

---

# Wellington City Council 2016/17 Annual Report



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



# Contents

<b>Introduction</b>	<b>2</b>	<b>6 Urban development</b>	<b>97</b>
Mayor's introduction	2	Urban planning, heritage and public spaces development	99
Chief Executive's introduction	4	Building and development control	102
Our city, who we are, what we do	6	<b>7 Transport</b>	<b>109</b>
How we govern and engage with the community	8	Transport	111
<b>Overview of our performance</b>	<b>13</b>	Parking	114
Our long-term approach to developing the city	14	<b>8 Council-Controlled Organisations</b>	<b>119</b>
Overview of our performance - the money	16	<b>Financial Statements</b>	<b>125</b>
Highlights for the year	22	Wellington City Council and Group Consolidated Financial Statements for the year ended 30 June 2017	126
Our changing city and challenges for the future	27	Financial Prudence	221
Independent auditor's report	31	Funding Impact Statements	228
<b>Our performance in detail</b>	<b>35</b>	<b>Appendices</b>	<b>247</b>
<b>1 Governance</b>	<b>37</b>	Index	248
Governance, information and engagement	39	Glossary	250
Māori and mana whenua partnerships	41		
<b>2 Environment</b>	<b>45</b>		
Gardens, beaches and green open spaces	47		
Waste reduction and energy conservation	49		
Water / Wastewater / Stormwater	51		
Conservation attractions	53		
<b>3 Economic development</b>	<b>61</b>		
City promotions and business support	63		
<b>4 Cultural wellbeing</b>	<b>71</b>		
Arts and cultural activities	73		
<b>5 Social and recreation</b>	<b>81</b>		
Recreation promotion and support	83		
Community support	86		
Public health and safety	89		

# Kei te arotahi mātou ki te kaunekenga tauwhiro, me te mahi whakatinana i tō mātou pūmanawa nohopuku ā-ōhanga

Koromatua Justin Lester

I tēnei wā tonu, kei te haruru a Pōneke, engari, he nui tonu ake ngā mahi hei whakatutuki, kia kaha pai ake ai. Ahakoa ngā whakatara nui i puta nā runga i te rūwhenua o tērā tau, kei te tupu rawa tō tātou ōhanga. Nā runga i te ū o te katoa o ngā tāngata o tō mātou rōpū, kei runga mātou i te ara tōtika ki te whakatipu i a Pōneke me te whakarite, ka noho tonu a Pōneke hei wāhi tumeke rawa.

Kei te tere tipu tō tātou taupori. Ko te tikanga o tēnei, kei te whai kiko ā mātou mahi taupapapatu me ētahi atu taone huri noa i te ao, mō te whai hunga whai pūmanawa. Otirā, nā runga i te kaha tipu o te taupori, me huri mātou ki te whakapiki ake i ō mātou haumi whare, haumi waka, me te haumi hanganga, kia noho whakarunga tonu ai te kounga oranga.

Ko te whakarite whare noho te whakatara nui rawa atu. E pīrangī ana mātou kia whai toronga ngā tāngata katoa o Pōneke ki ngā whare noho. Hei wāhanga ki tērā, kei te whai mātou ki te whakatū i ngā whare hou pāpori, māmā hoki ki te hoko, e 750, i ngā tekau tau e tū mai nei. Kei te tiroiro anō hoki mātou ki ngā mahi whakapaipai i ngā whare o te pokapū taone hei kainga noho hou, me te hoatu i tētahi moni tuku e \$5000 ki ngā kaiwhāinga whare-tuatahi, me te whakangāwari ake i ngā whakaaetanga kia māmā ake te mahi hanga whare, me te tuku haumi mō te Whare Okioi, he momo whiringa wāhi noho mā te hunga kua mōhio rawa ki tēnei mea, te kainga kore whare mau tonu me te maurutanga waipiro wā-roa. He mea tuatahi tēnei ki Aotearoa, ā, kei te mahia ngātahi e mātou me te Manatū Whakahiato Ora.

Ko tā mātou arotahi i ngā marama tata kua hori, ko te kaupapa kaunekenga tauwhiro, me te mahi whakatinana i tō mātou pūmanawa nohopuku ōhanga. Ko te tikanga o tēnei, ko te whakatutuki pai i ngā mahi matua me te arotahi anō hoki ki ngā kaupapa kōkiri hou ka āwhina i a Pōneke kia noho ngahau ai, tātāwhāinga hoki. Me pai ake, me kamakama ake ā mātou mahi, ā, me te hōpara i te whakaaro ki te whakatū i tētahi pokapū pūoro ā-motu, hei kaupapa mahitahi me te Tira Whakatangi Pūoro o Aotearoa me te Whare Wānanga o te Ūpoko o te Ika a Māui.

Kei te haumi anō mātou ki roto i tō mātou kōtuinga waka hei whakatenatena i ngā kainoho ki te haere mā ngā waka tūmataiti, mā raro, mā te paihikara rānei. Kua whakaraupapatia e mātou te rāngai toi, e kaha nei ki te hoatu i te āhuatanga o tō tātou taone.

Whai muri i te au o te rūwhenua, i whakaritea e mātou te manahau hei tino mahi tuatahi. I te tau 2014 i puta a Pōneke hei wāhanga o te kōtuinga Taone Manahau 100, i timataria e te Rockefeller Foundation i te pito tōmua o tēnei tau, i whakaputaina e mātou tō mātou ake rautaki manahau, e whakatakoto ana i te mahere whakatutukinga āmiki ki te whakataka pai ake i ngā kainoho o Pōneke mō ngā tauwhatinga. Huri noa i te tau, e mahi tata ana mātou me ngā rangatira o ngā whare whakawhiti noa i te taone e pā ana ki te mahi whakapakari hanganga, a, i timataria hoki e mātou tētahi mahinga tuatahi ā-ao ki te tūwiri mō te wai māori i raro i te moana, hei whiringa mātāpuna mō te whakaputunga wai.

Ko tō mātou whāinga ko te tuku i ngā mahi e whakarato ana i te uara pai rawa mō te moni. Kei te noho pai ā mātou pukapuka pūtea engari, me kaha tonu tā mātou mahi matawhāiti mehemea e pīrangī ana mātou ki te whakaiti ake i ngā rēti. Ko te tikanga o tēnei, ko te noho arotahi ki runga i ngā wāhanga ka āwhina i a tātou kia tū manahau ake, hei taone ngākau titikaha, me te whai mahi nui tonu te utu, me te whai whare ka taea noa iho te hoko, me tētahi pūnaha waka māia, me tētahi tirohanga ahurea ngahau.

He wā whakataratara, whakaongaonga hoki tēnei. He nui ngā mahi hei whakatutuki ā, kāore mātou mō te noho ki runga i ō mātou ringaringa. I tēnei wā tonu, kei runga a Pōneke i te huarahi tika. Kei te haumi mātou i roto i tō mātou taone mō ngā rā ki mua, e mahi tahi ana mātou ki te whakapakari ake, me te whakapai ake i runga i te āhua o tōna noho i nāianei mō te katoa.



Nā Justin Lester

# Our focus is on sustainable growth and realising our economic potential

Mayor Justin Lester



Right now, Wellington is humming, but there's more work to be done to make it even better. Despite the huge challenges that have come from last year's earthquake, our economy is booming. Thanks to the commitment of everyone on our team, we're on track to grow Wellington and ensure it remains a great place to be.

Our population is growing fast. This means we're competing effectively with other cities around the world for talent. But a growing population also means we need to invest more in housing, transport, and infrastructure so that quality of life remains high.

Housing is the biggest challenge. We want all Wellingtonians to have access to housing. As part of that, we have agreed to build 750 new social and affordable houses over the next decade and we will explore refurbishing inner city buildings for new apartments. Since July, first-home builders also benefit from a \$5000 rates rebate. We're taking steps to simplify consents to make it easier to build, and investing in Te Whare Oki Oki, an accommodation option for people who have experienced chronic homelessness and long-term alcohol dependence. This is a first in New Zealand and we're doing it in partnership with the Ministry of Social Development.

Our focus over these past months has been on sustainable growth and realising our economic potential. This means doing the basics well while also focusing on new initiatives that will help Wellington be more vibrant and competitive. We need to work better and smarter, and explore opportunities to work with others. We're working with Greater Wellington Regional Council to explore building an indoor arena that will draw more international acts. And we're making progress towards establishing a world-class national centre of music, in partnership with the New Zealand Symphony Orchestra and Victoria University.

We're also investing in a balanced transport network, doing more to solve congestion, and supporting public transport, walking, and cycling. Our goal is that no matter how you choose to get around Wellington, you can do so easily and affordably. And we've prioritised the arts sector that gives the city so much of its character.

In the wake of the earthquake, we've also made resilience a priority. In 2014, Wellington became part of the 100 Resilient Cities network, pioneered by the Rockefeller Foundation. Earlier this year, we released our own resilience strategy, which sets out a blueprint to better prepare Wellingtonians for disruptions. Over the past year, we've been working closely with building owners across the city on strengthening infrastructure, and we began a world-first operation to drill for freshwater under the sea, which could provide an alternative water supply.

Our goal is to do things in a way that delivers the best value for money. Our books are in good order but we need to be prudent if we want to keep our rates low. This means staying focused on those areas that will help us become a more resilient, confident city, with well-paid jobs, affordable housing, an efficient transport system, and a vibrant cultural scene.

These are challenging and exciting times. There is a lot to get on with and we're not sitting on our hands. Right now, Wellington is on the right track. We're investing in the city's future, and working together to make it stronger and even better than it already is, for everyone.

A handwritten signature in black ink, consisting of stylized initials 'JL' followed by a flourish.

Justin Lester

# Ahakoia ngā taumahatanga ā-pūtea i puta nā te rūwhenua, i iti ake tā mātou whakapaunga moni, tērā i te pūtea i whakaaehia.

Kaiwhakahaere Matua Kevin Lavery

He tau whakatara, whai tikanga hira hoki tēnei - he tau tēnei ka awe i ngā mahi whakamahere a te Kaunihera i ngā tau tini kei mua i te aroaro.

Kāore i roa, whai muri i te timatatanga o te Kahika hou me ngā Kaikaunihera hou, ka pā te rūwhenua ki Kaikōura.

Tere tonu te huri a te Kahika me āna kaimahi ki ngā mahi, me tā rātou whakawhanake i tētahi hōtaka e toru tau te roa, hei whakatutuki i ngā kaupapa matua mō Pōneke, pērā i ngā kaupapa whare, ngā kaupapa waka, ngā kaupapa mahi, me ngā kaupapa ā-toi, ā-ahurea - mā konā e whakapakari ake ai te taone nui.

Ahakoia ngā whakatara hou i mua i a mātou, kāore te Kaunihera i karo ki te tuku ratonga kairangi ki ngā tāngata o Pōneke:

- I iti ake tā mātou whakapaunga moni tērā i te pūtea i whakaaehia, ahakoia ngā taumahatanga ā-pūtea i puta i muri mai i te rūwhenua.
- He nui te pikinga - maha rawa i ētahi marama - o ngā tono whakaae whakatū whare, i mahia e mātou
- I kaunekehia te tūmahi ki te whakapakari i te Hōro Matua o te Taone e utua ana ki te \$90 miriona..

I tautokona e te rangahau mānawa kiritaki ā-tau te mahi a te Kaunihera ki te hora i ngā ratonga matua:

- E ngata ana te 86 ōrau o ngā kainoho ki te kounga me te tiakitanga o ngā pito whenua kākāriki - ngā papa rēhia ā-rohe, ngā wāhi haututu me ngā whenua rāhui; ngā māra huaota; ngā tātahi me ngā wāhi takutai; me ngā wāhi hikoiko hoki
- E ki ana te 94 ōrau o ngā kairēti kaunihera, he pai, he tino pai rānei te āhua o ō rātou whare, whaitua noho rānei
- E ngata ana te 90 ōrau o ō mātou kiritaki mō te whakaputunga wai ki te kāinga, ā, e 82 ōrau e ngata ana ki ngā ratonga parawai a te Kaunihera
- E 92 ōrau o ō mātou kiritaki e ngata ana ki ō mātou ratonga ā-wharepukapuka

- I whakautua te 73 ōrau o ngā waeatanga mai ki tō mātou Pokapū Whakapānga i mua i te paunga o te 30 hēkona - ā, i whakautua te 98 ōrau o ngā imēra i roto i te huri o te 24 hāora.

I tino pai rawa tā mātou uruparetanga rūwhenua, mahi whakaoranga hoki. He tika tonu tā te Kaunihera ki te whakamahi i te rūwhenua hei wā whakarite panoni kaupae ki tō mātou ahunga kia tū manahau ai - ki roto i te kaunihera, ki roto i te taone, ki te rohe hoki.

Ko te manahau te mea kei mua, kei te pokapū hoki o ngā mahi katoa a te Kaunihera.

Ahakoia te tikanga o te Pūrongo ā-Tau ki te whakaata i ngā whakatutukinga mahi i te tau kua hipa, me matua titiro anō hoki ki ngā rā ki mua. Hei tērā tau, ka whai mātou i tētahi Mahere Wā-roa Hou. Ko te whāinga i ngā tau e toru ki muri a te Mahere Wā-roa, ko te whakarite i a Pōneke kia whai i tētahi huarahi pakari, kaunekenga tauwhiro hoki - ā, koinei tonu te mahi i tutuki. I ngā tau e toru kua pahure ake, kua rongoa a Pōneke i te tipunga ōhanga me te tipunga taupori, me te ara ake anō o ngā whakatara hou ki te Kaunihera - tae noa ki te whai wāhi o te tangata ki te hoko whare me ngā āhuatanga waka.

Nā reira, ko te arotahi ka puta i te Mahere Wā-roa, 2018-2028 he whai tonu i te whakahaere me te toko i te kaunekenga.

Ko te tikanga, nā runga i tō mātou ahunga matawhāiti ki ngā whakapaunga moni, kei te tino pai te āhua ā-pūtea o te Kaunihera. Heoi anō, nā te rerekētanga o te taiao, kua kōpā rawa mō ngā nekenekehanga.

Ko te whakatara ki te Kaunihera i ngā tau kei mua, ko te tū kamakama ake mō ngā mahi haumi ki roto i te taone, me te āhua o tōna utu me te tuku i ōna ratonga.



Nā Kevin Lavery

# We came in under budget despite financial pressures as a result of the earthquake

Chief Executive Kevin Lavery



It's been a challenging and eventful year - one that will influence the Council's planning for many years to come.

No sooner had the new Mayor and Councillors been ushered into office than the Kaikoura earthquake struck.

The Mayor and his team quickly got to work, developing a 3-year work programme tackling priority issues for Wellington such as housing, transport, jobs, arts and culture - and, of course, making the city more resilient.

Despite the new challenges we faced, the Council didn't break step in its delivery of high-quality services to the people of Wellington:

- We came in under budget despite the financial pressures as a result of the earthquake.
- We handled a big increase - record numbers in some months - of building consent applications.
- We made progress on the \$90 million project to strengthen the city's Town Hall.

The Council's performance in the delivery of frontline services was borne out in our annual customer satisfaction survey, which showed:

- 86 percent of residents are satisfied with the quality and maintenance of green open spaces - local parks, playgrounds and reserves; botanic gardens; beaches and coastal areas; and walkways
- 94 percent of Council tenants say the overall condition of their house or apartment is good or very good
- 90 percent of our customers are satisfied with household water supply, and 82 percent with the Council's wastewater services
- 92 percent of customers are satisfied with our library services
- 73 percent of all calls to our Contact Centre were answered within 30 seconds - and 98 percent of emails were responded to within 24 hours.

We handled the earthquake response and recovery really well. The Council has rightly used the earthquake as an opportunity to change our approach to resilience - within the Council, the city and the region.

Resilience is now front and centre of everything the Council does.

While the Annual Report is about reflecting on our performance over the past year, we also have to keep one eye on the future. Next year we will update our Long-term Plan. The goal of our Long-term Plan 2015-25 was to put Wellington on a path to strong, sustainable growth - and that is what happened. In the last 3 years, Wellington has experienced economic and population growth, which has presented new challenges for the Council - especially housing affordability and transport.

So the focus of our Long-term Plan 2018-2028 will be to manage and sustain growth.

Our prudent approach to spending means the Council is in good shape financially. But the changed environment means there is less room to manoeuvre.

The challenge for the Council in the coming years is to be smarter about investing in the city and the way it pays for and delivers services.

Kevin Lavery

# Our city, who we are, what we do

Under the Local Government Act 2002, Wellington City Council is tasked with meeting the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions.

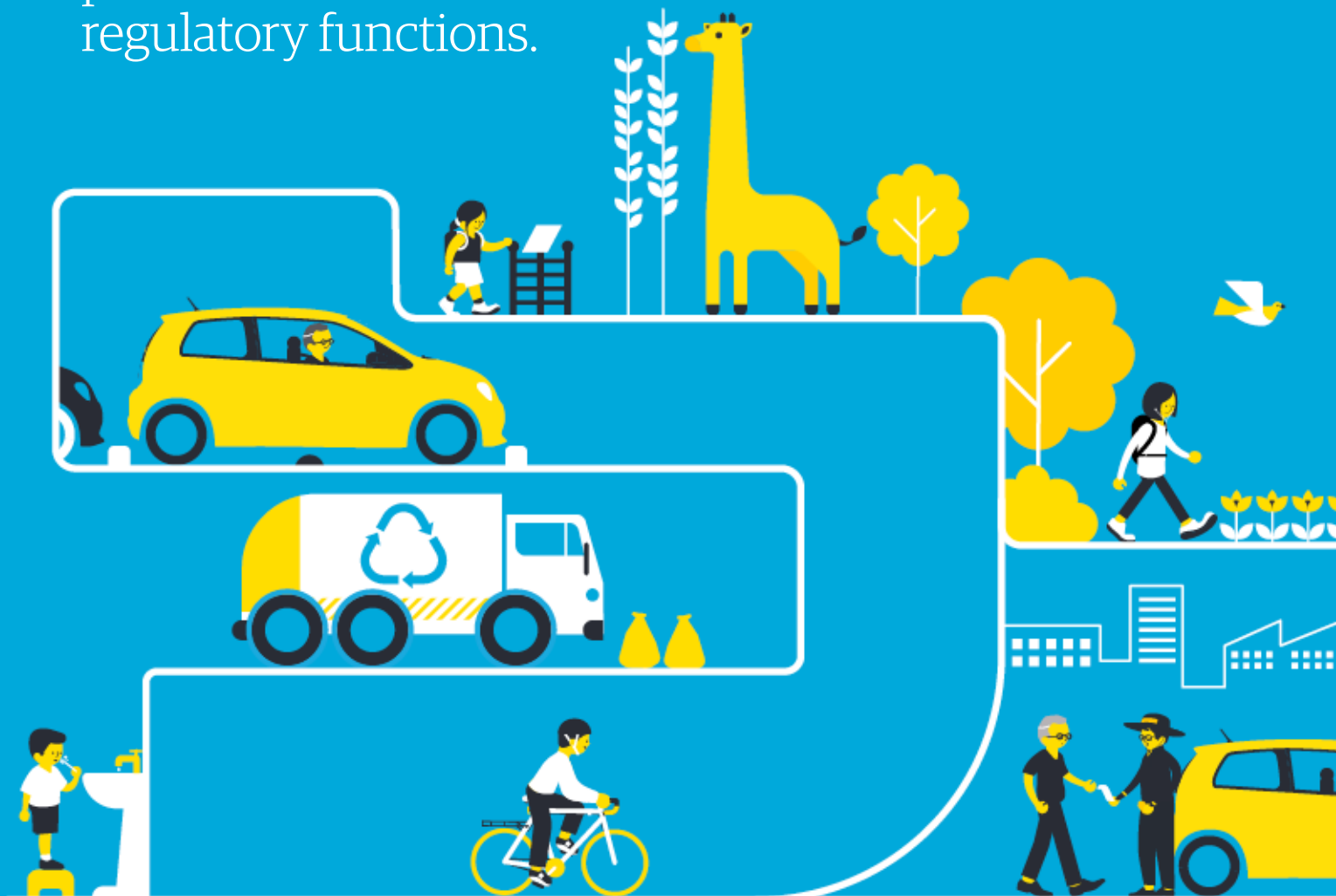
From mowing lawns and building seawalls to installing street lights and fixing potholes, we work around the clock for the city and its population.

We manage many areas - from parks and cemeteries to parking and pools, from water supply and waste management to cycleways and animal control. We also actively support the city's economic growth and cultural development through a range of projects and initiatives.

Residents pay an average of \$6.52 per day for these services. That roughly equates to what residents pay per day individually for petrol, power, phone, or internet. Given the breadth of our services, this is good value for money.

We have seven key operating areas:

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







# How we govern and engage with the community

The Council is a representative democracy. Our role is to determine the public interest and decide on areas of priority for the good of the city and its people.

## Our legislative framework

Under the Local Government Act 2002, our statutory roles are:

- to enable democratic local decision-making and action by, and on behalf of, communities;
- to meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is cost-effective for households and businesses.

Council elections are held every 3 years. The last election was held in October 2016 and the next will take place in October 2019.

Our governance structure consists of the Council and its committees, which are designed to enable elected members to perform their governance roles effectively and to ensure the democratic process operates smoothly. The committees are:

- City Strategy Committee
- District Licensing Committee
- Long-term Plan/Annual Plan Committee
- CEO Performance Review Committee
- Regulatory Processes Committee

There are two joint committees:

- Wellington Region Waste Management and Minimisation Plan (joint committee)
- Wellington Regional Amenities Fund (joint committee)

And three subcommittees:

- Council Controlled Organisations Subcommittee
- Finance, Audit and Risk Subcommittee
- Grants Subcommittee

## Our people

Wellington City Council is made up of 14 elected Councillors and a Mayor.

The Mayor is elected by the city's residents. The Mayor's responsibilities include:

- promoting a vision for Wellington
- providing leadership to achieve that vision
- leading the development of city-wide Council plans, policies and budgets
- ensuring effective engagement with all Wellingtonians.

The Councillors are elected by voters from the wards they represent. The wards and number of elected Councillors for each are:

- Northern Ward - three Councillors
- Onslow-Western Ward - three Councillors
- Lambton Ward - three Councillors
- Eastern Ward - three Councillors
- Southern Ward - two Councillors

# Your Mayor and Councillors



**Citywide**  
Justin Lester (Mayor)

**Portfolio Leader:**  
Arts and Culture, Major City  
Projects, Governance



**Southern Ward**  
Paul Eagle (Deputy Mayor)

**Chair:**  
Long-term and Annual Plan  
Committee, CEO Performance  
Review Committee

**Portfolio Leader:**  
Housing, Recreation, Events



**Onslow-Western Ward**  
Diane Calvert

**Portfolio Leader:**  
Community Planning and  
Engagement



**Eastern Ward**  
Chris Calvi-Freeman

**Portfolio Leader:**  
Transport Strategy  
and Operations



**Lambton Ward**  
Brian Dawson

**Portfolio Leader:**  
Social Development, Living  
Wage



**Northern Ward**  
Jill Day

**Portfolio Leader:**  
Partnerships, Children and  
Young People



**Eastern Ward**  
Sarah Free

**Portfolio Leader:**  
Public Transport, Cycling  
and Walking



**Onslow-Western Ward**  
Andy Foster

**Chair:**  
Finance, Audit and Risk  
Management Subcommittee  
**Portfolio Leader:**  
Finance, Urban Development,  
Karori Framework, Predator  
Free Wellington



**Northern Ward**  
Peter Gilbert

**Portfolio Leader:**  
Natural Environment, City  
Scientist



**Southern Ward**  
David Lee

**Portfolio Leader:**  
Technology, Innovation &  
Enterprise, Climate Change



**Eastern Ward**  
Simon Marsh

**Portfolio Leader:**  
Economic Development,  
Small Business (joint)



**Lambton Ward**  
Iona Pannett

**Chair:**  
City Strategy Committee  
**Portfolio Leader:**  
Infrastructure, Sustainability



**Northern Ward**  
Malcolm Sparrow

**Chair:**  
Regulatory Process  
Committee

**Portfolio Leader:**  
Community Resilience



**Onslow-Western Ward**  
Simon Woolf

**Chair:**  
Council Controlled  
Organisations Subcommittee

**Portfolio Leader:**  
Wellington Ambassador,  
Tourism, Small Business  
(joint), Sport



**Lambton Ward**  
Nicola Young

**Portfolio Leader:**  
Central City Projects,  
Education Partnerships

# Executive team and structure

The Chief Executive leads the implementation of Council decisions and effective delivery of Council services, activities and key projects.

The Chief Executive is supported by more than 1500 staff members. See page 12 for a breakdown of personnel.

The skills required to manage a city are hugely varied. The Council employs policy advisers and park rangers, architects and business analysts, among others. They all help ensure Wellington is a good place to visit, live, and work.

## Community engagement

Wellington City Council works for the city and its people. We need to understand the needs and aspirations of the people we represent. This is why we seek input from everyone affected by the decisions we make. The feedback we get from Wellingtonians informs our decisions on plans, policies, and budgets.

Active and ongoing engagement helps the Council make better decisions that reflect the needs and expectations of the community.

The way we consult depends on the decision being made. All Wellingtonians can have input on our budgets and priorities for each year, decisions about bylaws, and other significant decisions that affect the city and its people.

In 2016/17, we consulted and engaged with others on a number of plans and initiatives. The following are examples:

- We worked collaboratively with the business owners and residents in Tory Street following the demolition of the Reading Cinema car park to co-create a street installation that will be delivered over summer.
- Love the Bay is a collaborative Island Bay project, of which a significant part was taking another look at the Island Bay Cycle Way. There has been extensive engagement aimed at getting local communities involved.

- In April 2017, we sought the public's views on Predator Free Wellington, a plan to eradicate rats, possums, and other predators that threaten native wildlife.
- In April and May 2017, we consulted Wellingtonians on the Annual Plan 2017/18, which provides an overview of all the proposals and the budget for this year.
- In the same period, we also consulted the public on the Draft Wellington Region Waste Management and Minimisation Plan, which aims to help Wellingtonians reduce the amount of waste produced, better reuse resources, and recycle more.

The Council aims to do more in this area and has committed to an additional \$75,000 in funding for engagement in the Annual Plan 2017/18.

## Partnership with Māori and mana whenua

The Council works to ensure the role of Māori in the city is valued and reflected in all aspects of our work, from resource management and economic development to social wellbeing and the arts.

The Council is subject to a range of legal obligations and Te Tiriti o Waitangi considerations. On 29 March 2017, the Council and its iwi partners signed a Memorandum of Understanding (MoU) that replaced previous MoUs and acknowledged the partnership between the two groups.

The new MoU reinforces the relationship with iwi and further acknowledges the leading role Māori have to play in Wellington's development. It reflects a joint commitment to work closely together on decisions relating to the city's economic growth and prosperity.



As part of the MoU, a senior leaders’ forum was formed between the Council and its iwi partners that consists of both elected members and senior Council managers, and iwi mandated entities. (See the Governance section for more information).

**Council Controlled Organisations (CCOs)**

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

There are eight CCOs:

- Wellington Water, which manages all Wellington, Hutt, Upper Hutt, and Porirua councils’ drainage and water services
- Basin Reserve Trust, which manages, develops, and promotes the Basin Reserve for recreation, leisure, and cricket games
- Wellington Regional Economic Development Agency (WREDA), which is the city’s official economic development organisation
- Wellington Regional Stadium Trust, which operates and maintains the Stadium as a high-quality multi-purpose sporting venue
- Wellington Cable Car Ltd, which maintains and operates the Cable Car, and maintains the trolley-bus overhead electrical system
- Wellington Museums Trust, which provides seven educational and cultural facilities

- Wellington Zoo Trust, which manages the zoo, educates the community about zoology, and supports conservation initiatives
- Karori Sanctuary Trust, which manages ongoing conservation and restoration work at Zealandia

**Reporting our performance**

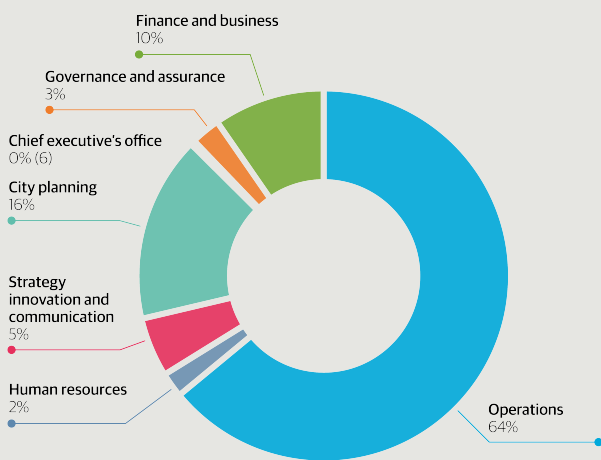
We make ourselves accountable in many ways, including elections, reports, and plans. This Annual Report is one.

We also produce quarterly reports. All these reports are available to the public and provide detailed accounts of the Council’s work and objectives.

**Long-term Plan 2015-2025**

In this Annual Report, we are reporting against year two of the Long-term Plan 2015-25. This Long-term Plan is based on a strong investment programme to rejuvenate the economy and transform Wellington to achieve its vision. The next Long-term Plan update will be in 2018.

**Breakdown of personnel by group and by gender**



---

# Overview of our performance



# Our long-term approach to developing the city

## 2012



### We adopted a long-term strategic vision for the city

In 2012, we worked extensively with the community and set in place a clear overarching long-term strategic vision for the city called Wellington Towards 2040: Smart Capital. The vision is supported by four broad goals:

- Connected city - Improve the city's physical and virtual connections nationally and globally to unleash the potential of Wellington's people and businesses.
- People-centred city - Ensure the city is highly people-focused, open to new ideas, welcoming, vibrant and embraces diversity. This improves quality of life for residents and attracts new skilled migrants.
- Eco-city - Transition to a low-carbon future and achieve high standards of environmental performance in everything we do.
- Dynamic central city - Enhance the central city as a hub of creative enterprise to lead the region to the next level in economic performance and transformation.

We have a number of plans, strategies and policies that guide us in delivering our vision for the city.

## 2015



### We invested to grow with our 10-year plan

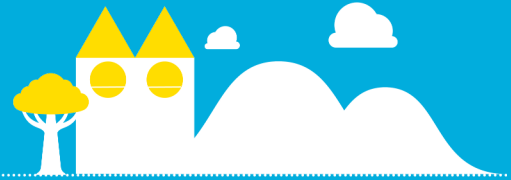
The Long-term Plan 2015-25 was based on a strong investment programme to stimulate the economy and transform Wellington to achieve its vision. Without a growing rating base and strong economy, it would be difficult to make the necessary investments to achieve the vision outlined in 2012.

In the preceding years, the global financial crisis muted economic confidence, inward migration and new business formation. And for cities like Wellington, which compete on the global stage for smart businesses, students, jobs, and trade and investment, it was important to lead the way.

The 10-year plan ensured core services were delivered to a high standard and included investment in economic stimulus projects such as a tech centre and the Movie Museum and Convention Centre to position Wellington and its communities for a stronger and more prosperous future.



# 2016/17



## Annual Plan 2016/17 and Triennium Plan

The Annual Plan 2016/17 continued the pathway outlined in the Long-term Plan 2015–25. The plan focused on economic stimulus projects and delivering essential services to a high standard. In addition to doing the basics well, areas of focus for year two of the Long-term Plan included:

- making the city more resilient and better able to cope with environmental shocks, such as earthquakes and climate change
- continuing our investment for economic growth by delivering on major catalyst projects and improving our connections to the world
- working with others to make the city's transport system more efficient by prioritising public transport, investing in new cycleways and walkways, and reducing bottlenecks on the road network, as well as continuing to focus on reducing resource use, waste, and pollution.

Shortly after the election and induction process, the Mayor and Councillors met with over 200 key city stakeholders, and identified goals and a draft work programme for the remainder of the three-year period. The Triennium Plan will be used to guide the development of the Long-term Plan 2018–28 and budgets.

Making the city more resilient and better able to cope with environmental shocks, such as earthquakes and climate change was an area of focus for year two of the Long-term Plan

# Overview of our performance - the money

The Council has performed well financially over the past year. Our financial position remains healthy. The Council has maintained its AA credit rating with Standard & Poor's, the highest for a public sector entity. Our debt position is very conservative and we work with other Councils to reduce costs wherever possible.

# \$494.5 million

**cost of running the city for the year 2016/17**

Our total expenses for the year were \$494.5 million (\$453 million 2015/16), which represents the cost of running the city during the year. Of the \$494.5 million, \$15.5 million relates to the November earthquake.

# \$7 billion

**of assets**

The Council provides a broad range of services to the city through a range of infrastructure networks and facilities (the Council's assets). These have been built up over many generations and assets support services that provide both social and economic benefits for Wellington. Seven billion dollars worth of assets equates to around \$33,000 net worth of value for every person in the city.

# \$10.6 million

**underlying net surplus for 2016/17, 2.1% of operating expenditure**

The underlying surplus is the reported net surplus (\$31.7 million) less any government funding for capital projects (\$30.3 million), plus items either not required to be funded by ratepayers or the difference between actual items budgeted for this year (\$7.1 million) and other adjustments (\$2.1 million) that do not affect the rating requirements of the Council.

# \$6.52

**cost of delivering all Council services per resident per day**

Our services include managing and maintaining facilities like libraries, swimming pools, sportsfields, community centres and parks, as well as keeping our roads and footpaths at a high standard, making sure we all have safe water to drink, and supporting arts, cultural and sporting events.

---

# \$137.2 million

**of capital spend for 2016/17**

We spent \$137.2 million on building new assets for the city. This was lower than our planned \$204.9 million. This is as a result of the November earthquake disruptions and the re-phasing of some projects over a longer period of time.

# \$419 million

**borrowing position for 2016/17**

This is an increase of \$22.4 million from last year. This equates to \$2,015 per person in Wellington. We use borrowing to spread the cost of new facilities or infrastructure over the multiple generations that will benefit from that facility or infrastructure. We believe this is the fairest way to do things.

---

# \$1:1.20

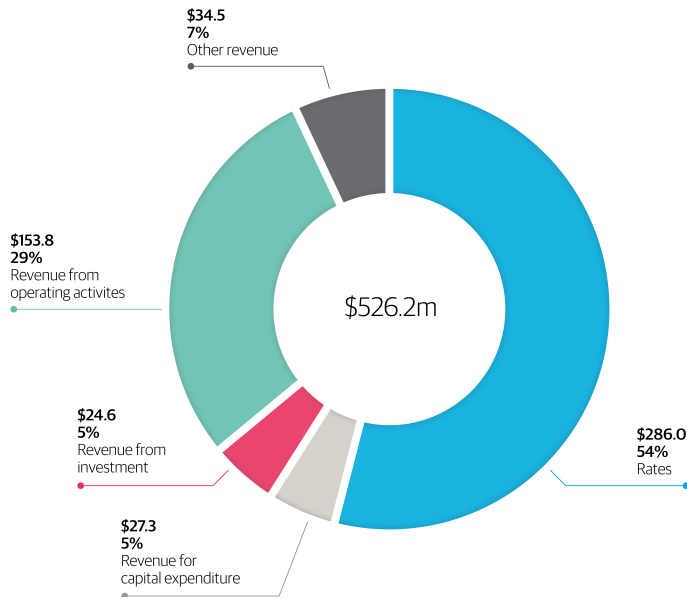
**debt servicing costs to  
investment returns**

For every \$1 the Council incurs on paying interest on debt, it receives \$1.20 from its investments.

# AA

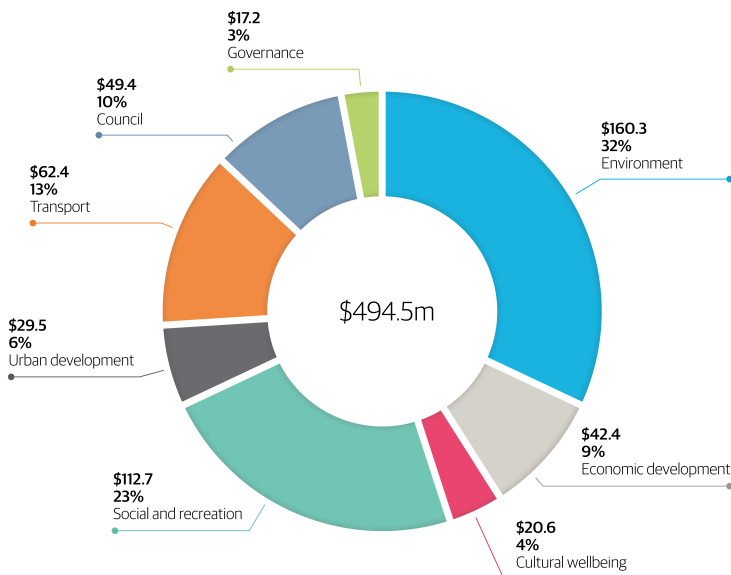
**credit rating**

The Council is in good financial health and has an AA credit rating with Standard & Poor's.



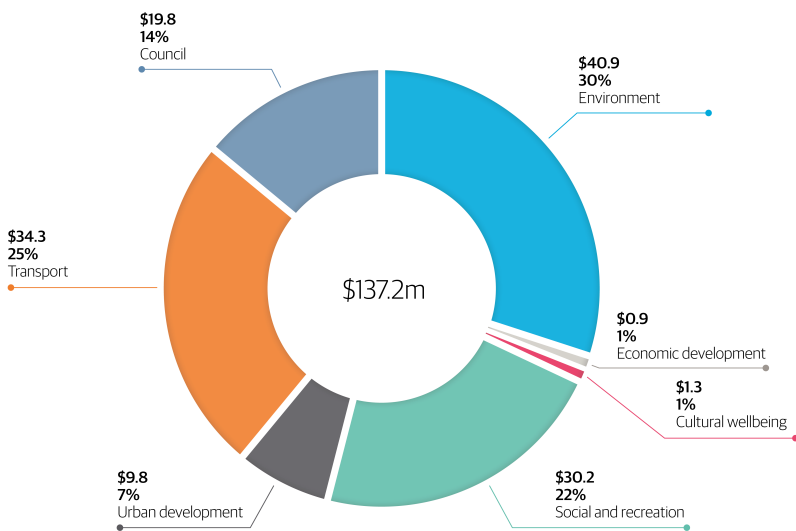
**Sources of revenue \$m**

Rates are our main source of funding, with revenue from operating activities (including user fees) the next largest source. We also receive revenue from other external sources (mainly government) to fund capital expenditure, revenue from interest, and dividends.



**Operating expenditure (gross) by area \$m**

Our activities and their related expenditure are divided into seven strategic areas of focus, as shown in the graph. During the year we delivered a wide range of services, from resurfacing roads and managing the water network to providing parks, pools, sportfields and libraries, at a cost of \$6.52 per day per resident.



**Capital expenditure by area \$m**

We have a comprehensive renewal programme for our assets and have completed \$137.2 million of capital expenditure, which equates to 67 percent of our capital expenditure plan for the year. Delays in a number of projects occurred during the year due to changes in design, negotiations or consultation and consent requirements and will be proceeding in the next financial year.

*For details on the capital expenditure underspend, please see the table on pages 20 and 21.*

## Underlying surplus \$m

### The underlying surplus

The underlying surplus provides a comparison with the rates requirement we budgeted for in our Annual Plan to achieve a balanced budget. It shows how closely our annual income matches how much we spend in any given year. A balanced budget helps ensure that we are not passing the costs of running the city today onto future generations and imposing future costs on current generations. Our goal is therefore to have an underlying surplus or deficit close to zero.

