
Revenue						
Rates	1			341,914		341,914
Revenue from operating activities						
Development contributions	2			3,689		3,689
Grants, subsidies and reimbursements	2			41,472		54,006
Other operating activities	2			141,916		156,461
Investments revenue	3			11,065		11,065
Vested assets and other revenue	4			13,053		13,470
Fair value movements	5			20,501		20,501
Finance revenue	6			2,114		2,228
Total revenue		-	-	575,724	-	603,334
Expense						
Fair value movements	5			(52)		(53)
Finance expense	6			(25,490)		(25,509)
Expenditure on operating activities	7			(406,090)		(430,787)
Depreciation and amortisation expense	8			(136,635)		(138,325)
Total expense		-	-	(568,267)	-	(594,674)
Operating surplus/ (deficit) before insurance proceeds		-	-	7,457	-	8,660
Share of equity accounted surplus/(deficit) from associates and joint venture	9	-	-	-		(3,891)
Net surplus/(deficit) before taxation		-	-	7,457	-	4,769
Income tax credit/(expense)	10	-	-	-		(482)
NET SURPLUS/(DEFICIT) for the year		-	-	7,457	-	4,287
Net surplus/(deficit) attributable to:						
Wellington City Council and Group		-	-	7,457	-	4,136
Non-controlling interest		-	-	-		151
		-	-	7,457	-	4,287

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

Table 2: Statement of Comprehensive Revenue and Expense - continued	Refer	Council			Group	
		Actual	Budget	Actual	Actual	Actual
		2022	2022	2021	2022	2021
		\$000	\$000	\$000	\$000	\$000
Net surplus/(deficit) for the year		-	-	7,457	-	4,287
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		-	60,019		59,446
Fair value through other comprehensive revenue and expense						
Fair value movement - net	SCIE		-	944		556
<i>Items that will not be reclassified to surplus/(deficit)</i>						
Revaluations:						
Fair value movement - property, plant and equipment - net	SCIE			284,092		284,092
Share of other comprehensive revenue and expense of associates and joint venture						
Fair value movement - property, plant and equipment - net	SCIE		-	-		26,359
Total other comprehensive revenue and expense		-	-	345,055	-	370,453
TOTAL COMPREHENSIVE REVENUE and EXPENSE for the year		-	-	352,512	-	374,740
Total comprehensive revenue and expense attributable to:						
Wellington City Council and Group		-	-	352,512	-	374,589
Non-controlling interest		-	-	-	-	151
		-	-	352,512	-	374,740

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

2. Statement of Changes in Equity – see pg XX

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

Statement of Comprehensive Revenue and Expense - Major budget variations

Significant variations from budgeted revenues and expenses are as follows:

Revenues were \$xxm higher than budgeted with major variances included of:

Expenses were \$xxm lower than budgeted with major variances included of:

Net finance expense was \$xxm lower than budgeted reflecting higher interest revenue arising from a higher level of cash held to cover COVID-19 impacts.

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

Note 1: Rates revenue

Table 3: Rates revenue	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
General rates		193,878	-	193,878
Targeted rates		128,783	-	128,783
Metered water supply		18,044	-	18,044
Penalties and adjustments		1,209	-	1,209
TOTAL RATES REVENUE	-	341,914	-	341,914

The total amount of rates charged on Council owned properties that have not been eliminated from revenue and expenditure is \$xxm (2021: \$14.926m). For the Group, rates of \$xxm (2021: \$15.009m) have not been eliminated.

The revenue from rates for Wellington City Council was billed on the following rating information held as at 30 June 2021.

The number of rating units: **XX** (30 June 2020: 79,811).

Table 4: Value of rating units	2022	2021
	\$000	\$000
Total capital value of rating units		79,212,775
Total land value of rating units		40,577,366

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 2022 totalled \$xxm (2021: \$1.246m).

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.

Rates written-off

The Chief executive has authorised the following rates write-offs:

- a) Rates deemed to be unrecoverable - \$xxm
- b) Rates of deceased owners of Māori freehold land - \$xxm

Covid 19

On 24 February 2022, Council approved a \$2.300m pandemic response plan including fourth quarter rates deferral for hospitality and retail businesses, who own their building, without penalty for six months. At 30 June 2022, \$xxm had been approved for deferral.

Relevant significant accounting policies

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

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

Note 2: Revenue from operating activities

Table 5: Revenue from operating activities	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Development contributions	-	3,689	-	3,689
Grants, subsidies and reimbursements				
Operating		13,234		25,254
Capital		28,238		28,752
Total grants, subsidies and reimbursements	-	41,472	-	54,006
Other operating activities				
Fines and penalties		6,961		6,961
Rendering of services		128,298		139,406
Sale of goods		6,657		10,094
Total other operating activities	-	141,916	-	156,461
TOTAL REVENUE FROM OPERATING ACTIVITIES	-	187,077	-	214,156

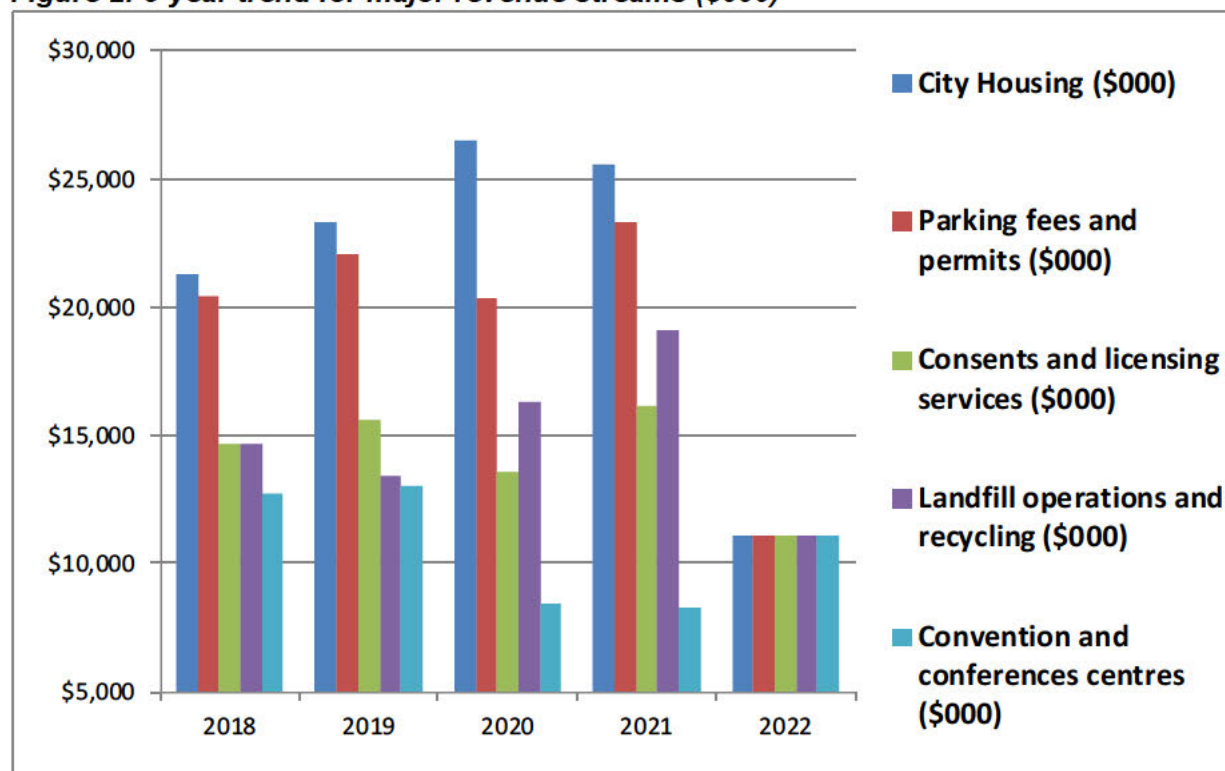
For the Council, the principal grants and reimbursements are from Waka Kotahi - New Zealand Transport Agency (NZTA), which reimburses part of the Council's costs for maintaining the local roading and cycling infrastructure. The capital reimbursements recognised from NZTA of \$xxm (2021: \$28.173m) and operating reimbursements of \$xxm (2021: \$8.111m) are for costs already incurred and there are no unfulfilled conditions or other contingencies relating to the reimbursements.

Council applied for and received \$xxm (2021: \$10.100m) of Government stimulus funding in relation to the Three Waters reform package. \$xxm (2021: \$4.730m) has been recognised above based on costs already incurred.

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

- City housing - \$xxm (2021: \$25.553m)
- Parking fees and permits - \$xxm (2021: \$23.293m)
- Landfill operations and recycling - \$xxm (2021: \$19.089m) – including unbudgeted revenue from the joint operation with Porirua City Council \$xxm (2021: \$1.758m).
- Consents and licensing services - \$xxm (2021: \$16.116m)
- Convention and conferences centres – \$xxm (2021: \$8.259m)

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

Figure 2: 5-year trend for major revenue streams (\$000)**5-year Trend analysis commentary****City Housing**

For further information – refer to the Statement of service performance strategy area 5.2 – Community support (page xx).

Parking fees and permits

For further information – refer to the Statement of service performance strategy area 7.2 – Parking (page XX).

Landfill Operations

For further information – refer to the Statement of service performance strategy 2.2 – Waste reduction and energy conservation (page XX).

Consents and Licensing Services

For further information – refer to the Statement of service performance strategy area 6.2 – Building and development control (page XX).

Convention and Conference centres

For further information – refer to the Statement of service performance strategy 3.1 – City promotions and business support (page XX).

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 XX), for an explanation of exchange and non-exchange transactions, transfers and taxes.

Development contributions

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

Grants, subsidies and reimbursements

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

Fines and penalties

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

Rendering of services

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

Sale of goods

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

Note 3: Investment revenue

Table 6: Investment revenue	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Dividend from associates		-		-
Dividend from equity investments		66		66
Investment property revenues		10,999		10,999
TOTAL INVESTMENT REVENUE	-	11,065	-	11,065

Dividends

The annual plan budget for 2021/22 did not include dividend revenue from the Council's 34 percent shareholding in Wellington International Airport Limited as the financial impact from COVID-19 was well forecasted.

The Council continues to maintain its current level of investment as it considers the 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 XX).

Investment properties

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

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

Relevant significant accounting policies

Dividends

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

Investment property lease rentals

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

Note 4: Vested assets and other revenue

Table 7: Vested assets and other revenue	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Vested assets		9,411		9,411
Other revenue		3,642		4,059
TOTAL VESTED ASSETS AND OTHER REVENUE	-	13,053	-	13,470

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

The breakdown of principal vested assets received is:

- Drainage, waste and water - \$xxm (2021: \$4.891m).
- Roding - \$xxm (2021: \$4.430m)

Other revenue consisted mainly of:

- Gains on disposal of assets - \$xxm (2021: \$0.959m)
- Restricted funds - \$xxm (2021: \$0.992m)
- Fuel tax - \$xxm (2021: \$1.116m)

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 (i.e. Sale proceeds in excess of the book value) on the disposal of property, plant and equipment.

Donated services

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

Note 5: Fair value movements

Table 8: Fair value movements	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Investment property revaluation		20,496		20,496
Amortisation of loans to related parties		5		5
Total fair value gains	-	20,501	-	20,501
Less				
Fair value adjustment to loan		52		52
Currency exchange loss		-		1
Total fair value losses	-	52	-	53
TOTAL FAIR VALUE MOVEMENTS	-	20,449	-	20,448

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 XX).

In May 2021, Wellington Regional Stadium Trust made a partial drawdown of a Joint loan facility, between Wellington City Council and GWRC, which was made available as part of a COVID-19 response. As the initial 2-year period is interest free an adjustment to reflect fair value was required. The value of this adjustment was \$0.052m, which is non-cash in nature, has no effect on rates and will be amortised back up to full value over the next two years. The loan will become interest bearing in year 3, with annual principal repayments and the final repayment by the end of 2030/31.

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 9: Finance revenue, expense and net finance cost	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Interest on borrowings		25,140		25,153
Interest on finance leases		-		6
Re-discounting of interest on provisions		350		350
TOTAL FINANCE EXPENSE	-	25,490	-	25,509
Less				
Interest earned		2,114		2,228
TOTAL FINANCE REVENUE	-	2,114	-	2,228
NET FINANCE COST	-	23,376	-	23,281

Council's policy is to have the majority of borrowings on fixed interest rates to avoid 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.

Returns on investment deposits are also market related so have reduced accordingly as interest rates have fallen.

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 XX) and Note 26: Provision for other liabilities (pg XX).

Interest earned

Interest earned is recognised using the effective interest rate method.

Note 7: Expenditure on operating activities

Table 10: Expenditure on operating activities	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Governance and employment				
Elected member remuneration		1,855		1,855
Independent directors/trustees fees for controlled entities		-		527
Employee benefits expense:				
- Remuneration		106,162		134,369
- Superannuation contributions (including KiwiSaver)		3,160		3,804
Other personnel costs		3,415		4,594
Impairments				
Bad debts written off not previously provided for		65		65
Increase in provision for impairment of receivables and recoverables		190		190
Impairment of property, plant and equipment		1,848		1,848
Insurance				
Insurance premiums		17,431		18,171
Insurance reserve costs - net		1,017		1,017
General				
Administration Costs		5,230		17,098
Auditor's remuneration:		570		795
Contractors		3,300		6,226
Contracts, services and materials		146,838		148,627
Grants		46,901		18,160
Information and communication technology		16,966		18,471
Loss on disposal of intangibles		-		-
Loss on disposal of property, plant and equipment		281		287
Loss on disposal of investment property		564		564
Loss on investments		-		2
Operating lease - minimum lease payments		8,141		9,905
Professional costs		9,060		10,326
Reassessment of weathertight provision		669		732
Utility costs		32,427		33,154
TOTAL EXPENDITURE ON OPERATING ACTIVITIES	-	406,090	-	430,787

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 \$xxm (2021: \$0.462m) of termination benefits were incurred by the Council and \$xxm (2021: \$0.753m) for the Group. Termination benefits include all payments relating to the end of

employment other than unpaid salary and leave entitlements. Termination benefits include both contractual (eg redundancy, in lieu of notice) and non-contractual (eg severance) payments.

For further information refer to Note 38: Remuneration and staffing levels (pg XX)

General

Table 11: Auditor's remuneration:	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Audit services - Audit New Zealand - Financial Statements		362		507
Audit services - Audit New Zealand - Long-term Plan		154		154
Audit services - Audit New Zealand - Wgtn Waterfront Project		40		40
Audit services - Audit New Zealand - other assurances		14		14
Audit services - Other Auditors		-		80
	-	570	-	795

During the period Audit New Zealand provided other services to the Council, namely assurance services relating to the Clifton Terrace Carpark managed by the Council on behalf of the New Zealand Transport Agency and assurance services relating to Council's debenture trust deed compliance (see *Table 11* above).

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 Council's controlled entities (refer to Note 37: Related Party disclosures, for a breakdown (pg XX)). Other major grants include the funding to the Museum of New Zealand, Te Papa Tongarewa \$2.250m (2021: \$2.250m).

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

For further information in relation to the Weathertight homes provision. Refer to Note 26: Provisions for other liabilities (pg XX).

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 \$xxm (2021: \$14.926m) on Council owned properties.

COVID-19: Expenditure impacts

The effect on expenditure related mainly to additional security measures around vaccine passes and grant support for Council controlled entities namely, Wellington Cable Car Limited and Wellington Museums Trust. (refer to Note 37 – Related party disclosures (page xx)). This higher expenditure was offset by a significant reduction in costs relating to events not being held, due to continued alert level and more latterly traffic lights restrictions.

Relevant significant accounting policies

Grants and sponsorships

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

sponsorships are discretionary until payment, the expense is recognised when the payment is made. Otherwise, the expense is recognised when the specified criteria have been fulfilled.

Cost allocation

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

Research and Development

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

Note 8: Depreciation and amortisation

Table 12: Depreciation and amortisation	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Depreciation				
Buildings		20,542		21,008
Civic Precinct		1,252		1,252
Restricted buildings		1,881		1,881
Drainage, waste and water infrastructure		49,257		49,257
Landfill post closure		260		260
Library collections		1,862		1,862
Plant and equipment		23,322		24,497
Roading infrastructure		33,282		33,282
Total depreciation	-	131,658	-	133,299
Amortisation				
Computer software		4,977		5,026
Total amortisation	-	4,977	-	5,026
TOTAL DEPRECIATION AND AMORTISATION	-	136,635	-	138,325

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

Relevant significant accounting policies

Depreciation

Depreciation is provided on all property, plant and equipment, with certain exceptions. The exceptions are land, restricted assets other than buildings, and assets under construction (work in progress). Depreciation is calculated on a straight-line basis, to allocate the cost or value of the asset (less any assessed residual value) over its estimated useful life. (See Table 13).

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

Table 13: Estimated useful lives of tangible assets	2022 Useful Life (years)
Asset Category	
Operational assets	
Land	unlimited
Buildings:	
Structure	20 - 100
Roof	20 - 90
Interior	5 - 100
Services	5 - 100
Civic Precinct	2 - 67
Plant and equipment	1 - 100
Library collection	4 - 11
Infrastructure assets:	
Land (including land under roads)	unlimited
Roading:	
Road pavement	10 - 40
Retaining / sea walls	50 - 100
Kerb and channel	10 - 60
Structures - other sea defences	100 - 250
Tunnels - structure and services	20 - 175
Bridges	90 - 110
Drainage, waste and water:	
Pipes	60 - 110
Reservoirs	25 - 90
Pump stations	32 - 105
Fittings	25 - 70
Restricted assets (excluding buildings)	unlimited

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

Amortisation

The amortisation of intangible assets is charged on a straight-line basis over the estimated useful life of the associated assets. (See *Table 14*)

Table 14: Estimated useful lives of intangible assets	2022 Useful Life (years)
Asset Category	
Computer software	2 - 11

Computer software has a finite economic life and amortisation is charged to surplus or deficit on a straight-line basis over the estimated useful life of the asset.

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 and Wellington Water Limited is as shown in *Table 15*.

Table 15: Share of associates' and joint venture's surplus or deficit	Group	
	2022	2021
	\$000	\$000
Associates		
Chaffers Marina Holdings Limited		52
Wellington International Airport Limited		(4,183)
Joint venture		
Wellington Water Limited		240
TOTAL SHARE OF ASSOCIATES' AND JOINT VENTURE'S SURPLUS OR (DEFICIT)	-	(3,891)

Further information on the cost and value of the above investments is found in Note 21: Investments in Associates and Joint Venture (pg XX).

COVID-19: For 2020/21 the financial impacts for Council were primarily that no dividend was declared for distribution to Council and the 34% share of the deficit in *Table 15* above reducing the Group surplus.

For 2021/22.....

Council also agreed in 2020/21 to extend the term of the underwrite for its share of a potential equity raising. For more information refer to Note 35: Contingencies (pg XX).

Relevant significant accounting policies

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

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 16: Income Tax	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Current tax expense/(credit)				
Current year	-	-		112
Prior period adjustment	-	-		346
Total current tax expense/(credit)	-	-	-	458
Deferred tax expense/(credit)				
Origination and reversal of temporary differences		(37)		24
Change in unrecognised temporary differences		-		-
Recognition of previously unrecognised tax losses		37		-
Total deferred tax expense/(credit)	-	-	-	24
TOTAL INCOME TAX EXPENSE/(CREDIT)	-	-	-	482

Table 17: Reconciliation of tax on the surplus/(deficit) and tax expense/(credit)	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Surplus/(deficit) for the period before taxation	-	7,457	-	4,769
Prima facie income tax based on domestic tax rate - 28%		2,088		1,335
Effect of non-deductible expenses and tax exempt income		(2,125)		(342)
Current years loss for which no deferred tax asset was recognised		37		37
Previously unrecognised tax losses now utilised		-		(49)
Change in unrecognised temporary differences		-		65
Prior period adjustment		-		346
Reintroduction of tax depreciation on buildings		-		0
Overseas withholding tax - non-reclaimable		-		20
Share of income tax of equity accounted associates		-		(930)
TOTAL INCOME TAX EXPENSE/(CREDIT)	-	-	-	482

Relevant significant accounting policies

Council, as a local authority is only liable for income tax on the surplus or deficit for the year derived from any council-controlled trading organisations. 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 18: Statement of Financial Position		Council			Group	
As at 30 June 2022		Actual	Budget	Actual	Actual	
		2022	2022	2021	2022	2021
	Note	\$000	\$000	\$000	\$000	\$000
ASSETS						
Current assets						
Cash and cash equivalents	11			84,349		103,542
Derivative financial assets	12					
Receivables and recoverables	13			57,656		58,919
Prepayments	14			62,684		63,786
Other financial assets	15			21,337		21,647
Inventories				787		1,394
Non-current assets classified as held for sale	16			14,703		14,703
Total current assets		-	-	241,516	-	263,991
Non-current assets						
Derivative financial assets	12			7,821		7,821
Receivables and recoverables	13			3,400		3,400
Other financial assets	15			22,982		24,747
Intangibles	17			39,031		39,105
Investment properties	18			279,082		279,082
Property, plant and equipment	19			8,203,230		8,217,301
Investment in controlled entities	20			5,071		-
Investment in associates and joint venture	21			19,473		233,291
Total non-current assets		-	-	8,580,090	-	8,804,747
TOTAL ASSETS		-	-	8,821,606	-	9,068,738
LIABILITIES						
Current liabilities						
Derivative financial liabilities	12			1,798		1,798
Exchange transactions and transfers payable	22			71,877		74,211
Taxes payable	22			10,887		11,211
Deferred revenue	23			20,884		26,533
Borrowings	24			154,523		154,544
Employee benefit liabilities and provisions	25			7,044		8,973
Provision for other liabilities	26			2,279		2,279
Total current liabilities		-	-	269,292	-	279,549
Non-current liabilities						
Derivative financial liabilities	12			53,045		53,045
Exchange transactions and transfers payable	22			231		231
Borrowings	24			754,129		754,792
Employee benefit liabilities and provisions	25			724		767
Provision for other liabilities	26			50,490		50,490
Deferred tax	27			-		680
Total non-current liabilities		-	-	858,619	-	860,005
TOTAL LIABILITIES		-	-	1,127,911	-	1,139,554

Statement of Financial Position – continued

Table 18: Statement of Financial Position - continued		Council			Group	
As at 30 June 2022		Actual	Budget	Actual	Actual	Actual
		2022	2022	2021	2022	2021
	Note	\$000	\$000	\$000	\$000	\$000
EQUITY						
Accumulated funds				1,269,134		1,293,162
Retained earnings				3,815,363		3,822,663
Revaluation reserves	28			2,631,206		2,830,205
Hedging reserve	29			(47,022)		(47,641)
Fair value through other comprehensive revenue and expense reserve	30			6,029		6,656
Non-controlling interest				-		781
Restricted funds	31			18,985		23,358
TOTAL EQUITY		-	-	7,693,695	-	7,929,184
TOTAL EQUITY AND LIABILITIES		-	-	8,821,606	-	9,068,738

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

Statement of Financial Position - Major budget variations

Significant variations from budget are as follows:

Current assets are \$xxm higher than budgeted with major variances included of:

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

Total liabilities are \$xxm lower than budget, with major variances included of:

Note 11: Cash and cash equivalents

Table 19: Cash and cash equivalents	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Cash at bank		84,333		97,021
Cash on hand		16		33
Short-term bank deposits of up to 3 months at acquisition		-		6,488
TOTAL CASH AND CASH EQUIVALENTS	-	84,349	-	103,542

Bank balances that are interest bearing earn interest based on current floating bank deposit rates.

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

Note 12: Derivative financial instruments

Table 20: Derivative financial instruments	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Assets				
Non-current assets				
Interest rate swaps - cash flow hedges		7,821	-	7,821
Total non-current assets	-	7,821	-	7,821
TOTAL DERIVATIVE FINANCIAL INSTRUMENT ASSETS	-	7,821	-	7,821
Liabilities				
Current liabilities				
Interest rate swaps - cash flow hedges		1,798	-	1,798
Total current liabilities	-	1,798	-	1,798
Non-current liabilities				
Interest rate swaps - cash flow hedges		53,045	-	53,045
Total non-current liabilities	-	53,045	-	53,045
TOTAL DERIVATIVE FINANCIAL INSTRUMENT LIABILITIES	-	54,843	-	54,843

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 21** following.

Table 21: Nominal value and weighted average fixed rate of live interest rate swaps	Council				Group			
	2022		2021		2022		2021	
	\$000	%	\$000	%	\$000	%	\$000	%
Interest rate swaps - hedge accounted								
Not later than one year			114,500	3.84%			114,500	3.84%
Later than one year and not later than five years			210,000	3.84%			210,000	3.84%
Later than five years			124,500	3.28%			124,500	3.28%
Total interest rate swaps - hedge accounted	-		449,000	3.69%	-		449,000	3.69%

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

Relevant significant accounting policies

Derivative financial instruments include interest rate swaps used to hedge exposure to interest rate risk on borrowings. Derivatives are initially recognised at fair value, based on quoted market prices, and subsequently remeasured to fair value at the end of each reporting period. Fair value is determined by reference to quoted prices for similar instruments in active markets. Derivatives that do not qualify for hedge accounting are classified as non-hedged and fair value gains or losses are recognised within surplus or deficit.

Recognition of fair value gains or losses on derivatives that qualify for hedge accounting depends on the nature of the item being hedged. Where a derivative is used to hedge variability of cash flows (cash flow hedge), the effective part of any gain or loss is recognised within other comprehensive revenue and expense while the ineffective part is recognised within surplus or deficit. Gains or losses recognised in other comprehensive revenue and expense transfer to surplus or deficit in the same periods as when the hedged item affects the surplus or deficit.

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

Note 13: Receivables and recoverables

Table 22: Receivables and recoverables	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Current		57,656		58,919
Non-Current		3,400		3,400
TOTAL RECEIVABLES AND RECOVERABLES - NET		61,056	-	62,319
Trade receivables and recoverables - debtors - net		14,108		14,640
Trade recoverables - fines - net		3,808		3,808
Accrued revenue		14,065		14,740
Sundry receivables		7,884		8,050
GST recoverable		5,051		4,941
Rates recoverable		16,140		16,140
TOTAL RECEIVABLES AND RECOVERABLES - NET	-	61,056	-	62,319

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 23: Receivables and recoverables from related parties	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Receivables and recoverables from related parties				
- Controlled entities		794		-
- Associates and jointly controlled entity		26		26
Total receivables and recoverables from related parties	-	820	-	26

The movement in the provision for impairment of total receivables and recoverables is analysed as follows in *Table 24*.

Table 24: Provision for impairment of total receivables and recoverables	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Opening balance		6,999		7,028
New provisions made		223		223
Release of unused provision		(229)		(256)
Amount of provision utilised		(50)		(52)
Provision for impairment of total receivables and recoverables - closing balance	-	6,943	-	6,943

Ageing of debt

The ageing profile of total net receivables and recoverables at the reporting date is as follows in *Table 25*

Table 25: Debt aging profile				2022			2021		
	Gross	Impaired	Net	Gross	Impaired	Net	Gross	Impaired	Net
Council	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Trade and other receivables and recoverables									
Not past due				35,924	(100)	35,824			
Past due 0-3 months				11,481	(133)	11,348			
Past due 3-6 months				5,048	(271)	4,777			
Past due more than 6 months				15,546	(6,439)	9,107			
TOTAL RECEIVABLES AND RECOVERABLES	-	-	-	67,999	(6,943)	61,056			
				2022			2021		
	Gross	Impaired	Net	Gross	Impaired	Net	Gross	Impaired	Net
Group	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Trade and other receivables and recoverables									
Not past due				36,830	(100)	36,730			
Past due 0-3 months				11,833	(133)	11,700			
Past due 3-6 months				5,053	(271)	4,782			
Past due more than 6 months				15,546	(6,439)	9,107			
TOTAL RECEIVABLES AND RECOVERABLES	-	-	-	69,262	(6,943)	62,319			

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.

Relevant significant accounting policies

Receivables from exchange transactions

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

Recoverables from non-exchange transactions

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

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

Note 14: Prepayments

Table 26: Prepayments	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Insurance		10,922		10,951
3 Waters reform stimulus funding		5,370		5,370
Information and communications technology	-	1,505		1,505
Waterfront operations		1,041		1,041
Other	-	2,499		2,780
TOTAL PREPAYMENTS	-	21,337	-	21,647

Note 15: Other financial assets

Table 27: Other financial assets	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Represented by:				
Current		62,684		63,786
Non-current		22,982		24,747
TOTAL OTHER FINANCIAL ASSETS	-	85,666	-	88,533
Comprised of:				
Equity investments:				
- Civic Financial Services Ltd		507		507
- NZ Local Government Funding Agency (LGFA)		7,865		7,865
- Creative HQ shareholdings		-		1,490
- Legacy investment - Wellington Museums Trust		-		260
Deposits and loans				
Bank Term deposits - greater than 3 months		61,500		62,602
LGFA - borrower notes		14,902		14,902
Loans to related parties		892		892
Loans to external organisations		-		15
TOTAL OTHER FINANCIAL ASSETS	-	85,666	-	88,533

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 New Zealand Local Government Funding Agency Limited (LGFA), is an alternative debt provider majority owned by and operated for local authorities. The Council holds an 8 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 XX).

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 deposits

Bank term deposits with maturities greater than 3 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.

Borrower notes

As part of the borrowing arrangements through the LGFA, 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 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 (31 December 2022 to 16 April 2033).

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 28*.

Table 28: Loans	Council		Group	
	2022	2021	2022	2021
	\$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		39		39
Amortisation of fair value adjustment		5		5
Closing balance at fair value	-	44	-	44
<i>Wellington Regional Stadium Trust</i>				
<i>(COVID-19 support up to \$2,100,000)</i>				
Opening balance	-	-	-	-
Draw down		900		900
Fair value adjustment		(52)		(52)
Closing balance at fair value	-	848	-	848
Loans to other external organisations				
Opening balance	-	-		15
Loan repayments received	-	-		-
Amortisation of fair value adjustment	-	-		-
Closing balance at fair value	-	-	-	15
TOTAL LOANS	-	892	-	907

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

Wellington Regional Stadium Trust

Council holds a \$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

The amortisation rate applicable to the WRST loan is 12.710 percent.

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

COVID-19: A new joint loan facility between Council and Greater Wellington Regional Council agreed in 2019/20, was further drawn down (\$xxm) 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 loan is an unsecured facility of up to \$4.2m divided equally between the lenders with a fixed interest rate of 3.0 percent and is interest free for the first two years commencing from the date of the first drawdown.

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

Table 29: Non-current assets classified as held for sale	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Non-current assets held for sale are:				
- Buildings		5,688		5,688
- Land		9,015		9,015
- Investment properties		-		-
TOTAL NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE	-	14,703	-	14,703

Properties still unsold or expected to sell within the next 12 months are generally either as a result of road stopping, or housing stock that will be re-invested in better suited social housing developments.

After 30 June 2020, as part of the Portfolio Alignment Strategy, a workstream of the Strategic Housing Investment Plan (SHIP), Council has approved divestment of 20 City Housing properties that are surplus to operational requirements. The proceeds from the sale of these underperforming properties will go towards the SHIP development programme. It is expected that these properties will be fully divested during 2021/22.

Relevant significant accounting policies

Non-current assets held for sale are valued at the lower of the carrying amount and fair value less costs to sell at the time of reclassification.

Non-current assets held for sale are separately classified as their carrying amount will be recovered through a sale transaction rather than through continuing use. A non-current asset is classified as held for sale where:

- the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets.
- a plan to sell the asset is in place and an active programme to locate a buyer has been initiated.
- the asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value.
- the sale is expected to occur within one year or beyond one year where a delay has occurred which is caused by events beyond the Group's control and there is sufficient evidence the Group remains committed to sell the asset; and
- actions required to complete the sale indicate it is unlikely that significant changes to the plan will be made or the plan will be withdrawn.

A non-current asset classified as held for sale is recognised at the lower of its carrying amount or fair value less costs to sell. Impairment losses on initial classification are included within surplus or deficit.

Note 17: Intangibles

Table 30: Intangibles	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Computer software				
Cost - opening balance		64,079		64,826
Accumulated amortisation		(45,813)		(46,446)
Computer software opening balance	-	18,266	-	18,380
Acquired by direct purchase		8,664		8,707
Amortisation		(4,977)		(5,026)
Net disposals	-	-		(34)
Total computer software - closing balance	-	21,953	-	22,027
Cost		72,823		73,419
Accumulated amortisation		(50,870)		(51,392)
Total computer software - closing balance	-	21,953	-	22,027
Work in progress				
Computer software		3,029		3,029
Total work in progress	-	3,029	-	3,029
Carbon credits				
Cost - opening Balance		5,299		5,299
Additions		8,756		8,756
Net disposals		(6)		(6)
Total Carbon credits - closing balance	-	14,049	-	14,049
TOTAL INTANGIBLES	-	39,031	-	39,105

Disposals and transfers are reported net of accumulated amortisation.

Carbon credits

As part of the Emissions Trading Scheme (ETS) the Council receives carbon credits from Central Government in recognition of the carbon absorbed by a portion of the Council's green belt. For the year ending 30 June 2022 the Council received XX units (2021: No units).

The Council purchased XX units (2021: 215,347 units) in the market to cover the expected liabilities associated with landfill operations. The Council surrendered XX units (2021: No units) for the 2021 calendar year liability. For the 2020 calendar year liability, no units were surrendered as the fixed price payment option was utilised.

During the period ending 30 June 2022, No units (2021: 3,000 units) were sold.

At 30 June 2022 the total liability relating to landfill carbon emissions is \$XXm (2021: \$1.053m).

More information on carbon credits can be found in the Statements of Service Provision under activity 2.2: Waste reduction and energy conservation (pg XX).

The movement in units held are shown in *Table 31*.

Table 31: Carbon credits	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Opening balance		388,830		388,830
Additions - Allocated from the Crown		-		-
Additions - Purchases		215,347		215,347
Disposals - Surrendered to the Crown		-		-
Disposals - Sales		(3,000)		(3,000)
TOTAL CARBON CREDITS	-	601,177	-	601,177

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 Government related to forestry assets or units purchased in the market to cover liabilities associated with landfill operations. Carbon credits allocated as a non-exchange transaction are initially recognised at fair value, which then becomes the deemed cost. Carbon credits that are purchased are recognised at cost.

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

Note 18: Investment properties

Table 32: Investment properties	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Ground leases, other land and buildings				
Opening balance		258,512		258,512
Additions by acquisition		28		28
Disposals		(4,100)		(4,100)
Adjustment		-		-
Fair value revaluation movements taken to surplus/(deficit)		20,496		20,496
Transfer (to)/from non-current assets classified as held for sale		4,100		4,100
Total ground leases, other land and buildings	-	279,036	-	279,036
Work in progress				
Other land and buildings		46		46
Total work in progress	-	46	-	46
TOTAL INVESTMENT PROPERTIES	-	279,082	-	279,082

Wellington City Council's investment properties including the waterfront investment properties were valued as at 30 June 2022 by an independent valuer, William Bunt (FNZIV, FPINZ), registered valuer and Director of Valuation Services for CBRE Limited.

Table 33: Investment property by type	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Ground leases		236,997		236,997
Other land and buildings (including WIP)		42,085		42,085
TOTAL INVESTMENT PROPERTIES	-	279,082	-	279,082

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

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

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

Relevant significant accounting policies

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

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

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

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

Certain ground leases on the waterfront and within the CBD 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 Council ownership, 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 34: Summary of property, plant and equipment	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Property, plant and equipment - opening balance		7,809,894		7,825,777
Additions		173,773		174,416
Disposals		(1,957)		(2,297)
Depreciation expense		(131,658)		(133,299)
Impairment losses		(2,024)		(2,024)
Revaluation adjustment		-		-
Revaluation movement		284,268		284,267
Movement of non-current assets held for sale		(12,387)		(12,387)
Movement of work in progress		83,321		82,848
TOTAL PROPERTY, PLANT AND EQUIPMENT	-	8,203,230	-	8,217,301

Relevant significant accounting policies

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

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

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

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

Vested assets are those assets where ownership and control is transferred to the Council from a third party (eg. infrastructure assets constructed by developers and transferred to the Council on completion of a subdivision). Vested assets are recognised within their respective asset classes as above.

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

Recognition

Expenditure is capitalised as property, plant and equipment when it creates a new asset or increases the economic benefits of an existing asset. Costs that do not meet the criteria for capitalisation are expensed.

Measurement

Property, plant and equipment is recognised initially at cost, unless acquired for nil or nominal cost (eg. vested assets), in which case the asset is recognised at fair value at the date of transfer. The initial cost of property, plant and equipment includes the purchase consideration (or the fair value in the case of vested assets), and those costs that are directly attributable to bringing the asset into the location and condition necessary for its intended purpose. Subsequent expenditure that extends or expands the asset's service potential is capitalised.

Borrowing costs incurred during the construction of property, plant and equipment are not capitalised.

After initial recognition, certain classes of property, plant and equipment are revalued to fair value. Where there is no active market for an asset, fair value is determined by optimised depreciated replacement cost.

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

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

Library Collections

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

Operational Land & Buildings

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

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

Buildings that comprise the Social Housing portfolio have been valued on market-based approach with the associated land value being established through analysis of sales and market evidence.

Restricted assets

Art and cultural assets (artworks, sculptures and statues) are valued at historical cost. 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. **Zoo animals are held at no cost.**

Infrastructure assets

Infrastructure assets (the roading network, water, waste and drainage 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 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 are reviewed at least annually to determine if there is any indication of impairment. Where an asset's, or class of assets', recoverable service amount is less than its carrying amount it will be reported at its recoverable service amount and an impairment loss will be recognised.

The recoverable service amount is the higher of an item's fair value less costs to sell and value in use. A non-cash generating asset's value in use is the present value of the asset's remaining service potential. Losses resulting from impairment are reported within surplus or deficit, unless the asset is carried at a

revalued amount in which case any impairment loss is treated as a revaluation decrease and recorded within other comprehensive revenue and expense.

Disposal

Gains and losses arising from the disposal of property, plant and equipment are recognised within surplus or deficit in the period in which the transaction occurs. Any balance attributable to the disposed asset in the asset revaluation reserve is transferred to retained earnings.

Work in progress

Work in progress represents the cost of capital expenditure projects that are not financially complete. The cost of projects within work in progress is transferred to the relevant asset class when the project is completed and is then subject to depreciation.

The movements according to the individual classes of assets are as follows in *Table 35*

Table 35: Property, plant and equipment by category and class of asset	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Operational assets				
Land				
Land - at cost - opening balance		2,205		2,205
Land - at valuation - opening balance		284,601		284,601
Total land - opening balance	-	286,806	-	286,806
Additions		956		956
Disposals		(445)		(445)
Revaluation movement		85,524		85,524
Transfer between asset classes		-		-
Movements of non-current assets held for sale		(4,337)		(4,337)
Total land - closing balance	-	368,504	-	368,504
Land - at cost - closing balance		3,161		3,161
Land - at valuation - closing balance		365,343		365,343
Total land - closing balance	-	368,504	-	368,504
Buildings				
Buildings - at cost - opening balance		104,300		104,300
Buildings - at valuation - opening balance		609,081		618,430
Total cost/valuation	-	713,381	-	722,730
Accumulated depreciation		(90,504)		(95,617)
Total buildings - opening balance	-	622,877	-	627,113
Additions		12,329		12,706
Depreciation expense		(20,542)		(21,008)
Disposals		(265)		(265)
Impairment		(176)		(176)
Revaluation movement		198,744		198,744
Revaluation adjustment		-		-
Transfer between asset classes		(9,749)		(9,749)
Movements of non-current assets held for sale		(5,030)		(5,030)
Total buildings - closing balance	-	798,188	-	802,335
Buildings - at cost - closing balance		115,761		115,761
Buildings - at valuation - closing balance		1,009,833		1,019,356
Total cost/valuation	-	1,125,594	-	1,135,117
Accumulated depreciation		(327,406)		(332,782)
Total buildings - closing balance	-	798,188	-	802,335
Landfill post closure costs ¹				
Landfill post closure - at cost - opening balance		6,613		6,613
Accumulated depreciation		(3,280)		(3,280)
Total landfill post closure costs - opening balance	-	3,333	-	3,333
Depreciation expense		(260)		(260)
Movement in post closure costs		(2,210)		(2,210)
Total landfill post closure costs - closing balance	-	863	-	863
Landfill post closure - at cost - closing balance		4,404		4,404
Accumulated depreciation		(3,541)		(3,541)
Total landfill post closure costs - closing balance	-	863	-	863

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	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Civic Precinct				
Civic Precinct - at cost - opening balance		129,781		129,781
Accumulated depreciation and impairment		(78,695)		(78,695)
Total Civic Precinct - opening balance	-	51,086	-	51,086
Additions		2,287		2,287
Depreciation expense		(1,252)		(1,252)
Impairment		(1,848)		(1,848)
Total Civic Precinct- closing balance	-	50,273	-	50,273
Civic Precinct - at cost - closing balance		182,590		182,590
Accumulated depreciation and impairment		(132,317)		(132,317)
Total Civic Precinct- closing balance	-	50,273	-	50,273
Plant and equipment				
Plant and equipment - at cost - opening balance		217,730		237,613
Accumulated depreciation		(115,098)		(126,876)
Total plant and equipment - opening balance	-	102,632	-	110,737
Additions		23,564		23,830
Depreciation expense		(23,322)		(24,497)
Disposals		(726)		(1,066)
Impairment		-		-
Transfer between asset classes		23,839		23,839
Total plant and equipment - closing balance	-	125,987	-	132,843
Plant and equipment - at cost		295,203		315,162
Accumulated depreciation		(169,216)		(182,319)
Total plant and equipment - closing balance	-	125,987	-	132,843
Library collections				
Library collections - at cost - opening balance		-		-
Library collections - at valuation - opening balance		15,143		15,143
Total cost/valuation	-	15,143	-	15,143
Accumulated depreciation		-		-
Total library collections - opening balance	-	15,143	-	15,143
Additions		1,568		1,568
Depreciation expense		(1,862)		(1,862)
Revaluation movement		-		-
Total library collections - closing balance	-	14,849	-	14,849
Library collections - at cost - closing balance		1,569		1,569
Library collections - at valuation - closing balance		15,143		15,143
Total cost/valuation	-	16,712	-	16,712
Accumulated depreciation		(1,863)		(1,863)
Total library collections - closing balance	-	14,849	-	14,849
Total operational assets	-	1,358,664	-	1,369,667

Disposals and transfers are reported net of accumulated depreciation.

	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Infrastructure assets				
Drainage, waste and water				
Drainage, waste and water - at cost - opening balance		-		-
Drainage, waste and water - at valuation - opening balance		3,947,514		3,947,514
Total cost/valuation	-	3,947,514	-	3,947,514
Accumulated depreciation		(2,083,716)		(2,083,716)
Total drainage, water and waste - opening balance	-	1,863,798	-	1,863,798
Additions		79,478		79,478
Depreciation expense		(49,257)		(49,257)
Revaluation movement		-		-
Transfer between asset classes		(2,833)		(2,833)
Total drainage, water and waste - closing balance	-	1,891,186	-	1,891,186
Drainage, waste and water - at cost - closing balance		79,225		79,225
Drainage, waste and water - at valuation - closing 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 - closing balance	-	1,891,186	-	1,891,186
Roading				
Roading - at cost - opening balance		-		-
Roading - at valuation - opening balance		1,915,727		1,915,727
Total cost/valuation	-	1,915,727	-	1,915,727
Accumulated depreciation		(617,817)		(617,817)
Total roading - opening balance	-	1,297,910	-	1,297,910
Additions		50,829		50,829
Depreciation expense		(33,282)		(33,282)
Revaluation movement		-		-
Transfer between asset classes		(11,433)		(11,433)
Total roading - closing balance	-	1,304,024	-	1,304,024
Roading - at cost - closing balance		50,828		50,828
Roading - at valuation - closing balance		1,904,216		1,904,216
Total cost/valuation	-	1,955,044	-	1,955,044
Accumulated depreciation		(651,020)		(651,020)
Total roading - closing balance	-	1,304,024	-	1,304,024
Infrastructure land				
Infrastructure land - at cost - opening balance		-		-
Infrastructure land - at valuation - opening balance		44,323		44,323
Total infrastructure land - opening balance	-	44,323	-	44,323
Additions		-		-
Disposals		(234)		(234)
Revaluation movement		-		-
Transfer between asset classes		88		88
Movements of non-current assets held for sale		-		-
Total infrastructure land - closing balance	-	44,177	-	44,177
Infrastructure land - at cost - closing balance	-	-	-	-
Infrastructure land - at valuation - closing balance		44,177		44,177
Total infrastructure land - closing balance	-	44,177	-	44,177

Disposals and transfers are reported net of accumulated depreciation.

	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Land under roads				
Land under roads - at cost - opening balance		2,955,495		2,955,495
Additions		3,143		3,143
Disposals		(286)		(286)
Transfer between asset classes		(83)		(83)
Movements of non-current assets held for sale		(3,035)		(3,035)
Land under roads - closing balance	-	2,955,234	-	2,955,234
Total infrastructure assets	-	6,194,621	-	6,194,621
Restricted assets ²				
Art and cultural assets				
Art and cultural assets - at cost - opening balance		8,872		11,211
Transfer between asset classes		-		-
Art and cultural assets - closing balance	-	8,872	-	11,211
Buildings on restricted land				
Buildings on restricted land - at cost - opening balance		45,465		45,465
Accumulated depreciation		(16,385)		(16,385)
Total buildings on restricted land - opening balance	-	29,080	-	29,080
Additions		1,739		1,739
Depreciation expense		(1,881)		(1,881)
Disposals		-		-
Impairment		-		-
Transfer between asset classes		177		177
Total buildings on restricted land - closing balance	-	29,115	-	29,115
Buildings on restricted land - at cost - closing balance		47,381		47,381
Accumulated depreciation		(18,266)		(18,266)
Total buildings on restricted land - closing balance	-	29,115	-	29,115
Parks and reserves				
Parks and reserves - at cost - opening balance		213,210		213,210
Additions		91		91
Disposals		(1)		(1)
Transfer between asset classes		(6)		(6)
Movements of non-current assets held for sale		15		15
Parks and reserves - closing balance	-	213,309	-	213,309
Town Belt - at cost		89,232		89,232
Zoo animals - at cost		500		500
Total restricted assets	-	341,028	-	343,367

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	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Work in progress				
Land		5,015		5,015
Buildings		185,209		185,938
Civic Precinct		2,933		2,933
Plant and equipment		29,509		29,509
Drainage, waste and water		44,306		44,306
Roading		41,265		41,265
Other		680		680
Total work in progress		308,917		309,646
TOTAL PROPERTY, PLANT AND EQUIPMENT	-	8,203,230	-	8,217,301

Revaluation of property, plant and equipment

The Council's operational land and buildings were valued as at 30 June 2021 by William Bunt (FNZIV, FPINZI), registered valuer and Director of Valuation Services for CBRE Limited.

Library collections were valued as at 30 June 2020 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.

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 asset values between 30 June 2021 and 30 June 2022 for operational land and building assets was assessed using appropriate indices. The increase in asset value of total property, plant and equipment assets was not considered material by management and accordingly these assets were not revalued for 30 June 2022.

The drainage, waste and water infrastructure and roading networks and the service concession assets were valued with effect from 30 June 2022 by John Vessey (MIPENZ), Partner of WSP New Zealand Limited. This revaluation would normally be performed in 2022/23 in line with the 3-year cycle. However, due to significant increases in material and labour costs over the last two years an initial assessment indicated the carrying amount of the assets would differ materially from fair value.

The infrastructure land assets were valued as at 30 June 2022 by William Bunt (FNZIV, FPINZI), registered valuer and Director of Valuation Services for CBRE Limited. While not likely to differ greatly to fair value they were revalued to maintain alignment with the early revaluation of infrastructure networks.

The valuation reports for the revaluations performed as at 30 June 2022 for investment properties and infrastructure assets contain statements around the risks relating to COVID-19. While the immediate impact of COVID-19 on both the real estate market and construction costs appears to have been limited, the longer-term impact is unknown which has resulted in heightened uncertainty within the valuations.

Further information on revaluation reserves and movements is contained in Note 27: Revaluation reserves (pg XX).

Significant acquisitions and replacements of assets

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

Core Assets

Included within the infrastructure assets above (*Table 35*) are the core Council assets shown as follows in *Table 36*.

Table 36: Council's core assets	2022			
	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	-	-	-	-
	2021			
	Closing book value	Constructed Additions	Vested Additions	Replacement Cost
	\$000	\$000	\$000	\$000
Water supply				
- treatment plants and facilities	-	-	-	-
- other assets	500,285	36,360	2,735	1,136,474
Sewerage				
- treatment plants and facilities	143,877	253	-	231,502
- other assets	636,993	23,149	923	1,319,448
Stormwater drainage	610,032	14,825	1,233	1,189,585
Flood protection and control works	-	-	-	-
Roads and footpaths	1,304,024	46,399	4,430	2,015,702
TOTAL CORE ASSETS	3,195,211	120,986	9,321	5,892,711

Drainage, waste, water and roads assets were revalued for the year ending 30 June 2022 by WSP New Zealand Limited as part of a required revaluation due to estimated material movements.

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 \$XXm (2021: \$121.584m).

Insurance of assets

Table 37: Insurance of assets	Council	
	2022	2021
	\$000	\$000
Total value of property, plant and equipment	-	8,203,230
less assets (primarily land) excluded from insurance contracts	-	(3,979,373)
Value of assets covered by insurance contracts	-	4,223,857
The maximum amount to which assets are insured under Council insurance policies	-	713,000

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 infrastructure (drainage, waste and water assets) subject to eligibility considerations. Also, the NZTA 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 \$XXm (2021: \$12.979m) exists to meet the cost of claims that fall below deductible limits under Council insurance policies. The reserve is funded annually through rates. For the year ending 30 June 2022 an amount of \$XXm (2021: \$1.505m) was added to the reserve. The net cost of claims applied to the reserve during the year amounted to \$XXm (2021: \$1.017m).

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 follows in *Table 38*.

Table 38: Cost of Investment in controlled entities	Council	
	2022	2021
	\$000	\$000
Wellington Cable Car Limited	3,809	3,809
Wellington Regional Economic Development Agency Limited (WREDA)	1,262	1,262
TOTAL COST OF INVESTMENT IN CONTROLLED ENTITIES	5,071	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 38* above. Nominal settlement amounts (i.e. \$100) made in respect of Trusts, for which Council is the settlor, have not been recognised due to their materiality and are not considered as equity investments.

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

The controlled entities of Council are listed as shown in *Table 39*.

Table 39: Controlled entities	Accounting Interest 2022	Accounting Interest 2021	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 the Cable Car Museum, Capital E, the City Gallery, the Nairn Street Cottage, the Space Place (Carter Observatory), the Wellington Museum and the NZ Cricket Museum
Wellington Regional Economic Development Agency Limited (WREDA) (Trading as WellingtonNZ) - Creative HQ Limited	80%	80%	Manages the Wellington Venues Project and creates economic and social benefit by marketing the city with the private sector as a tourism destination.
	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 the joint venture is reflected in the Council financial statements as follows in *Table 40*.

Table 40: Cost of investment in associates and joint venture	Council	
	2022	2021
	\$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 41*. All of these are domiciled and operate in New Zealand:

Table 41: Associates and Joint venture	Accounting Interest 2022	Accounting Interest 2021	Nature of business
Chaffers Marina Holdings Limited	10.72%	10.72%	Holding company for Chaffers Marina Limited.
- Chaffers Marina Limited	10.72%	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	40.00%	40.00%	Manages all water services for Wellington, Lower Hutt, Upper Hutt and Porirua city councils, the South Wairarapa District Council and the Greater Wellington Regional Council.

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

Associates

Chaffers Marina

Chaffers Marina Holdings Limited and Chaffers Marina Limited have a reporting period end date of 30 June. The shares in Chaffers Marina Holdings Limited are held by Wellington Waterfront Limited in a fiduciary capacity. As at 30 June 2022 Council held a 10.72 percent (2021: 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 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). Council agreed on 23 April 2020 to underwrite additional equity, if required. For more information refer to Note 35: Contingencies (pg XX).

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 42*.

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 follows in *Table 43*:

Table 43: Value of investment in associates and joint venture	Council	
	2022	2021
	\$000	\$000
Chaffers Marina Holdings Limited		
Opening balance		363
Change in shares during the year		441
Change in equity due to changed shareholding		-
Equity accounted earnings of associate		52
Closing balance - investment in Chaffers Marina Holdings Limited	-	856
Wellington International Airport Limited		
Opening balance		209,986
Dividends		-
Equity accounted earnings of associate		(4,183)
Share of net revaluation of property, plant and equipment - movement		26,359
Share of hedging reserve - movement		(573)
Closing balance - investment in Wellington International Airport Limited	-	231,589
Wellington Water Limited		
Opening balance		607
Change in equity due to changed shareholding		-
Equity accounted earnings of joint venture		240
Closing balance - investment in Wellington Water Limited	-	847
TOTAL VALUE OF INVESTMENT IN ASSOCIATES AND JOINT VENTURE	-	233,292

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 XX).

Summary of Financial Position and Performance of associates

Financial information relating to the Council's associates is provided in *Tables 44* and *45* below:

Table 44: Chaffers Marina Holdings Limited	2022	2021
	\$000	\$000
Council		
Investment in Chaffers Marina Holdings Limited (at cost)		1,298
Group		
Summarised financial information of associate		
Current assets		1,393
Non-current assets		4,788
Current liabilities		(182)
Non-current liabilities		(2,125)
Net assets	-	3,874
Revenue		2,093
Tax expense		-
Surplus / (deficit) after tax		437
Other comprehensive revenue and expense	-	-
Total comprehensive revenue and expense	-	437
Reconciliation to equity accounted carrying amount		
Net assets		3,874
Group's share %		10.72%
Group's share \$000		415
Other consolidation adjustments		441
Equity accounted carrying amount	-	856
Risks associated with the Council's investment in the associate		
Share of contingent liabilities	-	-

Table 45: Wellington International Airport Limited	2022	2021
	\$000	\$000
Council		
Investment in Wellington International Airport Limited (at cost)		17,775
Group		
Dividends received		-
<i>Summarised financial information of associate</i>		
Current assets		96,806
Non-current assets		1,399,164
Current liabilities		(117,977)
Non-current liabilities		(705,266)
Net assets	-	672,727
Revenue		68,787
Tax credit /(expense)		12,404
		-
Surplus / (deficit) after tax		(48,120)
Other comprehensive revenue and expense		79,573
Total comprehensive revenue and expense	-	31,453
<i>Reconciliation to equity accounted carrying amount</i>		
Net assets		672,727
Group's share %		34%
Group's share \$000		228,727
Dividends received not in WIAL annual report		-
Difference on adoption of IFRS 9		2,860
Other consolidation adjustments		2
Equity accounted carrying amount	-	231,589
<i>Risks associated with the Council's investment in the associate</i>		
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 46* below:

Table 46: Wellington Water Limited	2022	2021
	\$000	\$000
Council		
Investment in Wellington Water Limited (at cost)		400
Group		
Summarised financial information of joint venture		
Current assets		
Cash and cash equivalents		29,959
Other current assets		22,754
Total current assets	-	52,713
Non-current assets		2,543
Current liabilities		
Financial liabilities (excluding accounts payable)	-	-
Other current liabilities		(53,019)
Total current liabilities	-	(53,019)
Non-current liabilities		
Financial liabilities (excluding accounts payable)	-	-
Other non-current liabilities		(119)
Total non-current liabilities	-	(119)
Net assets	-	2,118
Revenue, excluding interest		226,288
Interest revenue		60
Depreciation and amortisation		(1,217)
Interest expense		-
Tax expense		-
Surplus / (deficit) after tax		542
Other comprehensive revenue and expense		-
Total comprehensive revenue and expense	-	542
Reconciliation to equity accounted carrying amount		
Net assets		2,118
Group's share %		40%
Group's share \$000		847
Other consolidation adjustments		-
Equity accounted carrying amount	-	847
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 47: Exchange transactions, transfers and taxes payable	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Current				
Exchange transactions and transfers payable		71,877		74,211
Taxes payable		10,887		11,211
Non-current				
Exchange transactions and transfers payable		231		231
TOTAL EXCHANGE TRANSACTIONS, TRANSFERS AND TAXES PAYABLE	-	82,995	-	85,653

Comprised of:

Table 48: Exchange transactions and transfers payable	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Trade payables and accruals		64,790		67,124
Interest payable		3,729		3,729
Sundry payables		3,589		3,589
Total exchange transactions and transfers payable	-	72,108	-	74,442

Table 49: Taxes payable	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
GWRC rates		6,693		6,693
Other		4,194		4,518
Total taxes payable	-	10,887	-	11,211
TOTAL EXCHANGE TRANSACTIONS, TRANSFERS AND TAXES PAYABLE	-	82,995	-	85,653

COVID-19: On 9 April 2020, Council agreed to proactively support business cashflows by temporarily changing its terms of trade payment dates. This reduced the payment timeframes for payments to suppliers who provide goods and services to the Council down from 20 to 5 working days for valid authorised invoices. This practice is still in place as at 30 June 2022 to ensure that suppliers were able to maintain their own cashflows by receiving prompt payment.

Table 50: Exchange transactions, transfers and payable to related parties	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Controlled entities		1,769		-
Associates and jointly controlled entity		14,397		14,397
Total exchange transactions, transfers and payable to related parties	-	16,166	-	14,397

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

Note 23: Revenue in advance

Table 50: Deferred revenue	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Exchange transactions				
Lease rentals		2,088		2,088
Other		495		5,077
Transfers				
Wellington Venues operations		1,176		1,176
Inspection and licensing fees		4,791		4,791
Other		1,207		1,340
Taxes				
Rates		2,014		2,014
Liabilities recognised under conditional transfer agreements		9,113		10,047
TOTAL DEFERRED REVENUE	-	20,884	-	26,533

Relevant significant accounting policies

Liabilities recognised under conditional transfer agreements

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

These liabilities relate to:

- various naming rights agreements that Council has with third parties for buildings.
-

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 Long-Term Plan processes.

Gross Borrowings

The gross borrowings are comprised as follows in *Table 52* below:

Table 52: Gross borrowings	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Current				
Bank loans - term		23		23
Commercial paper		68,000		68,000
Debt securities - fixed rate bonds		-		-
Debt securities - floating rate notes		86,500		86,500
Finance leases		-		21
Total current	-	154,523	-	154,544
Non-current				
Bank loans - term		7,129		7,792
Debt securities - fixed rate bonds		105,000		105,000
Debt securities - floating rate notes		642,000		642,000
Finance leases		-		-
Total non-current	-	754,129	-	754,792
TOTAL GROSS BORROWINGS	-	908,652	-	909,336

Net Borrowings

When the cash position of Council and the Group is taken into account the net borrowings position is comprised as follows in *Table 53* below.

Table 53: Net borrowings	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Total gross borrowings	-	908,652	-	909,336
Less				
Cash and cash equivalents (see Note 11)	-	(84,349)	-	(103,542)
Term deposits > 3 months	-	(61,500)	-	(62,602)
TOTAL NET BORROWINGS	-	762,803	-	743,192

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 XX).

Table 54, as follows, 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 54: Group borrowing facilities	Available	Utilised	Maturities	Interest
	2022	2022		Rate Range
	\$000	\$000		%
Bank overdraft - committed		-		
Bank facilities - short term - uncommitted		-		
Bank facilities - long term - committed		-		
Bank loans - term				
Commercial paper				
Debt securities - fixed rate bonds		-		
Debt securities - floating rate notes		-		
Finance leases		-		
Total	-	-		

- The bank overdraft facilities are \$1.500m for Council and \$0.400m for WREDA.
- In addition to the above facilities, 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 Council.

Security

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

Internal Borrowings

Council borrows on a consolidated level and as such does not use internal borrowing and therefore does not prepare internal borrowing statements.

Ring fenced funds

The Council holds \$xxm (2021: \$66.596m) 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:

Housing upgrade project

As part of the agreement with the Crown for the Housing Upgrade Project an amount of \$XXm (2021: \$53.632m), representing the accumulated surpluses and deficits from the Housing activity, has been ring fenced for future investment in the Council's social housing assets.

Waste reduction and energy

An amount of \$XXm (2021: \$12.964m) related to accumulated surpluses and deficits from the Waste Reduction and Energy Conservation activity which, under the Waste Minimisation Act 2008, must be ring fenced for future investment in waste activities. Council is committed to a number of waste minimisation projects that will utilise these funds.

Note 25: Employee benefit liabilities and provisions

Table 55: Employee benefit liabilities and provisions	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Current				
Short-term benefits				
Payroll accruals		108		512
Holiday leave		6,936		8,461
Total short-term benefits	-	7,044	-	8,973
Termination benefits				
Other contractual provisions	-	-	-	-
Total termination benefits	-	-	-	-
Total current	-	7,044	-	8,973
Non-current				
Long-term benefits				
Long service leave provision		-		43
Retirement gratuities provision		724		724
Total long-term benefits	-	724	-	767
TOTAL EMPLOYEE BENEFIT LIABILITIES AND PROVISIONS	-	7,768	-	9,740

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. Please refer to Note 35 – Contingencies (page XX) for more information on an unquantified contingent liability relating to holiday pay.

Movements in specific employee benefit provisions above are analysed in *Tables 56 and 57* below.

Table 56: Other contractual provisions	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Opening balance		104		127
New provision		-		-
Release of unused provision		-		-
Amount utilised		(104)		(127)
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 2022 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 57: Retirement gratuities provision	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Opening balance		764		764
Movement in required provision		8		8
Release of unused provision		-		-
Rediscounting of interest		1		1
Amount utilised		(49)		(49)
Retirement gratuities - closing balance	-	724	-	724

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 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 XX percent) as at 30 June 2022, before discounting, is \$XXm (2021: \$0.770m). The discount factor of XX percent is based on the Treasury risk-free rate.

Note 26: Provisions for other liabilities

Table 58: Provisions for other liabilities	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Current				
Landfill post closure costs		1,798		1,798
Weathertight homes		481		481
Total current	-	2,279	-	2,279
Non-current				
Landfill post closure costs		17,810		17,810
Weathertight homes		32,680		32,680
Total non-current	-	50,490	-	50,490
TOTAL PROVISIONS FOR OTHER LIABILITIES	-	52,769	-	52,769

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 the *Tables 59 and 60* below.

Table 59: Landfill post closure costs	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Opening balance		21,795		21,795
Movement in provision		(815)		(815)
Re-discounting of interest		(1,037)		(1,037)
Amount utilised		(335)		(335)
Landfill post closure costs - closing balance	-	19,608	-	19,608

Background to the Landfill post-closure 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 a number of closed landfill sites around Wellington. The Council has responsibility for the closure of its landfills and to provide ongoing maintenance and monitoring of the landfills after they are closed.

As part of the closure of landfills, or landfill stages, the Council's responsibilities include:

- final cover application and vegetation.
- incremental drainage control features; and
- completing facilities for post closure responsibilities.

Post closure responsibilities include:

- treatment and monitoring of leachate.
- ground water and surface monitoring.
- gas monitoring and recovery.
- implementation of remedial measures such as needed for cover and control systems; and
- on-going site maintenance for drainage systems, final cover and vegetation.

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

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

Relevant significant accounting policies – 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 improvements in technology and known changes to legal requirements. Future cash flows are discounted using the Treasury risk free rate of XX percent and XX percent for open and closed landfills respectively. The gross provision (inflation adjusted at XX percent) before discounting, is \$XXm (2021: \$22.905m). 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 XXm³ (2021: 435,094 m³) and is expected to close in 2026. These estimates have been made by the Council's engineers based on expected future and historical volume information.

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

Table 60: Weathertight homes	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Opening balance		39,361		39,361
Additional or increased provision made		669		669
Amount utilised		(6,869)		(6,869)
Weathertight homes - closing balance	-	33,161	-	33,161

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 an amount of \$XXm (2021: \$11.649m) as a provision for future claims relating to weathertightness issues not yet identified or not yet reported.

Movement in the provision

During the year \$XXm was paid as either part or full settlement of claims. An additional \$XXm was added to the provision after an actuarial re-assessment of the likely future costs to be incurred as explained below. The current / non-current split above reflects the expected timing of payments but is reassessed each year to take account of delays in claim negotiations and any mediation outcomes.

Estimation

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

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

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

Amount claimed

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

Settlement amount

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

Amount expected to be paid by the Council

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

Percentage of homeowners who will make a successful claim

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

Sensitivity

Table 61 below illustrates the potential impact on surplus or deficit of changes in some of the assumptions listed above.

Table 61: Weathertight provision sensitivity		2022	
		\$000	
		+10%	-10%
Assumption		Surplus or Deficit	
Amount claimed			
Settlement level award			
Council contribution to settlement			
Change in percentage of homeowners who will make a successful claim			
Assumption		+2%	-2%
		Surplus or Deficit	
Discount rate			

Funding of weathertight homes settlements

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

Table 62: Funding for weathertight homes liability	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Opening balance		(32,928)		(32,928)
Rates funding for weathertight homes liability		3,950		3,950
Total amounts paid		(6,869)		(6,869)
Interest allocation		(1,628)		(1,628)
Closing balance funded through borrowings	-	(37,475)	-	(37,475)

Note 27: Deferred tax

Recognised temporary differences and tax losses

Table 63: Deferred tax assets and liabilities	Group	
	2022	2021
	\$000	\$000
Opening balance		
Property, plant and equipment		(709)
Intangible assets		6
Employee entitlements		179
Other provisions		12
Tax losses		204
Total opening balance	-	(308)
Charged to surplus or deficit		
Property, plant and equipment		(184)
Intangible assets		(14)
Employee entitlements		(10)
Other provisions		(3)
Tax losses		(161)
Total charged to surplus or deficit	-	(372)
Closing balance		
Property, plant and equipment	-	(893)
Intangible assets	-	(8)
Employee entitlements	-	169
Other provisions	-	9
Tax losses	-	43
TOTAL CLOSING BALANCE	-	(680)

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 \$XXm (2021: \$0.184m).

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 64: Statement of Changes in Equity		Council			Group	
For the year ended 30 June 2022		Actual	Budget	Actual	Actual	Actual
		2022	2022	2021	2022	2021
	Note	\$000	\$000	\$000	\$000	\$000
EQUITY - Opening balances						
Accumulated funds				1,269,134		1,293,162
Retained earnings				3,809,762		3,821,257
Revaluation reserves				2,348,061		2,520,701
Hedging reserve				(107,041)		(107,087)
Fair value through other comprehensive revenue and expense reserve				5,085		6,100
Non-controlling interest				-		284
Restricted funds				16,182		20,027
TOTAL EQUITY - Opening balance		-	-	7,341,183	-	7,554,444
CHANGES IN EQUITY						
Retained earnings						
Net surplus / (deficit) for the year		-		7,457	-	4,287
Transfer to restricted funds				(6,760)		(7,990)
Transfer from restricted funds				3,957		4,659
Transfer from revaluation reserves				947		947
Transfer to non-controlling interest				-		(497)
Revaluation reserves						
	27					
Fair value movement - property, plant and equipment - net				284,092		310,451
Transfer to retained earnings				(947)		(947)
Hedging reserve						
	28					
Movement in hedging reserve				60,019		59,446
Fair value through other comprehensive revenue and expense reserve						
	29					
Movement in fair value - Equity investments				944		944
Movement in fair value - Available for sale equities				-		(388)
Non-controlling interest						
Transfer from retained earnings				-		497
Restricted funds						
	30					
Transfer to retained earnings				(3,957)		(4,659)
Transfer from retained earnings				6,760		7,990
Total comprehensive revenue and expense		-	-	352,512	-	374,740
EQUITY - Closing balances						
Accumulated funds		-		1,269,134	-	1,293,162
Retained earnings		-		3,815,363	-	3,823,160
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		-		-	-	284
Restricted funds		-		18,985	-	23,358
TOTAL EQUITY - Closing balance		-	-	7,693,695	-	7,929,184

		Council			Group	
		Actual	Budget	Actual	Actual	Actual
		2022	2022	2021	2022	2021
		\$000	\$000	\$000	\$000	\$000
Total comprehensive revenue and expense attributable to:						
Wellington City Council and Group		-	-	352,512	-	374,589
Non-controlling interest				-	-	151
		-	-	352,512	-	374,740

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

Statement of changes in equity – Major budget variations

Significant variations from budgeted changes in equity are as follows:

Opening equity is \$XXm over budget. This is largely due to:

Changes in equity were \$XXm higher than budget with major variances of:

Closing equity is \$XXm higher than budget with major variances of:

Equity

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

- 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 Local Government Act 2002 (the Act) requires the Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayer funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets but does not expect them to meet the full cost of long-term assets that will benefit ratepayers in future generations. Additionally, the Council has asset management plans in place for major classes of assets, detailing renewal and programmed maintenance. These plans ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long-Term Plan (LTP) and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The Act sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTP.