This year we had an underlying surplus of \$10.6 million, mainly due to lower debt servicing costs as a result of deferred capital expenditure, and higher than budgeted revenue from dividends and from our landfill.

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

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

These items are excluded because they generally don't affect rates and were excluded from our Annual Plan balanced budget calculation.

The table below summarises the capital and non-funded adjustments made to the net surplus to arrive at the underlying surplus.

NET UNDERLYING SURPLUS	ACTUAL \$M	BUDGET \$M	VARIANCE \$M
Reported net surplus	31.7	12.8	18.9
Exclude items or budgeted differences not required to be funded	7.1	11.2	(4.1)
Exclude government funding for capital projects	(30.3)	(35.0)	4.7
Other adjustments	2.1	11.0	(8.9)
Underlying surplus	10.6	0.0	10.6

## Capital underspend

Many of our significant capital projects involve collaborative partnerships with community, suppliers and other stakeholders. We also want to ensure projects are fit for purpose as circumstances or requirements change. The timing of these projects therefore needs to be flexible. In addition, the November 2016 earthquake led to an increased focus on the city's resilience and contributed to the delay or rephasing of some projects, which resulted in a capital underspend at the end of the 2016/17 year.

Project	\$m	Comments
Movie Museum and Convention Centre	13.3	Project delayed - we are working with The Movie Museum Limited (TMML) to formalise terms. Once this is complete detailed designs and construction will commence. This is expected in 2018.
Branch library upgrades	6.3	Delays to the start of the upgrade of the Johnsonville Library due to a change in the project brief and design. The project will now be completed by mid-2019.
Housing upgrades	5.4	Arlington Site 1 has been delayed, with procurement still in progress. The start of the Arlington Site 2 project was delayed, with completion now expected by mid-2018.
Office resilience and efficiencies	4.7	The Workplace project was put on hold following the November 2016 earthquake. The project will be reassessed once the future of the Council office buildings is determined.
Waterfront developments	3.7	Work on Frank Kitts Park and North Kumutoto public space projects was delayed due to a prolonged consents and approval process. The Frank Kitts Park project is unlikely to start before April 2018, while the North Kumutoto project has started and is due to be completed by July 2018.
Cycling improvements	3.6	The revised cycling programme was approved in August 2016. This resulted in significant rephasing of the cycling budgets in 2016/17 and beyond. The revised programme will be delivered in upcoming years.
Central City Framework	3.2	Largely due to the delay in the start of the Lombard Lane upgrade project caused by additional project scope. This project is now due to be completed by February 2018.
Suburban centres upgrades	1.1	The delivery of the Tawa Town Centre upgrade was delayed due to additional consultation required to ensure that the project met the needs of the community. The upgrade is now due to be completed by February 2018.
Safer roads projects	1.1	The focus in 2016/17 was on planning and engagement for the long-term work programme for safer speed limits in residential areas. The actual work programme will be completed in upcoming years.

<b>Project</b>	<b>\$m</b>	<b>Comments</b>
Venues renewals	1.6	Work at the St James, Opera House and Town Hall was deferred to align with the earthquake strengthening projects for the St James and Town Hall.
Civic property renewals	2.6	Planned work for the Civic Administration Building (CAB), Municipal Office Building (MOB), and Central Library was delayed due to the uncertain future of these buildings. The work programme will be reviewed when the future of these buildings is clearer.
Housing renewals	2.3	The 2016/17 work programme was reviewed, with some scheduled work delayed until 2017/18 or deferred indefinitely.
Aquatic facility renewals	1.2	Under budget mainly due to changes in the Freyberg Pool renewals programme, where some components (roof renewal, carpeting and lighting) were able to be delayed until the next pool closure in 2017/18 or later when earthquake strengthening is planned.
Basin Reserve	1.8	Delayed start to the contract including work on the RA Vance Stand. This work will be completed in the first half of 2017/18.
Building resilience	1.2	Under budget due to delays in the earthquake strengthening programme, in particular the Town Hall and St James Theatre projects.
Other	14.6	Smaller miscellaneous delays in a number of projects.
<b>2016/17 Underspend</b>	<b>67.7</b>	

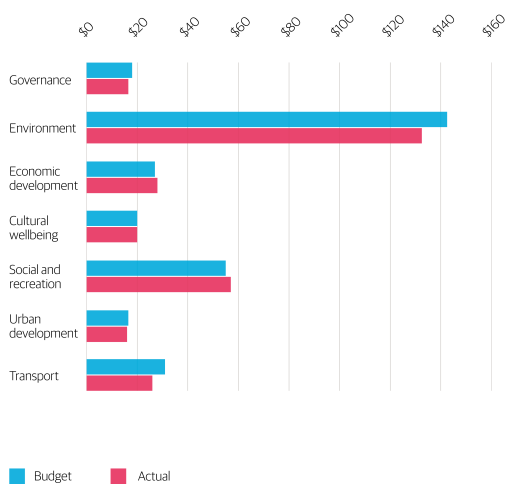
# Highlights for the year

## Financial Summary - overview of all activity areas

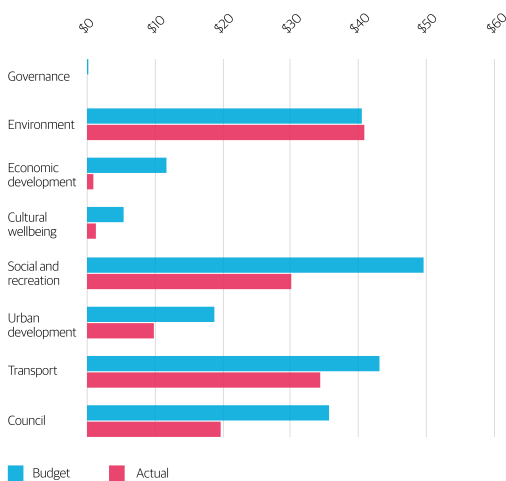
Details of the financial performance against budget for each activity can be found in the “Our Performance in Detail” section, under “What it cost”. Included are: figures for the gross operating expenditure, revenue, net operating position, capital expenditure and details for any unspent portion of capital to be carried forward to future years, and explanations for net variances over \$500,000.

Here is a summary of all activity areas’ net operating expenses and capital expenditure against budget.

### Net operating expenditure Budget vs actual spend (\$m)



### Capital expenditure Budget vs actual spend (\$m)







## Performance summary - overview of all activity areas

We use outcome indicators to monitor our city over time which provide information on trends that may influence our performance, including those things outside our control. We use performance measures to track how well we are delivering services against targets that are set out in the Long-term Plan and Annual Plans.

Full details of outcome indicators and performance measures for each activity can be found in the “Our Performance in Detail” section.

The following key is used to summarise our performance results against target:

-  **Achieved**  
Target has been met or exceeded
-  **Substantially achieved**  
Performance within 5 percent of target
-  **Not achieved**  
Target not achieved by greater than 5 percent
-  **No result**  
The measure was not surveyed, no result or no target

The overall number of performance measure results against target were:



In summary:

- Of the 138 performance measures we report against, 55 percent improved or were maintained and 41 percent were lower than last year (4 percent is not applicable as measures were changed or not recorded).
- Of the outcome indicators we monitor, 40 percent improved or were maintained in the 2016/17 year and 36 percent were lower than last year’s result, 23 percent of results were non-comparable.



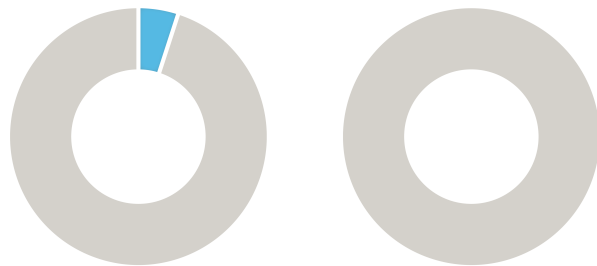
**Governance**

We ran the 2016 local Council election for Wellington. Shortly afterwards, the new Mayor and Councillors met with over 200 key city stakeholders to identify goals and create a draft programme of work for the remainder of their 3-year term. This helped shape the Annual Plan 2017/18 and will guide the Long-term Plan 2018-28. A new Memorandum of Understanding with our iwi partners was also signed to strengthen the partnership.

**Performance summary**



**Financial summary**



Net operating expenditure  
**\$16.2m**  
5% of total

Capital expenditure  
**\$0m**  
0% of total

Compared to last year, eight performance measures improved or were maintained and two dropped.

*The areas of underperformance relate to timeliness of Council agendas, website navigation, Contact Centre response times, and low levels of Māori satisfaction in relation to their involvement in decision-making. For further details of what we did, what it cost, and how we performed, see the “Governance” chapter on page 36.*

**Environment**

We worked hard to repair damage to the three waters network from the November earthquake, and put in place a water resilience strategy for the city and region. We also adopted a waste minimisation plan for the city and wider region, continued to work with communities to look after the environment and eradicate pests, and to support environmental attractions like the Wellington Zoo and Zealandia.

**Performance summary**



**Financial summary**



Net operating expenditure  
**\$132.5m**  
45% of total

Capital expenditure  
**\$41m**  
30% of total

Compared to last year, 22 performance measures improved or were maintained, 19 dropped and two were not applicable.

*The areas of underperformance relate to satisfaction with the quality of street cleaning, with waste collection services and stormwater management, response times for non-urgent call-outs relating to water, as well as a drop in visitors to the Botanic Garden. For further details of what we did, what it cost, and how we performed, see the “Environment” chapter on page 44.*

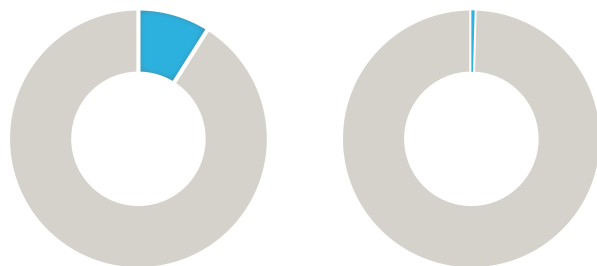
**Economic development**

We worked closely with the Government to provide business support after the earthquake, continued to deliver a broad range of major events including the World of WearableArt show, and the first flight on Singapore Airlines’ new “Capital Express” route arrived in Wellington on 21 September 2016. We also continued to market Wellington abroad through campaigns like LookSee, and to support business growth.

**Performance summary**



**Financial summary**



Net operating expenditure  
**\$27.9m**  
 9% of total

Capital expenditure  
**\$0.9m**  
 0.6% of total

Compared to last year, one performance measure improved or was maintained and three dropped.

*The area of underperformance relates to maintaining WREDA funding targets. For further details of what we did, what it cost, and how we performed, see the “Economic development” chapter on page 60.*

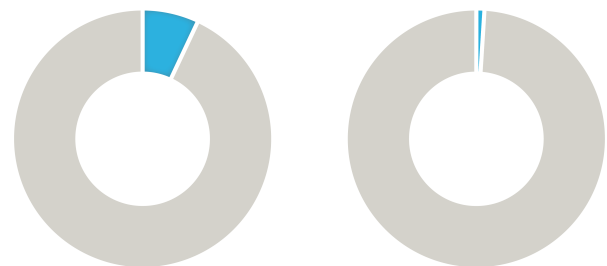
**Cultural wellbeing**

Toi Pōneke Arts Centre continued to deliver a broad range of exhibitions during the year, and to support Wellington’s emerging artists. We delivered a range of cultural festivals and events such as Diwali, A Very Welly Christmas, and New Zealand’s largest annual fireworks display. We also had high visitor numbers across the city’s many museums and galleries.

**Performance summary**



**Financial summary**



Net operating expenditure  
**\$19.9m**  
 7% of total

Capital expenditure  
**\$1.3m**  
 1% of total

Compared to last year, three performance measures improved or were maintained, three dropped and one was not applicable.

*The areas of underperformance relate to grants funds, outcomes delivered, and the percentage of successful first-time applicants. For further details of what we did, what it cost, and how we performed, see the “Cultural wellbeing” chapter on page 70.*

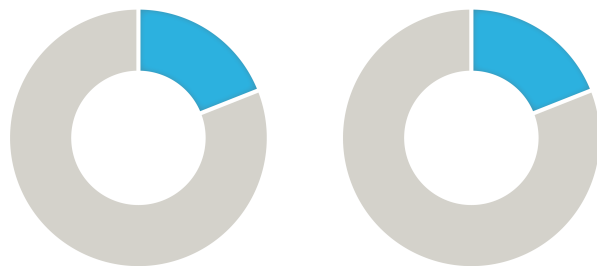
**Social and recreation**

We opened a number of emergency activation centres (welfare centres) in response to both the November earthquake and floods. We continued to deliver high-quality core services to the community - everything from sportsfields, libraries, and social housing to swimming pools - and established a Housing Taskforce with key city stakeholders to identify the city’s future housing needs.

**Performance summary**



**Financial summary**



Net operating expenditure  
**\$57.1m**  
19% of total

Capital expenditure  
**\$30.2m**  
22% of total

Compared to last year, 21 performance measures improved or were maintained and 18 dropped.

*The areas of underperformance relate to sportsfields satisfaction and utilisation, as well as alcohol inspections at premises. For further details of what we did, what it cost, and how we performed, see the “Social and recreation” chapter on page 80.*

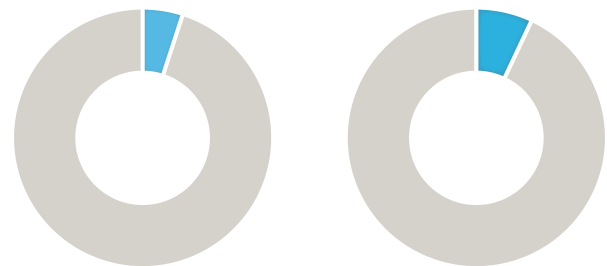
**Urban development**

The primary focus at the start of the year was responding to the earthquake. The Council sought emergency powers under the Civil Defence and Emergency Management Act 2002, and identified 80 buildings that needed detailed assessments. Repair work continues on many of these buildings. We also continued to deliver core services like building and resource consents, and carried out a programme of urban activation initiatives and laneway improvements.

**Performance summary**



**Financial summary**



Net operating expenditure  
**\$15.9m**  
5% of total

Capital expenditure  
**\$9.8m**  
7% of total

Compared to last year, 12 performance measures improved or were maintained and six dropped.

*The underperformance relates to the percentage of residents who agree that their local suburban centres are lively and attractive, and the timeliness of building consents. For further details of what we did, what it cost, and how we performed, see the “Urban development” chapter on page 96.*

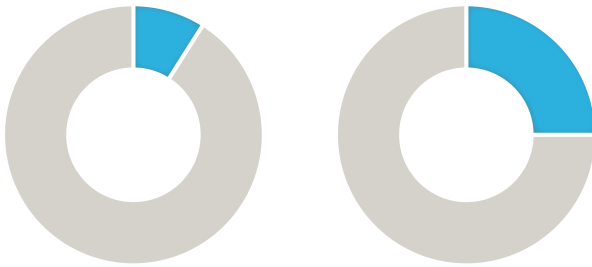
## Transport

A strong focus for the year was reactive maintenance due to natural hazard events, including the November earthquake and several storm events. This work included clearing over 1260 slips. The Council's cycleways programme was reviewed by the Transport Agency in mid-2016. We've continued to update our technology in car parking areas, and to roll out our new pay-by-space system.

## Performance summary



## Financial summary



Net operating  
expenditure  
**\$25.8m**  
9% of total

Capital  
expenditure  
**\$34.3m**  
25% of total

Compared to last year, nine performance measures improved or were maintained, six dropped and two were not applicable.

*The areas of underperformance relate to the rating of roads and footpaths, resurfacing, street lighting in suburbs, and response rates for urgent service requests. For further details of what we did, what it cost, and how we performed, see the "Transport" chapter on page 108.*

# Our changing city and challenges for the future

To be effective as a Council, we need to understand Wellington - not just its current make-up but the changes it experiences and how these and their associated challenges will shape the city's future.

Three years ago, Wellington's economy was underperforming and our rating base was flat. In response, as part of developing our Long-term Plan 2015-25, we agreed to invest in a range of economic stimulus and quality of life projects. Some, like the tech hub, have now been completed. Others, like the Movie Museum and Convention Centre, are still in progress.

The situation is now different. New Zealand's economy is much stronger, and Wellington's economic growth - while still behind the national average - is also far healthier.

Our economy grew by 2.5 percent last year, there are more jobs in the city, student numbers have grown and more people than ever before are calling Wellington home.

The focus has turned from stimulating growth to managing its impact - things like housing affordability and traffic congestion. Higher construction costs are also a reflection of a stronger economy, and this will have an impact on our renewal and upgrade programmes in future years.

We also experienced a significant natural disaster in November with the Kaikoura earthquake, and while the city responded well, there is a need to make it more resilient to future shocks.

## **Despite the earthquake, Wellingtonians continue to rate their overall quality of life highly**

Quality of life relies on many factors, including wellbeing, work opportunities, culture, access to health care, safety, pollution, and commute times, as well as the quality of the built and natural environments.

Despite the earthquake, Wellingtonians continue to rate their overall quality of life very highly at 93 percent.

We also consistently place among the world's top 20 to 30 cities in international surveys that measure liveability and quality of life.

## **#1st** Best place to live 2017 Deutsche Bank

In recent years, Lonely Planet labelled Wellington as "the coolest little capital", and in the last year Deutsche Bank ranked the city number one in the world for liveability.

## **We led the earthquake response and recovery phases, and continued to deliver core services to a high standard**

In November 2016, Wellington experienced the 7.8 magnitude Kaikoura earthquake. The effects of the earthquake were exacerbated by significant storm events in the days following the earthquake.

Despite the severity of the event, Wellington held up well - although the port area sustained more significant damage than other parts of the city. Our underground infrastructure network (water, waste water and storm water) sustained some damage but this was repaired relatively quickly. Our buildings have also largely fared well, although the Council's Civic Administration Building sustained damage to a point where it cannot currently be occupied. We are working through options with insurers for its future.

While overall the city responded well to the earthquake, this event further focused our attention on improving the resilience of the city's buildings and its roading and water infrastructure. This will be an area of focus for the Long-term Plan 2018-28.

The Council led the initial response and subsequent recovery phase. It is noteworthy that we were able to redirect a significant number of staff to lead the response and recovery phases, while continuing to deliver all core services to a high standard.

### **Our economy has continued to grow**

While the earthquake had a small impact on the economy, these were largely localised around cordon areas. The overall economic performance of the city has been strong for the last 12 months, with GDP growth of 2.5 percent. The employment rate is also up, population growth is strong, and the tourism sector is doing increasingly well, making Wellington one of the better performing regions in the country.

## There are over 2000 more jobs in the city than last year

Job growth has been particularly strong. According to Infometrics, in the past 12 months an additional 2084 people in Wellington City reported they were employed - an equivalent growth rate of 1.3 percent.

Population growth has also been very strong - we expect about 2500 additional people to call Wellington home between 2016 and 2017 - and visitor numbers are recovering after the November earthquake.

### **While the city has performed well, the future holds more challenges**

The earthquake, a growing population, a buoyant outlook, economic growth, and a strong construction market have created challenges:

- **Making the city more resilient.** Elements of the city's core infrastructure and key Council buildings need to be earthquake-strengthened in the coming years. The broader programme required to make the city and its communities resilient to climate change and sea level rise is also significant.
- **Transport congestion.** The city gained 10,400 new residents over the last 3 years. This has resulted in more traffic. Commercial vehicle registrations have increased by 16 percent over the last 12 months on the back of stronger economic growth, and private vehicle registrations have also grown by 11 percent. Residents' perception that peak traffic volumes are acceptable has decreased from 53 percent 5 years ago to 42 percent this year. While the Let's Get

Wellington Moving programme will provide options for a way forward for the central city, there is more work to do to improve and promote public transport services and active transport modes.

- **The cost of construction.** Rising construction costs have outstripped inflation in recent years, with the cost of construction increasing 10.8 percent since March 2015 in comparison with inflation at 2.6 percent. With major capital programmes in the region like Transmission Gully, rebuild and strengthening work resulting from the earthquake, and near record consent numbers to deal with a housing shortage, the cost of construction will likely continue to increase above inflation levels.

This will add significant costs to the Council which looks after more than \$7 billion of assets in the city, from roads and sportsgrounds to libraries and pipelines. Aside from maintenance and earthquake-strengthening initiatives, the Council also has a strong upgrade programme planned. This includes the Movie Museum and Convention Centre, the Prince of Wales/Omāroto Reservoir, a new library in Johnsonville and a raft of other projects. A tight construction market will place pressures on our budgets for these projects.

- **Housing affordability and standards.** A growing economy and growing population affect the housing market. Wellington City house prices have increased an average 16.2 percent over the last 12 months, and 33 percent since 2015. The Mayor's Housing Taskforce has estimated that Wellington is short of 3590 houses currently. While consent numbers for new dwellings have doubled on previous years, and we have committed to 750 new social housing units over the next 10 years, it will take time for the market to catch up to meet demand.
- **Social inequality.** While the Council has taken a leadership position in this area through social housing and a broad range of social support services, homelessness and street begging appear to be on the rise. The Council has agreed to play a role in providing supported living facilities, but there is more work to do.

## The Council is in a strong financial position to deal with these challenges

The Council is in good financial health to deal with these challenges. This is reflected in our AA credit rating with Standard & Poor's. We have assets worth over \$7 billion and liabilities of \$676 million.

## We have assets worth over \$7 billion and liabilities of \$676 million

Our debt position is very conservative and we work with other councils to reduce costs wherever possible. We also have far less debt than many local authorities. High-yielding investments, such as our ground lease portfolio in the central city and our shares in Wellington International Airport Limited and the Kiwi Point quarry, help offset rates requirements.

The Council also has strong fiscal management in place, highlighted by the underlying surplus, which reflects the Council's ability to manage its operational funding requirements to meet its operational expenditure needs. The Council strives to achieve a position where operational revenue equals operational expenditure. This is called a balanced budget and is linked to the principle of intergenerational equity, where each generation of ratepayers pays their fair share for the goods and services that they use. The Council achieved an underlying surplus of \$10.6 million, equal to 2.1 percent of operational expenditure.

This is an excellent result and reflects our conservative approach to spending. Our debt levels are currently less than our annual income, and we have investments that are almost equal to our debt.

Put more simply, our position is comparable to that of a household with a property value of \$592,000 earning \$70,000 a year, and having a mortgage of less than \$56,000.

## We have to be smart about how we address these issues and prioritise our spending effectively

While we are in a healthy financial position, the challenges ahead are not insubstantial and we will need to invest. As responsible stewards of the city, we also have to meet current challenges while providing sufficient financial headroom for future generations. This means we have to be smart and make choices about where to invest, focus on delivering services in more efficient ways, and manage demand more effectively than we have in the past.

We need to:

- **Deliver services in smarter and more efficient ways.** The way people access information and services is changing. Recent upgrades to the Council's IT systems have put us in a better position, but there is still work to do to re-design services so they are more efficient and more customer focused. Last year, we agreed to develop a one-stop shop for building and resource consents. An active programme of work is under way and the benefit will be seen in the coming years.
- **Manage demand.** For every service we provide, there will be a group of residents or city stakeholders who want to see that service improved or expanded, but we can't do everything. To meet every demand would significantly increase rates. We need to be smart and focus on delivering excellent core services and prioritise funding. We do this by making decisions about what is most beneficial to the city and its residents, and setting clear performance measures and levels of services that are monitored and reported, and reviewed every 3 years as part of our Long-term Plan process.
- **Invest in the right areas and value capture.** Part of managing demand is ensuring we're investing in the right areas, at the right level, and ensuring there is a return on that investment. One practical example is swimming pools. Despite increased investment in pools over a number of years, and a growing population, visitor numbers have remained relatively static over that time. Consequently, the ratepayer subsidy per attendee has increased. We will be looking to maximise the social return on community assets through making them multi-purpose where possible (for example, the proposed Johnsonville community hub).

Similarly, we also need to do more to capture some of the value where public investment in core infrastructure results in private gain.

- **Have better conversations with our communities.** In our Triennium Plan, we committed to expanding our community engagement on significant projects and undertaking more community-led planning exercises. There are urgent and important discussions to be had with our communities. We need to respond to the pressures of a growing city on housing and transport while maintaining a strong focus on resilience. Prioritisation of spending is becoming increasingly important. We can't take on every project; we have to make choices about what we do and when. We are building on co-design opportunities to further empower communities in decision-making processes. We also have to maximise the use of the assets and facilities we already have. This will all require more active engagement and more detailed discussions with our communities in the future. The Long-term Plan 2018-28 is the next significant step in putting in place a comprehensive 10-year plan and set of priorities for the city.

We need to be smart and focus on delivering excellent core services and prioritising funding



# Independent auditor's report

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

## To the readers of Wellington City Council's annual report for the year ended 30 June 2017

The Auditor-General is the auditor of Wellington City Council (the City Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Bede Kearney, using the staff and resources of Audit New Zealand, to report on the information in the City Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the City Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the City Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 27 September 2017. This is the date on which we give our report.

## OPINION ON THE AUDITED INFORMATION

In our opinion:

- the financial statements on pages 128 to 220:
  - present fairly, in all material respects:
    - the City Council and Group's financial position as at 30 June 2017;
    - the results of the operations and cash flows for the year ended on that date; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;

- the funding impact statement on page 228, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's annual plan;
- the section entitled 'Our performance in detail' on pages 35 to 117:
  - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2017, including:
    - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
    - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
  - complies with generally accepted accounting practice in New Zealand;
- the statement about capital expenditure for each group of activities on pages 229 to 246, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the City Council's Long-term plan; and
- the funding impact statement for each group of activities on pages 229 to 245, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's Long-term plan.

## REPORT ON THE DISCLOSURE REQUIREMENTS

We report that the City Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about its performance against benchmarks that are required by the Local

Government (Financial Reporting and Prudence Regulations 2014) on pages 221 to 227, which represent a complete list of required disclosures and accurately reflects the information drawn from the City Council and Group's audited information and, where applicable, the City Council's Long-term Plan and Annual Plans.

### **BASIS FOR OPINION ON THE AUDITED INFORMATION**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

### **RESPONSIBILITIES OF THE COUNCIL FOR THE AUDITED INFORMATION**

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the City Council and the Group or there is no realistic alternative but to do so.

### **RESPONSIBILITIES OF THE AUDITOR FOR THE AUDITED INFORMATION**

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the City Council's annual plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City Council and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the section entitled 'Our performance in detail', as a reasonable basis for assessing the levels of service achieved and reported by the City Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the City Council and Group's ability to

continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the City Council and the Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the entities or business activities within the Group to express an opinion on the consolidated audited information.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **OTHER INFORMATION**

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 2 to 30 and 118 to 124 and 127, but does not include the audited information and the disclosure requirements.


Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **INDEPENDENCE**

We are independent of the City Council and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, our report on the disclosure requirements, an audit of the City Council and Group's LTP amendment, an independent assurance review under the City Council and Group's Debenture Trust Deed, and a review of the revenue and expenditure of the Clifton Terrace car park managed by the City Council and Group on behalf of the New Zealand Transport Agency, we have no relationship with or interests in the City Council or its subsidiaries and controlled entities.



Bede Kearney  
Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand



---

# **Our performance in detail**





# Pārongo ā-tāone

## Governance

We aim to build trust and confidence by being open, transparent, and accountable

### The challenges we face

- Improving on the low levels of participation in local elections (compared to national level)
- Consulting and engaging in ways that residents find meaningful and convenient
- Ensuring that all voices are heard, especially as the city becomes more diverse
- Raising understanding of Council decision-making processes and opportunities for input
- Demonstrating that decisions are made in the city's wider interests

### Our strategic approach

- Building public confidence in our decisions and services by being transparent
- Better communicating the reasons for our decisions and budgetary choices
- Improving public participation in consultation through better engagement

### In this section

- 1.1 Governance, information and engagement
- 1.2 Māori and mana whenua partnerships

# Snapshot of the city

## Wellington wards and elected members

### Citywide

Justin Lester (Mayor)

### Onslow-Western Ward

Diane Calvert  
Andy Foster  
Simon Woolf

### Northern Ward

Jill Day  
Peter Gilbert  
Malcom Sparrow

### Lambton Ward

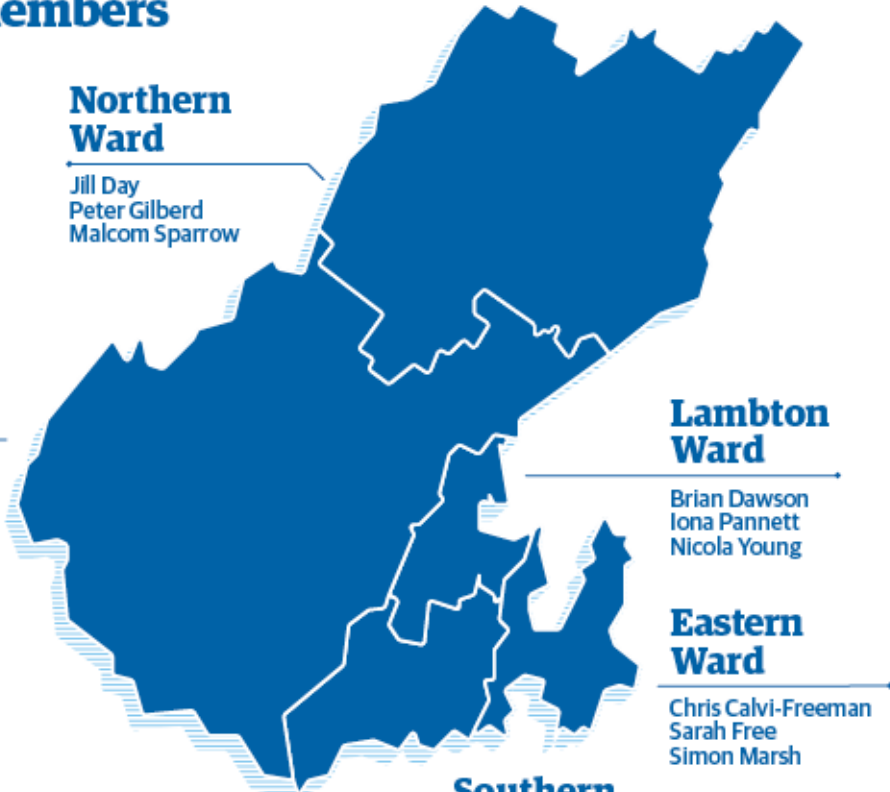
Brian Dawson  
Iona Pannett  
Nicola Young

### Eastern Ward

Chris Calvi-Freeman  
Sarah Free  
Simon Marsh

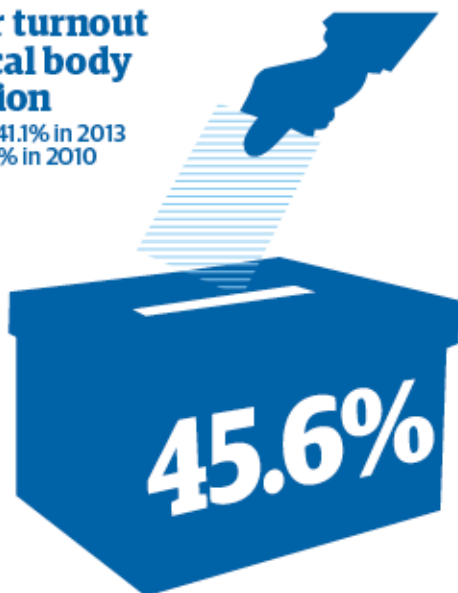
### Southern Ward

Paul Eagle (Deputy Mayor)  
David Lee



### Voter turnout in local body election

up from 41.1% in 2013 and 38.5% in 2010



**55%** of residents are satisfied with the level of consultation





# 1.1 Governance, information and engagement

## What we did:

- **Information.** We released a pre-election report before the 2016 local elections. The report provided a “plain English” overview of the Council’s budget position and key challenges facing both the Council and the city in the coming years.
- **Local body elections.** We ran the October 2016 local body election for Wellington.

The promotional campaign sought to raise awareness of the election and encourage members of the public to stand for Mayor, Councillor, or community board member (Wellington has two community boards). Wellington elected a new Mayor and five new Councillors, as well as a number of new community board members. Voter turnout in the 2016 election was 45.6 percent, up from 41.1 percent in the 2013 election. For information on our elected representatives, see the “How we govern and engage with the community” section.

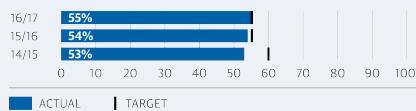
- **Three-year work programme (Triennium Plan).** Shortly after the election and induction process, the Mayor and Councillors held the Wellington Summit. Here they met with over 200 key city stakeholders, and identified goals and a draft work programme for the remainder of the 3 year period. The Triennium Plan will be used to guide the development of the Long-term Plan 2018-28 and budgets.

- **Contact Centre.** The Contact Centre responded to 292,222 calls, 26,631 emails, and 14,814 FIXiT texts. Altogether, 71 percent of all calls were answered within 30 seconds, 98 percent of emails within 24 hours, and 93 percent of FIXiT texts were responded to within 30 minutes. Staff shortages during the year had some impact on performance. The Contact Centre staff worked off-site for 3 days following the November earthquake and the number of calls during this period could not be recorded.
- **Digitisation of information.** We’ve continued with our programme of digitising information for the public, with a particular focus on property information to support Council work relating to building assessments. We have also put a large number of digitised photographs online to improve customer access, and sent selected archives to off-site storage to make space.

## HOW WE PERFORMED

### Residents who are satisfied with the level of consultation (%)

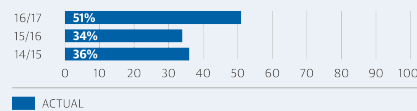
Source: Wellington City Council Residents’ Monitoring Survey 2017



Target met - consultation will continue to play a large role as we prepare the Long-term Plan 2018-28.

### Residents who agree that decisions are made in the best interests of the city (%)

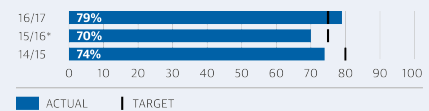
Source: Wellington City Council Residents’ Monitoring Survey 2017



Strong improvement in decision-making indicators from last year has led to an increase in resident satisfaction.

### Residents who are satisfied or neutral with regard to their involvement with decision-making (%)

Source: Wellington City Council Residents’ Monitoring Survey 2017



Target exceeded by 5% - there was a marked improvement in residents’ satisfaction with their involvement in decision making and our Customer Strategy work will continue to drive this.

\* Measure reported incorrectly in 2015/16 Annual Report.

**Finances**

**How it was funded**

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

**What it cost**

OPERATING EXPENDITURE (\$000)	ACTUAL 2014/15	ACTUAL 2015/16	ACTUAL 2016/17	BUDGET 2016/17	VARIANCE* 2016/17
<b>1.1.1 City governance and engagement</b>					
Expenditure	9,181	9,433	9,921	10,909	988
Revenue	(106)	(29)	(464)	(385)	79
Net Expenditure	9,075	9,404	9,457	10,524	1,067 <sup>1</sup>
<b>1.1.2 Civic information</b>					
Expenditure	5,364	5,334	5,072	5,542	470
Revenue	(387)	(569)	(383)	(319)	64
Net Expenditure	4,977	4,765	4,689	5,223	534 <sup>2</sup>
<b>1.1.3 City Archives</b>					
Expenditure	1,194	1,207	1,885	1,967	82
Revenue	(162)	(153)	(158)	(186)	(28)
Net Expenditure	1,032	1,054	1,727	1,781	54
<b>1.1 Total Governance, information and engagement</b>					
Expenditure	15,739	15,974	16,877	18,418	1,540
Revenue	(655)	(751)	(1,005)	(890)	115
Net Expenditure	15,084	15,223	15,873	17,528	1,655

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

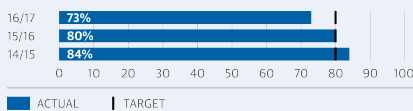
1. Under budget due to staff vacancies and lower than budgeted organisational overhead costs.
2. Under budget due to lower than planned labour and organisational overhead costs.

CAPITAL EXPENDITURE (\$000)	ACTUAL 2014/15	ACTUAL 2015/16	ACTUAL 2016/17	BUDGET 2016/17	VARIANCE 2016/17
<b>1.1.1 City governance and engagement</b>					
Expenditure	-	-	-	116	116
Unspent portion of budget to be carried forward to future years				30	

**HOW WE PERFORMED**

**Contact Centre response times - calls answered within 30 seconds (%)**

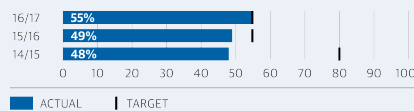
Source: Wellington City Council



Target nearly met (-9%) - resourcing and responding to the November 2016 events have made it a challenging year for the Contact Centre.

**Residents who agree that Council information is easy to access (for example, from the website, libraries, or newspapers) (%)**

Source: Wellington City Council Residents' Monitoring Survey 2017



Target met - the number of residents who agree our information is easy to access has improved over the year and our digitisation of information continues to improve accessibility.

## 1.2 Māori and mana whenua partnerships

### What we did:

- **Local body elections.** We included extensive use of te reo Māori as part of our election campaign to encourage Māori enrolment and voting. The campaign featured local stories of the taniwha Ngake and the explorer Kupe, highlighting the richness of our cultural history and the forming of Wellington many centuries ago.
- **New Memorandum of Understanding (MoU).** The Council signed a new MoU with its iwi partners. As part of this agreement, a senior leaders' forum was created that consists of both elected members and senior Council managers, and iwi mandated entities. (See the case study at the end of the "Governance" section for more information).
- **Māori language.** Initial planning and development of a Māori language plan was started shortly after the signing of the new MoU. The Māori language plan sits within the He Waka Eke Noa - Effectiveness for Māori Framework. This establishes the principles of how the Council will work more effectively with and for iwi partners and Māori within the city.
- **Engagement.** We issued monthly editions of Nōna te Ao, the Council's enewsletter to promote Māori news, information, and events. Through this channel, we encouraged the Māori community to have their say on decisions impacting the city.

### Finances

#### How it was funded

Services in this activity area are funded through general rates.

#### What it cost

OPERATING EXPENDITURE (\$000)	ACTUAL 2014/15	ACTUAL 2015/16	ACTUAL 2016/17	BUDGET 2016/17	VARIANCE 2016/17
<b>1.2.1 Māori and mana whenua partnerships</b>					
Expenditure	202	274	279	295	16
Revenue	(10)	-	1	-	(1)
Net Expenditure	192	274	280	295	15

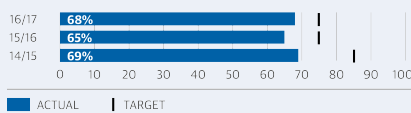
#### Total costs

NET OPERATING EXPENDITURE (\$000)	2014/15 ACTUAL	2015/16 ACTUAL	2016/17 ACTUAL	2016/17 BUDGET	2016/17 VARIANCE
<b>GOVERNANCE</b>	15,276	15,497	16,153	17,823	1,671
<b>CAPITAL EXPENDITURE (\$000)</b>					
Unspent portion of budget brought forward from prior years					
Annual Plan budget amount 2016/17				116	
<b>GOVERNANCE</b>	-	-	-	116	116

### HOW WE PERFORMED

#### Māori residents who are satisfied or neutral with regard to their involvement with decision-making (%)

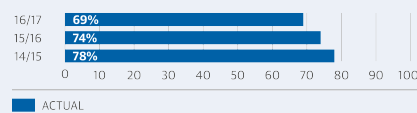
Source: Wellington City Council Residents' Monitoring Survey 2017



Target nearly met (-9%) -improvements have been made since last year and continued Māori involvement will feature as we prepare the Long-term Plan in 2018.

#### Residents who believe they have the opportunity to participate in city life (%)

Source: Wellington City Council Residents' Monitoring Survey 2017



Agreement that residents have the opportunity to participate in city life is trending down - see also updates on key projects in the "Social and recreation" and "Cultural wellbeing" sections.

## Performance data

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

We use outcome indicators to monitor our city over time, which provides information on trends that may influence our performance including those outside our control. We use performance measures to track how well we are delivering services against targets as set out in the Long-term Plan and Annual Plans.

### Performance data - outcome indicators

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

COUNCIL OUTCOME INDICATOR	SOURCE	2014/15	2015/16	2016/17
Residents (%) who agree that decisions are made in the best interests of the city	WCC RMS 2017	36%	36%	51%
Residents (%) who state that they understand how the Council makes decisions	WCC RMS 2017	35%	33%	39%
Residents (%) who understand how they can have input into Council decision-making	WCC RMS 2017		46%	43%
Mana whenua partners agree that the use and protection of the city's resources for the future is appropriate	WCC Strategy and Research	Both Agree	1 Agreed and 1 Partner was not sure	Both partners were not sure
Residents (%) who believe they have the opportunity to participate in city life	WCC RMS 2017	78%	74%	69%
Voter turnout in local elections, referendums, and polls	WCC Democratic Services	2013 41.1%		2017 45.6%

### Performance data - Council performance measures

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

PERFORMANCE MEASURES	2014/15	2015/16	2016/17 ACTUAL	2016/17 TARGET	% VARIANCE
<b>1.1 Governance, information and engagement</b>					
<i>To measure the quality of the public's involvement in Council decision-making</i>					
Residents (%) who are satisfied with the level of consultation (ie the right amount)	53%	54%	55%	55%	0%
Residents (%) who are satisfied or neutral (neither satisfied nor dissatisfied) with regard to their involvement with decision-making	74%	70%*	79%	75%	5%
<i>To measure the quality and timeliness of residents' access to information</i>					
Council and committee agendas (%) are made available to the public within statutory timeframes (2 working days prior to the meeting)	100%	94%	95%	100%	-5%
Council and committee agendas (%) that are made available to elected members 5 days prior to the meeting and to the public 4 days prior to the meeting	65%	91%	79%	80%	-1%
Residents (%) who agree that Council information is easy to access (eg from the website, libraries, newspapers, etc)	48%	49%	55%	55%	0%
Residents (%) who agree that the Council website is easy to navigate and get information from	62%	61%	64%	70%	-9%
Although behind target, the "Agree and Strongly Agree" % increased to 64% while the "Disagree and Strongly Disagree" dropped from 15% to 11%. The result is combination of two questions - Do you agree or disagree with the statements: Wellington City Council's website (www.wellington.govt.nz) is easy to navigate, and Wellington City Council's website (www.wellington.govt.nz) is easy to get information from.					
Contact Centre response times - calls (%) answered within 30 seconds	84%	80%	73%	80%	-9%
Contact Centre response times - emails (%) responded to within 24 hours	100%	93%	98%	100%	-2%
* Previously reported result for 2015/16 of 59% was incorrect due to a calculation error.					
<b>1.2 Māori and mana whenua partnerships</b>					
<i>To measure the health of our relationship with mana whenua</i>					
Mana whenua partner satisfaction with Council relationship (satisfied and very satisfied)	satisfied	satisfied	satisfied	satisfied	met
<i>To measure the engagement of the city's Māori residents</i>					
Māori residents (%) who are satisfied or neutral (neither satisfied nor dissatisfied) with regard to their involvement with decision-making	69%	65%	68%	75%	-9%

## Case study

# Memorandum of Understanding between the Council and iwi

On 29 March 2017, Mayor Justin Lester led Wellington City Council in its first ever meeting at Pipitea Marae. During the meeting, the Council signed a new Memorandum of Understanding (MoU) with its iwi partners, Taranaki Whānui ki te Upoko o te Ika and Te Rūnanga o Toa Rangatira Inc for Ngāti Toa Rangatira.

The MoU replaces previous agreements and takes the iwi-Council relationship to a new level. Previous agreements with local iwi acknowledged the special relationship of Māori with the natural environment and were focused on the detail of the Resource Management Act. Now, there is an added dimension to the relationship, with a focus on strategic planning at a leadership level - standing side by side, looking to the future together.

As part of the MoU, a senior leaders' forum was formed between the Council and iwi partners that consists of both elected members and senior Council managers, and iwi mandated entities. The leaders' forum has met a number of times to co-design the structure of the forum. In November, the forum aims to sign off the terms of reference and begin discussions on long-term planning.

**"We're taking the relationship between the Council and iwi to a more meaningful and constructive level, for the benefit of the city and its people." Nicky Karu, WCC Manager Tira Poutama, Iwi Partnerships**

This is a new stage in the Council's relationship with mana whenua, in which we and our iwi partners will work closely together to decide what steps need to be taken for the city to grow and prosper.





2

# Taiao

## Environment

We aim to protect and enhance Wellington's natural environment

### The challenges we face

- Meeting the additional costs of making core infrastructure more resilient
- Reducing or offsetting greenhouse gas emissions
- Encouraging more efficient use of resources such as water or energy
- Reducing the amount of solid waste the city produces
- Improving biodiversity and habitat restoration

### Our strategic approach

- Protecting natural areas and resources
- Disposing of waste in sustainable ways
- Reducing the city's and organisations' greenhouse gas emissions
- Providing high-quality, accessible green spaces

### In this section

- 2.1 Gardens, beaches and green open spaces
- 2.2 Waste reduction and energy conservation
- 2.3 Water
- 2.4 Wastewater
- 2.5 Stormwater
- 2.6 Conservation attractions

# Snapshot of the city



## 20.4 tonnes

Average CO<sub>2</sub> emissions for major cities in New Zealand and Australia



## 6 tonnes

CO<sub>2</sub> equivalent emissions per capita produced by Wellington



447 kg of waste per person

## 200 square metres

of green space per urban resident



## 364 litres

estimated non-commercial water consumption per person per day





# 2.1 Gardens, beaches and green open spaces

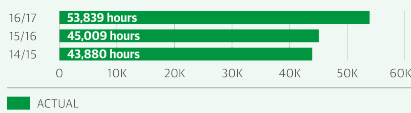
## What we did:

- Harbour Escarpment Walkway.** We completed stage one of the Harbour Escarpment Walkway from Waihinahina Park through Gilbert Bush Reserve to the south end of Tamworth Crescent in Newlands. This was identified as a key initiative as part of the Northern Reserves Management Plan.
- Reserve land.** Reserves agreements that were negotiated with developers in the northern suburbs resulted in 43 hectares of new public reserve land last year, all with landscape, ecological and recreation value. The Churton Park reserve (6 hectares) includes a walking track between Melksham Drive and Foxham Terrace that will, in time, connect up with further reserves and track networks. The Council also purchased the Forest of Tane - a new, 32-hectare reserve in Tawa.
- The Discovery Garden.** Construction and development continued on our children’s garden at the Wellington Botanic Garden. The garden was due to open on 30 September 2017.
- Predator Free Wellington Project.** We launched the project, undertook monitoring on the Miramar Peninsula, and began planning for the first stage, which will see the removal of rats, possums, and other predators from the peninsula. Community backyard trapping efforts continued to grow. We ran a survey in early 2017 that showed 86 percent of Wellingtonians support the project.
- Biodiversity.** We partnered with Zealandia, Pukaha-Mt Bruce, community groups and the science community to run a Bio Blitz event in February. Altogether, 150 members of the public and 120 students from 15 schools participated in the 2-day event, making 2432 species observations.
- Tree planting.** Around 120 children planted 1500 trees at Paekawakawa Reserve, Island Bay, for Arbor Day. We planted over 50,000 trees ourselves, and gave more than 42,000 to our community. We partnered with “Trees that Count” to produce the instructional “Plant like a Ninja” video, which was used in schools to prepare for Arbor Day, and shared online by organisations across the country. We also began a project mapping the city’s tree population. This will provide valuable information on how best to maintain the city’s tree assets, and can be used to show the value the tree network has to the city. To date, we have captured information on over 13,000 trees.
- Lyall Bay resilience.** We extended the block wall along the middle section of the beach that was previously fenced with wire mesh. We carried out work along Queens Drive to regrade the edge of the park and armour it with rock. This work will protect Dorrie Leslie Park from future coastal erosion. We have been talking to the community about changes to the Surfer’s Corner car park area.

## HOW WE PERFORMED

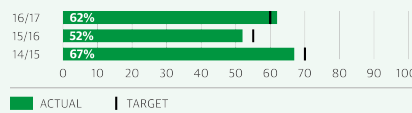
### Hours worked by recognised environmental volunteer groups and botanic garden volunteers

Source: Wellington City Council



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

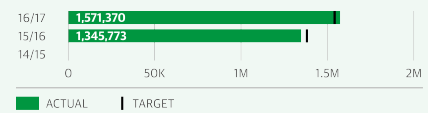
Source: Wellington City Council Residents' Monitoring Survey 2017



Target exceeded by 5%. This year we reached 62% as a result of new volunteers undertaking trapping in our reserves, and our work to integrate rodents and other small mammal into our animal pest control programme.

### Progress made on our plan to plant 2 million trees by 2020

Source: Wellington City Council



Target exceeded by 2%. The community continues to plant large areas of reserve with support from the Council’s Berhampore Nursery and community nurseries. An estimated 20,000 plants were grown by the community this year, and the figure is predicted to increase with the Wellington Rotary project Forest at the Heart of Wellington, which was launched in 2016 and continues to gain momentum in 2017.

## Finances

### How it was funded

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

### What it cost

OPERATING EXPENDITURE (\$000)	ACTUAL 2014/15	ACTUAL 2015/16	ACTUAL 2016/17	BUDGET 2016/17	VARIANCE* 2016/17
<b>2.1.1 Local parks and open spaces</b>					
Expenditure	8,497	7,851	8,799	8,791	(8)
Revenue	(608)	(501)	(961)	(422)	539
Net Expenditure	7,889	7,350	7,838	8,369	531 <sup>1</sup>
<b>2.1.2 Botanic Gardens</b>					
Expenditure	4,883	4,852	4,942	4,724	(218)
Revenue	(417)	(408)	(498)	(394)	104
Net Expenditure	4,466	4,444	4,444	4,330	(114)
<b>2.1.3 Beaches and coast operations</b>					
Expenditure	996	1,023	1,636	1,283	(353)
Revenue	(50)	(53)	(60)	(52)	8
Net Expenditure	946	970	1,577	1,231	(346)
<b>2.1.4 Roads open spaces</b>					
Expenditure	8,204	8,044	8,229	8,712	483
Revenue	(614)	(634)	(833)	(632)	201
Net Expenditure	7,590	7,410	7,395	8,079	684 <sup>2</sup>
<b>2.1.5 Town belts</b>					
Expenditure	4,283	4,491	4,513	4,722	209
Revenue	(1,425)	(358)	(1,226)	(255)	972
Net Expenditure	2,858	4,133	3,287	4,467	1,180 <sup>3</sup>
<b>2.1.6 Community environmental initiatives</b>					
Expenditure	634	739	719	757	38
Revenue	(1)	(18)	(13)	-	13
Net Expenditure	633	721	706	757	51
<b>2.1.7 Walkways</b>					
Expenditure	569	532	586	604	18
Revenue	-	-	(120)	-	120
Net Expenditure	569	532	466	604	138
<b>2.1.8 Biodiversity (pest management)</b>					
Expenditure	1,663	1,673	2,214	1,824	(390)
Revenue	(76)	(32)	(43)	(39)	4
Net Expenditure	1,587	1,641	2,171	1,785	(387)
<b>2.1.9 Waterfront public space</b>					
Expenditure	7,726	5,404	6,001	4,856	(1,145)
Revenue	(6,932)	(6,325)	(563)	(307)	257
Net Expenditure	794	(921)	5,438	4,549	(888) <sup>4</sup>
<b>2.1 Total Gardens, beaches and green open spaces</b>					
Expenditure	37,455	34,609	37,640	36,273	(1,368)
Revenue	(10,123)	(8,329)	(4,317)	(2,101)	2,217
Net Expenditure	27,332	26,280	33,323	34,172	849

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

1. Under budget due to lower depreciation costs.
2. Programme impacted by re-rendering of the Southern Roding Corridor Contract, as well as earthquake and storm events.
3. Under budget due to unbudgeted vested asset income.
4. Interest allocation costs higher than budget, offset by savings in other Waterfront related activities (including Parking and organisational).

CAPITAL EXPENDITURE (\$000)	ACTUAL 2014/15	ACTUAL 2015/16	ACTUAL 2016/17	BUDGET 2016/17	VARIANCE* 2016/17
<b>2.1.1 Local parks and open spaces</b>					
Expenditure	1,116	1,368	2,385	705	(979) <sup>1</sup>
Unspent portion of budget brought forward from prior years				702	
Unspent portion of budget to be carried forward to future years				154	
<b>2.1.2 Botanic Gardens</b>					
Expenditure	681	405	2,059	530	(1,501) <sup>2</sup>
Unspent portion of budget brought forward from prior years				28	
Unspent portion of budget to be carried forward to future years				-	
<b>2.1.3 Beaches and coast operations</b>					
Expenditure	613	242	566	1,176	610 <sup>3</sup>
Unspent portion of budget to be carried forward to future years				610	
<b>2.1.5 Town belts</b>					
Expenditure	106	197	142	248	125
Unspent portion of budget brought forward from prior years				20	
Unspent portion of budget to be carried forward to future years				82	
<b>2.1.7 Walkways</b>					
Expenditure	624	565	949	1,014	64
Unspent portion of budget to be carried forward to future years				40	
<b>2.1 Total Gardens, beaches and green open spaces</b>					
Expenditure	3,140	2,777	6,102	3,672	(1,680)
Unspent portion of budget brought forward from prior years				750	
Unspent portion of budget to be carried forward to future years				886	

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

1. Over budget due to the unbudgeted purchase of the Forest Of Tane. This was purchase was approved by Council in February 2017.
2. Over budget due to additional costs for the Discovery Garden offset by external fundraising income.
3. Under budget due to delays in the upgrade work to improve resilience at Lyall Bay.

# 2.2 Waste reduction and energy conservation

## What we did:

- Waste and recycling.** Recycling collection volumes are the same as last year's. We continued to educate and inform residents on what can go in their wheelie bins or bags and glass recycling bins, and what to do with items that are recyclable or able to be diverted from landfill that aren't included in the kerbside collection. We diverted 18,000 tonnes of waste from the landfill, which was above target. This included green waste and food waste recovery, which was diverted to our compost operations, as well as increased volumes of scrap metal.
- Regional Waste Management and Minimisation Plan (WMMP).** Councils in the region adopted a joint Waste Management and Minimisation Plan. All district councils of the region formally committed to working together to promote effective and efficient waste management and minimisation. A significant amount of time was spent on reviewing the WMMP and putting together a new action plan for the next 6 years and beyond.
- Climate change.** We ran the Low Carbon Challenge. Six teams completed the challenge and three qualified for \$15,000 of match-funding from the Council. Five of the teams set crowdfunding or investment targets, and all five met their targets.

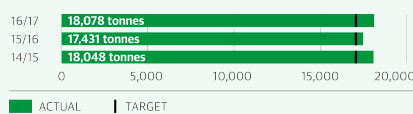
This year's Low Carbon Challenge resulted in a total of \$115,000 being raised to support these five start-up companies, of which \$90,000 was raised privately. In-kind contributions from project sponsors and delivery teams represented nearly \$50,000 in additional support per year. Including past years, total match funding from the Council represented \$93,000.

- Electric Vehicle (EV) charging infrastructure.** We continued to work with a range of private sector partners to install EV chargers across Wellington in order to facilitate uptake of EVs. We partnered with Zealandia and Wellington Electricity to install three free public EV charging stations in the Zealandia car park.
- Home energy saver.** The Sustainability Trust completed 489 home energy assessments. Following these assessments, homeowners accessed subsidies for 377 energy efficiency products.
- Warm up Wellington.** We insulated 50 homes in partnership with EECA, Hutt Mana Charitable Trust and the Sustainability Trust.

## HOW WE PERFORMED

### Waste diverted from the landfill (tonnes of recyclable material)

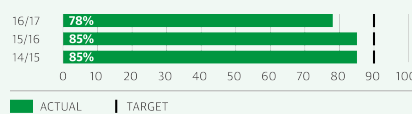
Source: Wellington City Council



Target exceeded by 10% due to increased green waste and food waste recovery, both of which are diverted to our compost operations, as well as increased volumes of scrap metal diverted from landfill.

### Residents who are satisfied with waste collection services (%)

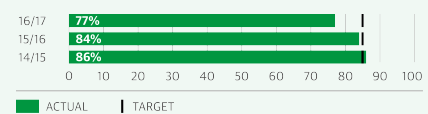
Source: Wellington City Council Residents' Monitoring Survey 2017



Target not met (-13%). The timeliness of collections has affected satisfaction. To address this we have provided an additional vehicle to meet demand in northern area, recruited more staff, improved training, and adjusted routes to improve efficiency.

### Residents who are satisfied with recycling collection services (%)

Source: Wellington City Council Residents' Monitoring Survey 2017



Target nearly met (-9%) but trending downwards. However satisfaction level relatively good as % uptake of recycling services continues to grow.

- Energy use.** There was an overall increase in the Council’s energy use of 4.7 percent, mainly driven by a hike in gas usage. Factors included heat pump related issues at Wellington Regional Aquatic Centre and Karori Pool, as well as a hot water leak at Freyberg Pool. These issues have now been addressed.
- Council-Controlled Organisations’ (CCO) gas use.** The increase in CCO gas use is partly driven by higher usage at the St James Theatre, which experienced a hot water issue, and the Michael Fowler Centre, which experienced a power measuring issue. Overall, CCO venues saw higher attendance numbers, with bigger events across fewer days. Another reason for the higher gas use could be that, for the first time last year, the World of WearableArts Awards Show (WOW) used the TSB Bank Arena every day from 1 August to 12 October. Previously, WOW rehearsed elsewhere and only moved into the arena in mid-September.

**Finances**

**How it was funded**

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

**What it cost**

OPERATING EXPENDITURE (\$000)	ACTUAL 2014/15	ACTUAL 2015/16	ACTUAL 2016/17	BUDGET 2016/17	VARIANCE* 2016/17
<b>2.2.1 Waste minimisation, disposal and recycling management</b>					
Expenditure	12,663	12,869	15,066	13,267	(1,799)
Revenue	(13,308)	(14,309)	(19,896)	(13,259)	6,636
Net Revenue	(645)	(1,440)	(4,830)	8	4,837 <sup>1</sup>
<b>2.2.2 Closed landfills aftercare</b>					
Expenditure	368	477	43	414	371
Revenue	-	-	-	-	-
Net Expenditure	368	477	43	414	371

<b>2.2.3 Energy efficiency and conservation</b>					
Expenditure	-	315	477	416	(61)
Revenue	-	(82)	(165)	(60)	105
Net Expenditure	-	233	312	356	44
<b>2.2 Total Waste reduction and energy conservation</b>					
Expenditure	13,031	13,661	15,586	14,097	(1,489)
Revenue	(13,308)	(14,391)	(20,060)	(13,319)	6,741
Net Revenue	(277)	(730)	(4,475)	777	5,252

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

1. Under budget due to revenue for contaminated soil and special waste to the landfill, as well as other landfill levies being well in excess of budget.

CAPITAL EXPENDITURE (\$000)	ACTUAL 2014/15	ACTUAL 2015/16	ACTUAL 2016/17	BUDGET 2016/17	VARIANCE* 2016/17
<b>2.2.1 Waste minimisation, disposal and recycling management</b>					
Expenditure	781	723	541	673	677 <sup>1</sup>
Unspent portion of budget brought forward from prior years				545	
Unspent portion of budget to be carried forward to future years				609	
<b>2.2.3 Energy efficiency and conservation</b>					
Expenditure			65	65	-
Unspent portion of budget to be carried forward to future years				38	
<b>2.2 Total Waste reduction and energy conservation</b>					
Expenditure	781	723	606	738	677
Unspent portion of budget brought forward from prior years				545	-
Unspent portion of budget to be carried forward to future years				647	

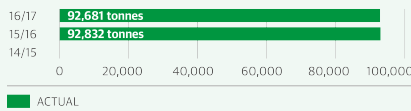
\*Variance explanations to finances - why our actual spend differs from what was budgeted.

1. Under budget due to delays on the Stage 4 landfill development, weighbridge replacement and transfer station refurbishment.

**HOW WE PERFORMED**

**Corporate greenhouse gas emissions - reduce emissions by 80% by 2050 (tonnes)**

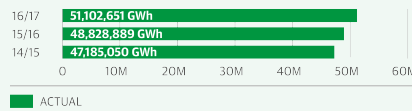
Source: Wellington City Council



Compared with 2003 reduce by 40% by 2020, 80% reduction by 2050. On track - as agreed by Council with the passing of the Low Carbon Capital Plan we have adjusted the 2003 baseline. Our only target is now 80% reduction by 2050 with 2015/16 as the new baseline.

**Corporate energy use (including WCC general, pools and recreation centres, and CCOs)**

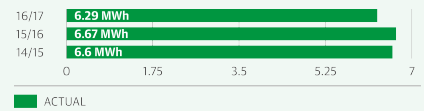
Source: Wellington City Council



Decrease from previous year. Target to decrease energy use each year was not met. Following last year’s record hot summer, most of this increase was due to the considerably colder equivalent period this year. This meant we had to heat offices, pools, and other high-use sites much more than last year during the months of January–March 2017.

**Energy use per capita (MWh/person)**

Source: Wellington Electricity



# 2.3 Water / 2.4 Wastewater / 2.5 Stormwater

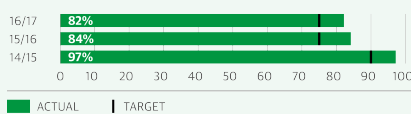
## What we did:

- Network performance.** The three-water network performed well during the November earthquake. While some parts of the network did require repairs, these were localised and there was no widespread or significant damage. The earthquake event was a timely reminder of the importance of the current programme of work to make the network more resilient.
- Water Supply Resilience Strategy.** The strategy was approved by all councils in the Wellington region and will inform a 30-year investment strategy to make the network more resilient. Priority work and key investment decisions will be made as part of the Long-term Plan 2018-28 process.
- Reservoirs.** The Tawa Reservoir seismic strengthening project was restarted with modified designs following the recent earthquake and physical work is in progress. Initial investigation for the renewal of the Bell Road and Brooklyn No.2 reservoirs are also continuing. Prince of Wales/Omāroro Reservoir is an important part of the Water Supply Resilience Strategy and contributes to the day-to-day operational resilience of the water supply for the low-level zone. Initial planning and community engagement was completed during the year.
- Delivering core services.** We delivered 13,924 million litres of safe drinking water to 144,000 connections.
- Cost of construction challenges.** We have delivered the majority of our planned programme for the year. However, we did have to manage our construction outputs to stay within budgets, due to higher-than-budgeted tender prices. This had an impact on our planned stormwater and wastewater programmes, with some work being moved into the 2017/18 year.
- Hydraulic modelling.** Hydraulic modelling provides a powerful tool to quantify flood risk, assess the capacity of the drainage networks, help Wellington grow sustainably, prioritise and design upgrades and understand the impacts of our changing climate. We are now 2 years into a 4-year plan to model all stormwater pipe networks in the city. We have built hydraulic models of over half the city's stormwater networks. Over the last year, we have completed models in Tawa, Kilbirnie, Miramar, Lyall Bay, Island Bay and the catchments surrounding the central city.
- Stormwater upgrades.** The Kilbirnie stormwater upgrade project continued with the completion of preliminary design for a new pumpstation and pipeline along Evans Bay Road. Detailed design of the pipeline section is currently under way, with construction planned for early 2018. To reduce flooding in Mt Cook, rock armouring of the Papawai Stream channel was completed along with upgrades to the Salisbury Terrace stormwater system.

## HOW WE PERFORMED

### Residents satisfied with the wastewater service (%)

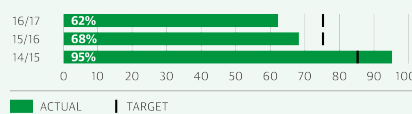
Source: Wellington City Council Residents' Monitoring Survey 2017



Target exceeded by 9%.

### Residents satisfied with stormwater management (%)

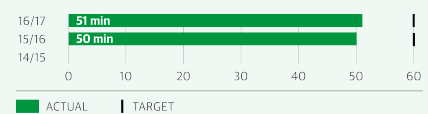
Source: Wellington City Council Residents' Monitoring Survey 2017



Target not met (-17%). The high incidence of flooding events in the last 3 years is believed to be an influencing factor in the low rating. Future upgrades are being planned but the scale of the problems requires significant ongoing investigation and catchment modelling to identify long term risk profiles.

### Median response time for attendance for urgent call-outs

Source: Wellington City Council



Target of less than 60 minutes out performed by 15%. This indicator has been mandated by the Department of Internal Affairs (DIA), with data collection having started in the 2015/16 financial year. We are successfully meeting the target response time.

**Finances**

**How it was funded**

Services in this activity are funded through a mixture of general and targeted rates.

**What it cost**

OPERATING EXPENDITURE (\$000)	ACTUAL 2014/15	ACTUAL 2015/16	ACTUAL 2016/17	BUDGET 2016/17	VARIANCE* 2016/17
<b>2.3.1 Water network</b>					
Expenditure	22,798	23,511	24,889	24,358	(532)
Revenue	(1,012)	(1,709)	(1,624)	(35)	1,588
Net Expenditure	21,786	21,802	23,265	24,322	1,057 <sup>1</sup>

<b>2.3.2 Water collection and treatment</b>					
Expenditure	14,318	14,922	15,809	15,934	124
Revenue	(3)	(3)	18	-	(18)
Net Expenditure	14,315	14,919	15,827	15,934	106

<b>2.3 Total Water network</b>					
Expenditure	37,116	38,433	40,698	40,291	(407)
Revenue	(1,015)	(1,712)	(1,606)	(35)	1,570
Net Expenditure	36,101	36,721	39,093	40,256	1,163

\*Variance explanations to finances - why our actual spend differs from what was budgeted.  
 1. Under budget due to savings on some projects through contract prices being favourable to budget, unspent contingencies as well as some project delays. This was partially offset by bringing forward work on the Prince of Wales/Omāroro Reservoir and work on the Community Infrastructure Resilience projects.

CAPITAL EXPENDITURE (\$000)	ACTUAL 2014/15	ACTUAL 2015/16	ACTUAL 2016/17	BUDGET 2016/17	VARIANCE 2016/17
<b>2.3.1 Water network</b>					
Expenditure	13,266	14,927	14,431	14,915	484
Unspent portion of budget to be carried forward to future years				-	

OPERATING EXPENDITURE (\$000)	ACTUAL 2014/15	ACTUAL 2015/16	ACTUAL 2016/17	BUDGET 2016/17	VARIANCE* 2016/17
<b>2.4.1 Sewage collection and disposal network</b>					
Expenditure	19,348	18,833	19,908	20,058	150
Revenue	(986)	(1,911)	(456)	(627)	(171)
Net Expenditure	18,362	16,922	19,452	19,431	(20)

<b>2.4.2 Sewage treatment</b>					
Expenditure	21,333	22,599	22,667	23,540	873
Revenue	(1,833)	(1,583)	(530)	(618)	(88)
Net Expenditure	19,500	21,016	22,137	22,922	785 <sup>1</sup>

<b>2.4 Total Wastewater</b>					
Expenditure	40,681	41,432	42,575	43,598	1,024
Revenue	(2,819)	(3,494)	(986)	(1,245)	(259)
Net Expenditure	37,862	37,938	41,589	42,354	765

\*Variance explanations to finances - why our actual spend differs from what was budgeted.  
 1. Under budget due to lower than planned wastewater treatment plant management costs and sewage disposal fees.

CAPITAL EXPENDITURE (\$000)	ACTUAL 2014/15	ACTUAL 2015/16	ACTUAL 2016/17	BUDGET 2016/17	VARIANCE* 2016/17
<b>2.4.1 Sewage collection and disposal network</b>					
Expenditure	7,959	10,872	10,671	11,236	565 <sup>1</sup>
Unspent portion of budget to be carried forward to future years				-	

\*Variance explanations to finances - why our actual spend differs from what was budgeted.  
 1. Under budget due to delays in flow monitoring and the level of unplanned maintenance related work being lower than expected.

OPERATING EXPENDITURE (\$000)	ACTUAL 2014/15	ACTUAL 2015/16	ACTUAL 2016/17	BUDGET 2016/17	VARIANCE* 2016/17
<b>2.5.1 Stormwater management</b>					
Expenditure	16,526	16,936	17,023	18,147	1,124
Revenue	(922)	(3,137)	(762)	(135)	628
Net Expenditure	15,604	13,799	16,260	18,013	1,752 <sup>1</sup>

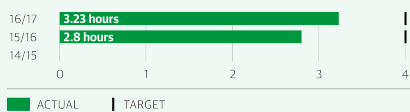
\*Variance explanations to finances - why our actual spend differs from what was budgeted.  
 1. Under budget due to vested asset income of \$0.660m, insurance and interest costs. Contract costs for sump maintenance were also favourable.

CAPITAL EXPENDITURE (\$000)	ACTUAL 2014/15	ACTUAL 2015/16	ACTUAL 2016/17	ACTUAL 2016/17	ACTUAL 2016/17
<b>2.5.1 Stormwater management</b>					
Expenditure	4,821	4,877	7,217	7,020	403
Unspent portion of budget brought forward from prior years				600	
Unspent portion of budget to be carried forward to future years				-	

**HOW WE PERFORMED**

**Median response time for resolution for urgent call-outs**

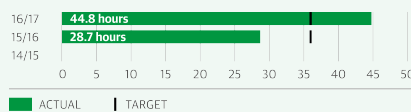
Source: Wellington City Council



Target out performed by 19%.

**Median response time for attendance for non-urgent call-outs**

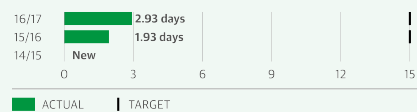
Source: Wellington City Council



Target not met (-24%). This indicator is mandated by the DIA, with data collection commencing in the 2015/16 financial year. The water supply non-urgent call out target was not met as a result of the November earthquake and storm event call outs. Our focus was on high priority, urgent jobs across the region, which therefore increased the median response time to lower priority, non-urgent works.

**Median response time for resolution for non-urgent call-outs**

Source: Wellington City Council



Target out performed by 80%.

# 2.6 Conservation attractions

## What we did:

- Wellington Zoo.** The total number of visitors to the Zoo was 230,632. The Zoo met or exceeded 17 of the 21 measures it set for 2016/17, and achieved carbonZero certification for the fifth year in a row. Chief Executive Karen Fifield was made a member of the New Zealand Order of Merit for services to business and animal welfare in the New Year Honours. The Zoo’s walk-through kea aviary was opened, signalling the completion of the 10-year Zoo Capital Programme.
- Zealandia.** Total visitors to Zealandia for the year remained relatively unchanged at 125,179. The Karori Sanctuary Trust recorded its first operating surplus after depreciation and before the loss on the Visitor Centre of \$87,670. During the year, Zealandia launched the new Sanctuary to Sea project to restore the water catchment from Zealandia’s dams down the length of the Kaiwharawhara stream to the harbour. Other highlights of the year were the release of captive juvenile tuatara into the wider sanctuary, and the translocation of the tree daisy *Brachyglottis kirkii* into the sanctuary from Otari-Wilton’s Bush. Refer to the “Statement of Financial Position, Note 14: Other financial assets, Karori Sanctuary Trust” for details relating to the purchase of the Zealandia visitor centre building.

## Finances

### How it was funded

Services in this activity are funded through general rates.

### What it cost

OPERATING EXPENDITURE (\$000)	ACTUAL 2014/15	ACTUAL 2015/16	ACTUAL 2016/17	BUDGET 2016/17	VARIANCE 2016/17
<b>2.6.1 Conservation visitor attractions</b>					
Expenditure	6,104	6,384	6,755	6,989	234
Revenue	-	-	-	-	-
Net Expenditure	6,104	6,384	6,755	6,989	234

CAPITAL EXPENDITURE (\$000)	ACTUAL 2014/15	ACTUAL 2015/16	ACTUAL 2016/17	BUDGET 2016/17	VARIANCE* 2016/17
<b>2.6.1 Conservation visitor attractions</b>					
Expenditure	2,677	2,725	1,956	817	(998) <sup>1</sup>
Unspent portion of budget brought forward from prior years				140	
Unspent portion of budget to be carried forward to future years					

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

1. Overspends for Zoo upgrades and renewals projects have been funded by unbudgeted external revenue from Wellington Zoo.

### Total costs

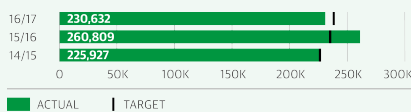
NET OPERATING EXPENDITURE (\$000)	ACTUAL 2014/15	ACTUAL 2015/16	ACTUAL 2016/17	BUDGET 2016/17	VARIANCE 2016/17
<b>ENVIRONMENT</b>	122,726	120,392	132,545	142,560	10,015

CAPITAL EXPENDITURE (\$000)	ACTUAL 2014/15	ACTUAL 2015/16	ACTUAL 2016/17	BUDGET 2016/17	VARIANCE 2016/17
Unspent portion of budget brought forward from prior years				2,035	
Annual Plan budget amount 2016/17				38,398	
<b>ENVIRONMENT</b>	32,644	36,901	40,982	40,433	(549)

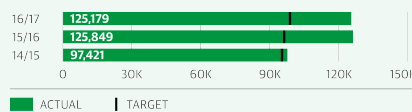
## HOW WE PERFORMED

**Wellington Zoo - visitors**  
Source: Wellington Zoo



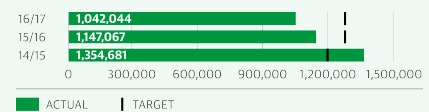
Target nearly met (-4%). Zoo visitor numbers were slightly behind target and down on last year (- 12%) mainly due to earthquake impacts and poor weather.

**Zealandia - visitors**  
Source: Zealandia



Target exceeded by 26%. Visitor numbers held up well (only slightly down by 0.6% on last year) despite earthquake impacts and poor weather.

**Number of visitors to the Botanic Gardens (including Otari-Wilton’s Bush)**  
Source: Wellington City Council



Target not met (-19%) and volumes trending down. Wet weather over the spring to autumn seasons have contributed to visitor numbers being down. The accuracy of the people counters has resulted in a trial of a new type of counter this year.

## Performance data

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

We use outcome indicators to monitor our city over time, which provides information on trends that may influence our performance including those outside our control. We use performance measures to track how well we are delivering services against targets as set out in the Long-term Plan and Annual Plans.

### Performance data - outcome indicators

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

COUNCIL OUTCOME INDICATOR	SOURCE		2014/15	2015/16	2016/17
Open space land owned or maintained by the Council - square metres per capita and total hectares	WCC Parks, Sport and Recreation	Sqm Per Capita Hectares	198.4sqm 3,967	188.1sqm 3,833	194.32sqm 4,040
Residents' usage of the city's open spaces - local parks and reserves, botanic gardens, beaches and coastal areas, and walkways	WCC RMS 2017		See supplementary tables		94% Parks & Reserves
Residents (%) who agree that the natural environment is appropriately managed and protected	WCC RMS 2017		78%	79%	78%
Hours worked by recognised environmental volunteer groups and botanic garden volunteers	WCC Parks, Sport and Recreation		43,880	45,009	53,839
Water consumption (commercial and residential combined) - billion litres	Wellington Water		26.6b litres	24.5b litres	25.1b litres
Freshwater biological health (macro invertebrates) - Makara, Karori, Kaiwharawhara and Porirua streams	Greater Wellington Regional Council		See supplementary tables		
Freshwater quality - Makara, Karori, Kaiwharawhara and Porirua streams (note data for Owhiro Stream not available)	Greater Wellington Regional Council		See supplementary tables		All streams returned "Fair" result
Energy use per capita (MWh)	Wellington Electricity		6.60	6.67	6.29
Number/sqm of 'green star' buildings/space in the city	NZ Green Building Council		141,365 m <sup>2</sup>	204,577 m <sup>2*</sup>	215,115 m <sup>2</sup>
Total kerbside recycling collected per capita (kilograms per person)	WCC Waste Operations		59.16 kg	54.6 kg	53.8 kg
Total waste to the landfill per capita (tonnes per person)	WCC Waste Operations		0.406 tonnes	0.411 tonnes	0.447 tonnes
Selected indicators from the City Biodiversity Index (specific indicators to be confirmed)	WCC Parks, Sport and Recreation		New biodiversity index indicators are to be confirmed.		