Note 28: Revaluation reserves

Table 64: Revaluation reserves	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Land - opening balance		203,103		203,103
Revaluation recognised in other comprehensive revenue and expense		85,524		85,524
Transfer to retained earnings due to disposal of assets		(427)		(427)
Land - closing balance	-	288,200	-	288,200
Buildings - opening balance		316,901		316,901
Revaluation recognised in other comprehensive revenue and expense		198,744		198,744
Revaluation adjustment		(176)		(176)
Transfer between assets classes		261		261
Transfer to retained earnings due to disposal of assets		(298)		(298)
Buildings - closing balance	-	515,432	-	515,432
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, waste and water - opening balance		1,167,739		1,167,739
Revaluation recognised in other comprehensive revenue and expense		-		-
Transfer between assets classes		-		-
Drainage, waste and water - closing balance	-	1,167,739	-	1,167,739
Infrastructure land - opening balance		24,802		24,802
Revaluation recognised in other comprehensive revenue and expense		-		-
Transfer to retained earnings due to disposal of assets		(222)		(222)
Infrastructure land - closing balance	-	24,580	-	24,580
Roading - opening balance		626,924		626,924
Revaluation recognised in other comprehensive revenue and expense		-		-
Transfer between assets classes		(261)		(261)
Roading - closing balance	-	626,663	-	626,663
Associates' revaluation reserves - opening balance	-	-		172,640
Revaluation recognised in other comprehensive revenue and expense	-	-		26,359
Effect of change in shareholding	-	-		-
Associates' revaluation reserves - closing balance	-	-	-	198,999
Total revaluation reserves - closing balance	-	2,631,206	-	2,830,205

These revaluation reserve movements are represented by:

Table 65: Summary of revaluation reserve movements	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Opening balance		2,348,061		2,520,701
Revaluation recognised in other comprehensive revenue and expense	-	284,268	-	310,627
Effect of change in shareholding	-	-	-	-
Revaluations adjustment	-	(176)	-	(176)
Transfer to retained earnings due to disposal of assets	-	(947)	-	(947)
TOTAL REVALUATION RESERVES	-	2,631,206	-	2,830,205

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

For the period ending 30 June 2022 Council has revalued its investment properties, which are revalued annually – refer to Note 18 – Investment properties, for more information (pg XX).

Due to significant increases in the cost of materials and other construction components, Council brought forward the revaluation of its infrastructure networks and land by one year. Not to do so would mean under-depreciating the assets and a substantial compounded increase in depreciation charges through rates in the following year. Refer to Note 19 – Property, Plant and Equipment, for more information (pg XX).

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

Relevant significant accounting policies

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

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

Note 29: Hedging reserve

Table 66: Hedging reserve	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Opening balance		(107,041)		(107,087)
Cash flow hedge net movement recognised in other comprehensive revenue and expense		60,019		59,446
TOTAL HEDGING RESERVE	-	(47,022)	-	(47,641)

The hedging reserve shows accumulated fair value changes for interest rate swaps which satisfy the criteria for hedge accounting and have operated as effective hedges during the period.

The Council uses interest rate swaps to fix interest rates on floating rate debt (floating rate notes and commercial paper) to give it certainty over interest costs.

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

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

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

Table 67: Fair value through other comprehensive revenue and expense reserve	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Opening balance		5,085		6,100
Movements:				
Civic Financial Services Limited		17		17
Local Government Funding Agency		927		927
Creative HQ shareholdings - available for sale		-		(388)
TOTAL FAIR VALUE THROUGH OTHER COMPREHENSIVE REVENUE AND EXPENSE RESERVE	-	6,029	-	6,656

This reserve reflects the accumulated fair value movement in the Council's investment in Civic Financial Services Limited (Civic) and the Local Government Funding Agency.

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

Note 31: Restricted funds

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

Table 68: Restricted funds	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Special reserves and funds		18,503		21,652
Trusts and bequests		482		1,706
TOTAL RESTRICTED FUNDS	-	18,985	-	23,358

Table 69: Special reserves and funds	Opening	Additional	Utilised	Closing
	Balance	Funds	Funds	Balance
	2022	2022	2022	2022
	\$000	\$000	\$000	\$000
Council				
City recovery fund (was City Growth Fund)	4,742			
Reserve purchase and development fund	782			
Insurance reserve	12,979			
Total Council	18,503	-	-	-
Controlled entities' reserve funds	3,149			
Total Group - Special reserves and funds	21,652	-	-	-

Nature and purpose, funding and utilisation

City Growth fund (previously the City Recovery fund during the initial response to COVID – 19)

The City Recovery Fund has a closing balance of \$XXm with combined funding for the year of \$XXm (2021: \$5.241m) provided from rates. During the year \$XXm (2021: \$2.940m) 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.

Insurance reserve

This reserve came into effect in 2001 and allows the Council to meet the cost of claims that fall below deductible limits under Council's insurance policies. Additions to the reserve of \$XXm (2021: \$1.505m) were funded through rates as identified in the Annual Plan. During the year \$XXm (2021: \$1.017m) 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: a Capital reserve, a Capital E reserve, a Nairn Street Cottage collection reserve, a Wellington Museums collection reserve, a City Gallery reserve and a Wellington Museum Plimmer reserve. The two collection reserves are for the purpose of future museum acquisitions.
- The Wellington Zoo Trust has two reserves; an Animal Transfer Fund specifically for the transfer of animals and a Conservation Fund to specifically support field conservation.

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 \$XXm (2021: \$0.014m) has been applied in accordance with the original terms and conditions.

Nature and purpose

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

The Wellington Zoo Trust has a number of bequests, trusts and capital grants made to it for specific purposes, which are held as restricted funds until utilised. Further information on these can be found in the Wellington Zoo Trust annual report published on their website – <https://wellingtonzoo.com/about-us/about-our-zoo/>

Charles Plimmer Bequest

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

As at 31 August 2021, the value of the estate held by the Public Trust was \$XXm (31 August 2020: \$18.63.9m), 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 - \$0.495m
- Funds utilised towards the Pukehuia Park (Newlands) upgrade - \$0.495m.

Statement of cash flows

Table 70: Statement of Cash Flows					
For the ended 30 June 2022					
	Council			Group	
	Actual	Budget	Actual	Actual	Actual
	2022	2022	2021	2022	2021
	\$000	\$000	\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from rates - Council			342,909		342,909
Receipts from rates- Greater Wellington Regional Council			72,795		72,795
Receipts from activities and other revenue			179,056		197,139
Receipts from grants and subsidies - Operating			18,604		31,413
Receipts from grants and subsidies - Capital			27,118		28,025
Receipts from investment property lease rentals			10,999		10,999
Cash paid to suppliers and employees			(362,803)		(420,323)
Rates paid to GWRC			(71,428)		(71,428)
Grants paid			(46,901)		(19,266)
Income tax paid			-		183
Net GST (paid) / received			5,128		5,742
NET CASH FLOWS FROM OPERATING ACTIVITIES	-	-	175,477	-	178,188
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividends received			66		66
Interest received			2,114		2,246
Proceeds from sale of property, plant and equipment			2,163		2,848
Proceeds from sale of Intangibles			109		109
Proceeds from sale of Investment property			500		500
Loan advances made			(900)		(900)
(Increase) / decrease in investments			(36,690)		(35,788)
Purchase of investment properties			(1,092)		(1,092)
Purchase of intangibles			(18,277)		(18,277)
Purchase of property, plant and equipment			(245,489)		(246,070)
NET CASH FLOWS FROM INVESTING ACTIVITIES	-	-	(297,496)	-	(296,358)
CASH FLOWS FROM FINANCING ACTIVITIES					
New borrowings			250,721		251,385
Repayment of borrowings			(118,000)		(118,028)
Interest paid on borrowings			(24,930)		(24,930)
NET CASH FLOWS FROM FINANCING ACTIVITIES	-	-	107,791	-	108,427
Net increase/(decrease) in cash and cash equivalents	-	-	(14,228)	-	(9,743)
Cash and cash equivalents at beginning of year			98,577		113,285
CASH AND CASH EQUIVALENTS AT END OF YEAR	-	-	84,349	-	103,542

The notes on pg XX to XX 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.

Wellington City Council acts as a collection agency for Greater Wellington Regional Council (GWRC) by including additional rates and levies in its own billing process. Once collected, the monies are passed to GWRC. The budget assumes that the inflows and outflows will offset each other and are shown accordingly.

The Council has ring-fenced funds of \$63.399m (2020: \$52.537m) relating to the housing upgrade project and waste activities. For more information see Note 24: Borrowings (pg XX).

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

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

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

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

Statement of cash flows – Major budget variations

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

Significant variations from the cash flow budgets are as follows:

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

Net cash flows from investing activities were \$8.793m higher than budget, including main variances of:

Net cash flows from financing activities were \$18.640m lower than budget, including main variances of:

Note 32: Reconciliation of cash flows

Table 71: Reconciliation of net surplus / (deficit) to net cash flows from operating activities	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Net surplus / (deficit) for the period		7,457		4,287
Add/(deduct) non-cash items:				
Vested assets		(9,411)		(9,411)
Bad debts written off not previously provided for		76		79
Depreciation and amortisation		136,635		138,324
Impairment of property, plant and equipment		1,849		1,849
Fair value changes in investment properties		(20,496)		(20,496)
Other fair value changes		48		(23)
Movement in provision for impairments of doubtful debts		(95)		(122)
Tax expense/(credit)		-		30
Non-cash movement in provisions		830		977
Total non-cash items	-	109,436	-	111,207
Add/(deduct) movement in working capital: ¹				
Exchange receivables and non-exchange recoverables		34,229		34,767
Prepayments		(12,620)		(12,423)
Inventories		762		854
Exchange transactions, taxes and transfers payables		14,245		12,960
Revenue in advance		6,582		7,190
Employee benefit liabilities		(276)		(588)
Provision for other liabilities		(6,974)		(6,625)
Total working capital movement	-	35,948	-	36,135
Add/(deduct) investing and financing activities:				
Net (gain)/loss on disposal of property, plant and equipment		(552)		(548)
Net (gain)/loss on disposal of intangibles		(126)		(126)
Net (gain)/loss on disposal of investment property		564		564
Dividends received		(66)		(66)
Interest received		(2,114)		(2,186)
Tax paid and subvention receipts		-		94
Interest paid on borrowings		24,930		24,936
Share of equity accounted (surplus)/deficit in associates		-		3,891
Total investing and financing activities	-	22,636	-	26,559
NET CASH FLOWS FROM OPERATING ACTIVITIES	-	175,477	-	178,188

1. Excluding non-cash items

Table 72: Reconciliation of liabilities arising from financing activities	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Opening balance				
Current borrowings		186,000		186,028
Non-current borrowings		589,931		589,951
Hedges held against borrowings:				
- Interest rate swaps - cash flow hedges		107,041		107,087
Total opening balance	-	882,972	-	883,066
Cash flow movements - current				
Repayment of borrowings - current		(118,000)		(118,028)
New borrowings		-		-
Movement from non-current to current borrowings		86,523		86,544
Cash flow movements - non-current				
New borrowings		250,721		251,385
Movement from non-current to current borrowings		(86,523)		(86,544)
Total Cash movements	-	132,721	-	133,357
Non-cash flow movements				
- Interest rate swaps - cash flow hedges	-	(60,019)	-	(59,446)
Total movements	-	72,702	-	73,911
Closing 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 closing balance	-	955,674	-	956,977

Other disclosures

Note 33: Financial instruments

Financial instruments include financial assets (loans and receivables or recoverables and financial assets at fair value through other comprehensive revenue and expense), financial liabilities (payables and borrowings) and derivative financial instruments. Financial instruments are classified into the categories outlined below based on the purpose for which they were acquired. The classification is determined at initial recognition and re-evaluated at the end of each reporting period.

Relevant significant accounting policies

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

Financial Assets

Financial assets are classified as loans and receivables or financial assets at fair value through other comprehensive revenue and expense.

Loans and receivables comprise cash and cash equivalents, receivables or recoverables and loans and deposits.

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

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

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

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

Financial Liabilities

Financial liabilities include payables under exchange transactions, taxes, transfers and borrowings. Financial liabilities with duration of more than 12 months are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method. Amortisation is recognised within surplus or deficit. Financial liabilities with duration of less than 12 months are recognised at their nominal value.

On disposal any gains or losses are recognised within surplus or deficit.

Table 73 below, provides an analysis of the Group's financial assets and financial liabilities by reporting category as described in the accounting policies:

Table 73: Financial Instruments by category	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Financial assets				
Loans and receivables				
Cash and cash equivalents	-	84,349	-	103,542
Receivables and recoverables	-	61,056	-	62,319
Other financial assets	-	77,294	-	78,411
Total loans and receivables	-	222,699	-	244,272
Financial assets at fair value through other comprehensive revenue and expense				
Other financial assets	-	8,372	-	10,122
Total financial assets at fair value through other comprehensive revenue and expense	-	8,372	-	10,122
Hedged derivative financial instruments				
Derivatives designated as cash flow hedges	-	7,821	-	7,821
Total hedged derivative financial instruments	-	7,821	-	7,821
Total financial assets	-	238,892	-	262,215
Total non-financial assets	-	8,582,714	-	8,806,523
TOTAL ASSETS	-	8,821,606	-	9,068,738
Financial liabilities				
Financial liabilities at amortised cost				
Exchange transactions and transfers payable	-	72,108	-	74,442
Taxes payable	-	10,887	-	11,211
Borrowings	-	908,652	-	909,336
Total financial liabilities at amortised cost	-	991,647	-	994,989
Derivative financial instruments				
Derivatives designated as cash flow hedges	-	54,843	-	54,843
Total derivative financial instruments	-	54,843	-	54,843
Total financial liabilities	-	1,046,490	-	1,049,832
Total non-financial liabilities	-	81,421	-	
TOTAL LIABILITIES	-	1,127,911	-	1,049,832

Fair value

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

Fair value hierarchy

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

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

Table 74: Group hierarchy		2022			2021		
	Level	Level	Level	Level	Level	Level	
	1	2	3	1	2	3	
	\$000	\$000	\$000	\$000	\$000	\$000	
Financial assets							
Financial assets at fair value through other comprehensive revenue and expense	-	-	-	-	-	10,122	
Derivative financial instruments							
- Cash flow hedges	-	-	-	-	7,821	-	
Financial liabilities							
Derivative financial instruments							
- Cash flow hedges	-	-	-	-	54,843	-	

Table 75: Reconciliation of fair value movements in Level 3			Council		Group	
			2022	2021	2022	2021
			\$000	\$000	\$000	\$000
Financial assets at fair value through other comprehensive revenue and expense						
- Equity investments						
Opening balance - 1 July				6,633		9,258
Purchases				-		-
Disposals				-		-
Impairment				-		-
Loss on investment				-		(2)
Gains or losses recognised in other comprehensive revenue and expense				-		866
Closing balance - 30 June			-	6,633	-	10,122

The level 3 equity investments comprise the Group's shareholdings in the Local Government Funding Agency \$XXm (2021: \$7.865m), Civic Assurance \$XXm (2021: 0.507m), the Creative HQ shareholdings \$XXm (2021: \$1.490m) and a legacy investment by Wellington Museum's Trust of \$XXmm (2021: \$0.260m). Refer to Note 15: Other financial assets (pg XX) for more details.

Financial risk management

As part of its normal operations, the Group is exposed to a number of risks. The most significant are credit risk, liquidity risk and market risk, which includes interest rate risk. The Group's exposure to these risks and the action that the Group has taken to minimise the impact of these risks is outlined below:

Credit risk

Credit risk is the risk that a third party will default on its obligations to the Group, thereby causing a financial loss. The Group is not exposed to any material concentrations of credit risk other than its exposure within the Wellington region. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statement of Financial Position and the face value of financial guarantees to related parties (refer Note 35: Contingencies (pg XX)). There is currently no liability recognised for these guarantees as the Group does not expect to be called upon for payment.

The Group's maximum exposure to credit risk at the end of the reporting period is detailed in *Table 76* below.

Table 76: Financial instruments with credit risk	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Cash and cash equivalents	-	84,349	-	103,542
Derivative financial instrument assets	-	7,821	-	7,821
Receivables and recoverables	-	61,056	-	62,319
Other financial assets				
- Bank deposits - term > 3 months	-	61,500	-	62,602
- LGFA borrower notes	-	14,902	-	14,902
- Loans to related parties - other organisations	-	892	-	892
- Loans to external organisations	-	-	-	15
Total financial instruments with credit risk	-	230,520	-	252,093

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 XX).

Credit quality of financial assets

The credit quality of financial assets that are neither past due or impaired can be assessed by reference to Standard and Poor's credit ratings in *Table 77* as follows.

Table 77: Counterparties with credit ratings	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Cash - registered banks				
AA-		84,333		97,021
Short-term deposits (less than 3 months) - registered banks				
AA-		-		2,988
Term deposits (greater than 3 months) - registered banks				
AA-		39,000		43,602
A		22,500		22,500
Term deposits - borrower notes - NZ LGFA				
AA+		14,902		14,902

Liquidity risk

Liquidity risk refers to the situation where the Group may encounter difficulty in meeting obligations associated with financial liabilities. The Group maintains sufficient funds to cover all obligations as they fall due. Facilities are maintained in accordance with the Council's Liability Management Policy to ensure the Group is able to access required funds.

Contractual maturity

The following maturity analysis in *Table 78* 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 78: Contractual cash flows of financial liabilities excluding derivatives	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Contractual cash flows of financial liabilities excluding derivatives				
0-12 months		247,233		250,195
1-2 years		153,422		153,422
2-5 years		291,207		291,930
More than 5 years		396,933		396,933
Total contractual cash flows of financial liabilities excluding derivatives	-	1,088,795	-	1,092,480
Represented by:				
Carrying amount as per the Statement of Financial Position		991,719		995,344
Future interest payable		97,076		97,136
Total contractual cash flows of financial liabilities excluding derivatives	-	1,088,795	-	1,092,480

The following maturity analysis in *Table 79*, 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 79: Contractual cash flows of derivative financial liabilities		Council		Group	
		2022	2021	2022	2021
		\$000	\$000	\$000	\$000
Contractual cash flows of derivative financial liabilities					
0-12 months			14,192		14,192
1-2 years			11,521		11,521
2-5 years			21,519		21,519
More than 5 years			12,464		12,464
Total contractual cashflow of derivative financial liabilities		-	59,696	-	59,696
Represented by:					
Future interest payable		-	59,696	-	59,696
Total contractual cash flows of derivative financial liabilities		-	59,696	-	59,696

In addition to cash to be received in 2022/23 the Group currently has \$XXm (2021: \$130.000m) in unutilised committed bank facilities available to settle obligations as well as \$XXm (2021: \$162.460m) of cash, cash equivalents and receivables and is expected to have sufficient cash to meet all contractual liabilities as they fall due.

The Group is exposed to liquidity risk as a guarantor of all of LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its obligations when they fall due. Information about this exposure is explained in Note 35: Contingencies (pg XX).

The Group mitigates exposure to liquidity risk by managing the maturity of its borrowings programme within the following maturity limits as shown in *Table 80*.

Table 80: 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 Liability Management Policy which is formally approved by the Council as part of the Long-Term Plan (LTP).

Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will decrease due to changes in market interest rates. The Group is exposed to interest rate risk from its interest-earning financial assets and interest-bearing financial liabilities. The Group is risk averse and seeks to minimise exposure arising from its borrowing activities primarily by entering into interest rate swap arrangements to fix interest rates on its borrowings.

The Group manages its cash flow interest rate risk by using interest rate swaps. These have the economic effect of converting borrowings from floating rates to fixed rates. The 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 2022 is XX percent. (2021: 73 percent)

Table 81 below shows the effect of the interest rate swaps at reducing the Council's and Group's exposure to interest rate risk:

Table 81: Interest rate volatility	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Financial instruments subject to interest rate volatility - before effect of interest rate swaps				
Cash and cash equivalents	-	84,349	-	103,542
Bank deposits - term greater than 3 months	-	61,500	-	62,602
Commercial paper	-	(68,000)	-	(68,000)
Debt securities - floating rate notes	-	(728,500)	-	(728,500)
Total financial instruments subject to interest rate volatility - before effect of interest rate swaps	-	(650,651)	-	(630,356)
Effect of interest rate swaps in reducing interest rate volatility				
Effect of Cash flow interest rate swaps - hedged		549,000		549,000
Total effect of interest rate swaps in reducing interest rate volatility	-	549,000	-	549,000
Total financial instruments subject to interest rate volatility - after effect of interest rate swaps	-	(101,651)	-	(81,356)

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. At 30 June 2022 the fair value of the interest rate swaps was \$XXm (2021: -\$47.022m). The liability represents the forecast extra cash flows the Council is expected to pay from locking in fixed interest rates higher than current market 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 in Table 82 as follows.

Table 82: Weighted effective interest rates	Council		Group	
	2022	2021	2022	2021
	%	%	%	%
Investments				
Cash and cash equivalents		0.25		0.25
Bank deposits - term		0.93		0.93
LGFA - borrower notes		0.63		0.63
Loans to related parties		-		-
Borrowings				
Bank loans		3.65		3.65
Commercial paper		0.36		0.36
Debt securities - fixed		2.02		2.02
Debt securities - floating		0.97		0.97
Derivative financial instruments - hedged		3.69		3.69

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

The loan facility to WRST for COVID-19 support and further upgrade of the Fran Wilde walkway will be at an interest rate of 3% p.a. but will only be applied two years after the initial drawdown in 2020/21.

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 83 below 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 83: Sensitivity to interest rate risk		Group			
		2022			
		\$000			
		+1%	-1%	+1%	-1%
	Note	Effect on Surplus or Deficit		Effect on Other Comprehensive Revenue and Expense	
Financial assets					
Cash and cash equivalents	a				
LGFA - borrower notes	b				
Term deposits > 3 months	c				
Derivatives - interest rate swaps - hedged	d				
Financial liabilities					
Derivatives - interest rate swaps - hedged	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 a number of 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 \$XXm accordingly.

b. LGFA borrower notes

The Group holds \$XXm 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 \$XXm accordingly.

c. Bank term deposits > than 3 months

Bank deposits greater with bank 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 \$XXm accordingly.

d. Derivatives - hedged interest rate swaps

Derivatives include hedged interest rate swaps with a fair value totalling \$XXm. A movement in interest rates of plus 1 percent has an effect on increasing the unrealised value of the hedged interest rate swaps by \$XXm. A movement in interest rates of minus 1 percent has an effect on reducing the unrealised value of the hedged interest rate swaps by \$XXm.

e. Debt securities – floating rate notes

Debt securities at floating rates total \$XXm. The full exposure to changes in interest rates has been reduced because the Group has \$XXm 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 \$XXm accordingly.

f. Bank Loans

The Group, through the Council's joint operations with Porirua City Council has a bank term loans of \$XXm. This loan consists of various loans 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 \$XXm accordingly.

g. Commercial paper

The Group has a Commercial Paper programme which is subject to floating rates and totals \$100.000m of which only \$XXm is presently utilised. The full exposure to changes in interest rates has been reduced because the Group has \$XXm 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 \$XXm accordingly.

Note 34: Commitments

Table 84: Capital commitments	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Approved and contracted - property, plant and equipment		259,227		259,232
Approved and contracted - investment properties		-		-
Approved and contracted - intangibles		-		-
Approved and contracted - share of associates		-		7
Approved and contracted - share of joint ventures	-	-		-
TOTAL CAPITAL COMMITMENTS	-	259,227	-	259,239

The capital commitments in Table 84 above, 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 2021/22 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 XX).

Relevant significant accounting policies

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

The future expenditure committed by these leases is analysed as follows in *Table 85*.

Table 85: Non-cancellable operating lease commitments as lessee	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Plant and equipment				
Not later than one year		-		73
Later than one year and not later than five years		-		82
Later than five years		-		-
Land and buildings				
Not later than one year		10,129		10,714
Later than one year and not later than five years		19,314		19,791
Later than five years		25,120		25,120
TOTAL NON-CANCELLABLE OPERATING LEASE COMMITMENTS AS LESSEE	-	54,563	-	55,780

Operating leases – Group as lessor

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

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

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

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

Relevant significant accounting policies

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

The committed revenues expected from these lease portfolios are analysed as follows in *Table 86*.

Table 86: Non-cancellable operating lease commitments as lessor	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Investment properties				
Not later than one year		8,655		8,655
Later than one year and not later than five years		29,404		29,404
Later than five years		52,720		52,720
Land and buildings				
Not later than one year		4,499		4,502
Later than one year and not later than five years		6,622		6,622
Later than five years		6,891		6,891
TOTAL NON-CANCELLABLE OPERATING LEASE COMMITMENTS AS LESSOR	-	108,791	-	108,794

Commitments to related parties

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

Note 35: Contingencies

Table 87: Contingent liabilities	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Uncalled capital - LGFA		1,866		1,866
Other legal proceedings		585		585
WIAL equity underwrite		25,760		25,760
WRST loan facility		1,200		1,200
WOW funding agreement		5,000		5,000
Share of associates' and joint venture's contingent liabilities		-		-
Share of joint operations' contingent liabilities		-		-
TOTAL CONTINGENT LIABILITIES	-	34,411	-	34,411

NZ Local Government Funding Agency Limited (LGFA)

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 now 63 guarantor Councils in total. In this regard Council has uncalled capital of \$1.866m. When aggregated with the uncalled capital of other shareholders, \$20m is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, Council is a guarantor of all of LGFA's borrowings. At 30 June 2021, LGFA had borrowings totalling \$XXm (2021: \$13,609m).

Financial reporting standards require 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. 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 \$XXm.

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. Council's current estimated financial exposure for this claim is \$0.050m being the insurance excess payable, which is included in the total above.

COVID-19 support for related parties and other entities

Wellington International Airport Limited

As part of its COVID-19 pandemic response, Council agreed on 23 April 2020 to provide financial support to Wellington International Airport Limited in proportion to its 34 percent equity holding, if

required. Along with Infratil Limited, who own the remaining 66 percent, the two shareholders will jointly provide an equity underwrite of up to nearly \$75.76 million. Council's share would be up to \$25.76m and Infratil's \$50m. The facility will be able to be drawn by WIAL, if required, through the issue of redeemable preference shares.

The actions of the shareholders ensure the Airport is soundly financed to meet all of its obligations and maintain the support of its lenders as it recovers from the significant impacts of COVID-19 on the airline industry.

Wellington Regional Stadium Trust (WRST)

As a direct response to the COVID-19 pandemic, Council agreed, on 21 July 2020, to a joint loan facility between Council and Greater Wellington Regional Council to be made available to WRST. The loan facility to be used, if required, 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. This loan is an unsecured facility of up to \$4.200m divided equally between the lenders with a fixed interest rate of 3.0 percent and is interest free for the first two years upon being drawn down. \$XXm (2021: \$0.900m) was drawn down from Council during the period ending 30 June 2022.

World of Wearable Art (WOW)

As a result of the COVID-19 pandemic, on 4 February 2021 the Council agreed to and subsequently entered into a funding agreement with WOW to provide access to financial relief should their 2021 World of WearableArt Awards Show be disrupted due to the COVID-19 pandemic and any related NZ Government restrictions, up to a maximum of \$5.000m. This funding agreement allowed the board to continue with their planning and investment in the 2021 WOW Awards Show. At 30 June 2021 this funding agreement had not been called on. However, following the re-emergence of COVID-19 in the community on 17 August 2021 the Government announced that all New Zealand would be moving to alert level 4. The 2021 WOW Awards Show, which was set to run from 30 September to 17 October 2021, was initially postponed on 30 August 2021 and then a decision was made to cancel it on 9 September 2021. The amount that the Council is required to pay under the terms of the funding agreement is still being finalised.

Unquantified contingent liabilities

Holiday Pay remediation

A number of 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 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 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. Council is part way through phase one of the project with a completion date estimated to be early 2022.

Following this, Council will commence phase two of the project. The outcome of this phase cannot be determined at this time given the current level of reliability of this information. Due to this we are unable to quantify our liability at 30 June 2022. 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 2021 (2020: \$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 35: 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, Greater Wellington Regional Council, and Waka Kotahi NZ Transport Agency.

Table 88: Joint Operations	Interest 2022	Interest 2021	Nature of business
Wastewater treatment plant – Porirua City Council	27.60%	27.60%	Owns and operates a wastewater treatment plant and associated trunk sewers and pumping stations that provide services to Wellington City's northern suburbs. 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 - Mass Rapid Transport - City Streets - Early Delivery - Travel Demand Management	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.

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 (eg. 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 (2020: \$Nil) and contingent liabilities is \$Nil (2020: \$Nil).

Note 36: Related party disclosures**Relevant significant accounting policies**

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

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

Key management personnel

In this section, the Council discloses the remuneration and related party transactions of key management personnel. The remuneration payable to key management personnel of the Group's other entities is disclosed separately within their individual financial statements and is not included in *Table 89* below.

Table 89: Remuneration paid to key management personnel	Council	
	2022	2021
	\$	\$
Council Members		
Remuneration		1,846,046
Chief Executive and Executive Leadership Team		
Remuneration		2,601,008
TOTAL REMUNERATION PAID TO KEY MANAGEMENT PERSONNEL	-	4,447,054

As at 30 June 2022 key management personnel comprised of 23 individuals: 15 elected members or 15 fulltime equivalents (2021: 15) and 8 executive leaders or 8 fulltime equivalents (2021: 8). There was no increase in the number of executive leadership roles over the period to 30 June 2022.

During the year period we continued the recruitment into vacant Executive Leadership roles which had carried over from the prior financial year and made appointments into these roles. During

this period of recruitment, we had a number of senior managers acting in executive leadership roles to provide cover.

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 Council during the year. These services valued at \$XX 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 Council to key management personnel.

Material related party transactions – structured entities

NZ Local Government Funding Agency Limited (LGFA)

The LGFA was incorporated on 1 December 2011 and was established to facilitate the efficient, and cost effective, raising of debt funding for local government authorities. There are currently 30 regional, district and city councils throughout New Zealand that own 80 percent of the issued capital, with the Government 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 2022 Council drew down new borrowings of \$XXm and repaid \$XXm. Interest expense is paid quarterly in arrears on all borrowings and interest revenue of \$XXm was received on \$XXm of maturing borrower notes. Council borrowings from the LGFA are comprised of \$XXm of Fixed Rates Bonds and \$XXm of Floating Rate Notes.

Council holds \$XXm of investment borrower notes and during the year Council received a shareholder dividend of \$XXm.

Wellington International Airport Limited

COVID-19: Support for an underwrite of additional equity, if required. For more information refer to Note 34: Contingencies (pg XX).

Material related party transactions – unstructured entities

Financial information relating to the Council's interests in unstructured entities is provided in Tables 90 and 91 below:

Basin Reserve Trust (BRT)

The Basin Reserve Trust was established on 24 February 2005 to manage, operate and maintain the Basin Reserve. The Trust was jointly created with Cricket Wellington Incorporated (CWI). Wellington City Council and CWI each appoint two of the four trustees. Wellington City Council 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 2022 Council contributed \$XXm (2021: \$0.695m) to fund the core operations of the Trust.

Table 90: Basin Reserve Trust	2022	2021
	\$000	\$000
<i>Summarised financial information of unstructured entity</i>		
Total assets		856
Total liabilities		(199)
Net assets	-	657
Revenue		1,212
Expenses		(1,138)
Surplus / (deficit)	-	74

Wellington Regional Stadium Trust (WRST)

Wellington Regional Stadium Trust was jointly created by Wellington City Council and Greater Wellington Regional Council. Wellington City 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.

Council holds a \$15m limited recourse loan to WRST which, is unsecured, with no specified maturity and at no interest. The loan is not repayable until all other debts are extinguished. On maturity of the initial WRST membership underwrite, the unpaid interest was converted to a \$0.395m advance repayable after all other advances made by the Council and Greater Wellington Regional Council.

During the year ending 30 June 2022 Council transacted directly with WRST to the amount of \$XXm (2021: \$2.954m).

In addition, WRST made further drawdowns on the joint loan facility (WCC and GWRC) for the amount of \$0.900m (2021: \$0.900m). This loan facility was made available for COVID-19 impact support and additional concourse works. A further \$XXm remains undrawn from Council for this facility. Refer to Note 15: Other Financial assets (page XX), for more information on this loan.

Table 91: Wellington Regional Stadium Trust	2022	2021
	\$000	\$000
<i>Summarised financial information of unstructured entity</i>		
Total assets		98,527
Total liabilities		(48,503)
Net assets	-	50,024
Revenue		14,485
Expenses		(13,224)
Surplus / (deficit)	-	1,261

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 follows in *Table 92*.

Table 92: Intra group transactions and balances - Joint operations		2022	2021
		\$000	\$000
Share of jointly incurred expenditure			
	Porirua - waste water treatment plant		2,254
	Let's Get Wellington Moving		5,199
		-	7,453
Current receivables and recoverables owing to the Council from:			
	Let's Get Wellington Moving		897

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 year-end are as follows in *Table 93*.

Table 93: Intra group transactions and balances - Controlled entities		2022	2021
		\$000	\$000
Revenue received by Council for services provided to:			
	Karori Sanctuary Trust		31
	Wellington Cable Car Limited		53
	Wellington Museums Trust		1,444
	Wellington Regional Economic Development Agency		110
	Wellington Zoo Trust		611
		-	2,249
Grant funding paid by Council for the operations and management of:			
	Karori Sanctuary Trust		1,487
	Wellington Museums Trust		9,963
	Wellington Regional Economic Development Agency		11,463
	Wellington Zoo Trust		3,508
		-	26,421
Funding paid by Council for COVID-19 support of:			
	Karori Sanctuary Trust		-
	Wellington Cable Car Limited		1,587
	Wellington Museums Trust		731
	Wellington Zoo Trust		0
		-	2,318
Expenditure payments made by Council for services provided by:			
	Karori Sanctuary Trust		10
	Wellington Cable Car Limited		3
	Wellington Museums Trust		771
	Wellington Regional Economic Development Agency		3,942
	Wellington Zoo Trust		1,777
		-	6,503
Current receivables and recoverables owing to the Council from:			
	Karori Sanctuary Trust		4
	Wellington Cable Car Limited		-
	Wellington Museums Trust		175
	Wellington Regional Economic Development Agency		61
	Wellington Zoo Trust		554
		-	794
Current payables owed by the Council to:			
	Wellington Cable Car Limited		1,212
	Wellington Museums Trust		544
	Wellington Regional Economic Development Agency		12
	Wellington Zoo Trust		1
		-	1,769

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 \$XXm (2021: \$35.242m) when the grant funding of \$XXm (2021: \$26.421m), COVID-19 Support of \$XXm (2021: \$2.318m) and expenditure for services provided to Council of \$XXm (2021: \$6.503m) are 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 follows in Table 94.