\* Measure was reported incorrectly in 2015/16 Annual Report

### Performance data - Council performance measures

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

PERFORMANCE MEASURES	2014/15	2015/16	2016/17 ACTUAL	2016/17 TARGET	% VARIANCE
<b>2.1 Gardens, beaches and green open spaces</b>					
<i>To measure the quality of the open spaces we provide</i>					
Residents (%) who are satisfied with the quality and maintenance of green open spaces - local parks, playgrounds and reserves; botanic gardens; beaches and coastal areas; and walkways	87%	85%	86%	90%	-4%
Number of visitors to the Botanic Gardens (including Otari-Wilton's Bush)	1,354,681	1,147,067	1,042,044	1,280,000	-19%
<i>To measure the quality of street cleaning services</i>					
Residents (%) who are satisfied with the quality of street cleaning	75%	76%	74%	85%	-13%
Street cleaning (%) compliance with quality performance standards	97%	97%	97%	98%	-1%
<i>To measure the quality and quantity of work we undertake to protect biodiversity</i>					
We will plant 2 million trees by 2020		1,345,773	1,571,370	1,539,927 (77% of 2020 target)	2%
High value biodiversity sites (%) covered by integrated animal pest control or weed control	67%	52%	62%	59%	5%
Proportion of grant funds successfully allocated (through milestones being met)	100%	100%	100%	95%	5%



PERFORMANCE MEASURES	2014/15	2015/16	2016/17 ACTUAL	2016/17 TARGET	% VARIANCE
<b>2.2 Waste reduction and energy conservation</b>					
<i>To measure the quality of waste reduction and recycling services</i>					
Residents (%) who are satisfied with recycling collection services	86%	84%	77%	85%	-9%
Waste diverted from the landfill (tonnes)	18,048 tonnes	17,431 tonnes	18,078 tonnes	at least 16,500 tonnes of recyclable material	10%
Residents (%) who regularly use recycling (including weekly, fortnightly or monthly use)	61%	96%	98%	90%	9%
<i>To measure the quality of our waste disposal services</i>					
Residents (%) who are satisfied with waste collection services	85%	85%	78%	90%	-13%
Energy sourced from the Southern Landfill (GWh)	7.6GWh	7.65GWh	7.44GWh	8 GWh	-7%
<i>To measure the amount (quantity) of the Council's energy consumption and emissions</i>					
WCC corporate energy use (including WCC general, pools and recreation centres, and CCOs) - Decrease in energy use from previous year (kWh)	47,185,050 kWh	48,828,889 kWh	51,102,651 kWh	Decrease in energy in use from previous year	Not met, increased 4.7%
WCC corporate greenhouse gas emissions - reduce emissions by 80% by 2050 (tonnes)	N/A	92,832 tonnes	92,681 tonnes	80% reduction by 2050	
<b>2.3 Water</b>					
<i>To measure the quality of water supplied to residents and the services that ensure security of supply</i>					
Compliance with Drinking Water Standards for NZ 2005 (revised 2008) (Part 4 bacterial compliance criteria) and (Part 5 protozoal compliance criteria)	100% Achieved	100% Achieved	100% Achieved	100% Achieved	0%
Part 5 - Testing for Part 5 is taken at the water treatment plants. These treatment plants are all operated by GWRC. Water is supplied to the WCC zone from these treatment plants and is therefore compliant for three of the four treatment plants (Te Marau, Wainuiomata and Gear Island). Waterloo treatment plant has been assessed as non-compliant. Water from the bores at Waterloo treatment plant continues to be chlorinated, which ensures the provision of acceptable quality water to customers					
Maintenance of water supply quality gradings from Ministry of Health	Maintained	Maintained	Maintained	Maintain	Met
Customer satisfaction with water supply	97%	91%	90%	90%	0%
Number of complaints about: (a) drinking water clarity (b) drinking water taste (c) drinking water odour; (d) drinking water pressure or flow; (e) drinking water continuity of supply; (f) responsiveness to drinking water complaints; per 1000 connections:	DIA	13	13.84	<2015/2016 baseline	Not met
Median response time for:					
a) attendance for urgent call outs	DIA	50 min	51 min	60 min	15%
b) resolution for urgent call out	DIA	2.8 hours	3.23 hours	4 hours	19%
c) attendance for non-urgent call outs	DIA	28.7 hours	44.80 hours	36 hours	-24%
d) resolution for non-urgent call outs	DIA	46.35 hours (1.93 days)	2.93 days	15 days	80%
Percentage of real water loss from networked reticulation system	13%	12%	8%	<14%	41%
Percentage of real water loss from water supply reticulation system for YE is less than the target. This is mainly due to the water conservation measures carried out in the city and quickly repairing major leaks/breaks in the water network.					
Average drinking water consumption/resident/day	273 litres per resident per day	369 litres per resident per day	364 litres per resident per day	375 litres per resident per day	-3%
Number of unplanned supply cuts per 1000 connections	nil	1.2	0.71	<4	82%
Year End figure is less than the target due to the low number of unplanned supply cuts in the network. The result for this KPI depends on the amount of reactive work on the water network, the level of which is subject to many variables such as pipe materials & age, ground movement, traffic loading, soil condition etc.					

PERFORMANCE MEASURES	2014/15	2015/16	2016/17 ACTUAL	2016/17 TARGET	% VARIANCE
<b>2.4 Wastewater</b>					
<i>To measure the quality and timeliness of the wastewater service</i>					
Number of wastewater reticulation incidents per km of reticulation pipeline (blockages)	New	0.57	0.64	<=1.2	47%
Year end figure is less than the target due to the low number of pipeline (blockages) in the network. Results for this KPI depend on pipe blockages in the wastewater network, which cannot be easily predicted.					
Dry weather wastewater overflows/1000 connections	DIA	0.55	0.46	0	Not met, but Improved by 16.4%
Customer satisfaction with the wastewater service	97%	84%	82%	75%	9%
Number of complaints about: (a) wastewater odour (b) wastewater system faults (c) wastewater system blockages (d) responsiveness to wastewater issues per 1000 connections	DIA	22	19.72	<2015/2016 baseline	Met
Median response time for wastewater overflows - attendance time	DIA	0.73 hours	0.77 hours (~46 min)	<= 1 hour	23%
Median response time for wastewater overflows - resolution time	DIA	2.35 hours	2.68 hours	<= 6 hours	55%
<i>To measure the impact of wastewater on the environment</i>					
Breaches of resource consents for discharges from wastewater system. Number of: - abatement notices - infringement notices - enforcement orders - convictions for discharges from wastewater system.	New	1	0	0	0
<b>PERFORMANCE MEASURES</b>					
<b>2.5 Stormwater</b>					
<i>To measure the quality and timeliness of the stormwater service</i>					
Number of pipeline blockages per km of pipeline	New	0.04	0.04	<=0.5	92%
Customer satisfaction with stormwater management	95%	68%	62%	75%	-17%
The high incidence of flooding events in the last 3 years is believed to be an influencing factor in the low rating. Future upgrades are being planned but the scale of the problems requires significant ongoing investigation and catchment modelling to identify long-term risk profiles.					
Number of complaints about stormwater system performance per 1000 connections	new	12	10.45	<2015/2016 baseline	Met
Median response time to attend a flooding event	new	49 min	57 min	<= 60 min	5%
<i>To measure the impact of stormwater on the environment</i>					
Breaches of resource consents for discharges from stormwater system. Number of: - abatement notices - infringement notices - enforcement orders - convictions for discharges from stormwater system.	new	0	0	0	0%
Number of flooding events	DIA	1	6	trend only	
Number of habitable floors per 1000 connected homes per flooding event	DIA	0.14*	0.11	trend only	
Percentage of days during the bathing season (1 November to 31 March) that the monitored beaches are suitable for recreational use	93%	100%	99.9%	90%	10%
The beach "suitability for use" measure is based on how many times the monitored beaches had information signs erected due to water quality criteria triggering a public health risk warning. Warning signs were erected for one day at the Taranaki St at Jumping Platform on 2nd of March following the protocol from MfE/MoH Microbiological Guidelines for Marine and Freshwater Recreational Areas. Warnings were issued over Waitangi weekend in response to a wastewater event at Moa Point.					
Percentage of monitored sites that have a rolling 12-month median value for E.coli (dry weather samples) that do not exceed 1000 cfu/100ml	new	93%	96%	90%	7%
* Measure was reported incorrectly in 2015/16 Annual Report					
<b>PERFORMANCE MEASURES</b>					
<b>2.6 Conservation attractions</b>					
<i>To measure the success of our investments in conservation attractions</i>					
Wellington Zoo - visitors	225,927	260,809	230,632	239,408	-4%
Zealandia - visitors	97,421	125,849	125,179	99,300	26%

## Performance data - supplementary tables

RESIDENTS' USAGE OF THE CITY'S OPEN SPACES - LOCAL PARKS AND RESERVES, BOTANIC GARDENS, BEACHES AND COASTAL AREAS, AND WALKWAYS	WEEKLY		
	2014/15	2015/16	2016/17
Coastal areas or beaches	22%	21%	21%
Botanic gardens	6%	4%	5%
Parks and reserves	21%	22%	20%
Town Belt or Outer Green Belt	11%	12%	15%
Walking tracks	17%	16%	17%
Sportsfields	13%	11%	11%

Source: Wellington City Council Residents' Monitoring Survey 2017

RESIDENTS' USAGE OF THE CITY'S OPEN SPACES - LOCAL PARKS AND RESERVES, BOTANIC GARDENS, BEACHES AND COASTAL AREAS, AND WALKWAYS	AT LEAST YEARLY		
	2014/15	2015/16	2016/17
Coastal areas or beaches	96%	95%	95%
Botanic gardens	87%	86%	86%
Parks and reserves	96%	95%	94%
Town Belt or Outer Green Belt	78%	78%	80%
Walking tracks	82%	80%	81%
Sportsfields	60%	60%	59%

Source: Wellington City Council Residents' Monitoring Survey 2017

FRESHWATER BIOLOGICAL HEALTH (MACRO INVERTEBRATES) - MAKARA, KARORI, KAIWHARAWHARA AND PORIRUA STREAMS	2013/14	2014/15	2015/16
Makara Stream	107	114	not measured
Karori Stream	92	85	85
Kaiwharawhara Stream	96	82	71
Porirua Stream (Wall Park) (new in 2014/15)	-	81	81
Porirua Stream (Glenside) (new in 2014/15)	-	94	100

Data for 2016/17 will be available in 2018

Source: Greater Wellington Regional Council

FRESHWATER QUALITY - MAKARA, KARORI, KAIWHARAWHARA	2013/14	2014/15	2015/16
Makara Stream	Poor	Fair	Fair
Karori Stream	Poor	Fair	Fair
Kaiwharawhara Stream	Fair	Fair	Fair
Porirua Stream (Wall Park) (new in 2014/15)		Poor	Fair

Data for 2016/17 will be available in 2018

Source: Greater Wellington Regional Council

## Case study

# Alternative water supply

Following the November earthquake, Wellington Water began researching alternative sources of water to reduce its dependence on current supply lines. Wellington Water is now leading a world-first operation to drill for fresh water under the sea. If successful, this would mean the city has another source of water supply, in the event that the existing water pipeline from the Hutt Valley is damaged in another quake. Currently, most of the city's water is carried by pipes along the Hutt Road, crossing an identified fault line.

Exploratory drilling of Wellington Harbour started in late June 2017. The rig drills test bores into the Waiwhetu aquifer, which extends underneath the harbour floor, to see if it is a viable alternative water source for the city. The Waiwhetu aquifer, which fills a depression underneath the Hutt Valley, already supplies much of the drinking water for the Wellington region.

**“We aim to provide emergency water supplies from day 8 after a major event, enough to meet the basic water needs of 20 litres per person per day.”**

**Mark Kinvig**

Mark Kinvig, Wellington Water Group Manager Network Strategy & Planning, says the project is part of wider community water infrastructure resilience initiatives.

**“But resilience starts at home. For the first 7 days, each household should have enough stored water for 20 litres per person, per day.”**







3

# Whanaketanga ōhanga

## Economic development

We aim to support economic growth to enhance quality of life

### The challenges we face

- Diversifying Wellington's economy to make it more resilient
- Delivering economic stimulus capital projects in a tight construction market
- Harnessing the economic opportunities presented by new technologies

### Our strategic approach

- Supporting high-quality events and promoting tourism
- Attracting and supporting business activity
- Improving the city's national and international connections
- Exploring major economic development initiatives

### In this section

3.1 City promotions and business support

# Snapshot of the city



**782,000**  
international visitors



**1.47 million**  
domestic visitors



**\$89,956**  
GDP per capita 2015



**38%**

of people have a bachelor's degree or higher



**2084**

additional people in work (+1.3%)



**\$47,758**  
GDP national average



**4.6%**  
unemployment rate

**5%**  
national unemployment rate



# 3.1 City promotions and business support

## What we did:

- Post-earthquake business support.** We worked closely with Government in response to the November earthquake, and secured a support package that gave businesses \$500 per full-time employee, and \$300 per part-time employee per week. This made a considerable difference in helping businesses retain staff. We worked closely with other agencies including Greater Wellington Regional Council to demolish the building located at 61 Molesworth Street, which was damaged during the quake. In partnership with demolition company CERES, we also developed and implemented a management plan for the removal of all waste created as result of the deconstruction.
- Major events.** An estimated 15,000 visitors from outside the region came to Wellington for the 2017 DHL New Zealand Lions Series, providing a great boost to Wellington’s retail and hospitality sector (for more information, refer to the case study at the end of this chapter).

The World of WearableArts Awards Show (WOW) was again a great success and, with an extra show in this season’s run, attracted record audiences, selling out shows. Out-of-region visitation was again very strong; 71 percent of the total audience came from outside the Wellington region. This equated to about 41,000 visitors, and an estimated economic contribution of \$25.2 million.

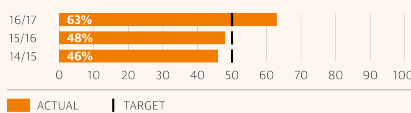
The Keith Urban and Carrie Underwood concert at Westpac Stadium attracted considerable number of visitors from outside the region (6000) with hotels reporting 97 percent capacity on the Saturday night. We also hosted the sold out Bledisloe Cup match against Australia at the Westpac Stadium. The annual Visa Wellington on a Plate sold 9070 tickets, up 5.2 percent from last year, and the Beervana beer festival sold 9529 tickets, up 15 percent from 2015.

Other notable events run during the year included the Homegrown music festival; the Twenty20, One Day International and Test cricket programme which attracted more than 25,500 attendees; and the Guns N’ Roses concert at Westpac Stadium, attended by 31,634 people, including an estimated 12,500 visitors from outside the region. There was also the Pinot Noir NZ 2017 conference, which showcased the region’s wine and beer industries and hosted 98 percent out-of-region participants. Other events hosted included the Cindy Sherman exhibition, the HSBC Sevens Series Wellington, CubaDupa, and an international FIFA Oceania pool play match.

## HOW WE PERFORMED

Wellington Regional Economic Development Agency - Positively Wellington Tourism partnership funding (%)

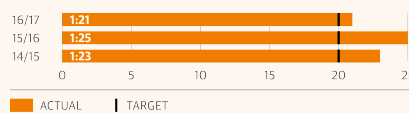
Source: WREDA



Target to maintain funding at <50% of total income not met (-26%). Percentage of funding to income (target <50%) was impacted by revenue drop due to the November earthquake: \$1m drop in “i-SITE” revenue and by closure of two hotels - Sofitel and Amora.

Events Development Fund - ratio of direct spend to economic impact

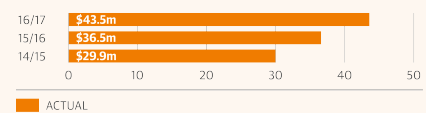
Source: Wellington City Council



Target met. However, ratio decreased by 16%.

Number of A-level events held in Wellington - economic contribution

Source: WREDA



- City promotion.** Destination marketing was run in Australia supporting airline routes to Wellington from Melbourne, Brisbane and the Gold Coast. The first flight on Singapore Airlines’ new “Capital Express” route arrived in Wellington on 21 September 2016 from Singapore, with representatives from both Singapore and Canberra in Wellington to welcome the arrival. On 1 September, Air New Zealand and Singapore Airlines announced the extension of their alliance to include travel between Wellington and Singapore. Singapore Airlines further cemented their commitment by opening a Wellington office.
- Business Improvement Districts (BIDs).** The Miramar BID endeavoured to expand its boundary to incorporate the wider Miramar Peninsula including the airport. Poll results did not support expanding the boundary, with a response rate of only 20 percent (the required minimum rate was 25 percent). An initiative to establish a BID in Tawa resulted in a 33 percent voter response and of those 71 percent were in support. The result has seen Tawa established as the fourth BID established in Wellington under the Council’s BID policy. A review of the BID programme began in May 2017, and recommendations arising from the review are being considered.
- LookSee Wellington.** WREDA’s LookSee programme, a worldwide talent search initiative, attracted 48,500 applications from around the world, and brought almost 100 tech sector job-

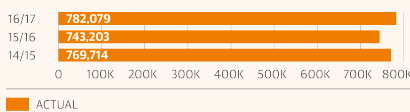
seekers to Wellington. A vast number of the thousands of candidates remain interested in Wellington as a place to live and work, as evidenced through a recent survey of that candidate database. Nine new international tech sector leads for business attraction have been generated by LookSee Wellington coverage. Enquiries came from Israel, Brazil, Argentina, USA, India, and Yemen.

- Business growth.** Our support of growth and innovation-oriented businesses continues, including access to mentorship, capability development, research and development support services and funding under the Regional Business Partner Programme. The successful Summer of Tech programme has seen 117 tech interns placed (including 104 from Wellington City) in 42 Wellington businesses. Around 80 percent of interns were retained after the summer programme. This initiative is invaluable to help grow our tech workforce and alleviate skill shortages.
- Conventions and events.** Wellington’s national market share of business events continues to grow, increasing 3 percent in the financial year. Wellington now hosts 22 percent of New Zealand’s multi-day business events. In 2016/17, 563 large multi-day convention events were held, with over 156,000 attendees in total. This included over 21,000 delegates from outside the Wellington region (these statistics take into account all multi-day convention events with over 60 delegates).

**HOW WE PERFORMED**

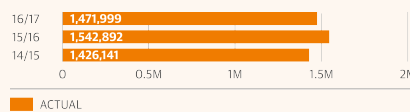
Number of international visitors (guest nights) - international

Source: Statistics NZ



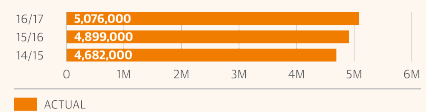
Number of domestic visitors (guest nights) - domestic

Source: Statistics NZ



Domestic airline passengers entering Wellington Airport

Source: Wellington International Airport Limited



**Finances**

**How it was funded**

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

**What it cost**

OPERATING EXPENDITURE (\$000)	ACTUAL 2014/15	ACTUAL 2015/16	ACTUAL 2016/17	BUDGET 2016/17	VARIANCE* 2016/17
<b>3.1.1 WREDA</b>					
Expenditure	23,385	18,574	30,245	30,822	577
Revenue	(915)	(738)	(13,546)	(14,369)	(823)
Net Expenditure	22,470	17,836	16,699	16,453	(246)
<b>3.1.2 Wellington convention centre</b>					
Expenditure	14,031	14,269	931	1,051	120
Revenue	(14,483)	(14,371)	(930)	(1,051)	(121)
Net Expenditure	(452)	(102)	1	-	(1)
<b>3.1.3 Retail support (free weekend parking)</b>					
Expenditure	1,355	1,356	1,357	1,357	-
Revenue	-	-	-	-	-
Net Expenditure	1,355	1,356	1,357	1,357	-
<b>3.1.4 City Growth Fund</b>					
Expenditure	2,409	3,798	4,003	3,001	(1,002)
Revenue	-	-	(1)	-	1
Net Expenditure	2,409	3,798	4,001	3,001	(1,000) <sup>1</sup>
<b>3.1.5 Major economic projects</b>					
Expenditure	-	-	5,048	5,077	29
Revenue	-	-	(47)	(77)	(30)
Net Expenditure	-	-	5,001	5,000	(1)
<b>3.1.6 Regional and external relations</b>					
Expenditure	583	677	696	661	(35)
Revenue	(8)	(24)	(37)	-	37
Net Expenditure	575	653	659	661	2
<b>3.1.7 Business improvement districts</b>					
Expenditure	97	114	154	194	40
Revenue	-	-	20	-	(20)
Net Expenditure	97	114	174	194	20

**3.1 Total City promotions and business support**

	ACTUAL 2014/15	ACTUAL 2015/16	ACTUAL 2016/17	BUDGET 2016/17	VARIANCE* 2016/17
Expenditure	41,860	38,788	42,434	42,163	(271)
Revenue	(15,406)	(15,133)	(14,541)	(15,497)	(956)
Net Expenditure	26,454	23,655	27,892	26,666	(1,226)

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

1. Over budget due to the City Growth Fund payments exceeding reduced budget. The variance is funded from prior year surpluses.

CAPITAL EXPENDITURE (\$000)	ACTUAL 2014/15	ACTUAL 2015/16	ACTUAL 2016/17	BUDGET 2016/17	VARIANCE* 2016/17
<b>3.1.2 Wellington convention centre</b>					
Expenditure	2,268	1,669	886	7,011	6,874 <sup>1</sup>
Unspent portion of budget brought forward from prior years				749	
Budget reallocated from 4.1.2				3,995	
Unspent portion of budget to be carried forward to future years				1,621	

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

1. Under budget due to the delays in the Convention Centre project and Venues Renewals (St James, TSB and Town Hall)

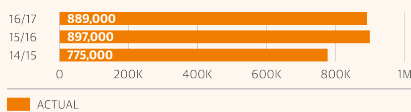
**Total costs**

NET OPERATING EXPENDITURE (\$000)	ACTUAL 2014/15	ACTUAL 2015/16	ACTUAL 2016/17	BUDGET 2016/17	VARIANCE 2016/17
<b>ECONOMIC DEVELOPMENT</b>	26,454	23,655	27,892	26,666	(1,226)
CAPITAL EXPENDITURE (\$000)	ACTUAL 2014/15	ACTUAL 2015/16	ACTUAL 2016/17	BUDGET 2016/17	VARIANCE 2016/17
Unspent portion of budget brought forward from prior years				749	
Annual Plan budget amount 2016/17				7,011	
Budget reallocation 2016/17				3,995	
<b>ECONOMIC DEVELOPMENT</b>	2,268	1,669	886	11,755	10,869

**HOW WE PERFORMED**

**International airline passengers entering Wellington Airport**

Source: Wellington International Airport Limited



## Performance data

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

We use outcome indicators to monitor our city over time, which provides information on trends that may influence our performance including those outside our control. We use performance measures to track how well we are delivering services against targets as set out in the Long-term Plan and Annual Plans.

### Performance data - outcome indicators

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

COUNCIL OUTCOME INDICATOR	SOURCE		2014/15	2015/16	2016/17
Number of domestic and international visitors (guest nights)	Statistics NZ	Domestic	1,426,141	1,542,892	1,471,999
		International	769,714	743,203	782,079
Average length of stay - international and domestic*	Statistics NZ		2.16*	2.10*	2.12
Number of major conferences	WREDA		633	599	563
Number of A-level <sup>1</sup> events held in Wellington and their economic contribution	WREDA	Events	12	11	9
		Contribution	\$29.9m	\$36.5m	\$43.5m
New Zealand's top 200 companies based in Wellington	Deloitte Top 200 Businesses		22	22	21
Business enterprises - births and growths (net growth in business)*	Statistics NZ		3.6%	0.1%*	1.0%
Domestic and international airline passengers entering Wellington Airport	Wellington International Airport Limited	Domestic	4,682,000	4,899,000	5,076,000
		International	775,000	897,000	889,000
Free wifi usage (logons/day) - central city and waterfront	Citylink TradeMe	Central City	18,676	49,289	74,366
		Waterfront	390	821	714
Pedestrian counts - average of various Lambton Quay sites	WCC Golden Mile Pedestrian Survey 2017		1,971	2,052	2,153
Businesses and employees in research and development sector*	Statistics NZ	Businesses	162*	165	162
		Employees	5,000*	5,460*	5,670
Secondary (international) and Tertiary (international and domestic) students enrolled per 1,000 residents	WREDA	Secondary International Students	363	1,080	1,285
		Tertiary measure under review	3	7	NA
Events/activities held with international cities (in Wellington and overseas)	WCC International Relations		new measure	58	58

\* Result reporting in 2015/16 Annual Report revised by Statistics NZ

1. An A Level event is a major event with an investment greater than \$50,000, excluding the NZ Festival, World of WearableArt Awards Show and Wellington Sevens.

## Performance data - Council performance measures

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

PERFORMANCE MEASURES	2014/15	2015/16	2016/17 ACTUAL	2016/17 TARGET	% VARIANCE
<b>3.1 City promotions and business support</b>					
<i>To measure the quality of our investments in promoting the city</i>					
WREDA - Positively Wellington Tourism partnership funding	46%	48%	63%	Maintain the Council's funding at less than 50% of total income	Missed target by 26.0%
<i>To measure the usage of the Council supported events</i>					
Estimated attendance at Council-supported events	898,968	978,188	657,743	500,000	32%
The favourable variance is most notably attributed to the success of rugby events, with the Hurricanes securing three playoff matches in 2016 and attracting greater audiences to their 2017 seasonal fixtures. The extended capacity and tickets sold to the Hurricanes v British and Irish Lions match, World of WearableArt show, Guns N' Roses concert and Homegrown music festival, as well as the addition of an All Whites v Fiji match have all contributed to the increase in attendance.					
<i>To measure the quality of our investments in economic development</i>					
Events Development Fund - ratio of direct spend to economic impact	1:23	1:25	1:21	1:20	Met, however ratio decreased by 16%
The proportion of grant funds successfully allocated (through milestones being met)	100%	not reported	100%	95%	5%
Grant funds are allocated for various community and arts projects, applicants set out the outcomes they hope to achieve, these milestones are moderated based on the funding allocated and the Council's own priorities and outcomes. Our role is to advise and support applicants through the process and closely monitor successful applicants performance against the agreed outcomes. The result of the performance measure this year more closely reflects the efforts to improve monitoring and reporting of progress against outcomes.					

## Case study

### The Lions tour

A significant number of visitors from outside the region came to Wellington for the 2017 DHL New Zealand Lions Series, providing a great boost to Wellington's retail and hospitality sector. In the same week, the Lions played two sold-out matches at Westpac Stadium against the Hurricanes and the All Blacks. There were an estimated 15,000 visitors for the Hurricanes match and that number gradually rose over the next days to reach 26,000 by the time of the All Blacks match\*.

The tour helped drive international visitor spending in Wellington up by more than 43 percent in June, according to Monthly Regional Tourism Estimates (MRTE) released by the Ministry of Business, Innovation and Employment (MBIE). A total of \$55.6 million was spent in Wellington by international visitors in June 2017 - a net gain of \$16.7 million on June 2016. Over the year, international visitor spending rose by 9.8 percent, surpassing \$800 million for the first time on record.

"From increased orders for regional food and beverage suppliers, to delivery drivers, retail workers, transport workers, tourism operators, cleaners and much more, this event put money in the pockets of many Wellingtonians." **Derek Fry, Interim WREDA CEO**

International visitors were treated to a range of events and attractions during the week the Lions played in Wellington. In partnership with the Wellington Regional Economic Development Agency (WREDA), we carried out a highly successful "city activation campaign", which included free events that were enjoyed by thousands of people.

\*Note: the All Blacks match was played on day one of the 2017/18 financial year.







4



# Oranga ahurea

## Cultural wellbeing

We aim to strengthen  
and promote  
Wellington's unique  
cultural identity

### The challenges we face

- Enhancing Wellington's 'edge' as New Zealand's arts and culture capital in the face of increasing competition
- Securing additional large-scale cultural events to refresh the city's cultural offering
- Providing accessible venues for the arts in the city that are safe and fit for purpose

### Our strategic approach

- Contributing to a vibrant central city and providing opportunities for cultural expression
- Building a sense of place and identity
- Providing a welcoming environment for the city's increasingly diverse population
- Growing visitation and exposure to creativity and innovation

### In this section

4.1 Arts and cultural activities

# Snapshot of the city



**780,414**  
visitors  
to our museums and galleries



**300+**  
cafes  
bars  
restaurants  
More places to eat and drink per capita than New York

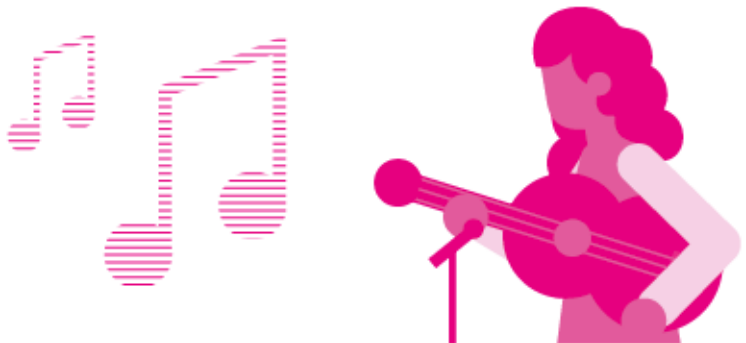
**47,783**  
visits to the 8th biennial National Arts Festival



**1,578,292**  
Te Papa visits



**81%**  
attendee satisfaction  
with council-supported arts and cultural festivals



# 4.1 Arts and cultural activities

## What we did:

- **The Wellington Museums Trust (trading as Experience Wellington).** Experience Wellington manages most of the Council’s arts and cultural assets, which this year achieved record aggregate visitation of 780,414, an increase of 13.4 percent on last year. It also raised \$4.8 million, or 40.7 percent of the revenue required to deliver its visitor experiences. This is \$1.2 million more than in 2015/16 because of the impact of the Cindy Sherman exhibition, the 2017 Capital E National Arts Festival, and an increase in trading revenue. A further \$300,000 of funding was also secured from the Lottery WWI, Environment and Heritage Committee for the refurbishment of the City Gallery’s entrance and foyer which will be completed in 2017-18.

Key highlights at City Gallery Wellington included a major exhibition of photography by Cindy Sherman, one of the world’s most influential artists, and the first significant exhibition of Colin McCahon’s work in 15 years. *Colin McCahon: On Going Out with the Tide* brought together a body of work that had never been shown together and which examined the Māori content in his work.

At Capital E, the 8th biennial National Arts Festival attracted 47,783 visitors, including more than 13,000 children from 167 schools. The festival programme included New Zealand and international artists presenting 16 works of physical theatre, opera, dance, and film including the winning films from the 2016 Roxy5 Short Film Competition. For the first time, a festival fun zone in the form of Odd Lands brought this part of the waterfront to life for Wellingtonians enjoying a lunch-time stroll.

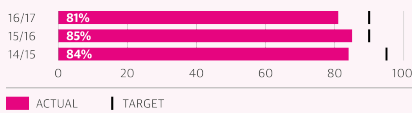
*Ngā Heke*, showing different perspectives of Wellington’s colourful history including the stories of Māori migration, and Flux, a new co-operative community space for, by and with young people to share their stories through art, photography, performance and more, opened at Wellington Museum.

The Cable Car Museum’s attraction for tourists is as strong as ever and Space Place continues to build a loyal following from Wellingtonians, with regular star gazing, family-friendly planetarium shows, and quirky space-themed events. The Nairn Street Preservation Society continues to build community connections to the Nairn Street Cottage with its home craft activities.

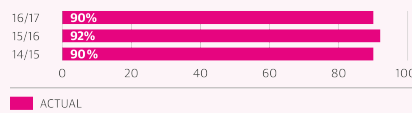
- **City cultural events.** More than 12,000 people attended the Diwali Festival at TSB Bank Arena. This was a strong representation of Wellington’s Indian community. The event featured local and international artists, food stalls, and craftspeople. The Sky Show, New Zealand’s largest annual fireworks display, was viewed by an estimated 100,000 people from across the Wellington region, and the new Christmas festival A Very Welly Christmas was successfully staged on the weekend of 10/11 December. Lambton Quay became a festival zone, with a mainstage in Midland Park, a large “snowdome” in Panama Street, an aerial circus, a skating rink, a Christmas labyrinth, Nick Tansley’s carol caravan, and much more. ReCut, the capital’s new outdoor arts events series, took free public outdoor event experiences to a new level, with spectacular shows celebrating the reopening of Tory Street, and a combined celebration of Matariki and the DHL Lions tour.

## HOW WE PERFORMED

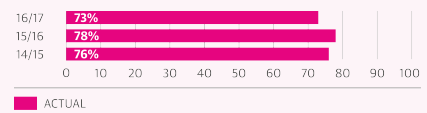
**Attendees who are satisfied with Council-supported arts and cultural festivals (%)**  
Source: Wellington City Council Residents’ Monitoring Survey 2017



**New Zealanders and residents who agree that Wellington has a culturally rich and diverse arts scene (%)**  
Source: National Wellington Reputation Survey Results 2017



**Residents who agree that Wellington’s local identity (sense of place) is appropriately valued and protected (%)**  
Source: Wellington City Council Residents’ Monitoring Survey 2017



Target not met (-10%)

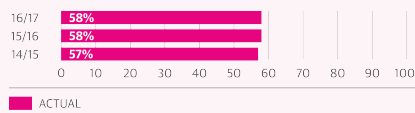
- Public art.** The Courtney Place Light Boxes featured the exhibition *We Don't Have to be the Building* by artist Sian Torrington. In Masons Lane, in partnership with CIRCUIT Artist Film and Video Aotearoa, we presented three artist videos on Mason Screen - our outdoor 24-hour public screen.
- Toi Pōneke Arts Centre.** Toi Pōneke Gallery delivered a range of exhibitions during the year including James Gilbert Milne's *The Four Fingered Fandango*, Petra Stueben's *The Hereafter and the Here Now Part II*, Caroline Earley and Kate Walker's *Certain Ways*, and Justine Walker's *For Sale: Baby Shoes, Never Worn*.
- Creative New Zealand and the Akina Foundation.** Toi Pōneke partnered with these two organisations to deliver workshops and mentored a range of arts organisations through the 'Growing Income Streams' programme.
- Te Papa.** The Council provides funding support to Te Papa, which recorded 1,578,292 visits in the 12-month period. The numbers were driven both by the Gallipoli exhibition and *Bug Lab*, both collaborations between Te Papa and Weta Workshop. By the end of its first year (the end of 2016), more than a million people had experienced *Gallipoli: The scale of our war*, making it the most visited exhibition in Te Papa's history. *Bug Lab*, an immersive science exhibition, which closed on 17 April 2017, welcomed over 130,000 visitors.

The Council provides funding support to Te Papa, which recorded 1,578,292 visits in the 12-month period

### HOW WE PERFORMED

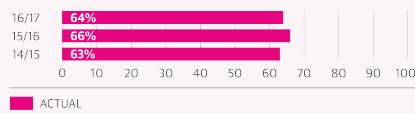
**New Zealanders who agree that Wellington is the arts capital of New Zealand (%)**

Source: Wellington City Council Residents' Monitoring Survey 2017



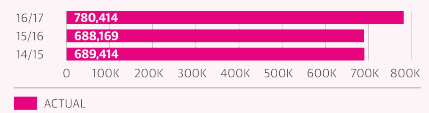
**Residents who agree that Wellington is the arts capital of New Zealand (%)**

Source: Wellington City Council Residents' Monitoring Survey 2017



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

Source: Wellington Museums Trust



13% increase on last year.

## Finances

### How it was funded

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

### What it cost

OPERATING EXPENDITURE (\$000)	ACTUAL 2014/15	ACTUAL 2015/16	ACTUAL 2016/17	BUDGET 2016/17	VARIANCE 2016/17
<b>4.1.1 City galleries and museums</b>					
Expenditure	8,379	9,094	9,288	9,585	220
Revenue	-	-	-	(77)	-
Net Expenditure	8,379	9,094	9,288	9,508	220
<b>4.1.2 Visitor attractions (Te Papa/ Carter Observatory)</b>					
Expenditure	3,033	3,121	3,084	2,917	(167)
Revenue	-	-	-	-	-
Net Expenditure	3,033	3,121	3,084	2,917	(167)
<b>4.1.3 Arts and cultural festivals</b>					
Expenditure	3,569	2,601	3,146	3,233	87
Revenue	(441)	(263)	(191)	(417)	(226)
Net Expenditure	3,128	2,338	2,955	2,815	(140)
<b>4.1.4 Cultural grants</b>					
Expenditure	1,037	856	1,169	1,161	(8)
Revenue	-	-	-	-	-
Net Expenditure	1,037	856	1,169	1,161	(8)
<b>4.1.5 Access and support for community arts</b>					
Expenditure	569	659	768	767	(1)
Revenue	(63)	(74)	(61)	(63)	(3)
Net Expenditure	506	585	708	704	(4)
<b>4.1.6 Arts partnerships</b>					
Expenditure	1,834	2,271	2,540	2,481	(59)
Revenue	(482)	(507)	(480)	(525)	(45)
Net Expenditure	1,352	1,764	2,060	1,956	(104)
<b>4.1.7 Regional Amenities Fund</b>					
Expenditure	656	641	630	609	(21)
Revenue	(34)	(32)	(17)	-	17
Net Expenditure	622	609	613	609	(4)
<b>4.1 Total Arts and cultural activities</b>					
Expenditure	19,077	19,243	20,625	20,753	50
Revenue	(1,020)	(876)	(749)	(1,082)	(257)
Net Expenditure	18,057	18,367	19,877	19,670	(207)

CAPITAL EXPENDITURE (\$000)	ACTUAL 2014/15	ACTUAL 2015/16	ACTUAL 2016/17	BUDGET 2016/17	VARIANCE* 2016/17
<b>4.1.1 City galleries and museums</b>					
Expenditure	1,807	1,644	-	-	-
Unspent portion of budget to be carried forward to future years					
<b>4.1.2 Visitor attractions (Te Papa/ Carter Observatory)</b>					
Expenditure	554	268	1,231	9,248	12,055 <sup>1</sup>
Unspent portion of budget brought forward from prior years				43	
Budget reallocated from 3.1.2				(3,995)	
Unspent portion of budget to be carried forward to future years				43	
<b>4.1.4 Cultural grants</b>					
Expenditure		40	40	-	20
Unspent portion of budget brought forward from prior years				60	
Unspent portion of budget to be carried forward to future years				20	
<b>4.1.5 Access and support for community arts</b>					
Expenditure	10	16	15	27	12
Unspent portion of budget to be carried forward to future years				12	
<b>4.1 Total Arts and cultural activities</b>					
Expenditure	2,371	1,968	1,286	9,275	4,096
Unspent portion of budget brought forward from prior years				103	
Budget reallocation 2016/17				(3,995)	
Unspent portion of budget to be carried forward to future years				75	

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

1. Under budget due to the Movie Museum project delays - we continue to work with The Movie Museum Ltd to finalise the design of the museum and the building. Construction is expected to commence in 2018 following the completion of the legal agreements and detail designs.

## Total costs

NET OPERATING EXPENDITURE (\$000)	ACTUAL 2014/15	ACTUAL 2015/16	ACTUAL 2016/17	BUDGET 2016/17	VARIANCE 2016/17
<b>CULTURAL WELLBEING</b>	18,057	18,367	19,877	19,670	(207)

CAPITAL EXPENDITURE (\$000)	ACTUAL 2014/15	ACTUAL 2015/16	ACTUAL 2016/17	BUDGET 2016/17	VARIANCE 2016/17
Unspent portion of budget brought forward from prior years				103	
Annual Plan budget amount 2016/17				9,275	
Budget reallocation 2016/17				(3,995)	
<b>CULTURAL WELLBEING</b>	2,371	1,968	1,286	5,382	4,096

## Performance data

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

We use outcome indicators to monitor our city over time, which provides information on trends that may influence our performance including those outside our control. We use performance measures to track how well we are delivering services against targets as set out in the Long-term Plan and Annual Plans.

## Performance data - outcome indicators

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

COUNCIL OUTCOME INDICATOR	SOURCE		2014/15	2015/16	2016/17
Residents' frequency of engagement in cultural and arts activities	WCC RMS 2017		See supplementary tables		
New Zealanders and residents who agree that Wellington has a rich and culturally diverse arts scene	National Wellington Reputation Survey Results 2017	New Zealanders	84%	81%	79%
		Residents	90%	92%	90%
Residents who agree that Wellington's local identity (sense of place) is appropriately valued and protected	WCC RMS 2017		76%	78%	73%
Events held at key city venues	Positively Wellington Venues		1,647	958	951
New Zealanders and residents who agree that Wellington is the arts capital of New Zealand	National Wellington Reputation Survey Results 2017	New Zealanders	57%	58%	58%
		Residents	63%	66%	64%
Residents who agree that Wellington is an easy place to get involved in the arts	WCC RMS 2017		85%	86%	85%
Te Papa visitors - total visitors, overseas visitors and New Zealand visitors from outside the region	Te Papa	Total	1,556,164	1,784,939	1,578,292
		Overseas	766,725	708,371	718,081
		NZ outside region	316,377	581,986	483,995
Customer (%) satisfaction with the New Zealand Festival	Nielsen - 2016 New Zealand International Arts Festival Review		2014 87%	2016 91%	No festival
Total tickets sold (#) to the New Zealand Festival and the proportion sold to customers outside the region	New Zealand International Arts Festival			2016 179,455 40% (71,651)	No festival
Total visits to museums and galleries (including Carter Observatory/Space Place)	Wellington Museums Trust		689,414	688,169	780,414

## Performance data - Council performance measures

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

PERFORMANCE MEASURES	2014/15	2015/16	2016/17 ACTUAL	2016/17 TARGET	% VARIANCE
<b>4.1 Arts and cultural activities</b>					
<i>To measure the quality and usage of our arts and culture support activities</i>					
Attendee satisfaction with Council-supported arts and cultural festivals	84%	85%	81%	90%	-10%
Users (%) who are satisfied with Toi Pōneke facilities and services	91%	89%	90%	90%	0%
The proportion of grants funds successfully allocated (through milestones being met)	96%	98%	73%	95%	-23%
Grant funds are allocated for various community and arts projects, applicants set out the outcomes they hope to achieve, these milestones are moderated based on the funding allocated and Council's own priorities and outcomes. Our role is to advise and support applicants through the process and closely monitor successful applicants performance against the agreed outcomes. The result of the performance measure this year more closely reflects the efforts to improve monitoring and reporting of progress against outcomes.					
Proportion of outcomes delivered (previous projects - weighted by \$ value)	95%	98%	75%	90%	-17%
Venues Subsidy - total number of performers and attendees at supported events	12,564	113,390	163,202	Increase on previous year	Met, increase of 43.9%
It should be noted that the numbers relating to both performers and attendance include a number of large-scale community events, which include vast crowds. This includes (for 16/17) Diwali and Chinese New Year as well as mass performance events like The Big Sing and Artsplash with large groups of performers. The numbers may vary greatly from year to year.					
Economic contribution (\$) the New Zealand Festival makes to the city's economy (direct new spend)	not measured	\$32.093m	not measured	\$40m every 2nd year	-
Cultural grants - % first-time applicants who are successful	43%	38%	38%	50%	-24%
Funding is highly contested, the success of applications coming through, is affected by many factors including availability of funding from other trusts, foundations and philanthropists. There was an increase in the numbers of previous applicants also applying, which would add pressure to the funding rounds generally.					

## Performance data - supplementary tables

RESIDENTS' FREQUENCY OF ENGAGEMENT IN CULTURAL AND ARTS ACTIVITIES	2014/15	2015/16	2016/17
At least once a week	9%	6%	8%
At least once a month	34%	32%	35%
At least every 6 months	33%	35%	32%
At least once a year	11%	15%	13%
Less often	9%	9%	9%

Source: Wellington City Council Residents' Monitoring Survey 2017

## Case study

# Creating a world-class music centre by Civic Square

The Council, Victoria University and the New Zealand Symphony Orchestra (NZSO) are working together to establish a vibrant, world-class music centre, with the Wellington Town Hall as its focal point.

This year, the NZSO confirmed its support for the venture and Victoria University approved initial funding of \$10 million for its contribution to the first stage of the project. This involves the redevelopment and fit-out of the Town Hall's main auditorium and performance areas to provide central city rehearsal and performance spaces for the NZSO and Victoria University's New Zealand School of Music (NZSM).

The Council has sought public feedback on the project, which includes \$89 million of ratepayer funding to earthquake strengthen the Town Hall ahead of the internal redevelopment. Work on the strengthening project is expected to start in August 2018, and the aim is to complete it in 2021.

**“This school of music will reinforce Wellington’s rightful position as a centre of musical, cultural and educational excellence.” Ian Pike, Manager City Shaper, City Growth & Partnerships**

The second stage of the project will create a nationally significant centre of musical excellence taking in adjoining buildings to provide central city teaching and administrative spaces for the NZSM and NZSO.









# Pāpori me te hākinakina

## Social and recreation

We aim for strong,  
healthy communities

### The challenges we face

- Balancing rising community demand and expectations of services against pressure on costs to ratepayers
- Managing our recreation asset/facility portfolio in a time where there are changing patterns of recreation
- Reducing rising inequality, homelessness and street begging
- Enhancing household and community resilience, while maintaining the city's existing strengths such as safety, open and tolerant attitudes, and high quality of life

### Our strategic approach

- Promoting and facilitating strong, safe, healthy communities by ensuring infrastructure is in place to meet community needs
- Maximising the social return on community assets and facilities through making them multi-purpose where possible, for example the proposed Johnsonville community hub
- Contributing to residents' health and safety by supporting and facilitating the work of organisations that operate in this space, and providing facilities and services where the market and Central Government do not meet community needs
- Promoting social cohesion by supporting and partnering with organisations that work on reducing marginalisation, discrimination, inequality and exclusion

### In this section

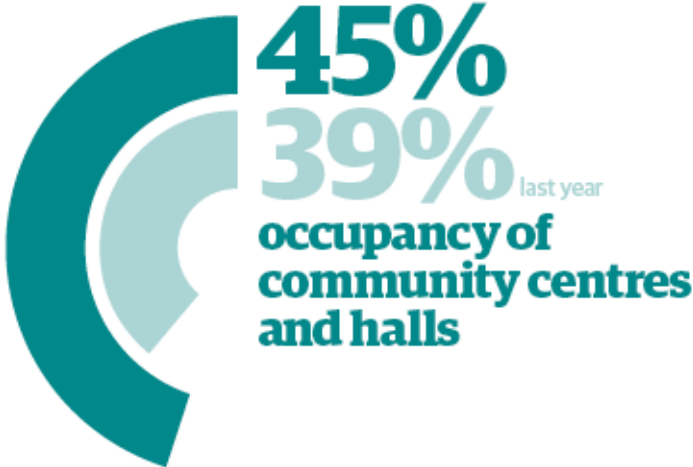
- 5.1 Recreation promotion and support
- 5.2 Community support
- 5.3 Public health and safety

# Snapshot of the city



**23%**  
usage of  
community centres

**19%**  
usage of  
community halls



 **2,159,555**  
physical library visits  
↓ 4%

**3,939,631**  
online library visits  
↑ 3.4%



## People who have essential emergency items at home



**99%** of people  
feel safe in the  
city during  
the day

98% in previous year

**81%** of people  
feel safe in the  
city at night

74% in previous year



# 5.1 Recreation promotion and support

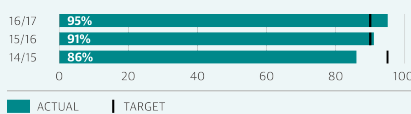
## What we did:

- Swimming pools.** A total of 1,318,555 swimming pool visits were recorded during the year. This is 17,855 or 1.4 percent more than in the previous 12 months. During the year, Freyberg Pool was also closed for maintenance. Post-closure feedback has been very positive about changes made to the changing rooms and sauna spaces.
- Recreation centres.** A total of 1,223,588 people used our recreation facilities during the year. This is 146,015 or 13.6 percent more than the previous year. Wellington also hosted a number of national and international events at the ASB Sports Centre and Wellington Regional Aquatic Centre, including a 4-day NZ Basketball Association Camp, 6-day Women’s International Floorball World Cup Qualifier event, Ashy Bines Booty Tour, NZ Women’s National Futsal Tournament, Kapahaka Festival, Special Olympics Bocce, NZ Secondary Schools Junior Futsal Champs, NZ Swimming Junior Festival, Weetbix Triathlon and the NZ Age Group Swimming Champs.
- Stakeholder engagement.** We undertook formal consultation on the Makara Peak Mountain Bike Park masterplan and the Wellington Play Space Policy. We also continued discussions with the Alex Moore Park Sport and Community Inc. The group is focusing on fundraising and completing of the building design process. We continue to work closely with the clubs that are part of Hataitai Park Community Sports Hub.
- Basin Reserve.** The external works to the RA Vance Stand deferred maintenance programme were completed during the year. Work on the internal maintenance programme has begun and will be completed before the 2017/18 cricket season. The Basin Reserve also hosted two international cricket tests. The playing surface continued to receive very favourable reviews by New Zealand Cricket and the International Cricket Council. The Basin Reserve continues to be one of the most highly used first class cricket grounds in New Zealand. The *New Zealand Herald* once again rated the Basin Reserve as the best cricket ground in the country.
- Sportsfields.** We constructed a third artificial hockey turf at Mount Albert in Melrose and a multi-sport artificial training turf at Terawhiti next to Karori Park. The conversion of Martin Luckie Park grass sportsfield to a sand carpet surface was also completed during the year. The wet summer and autumn impacted on the use of grass sportsfields. While targets for the number of scheduled games played were met, a higher than usual number of summer games were cancelled, which impacted some sporting events and decreased overall user satisfaction for both grass and artificial turf.
- Recreation support.** We ran sport and physical activity sessions for over 3000 young women through the Shift programme and partnered with organisations in Upper Hutt, Hutt City, and Porirua City to expand the programme regionally. We also partnered with Primary Sport Wellington and Regional Sports Organisations to run the Wellington Regional SportsFest. Altogether 2600 students in Years 5-8 from 50 schools participated in 10 different sports during the 2-day event.

## HOW WE PERFORMED

### Users who are satisfied with ASB Sports Centre (%)

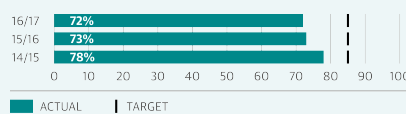
Source: Wellington City Council Residents' Monitoring Survey 2017



Target exceeded by 6% and increasing trend. Attendance at ASB Sports Centre has increased by more than 110,000 from last year. Key to this success has been securing a number of major national and international events, as well as improving and increasing the number of programmes for children.

### Users who are satisfied with our grass sportsfields (%)

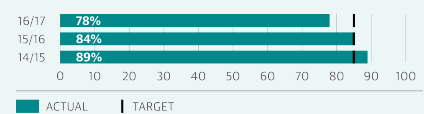
Source: Wellington City Council Residents' Monitoring Survey 2017



Target not met (-15%). The wet summer and autumn has had an impact on the use of grass sportsfields. While targets for the number of scheduled games played were met, there were a higher than usual number of games cancelled, which has affected some sporting codes and decreased overall user satisfaction.

### Users who are satisfied with our artificial sportsfields (%)

Source: Wellington City Council Residents' Monitoring Survey 2017



Target not met (-8%) and declining trend. Although there has been some increase in utilisation during winter months, satisfaction may be affected by the cost and unpredictable weather.

## Finances

### How it was funded

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

### What it cost

OPERATING EXPENDITURE (\$000)	ACTUAL 2014/15	ACTUAL 2015/16	ACTUAL 2016/17	BUDGET 2016/17	VARIANCE* 2016/17
<b>5.1.1 Swimming pools</b>					
Expenditure	20,520	21,138	21,008	20,924	(84)
Revenue	(6,806)	(7,017)	(7,100)	(7,551)	(451)
Net Expenditure	13,714	14,121	13,907	13,373	(534) <sup>1</sup>
<b>5.1.2 Sportsfields</b>					
Expenditure	3,417	3,272	3,615	3,514	(100)
Revenue	(319)	(273)	(292)	(301)	(9)
Net Expenditure	3,098	2,999	3,322	3,213	(109)
<b>5.1.3 Sportsfields (synthetic)</b>					
Expenditure	1,237	1,258	1,401	1,353	(48)
Revenue	(418)	(473)	(544)	(534)	10
Net Expenditure	819	785	857	819	(38)
<b>5.1.4 Recreation centres</b>					
Expenditure	9,705	9,425	9,253	9,998	745
Revenue	(2,653)	(2,754)	(2,995)	(2,707)	288
Net Expenditure	7,052	6,671	6,257	7,290	1,033 <sup>2</sup>
<b>5.1.5 Recreation partnerships</b>					
Expenditure	1,049	992	1,115	1,107	(8)
Revenue	-	-	-	-	-
Net Expenditure	1,049	992	1,115	1,107	(8)

<b>5.1.6 Playgrounds</b>					
Expenditure	746	759	816	795	(22)
Revenue	-	-	-	-	-
Net Expenditure	746	759	816	795	(22)
<b>5.1.7 Marinas</b>					
Expenditure	511	565	609	673	65
Revenue	(582)	(596)	(596)	(603)	(7)
Net Expenditure	(71)	(31)	12	70	58
<b>5.1.8 Golf course</b>					
Expenditure	221	225	208	260	53
Revenue	(58)	(60)	(55)	(92)	(36)
Net Expenditure	163	165	152	169	17
<b>5.1.9 Recreation programmes</b>					
Expenditure	345	252	470	280	(191)
Revenue	(59)	(128)	(247)	(15)	232
Net Expenditure	286	124	223	264	41
<b>5.1 Total Recreation promotion and support</b>					
Expenditure	37,751	37,886	38,493	38,904	412
Revenue	(10,895)	(11,301)	(11,831)	(11,803)	28
Net Expenditure	26,856	26,585	26,662	27,101	439

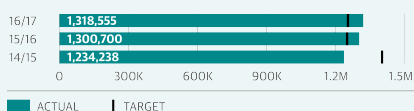
\*Variance explanations to finances - why our actual spend differs from what was budgeted.

1. Over budget due to lower revenue from user charges and higher depreciation costs.
2. Under budget due to lower interest costs and higher revenue from user charges.

## HOW WE PERFORMED

### Visits to swimming pools

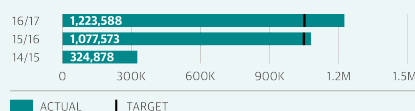
Source: Wellington City Council



Target exceeded by 5% and visitor numbers up slightly on last year.

### Visits to recreation centres and ASB Sports Centre

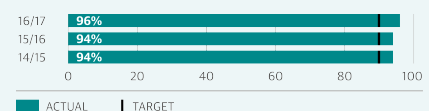
Source: Wellington City Council



Target exceeded by 15%. Attendance at all recreation centres and the ASB Sports Centre has increased this year. There has been a focus on the programmes we are delivering, which has seen an overall increase in attendance numbers, and the ASB Sports Centre hosted a number of key national and international events.

### Tenants who are satisfied with services and facilities (%)

Source: 2017 Tenant Survey



CAPITAL EXPENDITURE (\$000)	ACTUAL 2014/15	ACTUAL 2015/16	ACTUAL 2016/17	BUDGET 2016/17	VARIANCE* 2016/17
<b>5.1.1 Swimming pools</b>					
Expenditure	5,185	2,535	686	1,853	1,167 <sup>1</sup>
Unspent portion of budget to be carried forward to future years				1,166	
<b>5.1.2 Sportsfields</b>					
Expenditure	517	1,125	849	905	56
Unspent portion of budget brought forward from prior years				75	
Unspent portion of budget to be carried forward to future years					
<b>5.1.3 Sportsfields (synthetic)</b>					
Expenditure	47	223	3,678	1,789	(1,552) <sup>2</sup>
Unspent portion of budget brought forward from prior years				337	
Unspent portion of budget to be carried forward to future years				184	
<b>5.1.4 Recreation centres</b>					
Expenditure	27	112	88	77	(11)
Unspent portion of budget brought forward from prior years				14	
Unspent portion of budget to be carried forward to future years					
<b>5.1.5 Recreation partnerships</b>					
Expenditure	234	857	2,938	1,597	1,759 <sup>3</sup>
Unspent portion of budget brought forward from prior years				3,100	
Unspent portion of budget to be carried forward to future years				1,759	

**5.1.6 Playgrounds**

Expenditure	602	429	304	455	151
Unspent portion of budget to be carried forward to future years					

**5.1.7 Marinas**

Expenditure	92	524	165	141	12
Unspent portion of budget brought forward from prior years				36	
Unspent portion of budget to be carried forward to future years					12

**5.1 Total Recreation promotion and support**

Expenditure	6,704	5,805	8,708	6,817	1,671
Unspent portion of budget brought forward from prior years				3,562	
Unspent portion of budget to be carried forward to future years					3,121

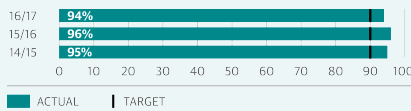
\*Variance explanations to finances - why our actual spend differs from what was budgeted.

1. Under budget due to changes in the Freyberg Pool maintenance closure, where some components were able to be delayed until the next pool closure allowing parts of the facility to remain open throughout the work.
2. Over budget due to approved changes in the budget available. The Council approved an additional \$1.4 million for this project in August 2016, \$0.8 million of this funded by sports groups. Also an addition \$0.2 million of unbudgeted external revenue has been received from sports groups.
3. Under budget largely due to the delay in the work on the RA Vance Stand at the Basin Reserve.

**HOW WE PERFORMED**

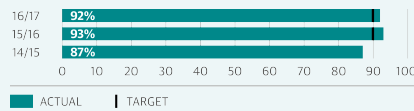
**Tenants who rate the overall condition of their house/apartment as good or very good (%)**

Source: 2017 Tenant Survey



**Users who are satisfied with library services and facilities (%)**

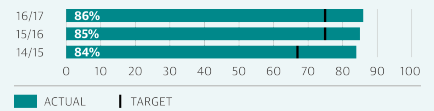
Source: Wellington City Council Residents' Monitoring Survey 2017



Satisfaction remains high at 92%.

**Users who are satisfied with the online library collection (%)**

Source: Wellington City Council Residents' Monitoring Survey 2017



Target exceeded by 15%. New interfaces for PressReader (online newspapers) and RBdigital (downloadable e-magazines) were introduced this year, with positive feedback from - and increased use by - library customers.

# 5.2 Community support

## What we did

- Earthquake response.** The November earthquake was a significant event affecting residents and businesses across Wellington. Key work delivered included opening a number of emergency activation centres (welfare centres) both in response to the November flood and the earthquake. Victoria University assisted us in providing access to student accommodation, for short and longer-term accommodation. After the earthquake, 186 organisations were closed, of which 65 are within the cordons and 150 operate outside the public administration sector. It is estimated that there were approximately 5000 displaced workers across the city, 850 from within the cordons. We worked closely with Government in response to the earthquake and secured a support package that gave businesses \$500 per full-time employee and \$300 per part-time employee per week. This made a considerable difference in supporting businesses to be able to retain staff.
- Resilience Strategy.** We launched our Resilience Strategy, which includes key projects that we are working to deliver in partnership with WREMO. These include preparing for an ageing population, building on the Council-funded Te Whakamura partnership to address homelessness, developing sustainable food networks, and building community resilience.

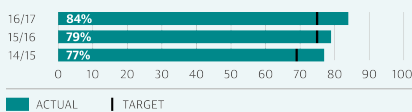
- Earthquake Recovery Information Centre (ERIC).** We formally established ERIC in partnership with community partners, Victim Support, the Ministry of Social Development, WREDA, the Insurance Council, Inland Revenue Department, the Earthquake Commission, Tenancy Advice, Citizens Advice Bureau, and Wellington Community Law. It provided a platform to connect with the businesses and individuals inside and near the cordons and those affected by the earthquake.
- Libraries.** A total of 2,159,555 physical library visits were made during the year and 2,811,921 items were issued. Altogether, there were 3,939,631 visits to our library website. Ebooks and eMagazines are regularly added to the collection, and as a result customer satisfaction with online library resources has climbed to 85 percent. A wide range of events continue to be held to connect both children and adults to new ideas and knowledge, such as robots, language learning, and story-times.

During November and December, the Tawa Community Centre and the second floor of the Central Library provided temporary accommodation space for Council staff following the earthquake. Despite the added pressure, all library services continued during this period. The new Johnsonville Library building project reached a milestone with the completion of the revised developed design, and detailed design is under way.

## HOW WE PERFORMED

### Residents who are registered members of Wellington City Libraries (%)

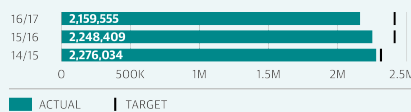
Source: Wellington City Council



Target exceeded by 12% due to a softening in approach to closing long-dormant membership accounts. Performance objectives will be set to reflect current customer membership environment targets.

### Visits to libraries

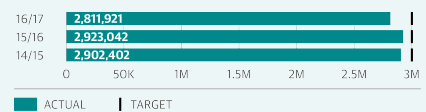
Source: Wellington City Council



Target nearly met (-8%). Physical visitor numbers are slightly down on the last 2 years (-4%).

### Library items issued

Source: Wellington City Council



Target nearly met (-7%). The number of items issued was slightly down on last year (-4%).



- Housing Taskforce.** A housing taskforce made up of the Mayor, Deputy Mayor, Council officers and industry experts was established to provide options to increase Wellington’s housing supply, deliver more affordable housing, resolve planning issues, and improve housing quality and options for emergency housing. The Taskforce largely completed its work during the 2016/17 year and has made a series of recommendations to the Council. The Council will consider these recommendations to determine its next steps as part of the Long-term Plan 2018-28 process.
- Housing upgrade programme.** Work continued on Arlington site 2, with earthworks and ground preparations completed. Construction of the 10 buildings is advanced and roof structures are in place across several blocks, giving a view to the final design height of the site. The works to install stormwater, drainage and potable water supplies are also under way. The work is due to be finished in June 2018.

<b>5.2.2 Access support (Leisure Card)</b>					
Expenditure	56	102	112	102	(10)
Revenue	-	-	-	-	-
Net Expenditure	56	102	112	102	(10)
<b>5.2.3 Community advocacy</b>					
Expenditure	1,487	1,329	1,431	1,219	(212)
Revenue	(11)	(9)	(19)	-	19
Net Expenditure	1,476	1,320	1,412	1,219	(193)
<b>5.2.4 Grants (Social and Recreation)</b>					
Expenditure	2,749	3,643	4,440	4,224	(216)
Revenue	(19)	(23)	(19)	-	19
Net Expenditure	2,730	3,620	4,421	4,224	(197) <sup>1</sup>
<b>5.2.5 Housing</b>					
Expenditure	24,500	22,294	23,886	25,105	1,220
Revenue	(35,866)	(34,256)	(35,582)	(37,278)	(1,696)
Net Revenue	(11,366)	(11,962)	(11,697)	(12,173)	(476) <sup>2</sup>
<b>5.2.6 Community centres and halls</b>					
Expenditure	3,010	3,248	3,868	3,473	(395)
Revenue	(281)	(364)	(333)	(235)	98
Net Expenditure	2,729	2,884	3,535	3,238	(297)
<b>5.2 Total Community support</b>					
Expenditure	52,437	51,745	56,009	56,618	609
Revenue	(37,719)	(36,104)	(37,315)	(38,997)	(1,683)
Net Expenditure	14,718	15,641	18,694	17,620	(1,074)

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

- Over budget on grant spend due to payment of expenses allocated (and expected to be incurred) against the 2017/18 budget.
- Over budget due to the timing of the recognition of the Crown funding for the Housing Upgrade Programme. This is partly offset by lower depreciation costs and higher housing rental income, where some sites expected to be offline due to the upgrade programme are still being tenanted.

**Finances**

**How it was funded**

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

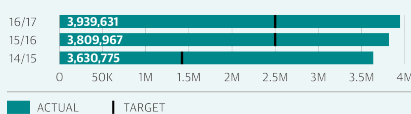
**What it cost**

OPERATING EXPENDITURE (\$000)	ACTUAL 2014/15	ACTUAL 2015/16	ACTUAL 2016/17	BUDGET 2016/17	VARIANCE* 2016/17
<b>5.2.1 Libraries</b>					
Expenditure	20,635	21,129	22,273	22,495	222
Revenue	(1,542)	(1,452)	(1,361)	(1,484)	(123)
Net Expenditure	19,093	19,677	20,911	21,010	99

**HOW WE PERFORMED**

**Visits to the library website**

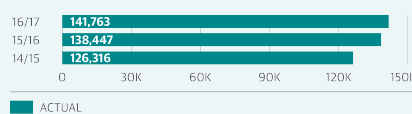
Source: Wellington City Council



Target exceeded by 58%. The performance measure for total number of visitor sessions was set before our adoption of the “WCL Mini” app. While the overall website usage increase is modest, the number of active WCL Mini users increased by 25%, and app downloads increased by 61%.

**Number of uses of the Leisure Card**

Source: Recreation Wellington



Upward trend.

CAPITAL EXPENDITURE (\$000)	ACTUAL 2014/15	ACTUAL 2015/16	ACTUAL 2016/17	BUDGET 2016/17	VARIANCE* 2016/17
<b>5.2.1 Libraries</b>					
Expenditure	2,255	4,566	3,474	9,521	6,998 <sup>1</sup>
Unspent portion of budget brought forward from prior years				950	
Unspent portion of budget to be carried forward to future years				6,674	
<b>5.2.5 Housing</b>					
Expenditure	19,167	14,940	15,090	23,861	10,476 <sup>2</sup>
Unspent portion of budget brought forward from prior years				1,706	
Unspent portion of budget to be carried forward to future years				9,558	
<b>5.2.6 Community centres and halls</b>					
Expenditure	19	146	192	262	70
Unspent portion of budget to be carried forward to future years				70	
<b>5.2 Total Community support</b>					
Expenditure	21,441	19,652	18,756	33,644	17,544
Unspent portion of budget brought forward from prior years				2,656	
Unspent portion of budget to be carried forward to future years				16,302	

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

1. Under budget mainly due to delays in the upgrade of the Johnsonville Library.
2. Under budget mainly due to delays in the Housing Upgrade Programme work at the Arlington complex.

## 5.3 Public health and safety

### What we did:

- **City safety.** We put community and neighbourhood safety and resilience programmes in place at Strathmore Park, and carried out projects that will help Wellington become a UNICEF child and youth friendly city. We also supported social enterprise start-up Pomegranate Kitchen, a catering business that employs people with a refugee background, and funded organisations including Victim Support, the Sexual Abuse Prevention Network, Te Whare Rokiroki (Māori Women's Refuge) and Shakti. These organisations carry out vital services that contribute to our status as a safe city, and help with preparations for emergency welfare delivery.
- **Local Hosts.** Wellington's Local Hosts continued to strengthen relationships with central city retailers, takeaways, cafes and bars. Their presence and data intelligence gathering in areas such as Pukeahu War Memorial Park, the waterfront, and Allen and Blair streets have assisted emerging place-based initiatives. As well as being based in the central city, the Hosts have maintained a presence in suburbs including Kilbirnie, Newtown, Strathmore and Miramar, and built relationships in these areas with local businesses, community centres, City Housing communities, and vulnerable people.
- **Public health.** We have continued to make sure the requirements of the new Food Act are understood and met by our customers. This has included running a Facebook question-and-answer session and presenting to a number of industry groups.
- **Wellington Region Emergency Management Office (WREMO).** As a result of the November earthquake, WREMO saw an increase in demand for Community Response Planning across the region. Within Wellington City, WREMO has completed five Community Response Plans, with a further seven in the early stages of development. It has also been working on staff preparedness with some Wellington-based embassies, and helping them identify what they can do to assist their foreign nationals. WREMO finished the development of the Community Emergency Hub concept, and has been contacting all hub facility owners about the change in name from "Civil Defence Centres", and the clarification of the roles and responsibilities associated with the concept.

The Kaikoura After Action Review report was completed and signed off at the Joint Committee. WREMO is now developing the Wellington Earthquake Response Plan (WREP), which will link Central Government plans to regional and local planning requirements. To date, the strategic level of the WREP has been produced and progress made towards developing plans regarding situational awareness, evacuation, supply chain, emergency assistance centres, needs assessment and communications.

## Finances

### How it was funded

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

### What it cost

OPERATING EXPENDITURE (\$000)	ACTUAL 2014/15	ACTUAL 2015/16	ACTUAL 2016/17	BUDGET 2016/17	VARIANCE* 2016/17
<b>5.3.1 Burials and cremations</b>					
Expenditure	2,310	1,626	1,608	1,655	47
Revenue	(816)	(764)	(807)	(858)	(51)
Net Expenditure	1,494	862	801	797	(4)
<b>5.3.2 Public toilets</b>					
Expenditure	2,614	3,048	2,986	2,962	(24)
Revenue	-	-	-	-	-
Net Expenditure	2,614	3,048	2,986	2,962	(24)
<b>5.3.3 Public Health Regulations</b>					
Expenditure	4,675	5,188	5,449	5,253	(196)
Revenue	(3,089)	(3,266)	(3,370)	(3,245)	126
Net Expenditure	1,586	1,922	2,079	2,009	(70)
<b>5.3.4 City safety</b>					
Expenditure	2,234	2,791	3,203	2,815	(388)
Revenue	(46)	(51)	(31)	-	31
Net Expenditure	2,188	2,740	3,172	2,815	(357)
<b>5.3.5 WREMO</b>					
Expenditure	1,322	1,394	4,909	1,534	(3,375)
Revenue	(34)	(20)	(2,245)	(18)	2,227
Net Expenditure	1,288	1,374	2,664	1,517	(1,148) <sup>1</sup>
<b>5.3 Total Public health and safety</b>					
Expenditure	13,155	14,047	18,155	14,220	(3,935)
Revenue	(3,985)	(4,101)	(6,453)	(4,120)	2,333
Net Expenditure	9,170	9,946	11,702	10,099	(1,603)

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

1. Over budget due to unbudgeted emergency management costs as a result of the November earthquake.

CAPITAL EXPENDITURE (\$000)	ACTUAL 2014/15	ACTUAL 2015/16	ACTUAL 2016/17	BUDGET 2016/17	VARIANCE 2016/17
<b>5.3.1 Burials and cremations</b>					
Expenditure	176	445	576	316	40
Unspent portion of budget brought forward from prior years				300	
Unspent portion of budget to be carried forward to future years				84	
<b>5.3.2 Public toilets</b>					
Expenditure	865	295	2,102	1,622	209
Unspent portion of budget brought forward from prior years				689	
Unspent portion of budget to be carried forward to future years					
<b>5.3.5 WREMO</b>					
Expenditure	-	72	43	73	30
Unspent portion of budget to be carried forward to future years				30	
<b>5.3 Total Public health and safety</b>					
Expenditure	1,041	812	2,721	2,011	279
Unspent portion of budget brought forward from prior years				989	
Unspent portion of budget to be carried forward to future years				114	

### Total costs

NET OPERATING EXPENDITURE (\$000)	ACTUAL 2014/15	ACTUAL 2015/16	ACTUAL 2016/17	BUDGET 2016/17	VARIANCE 2016/17
<b>SOCIAL AND RECREATION</b>	50,744	52,172	57,058	54,820	(2,238)
<b>CAPITAL EXPENDITURE (\$000)</b>					
Unspent portion of budget brought forward from prior years				7,207	
Annual Plan budget amount 2016/17				42,471	
<b>SOCIAL AND RECREATION</b>	29,186	26,269	30,186	49,679	19,493

## Performance data

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

We use outcome indicators to monitor our city over time, which provides information on trends that may influence our performance including those outside our control. We use performance measures to track how well we are delivering services against targets as set out in the Long-term Plan and Annual Plans.

### Performance data - outcome indicators

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

COUNCIL OUTCOME INDICATOR	SOURCE		2014/15	2015/16	2016/17
Residents' usage of City Council community and recreation facilities	WCC RMS 2017	Community Centre	22%	20%	23%
		Community Hall	19%	21%	19%
Residents who agree that Wellington offers a wide range of recreation activities	WCC RMS 2017		85%	82%	85%
Residents' frequency of physical activity	WCC RMS 2017		71%	74%	73%
Residents who perceive there to be barriers to participating in recreation activities	WCC RMS 2017		See supplementary tables		
Residents' importance of sense of community in local neighbourhood	WCC RMS 2017	Biennial Result			75% 2014
Residents' usage of libraries and frequency of use	WCC RMS 2017		See supplementary tables		
Residents who engage in neighbourly actions	WCC RMS 2017		See supplementary tables		
Housing Services tenants who report positive social contact	2017 Tenant Survey		94%	94%	93%
Residents' perceptions - city and community safety issues of most concern	WCC RMS 2017		See supplementary tables		
Recorded crime and resolution rates - by categories	NZ Police	*Police changed the way they report crime statistics			
Number of notifications of the most prevalent food and water-borne diseases	WCC Public Health		207	197	207
Residents' life expectancy	Statistics NZ		2012-14 Male 80.9 Female 84.2		
Food premises - number of cleaning notices and closures per year	WCC Public Health	Cleaning notices	17	8	10
		Closures	1	2	-
Percentage of food premises with an inspection rating of excellent or very good that maintain or improve their inspection rating	WCC Public Health		99%	93%	96%
Number of uses of Leisure Card	Recreation Wellington		126,316	138,447	141,763
Dog control - complaints received (% of registered dogs)	WCC Public Health		22%	24%	21%

### Performance data - Council performance measures

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

PERFORMANCE MEASURES		2014/15	2015/16	2016/17 ACTUAL	2016/17 TARGET	% VARIANCE
<b>5.1 Recreation promotion and support</b>						
<i>To measure the quality and usage (quantity) of the recreation facilities we provide</i>						
User (%) satisfaction - swimming pools		85%	88%	87%	90%	-3%
User (%) satisfaction	Recreation Centres	85%	87%	88%	90%	-2%
	ASB Sports Centre	86%	91%	95%	90%	6%
User (%) satisfaction - sportsfields	Grass	78%	73%*	72%	85%	-15%
	Artificial turf	89%	84%	78%	85%	-8%
Visits to facilities - swimming pools		1,234,238	1,300,700	1,318,555	1,260,000	5%
Visits to facilities - recreation centres and ASB Sports Centre		324,878	1,077,573	1,223,588	1,060,000	15%
ASB Sports Centre courts utilisation (%)		46%	50%	56%	45%	24%
Sportsfields - % of scheduled sports games and training that take place	Winter	88%	79%	84%	80%	5%
	Summer	99%	99%	92%	90%	2%

PERFORMANCE MEASURES		2014/15	2015/16	2016/17 ACTUAL	2016/17 TARGET	% VARIANCE
Marinas occupancy		98%	96%	98%	96%	2%
Artificial sportsfields % utilisation	Peak	68%	68%	79%	80%	-1%
	Winter					
	Peak	32%	36%	34%	40%	-15%
	Summer					
	Off-peak	25%	15%	19%	25%	-24%
	Winter					
	Off-peak	11%	10%	8%	20%	-60%
	Summer					

During the summer months the level of interest from customers to use the artificial turf is lower as the weather enables schools to utilise their own fields. With the addition of Alex Moore Park, there are now more hours available for use, which also has impacted on the measure reported.

PERFORMANCE MEASURES		2014/15	2015/16	2016/17 ACTUAL	2016/17 TARGET	% VARIANCE
<b>5.2 Community support</b>						
<i>To measure the quality and usage (quantity) of the housing services we provide</i>						
Tenant satisfaction (%) with services and facilities		94%	94%	96%	90%	7%
Tenant rating (%) of the overall condition of their house/apartment (average, good and very good)		95%	96%	94%	90%	4%
Tenant (%) sense of safety in their complex at night		78%	75%	78%	75%	1%
Occupancy rate of available housing facilities		95%	94%	97%	90%	8%
All tenants (existing and new) housed within policy		99%	99%	97%	98%	-1%
<i>To measure the progress of the Housing Upgrade Project</i>						
Agreed milestones, design standards and budgets are met in accordance with the agreed works programme and Deed of Grant between the Crown and the Council		Achieved	Achieved	Achieved	To Achieve	Met
<i>To measure the quality and usage (quantity) of our community and recreation support services (including libraries)</i>						
Libraries - user (%) satisfaction with services and facilities		87%	93%	92%	90%	2%
E-library - user satisfaction (%) with the online library collection		84%	85%	86%	75%	15%
Accessible Wellington Action Plan initiatives planned for next year		77%	85%	NA	90%	NA
No initiatives were planned for the 2016/17.						
The proportion of grants fund successfully allocated (through milestones being met)		100%	100%	92%	95%	-3%
Proportion of outcomes delivered (previous projects) - weighted by \$ value		100%	100%	94%	90%	4%
Libraries - residents (%) who are registered members		77%	79%	84%	75%	12%
Libraries - physical visits		2,276,034	2,248,409	2,159,555	2,400,000	-8%
Libraries - website visits		3,630,775	3,809,967	3,939,631	2,500,000	58%
Library items issued		2,902,402	2,923,042	2,811,921	3,000,000	-7%
Occupancy rates (%) of Wellington City Council Community Centres and Halls		34%	39%	45%	45%	0%

PERFORMANCE MEASURES		2014/15	2015/16	2016/17 ACTUAL	2016/17 TARGET	% VARIANCE
<b>5.3 Public health and safety</b>						
<i>To measure the quality of our public health and safety services and programmes and our timeliness in responding to service requests</i>						
Dog control - urgent requests responded to within 1 hour and non-urgent requests responded to within 24 hours	Urgent	100%	100%	91%	100%	-9%
	Non-urgent	99%	100%	97%	99%	-2%
WCC public toilets - urgent requests responded to within 4 hours and non-urgent requests responded to within 3 days	Urgent	99%	100%	100%	100%	0%
	Non-urgent	99%	100%	98%	95%	3%
WCC public toilets (%) that meet required cleanliness and maintenance performance standards		100%	100%	98%	95%	3%
Percentage of alcohol inspections carried out for medium to very high-risk premises		100%	100%	100%	100%	0%
Percentage of alcohol inspections carried out for medium to very high-risk premises during high trading hours		35%	28%	17%	25%	-34%
This result reflects the number of inspections carried out rather than the number of premises visited. As some premises are visited multiple times, the measure does not accurately demonstrate the effectiveness of performance and will be adjusted for next financial year						
Graffiti removal - response timeframes met		new	85%	83%	80%	4%

## Performance data - supplementary tables

RESIDENTS' PERCEPTIONS THAT THERE ARE BARRIERS TO PARTICIPATING IN RECREATION ACTIVITIES	2014/15	2015/16	2016/17
Too busy	47%	43%	49%
Poor health	6%	8%	7%
Activity costs too much	26%	29%	26%
Activity too far away	19%	23%	21%
No facilities for child care	5%	5%	5%
Weather	34%	29%	28%
Not at a convenient time	21%	20%	23%
Shift work	6%	6%	5%
Lack of motivation	22%	22%	25%
No facilities exist	1%	2%	2%
Tiredness	20%*	23%	23%
Lack of knowledge about how to do it	15%	12%	13%
Environmental factors (eg road conditions)	3%	3%	3%
Lack of parking or transport	20%	22%	20%
Nothing or not interested	10%	12%	14%
Other (specify)	8%	6%	7%
Don't know	1%	0%	0%

\* Reported incorrectly in 2015/16 Annual Report as 30%

Source: Wellington City Council Residents' Monitoring Survey 2017

RESIDENTS' USAGE (%) OF LIBRARIES AND FREQUENCY OF USE	2014/15	2015/16	2016/17
More than once a week	4%	5%	6%
Once a week	15%	15%	14%
Once every 2-3 weeks	24%	20%	25%
Once a month	19%	20%	20%
Once every 2-3 months	21%	19%	19%
Once every 4-6 months	7%	12%	8%
Less often than once every 6 months	8%	9%	8%
Don't know	1%	1%	0%

Source: Wellington City Council Residents' Monitoring Survey 2017

RESIDENTS WHO ENGAGE IN NEIGHBOURLY ACTIONS	2014/15	2015/16	2016/17
Spoken to a neighbour	92%	91%	89%
Given help to a neighbour	58%	62%	55%
Received help from a neighbour	47%	49%	46%
Participated in an activity with a neighbour	38%	36%	33%
Discussed emergency preparedness with a neighbour	16%	14%	21%
None of the above	7%	7%	10%

Source: Wellington City Council Residents' Monitoring Survey 2017

RESIDENTS' PERCEPTIONS OF CITY SAFETY ISSUES OF MOST CONCERN	2014/15	2015/16	2016/17
Which of the following, if any, are particularly concerning in Wellington at present?			
Poorly lit or dark public areas such as streets, paths and parks	61%	63%	59%
Vandalism such as broken windows in shops and public buildings	26%	27%	17%
Graffiti	34%	32%	16%
Poorly maintained or dangerous public areas such as streets, paths and parks	34%	37%	32%
Traffic, including busy roads and lack of pedestrian facilities	34%	33%	33%
Dangerous driving including speeding, drunk drivers and so on	29%	30%	33%
Alcohol and drug problems	51%	49%	46%
Car theft or vandalism, and theft from cars	36%	32%	29%
Threatening people and/or people behaving dangerously	48%	51%	46%
Other (specify)	11%	10%	6%
Nothing	5%	5%	3%
Don't know	1%	2%	1%

Source: Wellington City Council Residents' Monitoring Survey 2017

## Case study

# Reducing homelessness/Te Mahana

The Council has been involved in responding to homelessness for many years. In 2003, we set up a Homeless Taskforce, which led to the creation of our first homeless strategy the following year. In 2013, the Taskforce came up with a citywide strategy, Te Mahana, to end homelessness by 2020.