Table 94: Intra group transactions and balances - Associates and joint venture		2022	2021
		\$000	\$000
Dividend received from:			
	Wellington International Airport Limited		-
Proceeds from Sale of land and buildings:			
	Wellington International Airport Limited		-
Revenue received by Council for services provided to:			
	Wellington International Airport Limited		56
	Wellington Water Limited		702
		-	758
Expenditure payments made by Council for services provided by:			
	Wellington International Airport Limited		64
	Wellington Water Limited		97,774
		-	97,838
Current receivables and recoverables owing to the Council from:			
	Wellington International Airport Limited		-
	Wellington Water Limited		26
		-	26
Current payables owed by the Council to:			
	Wellington Water Limited		14,397

Current receivables, recoverables and payables

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

Note 37: Remuneration and staffing

Mayoral and Councillor remuneration

Remuneration

The following people held office as elected members of the Council's governing body, during the reporting period. The total remuneration was \$XX (2021: \$1,846,046) and is broken down and classified as follows in *Table 95*.

Table 95: Elected Council member remuneration	Monetary Remuneration				Non-monetary Remuneration	Total 2022
	Remuneration	Additional	Total	Allowances		
	Authority	Salary following	Salary			
	Determination	Malcolm Sparrow				
	2021	resignation				
	\$	\$	\$	\$	\$	\$
Foster, Andy (Mayor)						-
Free, Sarah (Deputy Mayor)						-
Calvert, Diane						-
Condie, Jenny						-
Day, Jill						-
Fitzsimons, Fleur						-
Foon, Laurie						-
Matthews, Rebecca						-
O'Neill, Teri						-
Pannett, Iona						-
Paul, Tamatha						-
Rush, Sean						-
Sparrow, Malcolm (resigned 8 October 2021)						-
Woolf, Simon						-
Young, Nicola						-
TOTAL REMUNERATION PAID TO COUNCIL MEMBERS				-	-	-

Salary

The Remuneration Authority is responsible for setting the remuneration levels for elected members (Clause 6, Schedule 7 of the Local Government Act 2002). The Council's monetary remuneration (salary) detailed above was determined by the Remuneration Authority. As permitted under the Authority's guidelines the Council has chosen for its elected members to receive an annual salary for the 2021/22 financial year rather than the alternative option of a combination of meeting fee payments and annual salary.

Mayoral car

The Remuneration Authority does permit Council to provide the Mayor with a vehicle for full private use, which is a taxable benefit and the current Mayor has taken 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 follows in *Table 96*.

Table 96: Community Board Member remuneration	Salary	Allowances	Other	Total 2022
	\$	\$	\$	\$
TAWA COMMUNITY BOARD				
Parkinson, Robyn (Chair)				-
Alexander, Malcolm (elected from 13 May 2021)				-
Herbert, Richard (Deputy Chair)				-
Hansen, Graeme				-
Knight, Steph (resigned from 1 March 2021)				-
Lacy, Jackson (includes Youth Council attendance fee)				-
Scott, Anna				-
Day, Jill (see Councillor remuneration above)				-
MAKARA-OHARIU COMMUNITY BOARD				
Apanowicz, John (Chair)				-
Grace, Christine (Deputy Chair)				-
Hoskins, Darren				-
Renner, Chris				-
Rudd, Wayne				-
Todd, Hamish				-
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 Local Government Act 2002.

Table 97 below, shows the total remuneration of the Chief Executive paid or payable for the year ended 30 June 2022.

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 \$XX (2021: \$436,664).

Note that during the period of 1 July to 31 December 2020 the Chief Executive, along with the member of the Executive Leadership team took a 10% voluntary salary sacrifice, as a COVID-19 response, which meant her actual remuneration for the year ending 30 June 2021 was \$414,651

Table 97: Remuneration of the Chief Executive	Council	
	2022	2021
	\$	\$
Barbara McKerrow		
Salary		414,651
(2021 - amount reflects 10% salary sacrifice to 31 December 2020)		
TOTAL REMUNERATION OF THE CHIEF EXECUTIVE	-	414,651

Severances

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

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

For the year ending 30 June 2021 the Council made severance payments to XX employees totalling \$XX (2021: 11 employees, \$203,351).

The individual values of each of these severance payments are: \$.....

Employee numbers and remuneration bands

Table 98 below, identifies the number of full-time employees as at the of the reporting period and the full-time equivalent number of all other part-time, fixed term and casual employees.

Table 98: Employee numbers	Council	
	2022	2021
Full-time and full-time equivalent employee numbers		
Full-time employees (based on a 40 hour week) as at 30 June		1,156
Full-time equivalents for all other non full-time employees		278

Table 99 further identifies the breakdown of remuneration levels of those employees into various bands.

Table 99: Remuneration bands		Council
		2022
The number of employees receiving total annual remuneration of less than \$60,000		
Of the XXX (2021: 965) employees in this band, XXX (2021: 629) 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 - \$339,999.99*		
\$440,000 - \$459,999.99*		
TOTAL EMPLOYEES		-

Of the 1833 (2021: 1,833) individual employees, 677 (2021: 677) work part-time or casually.

Table 100: Remuneration bands		Council 2021
The number of employees receiving total annual remuneration of less than \$60,000		965
Of the 965 (2020: 991) employees in this band, 629 (2020: 640) 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		283
\$80,000 - \$99,999.99		248
\$100,000 - \$119,999.99		160
\$120,000 - \$139,999.99		84
\$140,000 - \$159,999.99		30
\$160,000 - \$179,999.99		25
\$180,000 - \$199,999.99		15
\$200,000 - \$219,999.99		8
\$220,000 - \$259,999.99*		7
\$280,000 - \$339,999.99*		7
\$440,000 - \$459,999.99*		1
TOTAL EMPLOYEES		1,833

Total annual remuneration has been calculated to include any non-financial benefits and other payments in excess of normal remuneration such as the employer KiwiSaver contribution.

*If the number of employees for any band was 5 or less then we are legally required to combine it with the next highest band. This means that some rows span different bands across the two years shown.

Council has resolved that in addition to legislative requirements to disclose the above bandings it has also included the 2 lowest remuneration grades as shown in *Table 101*.

Table 101: Lowest remuneration grades	Salary Range (\$)	2022
Q (Living Wage)		
9		
		2021
Q (Living Wage)	46,094	311
9	46,905 - 59,160	442

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

Note 38: Events after the end of the reporting period

Three Waters Reform – to be updated

In July 2020, the Government 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.

Following the Government announcement on the 27 October 2021 on three waters reform, there is increased certainty with the proposal to transfer the three-water delivery and infrastructure from the 67 councils to four Water Service Entities (WSEs). In June 2021, the Government proposed regional boundaries for each entity A, B, C and D, which would manage water assets for the country. Council would belong to WSE 'C', along with 22 other Councils. Based upon the current proposals, the WSE would be independent with a separate Board of Directors and Councils would have no shareholding and no financial interest. At the date of this annual report being approved for issue there is, due to this announcement, increased certainty that should the legalisation be enacted, Council will not be responsible for the delivery and infrastructure of three water services from 1 July 2024.

COVID-19 – to be updated

The financial impact of COVID-19 to Council in 2021/22 and earlier years is outlined in the separate disclosure on page XX. During the financial year the impact was largely limited to Venues, and Council Controlled entities, with all other Council services able to operate relatively normally. Following the re-emergence of COVID-19 in the community on 17 August 2021 New Zealand moved to alert level 4. The Wellington region subsequently moved to alert level 3 on 1 September 2021. At alert levels 3 and 4 the Council is unable to operate many of its community facilities such as gyms, swimming pools, libraries, recreation centres, parks, playgrounds and sports fields. There is expected to be an impact on revenue during the 2021/22 financial year. A decision was made to extend the due date of the rates quarter 1 instalment from 1 September 2021 to 1 October 2021 to allow people more time to pay if required.

Financial prudence

The government has introduced the Local Government (Financial Reporting and Prudence) Regulations 2014 which has a series of measures and benchmarks, disclosed in the following pages.

Readers are urged to read the commentary and explanations provided to give context to the information, as it is not always possible to compare Wellington City Council's results with other councils due to their size, location and provision of services.

During the 2018-28 Long-Term Plan process and with consultation with ratepayers, the Council revised the number of benchmarks and removed measures that were similar in nature and added no value in understanding of the measures to readers.

Annual report disclosure statement for year ended 30 June 2022 – To be updated

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 2018-28 LTP.

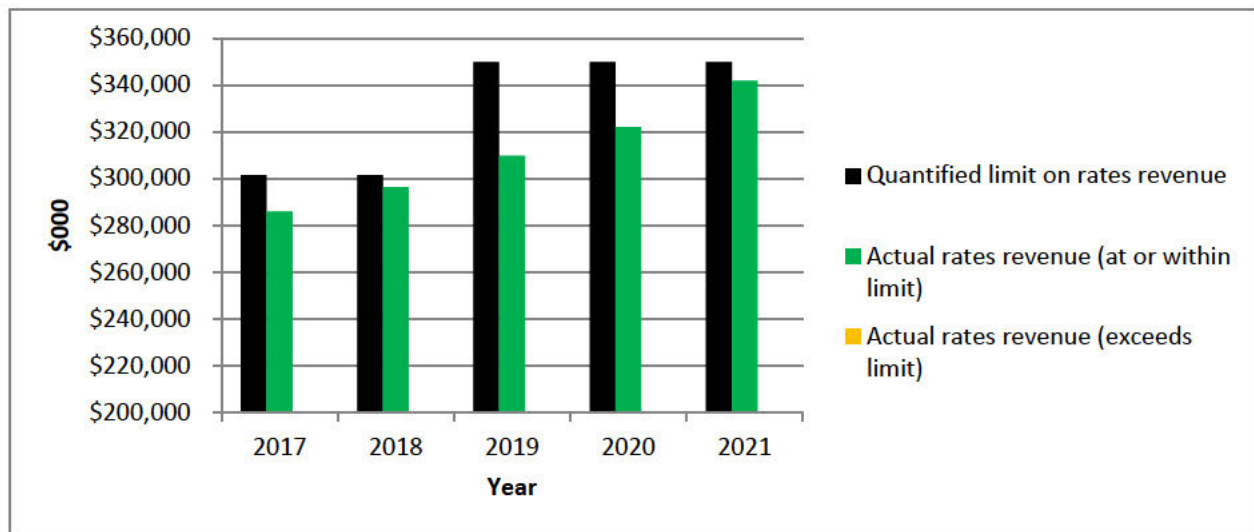
Rates affordability benchmark

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

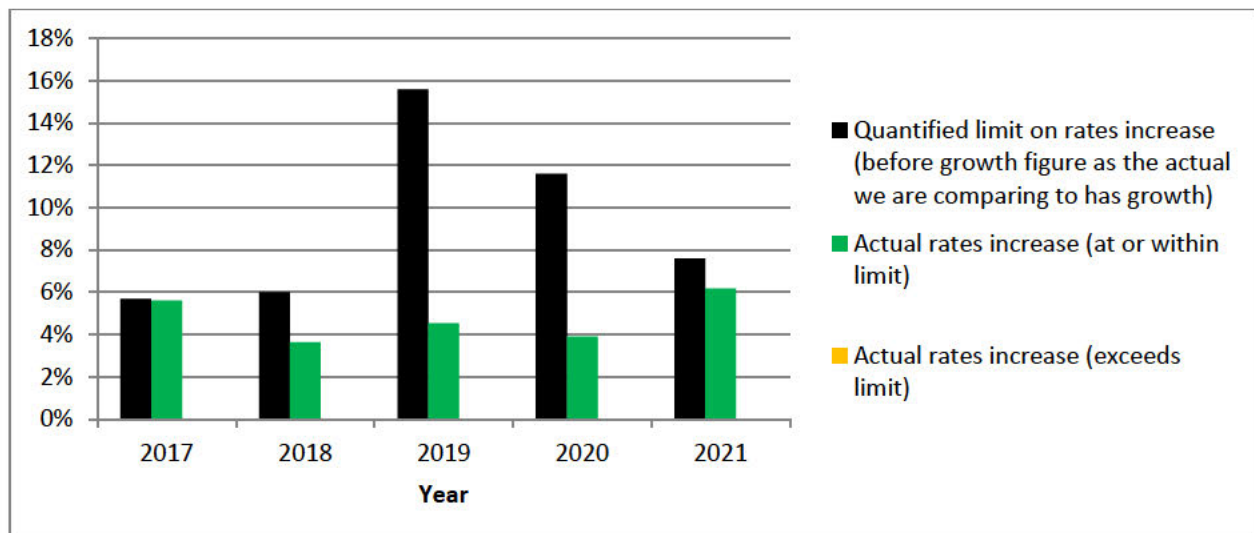
The following graph compares the council's actual rates revenue with a quantified dollar limit on rates revenue included in the financial strategy included in the council's long-term plan. The quantified limit for the first three years of the 2018-28 LTP, which encompasses the financial years 2018/19; 2019/20 and 2020/21 is \$350,000,000. 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 long-term plan.

The quantified limit for 2020/21 is 7.6 percent although the actual rates increase set for the 2020/21 year was lower than this limit. The rates increase proposed in the 2018-28 LTP is equivalent to an average rates increase of 3.5 percent over the first three years, which encompasses the financial years 2018/19; 2019/20 and 2020/21.

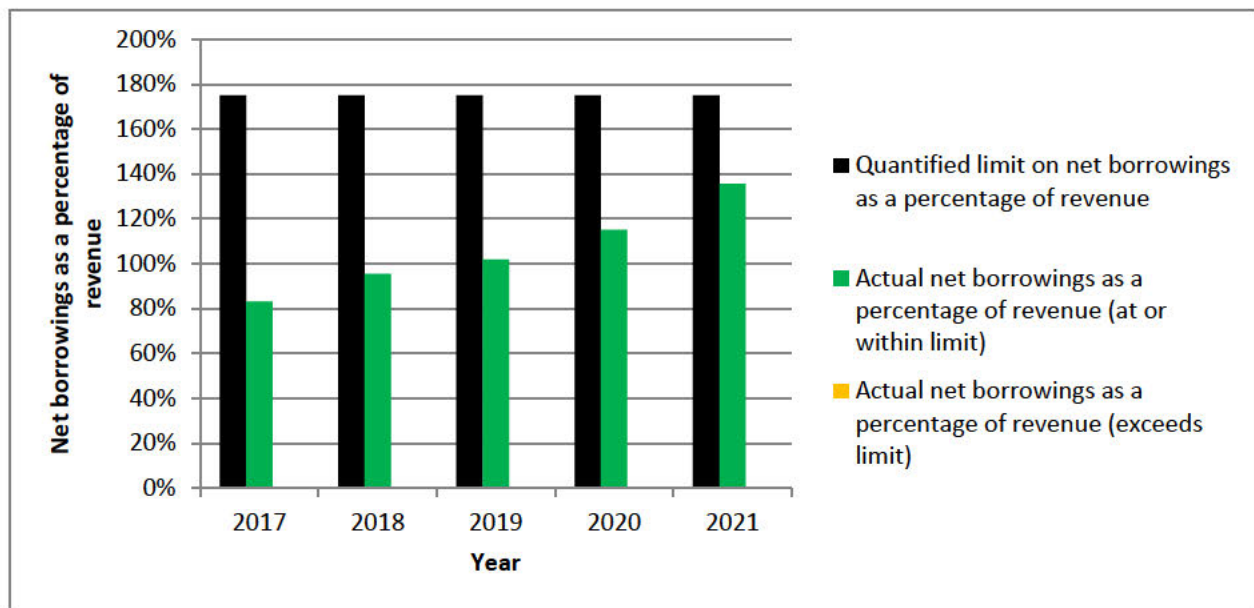


Debt affordability benchmark

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 revenue¹

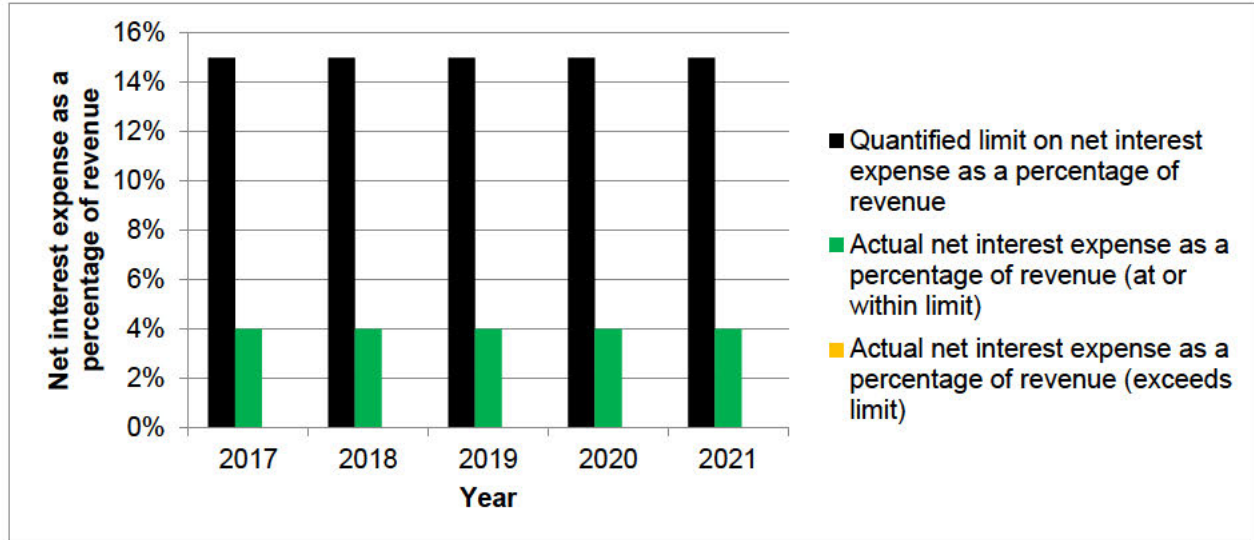
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is net borrowings, comprised of borrowings less cash and cash equivalents, being less than or equal to 175 percent of revenue. For this measure revenue is defined as total revenue less vested assets and development contribution revenue.



1. 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.

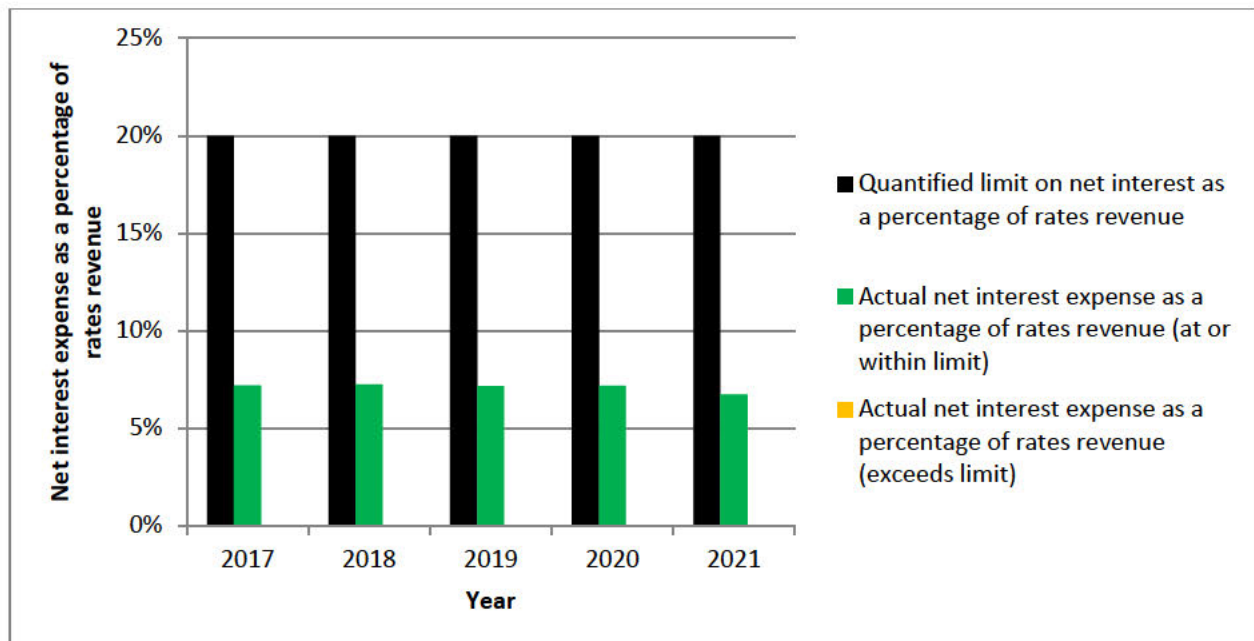
Net interest as a percentage of revenue¹

The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is net interest, defined as interest expense less interest 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.



Net interest as a percentage of annual rates revenue

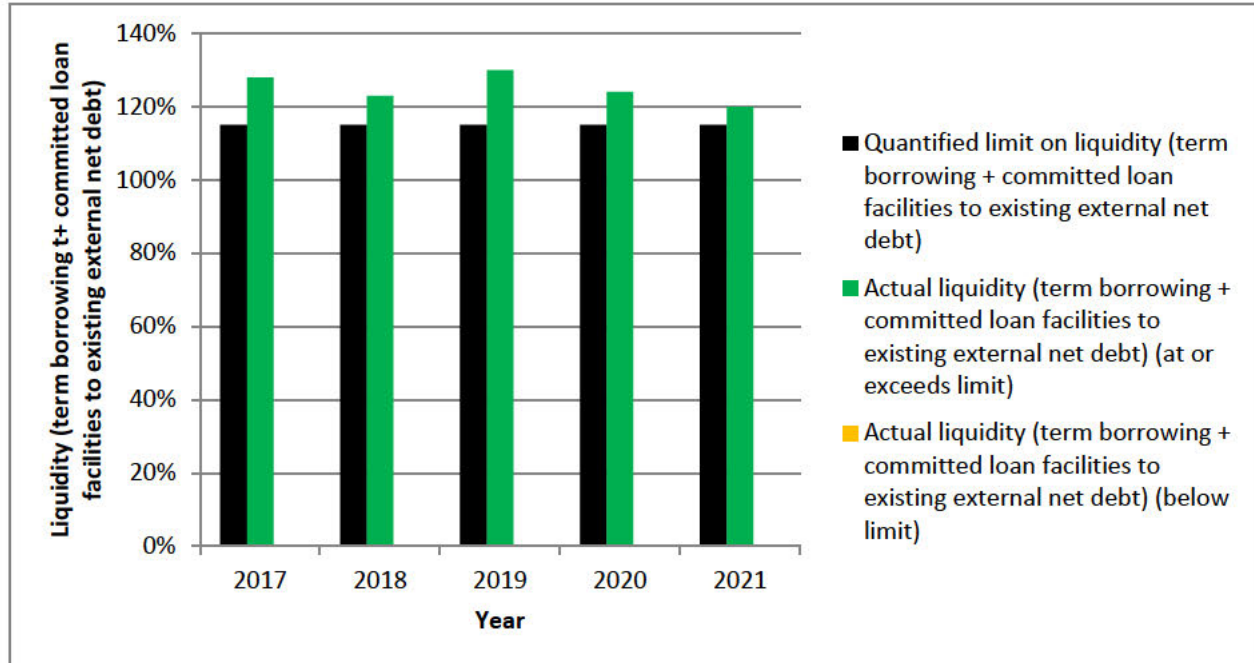
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is net interest, defined as interest expense less interest revenue, being less than or equal to 20 percent of annual rates revenue.



1. 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.

Liquidity (term borrowing + committed loan facilities to existing external net debt)

The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is liquidity being greater than or equal to 115 percent. For debt affordability, liquidity is the total of Councils existing external net debt. Net borrowings for debt affordability are defined as borrowings less cash and cash equivalents.

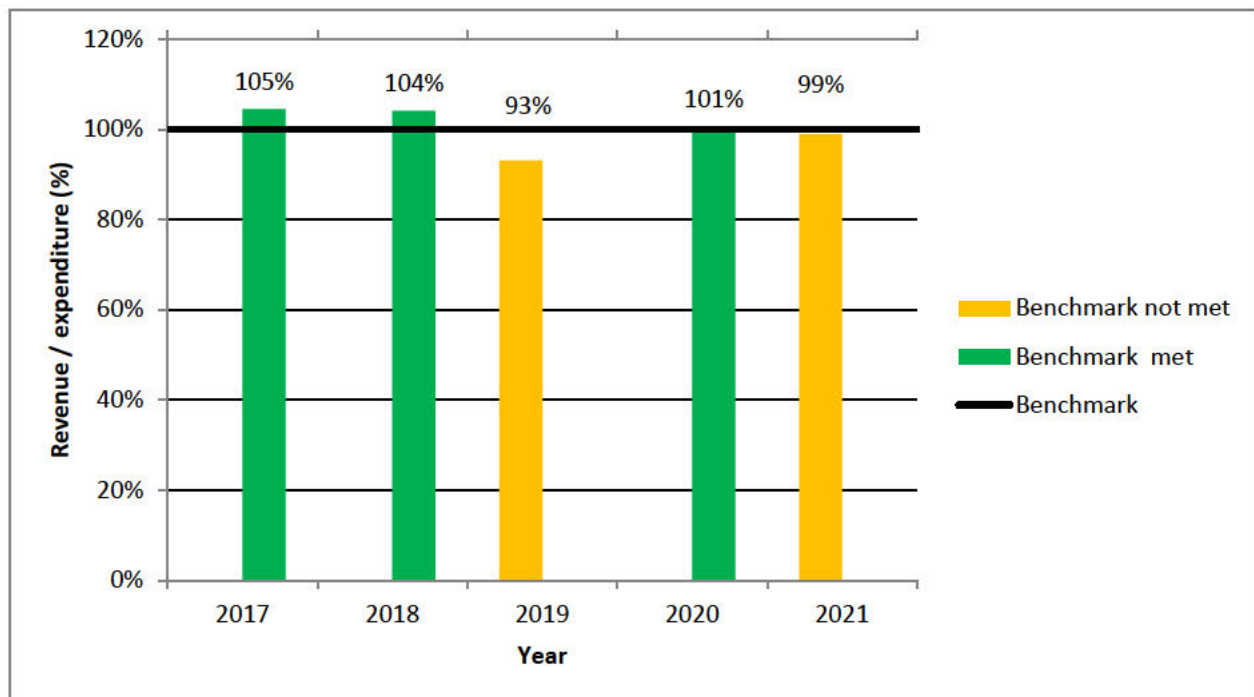


Balanced budget benchmark

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.

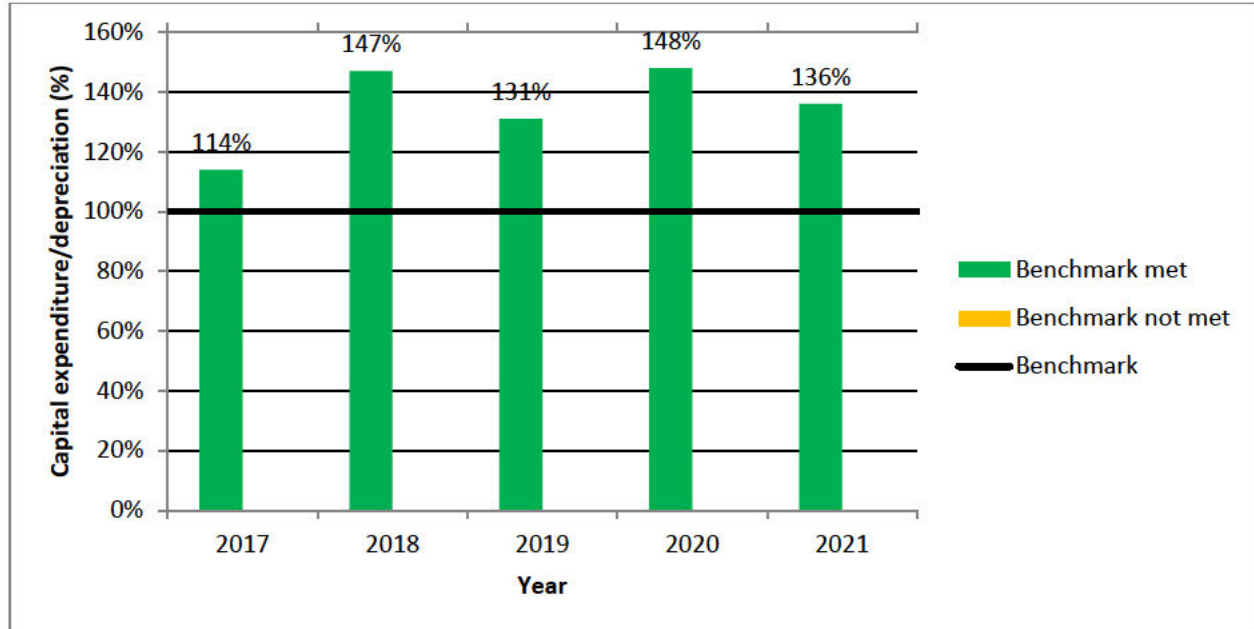
For the purposes of this benchmark, impairments, which represent a non-cash movement in the valuation of assets, were included in the calculation. These unbudgeted impairments represent asset valuation movements relating to Civic Precinct buildings as disclosed in the financial statements. For 2017, 2019, 2020 and 2021 impairments of \$11.446m, \$50.603m, \$10.183m and \$1.848m were included in the calculation. If these were excluded, the benchmarks for these four years would be 107%, 102%, 103% and 99% respectively.



Essential services benchmark

The following graph displays the council's capital expenditure on network services as a proportion of depreciation on network services.

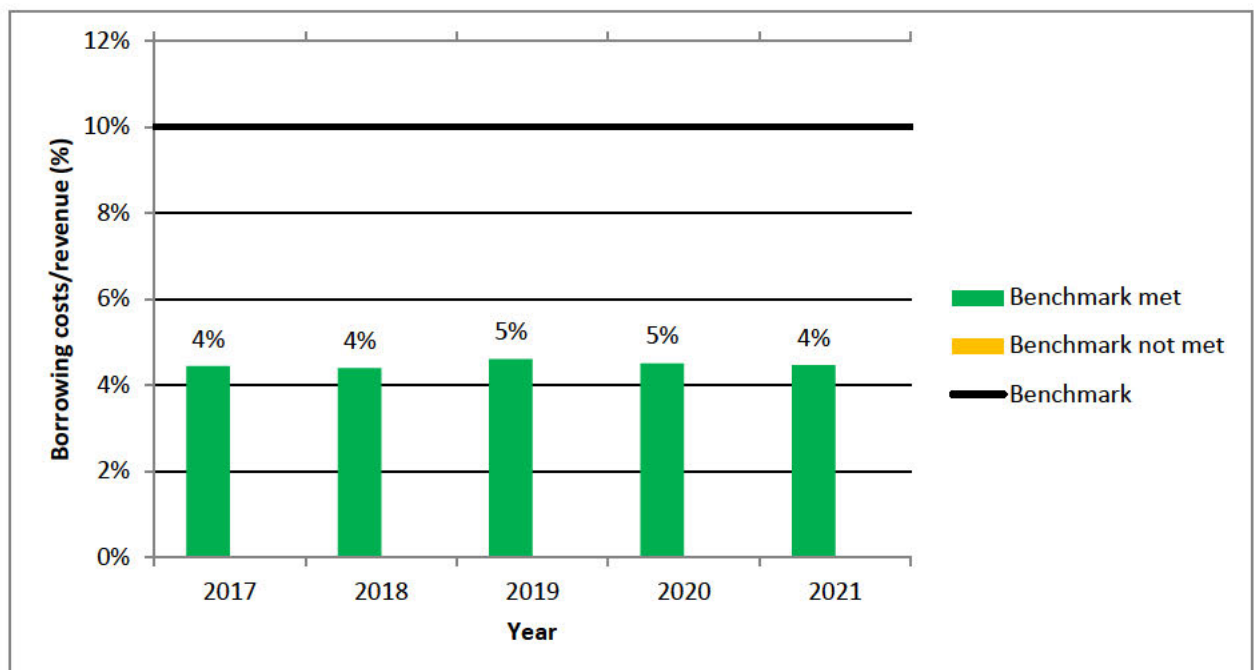
The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



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.

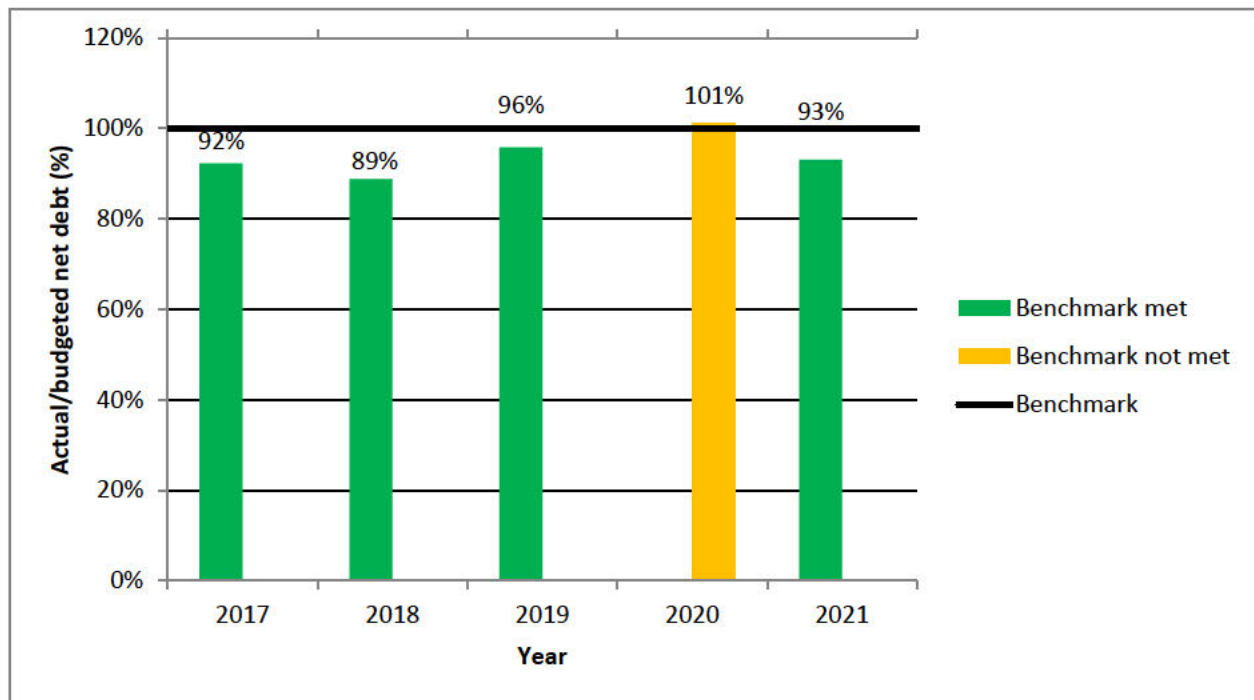


Debt control benchmark

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.