The Council funds Te Whakamura Ai Te Ahi, which means “to keep the home fires burning”. This is a partnership between three community agencies - Downtown Community Ministry (DCM), Ngati Kahungunu ki Poneke Community Services Inc., and the Compassion Soup Kitchen - that delivers a range of services for the homeless, with a particular focus on a “housing first” approach. The Council has committed ongoing funding to this partnership, and in the past 12 months has supported it through combined contract funding of \$458,000.

“Homelessness is a highly complex issue and there is no easy fix. The emphasis has to be on connecting people with the right services, and finding long-term housing solutions.”

**Jenny Rains, WCC  
Community Services  
Manager**

We also approved \$137,668 in community grants for DCM, \$72,666 for the Compassion Soup Kitchen, and \$100,016 for Ngati Kahungunu ki Poneke Community Services.









6

# Tāone tupu ora

## Urban development

We aim for a compact, resilient, and attractive city

### The challenges we face

- Increasing housing supply (and housing standards) in the city to avoid an Auckland-style housing crisis
- Balancing the benefits of looking after our heritage against the need to earthquake-strengthen the city
- Meeting changing demands such as smaller households and more inner city living
- Supporting more sustainable land use and transport options to accommodate the growing population, pressure on land and environmental concerns

### Our strategic approach

- Maintaining the city's liveability by ensuring housing remains affordable despite population growth
- Simplifying and streamlining the consenting processes
- Improving the quality of urban design and public open spaces
- Maintaining the city's unique and compact character
- Improving the city's resilience

### In this section

- 6.1 Urban planning, heritage and public spaces development (including waterfront development)
- 6.2 Building and development control

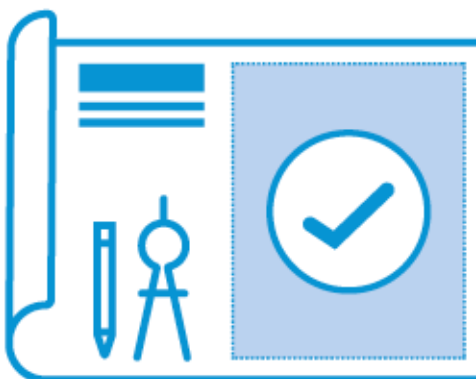
# Snapshot of the city

**90+**  
buildings have been taken off the earthquake-prone buildings list



**750**  
new Council housing units over the next 10 years

**2596**  
number of building consents issued



**51%** of residents agree city development maintains high-quality design



**98**  
unreinforced masonry building sites that need strengthening works (as of 31 March 2017)



# 6.1 Urban planning, heritage and public spaces development

## What we did:

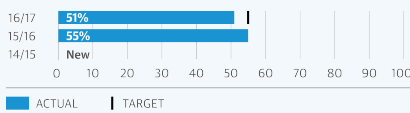
- Earthquake response.** The response to the November earthquake was the main focus at the start of the year. Initial engineering reports showed a theme of concern around buildings within a certain criteria<sup>1</sup>. Based on this intelligence, along with concern from tenants across the city, the Council sought emergency powers under the Civil Defence and Emergency Management Act 2002. This gave the Council the ability to compel building owners to conduct inspections of their buildings and share their results. In total, 80 buildings were identified, with repair work and/or demolition continuing for many of them.
- Unreinforced masonry.** The unreinforced masonry buildings initiative began at the start of the year, involving 113 buildings in the city. Significant effort is currently focused on demolitions in Thorndon. Ongoing demolition and reconstruction work is likely to last for several years.
- Urban activation.** Lombard Lane work was significantly advanced during the year and the Cable Car laneway improvements were completed. We also installed pedestrian crossing lights commemorating local war hero Captain Alfred Shout (VC, MC) at four junctions surrounding the Pukeahu National War Memorial Park. The launch of these lights was timed to coincide with a visit by the Australian Capital Territory Chief Minister Andrew Barr and a wreath-laying at the park to celebrate our sister-city relationship with Canberra. We also installed Carmen Rupe pedestrian crossing lights at four junctions on Cuba Street. We completed installation of Commonwealth Walkway plaques and developed interpretative material highlighting 32 sites of historic, social, and cultural significance across Wellington. We developed conceptual designs for Holland Street, and initial community engagement is under way for the upgrade of the street and connecting lanes. We also completed installation of five murals depicting “urban legends” of Egmont Street on garage doorways. Overhead catenary lighting has also been installed to highlight the Dixon Street entrance to the lane. Concept designs for the Tawa Town Centre upgrade were developed with key community stakeholders across a series of meetings. Concepts for the Tawa mural and pedestrian crossing improvements were also developed.

1 These criteria are: Buildings four to 15 storeys high, containing reinforced concrete (a focus on precast floors), built on soft soils with ductile (flexible) design.

## HOW WE PERFORMED

Residents who agree the city is developing in a way that maintains high-quality design (%)

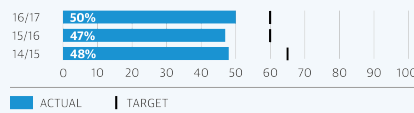
Source: Wellington City Council



Increase from previous year. Target to increase level of agreement year on year not achieved (-7.3%).

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

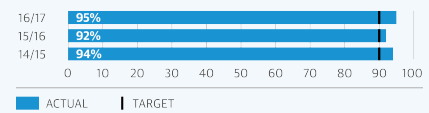
Source: Wellington City Council



Target not met (-17%). Even though the survey result has improved from last year, it is well below target. Unfortunately we don't currently ask why residents feel this way in the monitoring survey. Further investigation is required to identify underlying concerns so that improvements can continue.

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

Source: Wellington City Council



Ahead of target and increased from last year.

- Waterfront.** There was significant progress on the proposed redevelopment of north Kumutoto on the waterfront. Developer Willis Bond & Co commenced construction of the new five-level commercial office building to be known as the PWC Centre, and the Council commenced construction on the north Kumutoto public space. Both projects are due for simultaneous completion in mid-2018 and will transform the waterfront.

Willis Bond & Co exercised its first right of refusal for the potential redevelopment of site 9 at north Kumutoto. Negotiations between the Council and Willis Bond will be finalised before a Council decision in 2017/18.

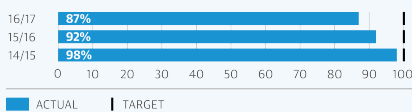
A proposal to re-establish the motor home park on adjacent CentrePort land did not proceed due to a combination of proposed development cost and seismic damage to the site. The Council advanced design and planning for the proposed redevelopment of Frank Kitts Park. A resource consent granted by independent planning commissioners in late 2016 has been appealed and will be heard in the Environment Court in early 2018.

There has throughout the year been an ongoing programme of repairs and maintenance, capital expenditure and renewals relating mainly to addressing seismic and resilience issues, public space lighting, bridge painting and historic wharf crane repainting in accordance with the Waterfront Operations Asset Management Plan.

## HOW WE PERFORMED

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

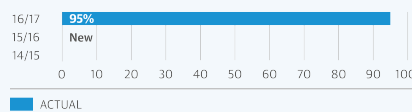
Source: Wellington City Council



Target not met (-13%). It has been a challenging year with building consents. The November earthquake temporarily lowered commercial work volumes but increased demand for structural engineers to assess both residential and commercial building consents. This led to reduced compliance to the 20 working days time frame. High local work volumes have continued the national trend, continuing the challenge of recruitment and retention of qualified staff.

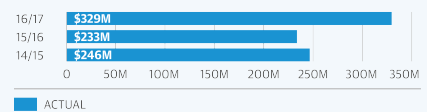
### Residents who agree that Wellington is a great place to live, work, and play (%)

Source: Wellington City Council Residents' Monitoring Survey 2017



### Value of residential building consents

Source: Statistics NZ



Value increased by 41% compared to last year.

**Finances**

**How it was funded**

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

**What it cost**

OPERATING EXPENDITURE (\$000)	ACTUAL 2014/15	ACTUAL 2015/16	ACTUAL 2016/17	BUDGET 2016/17	VARIANCE 2016/17
<b>6.1.1 Urban planning and policy</b>					
Expenditure	1,667	2,089	1,903	2,094	191
Revenue	(13)	(25)	(89)	(20)	69
Net Expenditure	1,654	2,064	1,814	2,074	260
<b>6.1.2 Waterfront development</b>					
Expenditure	-	1,618	1,240	1,326	86
Revenue	-	(299)	(230)	-	230
Net Expenditure	-	1,319	1,010	1,326	316
<b>6.1.3 Public spaces and centres development</b>					
Expenditure	2,437	2,136	2,087	2,224	137
Revenue	(167)	2	(14)	-	14
Net Expenditure	2,270	2,138	2,073	2,224	151
<b>6.1.4 Built heritage development</b>					
Expenditure	863	1,264	2,215	1,998	(218)
Revenue	-	-	1	-	(1)
Net Expenditure	863	1,264	2,216	1,998	(219)
<b>6.1 Total Urban planning, heritage and public spaces development</b>					
Expenditure	4,967	7,107	7,445	7,641	196
Revenue	(180)	(322)	(332)	(20)	312
Net Expenditure	4,787	6,785	7,113	7,621	508

CAPITAL EXPENDITURE (\$000)	ACTUAL 2014/15	ACTUAL 2015/16	ACTUAL 2016/17	BUDGET 2016/17	VARIANCE* 2016/17
<b>6.1.1 Urban planning and policy</b>					
Expenditure	-	-	-	-	-
Unspent portion of budget to be carried forward to future years					
<b>6.1.2 Waterfront development</b>					
Expenditure	2,466	3,348	3,404	6,390	4,597 <sup>1</sup>
Unspent portion of budget brought forward from prior years				1,611	
Unspent portion of budget to be carried forward to future years				4,210	
<b>6.1.3 Public spaces and centres development</b>					
Expenditure	16,466	2,049	1,989	4,162	3,193 <sup>2</sup>
Unspent portion of budget brought forward from prior years				1,020	
Unspent portion of budget to be carried forward to future years				4,732	
<b>6.1 Total Urban planning, heritage and public spaces development</b>					
Expenditure	18,932	5,397	5,393	10,552	7,790
Unspent portion of budget brought forward from prior years				2,631	
Unspent portion of budget to be carried forward to future years				8,943	

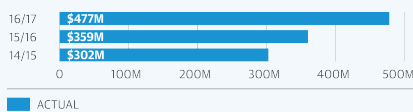
\*Variance explanations to finances - why our actual spend differs from what was budgeted.

1. Underspend due to delays in the work programmes for Frank Kitts Park and Kumutoto Precinct projects.
2. Under budget due to a delay in the timing of the delivery of Lombard Lane and the Tawa Town Centre upgrade. Other delays with the Holland Street and Garrett Street/Swan Lane redesigns were also factors.

**HOW WE PERFORMED**

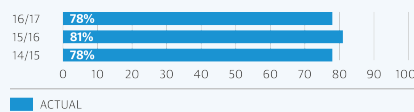
**Value of commercial building consents**

Source: Statistics NZ



**New Zealanders who agree that Wellington is an attractive destination (%)**

Source: National Wellington Reputation Survey Results 2017



Value increased 33% and trending upwards.

## 6.2 Building and development control

### What we did:

- **Building consents.** A total of 2596 building consents were issued by the Council over the last 12 months. This is an 8.5 percent increase from 2392 last year and is a positive sign that the market is responding to the city's strong growth and need for more housing in the city.
- **Simplified consenting process.** At the end of 2016, we agreed to develop a "one-stop shop" for consents. The delivery of the Council's land use, land development, consenting, food, entertainment, and beverage regulatory processes can be complex to navigate - particularly when a customer needs a number of consents from different areas of the Council. To make this easier, we agreed to progressively introduce a streamlined case management approach for services where the customer will only need to supply one application per project to a single case manager. In support of that work, we are progressing GoShift - a cross-Council standardised building consent application programme.

### Finances

#### How it was funded

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

#### What it cost

OPERATING EXPENDITURE (\$000)	ACTUAL 2014/15	ACTUAL 2015/16	ACTUAL 2016/17	BUDGET 2016/17	VARIANCE 2016/17
<b>6.2.1 Building control and facilitation</b>					
Expenditure	12,542	13,570	14,430	13,624	(807)
Revenue	(8,972)	(9,251)	(9,977)	(9,067)	910
Net Expenditure	3,570	4,319	4,453	4,556	103
<b>6.2.2 Development control and facilitation</b>					
Expenditure	5,685	5,807	6,433	5,971	(462)
Revenue	(2,367)	(2,552)	(3,316)	(2,899)	417
Net Expenditure	3,318	3,255	3,117	3,072	(45)
<b>6.2.3 Earthquake risk mitigation - built environment</b>					
Expenditure	1,823	1,323	1,199	1,056	(143)
Revenue	-	-	-	-	-
Net Expenditure	1,823	1,323	1,199	1,056	(143)
<b>6.2 Total Building and development control</b>					
Expenditure	20,051	20,700	22,062	20,651	(1,412)
Revenue	(11,339)	(11,803)	(13,293)	(11,966)	1,327
Net Expenditure	8,712	8,897	8,769	8,684	(85)

CAPITAL EXPENDITURE (\$000)	ACTUAL 2014/15	ACTUAL 2015/16	ACTUAL 2016/17	BUDGET 2016/17	VARIANCE* 2016/17
<b>6.2.3 Earthquake risk mitigation - built environment</b>					
Expenditure	4,036	2,224	4,391	3,041	1,174 <sup>1</sup>
Unspent portion of budget brought forward from prior years				2,524	
Unspent portion of budget to be carried forward to future years				1,174	

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

1. Under budget due to delays in the earthquake strengthening programme, the key variances relate to the Town Hall and St James Theatre projects.

#### Total costs

NET OPERATING EXPENDITURE (\$000)	ACTUAL 2014/15	ACTUAL 2015/16	ACTUAL 2016/17	BUDGET 2016/17	VARIANCE 2016/17
<b>URBAN DEVELOPMENT</b>	13,499	15,682	15,882	16,305	423
CAPITAL EXPENDITURE (\$000)	ACTUAL 2014/15	ACTUAL 2015/16	ACTUAL 2016/17	BUDGET 2016/17	VARIANCE 2016/17
Unspent portion of budget brought forward from prior years				5,154	
Annual Plan budget amount 2016/17				13,594	
<b>URBAN DEVELOPMENT</b>	22,968	7,621	9,784	18,748	8,964



## Performance data

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

We use outcome indicators to monitor our city over time which provides information on trends that may influence our performance including those outside our control. We use performance measures to track how well we are delivering services against targets as set out in the Long-term Plan and Annual Plans.

### Performance data - outcome indicators

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

COUNCIL OUTCOME INDICATOR	SOURCE		2014/15	2015/16	2016/17
Residents who agree that Wellington is a great place to live, work, and play	WCC RMS 2017	New measure for 2017			95%
Value of residential and commercial building consents	Statistics NZ	Residential Commercial	\$246m \$302m	\$233m \$359m	\$329m \$477m
Population - growth and density (central city, growth spine)	WCC GIS As at census 2013 same data	See supplementary tables		no census data	
Residents who agree the city centre is an easy place to get to, use, and enjoy	WCC RMS 2017	Easy to get around  Easy to access leisure activities	82.9%  80.2%	82.0%*  79.7%	76.0%  82.0%
Residents who think there are urban design/urban form safety issues (eg graffiti, vandalism, poorly lit public spaces etc)	WCC RMS 2017	See supplementary tables			
Building density throughout the city	WCC GIS	See supplementary tables	7.58 for Central City	8.05 for Central City	
Proportion of houses within 100 metres of a public transport stop	WCC GIS		45%	45%	45%
Residents who agree that heritage items contribute to the city and local communities' unique character	WCC RMS 2017	to the city  to local community	92%  71%	92%  72%	91%  71%
New Zealanders who agree that Wellington is an attractive destination	National Wellington Reputation Survey Results 2017		78%	81%	78%

\* Measure reported incorrectly as 72% in 2015/16 Annual Report

### Performance data - Council performance measures

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

PERFORMANCE MEASURES	2014/15	2015/16	2016/17 ACTUAL	2016/17 TARGET	% VARIANCE
<b>6.1 Urban planning, heritage and public spaces development (including waterfront development)</b>					
<i>To measure the quality of our urban planning, heritage protection and development work</i>					
Residents (%) who agree the city is developing in a way that maintains high quality design	new in LTP	55%	51%	Increase from previous year	Decrease -7.3%
District Plan listed items that are removed or demolished	Nil	Nil	Nil	Nil	Nil
Residents (%) who agree the central city is lively and attractive	86%	85%	87%	87%	0%
Residents (%) who agree their local suburban centre is lively and attractive	48%	47%	50%	60%	-17%
Even though the survey result has improved from last year, it is well below target. Unfortunately we don't ask why residents feel this way in the monitoring survey - further investigation is required to identify underlying concerns so that improvements can continue.					
Residents (%) who rate their waterfront experience as good or very good	94%	92%	95%	90%	6%
Proportion of grants funds successfully allocated (through milestones being met)	100%	64%	93%	95%	-2%
Residents (%) who agree heritage items are appropriately valued and protected (in the central city)	64%	69%	66%	65%	2%
<b>6.2 Building and development control</b>					
<i>To measure the timeliness of our building and development control services</i>					
Building consents issued within 20 working days	98%	92%	87%	100%	-13%
Code of Compliance Certificates issued within 20 working days	96%	96%	96%	100%	-4%
Land Information Memorandums (LIMs) issued within 10 working days	81%	99%	96%	100%	-4%
Resource consents (non-notified) issued within statutory timeframes	100%	100%	100%	100%	0%
Resource consents that are monitored within 3 months of project commencement	99%	97%	94%	90%	4%
Subdivision certificates - Section 223 certificates issued within statutory timeframes	100%	100%	100%	100%	0%

PERFORMANCE MEASURES	2014/15	2015/16	2016/17 ACTUAL	2016/17 TARGET	% VARIANCE
Noise control (excessive noise) complaints investigated within 1 hour	98%	96%	97%	90%	7%
Environmental complaints investigated within 48 hours	99%	98%	98%	98%	-1%
<i>To measure the quality of our building and development control services</i>					
Customers (%) who rate building control services as good or very good	76%	79%	74%	70%	6%
Building Consent authority (BCA) accreditation retention (2-yearly)	Retained	Retained	Retained	To Retain	Retained
<i>To measure our progress on earthquake risk mitigation</i>					
Earthquake-prone building notifications (section 124) (%) that are issued without successful challenge	99%	100%	100%	95%	5%

## Performance data - supplementary tables

RESIDENTS WHO AGREE THAT WELLINGTON IS A GREAT PLACE TO LIVE, WORK, AND PLAY	2014/15	2015/16	2016/17
Great place to...			
...live	96%	95%	
...work	63%	66%	95%
...play	93%	90%	

Survey question merged in 2016/17 "live, work and play"

Source: Wellington City Council Residents' Monitoring Survey 2017

RESIDENTS WHO THINK THERE ARE URBAN DESIGN/ URBAN FORM SAFETY ISSUES	2014/15	2015/16	2016/17
Poorly lit public areas	61%	63%	59%
Vandalism	26%	27%	17%
Graffiti	34%	32%	16%
Poorly maintained public areas	34%	37%	32%

Source: Wellington City Council Residents' Monitoring Survey 2017

BUILDING DENSITY THROUGHOUT THE CITY	2014/15		2016/17	
	NUMBER OF BUILDINGS	BUILDING DENSITY (BUILDINGS/HECTARE)	NUMBER OF BUILDINGS	BUILDING DENSITY (BUILDINGS/HECTARE)
Central city	1,825	7.58	1,948	8.05
Inner residential	10,485	34.7	10,437	34.27
Outer residential	75,499	21.91	77,559	22.38
Business 1 & 2, Centres and Medium Density Residential Area	3,640	10.98	3,842	11.51

Source: WCC GIS and Statistics NZ

PROPORTION OF HOUSES WITHIN 100M OF A PUBLIC TRANSPORT STOP	2012/13
	45%

Note: Updated stats will only be provided by Census data

Source: WCC GIS



# Case study

## Our resilience story

“Resilience is an investment in the future.” **Stephen Cody, WCC Manager Building Resilience**

### Strengthening earthquake-prone buildings

Following the 2011 Christchurch earthquake, the government implemented changes to the Building Act for earthquake-prone buildings. The Building (Earthquake-prone Buildings) Amendment Act 2016, which took effect on 1 July 2017, has a major impact on the way these buildings are identified.

Well before the amendment took effect, Wellington City Council was proactive in managing earthquake-related risks. Over the past 8 years, the Council has evaluated the vast majority of pre-1976 buildings - a total of around 5000 buildings. Of the 5000, about 700 buildings are currently identified as being earthquake-prone.

More than 90 buildings have been taken off the list in 2016/17. The Council is also working closely with Central Government to develop regulation that supports the new policy.

More recently, in the wake of the November earthquake, the government made changes to the Civil Defence Emergency Management (CDEM) Act.

The Council has directed the owners of 72 buildings to do targeted assessments. The Council has been working with GNS Science and Auckland University and, as a result of this partnership and the work being done around building assessments, has a much better understanding of the city's geology.

“We're learning a lot about the sub-soil structure of the city.” **Derek Baxter, WCC Building Intelligence Manager**

### Unreinforced masonry buildings

On 28 February 2017, Central Government introduced a new requirement to secure unreinforced masonry (URM) parapets and facades on buildings in certain areas of Wellington City, Hutt City, Marlborough District and Hurunui District Councils, in response to the November earthquake. As part of the new legislation, owners of URM buildings facing busy thoroughfares are required to secure the street-facing parapets and facades on their buildings within 12 months of the date of a Council notice. We have been working with other agencies and with owners that need to undertake strengthening works. As of 31 March, 98 sites remain on that list, down from an initial 113. The Council has partnered with agencies such as the Ministry of Business, Innovation and Employment (MBIE) and the Building Heritage Fund to provide funding for part of the strengthening works.

“GIS enhances our understanding of what's going on in the city, and our ability to respond.” **Alex Robertson, WCC Intelligence Operator**

### Geographic information system (GIS) technology

The Council has been doing a lot of work around preparedness in the event of future natural events, and this includes a better use of GIS technology for 3D mapping. GIS allows the Council to have a much better understanding of the city, analyse situations, make decisions, and respond to emergencies like earthquakes by showing where damage has occurred. The technology was already there but is being used in a more targeted way around emergency preparedness. It gives the Council a platform to look at data and tell a story in a way that people can relate to, by making it simpler.





# Waka Transport

## Connecting people and places

### The challenges we face

- Reducing congestion at peak times to improve travel times to and across the city
- Increasing uptake of alternative transport modes to private motor vehicles that are healthier, and more sustainable
- A lack of land to develop transport networks to meet increased demand and modal changes
- Finding effective ways of engaging communities about transport choices for suburbs and the city

### Our strategic approach

- Ensuring the transport network works as efficiently as possible
- Encouraging more sustainable and cost-effective transport options such as walking, cycling and public transport
- Maintaining, developing and improving infrastructure to support different forms of transport - for example cycleways, footpaths and bus routes

### In this section

7.1 Transport

7.2 Parking

# Snapshot of the city



**469**  
light EVs

**10**  
active car share companies



**93%**  
of Wellingtonians think it's easy to go by foot (91% in previous year)

## Public transport



**72%**  
of Wellingtonians think it's convenient



**45%**  
of Wellingtonians think it's affordable



**30** km  
of cycleways



**885** km  
of pedestrian paths

**8063**  
cycling

**55,128**  
walking

inbound into the city (weekdays only)





# 7.1 Transport

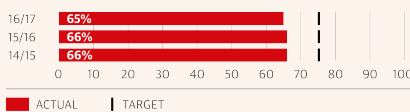
## What we did:

- Reactive maintenance.** Significant additional reactive maintenance work was carried out during the year as part of the emergency response resulting from natural hazard events. This included the November 2016 Kaikoura earthquake and several storm events, and clearance of over 1260 slips.
- Let's Get Wellington Moving.** The Council has been working collaboratively with the NZ Transport Agency (NZTA) and Greater Wellington Regional Council (GWRC) to develop a whole-of-system approach to address the challenges in the transport network between Ngauranga and Wellington Airport. It includes consideration of how the transport network interacts with land use activities, especially in the central city.
- Cycleways.** The Wellington City Cycleways Programme aims to create a sustainable, liveable, and attractive city, offering choices about how to travel, with an appealing cycle network that encourages people of all ages and abilities to cycle. This programme was reviewed by NZTA in mid-2016. A refreshed programme was developed within the context of what's practical and achievable, and as part of an integrated and connected transport network for Wellington City. We started work on the Hutt cycleway, and stakeholder engagement on the eastern suburbs projects, and we re-engaged with local communities on the Island Bay Cycle Way.
- Network maintenance/renewal.** We completed 21 kilometres of footpath renewals, and nearly 10 kilometres of kerb and channel renewals. We repaired or replaced nearly 13 kilometres of handrails, and installed and repaired 106 seats, 234 litter bins, 80 bollards and 32 cycle racks.
- Network improvements.** Various pedestrian safety improvements were carried out, including at kerb extensions on Adelaide Road to improve pedestrian access to Wakefield Park, and Wallace Street where an existing pedestrian crossing was converted to pedestrian-activated traffic signals. We also installed new lighting to improve safety on three walkways near Crawford Road (Kilbirnie), Dixon Street (central city), and Hosking Lane (Wadestown).
- Cable Car.** The company successfully delivered the electric drive replacement, though slightly above budget due to the discovery of additional corrosion to the car bodies that had to be fixed urgently. Commercial negotiations with Greater Wellington Regional Council and plans to decommission the overhead trolley bus network were concluded satisfactorily. Physical works will begin in October 2017.

## HOW WE PERFORMED

Residents who rate the condition of the road network as good or very good (%)

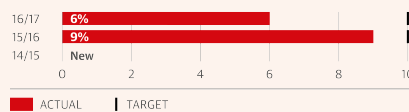
Source: Wellington City Council



Target not met (-13%). Action is under way to reduce service delivery delays and to improve customer service training.

Percentage of the sealed local road network that is resurfaced

Source: Wellington City Council



Target not met (-41%). There were additional challenges to completing the resurfacing work programme this year due to the November 2016 events (earthquake and storms). We continue to work to deliver appropriate response times.

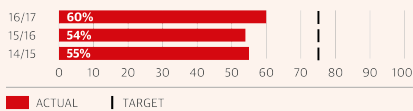
- Public transport.** We are working with GWRC on physical street changes for the introduction of double-decker buses into the city fleet and the design of a number of bus passenger transfer points, which will be needed for the new Wellington City Bus Network in 2018.
- Miramar parking scheme.** Councillors approved a 24-hour time-restricted parking scheme in Miramar South on 8 June 2017. It was considered the most effective and fair way of mitigating issues caused by non-residents parking for extended periods in local residential streets. The scheme design was finalised and scheduled to come into force on 14 August. The results of the time restriction and how it affects parking in Miramar South will be monitored for a period of 6 months, to see if any further changes are needed.
- Safer speeds.** We have undertaken schemes focusing on reducing speeds and improving pedestrian and cycling safety. This includes the introduction of speed humps in a number of locations; pedestrian crossings; roundabouts; and central pedestrian refuge islands to facilitate a two-stage crossing. We are looking at developing intersection improvements in the central city and suburban shopping centres where there is high pedestrian and cycle interaction with vehicles. Other areas of consideration to reduce speed and improve safety include platform zebra crossings, widened footpaths in areas of high pedestrian demand, and new footpaths to facilitate measures to improve safety for pedestrians.

The local roll-out of the national speed campaign “Thank you for your speed” was delivered in conjunction with the NZTA national advertising campaign. We are also actively promoting and installing driver speed feedback signs and active school warning signs outside schools.

## HOW WE PERFORMED

### Residents who are satisfied with street lighting in suburban areas (%)

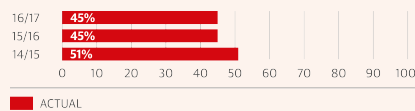
Source: Wellington City Council Residents' Monitoring Survey 2017



Target not met (-20%). However, this result has improved from last year. We continue to balance immediate demands for funding and/or resources to address failure of lights, and our commitment to renewing old technology with LED lights.

### Vehicle users who agree the transport system allows easy movement around the city (%)

Source: Wellington City Council Residents' Monitoring Survey 2017



**Finances**

**How it was funded**

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

**What it cost**

OPERATING EXPENDITURE (\$000)	ACTUAL 2014/15	ACTUAL 2015/16	ACTUAL 2016/17	BUDGET 2016/17	VARIANCE* 2016/17
<b>7.1.1 Transport planning</b>					
Expenditure	1,309	1,412	2,074	2,651	577
Revenue	(132)	(153)	(9)	-	9
Net Expenditure	1,177	1,259	2,065	2,651	586 <sup>1</sup>
<b>7.1.2 Vehicle network</b>					
Expenditure	21,579	22,408	22,733	24,101	1,369
Revenue	(3,594)	(4,830)	(4,213)	(1,482)	2,731
Net Expenditure	17,985	17,578	18,520	22,619	4,100 <sup>2</sup>
<b>7.1.3 Cycle network</b>					
Expenditure	705	1,291	2,379	1,376	(1,003)
Revenue	(8)	(263)	(11)	(47)	(36)
Net Expenditure	697	1,028	2,368	1,329	(1,039) <sup>3</sup>
<b>7.1.4 Passenger transport network</b>					
Expenditure	1,260	2,632	2,113	2,450	337
Revenue	(1,057)	(922)	(1,666)	(856)	810
Net Expenditure	203	1,710	447	1,594	1,147 <sup>4</sup>
<b>7.1.5 Pedestrian network</b>					
Expenditure	6,027	6,303	6,519	7,061	542
Revenue	(57)	(144)	(48)	(40)	8
Net Expenditure	5,970	6,159	6,471	7,021	550 <sup>5</sup>
<b>7.1.6 Network-wide control and management</b>					
Expenditure	6,356	6,658	7,988	7,525	(463)
Revenue	(2,057)	(2,346)	(2,130)	(2,324)	(194)
Net Expenditure	4,299	4,312	5,858	5,201	(657) <sup>6</sup>
<b>7.1.7 Road safety</b>					
Expenditure	6,303	5,924	6,053	6,353	300
Revenue	(1,747)	(1,671)	(1,629)	(1,654)	(25)
Net Expenditure	4,556	4,253	4,424	4,699	275
<b>7.1 Total Transport</b>					
Expenditure	43,539	46,628	49,859	51,517	1,658
Revenue	(8,652)	(10,329)	(9,706)	(6,403)	3,303
Net Expenditure	34,887	36,299	40,152	45,114	4,961

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

1. Under budget in professional costs due to delays in studies and planning pending outcomes from Let's Get Wellington Moving.
2. Under budget due to vested asset income and lower than planned depreciation.
3. Over budget due to higher than planned depreciation offset in part by delays in planning.
4. Under budget due to higher than budgeted Adshell revenues as well as higher recoveries from GWRC for Lambton Quay Bus Interchange and Bus Rapid Transit civil works
5. Under budget due to lower than planned depreciation and reductions in the programme of work that was delivered.
6. Over budget due to higher than planned depreciation offset in part by lower labour costs.

CAPITAL EXPENDITURE (\$000)	ACTUAL 2014/15	ACTUAL 2015/16	ACTUAL 2016/17	BUDGET 2016/17	ACTUAL 2016/17
<b>7.1.2 Vehicle network</b>					
Expenditure	29,895	22,319	20,716	21,558	2,046 <sup>1</sup>
Unspent portion of budget brought forward from prior years				1,204	
Unspent portion of budget to be carried forward to future years				2,178	
<b>7.1.3 Cycle network</b>					
Expenditure	2,428	3,288	3,923	7,522	3,599 <sup>2</sup>
Unspent portion of budget to be carried forward to future years				3,599	
<b>7.1.4 Passenger transport network</b>					
Expenditure	123	368	641	888	761 <sup>3</sup>
Unspent portion of budget brought forward from prior years				514	
Unspent portion of budget to be carried forward to future years				780	
<b>7.1.5 Pedestrian network</b>					
Expenditure	3,746	3,966	4,066	4,671	914 <sup>4</sup>
Unspent portion of budget brought forward from prior years				309	
Unspent portion of budget to be carried forward to future years				150	
<b>7.1.6 Network-wide control and management</b>					
Expenditure	2,397	2,536	2,233	2,380	147
Unspent portion of budget to be carried forward to future years				601	
<b>7.1.7 Road safety</b>					
Expenditure	2,803	2,715	2,258	3,538	1,280 <sup>5</sup>
Unspent portion of budget to be carried forward to future years				853	
<b>7.1 Total Transport</b>					
Expenditure	41,392	35,192	33,837	40,557	8,747
Unspent portion of budget brought forward from prior years				2,027	
Unspent portion of budget to be carried forward to future years			-	8,161	

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

1. Under budget due to a number of the renewals programmes not being fully delivered due to contractor resourcing issues and various project delays.
2. Under budget as the cycling programme has been reprioritised and rephased across three years.
3. Under budget due to delays associated with the Lets Get Wellington Moving and Bus Rapid Transit projects.
4. Under budget due to a number of the renewals programmes not being fully delivered due to contractor resourcing issues and delays on the Queens Drive (Lyall Bay) project.
5. Under budget due to the limited availability of traffic engineering resources who were involved in other planning and design work.

## 7.2 Parking

### What we did:

- Parking.** We provide around 10 percent of the parking in central Wellington. This consists mainly of 12,000 on-street parking spaces of which 3400 are metered in the central city, along with some street spaces for taxis, couriers, people with disabilities, bus stops, and the diplomatic corps. We manage off-street parking as well as parking spaces on Clifton Terrace, the Michael Fowler Centre, and beneath Civic Square. We've continued to update our technology with the roll-out of the new Pay by Space system, which allows us to gather real-time information on vehicles arriving and leaving any metered space. This information, which fits well with our "smart city" projects, can be used to help with future policy and decision-making.

### Finances

#### How it was funded

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

#### What it cost

OPERATING EXPENDITURE (\$000)	ACTUAL 2014/15	ACTUAL 2015/16	ACTUAL 2016/17	BUDGET 2016/17	VARIANCE 2016/17
<b>7.2.1 Parking</b>					
Expenditure	11,218	12,262	12,542	13,925	1,383
Revenue	(25,642)	(26,442)	(26,858)	(28,295)	(1,437)
Net Revenue	(14,424)	(14,180)	(14,316)	(14,370)	(54)
CAPITAL EXPENDITURE (\$000)	ACTUAL 2014/15	ACTUAL 2015/16	ACTUAL 2016/17	BUDGET 2016/17	VARIANCE 2016/17
<b>7.2.1 Parking</b>					
Expenditure	89	1,342	481	496	75
Unspent portion of budget brought forward from prior years				60	
Unspent portion of budget to be carried forward to future years				67	

#### Total cost

NET OPERATING EXPENDITURE (\$000)	ACTUAL 2014/15	ACTUAL 2015/16	ACTUAL 2016/17	BUDGET 2016/17	VARIANCE 2016/17
<b>TRANSPORT</b>	20,463	22,119	25,836	30,744	4,907
CAPITAL EXPENDITURE (\$000)	ACTUAL 2014/15	ACTUAL 2015/16	ACTUAL 2016/17	BUDGET 2016/17	VARIANCE 2016/17
Unspent portion of budget brought forward from prior years				2,087	
Annual Plan budget amount 2016/17				41,052	
<b>TRANSPORT</b>	41,481	36,534	34,318	43,139	8,821

## Performance data

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

We use outcome indicators to monitor our city over time, which provides information on trends that may influence our performance including those outside our control. We use performance measures to track how well we are delivering services against targets as set out in the Long-term Plan and Annual Plans.

### Performance data - outcome indicators

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

COUNCIL OUTCOME INDICATOR	SOURCE		2014/15	2015/16	2016/17
Residents (%) who agree that peak traffic volumes are acceptable	WCC RMS 2017		47%	43%	42%
Residents (%) who agree that the transport system allows easy access to the city	WCC RMS 2017		65%	63%	62%
Residents (%) who agree that public transport services are high quality and affordable	WCC RMS 2017	Convenient	69%	69%	72%
		Affordable	46%	41%	45%
Air quality monitoring (i.e. nitrogen dioxide, carbon monoxide, and particulate matter peaks)	Greater Wellington Regional Council	See supplementary tables			
Change from previous year in the number of road crashes resulting in fatalities and serious injury. (2016/17 = YTD result)	WCC City Networks		Down 11	Up 15	YTD (7 months) down 19 against 2016 total
Social cost of crashes. (2016/17 = YTD result)	WCC City Networks	Calendar year	\$96.97m	\$111.67m	YTD (7 mths) \$67m
Residents' perceptions of transport related safety issues (i.e. issues of most concern)	WCC RMS 2017	See supplementary tables			
Number of cyclists and pedestrians entering the Central Business District (weekdays)	WCC Transport - Cycle Cordon Survey	Cyclists	10,515	9,621	8,063
	WCC Transport - Pedestrian Cordon Survey	Pedestrians	54,319	55,120	55,128
Residents (%) who agree the transport system allows easy movement around the city - vehicle users and pedestrians	WCC RMS 2017	Vehicle users	51%	45%	45%
		New for 2016/17			
		Bike users			37%
		Pedestrians	87%	91%	93%

### Performance data - Council performance measures

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

PERFORMANCE MEASURES		2014/15	2015/16	2016/17 ACTUAL	2016/17 TARGET	% VARIANCE
<b>7.1 Transport</b>						
<i>To measure the quality and timeliness of the transport infrastructure and service</i>						
Residents (%) who agree the condition of the road and footpath network is good or very good	Roads	66%	66%	65%	75%	-13%
	Footpaths	71%	67%	67%	75%	-11%
Requests for service response rate - urgent (within 2 hours) and non-urgent (within 15 days)	Urgent	96%	96%	89%	100%	-11%
	Non-urgent	97%	98%	94%	100%	-6%
Roads (%) that meet smooth roads standards (smooth roads - measured by Smooth Travel Exposure based on NAASRA counts)		77%	75%	74%	70%	6%
Footpath (%) condition rating (measured against the Council condition standards)	DIA	new	97%	96%	97%	-1%
Street lighting (%) for major roads (arterial, principal and collector roads) meets national standards		97%	97%	97%	100%	-3%
Residents (%) who are satisfied with street lighting	Central city	80%	78%	81%	85%	-5%
	Suburban area	55%	54%	60%	75%	-20%
We continue to balance immediate demands for funding and/or resources to address the failure of lights, and our commitment to renewing old technology with LED lights.						
Sea wall and retaining wall condition rating - walls (%) rated 3 or better (1 very good, 5 very bad)		91%	91%	93%	90%	3%
Percentage of the sealed local road network that is resurfaced	DIA	new	9%	6%	10%	-41%
There were additional challenges to completing the resurfacing work programme this year due to the November 2016 events (earthquake and storms). We continue to deliver appropriate response times.						