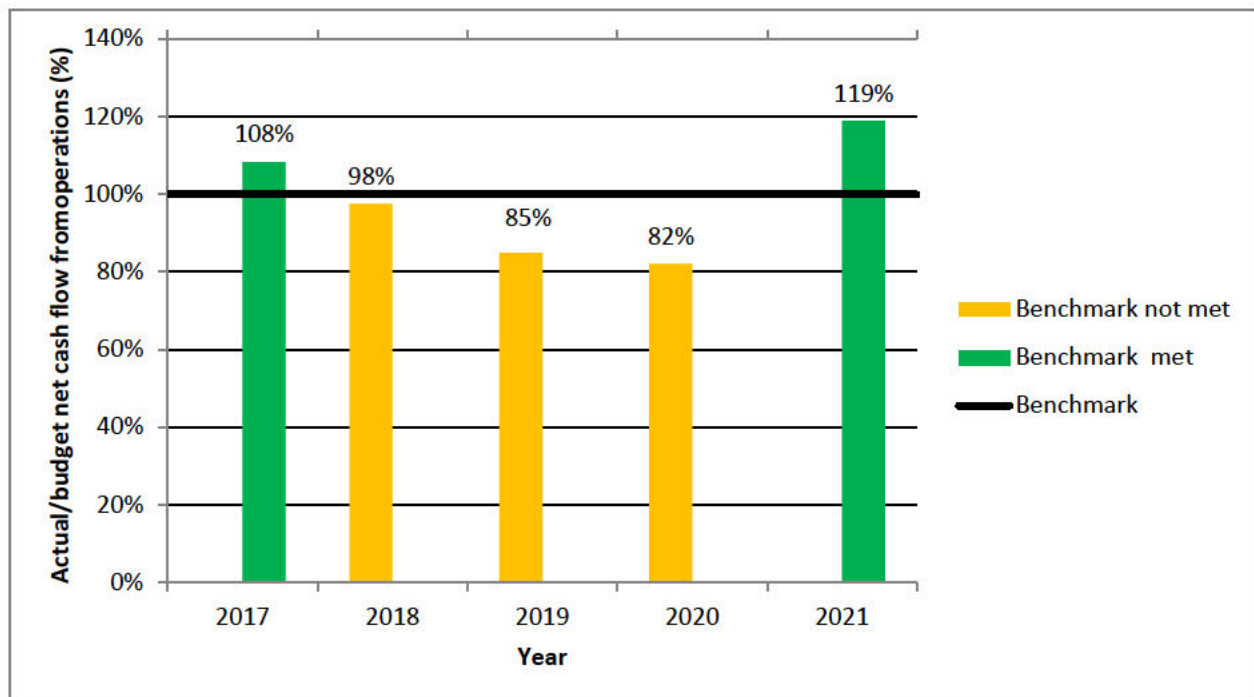


Operations control benchmark

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.

A number of assumptions are made around the timing of events. Any departure from these assumptions can affect the outcome of this measure. The Council is satisfied that it is prudently managing operational cash flow, with variances in the 2017/18, 2018/19 and 2019/20 years explained by the timing difference in the receipt of revenues compared to budget that lead to the "not met" outcome for this measure. In 2019/20 there were also significant revenue losses due to the COVID-19 lockdown which would have impacted this measure.



To be updated

Funding impact statements

Annual report disclosure statement for year ended 30 June 2022

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 LTP.

One statement is prepared for the whole of 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

Funding impact statement for 1 July 2020 to 30 June 2021 for Whole of Council					
	2019/20	2019/20	2020/21	2020/21	2020/21
	LTP	Actual	LTP	AP	Actual
	\$000	\$000	\$000	\$000	\$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	185,248	185,379	200,332	196,248	195,122
Targeted rates	139,499	136,642	147,291	147,738	146,792
Subsidies and grants for operating purposes	6,682	8,034	6,712	8,972	13,003
Fees and charges	149,063	165,001	151,822	147,779	134,467
Interest and Dividends from investments	14,659	14,399	14,921	921	2,156
Local authorities fuel tax, fines, infringement fees, and other receipts	8,774	7,770	8,748	8,347	8,973
Total operating funding (A)	503,925	517,225	529,826	510,004	500,513
Applications of operating funding					
Payments to staff and suppliers	334,718	345,533	341,516	376,461	346,809
Finance costs	30,902	26,234	38,175	25,718	25,164
Internal charges and overheads applied	41,084	31,447	42,099	48,490	32,832
Internal charges and overheads recovered	(41,084)	(31,447)	(42,099)	(48,490)	(32,832)
Other operating funding applications	43,068	48,058	45,692	53,671	48,307
Total applications of operating funding (B)	408,688	419,825	425,383	455,850	420,280
Surplus (deficit) of operating funding (A - B)	95,237	97,399	104,443	54,153	80,233
Sources of capital funding					
Subsidies and grants for capital expenditure	23,700	27,349	20,136	26,112	31,793
Development and financial contributions	2,000	3,567	2,000	2,000	3,689
Increase (decrease) in debt	106,552	96,420	133,196	233,417	122,133
Gross proceeds from sales of assets	12,000	18,786	9,500	2,000	2,772
Lump sum contributions	-	-	-	-	-
Total sources of capital funding (C)	144,252	146,123	164,832	263,529	160,387
Applications of capital funding					
Capital expenditure					
- to meet additional demand	261	5,008	2,044	7,641	1,343
- to improve the level of service	117,486	83,477	150,473	161,666	153,998
- to replace existing assets	112,156	124,623	109,331	129,823	111,412
Increase (decrease) in reserves	9,586	30,414	7,427	18,551	(26,133)
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	239,489	243,522	269,275	317,682	240,620
Surplus (deficit) of capital funding (C - D)	(95,237)	(97,399)	(104,443)	(54,153)	(80,233)
Funding balance ((A - B) + (C - D))	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	121,962	117,270	133,748	137,869	135,722

Funding impact statement for 1 July 2020 to 30 June 2021 for Governance, information and engagement					
1.1	2019/20 LTP \$000	2019/20 Actual \$000	2020/21 LTP \$000	2020/21 AP \$000	2020/21 Actual \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	17,751	18,690	17,684	19,225	19,225
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	924	766	555	516	487
Internal charges and overheads recovered	-	44	-	-	14
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Total operating funding (A)	18,675	19,500	18,239	19,741	19,726
Applications of operating funding					
Payments to staff and suppliers	11,483	11,263	10,842	11,820	10,303
Finance costs	19	15	24	15	15
Internal charges and overheads applied	7,143	8,141	7,348	7,961	8,893
Other operating funding applications	10	76	10	5,010	2,451
Total applications of operating funding (B)	18,655	19,495	18,224	24,806	21,662
Surplus (deficit) of operating funding (A - B)	20	5	15	(5,065)	(1,936)
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	13
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	103	31	(15)	5,065	5,064
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Total sources of capital funding (C)	103	31	(15)	5,065	5,077
Applications of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	-	-	-	-
- to replace existing assets	123	48	-	-	-
Increase (decrease) in reserves	-	(12)	-	-	3,141
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	123	36	-	-	3,141
Surplus (deficit) of capital funding (C - D)	(20)	(5)	(15)	5,065	1,936
Funding balance ((A - B) + (C - D))	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	20	17	15	25	14

Funding impact statement for 1 July 2020 to 30 June 2021 for Maori and Mana Whenua partnerships					
1.2	2019/20 LTP \$000	2019/20 Actual \$000	2020/21 LTP \$000	2020/21 AP \$000	2020/21 Actual \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	314	316	320	317	317
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)	314	316	320	317	327
Applications of operating funding					
Payments to staff and suppliers	283	278	288	296	304
Finance costs	1	1	1	1	1
Internal charges and overheads applied	16	25	16	16	7
Other operating funding applications	10	-	10	-	-
Total applications of operating funding (B)	310	304	315	313	312
Surplus (deficit) of operating funding (A - B)	4	12	5	4	15
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(4)	(3)	(5)	(4)	(3)
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Total sources of capital funding (C)	(4)	(3)	(5)	(4)	(3)
Applications of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	-	-	-	-
- to replace existing assets	-	-	-	-	-
Increase (decrease) in reserves	-	9	-	-	12
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	-	9	-	-	12
Surplus (deficit) of capital funding (C - D)	(4)	(12)	(5)	(4)	(15)
Funding balance ((A - B) + (C - D))	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	4	3	5	4	3

Funding impact statement for 1 July 2020 to 30 June 2021 for Gardens, beaches and green open spaces					
2.1	2019/20 LTP \$000	2019/20 Actual \$000	2020/21 LTP \$000	2020/21 AP \$000	2020/21 Actual \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	40,308	40,551	42,443	44,073	44,073
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	969	1,153	952	1,180	1,420
Fees and charges	2,119	1,852	2,030	1,427	1,715
Internal charges and overheads recovered	6,022	4,286	6,185	6,297	4,435
Local authorities fuel tax, fines, infringement fees, and other receipts	-	7	-	-	1
Total operating funding (A)	49,418	47,849	51,610	52,977	51,644
Applications of operating funding					
Payments to staff and suppliers	24,049	22,363	24,718	26,463	23,328
Finance costs	3,446	2,013	4,072	2,082	2,032
Internal charges and overheads applied	14,851	13,551	15,175	16,091	14,079
Other operating funding applications	166	186	166	147	167
Total applications of operating funding (B)	42,512	38,113	44,131	44,783	39,606
Surplus (deficit) of operating funding (A - B)	6,906	9,736	7,479	8,194	12,038
Sources of capital funding					
Subsidies and grants for capital expenditure	-	443	-	-	110
Development and financial contributions	183	519	183	183	635
Increase (decrease) in debt	(1,081)	(400)	(527)	(2,037)	13
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Total sources of capital funding (C)	(898)	562	(344)	(1,854)	758
Applications of capital funding					
Capital expenditure					
- to meet additional demand	-	-	2,029	-	-
- to improve the level of service	3,042	2,175	2,417	3,036	3,488
- to replace existing assets	2,966	3,167	2,689	3,302	2,357
Increase (decrease) in reserves	-	4,956	-	2	6,951
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	6,008	10,298	7,135	6,340	12,796
Surplus (deficit) of capital funding (C - D)	(6,906)	(9,736)	(7,479)	(8,194)	(12,038)
Funding balance ((A - B) + (C - D))	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	6,906	8,097	7,479	8,913	8,853

Funding impact statement for 1 July 2020 to 30 June 2021 for Waste reduction and energy conservation					
2.2	2019/20 LTP \$000	2019/20 Actual \$000	2020/21 LTP \$000	2020/21 AP \$000	2020/21 Actual \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	727	718	771	1,228	1,228
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	16,500	20,105	16,965	21,053	22,899
Internal charges and overheads recovered	-	334	-	501	315
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Total operating funding (A)	17,227	21,157	17,736	22,782	24,442
Applications of operating funding					
Payments to staff and suppliers	14,669	17,509	14,936	18,011	18,399
Finance costs	773	1,235	808	765	405
Internal charges and overheads applied	1,019	692	1,052	3,235	2,840
Other operating funding applications	180	276	120	210	65
Total applications of operating funding (B)	16,641	19,712	16,916	22,221	21,709
Surplus (deficit) of operating funding (A - B)	586	1,445	820	561	2,733
Sources of capital funding					
Subsidies and grants for capital expenditure	-	176	-	-	8
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	7,763	(27)	5,097	6,203	6,257
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Total sources of capital funding (C)	7,763	149	5,097	6,203	6,265
Applications of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	-	-	-	-
- to replace existing assets	8,349	2,059	5,917	6,764	8,979
Increase (decrease) in reserves	-	(466)	-	-	19
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	8,349	1,593	5,917	6,764	8,998
Surplus (deficit) of capital funding (C - D)	(586)	(1,445)	(820)	(561)	(2,733)
Funding balance ((A - B) + (C - D))	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	586	890	820	501	932

Funding impact statement for 1 July 2020 to 30 June 2021 for Water					
	2019/20	2019/20	2020/21	2020/21	2020/21
2.3	LTP	Actual	LTP	AP	Actual
	\$000	\$000	\$000	\$000	\$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	-	-	-	-	-
Targeted rates	46,941	47,027	51,090	53,247	53,247
Subsidies and grants for operating purposes	-	-	-	-	1,969
Fees and charges	38	70	39	39	173
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Total operating funding (A)	46,979	47,097	51,129	53,286	55,389
Applications of operating funding					
Payments to staff and suppliers	27,473	28,582	29,167	29,475	30,592
Finance costs	2,946	2,275	3,617	2,383	2,300
Internal charges and overheads applied	1,980	2,909	2,030	2,510	2,262
Other operating funding applications	-	1	-	-	-
Total applications of operating funding (B)	32,399	33,767	34,814	34,368	35,154
Surplus (deficit) of operating funding (A - B)	14,580	13,330	16,315	18,918	20,235
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	671	714	671	671	822
Increase (decrease) in debt	8,696	6,859	17,627	6,985	9,434
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Total sources of capital funding (C)	9,367	7,573	18,298	7,656	10,256
Applications of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	17,216	13,812	27,645	19,649	19,221
- to replace existing assets	6,731	8,608	6,968	6,926	8,774
Increase (decrease) in reserves	-	(1,517)	-	(1)	2,496
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	23,947	20,903	34,613	26,574	30,491
Surplus (deficit) of capital funding (C - D)	(14,580)	(13,330)	(16,315)	(18,918)	(20,235)
Funding balance ((A - B) + (C - D))	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	14,580	14,847	16,315	19,842	18,663

Funding impact statement for 1 July 2020 to 30 June 2021 for Wastewater					
2.4	2019/20 LTP \$000	2019/20 Actual \$000	2020/21 LTP \$000	2020/21 AP \$000	2020/21 Actual \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	-	-	-	-	-
Targeted rates	45,194	44,337	47,081	47,481	47,481
Subsidies and grants for operating purposes	-	-	-	-	1,942
Fees and charges	1,267	1,190	1,296	694	902
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Total operating funding (A)	46,461	45,527	48,377	48,175	50,325
Applications of operating funding					
Payments to staff and suppliers	23,848	33,830	24,435	21,767	25,123
Finance costs	4,760	4,028	5,565	3,981	3,894
Internal charges and overheads applied	5,220	7,928	5,348	5,788	5,232
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	33,828	45,786	35,348	31,536	34,249
Surplus (deficit) of operating funding (A - B)	12,633	(259)	13,029	16,639	16,076
Sources of capital funding					
Subsidies and grants for capital expenditure	-	1	-	-	-
Development and financial contributions	549	864	549	549	981
Increase (decrease) in debt	(3,316)	21,125	(54)	(3,648)	340
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Total sources of capital funding (C)	(2,767)	21,990	495	(3,099)	1,321
Applications of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	901	746	2,498	2,501	2,037
- to replace existing assets	8,965	22,866	11,026	11,039	15,728
Increase (decrease) in reserves	-	(1,880)	-	-	(368)
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	9,866	21,732	13,524	13,540	17,397
Surplus (deficit) of capital funding (C - D)	(12,633)	258	(13,029)	(16,639)	(16,076)
Funding balance ((A - B) + (C - D))	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	14,543	13,572	14,933	20,140	19,722

Funding impact statement for 1 July 2020 to 30 June 2021 for Stormwater					
2.5	2019/20 LTP \$000	2019/20 Actual \$000	2020/21 LTP \$000	2020/21 AP \$000	2020/21 Actual \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	-	-	-	-	-
Targeted rates	20,359	19,420	21,635	21,938	21,938
Subsidies and grants for operating purposes	153	120	154	193	979
Fees and charges	10	1	11	11	34
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Total operating funding (A)	20,522	19,541	21,800	22,142	22,951
Applications of operating funding					
Payments to staff and suppliers	7,223	6,672	7,458	7,383	8,129
Finance costs	3,136	2,522	3,850	2,610	2,550
Internal charges and overheads applied	1,924	2,535	1,975	2,465	2,134
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	12,283	11,729	13,283	12,458	12,813
Surplus (deficit) of operating funding (A - B)	8,239	7,812	8,517	9,684	10,138
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	58	89	58	58	68
Increase (decrease) in debt	1,050	(3,766)	(4,327)	(1,940)	(269)
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Total sources of capital funding (C)	1,108	(3,677)	(4,269)	(1,882)	(201)
Applications of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	902	209	554	4,101	496
- to replace existing assets	8,445	3,756	3,694	3,701	9,485
Increase (decrease) in reserves	-	170	-	-	(44)
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	9,347	4,135	4,248	7,802	9,937
Surplus (deficit) of capital funding (C - D)	(8,239)	(7,812)	(8,517)	(9,684)	(10,138)
Funding balance ((A - B) + (C - D))	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	8,239	7,642	8,517	10,303	10,801

Funding impact statement for 1 July 2020 to 30 June 2021 for Conservation attractions					
2.6	2019/20 LTP \$000	2019/20 Actual \$000	2020/21 LTP \$000	2020/21 AP \$000	2020/21 Actual \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	7,001	6,927	7,183	6,988	6,988
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)	7,001	6,927	7,183	6,988	6,988
Applications of operating funding					
Payments to staff and suppliers	174	176	176	179	182
Finance costs	689	578	762	588	495
Internal charges and overheads applied	-	-	-	-	-
Other operating funding applications	4,438	4,942	4,550	4,550	4,943
Total applications of operating funding (B)	5,301	5,696	5,488	5,317	5,620
Surplus (deficit) of operating funding (A - B)	1,700	1,231	1,695	1,671	1,368
Sources of capital funding					
Subsidies and grants for capital expenditure	475	720	800	280	905
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(217)	(1,265)	879	1,903	(828)
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Total sources of capital funding (C)	258	(545)	1,679	2,183	77
Applications of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	133	2,463	2,899	617
- to replace existing assets	1,076	1,056	911	955	1,393
Increase (decrease) in reserves	882	(503)	-	-	(565)
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	1,958	686	3,374	3,854	1,445
Surplus (deficit) of capital funding (C - D)	(1,700)	(1,231)	(1,695)	(1,671)	(1,368)
Funding balance ((A - B) + (C - D))	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	1,700	1,735	1,695	1,671	1,932

Funding impact statement for 1 July 2020 to 30 June 2021 for City promotions and business support					
	2019/20	2019/20	2020/21	2020/21	2020/21
3.1	LTP	Actual	LTP	AP	Actual
	\$000	\$000	\$000	\$000	\$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	4,701	5,615	6,146	8,808	8,808
Targeted rates	14,318	15,006	14,383	12,442	12,442
Subsidies and grants for operating purposes	-	52	-	-	-
Fees and charges	14,953	281	15,264	15,277	194
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Total operating funding (A)	33,972	20,954	35,793	36,527	21,444
Applications of operating funding					
Payments to staff and suppliers	18,279	3,524	18,801	18,394	4,461
Finance costs	2,124	1,108	3,798	2,623	1,819
Internal charges and overheads applied	1,342	554	1,386	2,127	1,297
Other operating funding applications	14,547	14,488	14,843	15,980	12,581
Total applications of operating funding (B)	36,292	19,674	38,828	39,124	20,158
Surplus (deficit) of operating funding (A - B)	(2,320)	1,280	(3,035)	(2,597)	1,286
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	4,168	5,296	5,005	15,406	5,626
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Total sources of capital funding (C)	4,168	5,296	5,005	15,406	5,626
Applications of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	-	521	-	-
- to replace existing assets	511	1,111	1,449	12,809	3,388
Increase (decrease) in reserves	1,337	5,465	-	-	3,524
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	1,848	6,576	1,970	12,809	6,912
Surplus (deficit) of capital funding (C - D)	2,320	(1,280)	3,035	2,597	(1,286)
Funding balance ((A - B) + (C - D))	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	1,829	1,734	1,981	1,619	1,977

Funding impact statement for 1 July 2020 to 30 June 2021 Arts and cultural activities					
4.1	2019/20 LTP \$000	2019/20 Actual \$000	2020/21 LTP \$000	2020/21 AP \$000	2020/21 Actual \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	15,632	15,876	15,918	14,522	14,522
Targeted rates	5,927	5,688	5,991	5,689	5,689
Subsidies and grants for operating purposes	424	105	424	224	-
Fees and charges	606	534	610	552	532
Internal charges and overheads recovered	-	1	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Total operating funding (A)	22,589	22,204	22,943	20,987	20,743
Applications of operating funding					
Payments to staff and suppliers	5,975	4,474	6,091	4,836	4,923
Finance costs	263	246	268	89	76
Internal charges and overheads applied	1,392	1,451	1,438	898	1,206
Other operating funding applications	14,214	15,560	14,426	14,911	15,112
Total applications of operating funding (B)	21,844	21,731	22,223	20,734	21,317
Surplus (deficit) of operating funding (A - B)	745	473	720	253	(574)
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	15,242	22,894	52,926	52,416	55,709
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Total sources of capital funding (C)	15,242	22,894	52,926	52,416	55,709
Applications of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	15,987	23,540	53,646	52,669	55,958
- to replace existing assets	-	(4)	-	-	-
Increase (decrease) in reserves	-	(169)	-	-	(823)
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	15,987	23,367	53,646	52,669	55,135
Surplus (deficit) of capital funding (C - D)	(745)	(473)	(720)	(253)	574
Funding balance ((A - B) + (C - D))	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	745	749	720	715	711

Funding impact statement for 1 July 2020 to 30 June 2021 for Recreation promotion and support					
	2019/20	2019/20	2020/21	2020/21	2020/21
5.1	LTP	Actual	LTP	AP	Actual
	\$000	\$000	\$000	\$000	\$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	29,576	29,856	30,567	31,490	31,490
Targeted rates	1,419	1,406	1,453	1,524	1,524
Subsidies and grants for operating purposes	191	133	195	15	81
Fees and charges	11,854	9,036	11,840	9,333	12,025
Internal charges and overheads recovered	1,133	1,452	1,163	1,155	1,375
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Total operating funding (A)	44,173	41,883	45,218	43,517	46,495
Applications of operating funding					
Payments to staff and suppliers	20,747	20,214	21,424	22,073	21,896
Finance costs	2,875	2,475	3,065	2,537	2,102
Internal charges and overheads applied	11,352	12,146	11,583	12,703	12,338
Other operating funding applications	727	848	742	892	892
Total applications of operating funding (B)	35,701	35,683	36,814	38,205	37,228
Surplus (deficit) of operating funding (A - B)	8,472	6,200	8,404	5,312	9,267
Sources of capital funding					
Subsidies and grants for capital expenditure	700	178	750	748	979
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	2,520	9,060	2,291	4,511	(643)
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Total sources of capital funding (C)	3,220	9,238	3,041	5,259	335
Applications of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	387	59	290	259	476
- to replace existing assets	11,305	14,840	11,155	10,312	5,439
Increase (decrease) in reserves	-	539	-	-	3,687
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	11,692	15,438	11,445	10,571	9,602
Surplus (deficit) of capital funding (C - D)	(8,472)	(6,200)	(8,404)	(5,312)	(9,267)
Funding balance ((A - B) + (C - D))	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	8,472	8,105	8,404	8,578	8,853

Funding impact statement for 1 July 2020 to 30 June 2021 for Community Support					
5.2	2019/20 LTP \$000	2019/20 Actual \$000	2020/21 LTP \$000	2020/21 AP \$000	2020/21 Actual \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	27,202	26,677	28,820	31,207	31,207
Targeted rates	5,341	4,953	5,658	5,382	5,382
Subsidies and grants for operating purposes	-	(1)	-	-	-
Fees and charges	24,385	27,009	25,349	26,838	26,284
Internal charges and overheads recovered	474	352	490	448	695
Local authorities fuel tax, fines, infringement fees, and other receipts	469	195	443	271	343
Total operating funding (A)	57,871	59,185	60,760	64,146	63,911
Applications of operating funding					
Payments to staff and suppliers	29,176	29,267	29,806	32,340	30,512
Finance costs	(757)	(1,076)	(738)	(1,218)	(1,057)
Internal charges and overheads applied	13,932	14,497	14,421	15,424	15,139
Other operating funding applications	4,636	5,513	4,685	5,277	4,995
Total applications of operating funding (B)	46,987	48,201	48,174	51,823	49,589
Surplus (deficit) of operating funding (A - B)	10,884	10,984	12,586	12,323	14,322
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	1,211	1,303
Development and financial contributions	-	19	-	-	14
Increase (decrease) in debt	5,736	(11,828)	(4,624)	5,641	(7,959)
Gross proceeds from sales of assets	-	14,000	-	-	-
Lump sum contributions	-	-	-	-	-
Total sources of capital funding (C)	5,736	2,191	(4,624)	6,852	(6,642)
Applications of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	3,877	4,480	-	1,220	1,891
- to replace existing assets	12,743	9,496	7,962	17,955	4,315
Increase (decrease) in reserves	-	(801)	-	-	1,474
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	16,620	13,175	7,962	19,175	7,680
Surplus (deficit) of capital funding (C - D)	(10,884)	(10,984)	(12,586)	(12,323)	(14,322)
Funding balance ((A - B) + (C - D))	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	18,009	17,982	19,531	18,986	18,068

Funding impact statement for 1 July 2020 to 30 June 2021 for Public health and safety					
	2019/20	2019/20	2020/21	2020/21	2020/21
5.3	LTP	Actual	LTP	AP	Actual
	\$000	\$000	\$000	\$000	\$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	12,687	12,684	13,229	12,894	12,894
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	11	-	10	11
Fees and charges	4,533	4,434	4,611	3,256	4,373
Internal charges and overheads recovered	742	630	762	751	600
Local authorities fuel tax, fines, infringement fees, and other receipts	79	23	79	63	22
Total operating funding (A)	18,041	17,782	18,681	16,974	17,900
Applications of operating funding					
Payments to staff and suppliers	9,748	9,794	9,931	10,214	10,295
Finance costs	170	144	208	152	145
Internal charges and overheads applied	6,790	6,500	7,007	7,510	6,709
Other operating funding applications	54	470	54	55	186
Total applications of operating funding (B)	16,762	16,908	17,200	17,931	17,335
Surplus (deficit) of operating funding (A - B)	1,279	874	1,481	(957)	565
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	977	1,923	298	4,266	5,495
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Total sources of capital funding (C)	977	1,923	298	4,266	5,495
Applications of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	260	2,020	255	1,524	3,293
- to replace existing assets	1,996	756	1,524	1,785	1,403
Increase (decrease) in reserves	-	21	-	-	1,364
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	2,256	2,797	1,779	3,309	6,060
Surplus (deficit) of capital funding (C - D)	(1,279)	(874)	(1,481)	957	(565)
Funding balance ((A - B) + (C - D))	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	1,279	1,217	1,481	1,340	1,416

Funding impact statement for 1 July 2020 to 30 June 2021 for Urban planning, heritage and public spaces development					
	2019/20	2019/20	2020/21	2020/21	2020/21
6.1	LTP	Actual	LTP	AP	Actual
	\$000	\$000	\$000	\$000	\$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	9,363	11,072	9,994	9,953	9,953
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	22	280	22	1,031	564
Internal charges and overheads recovered	264	396	272	1,156	383
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Total operating funding (A)	9,649	11,748	10,288	12,140	10,900
Applications of operating funding					
Payments to staff and suppliers	6,203	7,284	6,748	8,657	9,573
Finance costs	19	16	23	26	16
Internal charges and overheads applied	2,896	3,101	2,953	2,828	3,172
Other operating funding applications	450	896	450	503	869
Total applications of operating funding (B)	9,568	11,297	10,174	12,014	13,630
Surplus (deficit) of operating funding (A - B)	81	451	114	126	(2,730)
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	56
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	4,208	3,171	3,636	4,487	2,504
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Total sources of capital funding (C)	4,208	3,171	3,636	4,487	2,560
Applications of capital funding					
Capital expenditure					
- to meet additional demand	-	13	-	455	1,092
- to improve the level of service	2,549	506	2,602	2,872	392
- to replace existing assets	1,740	2,731	1,148	1,286	1,148
Increase (decrease) in reserves	-	372	-	-	(2,802)
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	4,289	3,622	3,750	4,613	(170)
Surplus (deficit) of capital funding (C - D)	(81)	(451)	(114)	(126)	2,730
Funding balance ((A - B) + (C - D))	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	81	78	114	127	73

Funding impact statement for 1 July 2020 to 30 June 2021 for Building and development control

	2019/20	2019/20	2020/21	2020/21	2020/21
6.2	LTP	Actual	LTP	AP	Actual
	\$000	\$000	\$000	\$000	\$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	8,363	8,790	8,637	11,378	11,378
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	4	-	-	22
Fees and charges	12,598	11,967	12,860	10,099	14,204
Internal charges and overheads recovered	201	160	206	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	24	7	24	19	3
Total operating funding (A)	21,186	20,928	21,727	21,496	25,607
Applications of operating funding					
Payments to staff and suppliers	12,925	16,133	13,202	16,322	16,893
Finance costs	3	-	4	1	-
Internal charges and overheads applied	8,177	9,550	8,474	10,393	10,295
Other operating funding applications	35	(4)	35	536	(24)
Total applications of operating funding (B)	21,140	25,679	21,715	27,252	27,164
Surplus (deficit) of operating funding (A - B)	46	(4,751)	12	(5,756)	(1,557)
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	44,625	22,587	28,823	47,727	47,170
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Total sources of capital funding (C)	44,625	22,587	28,823	47,727	47,170
Applications of capital funding					
Capital expenditure					
- to meet additional demand	-	4,942	-	-	-
- to improve the level of service	44,054	8,336	28,349	37,881	27,901
- to replace existing assets	617	9,070	486	4,090	13,509
Increase (decrease) in reserves	-	(4,512)	-	-	4,203
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	44,671	17,836	28,835	41,971	45,613
Surplus (deficit) of capital funding (C - D)	(46)	4,751	(12)	5,756	1,557
Funding balance ((A - B) + (C - D))	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	46	32	12	29	24

Funding impact statement for 1 July 2020 to 30 June 2021 for Transport					
	2019/20	2019/20	2020/21	2020/21	2020/21
7.1	LTP	Actual	LTP	AP	Actual
	\$000	\$000	\$000	\$000	\$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	46,852	43,851	53,899	42,133	42,133
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	4,945	6,452	4,987	7,070	6,514
Fees and charges	2,253	3,063	2,293	2,357	2,962
Internal charges and overheads recovered	-	-	-	-	191
Local authorities fuel tax, fines, infringement fees, and other receipts	-	2	-	-	-
Total operating funding (A)	54,050	53,368	61,179	51,560	51,800
Applications of operating funding					
Payments to staff and suppliers	16,372	17,821	16,822	25,262	18,789
Finance costs	8,238	6,375	10,150	7,101	6,426
Internal charges and overheads applied	7,706	7,590	7,925	8,733	10,129
Other operating funding applications	2,500	5	2,500	2,500	5,133
Total applications of operating funding (B)	34,816	31,791	37,397	43,596	40,477
Surplus (deficit) of operating funding (A - B)	19,234	21,577	23,782	7,964	11,323
Sources of capital funding					
Subsidies and grants for capital expenditure	16,931	25,815	16,291	25,362	28,406
Development and financial contributions	539	1,362	539	539	1,169
Increase (decrease) in debt	16,843	6,919	7,157	36,411	23,767
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Total sources of capital funding (C)	34,313	34,096	23,987	62,312	53,342
Applications of capital funding					
Capital expenditure					
- to meet additional demand	261	52	15	7,186	251
- to improve the level of service	22,834	19,659	14,941	25,763	25,274
- to replace existing assets	30,452	29,187	32,813	37,327	30,323
Increase (decrease) in reserves	-	6,775	-	-	8,817
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	53,547	55,673	47,769	70,276	64,665
Surplus (deficit) of capital funding (C - D)	(19,234)	(21,577)	(23,782)	(7,964)	(11,323)
Funding balance ((A - B) + (C - D))	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	34,629	30,555	39,703	34,726	32,570

Funding impact statement for 1 July 2020 to 30 June 2021 for Parking					
7.2	2019/20 LTP \$000	2019/20 Actual \$000	2020/21 LTP \$000	2020/21 AP \$000	2020/21 Actual \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	(17,545)	(16,089)	(20,164)	(19,037)	(19,037)
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	26,135	21,473	28,788	22,225	24,419
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	7,102	6,539	7,102	6,894	7,432
Total operating funding (A)	15,692	11,923	15,726	10,082	12,814
Applications of operating funding					
Payments to staff and suppliers	11,224	11,509	11,429	12,752	11,838
Finance costs	23	10	28	13	10
Internal charges and overheads applied	3,584	3,996	3,695	4,023	3,914
Other operating funding applications	1	(53)	1	1	(13)
Total applications of operating funding (B)	14,832	15,462	15,153	16,789	15,749
Surplus (deficit) of operating funding (A - B)	860	(3,539)	573	(6,707)	(2,935)
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(673)	5,195	(452)	7,268	7,098
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Total sources of capital funding (C)	(673)	5,195	(452)	7,268	7,098
Applications of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	130	92	121	123	145
- to replace existing assets	57	100	-	438	263
Increase (decrease) in reserves	-	1,465	-	-	3,755
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	187	1,656	121	561	4,163
Surplus (deficit) of capital funding (C - D)	(860)	3,539	(573)	6,707	2,935
Funding balance ((A - B) + (C - D))	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	860	819	573	549	566

Capital expenditure by Strategy					
	2019/20	2019/20	2020/21	2020/21	2020/21
	LTP	Actual	LTP	AP	Actual
	\$000	\$000	\$000	\$000	\$000
Governance:					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	-	-	-	-
- to replace existing assets	123	48	-	-	-
Governance Total	123	48	-	-	-
Environment:					
- to meet additional demand	-	-	2,029	-	-
- to improve the level of service	23,138	17,075	35,577	32,185	25,859
- to replace existing assets	36,338	41,512	31,205	32,687	46,716
Environment Total	59,476	58,587	68,811	64,872	72,575
Economic Development:					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	510	-	521	-	-
- to replace existing assets	1,337	1,111	1,449	12,809	3,388
Economic Development Total	1,847	1,111	1,970	12,809	3,388
Cultural Well-being					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	15,987	23,540	53,646	52,669	55,958
- to replace existing assets	-	(4)	-	-	-
Cultural Wellbeing Total	15,987	23,536	53,646	52,669	55,958
Social and Recreation:					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	4,524	6,559	545	3,003	5,660
- to replace existing assets	26,045	25,092	20,641	30,052	11,157
Social and Recreation Total	30,569	31,651	21,186	33,055	16,817
Urban Development:					
- to meet additional demand	-	4,956	-	455	1,092
- to improve the level of service	46,602	8,842	30,951	40,752	28,293
- to replace existing assets	2,358	11,801	1,634	5,375	14,657
Urban Development Total	48,960	25,599	32,585	46,582	44,042
Transport:					
- to meet additional demand	261	52	15	7,186	251
- to improve the level of service	22,964	19,751	15,062	25,887	25,419
- to replace existing assets	30,510	29,287	32,813	37,764	30,586
Transport Total	53,735	49,090	47,890	70,837	56,256
Council:					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	3,760	7,710	14,171	7,171	12,809
- to replace existing assets	15,448	15,776	21,589	11,136	4,908
Council Total	19,208	23,486	35,760	18,307	17,717
Total Council:					
- to meet additional demand	261	5,008	2,044	7,641	1,343
- to improve the level of service	117,485	83,477	150,473	161,666	153,998
- to replace existing assets	112,159	124,623	109,331	129,823	111,412
TOTAL COUNCIL	229,905	213,108	261,848	299,130	266,753

Audit plan

Wellington City Council

For the year ending 30 June 2022

Audit plan I am pleased to present our audit plan for the audit of Wellington City Council (the City Council) for the year ending 30 June 2022. The purpose of this audit plan is to discuss:

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Reporting protocols	27
Audit logistics	28
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The contents of this plan should provide a good basis for discussion when we meet with you.

We will be happy to elaborate further on the matters raised in this plan.

Our work improves the performance of, and the public's trust in, the public sector. Our role as your auditor is to give an independent opinion on the financial statements and performance information. We also recommend improvements to the internal controls relevant to the audit.

If there are additional matters that you think we should include, or any matters requiring clarification, please discuss these with me.

Yours sincerely



Karen Young
Appointed Auditor
8 April 2022

Audit risks and issues

Focus areas



Based on the planning work and discussions that we have completed to date, we set out in the table below the main audit risks and issues. These will be the main focus areas during the audit.

Audit risk/issue	Our audit response
Three waters DIA mandatory performance measures	
<p>The City Council makes use of a service provider, Wellington Water Limited (Wellington Water), for specific services relating to (water supply, wastewater and stormwater) and to provide the results for certain performance measures that the City Council uses for reporting in the annual report.</p> <p>As a result of a number of significant issues with the performance measures in the prior years, our audit opinions for 2019/20 and 2020/21 were modified on certain performance information – including maintenance of the reticulation network – Water supply and total number of complaints received – Water supply, Wastewater and Stormwater.</p> <p>It is important that the City Council continues discussions with Wellington Water to ensure that there are appropriate performance results available and there is robust evidence available to support the performance results provided.</p>	<p>We will continue discussions with the City Council about how this matter has progressed and its plans to resolve the issues identified in the past.</p> <p>We will complete our planned audit approach, which will include engagement with the Wellington Water auditor to seek assurance over the performance information which the City Council will rely on for its performance reporting.</p> <p>If the issues identified in the past are not addressed and improvements made, our audit opinion may continue to be modified for these measures.</p>
Valuation of investment property	
<p>The City Council revalues its investment property annually. The relevant accounting standard is <i>PBE IPSAS 16 Investment Property</i>.</p>	<p>We will:</p> <ul style="list-style-type: none"> review the valuation report and hold discussions with the City Council and the valuer to confirm our understanding; review the valuation report to assess whether the requirements of PBE IPAS 16 (including the appropriateness of the valuation basis) have been met;

Audit risk/issue	Our audit response
	<ul style="list-style-type: none"> • evaluate the qualifications, competence and expertise of the external valuer; • review the valuation method assess if the applicable method used is in line with the financial reporting framework, including the reasonableness of the data and key assumptions used; and • review the accounting entries and associated disclosures in the annual report against relevant accounting standards.
Valuation of property, plant and equipment (subject to revaluation) – infrastructural assets	
<p>The City Council revalues its infrastructure assets on a three-year rolling cycle. The last revaluation was performed in 2019/20. With the current environment having a significant impact on costs – for example, supplies and labour cost escalations, the City Council’s existing revaluation policy has been reviewed to assess whether the current three-year cycle is appropriate. Currently, there are indications there maybe potential material changes to the fair value of infrastructural assets. The City Council has decided to bring forward its infrastructural asset revaluation to 2021/22.</p>	<p>For infrastructure assets we will:</p> <ul style="list-style-type: none"> • assess the valuation process, including the competence and experience of the person completing the valuation; • review the valuation report to assess whether the requirements of PBE IPAS 17 <i>Property, Plant and Equipment</i> (including the appropriateness of the valuation basis) have been met; • review the method of valuing the infrastructure assets and assess if the applicable method used is in line with the financial reporting framework, including the reasonableness of the data and key assumptions used; • ensure changes to useful lives have been appropriately taken up, and values and depreciation charges have been appropriately accounted for; • ensure the information on the condition of assets for the three waters have been taken into consideration. The condition information of critical pipe assets was performed in 2020/21, and the condition assessment of the remaining pipe assets is currently taking place; and • assess the presentation and disclosure of information related to the valuation in the financial statements.

Audit risk/issue	Our audit response
	<p>As part of the process, we will:</p> <ul style="list-style-type: none"> • enquire into the processes employed by the City Council to ensure that the items revalued are complete. If any items have been excluded from the revaluation we will enquire into the reasons for this; • review how the City Council satisfies itself that the revaluation is appropriate; • discuss the results with, and obtain an assurance letter from, the valuers; and • obtain an understanding of how the City Council is tracking with its planned capital programme taking into consideration the uncertainty over the delivery of the programme due to a number of factors, including the significant constraints in the construction market.
Fair value assessment of property, plant and equipment (non-revaluation year) – operational land and buildings	
<p>Operational land and building assets were last revalued as at 30 June 2021 and are not scheduled for revaluation this year.</p> <p>For those assets that are not due to be revalued, accounting standards require the City Council to perform a comprehensive analysis to determine whether there is a significant difference between the fair value and the carrying value that would trigger the need for the City Council to revalue (a fair value assessment).</p> <p>Accounting standards also require the City Council to complete an assessment of whether there are potentially any indications of impairment (an impairment assessment), and whether an adjustment is needed to the value of any assets as a result of this.</p> <p>Management should perform a fair value assessment as at 30 June 2022 by applying relevant cost indices taking into account the cost pressures and significant constraints that exist within New Zealand and Wellington's construction industry and the limited availability of resources in the sector (including various trades and project managers).</p>	<p>We will review the robustness of the City Council's assessment of whether the asset class's fair value has significantly moved compared with its carrying value. This will include considering the appropriateness of the City Council's methodology and key assumptions.</p> <p>To strengthen the 2022 fair value assessments, we recommend that management:</p> <ul style="list-style-type: none"> • factor in its own cost information into the fair value assessment. The City Council has cost information available to it from ongoing construction projects; this should be factored into the analysis; • consult with the valuers who performed the valuations in 2021 - they will have construction cost data available which will further improve the City Council's assessment; and • consider if it would be useful to have the assessment reviewed by an independent valuer – given the current environment (creating uncertainties) and cost escalation.

Audit risk/issue	Our audit response
Impairment of property, plant and equipment held at cost – including the Civic Square complex	
<p>The Civic Square complex had a carrying value of \$50 million as at 30 June 2021. This asset class is measured at historical cost less accumulated depreciation. Assets held at cost are required to be assessed for indicators of impairment on an annual basis.</p> <p>There are ongoing seismic issues at a number of the assets within the Civic Square complex, such as the Town Hall, Civic Administration Building, Central Library, City to Sea Bridge, Capital E. Seismic and/or engineering issues can be considered an indicator of potential impairment in PBE IPSAS 21: <i>Impairment of non-cash generating assets</i>.</p> <p>PBE IPSAS 21 requires the City Council at 30 June 2022 to consider if there is any indication that an asset may be impaired. If any such indication exists, the City Council is required to estimate the recoverable service amount of the asset. If this is less than the asset's carrying amount, an impairment loss must be recognised.</p>	<p>We will continue to review the City Council's impairment assessments, with specific focus on significant assets in the Civic Square complex and other assets held at cost.</p> <p>This will include considering the appropriateness of the City Council's methodology and key assumptions.</p>
Accounting for impairment and capitalisation of work in progress	
<p>In addition to assets held at cost are required to be assessed for indicators of impairment on an annual basis, work in progress (WIP) values on projects that span an extended period of time should be assessed regularly for impairment over the period of the project.</p> <p>The City Council needs to ensure that as phases of a project are completed, and assets become operational, capitalisation of the WIP balance occurs in a timely manner. This will ensure that depreciation expense on these assets is recognised and accounted for appropriately.</p> <p>The City Council will need to complete an assessment of impairment of assets (as above) and all significant WIP balances.</p>	<p>We will follow up with the City Council its processes for assessing impairment of all significant WIP balances and capitalisation of work-in-progress.</p>

Audit risk/issue	Our audit response
Valuation of the City Council's weathertightness liabilities	
<p>The City Council's liability for weathertightness claims remains significant, totalling \$33.2 million at 30 June 2021. There is a high degree of judgement and estimation in the calculation of the liability.</p>	<p>We will review the valuation of the weathertightness homes provision as at 30 June 2022. This will include testing of the underlying information used in the valuation, reviewing the valuation methodology and key assumptions, and reviewing the disclosure in the financial statements.</p>
Accounting for items from major litigation activity - Legal claim by BNZ and other significant legal matters	
<p>The City faces a number of on-going legal issues and court cases. The City Council will need to consider the accounting and disclosure implications of these legal issues and cases when preparing the financial statements.</p> <p>BNZ leased a premise for which the City Council issued a building consent for the superstructure of the building on 16 November 2006, a code compliance certificate on 27 March 2009 and the final code of compliance was issued on 29 June 2010. During the Kaikoura Earthquake in November 2016, BNZ claims the building suffered irreparable damage and was unable to be occupied by BNZ from that date. This litigation activity can result in significant liabilities for the City Council.</p> <p>Determining whether there is a contingent liability requiring disclosure in the financial statements generally requires judgement given the specific circumstances and facts of the legal matter.</p>	<p>Our audit response to this risk includes:</p> <ul style="list-style-type: none"> • understanding the City Council's approach to monitoring the litigation activity and how it makes decisions as to whether a contingent liability (and/or asset) or provision should be disclosed, including the City Council's involvement in this; • obtaining confirmation from the City Council's external legal advisers as to the legal matters they have assisted the City Council with during the financial year, their assessment of the likely outcome; • determining any likely financial impact of this outcome; and • discussing the status of the litigation with the City Council's internal legal counsel and external legal advisors.

Audit risk/issue	Our audit response
Mixed group (for-profit and public benefit entity) issues – refer also to the section on Group audits in this Audit Plan	
<p>We have assessed Wellington International Airport Limited (WIAL) as a significant component for the City Council group audit.</p> <p>WIAL is a for-profit entity and the City Council group is a public benefit entity. Different accounting standards apply to public benefit entities and for-profit entities resulting in differences in the treatment of certain transactions and events.</p> <p>There is the potential for significant adjustments being required when for profit entities are consolidated into group financial statements prepared in accordance with the public benefit entity standards.</p>	<p>The City Council will have to consider whether there are any consolidation adjustments that will be necessary to adjust WIAL figures to comply with PBE IPSAS.</p>
Accounting implications of arrangements with government, non-government organisations and private sector	
<p>To deliver on the City Council's 2021/31 Long Term Plan and specific plans for affordable housing, social housing, and sludge, the City Council indicated that they may enter into arrangements with government, non-government organisations and private sector.</p> <p>The Government announced funding available under the Water Stimulus Funding package and the City Council received its first instalment during the previous financial year, with more funding expected for the 2022 financial year.</p> <p>It is important that the accounting treatment for these contractual arrangements are considered early on. The City Council may have to obtain external accounting advice on the tax implications and accounting treatment in its financial statements.</p> <p>The City Council should engage with us early, and provide position papers on each matter which includes sufficient support (for example, external accounting advice) for the accounting treatment chosen.</p>	<p>We will:</p> <ul style="list-style-type: none"> • obtain an update on these projects and arrangements from the City Council, • gain an understanding of these arrangements and discuss with the City Council whether, for these arrangements, it has considered the tax and accounting treatment and disclosures in the financial statements; • review any accounting, tax, legal or other technical advice received by the City Council for these arrangements; and • determine whether the tax and accounting treatment and disclosures were appropriate and in line relevant accounting standards. <p>Where applicable, we will obtain our own technical opinion to corroborate the tax and accounting treatment and disclosures in the financial statements.</p>

Audit risk/issue	Our audit response
Central government funding	
<p>The Government has announced a number funding initiatives to support housing and infrastructure development and to stimulate economic recovery following the impact of Covid-19. This included the following announced in 2021.</p> <ul style="list-style-type: none"> • A \$3.8 billion Housing acceleration fund announced on 23 March 2021. \$1 billion of this has been set aside for investment in local Infrastructure. • A \$2.5 billion package to support local government transition through the three waters reforms. <p>In addition, previous funding announcements included a \$2.6 billion shovel ready funding package aimed at supporting economic recovery following Covid-19 and a \$761 million funding package provided to local authorities to maintain and improve three waters infrastructure.</p> <p>The City Council should ensure that any funding agreements entered into with the Government have been fairly reflected in the financial statements.</p>	<p>The Council should ensure that any funding agreements entered into with the Government have been fairly reflected in the financial statements.</p>
Information Technology general controls review	
<p>The City Council is IT dependant.</p> <p>In 2020/21 the City Council moved to a new operating model which included moving infrastructure and applications into the cloud platforms and vendor software-as-a-service offerings in accordance with the All-of Government framework.</p>	<p>As part of our 2022 audit, we will perform our usual IT General Controls review. This review consists of two parts. The first is a high level assessment on IT Governance effectiveness. The second is an assessment as to the design effectiveness.</p> <p>We will also obtain an update on how the City Council is doing to embed and increase the maturity of the processes in the new operating model implemented during 2020/21, and to improve capability.</p>
Procurement	
<p>A significant area of spend for the City Council is procuring goods and services needed to deliver their services and achieve the results sought.</p> <p>The City Council's major projects involve significant procurement decisions and the City Council needs to ensure that lower value procurements (including</p>	<p>We will:</p> <ul style="list-style-type: none"> • update our understanding of how the Procurement Strategy is being operationalised in line with the Broader Outcomes Framework;

Audit risk/issue	Our audit response
<p>contract variations) are subject to robust procurement practices.</p> <p>Procurement planning should be considered alongside the Procurement Strategy and Broader Outcomes Framework and procurement undertaken in line with the Procurement Policy.</p> <p>Non-compliance with the City Council's policies and guidance and good practice results in poor procurement decisions and outcomes (including waste and unmanaged probity risks).</p>	<ul style="list-style-type: none"> • follow up on the status of our previous recommendations and update our understanding of progress made by the City Council to address these; • consider how the City Council is addressing emerging risks and issues; • review the revised Procurement Policy against good practice; and • update our understanding of significant procurements undertaken during the year to determine an appropriate level of audit focus and if appropriate, review the application and effectiveness of procurement practices in place for a sample of procurements. <p>Any new areas of focus will be discussed at the time with the City Council.</p>
Contract management	
<p>The City Council has many significant contracting or funding arrangements in place for the delivery of goods and services. To reduce the risk of poor outcomes for the City Council and New Zealanders, it is important that the City Council has effective contract management arrangements in place and follows good contract management practice. This should ensure that both the City Council and suppliers are able to meet their respective contractual obligations and that the contracts deliver the intended outcomes.</p>	<p>We will:</p> <ul style="list-style-type: none"> • update our understanding of how the Contract Management Framework is being operationalised; • review the revised Contract Management Policy against good practice; • follow up on the status of our previous recommendations and update our understanding of progress made by the City Council to address these; and • update our understanding of significant contracts entered into during the year to determine an appropriate level of audit focus and if appropriate, review the application and effectiveness of contract management practices in place for a sample of contracts.
Project, programme and portfolio management	
<p>The City Council has a number of significant projects and programmes underway at various stages, from strategic assessment through to completion.</p>	<p>We will:</p> <ul style="list-style-type: none"> • update our understanding of key projects and programmes and follow up on progress made against our previous

Audit risk/issue	Our audit response
<p>It is important that the City Council has appropriate governance and management arrangements in place to effectively manage significant projects and programmes and realise the expected benefits.</p> <p>Similarly, the City Council also needs to ensure that good practice project management practices are applied to small and medium size projects, appropriate to their risk and complexity.</p> <p>Project and programme management practices should be considered in light of our reported findings and recommendations to date in this area.</p>	<p>recommendations. Our work will involve understanding the City Council's systems, processes and controls in place to ensure projects and programmes are appropriately managed; and</p> <ul style="list-style-type: none"> • update our understanding of how the City Council is lifting its project, programme and portfolio management maturity, including implementing the Project Management Office's (PMO) phased model.
Covid-19: Impact on public sector reporting	
<p>The long-term impact of Covid-19 in New Zealand, and how it might affect public entities, is unknown. However, aspects of the City Council's operations continue to be impacted by Covid-19.</p> <p>These business risks may also have an impact for the financial statements and performance information, and public sector reporting and therefore an audit risk and impact.</p>	<p>We will be updating our understanding of:</p> <ul style="list-style-type: none"> • the risks the City Council faces, and how these are being managed; • the Covid 19 planning and budgeting assumptions; • any Covid-19 response initiatives; • the effect of Covid-19 on the management control environment, strategy, strategic priorities, workforce capacity and capability, and operations; • whether the internal control and reporting systems are in place and functioning effectively; and • Covid-19 delays and potential cost increases in the City Council projects. More specifically, whether a provision may be necessary for contractor claims due to the impact of Covid-19 restrictions; and whether cost claims may need to be expensed rather than capitalised, particularly costs related to the level 4 lockdown period. <p>We will review:</p> <ul style="list-style-type: none"> • the appropriateness of disclosures relating to the impact of Covid-19 on the entity, including how performance is being assessed;

Audit risk/issue	Our audit response
	<ul style="list-style-type: none"> the reliability of asset valuations; impairment testing and provisions for bad debts; and any implications the above factors might have for the audit and audit risk. <p>We will ask the City Council to update its previous Covid-19 risk assessment, and we will review this assessment to identify any potential risks for the audit and develop an audit response to address these risks.</p>
Three water reforms	
<p>The Three Waters Reform programme is expected to result in structural changes to how water supply, wastewater and stormwater assets are owned and managed in the local government sector. This could have a significant impact on the activities performed by the City Council.</p> <p>The City Council should ensure that there is sufficient disclosure about the impacts of the reform (to the extent that the impact is known) within the financial statements.</p>	<p>Because the impact could be significant, but is uncertain, an emphasis of matter paragraph in the audit report remains appropriate.</p>
Wellington City Council Mayoral Taskforce review of Wellington Water	
<p>The City Council has adopted the Mayoral Taskforce's recommendations. The work on the recommendations is ongoing and we note that the City Council will keep abreast of updates as the Government's three water reforms are implemented.</p>	<p>We will obtain an understanding of the implementation and the City Council's response.</p>

Audit risk/issue	Our audit response
Let's Get Wellington Moving (LGWM)	
<p>To deliver on the City Council's 2021/31 Long Term Plan and specific plans for Let's Get Wellington Moving (LGWM), the City Council has entered into arrangements with government and non-government organisations.</p> <p>The City Council engaged external advisors to provide advice on the appropriate accounting treatment for LGWM Projects in the financial statements of project owners and contributors.</p> <p>We note that key to the appropriate accounting treatment is who controls the asset and whether the revenue received (expenditure incurred) is exchange or non-exchange revenue.</p>	<p>We will:</p> <ul style="list-style-type: none"> • gain an updated understanding of the LGWM arrangements; • discuss with the City Council, the accounting treatment of the costs incurred to date and the disclosures in the financial statements; • review the accounting advice received in relation to the above accounting treatment and disclosures; and • update our understanding of how the programme is progressing and how the programme is responding to recommendations that result from internal and external reviews, including any quality assurance reviews. If required, based on our updated understanding of progress, we may consider further detailed work on the programme at that stage. This may include a follow up review of programme governance and/or programme management.
Holidays Act 2003 compliance	
<p>During 2019/20, the City Council completed a review of payroll processes, which identified instances of non-compliance with the Holidays Act 2003 (the Act).</p> <p>The City Council established a project team to review systems configuration and business processes to better understand the areas of non-compliance with the Act. This work has continued into 2021/22. The project is split into two phases: phase one is the rectification of known system configuration and business process issues while phase two will be the remediation.</p>	<p>We will:</p> <ul style="list-style-type: none"> • meet with the project team to obtain an update on the progress of the project; • review the information and calculations available; and • review appropriateness of the accounting and disclosure based on above understanding and information.

Audit risk/issue	Our audit response
<p>The City Council is partway through phase one of the project with a completion date estimated to be early 2022. Following this, the City Council will commence phase two of the project. The outcome of this phase cannot be determined at this time given the current level of reliability of this information. The City Council was unable to quantify its liability at 30 June 2021.</p>	
Configuration and customisations costs for Software-as-a-service (SaaS)	
<p>Entities can sometimes incur significant costs when implementing cloud computing arrangements. Until recently, there has been no specific guidance on this subject in IFRS accounting standards.</p> <p>The IFRS Interpretations Committee recently published decisions clarifying how arrangements in respect of a specific part of cloud technology, (SaaS), should be accounted for. The City Council will need to ensure that costs relating to SaaS are correctly accounted for and appropriate disclosures are included in the financial statements – both parent and group.</p> <p>The key issues are whether such costs:</p> <ul style="list-style-type: none"> • shall be capitalised as an intangible asset and amortised; or • expensed when incurred; or • expensed over the term of the software as a service (SAAS) arrangement (including capitalising as a prepaid service if paid upfront). 	<p>This could be a challenging project and the City Council will need to obtain an understanding of the SaaS arrangements it (and components of its Group) has, complete its own assessment and/or engaging external accounting expertise to help with an assessment of the implications or review the City Council's assessment and any necessary adjustments to the financial statements.</p>
Adoption of PBE FRS 48 <i>Service Performance Reporting</i>	
<p>PBE FRS 48 <i>Service Performance Reporting</i> replaced that part of PBE IPSAS 1 <i>Presentation of Financial Statements</i> that deals with service performance reporting requirements and is effective for annual reporting periods beginning on or after 1 January 2022, i.e. for the City Council, it is for the year ended 30 June 2023.</p> <p>PBE FRS 48 imposes additional reporting obligations on entities. For example, paragraph 44 requires an entity to “disclose those judgements that have the most significant effect on the selection, measurement, aggregation and presentation of</p>	<p>PBE FRS 48 <i>Service Performance Reporting</i> checklist has been provided to the City Council to perform a self-review.</p>

Audit risk/issue	Our audit response
<p>service performance information reported in accordance with this Standard that are relevant to an understanding of the entity's service performance information". Paragraph 47 allows an entity to cross reference this disclosure to another document, such as the document that sets out the forecast service performance information. Most of these judgements are made at the time the LTP is adopted.</p> <p>Although it is not yet applicable, we encourage the City Council and management to assess the impact of adopting PBE FRS 48 and consider what disclosure changes will be required in future annual reports.</p>	
The risk of management override of internal controls	
<p>There is an inherent risk in every organisation of fraud resulting from management override of internal controls.</p> <p>Management are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>Auditing standards require us to treat this as a risk on every audit.</p>	<p>Our audit response to this risk includes:</p> <ul style="list-style-type: none"> • testing the appropriateness of selected journal entries; • reviewing accounting estimates for indications of bias; and • evaluating any unusual or one-off transactions, including those with related parties.

Sector matters

We have identified the following sector matters for the 2021/22 audit.

Audit risk/issue	Our audit response
Rates	
<p>Rates are the City Council's primary funding source. Compliance with the Local Government (Rating) Act 2002 (LGRA), in rates setting and collection, is critical to ensure that rates are validly set and not at risk of challenge.</p> <p>The City Council should have appropriate processes in place. Where issues or concerns arise, it should seek legal advice, to ensure compliance of its rates and rating processes with legislation.</p>	<p>For 2022, we will again consider the City Council's compliance with aspects of the LGRA that materially impact on the financial statements.</p> <p>Principally this means a focus on the rates setting process – the consistency and completeness of the resolution and the Funding Impact Statement (FIS), and a review of a sample of differentially set and/or targeted rates to assess whether the matters, and factors used, are consistent with the LGRA.</p> <p>Our review of compliance with legislation is completed for the purposes of expressing our audit opinion. It is not, and should not be seen, as a comprehensive legal review. This is beyond the scope of the audit, and our expertise as auditors.</p> <p>The City Council has the ultimate responsibility for ensuring that it complies with applicable laws and regulations.</p>
Elected members – remuneration and allowance	
<p>The Local Government Act gives the Remuneration Authority (the Authority) responsibility to set the remuneration of local government elected members. The Authority also has the role to approve a local authority's policy on allowances and expenses.</p> <p>The City Council's annual report must disclose the total remuneration received by or payable to each member of the local authority in the reporting period.</p> <p>A local authority must disclose remuneration paid or payable to each member from both the local authority and any council organisation of the local authority.</p>	<p>We will:</p> <ul style="list-style-type: none"> • assess the City Council's compliance with the requirement to disclose the remuneration of each member of the local authority in the annual report against the relevant Local Government Elected Members Determination and any amendment to that Determination; and • confirm the payments are within the Determination set by the Authority.

Audit risk/issue	Our audit response
Audit of Debenture Trust Deed	
<p>Local authorities are able to secure borrowings including using future rates revenue as security. A debenture trust deed provides the benefit of the charge, through a trustee, to the lender.</p> <p>As the City Council's appointed auditor, we also issue an assurance report to the Trustees of the City Council's Debenture Trust Deed (the deed). This requirement is included in the City Council's Trust Deed dated 11 May 2005 and as amended in the Deed of Amendment dated 5 December 2011.</p>	<p>We will agree with the City Council separate terms of engagement in relation to the Debenture Trust Deed.</p>

Please tell us about any additional matters we should consider, or any specific risks that we have not covered. Additional risks may also emerge during the audit. These risks will be factored into our audit response and our reporting to you.

Fraud risk

Misstatements in the financial statements and performance information can arise from either fraud or error. The distinguishing factor between fraud and error is whether the underlying action is intentional or unintentional. In considering fraud risk, two types of intentional misstatements are relevant – misstatements resulting from fraudulent reporting, and misstatements resulting from misappropriation of assets.

The primary responsibility for the prevention and detection of fraud and error rests with the Council (as the governing body), with assistance from management. In this regard, we will discuss the following questions with you:

- What role does play in relation to fraud? How do you monitor management's exercise of its responsibilities?
- Has a robust fraud risk assessment been completed? If so, is the satisfied that it had appropriate input into this process?
- How does management provide assurance that appropriate internal controls to address fraud risks are in place and operating?
- What protocols/procedures have been established between the and management to keep you informed of instances of fraud, either actual, suspected, or alleged?
- Are you aware of any actual, suspected, or alleged fraud? If so, have the results of management's investigation been reported to ? Has appropriate action been taken on any lessons learned?

Our responsibility

Our responsibility is to obtain reasonable, but not absolute, assurance that the financial statements and performance information are free from material misstatement resulting from fraud. Our approach to obtaining this assurance is to:

- identify fraud risk factors and evaluate areas of potential risk of material misstatement;
- evaluate the effectiveness of internal controls in mitigating the risks;
- perform substantive audit procedures; and
- remain alert for indications of potential fraud in evaluating audit evidence.

The Auditor-General has published useful information on fraud that can be found at oag.parliament.nz/reports/fraud-reports.

Group audit



The Wellington City Council group comprises of the City Council and the following entities:

- Karori Sanctuary Trust
- Wellington Museums Trust
- Wellington Cable Car
- Wellington Waterfront Limited
- Wellington Economic Development Agency Limited (including its subsidiary, Creative HQ)
- Wellington Zoo Trust
- Creative HQ Limited
- Chaffers Marina Holdings Limited (including its subsidiary, Chaffers Marina Limited)
- Wellington International Airport Limited
- Wellington Water Limited

Our auditor's report covers the group as a whole. Our audit approach is developed to ensure we have sufficient information to give an opinion on the group. In designing our group audit approach, we considered the structure of the group and identified the entities which are included in the group financial statements. Each entity is referred to as a component. We have assessed the risks of material misstatement and have identified our approach for each component. The table below shows the work planned for each significant component (other than the City Council which is set out in the earlier sections of the Audit Plan).

Significant component	Work to be performed
Wellington International Airport Limited (WIAL)	<p>This component will be audited by a different Appointed Auditor from another Audit Service Provider, KPMG.</p> <p>WIAL is a for-profit entity. There are no new for-profit standards in the current year.</p> <p>Group instructions will be issued to the component auditor that will specify information we require.</p> <p>We will review the results of KPMG's audit and consider if any of their findings impacts our audit of the group.</p>

Significant component	Work to be performed
	We will obtain WIAL's audited financial statements and confirm the audited results have been appropriately consolidated into the City Council's group financial statements.

For non-significant components, we will perform analytical procedures at the group level to identify unexpected movements.

We will report any significant internal control deficiencies to the and management of the group. This will include any deficiencies identified by the group engagement team or brought to our attention by the component auditor. We will communicate deficiencies related to:

- group-wide internal controls; or
- internal controls at each component.

We will also communicate any fraud identified by the group engagement team or brought to our attention by the component auditor.

Our audit process

Initial planning

Initial planning activities include verifying compliance with independence requirements and building the audit team.

Understand your business and environment

We use our extensive sector and business knowledge to make sure we have a broad and deep understanding of the City Council, your business, and the environment you operate in.

Assess audit risk

We use our knowledge of the business, the sector and the environment to identify and assess the risks that could lead to a material misstatement in the financial statements and performance information.

Evaluate internal controls

We update our understanding of internal controls relevant to the audit. This includes reviewing the control environment, risk assessment process, and relevant aspects of information systems controls. Most of this work is done during the initial audit visits. We evaluate internal controls relevant to the audit for the whole financial year, so we consider internal controls relevant to the audit at all visits.

Finalise the audit approach

We use the results of the internal control evaluation to determine how much we can rely on the information produced from your systems during our final audit.

Gather audit evidence

During the final audit we audit the balances, disclosures, and other information included in the City Council's financial statements and performance information.

Conclude and report

We will issue our audit report on the financial statements and performance information. We will also report to the covering any relevant matters that come to our attention.

Enhancing year-end processes

The year-end financial statement close process and the preparation of the annual report requires a large number of resources to be committed to complete it effectively. This diverts the attention of your staff away from the current financial year and focuses them on past events. We want the audit process to run smoothly, and we will work with management to achieve this through the use of a bringing forward the timing of audit procedures.

Substantive audit procedures are traditionally performed after the year-end. Where possible, we will aim to bring audit procedures earlier in the year. This will be focused on:

- year-to-date transactions for revenue, operating expenditure and payroll;
- revaluation of infrastructure assets;
- valuation of investment properties;
- fair value assessment of operational land and buildings assets; and
- impairment assessments for property, plant and equipment.

Completion of these tests earlier in the year should allow for more timely identification and resolution of errors.

This testing will be completed during the interim and pre-final audit. This requires us to have the right information available during this visit to enable us to complete this work.

We will work with management to facilitate getting the information required at the right time. We will communicate with management if information is not available as agreed, including any impact on the year-end audit.

Materiality

In performing our audit, we apply materiality. In the public sector, materiality refers to information that if omitted, misstated, or obscured could reasonably be expected to:

- influence readers' overall understanding of the financial statements and service performance information; and
- influence readers in making decisions about the stewardship and allocation of resources, or assessing your performance.

This definition of materiality is broader than the one used in the private sector.

It is a matter of judgement whether information is material. We consider the nature (qualitative) and amount (quantitative) of each item judged in the surrounding circumstances and its impact. In the public sector qualitative considerations are of equal significance as quantitative considerations. Qualitative considerations are of primary importance in our assessment of materiality in the context

of disclosures for transparency and accountability reasons, and in evaluating any non-compliance with laws and regulations.

The City Council and management need to consider materiality in preparing the financial statements and service performance information and make their own assessment of materiality from a preparer's perspective. IFRS Practice Statement 2, *Making Materiality Judgements*, provides guidance on how to make materiality judgements from a financial statements preparer's perspective. Although this guidance is primarily aimed at for-profit entities, the same principles can be applied by public benefit entities. Management and the City Council should not rely on our materiality assessment as a basis for owning and making judgements about the integrity of the financial statements and service performance information.

Financial statements materiality

For planning purposes we have set **overall group materiality** for the financial statements at \$818.3m based on budgeted property, plant and equipment. This is subject to change once the actual results for the current year are available. For this audit we are only applying this overall group materiality to the fair value of property, plant and equipment.

For this audit we have set a lower, **specific group materiality** of \$18.2m for all items not related to the fair value of property, plant and equipment.