PERFORMANCE MEASURES		2014/15	2015/16	2016/17 ACTUAL	2016/17 TARGET	% VARIANCE
<b>7.2 Parking</b>						
<i>To measure the quality of our parking provision</i>						
On-street car park turn-over rates	Weekdays	6.3	6.1	6.1	6.8	-10%
	Weekends	4.8	4.7	4.9	5.3	-7%
As pressure on parking spaces increases we will see a lower turnover particularly during peak periods in high demand areas.						
On-street car park average occupancy		80%	78%	83%	75%	14%
This movement is considered positive in that internationally 85% is considered the ideal occupancy rate. This allows for good utilisation and reasonable expectation that a parking space can be found.						
On-street car park compliance - time restrictions and payment	Time	93% reported in 13/14	N/A	N/A	95%	N/A
	Payment	85% reported in 13/14	N/A	N/A	90%	N/A
Measure is no longer collected due to the piloting and subsequent installation of parking sensors. Going forward new measure(s) will be developed relating to the parking sensors.						
Residents (%) who agree that parking enforcement is fair		50%	48%	50%	Increase from previous year	Met, increase of 4%
Increase from previous year. Parking Officers continue to provide ambassadorial and public education services to customers.						

## Performance data - supplementary tables

AIR QUALITY MONITORING (IE NITROGEN DIOXIDE, CARBON MONOXIDE AND PARTICULATE MATTER PEAKS)		2014	2015	2016
Data taken for NO2 and CO was for 1 hour				
NO2 (µg/m3)	max	86.6	66	61.5
	mean	19.7	N/A	14
CO (mg/m3)	max	1.5	1	1.78
	mean	0.4	N/A	0.22
Particulate matter (PM10) (µg/m3)	max	32	32	26
	mean	13	N/A	11.3

Source: Greater Wellington Regional Council, Air quality state of the environment monitoring programme, Annual data report 2016

RESIDENTS (%) WHO PERCEIVE THERE TO BE TRANSPORT-RELATED SAFETY ISSUES	2014/15	2015/16	2016/17
Traffic or busy roads	34%	33%	33%
Car theft or vandalism	36%	32%	29%
Poorly lit or dark public areas	61%	63%	59%
Dangerous driving	29%	30%	33%

Wellington City Council Residents' Monitoring Survey 2017

## Case study

# Let's Get Wellington Moving

Let's Get Wellington Moving is a joint initiative between Wellington City Council, NZ Transport Agency, and Greater Wellington Regional Council to develop a whole-of-system approach to address transport network challenges between Ngauranga and Wellington Airport.

In the past 12 months, we've engaged extensively with members of the public to find out what matters to them and how they move around. We heard back from over 10,000 people. This consultation process led to the development of a set of urban design and transport principles.

Between November 2016 and March 2017 we developed and tested a range of different scenarios against programme objectives and assessment criteria. There has been ongoing stakeholder engagement to assist in the development of a short-list of scenarios for public consultation, which is planned for November 2017. Scenarios will include different combinations of interventions for public transport, roading, walking, cycling, and travel demand management.

**"We want a safe, efficient, and reliable transport system that interacts well with our natural and built environment and supports the aspirations of Wellingtonians"** **David Chick, WCC Chief City Planner**

We have also developed new transport modelling tools that will be used to support future decisions on network interventions.

As part of shorter-term successes, we installed nine new pedestrian countdown timers throughout the city centre; seven new CCTV cameras; and a new, signalised pedestrian crossing on Cable Street where it meets Oriental Parade.





8



# Ngā rōpū e here ana ki te Kaunihera

## Council-Controlled Organisations (CCOs)

To achieve our objectives for Wellington, we have established several companies and trusts. These were set up to independently manage Council facilities, or to deliver significant services and undertake development on behalf of the Wellington community.

Where necessary, we provide funding to support their operations and capital investment requirements.

The following pages explain what the organisations do, how their performance is measured, and how they performed in 2016/17.

Selected performance measures for these CCOs are shown in this section and additional information is contained in specific chapters of this Annual Report, referenced below. For further details on their performance, refer to their individual annual reports.

## Wellington Regional Stadium Trust



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

Its main activities include:

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

For information on how the Wellington Regional Stadium Trust performed in 2016/17, see page 63.

## Wellington Museums Trust



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

The Trust's main activities include:

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

For information on how the Wellington Museums Trust performed in 2016/17, see page 73.

## Wellington Zoo Trust



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

Its main activities include:

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

For information on how the Wellington Zoo Trust performed, see page 53.

# Wellington Regional Economic Development Agency (WREDA)



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

Its main activities include:

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

For information on how WREDA performed, see pages 64, 66 and 67.

## Basin Reserve Trust



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

The Trust's main activities are:

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

For more information, see page 83.

## Karori Sanctuary Trust



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

Its main activities are:

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

For information on the Karori Sanctuary Trust, see page 53.

# Wellington Cable Car Limited



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

The Trust's main activities are:

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

For information on how Wellington Cable Car Ltd performed, see page 111.

# Wellington Water



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

Its main activities are:

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

For information on how Wellington Water performed, see page 51.

## Performance data

PERFORMANCE MEASURES	2014/15 ACTUAL	2015/16 ACTUAL	2016/17 ACTUAL	2016/17 TARGET
<b>Wellington Regional Stadium Trust</b>				
Total revenue (000)	\$17,298	\$15,852	\$14,832	\$14,320
Net surplus (000)	\$2,093	\$2,081	\$1,701	\$1,380
Number of events	61	70	65	49
Attendance	531,861	571,034	480,413	n/a
PERFORMANCE MEASURES	2014/15 ACTUAL	2015/16 ACTUAL	2016/17 ACTUAL	2016/17 TARGET
<b>Wellington Museums Trust</b>				
Non-council revenue (000)	\$3,790	\$3,049	\$4,847	\$4,144
Cash subsidy (grant) per visit	\$9.36	\$9.85	\$8.89	\$10.45
Full cost to Council per visitor	\$14.03	\$13.69	\$12.28	n/a
Average revenue per visit	\$2.83	\$2.51	\$3.07	\$3.52
Total visitors	689,414	688,169	780,414	659,000
City Gallery	169,943	178,228	180,616	150,000
Wellington Museum	124,955	133,470	138,956	134,000
Capital E	111,273	79,120	161,869	105,000
Cable Car Museum	237,099	241,638	242,250	220,000
Space Place	42,633	52,838	54,109	46,800
Nairn St. Cottage	3,511	2,875	2,614	3,200
FUNDING MEASURES	2014/15 ACTUAL	2015/16 ACTUAL	2016/17 ACTUAL	
<b>Wellington Museums Trust</b>				
Council operating grants & underwrites (000)	\$7,153	\$7,236	\$7,467	
Total Revenue Earned (000)^	\$10,943	\$10,285	\$12,314	
Council's property ownership costs (000)^	\$2,155	\$2,343	\$2,114	
Total cost to Council incl. grant + property costs (000)	\$9,669	\$9,579	\$9,581	
^ excluding rental grants for Council owned properties				
^^ includes rental grant for Capital E				
PERFORMANCE MEASURES	2014/15 ACTUAL	2015/16 ACTUAL	2016/17 ACTUAL	2016/17 TARGET
<b>Wellington Zoo Trust</b>				
Visitors	225,927	260,809	230,632	239,408
Education visits	12,380	11,413	10,754	10,000
Cash subsidy (grant) per visit	\$12.20	\$10.79	\$12.86	\$13.05
Full cost to Council per visitor	\$20.54	\$19.01	\$23.20	\$21.22
Average revenue per visit	\$15.37	\$14.90	\$16.86	\$15.94
FUNDING MEASURES	2014/15 ACTUAL	2015/16 ACTUAL	2016/17 ACTUAL	
<b>Wellington Zoo Trust</b>				
Non-council revenue earned (000)	\$4,999	\$4,307	\$4,300	
Council operating grant (000)	\$2,757	\$2,894	\$3,125	
Total revenue earned (000)	\$7,756	\$7,201	\$7,425	
Council's property ownership costs (000)	\$4,640	\$4,957	\$5,349	
Total cost to Council incl. grant + property costs (000)	\$7,397	\$7,851	\$8,474	
PERFORMANCE MEASURES		2015/16 ACTUAL	2016/17 ACTUAL	2016/17 TARGET
<b>Wellington Regional Economic Development Agency LTD (WREDA)</b>				
Maintain Wellington's share of the convention market		16%	18%	17%
Venues utilisation		56.3%	54.2%	65%
Net permanent and long term arrivals			3800	2000
Australian visitor spend			\$243m	\$195m
Lightning Lab participant investment raised			\$5.7m	\$3.5m
Return On Investment via out of Wellington spend			21:01	20:01
Total event attendance			657,743	600,000
FUNDING MEASURES		2015/16 ACTUAL	2016/17 ACTUAL	
<b>Wellington Regional Economic Development Agency LTD (WREDA)</b>				
Non-council revenue (000)		\$8,203	\$14,229	
WCC operating grants (excl. Venues) (000)		\$12,039	\$12,235	
GWRC grants (000)		\$4,300	\$4,160	
Total revenue (000)		\$24,542	\$30,624	
Operating costs (000)		\$24,544	\$30,207	
Net surplus /loss (000)		-\$2	\$417	

PERFORMANCE MEASURES	2014/15 ACTUAL	2015/16 ACTUAL	2016/17 ACTUAL	2016/17 TARGET
<b>Basin Reserve Trust</b>				
Attendance at all events	22,506	49,778	38,007	31,000
Event income	\$127,250	\$196,500	\$206,600	\$149,000
Operational grant per attendance	\$16.00	\$7.00	\$10.08	\$12.27
Event days (incl. community events)	67	110	59	72
Practice facility usage	71	101	147	85
Functions	18	18	8	15
<b>FUNDING MEASURES</b>				
<b>Basin Reserve Trust</b>				
Non-council revenue earned (000)	\$152	\$267	\$356	
Council operating grant (000)	\$557	\$593	\$633	
Total revenue earned (000)	\$709	\$860	\$989	
<b>PERFORMANCE MEASURES</b>				
<b>Karori Sanctuary Trust</b>				
Visitors	97,543	125,849	125,179	93,600
Education visits	6,890	9,478	11,621	8,500
Individual memberships	9,680	10,572	10,944	11,110
Cash subsidy (grant) per visit	\$8.97	\$6.95	\$6.99	\$9.35
Full cost to Council per visitor		\$11.34	\$14.40	\$16.91
Average revenue per visitor	\$25.52	\$26.03	\$27.76	\$25.96
Non-Council donations & funding	\$291,545	\$402,608	\$376,644	\$250,000
Membership subscription revenue	n/a	n/a	\$342,999	\$300,000
<b>FUNDING MEASURES</b>				
<b>Karori Sanctuary Trust</b>				
Non-council revenue earned (000)	\$2,499	\$3,348	\$3,559	
Council operating grant (000)	\$875	\$875	\$875	
Total revenue earned (000)	\$3,374	\$4,223	\$4,434	
Council's property ownership costs (000)	\$1,464	\$1,427	\$1,406	
Total cost to Council incl. grant + property costs (000)	\$2,339	\$2,302	\$2,281	
<b>PERFORMANCE MEASURES</b>				
<b>Wellington Cable Car Ltd</b>				
Total Passengers	976,416	1,010,905	970,336	997,511
Fare income	\$2,399,000	\$2,731,000	\$2,475,085	\$2,626,000
Cable Car reliability	<99.0%	<99.0%	<99.0%	99.0%
<b>FUNDING MEASURES</b>				
<b>Wellington Cable Car Ltd</b>				
Non-council revenue earned (000)	\$10,009	\$6,896	\$6,831	
Council capital grant (000)	Nil	\$2,057	\$443	
Total revenue earned (000)	\$10,009	\$8,953	\$7,274	
Total cost to Council incl. grant + property costs (000)	Nil	\$2,057	\$443	

---

# Financial Statements



# Wellington City Council and Group Consolidated Financial Statements For the year ended 30 June 2017

	Page
<b>Statement of Compliance and Responsibility</b>	<b>127</b>
Council and Group structure	128
Basis of Consolidation	129
<b>Statement of Comprehensive Revenue and Expense</b>	<b>130</b>
- Major budget variations	132
Note	
1 Rates revenue	133
2 Revenue from operating activities	134
3 Investments revenue	136
4 Vested assets and other revenue	137
5 Fair value gains	138
6 Finance expense	139
7 Expenditure on operating activities	140
8 Depreciation and amortisation	142
9 Share of associates' and jointly controlled entity's surplus or deficit	144
10 Income tax expense	145
<b>Statement of Financial Position</b>	<b>146</b>
- Major budget variations	147
11 Cash and cash equivalents	148
12 Derivative financial instruments	149
13 Receivables and recoverables	150
14 Other financial assets	152
15 Non-current assets classified as held for sale	154
16 Intangibles	155
17 Investment properties	157
18 Property, plant and equipment	158
19 Investment in controlled entities	169
20 Investment in associates and jointly controlled entity	170
21 Exchange transactions, taxes and transfers payable	173
22 Revenue in advance	174
23 Borrowings	175
24 Employee benefit liabilities and provisions	177
25 Provisions for other liabilities	179
26 Deferred tax	183
<b>Statement of Changes in Equity</b>	<b>184</b>
- Major budget variations	185
27 Revaluation reserves	186
28 Hedging reserve	188
29 Fair value through other comprehensive revenue and expense reserve	189
30 Restricted funds	190
<b>Statement of Cash Flows</b>	<b>192</b>
31 Reconciliation of net surplus to net operating cash flows	194
<b>Other disclosures</b>	
32 Financial instruments	195
33 Commitments	203
34 Contingencies	205
35 Jointly controlled assets	207
36 Related party disclosures	208
37 Remuneration and staffing levels	212
38 Financial impacts of the Kaikoura earthquake	216
39 Events after the end of the reporting period	217
<b>Other significant accounting policies</b>	<b>218</b>



# 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 include the results and operations of Wellington City Council and the Council's interests in the joint ventures as disclosed in Note 35: Jointly controlled assets (page 207).

The reported Group figures include the Council (as defined above), its controlled entities as disclosed in Note 19 (page 169) and the Council's equity accounted interest in the associates and a jointly controlled entity as disclosed in Note 20 (page 170). A structural diagram of the Council and Group is included on the following page.

## COMPLIANCE

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

The financial statements have been prepared to comply with Public Sector Public Benefit Entity Accounting Standards (PBE accounting standards) for a Tier 1 entity<sup>1</sup> and were authorised for issue by the Council on 27 September 2017.

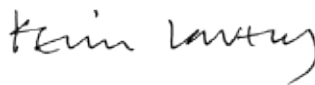
## RESPONSIBILITY

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 2017 fairly reflects the financial position, results of operations and service performance achievements of Wellington City Council and Group.



Justin Lester  
Mayor  
27 September 2017



Kevin Lavery  
Chief Executive  
27 September 2017

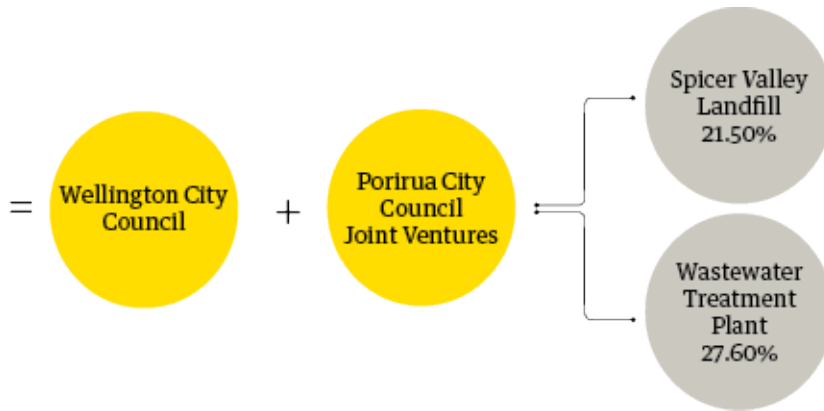


Andy Matthews  
Chief Financial Officer  
27 September 2017

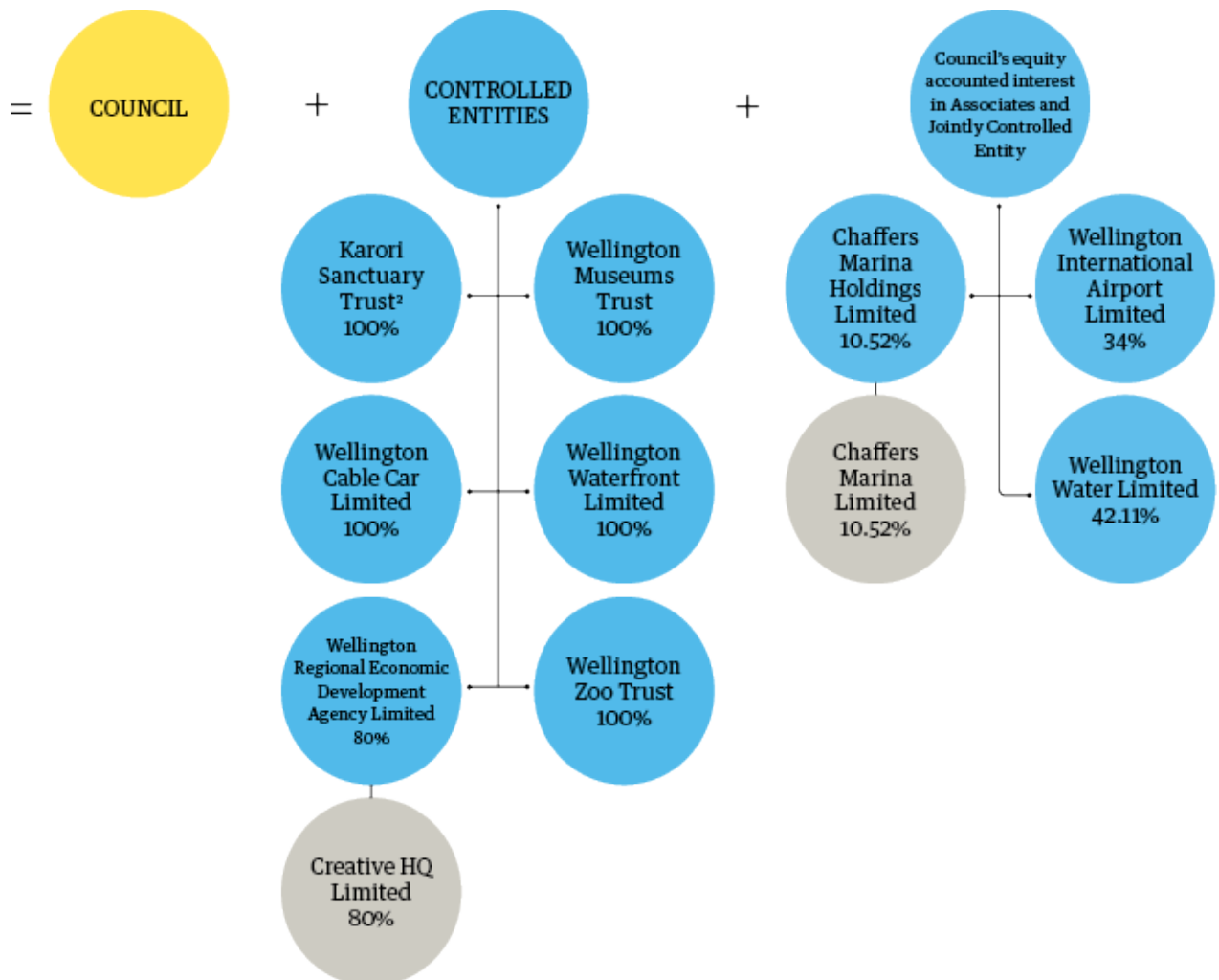
<sup>1</sup> A Tier 1 entity is defined as being either publicly accountable or large (ie. expenses over \$30m). Council exceeds the expenses threshold.

**COUNCIL AND GROUP STRUCTURE**

**WELLINGTON CITY COUNCIL REPORTING ENTITY (COUNCIL)**



**WELLINGTON CITY COUNCIL GROUP REPORTING ENTITY (GROUP)**



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

The percentages above represent the Council's interest and/or ownership (for accounting purposes) in each of the entities in the Group. Refer to Notes 19 and 20 (pages 169 to 172) for more information.

<sup>2</sup> The Karori Sanctuary Trust (trading as Zealandia) became a Council controlled organisation on 30 September 2016 following the signing of a variation to the original Deed of trust.

## **BASIS OF CONSOLIDATION**

### **Joint ventures**

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

For a jointly controlled asset the Council has a liability in respect of its share of joint ventures' operational deficits and liabilities, and shares in any operational surpluses and assets. The Council's proportionate interest (ie 21.5 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.

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

### **Controlled entities**

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

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

### **Associates**

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

### **Council Controlled Organisations**

The Council has established several Council Controlled Organisations (CCOs) and Council Controlled Trading Organisations (CCTOs) to help it achieve its goals for Wellington. These organisations were set up to independently manage Council facilities, or deliver specific services and developments on behalf of Wellington residents. A report on these organisations is found on page 119. Council has made appointments to other organisations, which make them Council Organisations (as defined in the Local Government Act 2002) but they are not Council controlled or part of the Group.

## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ended 30 June 2017

	NOTE	COUNCIL			GROUP	
		ACTUAL 2017 \$000	BUDGET 2017 \$000	ACTUAL 2016 \$000	ACTUAL 2017 \$000	ACTUAL 2016 \$000
<b>Revenue</b>						
Rates	1	286,015	284,138	272,127	286,015	272,127
Revenue from operating activities						
Development contributions	2	3,025	2,000	2,747	3,025	2,747
Grants, subsidies and reimbursements	2	33,881	41,037	33,083	46,538	44,383
Other operating activities	2	144,215	121,965	124,926	162,461	135,235
Investments revenue	3	24,585	20,447	23,204	12,648	11,145
Vested assets and other revenue	4	8,565	1,050	13,732	12,652	13,732
Fair value gains	5	23,500	3,989	14,173	23,404	14,177
Finance revenue		2,367	650	3,103	2,601	3,407
<b>Total revenue</b>		<b>526,153</b>	<b>475,276</b>	<b>487,095</b>	<b>549,344</b>	<b>496,953</b>
<b>Expense</b>						
Finance expense	6	(23,960)	(25,617)	(24,223)	(23,970)	(24,223)
Expenditure on operating activities	7	(368,625)	(334,923)	(329,583)	(398,986)	(347,721)
Depreciation and amortisation expense	8	(101,889)	(101,975)	(99,183)	(103,653)	(100,970)
<b>Total expense</b>		<b>(494,474)</b>	<b>(462,515)</b>	<b>(452,989)</b>	<b>(526,609)</b>	<b>(472,914)</b>
Share of equity accounted surplus from associates and jointly controlled entity	9	-	-	-	13,313	12,811
<b>Net surplus before taxation</b>		<b>31,679</b>	<b>12,761</b>	<b>34,106</b>	<b>36,048</b>	<b>36,850</b>
Income tax credit/(expense)	10	-	-	-	102	(240)
<b>NET SURPLUS for the year</b>		<b>31,679</b>	<b>12,761</b>	<b>34,106</b>	<b>36,150</b>	<b>36,610</b>
<b>Net surplus attributable to:</b>						
Wellington City Council and Group		31,679	12,761	34,106	35,866	36,326
Non-controlling interest		-	-	-	284	284
		<b>31,679</b>	<b>12,761</b>	<b>34,106</b>	<b>36,150</b>	<b>36,610</b>

The notes on pages 132 to 220 form part of and should be read in conjunction with the financial statements

**STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE - CONTINUED**

For the year ended 30 June 2017

	REFER	COUNCIL			GROUP	
		ACTUAL 2017 \$000	BUDGET 2017 \$000	ACTUAL 2016 \$000	ACTUAL 2017 \$000	ACTUAL 2016 \$000
<b>Net surplus for the year</b>		<b>31,679</b>	<b>12,761</b>	<b>34,106</b>	<b>36,150</b>	<b>36,610</b>
<b>Other comprehensive revenue and expense</b> <sup>1</sup>						
<i>Items that will be reclassified to surplus/(deficit)</i>						
<b>Cash flow hedges:</b>						
Fair value movement - net	SCIE <sup>2</sup>	17,447	-	(21,268)	17,447	(21,268)
<b>Fair value through other comprehensive revenue and expense</b>						
Fair value movement - net	SCIE	1,240	-	1,542	1,195	1,521
<i>Items that will not be reclassified to surplus/(deficit)</i>						
<b>Non-controlling interest:</b>						
Movement in non-controlling interest		-	-	-	-	(32)
<b>Revaluations:</b>						
Fair value movement - property, plant and equipment - net	SCIE	295,254	106,241	(211)	295,254	(211)
<b>Share of other comprehensive revenue and expense of associates and jointly controlled entity:</b>						
Fair value movement - property, plant and equipment - net	SCIE	-	-	-	24,165	-
<b>Total other comprehensive revenue and expense</b>		<b>313,941</b>	<b>106,241</b>	<b>(19,937)</b>	<b>338,061</b>	<b>(19,990)</b>
<b>TOTAL COMPREHENSIVE REVENUE and EXPENSE for the year</b>		<b>345,620</b>	<b>119,002</b>	<b>14,169</b>	<b>374,211</b>	<b>16,620</b>
<b>Total comprehensive revenue and expense attributable to:</b>						
Wellington City Council and Group		345,620	119,002	14,169	373,927	16,336
Non-controlling interest		-	-	-	284	284
		<b>345,620</b>	<b>119,002</b>	<b>14,169</b>	<b>374,211</b>	<b>16,620</b>

1. Other comprehensive revenue or expense is non-cash in nature and only reflects changes in equity.
2. Statement of Changes in Equity - see page 184

*The notes on pages 132 to 220 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 \$50.877m higher than budgeted primarily due to:

- \$6.416m of storm and earthquake-related insurance recoveries
- \$4.633m of additional landfill charges for contaminated and special waste
- \$4.019m of additional social housing rent due to upgrade delays resulting in higher than expected occupancy
- \$6.250m of vested assets from developments
- \$18.222m of investment property revaluations
- \$5.275m for a fair value write-up of the loan to the Karori Sanctuary Trust prior to its early repayment.

These higher revenues were offset by \$7.683m of the lower than expected recognition of capital grants primarily relating to the social housing upgrade (\$5.900m) and NZTA funded projects (\$1.783m).

Expenses were \$31.959m higher than budgeted primarily due to:

- \$11.446m for the impairment of the Council-owned Civic Administration Building in Civic Square due to earthquake damage
- \$5.410m of other earthquake-related costs not covered by insurance
- \$2.752m of other earthquake-related costs incurred, but largely recoverable
- \$4.429m for the increase in the Weathertight homes provision.

Net finance expense was \$3.374m lower than budgeted reflecting the lower than planned capital expenditure, which is debt funded, resulting in lower interest charges.

**NOTE 1: RATES REVENUE**

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>General rates</b>				
Base sector	88,448	83,317	88,448	83,317
Commercial, industrial and business sector	72,758	68,315	72,758	68,315
<b>Targeted rates</b>				
All (excluding water rates by meter)	110,232	105,897	110,232	105,897
<b>Total rates revenue (excluding water rates by meter)</b>	<b>271,438</b>	<b>257,529</b>	<b>271,438</b>	<b>257,529</b>
<b>Water rates by meter revenue</b>	<b>14,577</b>	<b>14,598</b>	<b>14,577</b>	<b>14,598</b>
<b>TOTAL RATES REVENUE</b>	<b>286,015</b>	<b>272,127</b>	<b>286,015</b>	<b>272,127</b>

The total amount of rates charged on Council-owned properties that have not been eliminated from revenue and expenditure is \$13.258m (2016: \$12.752m). For the Group, rates of \$13.298m (2016: \$12.787m) have not been eliminated.

The revenue from rates for Wellington City Council was billed on the following rating information held as at 30 June 2016.

The number of rating units: 77,802 (30 June 2015: 77,271).

	2017 \$000	2016 \$000
Total capital value of rating units	55,116,216	51,685,784
Total land value of rating units	23,300,843	22,326,668

**Relevant significant accounting policies**

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

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

*Rates remissions*

Revenue from rates and levies is shown net of rates remissions. The Council's Rates Remission and Postponement Policies provide for general rates to be partially remitted for rural open space; land used principally for games or sport and in special circumstances (where the rating policy is deemed to unfairly disadvantage an individual ratepayer). A remission of the Downtown levy targeted rate may also be granted to provide rates relief for downtown commercial property temporarily not fit for the purpose due to the property undergoing development and therefore not receiving the benefits derived by contributing to the Downtown levy targeted rate. The Council committed itself at the start of the year to certain remissions, which for the reporting period ended 30 June 2017 totalled \$0.751m (2016: \$0.407m).

*Non-rateable land*

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

**NOTE 2: REVENUE FROM OPERATING ACTIVITIES**

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Development contributions</b>	<b>3,025</b>	<b>2,747</b>	<b>3,025</b>	<b>2,747</b>
<b>Grants, subsidies and reimbursements</b>				
Operating	6,606	7,107	18,961	17,610
Capital	27,275	25,976	27,577	26,773
<b>Total grants, subsidies and reimbursements</b>	<b>33,881</b>	<b>33,083</b>	<b>46,538</b>	<b>44,383</b>
<b>Other operating activities</b>				
Fines and penalties	8,350	6,968	8,350	6,968
Rendering of services	129,415	111,268	143,504	120,294
Sale of goods	6,450	6,690	10,607	7,973
<b>Total other operating activities</b>	<b>144,215</b>	<b>124,926</b>	<b>162,461</b>	<b>135,235</b>
<b>TOTAL REVENUE FROM OPERATING ACTIVITIES</b>	<b>181,121</b>	<b>160,756</b>	<b>212,024</b>	<b>182,365</b>

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

- The New Zealand Transport Agency (NZTA), which reimburses part of the Council's costs for maintaining the local roading infrastructure. The capital reimbursements from NZTA of \$11.473m (2016: \$12.855m) and operating reimbursements of \$5.349m (2016: \$4.768m) are for costs already incurred and there are no unfulfilled conditions or other contingencies relating to the reimbursements.
- The Crown, for the upgrade of the Council's social housing stock. The capital grant and operating grant recognised in the current year being \$12.182m (2016: \$11.254m) and \$1.122m (2016: \$1.233m) respectively, are part of a 10-year work programme that commenced in 2008 and the revenue is recognised in accordance with that agreed work programme. There are no unfulfilled conditions or other contingencies relating to this utilised grant revenue apart from the overarching requirement for the Council to maintain its investment and provision of social housing until 2037.

For the Group, the additional principal subsidy was \$3.616m (2016: \$3.718m) from Greater Wellington Regional Council to Wellington Cable Car Limited for the maintenance and upgrade of the overhead wire trolley system.

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

- community housing - \$22.280m (2016: \$21.769m)
- parking fees and permits - \$18.287m (2016: \$18.597m)
- convention and conferences centres - \$13.165m (2016: \$15.076m)
- building consents and licensing services - \$15.319m (2016: \$13.823m)
- landfill operations and recycling - \$15.636m (2016: \$11.138m) - including unbudgeted revenue from the joint ventures with Porirua City Council \$1.259m (2016: \$0.993m).

**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. This generates revenue, but generally at below market prices or with fees and user charges subsidised by rates. The following categories (except where noted) are classified as transfers, which are non-exchange transactions other than taxes.

See Note 13: Receivables and recoverables (page 150), for an explanation of exchange and non-exchange transactions, transfers and taxes.

*Development contributions*

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



### *Grants, subsidies, and reimbursements*

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

### *Fines and penalties*

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

### *Rendering of services*

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

### *Sale of goods*

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

**NOTE 3: INVESTMENTS REVENUE**

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Dividend from investment in associates	11,937	12,059	-	-
Dividend from investment in other entities	104	120	104	120
Investment property lease rentals	12,544	11,025	12,544	11,025
<b>TOTAL INVESTMENTS REVENUE</b>	<b>24,585</b>	<b>23,204</b>	<b>12,648</b>	<b>11,145</b>

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

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



For further information refer to Note 20: Investment in associates and jointly controlled entity (page 170).

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

For further information refer to Note 17: Investment properties (page 157).

**Relevant significant accounting policies***Dividends*

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

*Investment property lease rentals*

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

**NOTE 4: VESTED ASSETS AND OTHER REVENUE**

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Vested assets	6,250	10,181	6,250	10,181
Gain on business combination	-	-	4,072	-
Other revenue	2,315	3,551	2,330	3,551
<b>TOTAL VESTED ASSETS AND OTHER REVENUE</b>	<b>8,565</b>	<b>13,732</b>	<b>12,652</b>	<b>13,732</b>

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

The values of principal vested assets received were:

- roading - \$2.526m (2016: \$3.737m)
- drainage, waste, and water - \$2.645m (2016: \$5.982m)

Other revenue is principally Fuel Tax - \$1.120m (2016: \$1.096m)

For the group the \$4.072m gain on business combination relates to the Council acquiring control of the Karori Sanctuary Trust. For more information refer to Note 19 - Investment in controlled entities (page 169).

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

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

*Gains*

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

*Donated services*

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

**NOTE 5: FAIR VALUE GAINS**

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Investment property revaluation	18,222	13,773	18,222	13,773
Amortisation of loans to related parties	3	400	8	404
Fair value adjustment on loans to related parties	5,275	-	5,174	-
<b>TOTAL FAIR VALUE GAINS</b>	<b>23,500</b>	<b>14,173</b>	<b>23,404</b>	<b>14,177</b>

Investment properties, which are revalued annually, are held primarily to earn rental revenue and/or for capital growth. These properties include the Council's ground leases and certain lands and buildings, including the waterfront's investment properties. For more information refer to Note 17: Investment properties (page 157).

The \$5.275m adjustment to the related party loan was due to the early repayment of the loan the Council made to the Karori Sanctuary Trust. This loan had previously been reduced to its fair value to reflect the time value of money and the expected repayment schedule and was being amortised back up over time to its original full value. The early full repayment required the fair value to be adjusted up to the full value of \$10.347m. For more information refer to Note 14: Other financial assets (page 152).

**Relevant significant accounting policies***Gains*

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

*Investment properties*

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

*Derivatives*

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

**NOTE 6: FINANCE EXPENSE**

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Interest on borrowings	22,956	23,219	22,966	23,219
Interest on finance leases	2	14	2	14
Re-discounting of interest on provisions	1,002	990	1,002	990
<b>TOTAL FINANCE EXPENSE</b>	<b>23,960</b>	<b>24,223</b>	<b>23,970</b>	<b>24,223</b>
<i>Less</i>				
Finance revenue - interest earned	2,367	3,103	2,601	3,407
<b>NET FINANCE COST</b>	<b>21,593</b>	<b>21,120</b>	<b>21,369</b>	<b>20,816</b>

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

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

*Re-discounting of interest*

Re-discounting of interest on provisions is the Council's funding cost for non-current provisions (where the cash flows will not occur until a future date). For further information refer to Note 24: Employee benefit liabilities and provisions (page 177) and Note 25: Provision for other liabilities (page 179).

*Interest earned*

Interest earned is recognised using the effective interest rate method.

**NOTE 7: EXPENDITURE ON OPERATING ACTIVITIES**

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Auditor's remuneration:</b>				
Audit services - Audit New Zealand - Financial Statements	297	282	471	410
Audit services - Audit New Zealand - Long-Term Plan	-	45	-	45
Audit services - Audit New Zealand - other	11	11	11	11
Audit services - Other Auditors	-	-	73	35
<b>Impairments</b>				
Bad debts written off not previously provided for	123	282	123	282
Increase in provision for impairment of receivables and recoverables	896	437	896	437
Impairment loss from property, plant and equipment	11,446	132	11,446	581
Impairment loss on shares	-	-	27	18
<b>Governance and employment</b>				
Elected member remuneration	1,550	1,526	1,550	1,526
Independent directors/trustees fees for controlled entities	-	-	489	354
Employee benefits expense:				
- Remuneration	83,879	79,343	109,180	101,994
- Superannuation contributions (including Kiwisaver)	2,336	2,253	2,884	2,767
- Termination benefits (including severances)	943	924	1,278	924
Other personnel costs	3,666	3,657	4,140	4,362
<b>Insurance</b>				
Insurance premiums	9,671	9,465	10,149	9,866
Insurance reserve costs - net	6,910	545	6,910	545
<b>General</b>				
Administration costs	6,467	6,244	18,334	13,384
Contractors	4,846	3,083	7,629	5,046
Contracts, services and materials	131,212	115,481	135,541	114,465
Grants - general	22,363	18,542	19,098	17,924
Grants to controlled entities	21,032	19,842	-	-
Information and communication technology	12,119	9,273	13,147	10,235
Loss on disposal of property, plant and equipment	542	1,827	886	2,174
Operating lease - minimum lease payments	1,737	1,313	4,734	2,613
Other general costs	620	1,449	2,959	2,190
Professional costs	14,406	14,573	16,216	15,540
Reassessment of weathertight provision	4,429	12,079	4,429	12,079
Utility costs	27,124	26,975	26,386	27,914
<b>TOTAL EXPENDITURE ON OPERATING ACTIVITIES</b>	<b>368,625</b>	<b>329,583</b>	<b>398,986</b>	<b>347,721</b>

### *Auditor's remuneration*

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

### *Impairments*

The impairment loss from property, plant and equipment in 2016/17 relates to the Civic Administration Building due to the damage sustained from the November 2016 Kaikoura earthquake. For more detailed information refer to Note 38: Financial impacts of the Kaikoura Earthquake (page 216).

### *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.

For further information refer to Note 37: Remuneration and staffing levels (page 212).

### *General*

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

Grants - general, include \$2.250m (2016: \$2.250m) towards the funding of the Museum of New Zealand, Te Papa Tongarewa.

Grants to controlled entities such as the Wellington Zoo Trust are for operational funding purposes. For details of the funding to these entities refer to Note 36: Related party disclosures (page 208).

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

Reassessment of provisions primarily relates to the Weathertight homes provision. Refer to Note 25: Provisions for other liabilities (page 179) for more detailed information.

Utility costs are those relating to the use of electricity, gas, and water. It also includes the payment of rates and water meter charges of \$13.250m (2016: \$12.824m) on Council-owned properties.