Overall group materiality	\$818,270,000
Specific group materiality	\$18,200,000
Group clearly trivial threshold	\$910,000
Overall parent materiality	\$779,310,000
Specific parent materiality	\$17,295,000
Parent clearly trivial threshold	\$864,750

We have set **overall parent materiality** for the financial statements at \$779.3m based on budgeted total property, plant and equipment. This is subject to change once the actual results for the current year are available. For this audit we are only applying this overall parent materiality to the fair value of property, plant and equipment. We have set a lower, **specific materiality** of \$17.3m for all items not related to the fair value of property, plant and equipment.

We also set a lower, **specific materiality** for some items due to their sensitivity. For example, we apply a lower specific materiality to related party and key management personnel disclosures.

We design our audit procedures to detect misstatements at a lower level than overall materiality. This takes account of the risk of cumulative misstatements and provides a safety net against the risk of undetected misstatements.

We will report all uncorrected misstatements to the other than those that are clearly trivial. We consider misstatements of less than \$910,000 to be clearly trivial for the **group** financial statements and misstatements of less \$864,750 to be clearly trivial for the **parent** financial statements unless there are qualitative considerations that heighten its significance. We will ask for each misstatement to be corrected, other than those that are clearly trivial. Where management does not wish to correct a misstatement we will seek written representations from management and the on the reasons why the corrections will not be made.

Misstatements

Misstatements are differences in, or omissions of, amounts and disclosures that may affect a reader's overall understanding of your financial statements and service performance information. The effects of any detected and uncorrected misstatements, individually and in aggregate, are assessed against overall materiality and qualitative considerations.

Overall financial statement materiality does not apply to any matters of effectiveness and efficiency, waste, or a lack of probity or financial prudence.

Materiality for service performance information

At an overall level, we assess whether the service performance information is suitable, given your purpose and the nature of your activities, and whether the reporting allows for an informed assessment of the City Council's performance. In doing this we consider whether the information is relevant, complete, reliable, neutral, and understandable.

We set materiality for service performance information at an individual measure level based on what we expect would influence readers' overall understanding, decision making, or assessment of the City Council's performance. We consider a variety of factors including the level of public interest and potential public risk. Because of the variety of measurement bases applied, we normally express this materiality as a percentage of the reported result.

We have identified the following measures as material and assessed materiality for planning purposes. We will reassess this during the audit.

Ref. in 21-31 LTP	Material measure	Materiality % of the reported result
2.3	Water – Clean and safe Compliance with Drinking Water Standards for NZ 2005 (revised 2008) Part 4 bacterial compliance criteria and Part 5 protozoal compliance criteria)	0%
	Water – Meeting customer expectations Number of complaints about the drinking water's clarity, taste, odour, pressure or low, continuity of supply, and supplier responsiveness, expressed per 1000 connections (<i>Mandatory measure</i>)	5%

Ref. in 21-31 LTP	Material measure	Materiality % of the reported result
	Water – Efficiency and sustainability The percentage of real water loss from the local authority's networked reticulation system (including a description of the methodology used to calculate this). Calculated as a regional mean value	5%
	Water – Continuity of supply and resolution of faults Median response time for resolution for urgent call outs (<i>Mandatory measure</i>)	5%
2.4	Wastewater – Compliance and sustainability Dry weather wastewater overflows, expressed per 1000 connections (<i>Mandatory measure</i>)	5%
	Wastewater – Compliance and sustainability <i>(Mandatory measure)</i> Compliance with the resource consents for discharge from the sewerage system, measured by the number of: <ul style="list-style-type: none"> • abatement notices; • infringement notices; • enforcement orders; and • convictions. 	0%
	Wastewater – Meeting customer expectations Number of complaints about the wastewater odour, system faults, blockages, and supplier responsiveness, expressed per 1000 connections (<i>Mandatory measure</i>)	5%
	Wastewater – Continuity of service and resolution of faults Median response time for wastewater overflows (<i>Mandatory measure</i>) (resolution time)	5%
2.5	Stormwater – Continuity of service and resolution of faults <i>(Mandatory measure)</i> Compliance with the resource consents for discharge from the stormwater system, measured by the number of: <ul style="list-style-type: none"> • abatement notices; • infringement notices; • enforcement orders; and • convictions. 	0%
	Stormwater – Meeting customer expectations Number of complaints about stormwater system performance per 1000 connections (<i>Mandatory measure</i>)	5%
6.1	Community Support – Customer focus Occupancy rate of available housing facilities	5%

Ref. in 21-31 LTP	Material measure	Materiality % of the reported result
	Community Support – Customer focus Tenant satisfaction (%) with services and facilities (includes neutral)	5%
	Outcome measure - Social Housing affordability index	5%
	Outcome measure - Social Outcome measure: Healthy Housing Stock - House is damp	5%
6.2	Building and development control – Timeliness Building consents (%) issued within 20 working days	5%
	Building and development control – Compliance Building Consent Authority (BCA) accreditation retention	0%
7.1	Transport – Network condition and maintenance Roads (%) that meet smooth roads standards (<i>Mandatory measure</i>)	8%
	Outcome measure - Economic Residents' perceptions that the transport system allows ease of access to the city	8%
	Transport – Network condition and maintenance Residents (%) satisfaction with the condition of local roads in their neighbourhood	8%

Professional judgement and professional scepticism

Many of the issues that arise in an audit, particularly those involving valuations or assumptions about the future, involve estimates. Estimates are inevitably based on imperfect knowledge or dependent on future events. Many financial statement items involve subjective decisions or a degree of uncertainty. There is an inherent level of uncertainty which cannot be eliminated. These are areas where we must use our experience and skill to reach an opinion on the financial statements and performance information.

The term “opinion” reflects the fact that professional judgement is involved. Our audit report is not a guarantee but rather reflects our professional judgement based on work performed in accordance with established standards.

Auditing standards require us to maintain professional scepticism throughout the audit. Professional scepticism is an attitude that includes a questioning mind and a critical assessment of audit evidence. Professional scepticism is fundamentally a mind-set. A sceptical mind-set drives us to adopt a questioning approach when considering information and in forming conclusions.

Exercising professional scepticism means that we will not accept everything we are told at face value. We will ask you and management to provide evidence to support what you tell us. We will also challenge your judgements and assumptions and weigh them against alternative possibilities.

How we consider compliance with laws and regulations

As part of the Auditor-General's mandate, we consider compliance with laws and regulations that directly affect your financial statements or general accountability. Our audit does not cover all of your requirements to comply with laws and regulations.

Our approach involves first assessing the systems and procedures that you have in place to monitor and manage compliance with laws and regulations relevant to the audit. We may also complete our own checklists. In addition, we will ask you about any non-compliance with laws and regulations that you are aware of. We will evaluate the effect of any such non-compliance on our audit.

Wider public sector considerations

A public sector audit also examines whether:

- the City Council carries out its activities effectively and efficiently;
- waste is occurring or likely to occur as a result of any act or failure to act by the City Council;
- there is any sign or appearance of a lack of probity as a result of any act or omission by the City Council or by one or more of its members, office holders, or employees; and
- there is any sign or appearance of a lack of financial prudence as a result of any act or omission by the City Council or by one or more of its members, office holders, or employees.

Reporting protocols

Communication with management and the City Council



We will meet with management and the City Council's audit committee throughout the audit. We will maintain ongoing, proactive discussion of issues as and when they arise to ensure there are "no surprises".

Reports to the City Council



We will provide a draft of all reports to management for discussion/clearance purposes. Once management comments are received the report will be finalised and provided to the City Council.

We will also follow up on your progress in responding to our previous recommendations.

Audit logistics

Our team



Our engagement team is selected to ensure that we have the right subject matter expertise and sector knowledge. Each member of the audit team has received tailored training to develop their expertise.

Our senior audit team members are:

Karen Young	Appointed Auditor
Chris Webby	Engagement Quality Review Director
Handri Goosen	Audit Manager
Leticia Chettiar	Audit Manager
Alice Yung	Supervisor
Alan Clifford	Director, Information Systems Audit and Assurance
Robyn Dearlove	Manager, Information Systems Audit and Assurance
Martin Richardson	Director, Audit Services/Specialist Audit and Assurance Services
Nicol Stevens	Associate Director, Specialist Audit and Assurance Services
Jason Biggins	Tax Director

The Engagement Quality Review (EQR) Director forms an important part of our internal quality assurance process to maintain and enhance the quality of your audit. The EQR Director is an experienced Audit Director who has sufficient and appropriate experience to objectively evaluate the judgements made by the audit team. They are independent from the day to day audit field work, and so can provide an independent challenge to the audit team on their judgements. The EQR will work with your Appointed Auditor and the audit team, but will not have direct contact with you.

Timetable



Based on our discussions with the City Council, we have confirmed that our timetable is:

Matter	Date	Audit NZ	City Council
• Interim/pre-final audit	27 June – 15 July	✓	✓
• Final audit	3 October – 11 November	✓	✓
• Wrap up and reporting	14 - 18 November	✓	
Financial statements			
• Draft financial statements available	3 October		✓
• Provide feedback on financial statements	28 October	✓	
• Final financial statements agreed between us available	9 November		✓
Performance information			
• Final audit	3 October – 11 November	✓	✓
• Draft statement of service provision available	3 October (except for three waters reported results if the finalised audited result from Wellington Water is not available)		✓
• Provide feedback on statement of performance provision information	28 October	✓	
• Final statement of performance provision agreed between us available	9 November		✓
Annual report			
• Full annual report available for audit (draft)	3 October		✓
• Feedback on annual report	28 October	✓	
• Final annual report (inclusive of all changes agreed between us) available	14 November		✓
• Verbal clearance on annual report	18 November	✓	

Matter	Date	Audit NZ	City Council
• Audit opinion provided in draft	28 November	✓	
• Representation letter issued to Council for signing by Mayor and Chief Executive	15 December	✓	
• Audit opinion issued	15 December	✓	
• Printers' proof available	15 December	✓	✓
Summary annual report			
• Summary annual report available	12 December	✓	✓
• Audit opinion issued on Summary annual report	15 December	✓	
Reporting to the Council			
• Paper on the status of the audit and any significant issues arising (post election to new Council not ARS)	(TBC) 8 December	✓	
• Final management report to the Council issued in draft for management's comments	22 December	✓	
Reporting to Audit and Risk Management Subcommittee (ARS)			
• Audit Plan 2022	3 May	✓	
• ARS Workshop (statement of service performance)	30 August		✓
• ARS Workshop (financial statements)	30 August		✓
• ARS Meeting post interim/ pre-final audit management report	14 September	✓	✓

AuditDashboard

In 2021, we used AuditDashboard, our online portal, to transfer files between your employees and Audit New Zealand. Overall, the use of AuditDashboard made it easy to fulfill requests. Real-time status updates provided greater visibility to everyone and helped to keep everyone organised and on the same page.

We will again use AuditDashboard for transferring audits as part of the audit.

Working remotely

Covid-19 restrictions and resultant changes to our own and our client's work locations, including increasing numbers working from home since the start of the pandemic have meant we changed how we worked with our clients over the last two years.

Lockdowns meant that our clients and our auditors did not always have access to their premises and information and had to work remotely. For clients able to work remotely, with access to systems and electronic documentation, as well as being prepared for the audit, audits continued to progress and progress well.

Performing our audit work during higher alert level restrictions confirmed that aspects of our audit work can be done efficiently off-site. We plan to continue to perform aspects of your audit remotely as there are some benefits to you and us of having our team off-site for parts of the audit. For you these benefits include:

- Staging and sending the information we request for audit over an agreed period of time as opposed to having all the information requested ready for our arrival at one agreed date.
- Less time spent on travel, so we will have more time focus on auditing what matters and raising issues earlier.
- Reduction in disbursements as we will incur less travel and overnight costs.
- Less auditor time on site which allows you to get on with your work and enables planned focused conversations when these take place.

To complete audit work off-site and fully obtain the benefits detailed above, you will need to:

- ensure that you can assess your systems remotely; and
- store supporting documents electronically and be able to easily retrieve these.

During the previous audit, we were able to perform the majority of our audit work at remotely. Based on our experience we found that the City Council has good systems and processes in place to facilitate any future off-site work by us.

We recognise different organisations are positioned differently to enable off-site audit work. We will be discussing and agreeing off-site working expectations in conjunction with our information

requests with you as part of your 2022 audit. This will include our continued use of Audit Dashboard to manage our information requests.

Expectations



For the audit process to go smoothly for both you and us, there are expectations that each of us need to meet.

Our respective responsibilities are set out in our audit engagement letter.

We expect that:

- you will provide us with access to all relevant records and provide information in a timely manner;
- staff will provide an appropriate level of assistance;
- the draft financial statements, including all relevant disclosures, will be available in accordance with the agreed timetable;
- management will make available a detailed workpaper file supporting the information in the financial statements; and
- the annual report, financial statements and performance information will be subjected to appropriate levels of quality review before being provided to us.

To help you prepare for the audit, we will liaise with management and provide them with a detailed list of the information we will need for the audit. We have also published information to help explain the audit process:

<https://auditnz.parliament.nz/good-practice/other-resources/all-about-audits/index.htm>

Health and safety



The Auditor-General and Audit New Zealand take seriously their responsibility to provide a safe working environment for audit staff.

Under the Health and Safety at Work Act 2015, we need to make arrangements with management to keep our audit staff safe while they are working at your premises.

We expect you to provide a work environment for our audit staff that minimises or, where possible, eliminates risks to their health and safety. This includes providing adequate lighting and ventilation, suitable desks and chairs, and safety equipment where required. We also expect management to provide them with all information or training necessary to protect them from any risks they may be exposed to at your premises. This includes advising them of emergency evacuation procedures and how to report any health and safety issues.

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

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STRATEGIC RISKS UPDATE APRIL 2022

Kōrero taunaki | Summary of considerations

Purpose

1. This report to Kāwai Māhirahira | Audit and Risk Subcommittee provides exception reporting on the Council's Strategic Risks. It also includes for your information the Risk Management Team workplan for 2022-23, and an update on work the team has completed to support organisational risk management maturity.

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 | <input type="checkbox"/> Sustainable, natural eco city
<input type="checkbox"/> People friendly, compact, safe and accessible capital city
<input type="checkbox"/> Innovative, inclusive and creative city
<input type="checkbox"/> Dynamic and sustainable economy

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

Relevant Previous decisions

Outline relevant previous decisions that pertain to the decision being considered in this paper.

Significance

The decision is rated low significance in accordance with schedule 1 of the Council's Significance and Engagement Policy.

Financial considerations

- | | | |
|---|--|---|
| <input checked="" type="checkbox"/> Nil | <input type="checkbox"/> Budgetary provision in Annual Plan / Long-term Plan | <input type="checkbox"/> Unbudgeted \$X |
|---|--|---|

Risk

- | | | | |
|---|---------------------------------|-------------------------------|----------------------------------|
| <input checked="" type="checkbox"/> Low | <input type="checkbox"/> Medium | <input type="checkbox"/> High | <input type="checkbox"/> Extreme |
|---|---------------------------------|-------------------------------|----------------------------------|

2. This paper does not raise or exacerbate risks to the Council. It provides a summary of progress on Strategic Risk management, and discussion of emerging risks.

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

Taunakitanga | Officers' Recommendations

Officers recommend the following motion

That Kāwai Māhirahira | Audit and Risk Subcommittee:

- 1) Receive the information.
- 2) Approve the Risk Management Team Workplan.

Whakarāpopoto | Executive Summary

3. This paper provides an update on our Council's Strategic Risks via the April 2022 Strategic Risks Summary Dashboard, an updated *COVID-19* Risk Profile and a new risk profile for *Inadequate Asset Management Planning* risks.
4. The Subcommittee's attention is also drawn to emerging risks in the Summary Dashboard: Increasing costs and capacity pressures and links to our Strategic Risks, and the influence of a lowering of social cohesion on our city and Wellington City Council's operations.
5. This paper summarises significant work led by the Risk Management team to lift organisational risk management maturity through the development of a new operational risk framework aligned with our updated strategic risk framework.
6. In accordance with the Subcommittee's terms of reference, a copy of the Risk Management Team 2022-23 Workplan is provided for your approval. The upcoming year's focus transitions from development and implementation of new frameworks to increasing their uptake and providing more direct support for their use across Business Units. The workplan also includes a refresh of Council's risk appetite statements and the annual Risk Management maturity survey.

Takenga mai | Background

7. In February 2022, Kāwai Māhirahira approved the updated strategic risk framework and agreed to reporting by exception on our Strategic Risks. Exception reporting includes discussion of emerging risks, any changes to risk ratings, or significant edits to our existing risk profiles.
8. Since February 2022, the only risk profile that meets the threshold for exception reporting is *COVID-19*, due to significant content being added in the 'Risk treatments in place' section. There is also additional commentary on plans to review the Maximum Credible Scenario for *COVID-19*.
9. At the February 2022 meeting, Subcommittee members also requested the development of a Strategic Risk Profile to capture our risk management for *Inadequate Asset Management Planning*. This new profile is now provided for your review.

Kōrerorero | Discussion

10. The *COVID-19* risk was assessed in September 2021 using the Maximum Credible Scenario of a Wellington, and wider New Zealand outbreak. This scenario has now occurred, and we are operating within the outbreak. The Council has introduced a

range of new risk treatments in response to government requirements and to the impacts on our city and our organisation.

11. The pandemic is ongoing and future impacts on the Council and the City are uncertain. In May, Executive Leadership Team members and subject matter expert officers will reassess this risk to determine possible future scenarios and consequences as the pandemic continues.
12. To lift risk management maturity, the risk Management team has developed a new operational risk framework and register template to be used primarily at the Business Unit level. Operational risks that are organisation-wide or of high consequence could influence our Strategic Risks. By aligning alignment our strategic and operational frameworks we will better support bottom-up as well as top-down identification and reporting of risks to ELT and this Subcommittee. Business Unit planning is due to commence across the Council in May. Templates and guidance for this planning will incorporate the new operational framework for Bus to identify the risks to delivery of their workplans.
13. The 2022-23 Risk Management Team workplan summarises key activities to support ELT and this Subcommittee and lift risk management maturity across the Council. Last year's focus was on rebuilding and refreshing, of the team and our risk management frameworks. The Council now has public sector-focussed strategic and operational risk frameworks in place. Work in 2022-23 will focus on a review of the Strategic Risks to ensure we are monitoring and reporting on the right risks at the right level. The plan also includes further maturity lifting, embedding use of the updated strategic and operational risk frameworks, and developing Council's risk appetite statements.

Alignment with Council's strategies and policies

14. The strategic risk framework has been designed to capture risks to key projects, initiatives, partnerships, and operational requirements for the Council to achieve its strategic goals and outcomes.

Engagement and Consultation

15. This paper is not subject to public consultation and is rated low on our engagement significance spectrum

Implications for Māori

16. There are no implications for Iwi in this paper.

Financial implications

17. There are no financial implications for this paper.

Legal considerations

18. There are no specific legal requirements or considerations for this paper.

Risks and mitigations

19. This papers and accompanying artefacts, is the primary method for reporting at the governance level on the status of Council's Strategic Risks. There are no identified risks to the continued delivery of this information to the Subcommittee.

Disability and accessibility impact

20. There are no impacts for disabled persons or accessibility from this paper.

Climate Change impact and considerations

21. This paper does not actively contribute to Wellington's zero carbon goal.

Communications Plan

22. There is no communications plan associated with this paper.

Health and Safety Impact considered

23. There are no health and safety risks associated with this paper.

Ngā mahinga e whai ake nei | Next actions

24. The Risk Management team will:
- coordinate a review of the COVID-19 Maximum Credible Scenario to assess possible future COVID-19 risks to the Council and our city (complete by Q4 2021-22);
 - review our list of Strategic Risks (Q1) and continue exception reporting on the Status of our Strategic Risks (ongoing); and
 - continue reporting of matters significant to organisational risk management maturity.

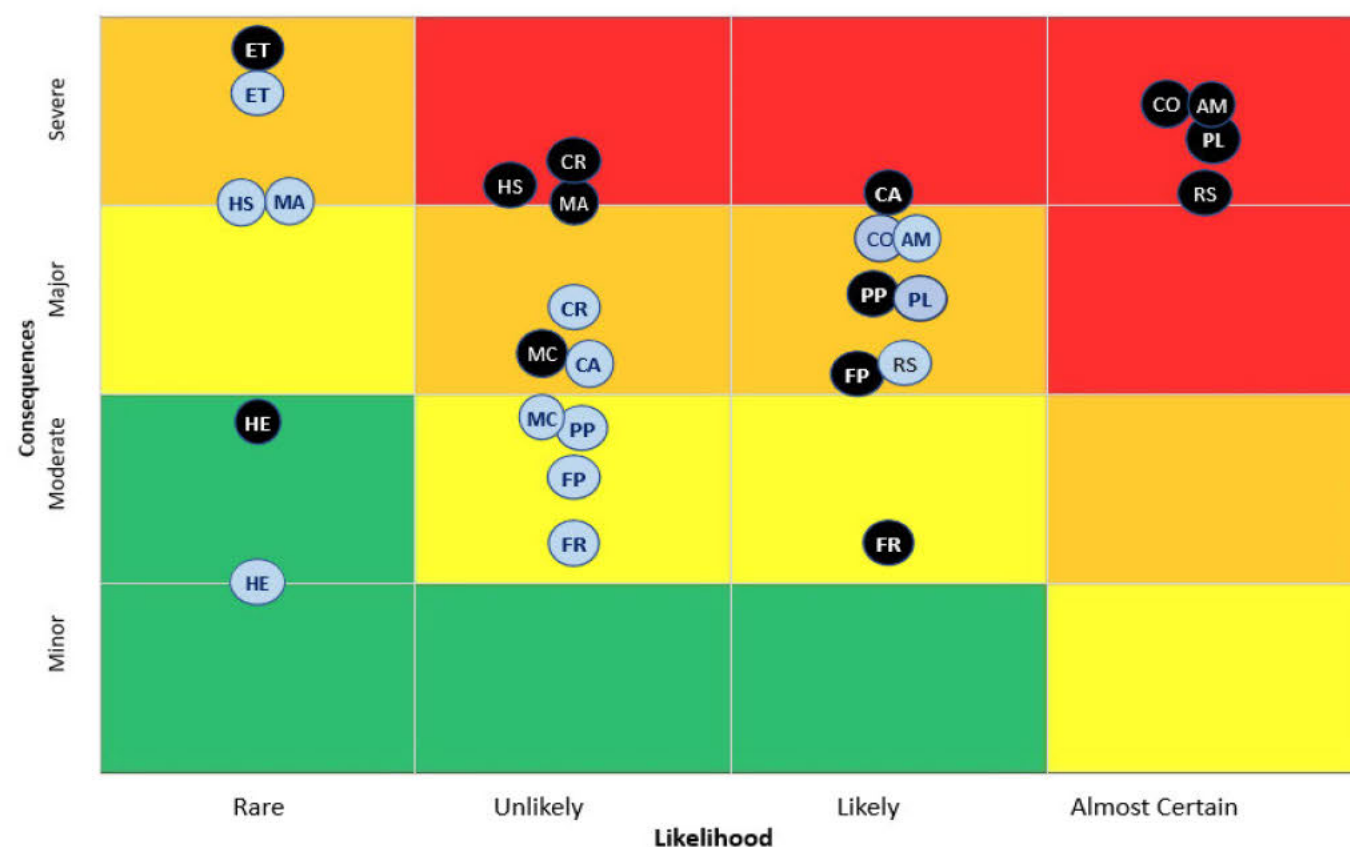
Attachments

- Attachment 1. Strategic Risks Summary Dashboard April 2022
Attachment 2. Risk Profile COVID-19- April 2022
Attachment 3. Risk Profile - Inadequate Asset Managment Planning
Attachment 4. Risk Management Team Workplan 2022-23

	EXTERNAL THREATS						INTERNAL THREATS							
Ratings as of April 2022	Cyber-attack (CA)	Covid-19 outbreak (CO)	Resource & supply constraints (RS)	Malicious attack (MA)	Other hazard emergency (HE)	Earthquake and tsunami (ET)	Inadequate partnering practice (PP)	Inadequate adaptation to major change (MC)	Inadequate response to climate change (CR)	Inadequate planning & prioritisation (PL)	Fraud (FR)	Inadequate financial practice (FP)	Inadequate harm prevention (HS)	Inadequate Asset Management Planning
Overall Risk Rating (max credible - inherent)	Extreme/High	Extreme	Extreme	Extreme/High	Low	High	High	High	High	Extreme	Medium	High/Medium	Extreme/High	Extreme
Likelihood	Likely	Almost certain	Almost certain	Unlikely	Rare	Rare	Likely	Unlikely	Unlikely	Almost certain	Likely	Likely	Unlikely	Almost Certain
Overall Consequences Rating	Severe	Severe	Severe	Severe	Moderate	Severe	Major	Major	Severe	Severe	Moderate	Major	Severe/Major	Severe
Target Risk rating (max credible - residual)	High	High	High	High	Low	Rare	Medium	Medium	High	High	Medium	Medium	High/medium	High
Target likelihood	Unlikely	Likely	Likely	Rare	No change	Rare	Unlikely	Unlikely	Unlikely	Likely	Unlikely	Unlikely	Rare	Likely
Target consequences	Major	Major	Major	Severe/major	No change	Severe/Major	moderate	Moderate	Major	Major	Moderate	Moderate	Severe/Major	Major
Change in reporting period (overall risk)	↔	↑	↔	↔	↔	↔	↔	↔	↔	↔	↔	↔	↔	↔

Risk summary

INHERENT AND RESIDUAL RISK RATINGS



Risk rating key

Extreme High Medium Low

INHERENT AND TARGET RISK LEVELS



Current (inherent) risk rating

EXTERNAL THREATS

CA = Cyberattack
CO = COVID-19 outbreak
RS = Resource and Supply constraints
MA = Malicious attack
HE = Other hazard emergency
ET = Earthquake and Tsunami



Target (residual) risk levels

INTERNAL THREATS

PP = Inadequate partnering practice
MC = Inadequate adaptation to major change
CR = Inadequate response to climate change
PL = Inadequate planning and prioritisation
FR = Fraud
FP = Inadequate financial planning and practice
HS = Health and Safety failure
AM = Inadequate Asset management planning

Changes to note:

Inadequate asset management (AM) added. COVID-19 outbreak (CO) inherent risk level changed to almost certain from likely as the Maximum Credible Scenario has been realised and this risk has now been realised. A full review of the scenario and consequences rating will be conducted in May 2022.

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.

Inherent risk levels and consequences ratings summary - Maximum credible scenarios with no additional risk management in place

	EXTERNAL THREATS						INTERNAL THREATS							
Ratings as of April 2021	Cyber-attack (CA)	Covid-19 outbreak (CO)	Resource & supply constraints (RS)	Malicious attack (MA)	Other hazard emergency (HE)	Earthquake and tsunami (ET)	Inadequate partnering practice (PP)	Inadequate adaptation to major change (MC)	Inadequate response to climate change (CR)	Inadequate planning & prioritisation (PL)	Fraud (FR)	Inadequate financial practice (FP)	Inadequate harm prevention (HS)	Inadequate asset management planning (AM)
Overall Risk Rating (max credible – inherent)	Extreme/High	Extreme	Extreme	Extreme/High	Low	High	High	High	High	Extreme	Medium	High/Medium	Extreme/High	Extreme
Likelihood	Likely	Almost certain	Almost certain	Unlikely	Rare	Rare	Likely	Unlikely	Unlikely	Almost certain	Likely	Likely	Unlikely	Almost certain
Overall Consequences Rating	Severe	Severe	Severe	Severe	Moderate	Severe	Major	Major	Severe	Severe	Moderate	Major	Severe/Major	Severe
Democracy and governance	Moderate	Moderate	Minor	Moderate	Minor	Major	Moderate	Minor	Minor	Minor	Minor	Minor	Minor	Minor
Partnerships and relationships	Minor	Minor	Moderate	Minor	Minor	Moderate	Major	Moderate	Major	Moderate	Minor	Minor	Moderate	Moderate
Critical service delivery	Moderate	Moderate	Moderate	Minor	Minor	Severe	Minor	Minor	Severe	Moderate	Minor	Minor	Minor	Severe
Wellbeing services delivery	Moderate	Major	Moderate	Moderate	Minor	Major	Minor	Minor	Moderate	Moderate	Minor	Minor	Minor	Moderate
Community wellbeing	Moderate	Severe	Minor	Moderate	Moderate	Severe	Minor	Minor	Major	Minor	Minor	Minor	Moderate	Severe
Priority Investment projects & programmes	Moderate	Severe	Severe	Minor	Minor	Severe	Major	Moderate	Major	Severe	Minor	Major	Moderate	Major
Environment	Minor	Moderate	Moderate	Minor	Minor	Major	Minor	Moderate	Moderate	Moderate	Minor	Minor	Minor	Major
Reputation and trust	Major	Moderate	Moderate	Minor	Moderate	Moderate	Major	Moderate	Major	Severe	Moderate	Moderate	Major	Major
Health & Safety	Moderate	Major	Moderate	Severe	Major	Severe	Moderate	Major	Moderate	Major	Moderate	Minor	Severe	Moderate
Capability and capacity	Minor	Major	Moderate	Major	Minor	Major	Minor	Minor	Moderate	Major	Minor	Minor	Moderate	Minor
Our critical assets	Minor	Moderate	Moderate	Minor	Minor	Severe	Minor	Minor	Moderate	Moderate	Minor	Minor	Minor	Major
Our finances	Moderate	Severe	Major	Moderate	Minor	Severe	Minor	Moderate	Moderate	Major	Minor	Moderate	Minor	Major
Data, information and tools	Severe	Minor	Minor	Minor	Minor	Major	Minor	Moderate	Minor	Minor	Minor	Minor	Minor	Moderate
Legal regulatory and compliance	Major	Minor	Minor	Moderate	Moderate	Moderate	Moderate	Minor	Major	Moderate	Minor	Minor	Major	Major

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

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

Updated risk profiles provided: The COVID-19 Wellington outbreak Maximum Credible Event scenario has now been realised and the likelihood changed to reflect this. In general, the risk assessment reflected the consequences experienced. However, the impact of a 23-day occupation of Parliament grounds and associated community, traffic and business disruptions were not anticipated in our risk assessment. The occupation and associated disruption caused additional wellbeing impacts to council staff and the people of Wellington and resulted in unplanned financial costs to Council as measures were approved to support affected businesses. As of 11 April, WCC has had 280 positive staff cases of COVID-19. The positive cases and those staff required to isolate as close contacts has caused disruption to some services most notably recycling services and opening hours for public/recreation facilities. Significant additional risk treatments have been put in place in response to the Wellington outbreak and the detailed risk profile has been updated to reflect these changes. Given the outbreak is ongoing, an updated assessment for future risk from the current COVID-19 outbreak will be conducted in May 2022.

The *Inadequate asset management planning* risk has been assessed and its risk profile added to the Strategic Risk Register and reporting artefacts.

Other updates: Minor contextual editing has been completed on two profiles *Inadequate climate change response* and *Other hazard emergency*, but these changes are minor and new profiles have not been provided as part of our exception reporting this period. Key committee papers continue to be added to risk profiles as appropriate.

Emerging Risks or items of note for Kāwai Mahirahira

Staff capability and capacity: The pressures driving the *Resource and Supply* risk continue to increase as costs escalate and resulting in continuing recruitment challenges for skilled workers. In addition to Staff capacity and capability being pressured both by resource and supply change constraints, we are now seeing impacts from “the Great Resignation”. This is being demonstrated through an increase in turnover rates and pandemic-driven changes in workforce attitudes, and remuneration expectations.

Lowered social cohesion: This threat is not associated with peaceful and legitimate protest, rather a breakdown of trust and societal cohesion with specific individuals and groups. The recent occupation of parliament has highlighted that disaffected and marginalised members of society are becoming increasingly influenced by misinformation and/or conspiracies and becoming more distrustful of central and local government and the mainstream media. There are also individuals and groups with malicious intent that are increasingly targeting government pandemic response initiatives. As the nation’s capital, Wellington is a target for anti-government sentiment, and this increase the risk for our City. This lowering of trust and societal cohesion has created an environment where WCC staff and the people of Wellington have experienced during the occupation, and still perceive, an increased threat of online or physical harm or disruption.

COVID-19 OUTBREAK

An outbreak of infectious COVID-19 pandemic disease, in Wellington and wider New Zealand

Reviewed: March 2022

Reporting and accountability

Governance

- Reporting on overall strategic risk rating status to Kawai Māhirahira Audit and Risk Subcommittee
- Reporting on requirements for health, safety and wellbeing of staff to Kawai Māhirahira Audit and Risk Subcommittee
- Reporting on impacts of COVID-19 on Council finances and performance, and Council's financial responses to COVID-19 impacts to Pūrora Tahua Finance and Performance committee
- Reporting on impacts of COVID-19 on delivery of critical services and Priority Investment Capital projects to Pūrora Waihangā Infrastructure Committee

Executive

- ELT oversee implementation of all relevant government guidance and regulations across the organisation
- COVID-19 scenario and impact planning advice provided to ELT in September 2021. Impacts of COVID-19 on Council finances, staff wellbeing, long-term and BAU workplans, provided to ELT as appropriate by relevant Managers

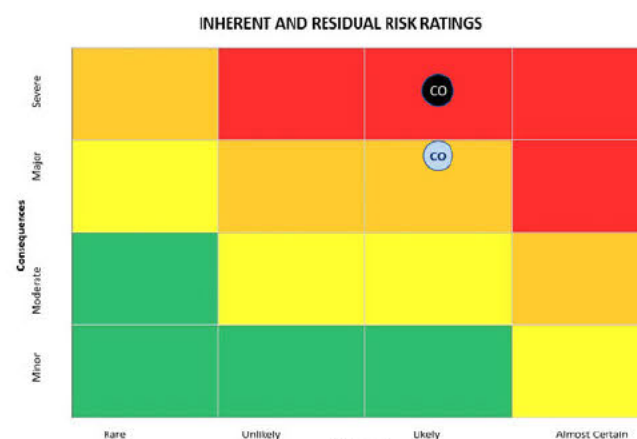
Risk tracking and outlook – exception reporting

- The forecasted Wellington outbreak scenario has been realised. The COVID-19 outbreak accelerated in Wellington in February 2022. Since then, the City has experienced significant impacts, with thousands of positive cases and many more isolating. The numbers affected have included hundreds of Council staff, impacting the scale and availability of some services. The illegal occupation of Parliament Grounds and surrounding streets by 'anti-mandate' protesters exacerbated the financial impacts on CBD businesses, and the wellbeing impacts on school, residents, government sector and business communities, near parliament. WCC played a key role in supporting Police as the lead agency, to manage the impacts of the occupation and continues to support restoration and recovery. The pandemic is ongoing and the likelihood of further major outbreaks in Wellington due to virus mutation is not known although overseas evidence would suggest Winter months are more likely to see a rise in cases again.

Risk treatments in place

- Physical distancing, mask wearing (surgical or N95), capacity limits, and hygiene protocols in place to reduce chance of transmission at WCC sites
- Digital democracy systems established for Council Committees and public participation to continue remotely
- A comprehensive range of COVID-19 resources, factsheets, and guidance developed to support all staff to understand and comply with requirements
- Pandemic Response Team Established in 2020 to provide specialised advice to ELT and coordinate WCC response – 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
- Financial support to affected Wellington businesses outlined in COVID-19 Response plan (Feb 2022)
- COVID-19 operational losses taken as debt to smooth impacts
- COVID-19 vaccine pass requirements and vaccination policy for all sites and high-risk roles introduced: decision Dec 2021, in effect February 2022 and removed post-consultation in April 2022 in line with Government health guidance, requirements.
- Designation of Priority council services (to support staff and public health and safety, and to enable these functions to implement their business continuity plans) and designation of critical services (government defined those roles unable to work from home to deliver key functions)
- Development of Rapid Antigen Test (RAT) policy and procurement of RATs for use by critical staff
- Pandemic Response Plan financial relief/support package adopted in February 2022.

Risk Analysis – September 2021



Inherent risk rating	●	Extreme
Target (residual) risk rating	○	High
Likelihood		Likely
Consequence		Severe
Confidence in assessment		Confident

Maximum credible scenario (inherent risk): At the time of assessment (September 2021) the Wellington Outbreak scenario was likely but not almost certain, due to the success of NZ's lockdown and border initiatives up until that time. The highly transmissible Omicron variant has resulted in a nationwide outbreak. This risk is now realised. A new risk assessment for future COVID-19 outbreak risk will be undertaken in late April/early May 2022.

Risk rating key			
Extreme	High	Medium	Low

Consequences	Wellington outbreak	Rationale
Democracy and governance	Moderate	Contagion in Wellington would further restrict voting. All public participation would have to be online. Barriers to getting true representation and access to the public. Option to extend term of current members - DIA decision required. Based on Canada and Australia
Partnerships and relationships	Minor	Increased virtual interaction. Expectation of underwriting partners. Relationships with MBIE, TPK will become more important than those in Civil Defence network. Tendency to work in silos
Critical service delivery	Moderate	As per Auckland containment scenario plus extended impact of supply chain constraints. More vulnerable to a possible disruption.
Wellbeing 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. Pools, libraries, and other facilities closed in AL3 and AL4.
Community wellbeing	Severe	Support coming directly from govt agencies rather than via CDEM network. Difficulty delivering support if staff are unwell. Resilience stretched further. New categories at risk - newly unemployed, those who haven't engaged with social agencies.
Priority investment projects and programmes	Severe	Extended impact of supply chain constraints. Revenue expectations from Tākina and St James need to be deferred if project delays beyond mid-2022. Management of expectations of elected members.
Environment	Moderate	Recycling and PPE sent to landfill.
Reputation and trust	Moderate	No significant impact. Possibly some community and councillors' expectations for us to take measures that we don't have the mechanism or mandate to implement.
Health & Safety	Major	Compensation for staff WFH. Long term mental health of staff that are unable to work that are not easily re-deployable, decisions needed about discretionary leave and potential salary implications. Could affect our lowest paid and most vulnerable staff. Risk of staff catching Covid, long term illness, even death. Health Act could be implemented to Isolate entire households.
Capability and capacity	Major	As per Auckland containment scenario. Over an extended period, the need for more space to WFH drives people out of Wellington to more affordable locations. Difficult to bring in new staff when an entire team is WFH.
Our critical assets	Moderate	Potential to respond to a big event e.g., big sewerage break, slip, coastal erosion - would be a different response such as close road rather than repair
Our finances	Severe	As per Auckland containment scenario, plus pay out for underwriting events. Rates freeze/delayed payments would impact on cashflow, move to business ratepayers expecting support.
Data, information and tools	Minor	Equipment has been borrowed from EOC in Aug 21. Data attacks amplified at national level during AL3 and AL4. Data security issues where staff working remotely. Data streams are interrupted and difficult to forecast.
Legal regulatory and compliance	Minor	Likely Improvement in responses to consenting but delays in inspections. Little warning of changes to Health Orders which are complex to implement.

WCC STRATEGIC RISKS: THREAT PROFILE

Risk treatments planned or in progress and due dates

- 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.

Gaps, issues or opportunities for improvements in treatment

- Long-term recovery planning WCC specific and with regional partners
- Strategic review all of significant projects and programmes to identify opportunities for prioritisation/coordination

References

Relevant legislation

Health Act 1956
COVID-19 Public Health Response Act 2020
COVID-19 Public Health Response (Alert Level Requirements) Order (No 11) 2021
Privacy Act 2020
Health and Safety at Work Act 2015

WCC Policies and Strategies

Strategic Safety, Security and Wellbeing plan 2021
Rapid Antigen Test Policy March 2022
COVID-19 Vaccination Policy 2021

WCC procedures, resources for managers and staff

Factsheet: Tahiri and Kai Ūpoko at Delta AL2
Factsheet: Returning to Kai Ūpoko
Factsheet: Worker Contact Flowchart
De-escalation and response during contact tracing procedures
Returning to Workplace Assessment – level 3
Questions and answers for managing COVID-19. Date updated: 6 April 2022
Questions and Answers for People Managers Alert Level 3: Novel Coronavirus or COVID-19 Date updated: 26 August 2021
Questions and Answers for People Managers Alert Level 4: Novel Coronavirus or COVID-19 Date updated: 18 August 2021
Wellbeing resources
Working at home resources
WCC COVID-19 RAT Policy

Relevant reports to other council committees

Pandemic Response Plan paper (support for businesses) [24 February 2022 Council Meeting](#)

Additional commentary

Links to other threats and risks

COVID-19 impacts on border traffic and international shipping is a significant contributor to current global supply chain issues. Continued working from home arrangements during Alert Levels 3 and 4 (lockdown) and following that under the COVID Protection Framework, has created more challenging conditions for planning and prioritisation across the organisation. COVID-19 is an exacerbator of the risk related to poor planning and prioritisation, as it demands rapid change, high level response and can supersede or delay more strategic long-term planning and work

Underlying trends and influencers of the risk

Government has transitioned to the COVID Protection Framework (traffic light system) which centres on the capacity of our health system to guide restrictions and requirements. Vaccination mandates have been removed for all but a few highest exposure roles. As regions reach target vaccination levels, the likelihood of widespread lockdowns decreases.

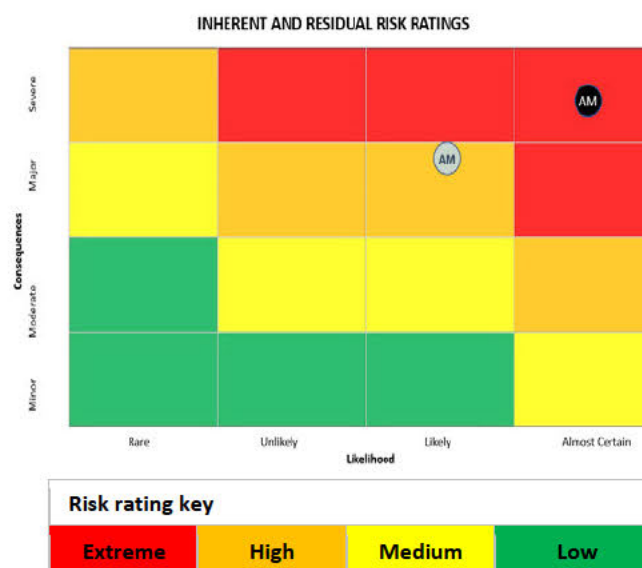
Urbanisation and increased used of sustainable public transport options while benefiting our climate change risk management, increase transmission risks of infectious diseases. The future of work transitions to a more digital operational model means much of the Council's work and democratic processes can continue remotely as long as our digital services are functioning.

WCC STRATEGIC RISKS: THREAT PROFILE

INADEQUATE ASSET MANAGEMENT PLANNING	Inadequate all-of-life and forecasting planning for, and management of our key assets. Management of our key assets is insufficiently aligned with strategic outcomes and is not coordinated across the organisation.	Reviewed: April 2022
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Reporting and accountability
<p>Governance</p> <ul style="list-style-type: none"> Reporting on overall strategic risk rating status to Kawai Māhirahira (Audit and Risk Subcommittee) Reporting on asset management planning (general) and asset-specific reporting on waste, transport, three waters, and council properties to Pūrora Waihangā Infrastructure Committee Reporting on City Housing, community facilities, venues, CCO and Parks, Sports and recreation Assets to Pūrora Rangaranga Social, Cultural and Economic Committee Regular reporting on status of Priority Investments against set criteria to Pūrora Waihangā Infrastructure Committee facilitated by the Project Management Office
Risk tracking and outlook – exception reporting
<ul style="list-style-type: none"> This threat was identified for inclusion in the Strategic Risk Register at Kawai Māhirahira Audit and Risk Subcommittee meeting of 2 February 2022. In February 2021 subject matter experts conducted a risk assessment for Inadequate Asset Management Planning to identify opportunities for reducing this risk. The risk treatment content has been developed to capture in-place, and planned mitigations, as well as identifying gaps and opportunities for improvement.
Risk treatments in place
<ul style="list-style-type: none"> Investment Delivery Framework (IDF) in place for major upgrade, growth-led and large renewal capital projects; includes assessment of benefits, risks, planning and implementation of assets. The IDF approach promotes planning from the outset and ensure inclusion of those accountable for asset management plans required for new assets Procurement Strategy and procurement Policy to support best practice and alignment with strategic outcomes Asset Management Partnership arrangements (including funding e.g. Waka Kotahi, planning and development Let's get Welly Moving, or asset repair and renewal Wellington Water Ltd) Quarterly reporting on KPIs for the critical and on-critical services provided by our key assets Individual Asset Management Plans using standardised template developed for transport networks and structures, cemeteries, City Housing, open spaces and recreation facilities, the waterfront and marinas
Risk treatments planned or in progress and due dates
<ul style="list-style-type: none"> Funding, asset ownership and governance models such as the Community Housing Provider (CHP) model being explored to provide financial viability for Social Housing. Public consultation underway and decision made as part of Annual Plan process. Decision on future funding model due 30 June 2022. Asset Management planning team being established in Infrastructure and Delivery group accountable for consistent asset management planning focussing initially on replacement and renewal plans and over time extending to maintenance planning Asset management planning team will also be accountable for ensuring asset data is collected, stored and meets the requirements for robust asset management planning Asset Management Plans for highest criticality assets will be created using transparent decision-making framework which clearly links risk, service level to plans and associated budgets for development of the 2023-34 LTP. Business Cases will be required for all new priority projects. Use of the IDF framework to manage all new, upgrade and large renewal asset builds
Gaps, issues or opportunities for improvements in treatment
<ul style="list-style-type: none"> Gap: comprehensive Council-wide Asset Management Policy and Strategy compliant with ISO 55001:2014 to set out a consistent WCC approach, principles and activities for asset management

Risk Analysis



Inherent risk rating	●	Extreme
Target (residual) risk rating	○	High
Likelihood		Almost certain
Consequence		Severe
Confidence in assessment		Confident

Maximum credible scenario (inherent risk): The likelihood will remain *almost certain* until a comprehensive asset management plan for three waters is developed and long-term funding is secured for City Housing. Without an all-of-council asset management policy and planning process for the full lifecycle of our critical and strategic assets, we continue to reactively fund and govern our assets, or be constrained by legacy arrangements (e.g. City housing budget). This results in quality and service levels deteriorating for some assets, possible continued failure, disruptions, or poor performance.

Consequences	Current	Rationale
Democracy and governance	Minor	Without effective asset management, our governance role for key assets could be removed e.g., water or housing assets. However overall impact on democratic systems and participation is minor.
Partnerships and relationships	Moderate	Loss of Waka Kotahi confidence could result in lower level of funding. Focus on WWL relationship should lift AM capability in WWL, however reality is that we anticipate this function transitioning to the new water entity sooner rather than later
Critical service delivery	Severe	Lack of effective asset management could lead to asset failure which will impact service delivery from those assets.
Wellbeing services delivery	Moderate	These services can generally continue independent of specific assets (e.g. library services relocation) but some inconvenience disruption could occur
Community wellbeing	Severe	Asset failure could result in significant health and safety incidents – e.g. retaining walls, roads, building failures.
Priority investment projects and programmes	Major	Ineffective asset management planning will mean we are not able to optimise our decision making with regards to new assets – example would be the “build back better” programme where we are seeking to install transitional bike lanes when undertaking planned renewals
Environment	Major	High impact – for example if our southern landfill assets are not managed appropriately there could be environmental impacts. Poor replacement and renewal plans for property assets could result in poor environmental outcomes. Another example would be seawall failure.
Reputation and trust	Major	Asset failure for critical assets could impact on the trust in our ability to look after the assets for which we are receiving funding from ratepayers.
Health & Safety	Moderate	We have high compliance for asset safety in place. Past incidents have not been due to asset condition.
Capability and capacity	Minor	Not expected to impact staff capability or capacity.
Our critical assets	Major	We are now better at planning ahead – past issues based on inadequate data for lifecycle planning are still a challenge. Co-funding and planning (e.g., transport) has reduced risk.
Our finances	Major	Without a transparent decision-making framework, it is not possible to provide assurance that the funding provided is sufficient (over or under) to ensure our assets can continue to deliver the service they are intended to deliver.
Data, information and tools	Moderate	Inadequate planning could result in adequate data capture for full life-cycle planning.
Legal regulatory and compliance	Major	Lack of transparency in asset planning means that have little visibility of legal risks

WCC STRATEGIC RISKS: THREAT PROFILE

- Gaps in data on some critical assets such as parts of three waters network make maintenance and renewal planning more difficult – no comprehensive all-of-life asset management plan in place for three waters networks
- An independent Asset Management Maturity review identified that in general our transport asset planning is more mature and comprehensive than for other asset types (Aecom 2021). Overall our operational and financial planning processes are rated as relatively lower maturity with asset risk management and capital works planning relatively higher maturity factors within WCC.
- Recognition and staff development for Asset Management as a core competency at WCC – build AM expertise

References

Relevant legislation

Local Government Act 2002

Civil Defence Emergency Management Act 2002 (section 60)

Local Government (Financial Reporting and Prudence) Regulations 2014

Building Act 2004

WCC Policies, Strategies and Plans

Long term Plan 2021-2031

Transport Procurement Strategic Plan 2020-2023

Financial and Infrastructure Strategy 2021-2051

WCC procedures and frameworks

Investment Delivery Framework (comprehensive project management tools and guidance to support comprehensive asset management planning)

Asset Management Plan templates – summary overview of budget, levels of service and risks

Independent reports and reviews

AECOM 2021: WCC Asset Management Maturity Assessment Findings

Relevant reporting to other council committees

Pūrora Maherehere Annual Plan/Long-term Plan Committee 2022/23 Draft Annual Plan and budget

Pūrora Tahua Finance and Performance Committee [17 March 2022](#), WWL Opex budget

Pūrora Waihangā Infrastructure Committee [23 March 2022](#) WWL wastewater performance

Additional commentary

Links to other threats and risks

Risks from this threat are aligned with those from the Inadequate Planning and Prioritisation threat, as they both represent inadequate all-of-council policies. Systems. Standards or coordination. If inadequate planning leads to degradation of physical assets they are more susceptible to natural hazard risks such as earthquake damage. Likewise inadequate planning could increase risk to our assets from climate change impacts.

Underlying trends and influencers of the risk

Government reforms and reviews have the potential to significantly influence how we own and manage assets in the future. Population growth coupled with current housing availability and affordability challenges are driving intensification and the need for appropriate supporting horizontal infrastructure (transport, three waters) and to consider climate change future hazard areas. Insurance costs related to seismic and climate-influenced risks are increasing.

RISK MANAGEMENT TEAM WORKPLAN

2022-23

Presented to Audit and Risk Subcommittee 03 May 2022



Overview of the 2022-23 Risk Management Team Workplan

Our purpose is to support Council to identify and manage strategic risks and to lift risk management capability across the organisation.

Risks are those internal and external threats and challenges that could prevent us from achieving our objectives. At the strategic level, these objectives are aligned to the LTP and Council's ability to deliver on its outcomes. At the operational level, these objectives set by projects, programmes, activities, and services, Council undertakes in order to achieve its purpose.

Our team's key activities are to:

- Identify, with practitioners, ELT and Councillors, the Council's Strategic Risks. Report on the status of Strategic Risks and the measures in place to reduce risks to acceptable levels. Communicate gaps and opportunities in Strategic Risk management to ELT to support decision-making. Monitor emerging risks.
- Develop training, information, frameworks and tools for strategic and operational risk identification, assessment, and monitoring and reporting
- Lift risk management capability and develop a community of risk management practitioners within the Council. Support the risk assessments and risk reporting of Business Units (BUs) across council.

This workplan will be shared with ELT, Kāwai Māhirahira Audit and risk Subcommittee and BUs. It focuses on building capability, building connections across the Council, and delivering, support and training for effective risk management processes.

This workplan builds on the work of last year to refresh and implement a new Strategic risk framework and Operational Risk Framework. Our 2022-23 focus will be on socialisation and uptake to lift maturity.

RISK MANAGEMENT TEAM WORKPLAN 2022-23

Governance and Strategic Risk Framework and Register

1. Annual Strategic Risk Framework and Register review
2. Strategic risks monitoring and reporting
3. Strategic Risks linking and referencing in Committee papers
4. Risk appetite statement development

Demonstrating working better together



Operational Risk

1. Facilitate and grow Risk Champions network
2. Annual Enterprise Risk Maturity Survey
3. Strategic alignment and shared practice with other BUs
4. Risk assessment methods and tools promotion
5. Support for WCC operational risk assessments

Demonstrating working better together



Risk Management Team Capability

1. Developing peer and cross-enterprise relationships
2. Team training and expertise maintenance

Demonstrating working better together



Accountable leaders



Connected Council














The way we work










Living our values



Risk management team activities

	Risk Management Level	Scope/Explanation	Planned quarter(s)	WBT
	Governance	Strategic risk identification, management, and reporting		
1.	Strategic Risk Framework and Register review	We will review the current risk register to ensure the list of threats is appropriate. We will also review the consequences scales and measures for assessing risks and adjust as required to ensure they remain fit-for purpose. This will be done with input from SME's and be proved to ELT and Kāwai Māhirahira members for review.	Q1	 
2.	Strategic Risks monitoring and reporting	Monthly reporting of strategic risk status, significant emerging risks, and risk management issues of note to ELT. Reporting of strategic risk status and significant emerging risks as a standing agenda item at Kāwai Māhirahira Assurance and Risk Committee.	Q1-Q4 (ongoing)	 
3.	Strategic risk linkages in committee papers	Socialise and promote new guidance for referencing Strategic Risk in committee papers. Encourage reporting of links to our Strategic Risks in committee papers directly to the Risk Manamgent team. Risk Management team to monitor committee agendas for relevant papers.	Q1	
4.	Risk appetite statements	Develop a set of risk appetite statements to record our organisations tolerance of different risks and consequence types. These will be used to help prioritise monitoring and reporting.	Q2	
Operational risk		Organisational risk maturity		
1.	Facilitate and grow the WCC Risk Champions group	The Risk Champions are officers with an interest in risk management and some influence within their group or Business Unit. The purpose of this activity is to lift the capability of the Champions, through regular knowledge sharing and opportunities for learning. The Risk Champions in turn facilitate and advocate for good practice risk management within their areas.	Q1-Q4 (ongoing)	 
2.	Enterprise risk maturity survey	Using the DIA all of government enterprise risk maturity survey tool, track our progress against 12 standardised criteria on our risk maturity journey. Analyse the results for reporting to ELT and Councillors. Use the results to target areas for team engagement and support.	Q1 (survey) Q2-Q4 follow-up	 
3.	Strategic alignment and shared practice	Identify and capitalise on shared benefits and opportunities from the various units working to develop more mature and strategic frameworks. This includes the Project Managing Office strategy, the Resilience team, the Procurement team, and the Climate Change team.	Q1-Q4 (ongoing)	

	Risk Management Level	Scope/Explanation	Planned quarter(s)	WBT
4.	Risk assessment methodology, tools, and templates promotion	Socialise and promote new Operational risk management tools and training resources to increase uptake across the Council of new public-sector focussed framework	Q1 -Q4 (ongoing)	
5.	Support for WCC operational risk assessments	Support BU risk assessments, particularly for BU planning process (Q1). Provide risk management expertise to BUs and teams on request to support better risk management practice (Q1-Q4)	Q1-Q4 (ongoing)	 
Team		Risk Management Team Capability		
1.	Developing peer and cross-enterprise relationships	To best support good practice risk management across Council, the Risk Management will continue to build understanding of the range of WCC activities, programmes, and projects. We also continue to build trusted relationships and visibility of the services and support our team can provide.	Q1-Q4 (ongoing)	 
2.	Team training professional development and knowledge building	The team will maintain and grow technical expertise in risk management theory and practice and in particular deepen their expertise in local government strategic and operational risk management best practice. This involves learning and engagement with practitioners inside and external to Council, as well as training, workshops, and professional development. This will ensure Council receives the appropriate level of advice and support from the team.	Q1-Q4 (ongoing)	 

ACTIONS TRACKING

Kōrero taunaki | Summary of considerations Purpose

1. This report provides an update on the past actions agreed by the Kāwai Māhirahira | Audit and Risk Subcommittee at its previous meetings.

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

Not applicable.

Financial considerations

☒ Nil

☐ Budgetary provision in Annual Plan /
Long-term Plan

☐ Unbudgeted \$X

Risk

☒ Low

☐ Medium

☐ High

☐ Extreme

Author	Emily Deans, Democracy Advisor
Authoriser	Stephen McArthur, Chief Strategy & Governance Officer

Taunakitanga | Officers' Recommendations

Officers recommend the following motion

That the Kāwai Māhirahira | Audit and Risk Subcommittee:

- 1) Receive the information.

Whakarāpopoto | Executive Summary². 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.

Kōrerorero | Discussion

7. Following feedback, the status system has been changed so that resolutions either show as 'in progress' or 'complete'.
8. Of the 23 resolutions of Kāwai Māhirahira | Audit and Risk Subcommittee in February 2022
 - 23 are complete.
9. Further detail is provided in Attachment One.

Attachments

Attachment 1. Actions Tracking

#	Date	Meeting	Report	Clause	Status	Comment
49	Wednesday, 2 February 2022	Kāwai Māhirahira Audit and Risk Subcommittee	2.1 Health, Safety and Security Report	1. Receive the information	Complete	The subcommittee formally received the information in the relevant report.
50	Wednesday, 2 February 2022	Kāwai Māhirahira Audit and Risk Subcommittee	2.1 Health, Safety and Security Report	2. Recommend to the Pūroro Tahua - Finance Performance Committee to receive the information on 17 2022.	Complete	The information was received by Pūroro Tahua Finance and Performance Committee on 17th of February.
51	Wednesday, 2 February 2022	Kāwai Māhirahira Audit and Risk Subcommittee	2 2 Kāwai Māhirahira Three-year forward work programme	1. Receive the information	Complete	The subcommittee formally received the information in the relevant report.
52	Wednesday, 2 February 2022	Kāwai Māhirahira Audit and Risk Subcommittee	2 2 Kāwai Māhirahira Three-year forward work programme	2. Approve the three-year Forward work programme	Complete	
53	Wednesday, 2 February 2022	Kāwai Māhirahira Audit and Risk Subcommittee	2 2 Kāwai Māhirahira Three-year forward work programme	3. Note that, if approved, the Subcommittee will have opportunity to review the Forward work programme at each meeting to ensure it can be adapted to changes in Council's risk profile and so that it remains relevant to the needs of the Subcommittee.	Complete	The information was noted by the subcommittee.
54	Wednesday, 2 February 2022	Kāwai Māhirahira Audit and Risk Subcommittee	2 3 Strategic Risks update for February 2022	1. Receive the information	Complete	The subcommittee formally received the information in the relevant report.
55	Wednesday, 2 February 2022	Kāwai Māhirahira Audit and Risk Subcommittee	2 3 Strategic Risks update for February 2022	2. Approve the implementation of the revised risk management reporting framework	Complete	
56	Wednesday, 2 February 2022	Kāwai Māhirahira Audit and Risk Subcommittee	2 3 Strategic Risks update for February 2022	3. Agree on priorities for detailed reporting on specific risks, consequences types, or other risk topics for future Kāwai Māhirahira meetings, as set out in paragraph 13.	Complete	
57	Wednesday, 2 February 2022	Kāwai Māhirahira Audit and Risk Subcommittee	2 3 Strategic Risks update for February 2022	4. Request staff to investigate the risks associated with inadequate asset management and its integration within the reporting framework.	Complete	Risk profile for inadequate asset management included in Risk Management update to May 2022 meeting
58	Wednesday, 2 February 2022	Kāwai Māhirahira Audit and Risk Subcommittee	2.4 Assurance & Business Integrity update	1. Receive the update on the Assurance & Business Integrity Workplan for 2021-22	Complete	The subcommittee formally received the information in the relevant report.
59	Wednesday, 2 February 2022	Kāwai Māhirahira Audit and Risk Subcommittee	2.4 Assurance & Business Integrity update	2. Agree the addition of two responsive reviews to the Assurance & Business integrity Workplan	Complete	Responsive reviews added to current year workplan.
60	Wednesday, 2 February 2022	Kāwai Māhirahira Audit and Risk Subcommittee	2.4 Assurance & Business Integrity update	3. Receive the update on management's progress to address recommendations from internal audit and other independent sources of assurance.	Complete	The subcommittee formally received the information in the relevant report.
61	Wednesday, 2 February 2022	Kāwai Māhirahira Audit and Risk Subcommittee	2.4 Assurance & Business Integrity update	4. Received the information about integrity activities including the number of protected disclosures received and investigations in progress.	Complete	The subcommittee formally received the information in the relevant report.
62	Wednesday, 2 February 2022	Kāwai Māhirahira Audit and Risk Subcommittee	2.4 Assurance & Business Integrity update	5. Receive the statement on the completeness of the quarterly update of the Elected Member Gifts and Hospitality register.	Complete	The subcommittee formally received the information in the relevant report.
63	Wednesday, 2 February 2022	Kāwai Māhirahira Audit and Risk Subcommittee	2 5 Long-Term Plan three-year work programme	1. Receive the information	Complete	The subcommittee formally received the information in the relevant report.
64	Wednesday, 2 February 2022	Kāwai Māhirahira Audit and Risk Subcommittee	2.6 Audit NZ Governing Body Report	1. Receive the information	Complete	The subcommittee formally received the information in the relevant report.
65	Wednesday, 2 February 2022	Kāwai Māhirahira Audit and Risk Subcommittee	2.6 Audit NZ Governing Body Report	2. Note the content of the Report to Council on the audit of 2020/21 Annual Report from Audit New Zealand	Complete	The information was noted by the subcommittee.
66	Wednesday, 2 February 2022	Kāwai Māhirahira Audit and Risk Subcommittee	2.6 Audit NZ Governing Body Report	Note the advice from the audit director that the audit plan will be received within a month and that the group opinion will be available before the 2022 local body elections.	Complete	The information was noted by the subcommittee.
67	Wednesday, 2 February 2022	Kāwai Māhirahira Audit and Risk Subcommittee	2.7 Water Activity Rates Settings	1. Receive the information	Complete	The subcommittee formally received the information in the relevant report.
68	Wednesday, 2 February 2022	Kāwai Māhirahira Audit and Risk Subcommittee	2.7 Water Activity Rates Settings	2. Recommend to Pūroro Tahua Finance and Performance Committee to consider debt funding the revenue loss, if necessary, resulting from the errors in rates settings and to recommend this course of action to Council. This rate setting errors were for both volumetric usage and water meter fixed charges.	Complete	The Water Activity Rates Setting paper was considered in the 17th of February Pūroro Tahua Finance and Performance Committee meeting.

#	Date	Meeting	Report	Clause	Status	Comment
69	Wednesday, 2 February 2022	Kāwai Māhirahira Audit and Risk Subcommittee	2.7 Water Activity Rates Settings	3. Note in paragraphes 8 and 12 the actions taken to date and future processes to ensure this error does not happen again.	Complete	The information was noted by the subcommittee.
70	Wednesday, 2 February 2022	Kāwai Māhirahira Audit and Risk Subcommittee	2.8 Actions Tracking	1. Receive the information	Complete	The subcommittee formally received the information in the relevant report.
71	Wednesday, 2 February 2022	Kāwai Māhirahira Audit and Risk Subcommittee	2.9 Forward Programme	1. Receive the information	Complete	The subcommittee formally received the information in the relevant report.

FORWARD PROGRAMME AND WORKPLAN UPDATE

Kōrero taunaki | Summary of considerations

Purpose

1. This report provides the Forward Programme and the Proposed Forward Work Programme for Kāwai Māhirahira | Audit and Risk Subcommittee.

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

Not applicable.

Financial considerations

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

Risk

- ☒ Low ☐ Medium ☐ High ☐ Extreme

Authors	Emily Deans, Democracy Advisor Richard Leverington, Manager Risk and Assurance
Authoriser	Stephen McArthur, Chief Strategy & Governance Officer

Taunakitanga | Officers' Recommendations

Officers recommend the following motion

That the Kāwai Māhirahira | Audit and Risk Subcommittee:

- 1) Receive the information.

Whakarāpopoto | Executive Summary

2. The Forward Programme sets out the reports planned for Kāwai Māhirahira | Audit and Risk meetings in the next meeting, the final meeting prior to the election, that require committee consideration.
3. The Forward Programme is a working document and is subject to change on a regular basis.
4. The Proposed Forward Work Programme sets out the reports coming to the Kāwai Māhirahira | Audit & Risk Subcommittee until September 2024 in Attachment 1.

Kōrerorero | Discussion

5. Wednesday the 14th of September 2022
 - Internal Audit Report for the period ending 30 June 2022 (Chief Strategy and Governance Officer)
 - Annual legislative compliance attestation report (Chief Strategy and Governance Officer)
 - Draft Annual Report and letters of representation (Chief Strategy and Governance Officer)
 - LTP Management Letter and Year-end Management letter (Audit New Zealand)
 - Strategic Risk Management Framework – profile update, including CCO risks that impact on Council's group risk (Chief Strategy and Governance Officer)
 - Audit and Risk Subcommittee Work Programme Update (Chief Strategy and Governance Officer)
 - Litigation Matters Update / Group Risk Management (CPCO) (Chief Strategy and Governance Officer)
 - Health and Safety Performance Report (Chief People and Culture Officer)
 - Insurance Strategy Update (Chief Financial Officer)
 - Subcommittee briefing with no management present (Audit New Zealand)

Attachments

Attachment 1. Proposed Forward Work Programme

Kāwai Māhirahira | Audit & Risk Subcommittee: Proposed Forward Work Programme

	June 2022	Sep 2022	Feb 2023	June 2023	Sep 2023	Feb 2024	June 2024	Sep 2024
Subcommittee governance								
○ Approval of three-year ARS work programme			◆			◆		
○ ARS work programme update	◆	◆		◆	◆		◆	◆
○ ARS self-assessment of performance and effectiveness	◆			◆			◆	
○ Elected member disclosure of gifts and hospitality	◆			◆			◆	
Assurance and Business Integrity (Internal Audit)								
○ Approval of the Assurance work plan	◆			◆			◆	
○ Update on the Assurance work plan			◆			◆		
○ Update on Protected Disclosures and investigations			◆			◆		
○ Status of internal and third-party audit recommendations		◆	◆		◆	◆		◆
○ Update on fraud risk			◆			◆		
○ Annual Internal Control report		◆			◆			◆
○ Annual legislative compliance attestation report		◆			◆			◆
○ Subcommittee briefing with no management present (+ as required)	◆			◆			◆	
○ Review Internal Audit Charter								◆
External Audit and Statutory Reporting								
○ Audit plan and engagement letter	◆		◆			◆		
○ Progress to address matters of emphasis in 20/21 audit opinion	◆		◆	◆			◆	
○ Proforma Annual Report (financial statements & accounting policies)	◆			◆			◆	
○ Draft Annual Report and letters of representation		◆			◆			◆
○ Year-end management letter		◆			◆			◆
○ Subcommittee briefing with no management present (+ as required)		◆			◆			◆
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 Executive	◆	◆	◆	◆	◆	◆	◆	◆
● Chief Planning and Environment	◆							
● Chief Customer and Community		◆						
● Chief People and Culture			◆					
● Chief Infrastructure				◆				
● Chief Māori					◆			
● Chief Financial						◆		
● Chief Strategy & Governance							◆	
● Chief Digital								◆

Kāwai Māhirahira | Audit & Risk Subcommittee: Proposed Forward Work Programme

	June 2022	Sep 2022	Feb 2023	June 2023	Sep 2023	Feb 2024	June 2024	Sep 2024
Council Controlled Organisations								
○ CCO annual reports on risk that impact on Council's group risk		◆			◆			◆
Finance								
○ Insurance Strategy update	◆		◆			◆		
Health and Safety								
○ Performance report	◆	◆	◆	◆	◆	◆	◆	◆
Legal Risk								
○ Litigation matters update (Public excluded)	◆	◆	◆	◆	◆	◆	◆	◆
Long Term Plan								
○ 2024 LTP Development Programme – project plan				◆				
○ LTP forecasting assumptions					◆			
○ Asset Management Planning – assurance				◆				
○ Audit New Zealand LTP assurance plan					◆			
○ Audit NZ LTP Management letter								◆
○ Programme Management Office – P3M3 maturity	◆			◆				
○ Procurement Strategy				◆				
○ Holidays Act compliance	◆							
○ Building consenting liability	◆							
○ Procurement and unsolicited bids risk (date TBC)								

◆ Item brought forward from previous meeting

3. Public Excluded

Recommendation

That the Kāwai Māhirahira | Audit and Risk Subcommittee:

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	7(2)(g) The withholding of the information is necessary to maintain legal professional privilege. 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).	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.
3.2 Wellington City Council Building Consent Risks and Liabilities	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).	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.