## **Relevant significant accounting policies**

### *Grants and sponsorships*

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

### *Cost allocation*

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

### *Research and development*

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

**NOTE 8: DEPRECIATION AND AMORTISATION**

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Depreciation</b>				
Buildings	21,784	20,348	22,199	20,348
Civic Centre complex	2,592	2,739	2,592	2,739
Restricted buildings	1,577	1,521	1,577	1,521
Drainage, waste and water infrastructure	27,475	27,586	27,475	27,586
Service concession assets	4,911	4,969	4,911	4,969
Landfill post closure	132	145	132	145
Library collections	2,352	2,165	2,352	2,165
Plant and equipment	11,106	11,890	12,386	13,621
Roading infrastructure	25,039	23,341	25,039	23,341
<b>Total depreciation</b>	<b>96,968</b>	<b>94,704</b>	<b>98,663</b>	<b>96,435</b>
<b>Amortisation</b>				
Computer software	4,921	4,479	4,990	4,535
<b>Total amortisation</b>	<b>4,921</b>	<b>4,479</b>	<b>4,990</b>	<b>4,535</b>
<b>TOTAL DEPRECIATION AND AMORTISATION</b>	<b>101,889</b>	<b>99,183</b>	<b>103,653</b>	<b>100,970</b>

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

**Relevant significant accounting policies***Depreciation*

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

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

*Amortisation*

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



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

ASSET CATEGORY	2017	
	USEFUL LIFE (YEARS)	DEPRECIATION RATE
Land	unlimited	not depreciated
Buildings	1 - 75	1.33 - 100%
Civic Centre Complex	10 - 78	1.28 - 10%
Plant and equipment	3 - 100	1 - 33.3%
Library collection	3 - 11	9.1 - 33.3%
Restricted assets (excluding buildings)	unlimited	not depreciated
Infrastructure assets:		
Land (including land under roads)	unlimited	not depreciated
Roading	3 - 175	0.57 - 33.3%
Drainage, waste and water	3 - 175	0.57 - 33.3%
Service concession arrangements	3 - 100	1 - 33.3%

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

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

ASSET CATEGORY	2017	
	USEFUL LIFE (YEARS)	AMORTISATION RATE
Computer software	2 - 10	10 - 50%

## NOTE 9: SHARE OF ASSOCIATES AND JOINTLY CONTROLLED ENTITY'S SURPLUS OR DEFICIT

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

	GROUP	
	2017 \$000	2016 \$000
<b>Associates</b>		
Chaffers Marina Holdings Limited	(31)	(36)
Wellington International Airport Limited	13,432	12,805
<b>Jointly controlled entity</b>		
Wellington Water Limited	(88)	42
<b>TOTAL SHARE OF ASSOCIATES' AND JOINTLY CONTROLLED ENTITY'S SURPLUS OR (DEFICIT)</b>	<b>13,313</b>	<b>12,811</b>

Further information on the cost and value of the above investments is found in Note 20: Investments in Associates and Jointly Controlled Entity (page 170).

### Relevant significant accounting policies

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

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

**NOTE 10: INCOME TAX EXPENSE**

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Current tax expense</b>				
Current year	-	-	293	(216)
Prior period adjustment	-	-	1	-
<b>Total current tax expense</b>	-	-	<b>294</b>	<b>(216)</b>
<b>Deferred tax expense</b>				
Origination and reversal of temporary differences	(73)	(100)	-	-
Change in unrecognised temporary differences	-	-	(396)	456
Recognition of previously unrecognised tax losses	73	100	-	-
<b>Total deferred tax expense</b>	-	-	<b>(396)</b>	<b>456</b>
<b>TOTAL INCOME TAX EXPENSE / (CREDIT)</b>	-	-	<b>(102)</b>	<b>240</b>

RECONCILIATION OF TAX ON THE SURPLUS AND TAX EXPENSE	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Surplus for the period before taxation	31,679	34,106	36,048	36,850
Prima facie income tax based on domestic tax rate - 28%	8,870	9,550	10,093	10,318
Effect of non-deductible expenses and tax exempt income	(8,897)	(9,590)	(10,321)	(10,720)
Effect of tax losses utilised	73	100	-	-
Current years loss for which no deferred tax asset was recognised	27	40	27	40
Recognition of prior year loss	(73)	(100)	(134)	(100)
Previously unrecognised tax losses now utilised	-	-	-	(41)
Change in unrecognised temporary differences	-	-	208	738
Prior period adjustment	-	-	(407)	(205)
Share of income tax of equity accounted associates	-	-	385	211
Under / (over) provision of income tax in previous period	-	-	47	-
<b>TOTAL INCOME TAX EXPENSE / (CREDIT)</b>	-	-	<b>(102)</b>	<b>240</b>

IMPUTATION CREDITS	GROUP	
	2017 \$000	2016 \$000
Imputation credits available in subsequent periods	99	87

**Relevant significant accounting policies**

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, plus any adjustment to tax payable in respect of previous periods.

## STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	NOTE	COUNCIL			GROUP	
		ACTUAL 2017 \$000	BUDGET 2017 \$000	ACTUAL 2016 \$000	ACTUAL 2017 \$000	ACTUAL 2016 \$000
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	11	76,907	1,714	94,009	85,366	103,623
Receivables and recoverables	13	45,179	42,834	46,140	46,515	47,613
Other financial assets	14	263	-	315	304	315
Prepayments		14,012	13,433	11,500	14,303	11,962
Inventories		1,149	906	1,101	1,503	1,915
Non-current assets classified as held for sale	15	-	-	1,504	-	1,504
<b>Total current assets</b>		<b>137,510</b>	<b>58,887</b>	<b>154,569</b>	<b>147,991</b>	<b>166,932</b>
<b>Non-current assets</b>						
Derivative financial assets	12	1,283	-	-	1,283	-
Receivables and recoverables	13	4,185	-	4,185	4,185	4,186
Other financial assets	14	9,996	11,954	12,865	11,337	14,343
Intangibles	16	26,528	28,578	26,737	26,613	26,815
Investment properties	17	230,194	213,931	211,237	230,194	211,237
Property, plant and equipment	18	6,972,168	6,771,399	6,645,975	6,988,405	6,659,487
Investment in controlled entities	19	5,071	5,071	5,071	-	-
Investment in associates and jointly controlled entity	20	19,465	19,465	19,465	163,960	138,419
<b>Total non-current assets</b>		<b>7,268,890</b>	<b>7,050,398</b>	<b>6,925,535</b>	<b>7,425,977</b>	<b>7,054,487</b>
<b>TOTAL ASSETS</b>		<b>7,406,400</b>	<b>7,109,285</b>	<b>7,080,104</b>	<b>7,573,968</b>	<b>7,221,419</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Derivative financial liabilities	12	975	-	522	975	522
Exchange transactions and transfers payable	21	58,155	62,477	50,422	59,639	53,934
Taxes payable	21	3,498	-	2,852	3,627	3,068
Revenue in advance	22	28,922	16,717	43,098	30,717	45,193
Borrowings	23	100,096	267,279	140,077	100,196	140,077
Employee benefit liabilities and provisions	24	7,811	7,180	7,189	9,808	8,707
Provision for other liabilities	25	13,584	7,972	10,953	13,584	10,953
<b>Total current liabilities</b>		<b>213,041</b>	<b>361,625</b>	<b>255,113</b>	<b>218,546</b>	<b>262,454</b>
<b>Non-current liabilities</b>						
Derivative financial liabilities	12	21,591	-	38,208	21,591	38,208
Exchange transactions and transfers payable	21	630	630	630	630	630
Borrowings	23	395,724	211,766	350,407	395,792	350,407
Employee benefit liabilities and provisions	24	889	1,593	995	924	1,056
Provision for other liabilities	25	44,404	18,231	50,250	44,404	50,250
Deferred tax	26	-	-	-	938	1,482
<b>Total non-current liabilities</b>		<b>463,238</b>	<b>232,220</b>	<b>440,490</b>	<b>464,279</b>	<b>442,033</b>
<b>TOTAL LIABILITIES</b>		<b>676,279</b>	<b>593,845</b>	<b>695,603</b>	<b>682,825</b>	<b>704,487</b>
<b>EQUITY</b>						
Accumulated funds		1,269,134	1,269,134	1,269,134	1,293,162	1,293,162
Retained earnings		3,793,827	3,741,957	3,756,048	3,788,286	3,745,251
Revaluation reserves	27	1,677,312	1,489,442	1,382,337	1,815,338	1,496,198
Hedging reserve	28	(21,283)	-	(38,730)	(21,283)	(38,730)
Fair value through other comprehensive revenue and expense reserve	29	2,888	106	1,648	3,221	2,026
Non-controlling interest		-	-	-	284	284
Restricted funds	30	8,243	14,801	14,064	12,135	18,741
<b>TOTAL EQUITY</b>		<b>6,730,121</b>	<b>6,515,440</b>	<b>6,384,501</b>	<b>6,891,143</b>	<b>6,516,932</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7,406,400</b>	<b>7,109,285</b>	<b>7,080,104</b>	<b>7,573,968</b>	<b>7,221,419</b>

The notes on pages 132 to 220 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 \$78.623m higher than budgeted primarily due to:

- \$72.000m of short-term deposits are held due to certain favourable interest rates and liquidity requirements.

Non-current assets are \$218.492m higher than budgeted primarily due to:

- \$18.222m of revaluation increase in investment properties reflecting commercial market returns
- \$189.013m of additional revaluation increases in property, plant and equipment, primarily being infrastructure assets. The increase above budget reflects the better information available, the resulting changes in remaining assets lives and increases used in costing models
- \$4.185m for a long-term receivable.

Total liabilities are \$82.434m higher than budget primarily due to:

- \$12.205m of revenue in advance due to the delays in utilising the Housing Upgrade grant monies from the Crown
- \$22.566m of derivative financial liabilities
- \$31.785m of provision for other liabilities, with \$4.429m due to the increase in the weathertight homes provision and \$0.840m due to a new provision for unreinforced masonry grants
- \$16.775m of borrowings including \$4.320m of loans relating to the joint ventures with Porirua City Council and to meet liquidity ratio requirements.

**NOTE 11: CASH AND CASH EQUIVALENTS**

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Cash at bank	4,886	7,986	10,978	13,711
Cash on hand	21	23	39	35
Short term bank deposits up to 3 months	72,000	86,000	74,349	89,877
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>76,907</b>	<b>94,009</b>	<b>85,366</b>	<b>103,623</b>

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

Short-term deposits are made with a registered bank, with a credit rating of at least A, for varying periods of up to 3 months depending on the immediate cash requirements and short-term borrowings of the Group, and earn interest at the applicable short-term deposit rates.

The Council holds short-term deposits as part of its overall liquidity risk management programme. This programme enables the 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 the Council's cost of funds.

**NOTE 12: DERIVATIVE FINANCIAL INSTRUMENTS**

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Assets</b>				
<b>Non-current assets</b>				
Interest rate swaps - cash flow hedges	1,283	-	1,283	-
<b>Total non-current assets</b>	<b>1,283</b>	<b>-</b>	<b>1,283</b>	<b>-</b>
<b>TOTAL DERIVATIVE FINANCIAL INSTRUMENT ASSETS</b>	<b>1,283</b>	<b>-</b>	<b>1,283</b>	<b>-</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Interest rate swaps - cash flow hedges	975	522	975	522
<b>Total current liabilities</b>	<b>975</b>	<b>522</b>	<b>975</b>	<b>522</b>
<b>Non-current liabilities</b>				
Interest rate swaps - cash flow hedges	21,591	38,208	21,591	38,208
<b>Total non-current liabilities</b>	<b>21,591</b>	<b>38,208</b>	<b>21,591</b>	<b>38,208</b>
<b>TOTAL DERIVATIVE FINANCIAL INSTRUMENT LIABILITIES</b>	<b>22,566</b>	<b>38,730</b>	<b>22,566</b>	<b>38,730</b>

Derivative financial instruments are used by the Group in the normal course of business to hedge exposure to cash flow and fair value interest rate risk. The amounts shown above represent the fair values of these derivative financial instruments. Although these are managed as a portfolio, the Group has no rights to offset assets and liabilities and must present these figures separately.

Cash flow hedges are used to fix interest rates on floating rate debt (floating rate notes or commercial paper) or bank borrowings. Fair value hedges are used to convert interest rates on some fixed rate debt (bonds) to floating rates.

For further information on the Council's interest rate swaps please refer to Note 28: Hedging Reserve (page 188) and Note 32: Financial instruments (page 195).

**Relevant significant accounting policies**

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

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

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

**NOTE 13: RECEIVABLES AND RECOVERABLES**

RECEIVABLES AND RECOVERABLES	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Current	45,179	46,140	46,515	47,613
Non-Current	4,185	4,185	4,185	4,186
<b>TOTAL RECEIVABLES AND RECOVERABLES - NET</b>	<b>49,364</b>	<b>50,325</b>	<b>50,700</b>	<b>51,799</b>

RECEIVABLES AND RECOVERABLES	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Trade receivables - debtors - net	18,119	13,769	17,394	13,674
Trade recoverables - fines - net	3,439	3,593	3,439	3,593
Accrued income	8,058	8,539	8,094	8,539
Sundry receivables	7,617	8,734	9,779	10,390
GST recoverable	2,803	5,709	2,666	5,622
Rates recoverable	9,328	9,981	9,328	9,981
<b>TOTAL RECEIVABLES AND RECOVERABLES - NET</b>	<b>49,364</b>	<b>50,325</b>	<b>50,700</b>	<b>51,799</b>

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

RECEIVABLES AND RECOVERABLES	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Receivables and recoverables from related parties</b>				
- Controlled entities	1,294	380	-	-
- Associates and jointly controlled entity	187	-	187	-
<b>Total receivables and recoverables from related parties</b>	<b>1,481</b>	<b>380</b>	<b>187</b>	<b>-</b>

The movement in the provision for impairment of total receivables and recoverables is analysed as follows:

PROVISION FOR IMPAIRMENT OF TOTAL RECEIVABLES AND RECOVERABLES	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Opening balance	6,183	6,030	6,183	6,030
New provisions made	896	437	896	437
Release of unused provision	(91)	(166)	(91)	(166)
Amount of provision utilised	(28)	(118)	(28)	(118)
<b>Provision for impairment of total receivables and recoverables - closing balance</b>	<b>6,960</b>	<b>6,183</b>	<b>6,960</b>	<b>6,183</b>



The ageing profile of total net receivables and recoverables at the reporting date is as follows:

COUNCIL	2017			2016		
	GROSS \$000	IMPAIRED \$000	NET \$000	GROSS \$000	IMPAIRED \$000	NET \$000
<b>Trade and other receivables and recoverables</b>						
Not past due	29,904	(179)	29,725	31,868	-	31,868
Past due 0-3 months	7,947	(57)	7,890	9,229	(82)	9,147
Past due 3-6 months	4,209	(227)	3,982	2,538	(38)	2,500
Past due more than 6 months	14,264	(6,497)	7,767	12,873	(6,063)	6,810
<b>TOTAL RECEIVABLES AND RECOVERABLES</b>	<b>56,324</b>	<b>(6,960)</b>	<b>49,364</b>	<b>56,508</b>	<b>(6,183)</b>	<b>50,325</b>

GROUP	2017			2016		
	GROSS \$000	IMPAIRED \$000	NET \$000	GROSS \$000	IMPAIRED \$000	NET \$000
<b>Trade and other receivables and recoverables</b>						
Not past due	30,852	(179)	30,673	33,142	-	33,142
Past due 0-3 months	8,224	(57)	8,167	9,352	(82)	9,270
Past due 3-6 months	4,240	(227)	4,013	2,567	(38)	2,529
Past due more than 6 months	14,344	(6,497)	7,847	12,921	(6,063)	6,858
<b>TOTAL RECEIVABLES AND RECOVERABLES</b>	<b>57,660</b>	<b>(6,960)</b>	<b>50,700</b>	<b>57,982</b>	<b>(6,183)</b>	<b>51,799</b>

The net receivables and recoverables past due for more than 6 months primarily relates to fines. Due to their nature, the collection pattern for fines is longer than that of trade debtors.

### Relevant significant accounting policies

#### *Receivables from exchange transactions*

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

#### *Recoverables from non-exchange transactions*

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

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

**NOTE 14: OTHER FINANCIAL ASSETS**

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Current	263	315	304	315
Non-current	9,996	12,865	11,337	14,343
<b>TOTAL OTHER FINANCIAL ASSETS</b>	<b>10,259</b>	<b>13,180</b>	<b>11,641</b>	<b>14,658</b>
Comprised of:				
<b>Financial assets at fair value through other comprehensive revenue and expense</b>				
Equity investments:				
- Civic Financial Services Ltd	806	766	806	766
- NZ Local Government Funding Agency (LGFA)	4,475	3,275	4,475	3,275
- Creative HQ incubator/accelerator shareholdings	-	-	1,341	1,427
<b>Loans and deposits</b>				
LGFA - borrower notes	4,688	3,728	4,688	3,728
Loans to related parties - other organisations	27	5,096	27	5,096
Loans to external organisations	263	315	304	366
<b>TOTAL OTHER FINANCIAL ASSETS</b>	<b>10,259</b>	<b>13,180</b>	<b>11,641</b>	<b>14,658</b>

**Equity investments**

Civic Financial Services Limited (formerly Civic Assurance) is the trading name for the New Zealand Local Government Insurance Corporation Limited. The Council holds a 4.78% (2016: 4.78%) shareholding in this entity with no present intention to sell.

The New Zealand Local Government Funding Agency Limited (LGFA), which commenced in December 2011 is an alternative debt provider majority owned by and operated for local authorities. The Council holds an 8% shareholding of the paid-up capital and as a shareholder will benefit from a return on its investment and as a borrower from lower borrowing costs. The LGFA has an AA+ (domestic long term) credit rating from Standard and Poors.

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

## Loans

The loans to related parties are concessionary in nature, since the loans have been granted on interest free terms. The movements in the loans are as follows:

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Loans to related parties - other organisations</b>				
<b>Wellington Regional Stadium Trust</b> <b>(nominal value \$15,394,893)</b>				
Opening balance	24	21	24	21
Amortisation of fair value adjustment	3	3	3	3
<b>Closing balance at fair value</b>	<b>27</b>	<b>24</b>	<b>27</b>	<b>24</b>
<b>Karori Sanctuary Trust</b> <b>(nominal value \$10,346,689)</b>				
Opening balance	5,072	4,675	5,072	4,675
Amortisation of fair value adjustment	-	397	-	397
Movement in fair value	5,275	-	5,275	-
Loan repayment received	(10,347)	-	(10,347)	-
<b>Closing balance at fair value</b>	<b>-</b>	<b>5,072</b>	<b>-</b>	<b>5,072</b>
<b>Loans to other external organisations</b>				
Opening balance	315	150	366	197
New loan advances	-	442	-	442
Loan repayments received	(13)	(9)	(28)	(9)
Loan forgiveness	(39)	(118)	(39)	(118)
Loan write-off	-	(150)	-	(150)
Amortisation of fair value adjustment	-	-	5	4
<b>Closing balance at fair value</b>	<b>263</b>	<b>315</b>	<b>304</b>	<b>366</b>
<b>TOTAL LOANS</b>	<b>290</b>	<b>5,411</b>	<b>331</b>	<b>5,462</b>

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

### Wellington Regional Stadium Trust

The Council holds a \$15m limited recourse loan to WRST, which is unsecured, with no specified maturity and at no interest. The loan is not repayable until all other debts are extinguished

The amortisation rate applicable to the Wellington Regional Stadium Trust loan is 12.710%.

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

### Karori Sanctuary Trust

During the adoption of the 2016/17 Annual Plan, the Council agreed to the purchase of the Zealandia visitor centre building for \$10.347m. Following this purchase, the Council loan to the Karori Sanctuary Trust was fully repaid. The \$5.275m adjustment to the related party loan was due to the early repayment of the loan Council made to the Karori Sanctuary Trust. This loan had previously been reduced to its fair value to reflect the term of the loan and expected repayment schedule. It was being amortised back up over time to its original value. The early full repayment required the fair value to be adjusted up to its full value.

Loans to other external organisations are generally suspensory loan arrangements associated with economic development grants provided by the Council to achieve defined outcomes. The loans are repayable in the event that the economic development outcomes agreed in providing the grant are not delivered. As agreed outcomes for the grants are met the loans are reduced accordingly.

Further information on the related parties is disclosed in Note 36: Related party disclosures (page 208).

**NOTE 15: NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE**

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Opening balance	1,504	1,668	1,504	1,668
Disposals	-	(949)	-	(949)
Transfers from property, plant and equipment	-	1,504	-	1,504
Transfers to property, plant and equipment	(1,504)	(719)	(1,504)	(719)
<b>TOTAL NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE</b>	<b>-</b>	<b>1,504</b>	<b>-</b>	<b>1,504</b>

**Relevant significant accounting policies**

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

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

- the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets
- a plan to sell the asset is in place and an active programme to locate a buyer has been initiated
- the asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value
- the sale is expected to occur within 1 year or beyond 1 year where a delay has occurred that is caused by events beyond the Group's control and there is sufficient evidence the Group remains committed to sell the asset, and
- actions required to complete the sale indicate it is unlikely that significant changes to the plan will be made or the plan will be withdrawn.

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

**NOTE 16: INTANGIBLES**

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Computer software</b>				
Cost - opening balance	66,989	49,256	67,730	49,965
Accumulated amortisation	(44,304)	(39,537)	(44,967)	(40,143)
Computer software opening balance	22,685	9,719	22,763	9,822
Acquired by direct purchase	6,281	17,445	6,357	17,476
Amortisation	(4,921)	(4,479)	(4,990)	(4,535)
Transfer to property, plant and equipment	(140)	-	(140)	-
<b>Total computer software - closing balance</b>	<b>23,905</b>	<b>22,685</b>	<b>23,990</b>	<b>22,763</b>
Cost	73,340	66,989	74,210	67,730
Accumulated amortisation	(49,435)	(44,304)	(50,220)	(44,967)
<b>Total computer software - closing balance</b>	<b>23,905</b>	<b>22,685</b>	<b>23,990</b>	<b>22,763</b>
<b>Work in progress</b>				
Computer software	640	2,261	640	2,261
<b>Total work in progress</b>	<b>640</b>	<b>2,261</b>	<b>640</b>	<b>2,261</b>
<b>Carbon credits</b>				
Cost - Opening Balance	1,791	1,311	1,791	1,311
Additions	369	672	369	672
Net disposals	(177)	(192)	(177)	(192)
<b>Total Carbon credits - closing balance</b>	<b>1,983</b>	<b>1,791</b>	<b>1,983</b>	<b>1,791</b>
<b>TOTAL INTANGIBLES</b>	<b>26,528</b>	<b>26,737</b>	<b>26,613</b>	<b>26,815</b>

Disposals and transfers are reported net of accumulated amortisation.

The decrease in work in progress for computer software reflects the implementation of phase one of the OneCouncil system on 1 July 2016 and the resulting decrease in project implementation costs to be capitalised.

**Carbon credits**

As part of the Emissions Trading Scheme (ETS) the Council received carbon credits from Central Government in recognition of the carbon absorbed by a portion of the Council's green belt. For the year ending 30 June 2017 the Council received 1,094 credits (2016: 37,954). The Council purchased 21,473 credits (2016: 25,641) in the market to cover the expected liabilities associated with landfill operations. During the year, 32,425 credits (2016: 34,078) were surrendered to meet the Council's ETS obligations for the 2016 calendar year. At 30 June 2017 the total number of credits held is 347,731 (2016: 357,589).

At 30 June 2017 the liability relating to landfill carbon emissions is \$0.173m (2016: \$0.0765m).

More information on carbon credits can be found in the Statements of Service Provision under activity 2.2: Waste reduction and energy conservation (page 49).

## Relevant significant accounting policies

### Computer software

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

Typically, the estimated useful lives and amortisation rate range of these assets are as follows:

ASSET CATEGORY	2017	
	USEFUL LIFE (YEARS)	AMORTISATION RATE
Computer software	2 - 10	10 - 50%

### Carbon Credits

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

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

**NOTE 17: INVESTMENT PROPERTIES**

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Opening balance	211,237	201,557	211,237	201,557
Additions by acquisition	153	1,862	153	1,862
Adjustment	(269)	-	(269)	-
Disposals	-	(5,955)	-	(5,955)
Fair value revaluation movements taken to surplus/(deficit)	18,222	13,773	18,222	13,773
Transfer to property, plant and equipment	(37)	-	(37)	-
Investment property - WIP	888	-	888	-
<b>TOTAL INVESTMENT PROPERTIES</b>	<b>230,194</b>	<b>211,237</b>	<b>230,194</b>	<b>211,237</b>

Wellington City Council's investment properties including the waterfront investment properties were valued as at 30 June 2017 by an independent valuer, William Bunt (FNZIV, FPINZ), registered valuer and Director of Valuation Services for CBRE Limited.

The Council's total investment properties comprise ground leases of \$185.208m (2016: \$168.753m) and land and buildings (including work in progress) of \$44.986m (2016: \$42.215m) held for investment purposes.

Investment properties are properties that are held primarily to earn rental 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 rentals 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 that generate cash inflows as the rental revenue is incidental to the purpose for holding the property. Such properties include the Council's social housing assets, which are held within operational assets in property, plant, and equipment.

**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 rental 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 rental payments.

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

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

**NOTE 18: PROPERTY, PLANT AND EQUIPMENT**

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Property, plant and equipment - Opening balance	6,645,975	6,595,900	6,659,487	6,608,226
Additions	83,497	166,311	87,774	169,524
Disposals	(1,094)	(1,515)	(2,151)	(1,849)
Depreciation expense	(96,968)	(94,704)	(98,663)	(96,436)
Impairment losses	(11,446)	(133)	(11,446)	(582)
Revaluation movement	295,254	(211)	295,254	(211)
Transfer between asset classes	179	-	178	-
Transfer to non-current assets held for sale	-	(1,504)	-	(1,504)
Transfer from non-current assets held for sale	1,504	719	1,504	719
Movement in work in progress	55,267	(18,888)	52,819	(18,400)
Acquisition of controlled entity	-	-	3,649	-
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>6,972,168</b>	<b>6,645,975</b>	<b>6,988,405</b>	<b>6,659,487</b>

**Relevant significant accounting policies**

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

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

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

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

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

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

*Recognition*

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

*Measurement*

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

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

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

Optimised depreciated replacement cost is a valuation methodology where the value of an asset is based on the cost of replacement with an efficient modern equivalent making allowance for obsolesce 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 3-year cycle by the Council's library staff in accordance with guidelines outlined in *Valuation Guidance for Cultural and Heritage Assets*, published by the Treasury Accounting Team, November 2002.

#### *Operational land and buildings*

Operational land and buildings are valued at fair value on a regular basis or, whenever the carrying amount differs materially to fair value, by independent registered valuers. Where the information is available, land and buildings are valued based on market evidence. The majority of Council 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.

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

#### *Restricted assets*

Art and cultural assets (artworks, sculptures, and statues) are valued at historical cost. Zoo animals are stated at estimated replacement cost. All other restricted assets (buildings, parks and reserves and the Town Belt) were valued at fair value as at 30 June 2005 by independent registered valuers. The Council has elected to use the fair value of other restricted assets at 30 June 2005 as the deemed cost of the assets. These assets are no longer revalued. Subsequent additions have been recorded at cost.

#### *Infrastructure assets*

Infrastructure assets (the roading network, water, waste and drainage reticulation networks and service concession assets) are valued at optimised depreciated replacement cost on a regular basis or, whenever the carrying amount differs materially to fair value, by independent registered valuers. Infrastructure valuations are based on the physical attributes of the assets, their condition, and their remaining lives based on the Council's best information reflected in its assets management plans. The costs are based on current quotes from actual suppliers. As such, they include ancillary costs such as breaking through seal, traffic control, and rehabilitation. Between valuations, expenditure on asset improvements is capitalised at cost.

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

Land under roads, which represents the corridor of land directly under and adjacent to the Council's roading network, was valued as at 30 June 2005 at the average value of surrounding adjacent land discounted by 50% to reflect its restricted nature. The Council elected to use the fair value of land under roads at 30 June 2005 as the deemed cost of the asset. Land under roads is no longer revalued. Subsequent additions have been recorded at cost.

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

#### *Other assets*

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

#### *Impairment*

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

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

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

#### *Disposal*

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

#### *Work in progress*

The cost of projects within work in progress is transferred to the relevant asset class when the project is completed and then depreciated.

The movements according to the individual classes of assets are as follows:

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Operational assets</b>				
<b>Land</b>				
Land - at cost - opening balance	21,741	-	21,741	-
Land - at valuation - opening balance	222,907	222,908	222,907	222,908
Total land - opening balance	244,648	222,908	244,648	222,908
Additions	120	21,741	120	21,741
Disposals	-	(1)	-	(1)
Transfer between asset classes	(663)	-	(663)	-
<b>Total land - closing balance</b>	<b>244,105</b>	<b>244,648</b>	<b>244,105</b>	<b>244,648</b>
Land - at cost - closing balance	21,862	21,741	21,862	21,741
Land - at valuation - closing balance	222,243	222,907	222,243	222,907
<b>Total land - closing balance</b>	<b>244,105</b>	<b>244,648</b>	<b>244,105</b>	<b>244,648</b>
<b>Buildings</b>				
Buildings - at cost - opening balance	25,906	-	25,906	-
Buildings - at valuation - opening balance	556,802	556,025	556,802	556,025
Total cost/valuation	582,708	556,025	582,708	556,025
Accumulated depreciation	(20,199)	-	(20,199)	-
Total buildings - opening balance	562,509	556,025	562,509	556,025
Additions	18,613	26,380	19,091	26,380
Disposals	(419)	(1,017)	(419)	(1,017)
Depreciation expense	(21,784)	(20,348)	(22,199)	(20,348)
Revaluation adjustment	-	(211)	-	(211)
Transfer between asset classes	5,837	1,680	8,770	1,680
Acquisition of controlled entity	-	-	1,500	-
<b>Total buildings - closing balance</b>	<b>564,756</b>	<b>562,509</b>	<b>569,252</b>	<b>562,509</b>
Buildings - at cost - closing balance	46,914	25,906	55,457	25,906
Buildings - at valuation - closing balance	561,635	556,802	561,635	556,802
Total cost/valuation	608,549	582,708	617,092	582,708
Accumulated depreciation	(43,793)	(20,199)	(47,840)	(20,199)
<b>Total buildings - closing balance</b>	<b>564,756</b>	<b>562,509</b>	<b>569,252</b>	<b>562,509</b>
<b>Landfill post closure costs <sup>1</sup></b>				
Landfill post closure - at cost - opening balance	3,265	3,040	3,265	3,040
Accumulated depreciation	(2,333)	(2,437)	(2,333)	(2,437)
Total landfill post closure costs - opening balance	932	603	932	603
Depreciation expense	(132)	(145)	(132)	(145)
Movement in post closure costs	927	474	927	474
<b>Total landfill post closure costs - closing balance</b>	<b>1,727</b>	<b>932</b>	<b>1,727</b>	<b>932</b>
Landfill post closure - at cost - closing balance	4,561	3,265	4,561	3,265
Accumulated depreciation	(2,834)	(2,333)	(2,834)	(2,333)
<b>Total landfill post closure costs - closing balance</b>	<b>1,727</b>	<b>932</b>	<b>1,727</b>	<b>932</b>

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

Disposals and transfers are reported net of accumulated depreciation.

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Civic Centre complex</b>				
Civic Centre complex - at cost - opening balance	173,965	176,562	173,965	176,562
Accumulated depreciation	(61,443)	(60,954)	(61,443)	(60,954)
<b>Total Civic Centre complex - opening balance</b>	<b>112,522</b>	<b>115,608</b>	<b>112,522</b>	<b>115,608</b>
Additions	767	2,387	767	2,387
Depreciation expense	(2,592)	(2,739)	(2,592)	(2,739)
Impairment	(11,446)	-	(11,446)	-
Transfer between asset classes	(2,631)	(1,680)	(2,631)	(1,680)
Transfer from Non-Current Assets Held for Sale	1,054	-	1,054	-
Transfer to non-current assets held for sale	-	(1,054)	-	(1,054)
<b>Total Civic Centre complex - closing balance</b>	<b>97,674</b>	<b>112,522</b>	<b>97,674</b>	<b>112,522</b>
Civic Centre complex - at cost - closing balance	161,576	173,965	161,576	173,965
Accumulated depreciation	(63,902)	(61,443)	(63,902)	(61,443)
<b>Total Civic Centre complex - closing balance</b>	<b>97,674</b>	<b>112,522</b>	<b>97,674</b>	<b>112,522</b>
<b>Plant and equipment</b>				
Plant and equipment - at cost - opening balance	216,102	213,057	231,319	225,843
Accumulated depreciation	(100,714)	(92,456)	(109,808)	(99,817)
<b>Total plant and equipment - opening balance</b>	<b>115,388</b>	<b>120,601</b>	<b>121,511</b>	<b>126,026</b>
Additions	7,535	7,049	11,334	10,262
Depreciation expense	(11,106)	(11,890)	(12,386)	(13,622)
Disposals	(29)	(239)	(1,086)	(573)
Impairment	-	(133)	-	(582)
Transfer between asset classes	18,321	-	15,388	-
Acquisition of controlled entity	-	-	2,149	-
<b>Total plant and equipment - closing balance</b>	<b>130,109</b>	<b>115,388</b>	<b>136,910</b>	<b>121,511</b>
Plant and equipment - at cost	239,658	216,102	257,450	231,319
Accumulated depreciation	(109,549)	(100,714)	(120,540)	(109,808)
<b>Total plant and equipment - closing balance</b>	<b>130,109</b>	<b>115,388</b>	<b>136,910</b>	<b>121,511</b>
<b>Library collections</b>				
Library collections - at cost - opening balance	3,545	1,664	3,545	1,664
Library collections - at valuation - opening balance	14,818	14,817	14,818	14,817
<b>Total cost/valuation</b>	<b>18,363</b>	<b>16,481</b>	<b>18,363</b>	<b>16,481</b>
Accumulated depreciation	(4,256)	(2,096)	(4,256)	(2,096)
<b>Total library collections - opening balance</b>	<b>14,107</b>	<b>14,385</b>	<b>14,107</b>	<b>14,385</b>
Additions	1,709	1,887	1,709	1,887
Depreciation expense	(2,352)	(2,165)	(2,352)	(2,165)
Revaluation movement	1,377	-	1,377	-
<b>Total library collections - closing balance</b>	<b>14,841</b>	<b>14,107</b>	<b>14,841</b>	<b>14,107</b>
Library collections - at cost - closing balance	-	3,545	-	3,545
Library collections - at valuation - closing balance	14,841	14,818	14,841	14,818
<b>Total cost/valuation</b>	<b>14,841</b>	<b>18,363</b>	<b>14,841</b>	<b>18,363</b>
Accumulated depreciation	-	(4,256)	-	(4,256)
<b>Total library collections - closing balance</b>	<b>14,841</b>	<b>14,107</b>	<b>14,841</b>	<b>14,107</b>
<b>Total operational assets</b>	<b>1,053,212</b>	<b>1,050,106</b>	<b>1,064,509</b>	<b>1,056,229</b>

Disposals and transfers are reported net of accumulated depreciation.

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Infrastructure assets</b>				
<b>Drainage, waste and water</b>				
Drainage, waste and water - at cost - opening balance	63,847	25,215	63,847	25,215
Drainage, waste and water - at valuation - opening balance	1,197,319	1,196,804	1,197,319	1,196,804
Total cost/valuation	1,261,166	1,222,019	1,261,166	1,222,019
Accumulated depreciation	(54,076)	(26,877)	(54,076)	(26,877)
Total drainage, water and waste - opening balance	1,207,090	1,195,142	1,207,090	1,195,142
Additions	22,995	39,538	22,995	39,538
Depreciation expense	(27,475)	(27,586)	(27,475)	(27,586)
Revaluation movement	132,146	-	132,146	-
Transfer between asset classes	(22,195)	(4)	(22,195)	(4)
<b>Total drainage, water and waste - closing balance</b>	<b>1,312,561</b>	<b>1,207,090</b>	<b>1,312,561</b>	<b>1,207,090</b>
Drainage, waste and water - at cost - closing balance	-	63,847	-	63,847
Drainage, waste and water - at valuation - closing balance	1,312,561	1,197,319	1,312,561	1,197,319
Total cost/valuation	1,312,561	1,261,166	1,312,561	1,261,166
Accumulated depreciation	-	(54,076)	-	(54,076)
<b>Total drainage, water and waste - closing balance</b>	<b>1,312,561</b>	<b>1,207,090</b>	<b>1,312,561</b>	<b>1,207,090</b>
<b>Service concession assets</b>				
Service concession assets - at cost - opening balance	-	-	-	-
Service concession assets - at valuation - opening balance	154,767	154,767	154,767	154,767
Total cost/valuation	154,767	154,767	154,767	154,767
Accumulated depreciation	(9,938)	(4,969)	(9,938)	(4,969)
Total service concession assets - opening balance	144,829	149,798	144,829	149,798
Depreciation expense	(4,911)	(4,969)	(4,911)	(4,969)
Revaluation movement	14,312	-	14,312	-
<b>Total service concession assets - closing balance</b>	<b>154,231</b>	<b>144,829</b>	<b>154,231</b>	<b>144,829</b>
Service concession assets - at cost - closing balance	-	-	-	-
Service concession assets - at valuation - closing balance	154,231	154,767	154,231	154,767
Total cost/valuation	154,231	154,767	154,231	154,767
Accumulated depreciation	-	(9,938)	-	(9,938)
<b>Total service concession assets - closing balance</b>	<b>154,231</b>	<b>144,829</b>	<b>154,231</b>	<b>144,829</b>
<b>Roading</b>				
Roading - at cost - opening balance	88,659	29,927	88,659	29,927
Roading - at valuation - opening balance	824,639	824,103	827,239	826,703
Total cost/valuation	913,298	854,030	915,898	856,630
Accumulated depreciation	(45,197)	(21,857)	(45,197)	(21,857)
Total roading - opening balance	868,101	832,173	870,701	834,773
Additions	26,867	58,732	26,867	58,732
Depreciation expense	(25,039)	(23,341)	(25,039)	(23,341)
Revaluation movement	144,434	-	144,434	-
Transfer between asset classes	(29)	537	(29)	537
<b>Total roading - closing balance</b>	<b>1,014,334</b>	<b>868,101</b>	<b>1,016,934</b>	<b>870,701</b>
Roading - at cost - closing balance	-	88,659	-	88,659
Roading - at valuation - closing balance	1,014,334	824,639	1,016,934	827,239
Total cost/valuation	1,014,334	913,298	1,016,934	915,898
Accumulated depreciation	-	(45,197)	-	(45,197)
<b>Total roading - closing balance</b>	<b>1,014,334</b>	<b>868,101</b>	<b>1,016,934</b>	<b>870,701</b>

Disposals and transfers are reported net of accumulated depreciation.

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Infrastructure land</b>				
Infrastructure land - at cost - opening balance	3,720	192	3,720	192
Infrastructure land - at valuation - opening balance	35,818	35,818	35,818	35,818
<b>Total infrastructure land - opening balance</b>	<b>39,538</b>	<b>36,010</b>	<b>39,538</b>	<b>36,010</b>
Additions	-	3,208	-	3,208
Revaluation movement	2,985	-	2,985	-
Transfer between asset classes	(3,730)	-	(3,730)	-
Transfer from non-current assets held for sale	-	320	-	320
<b>Total infrastructure land - closing balance</b>	<b>38,793</b>	<b>39,538</b>	<b>38,793</b>	<b>39,538</b>
Infrastructure land - at cost - closing balance	-	3,720	-	3,720
Infrastructure land - at valuation - closing balance	38,793	35,818	38,793	35,818
<b>Total infrastructure land - closing balance</b>	<b>38,793</b>	<b>39,538</b>	<b>38,793</b>	<b>39,538</b>
<b>Land under roads</b>				
Land under roads - at cost - opening balance	2,950,144	2,950,197	2,950,144	2,950,197
Additions	1,833	224	1,833	224
Disposals	(506)	(258)	(506)	(258)
Transfer between asset classes	4,413	-	4,413	-
Transfer from non-current assets held for sale	377	358	377	358
Transfer to non-current assets held for sale	-	(377)	-	(377)
<b>Land under roads - closing balance</b>	<b>2,956,261</b>	<b>2,950,144</b>	<b>2,956,261</b>	<b>2,950,144</b>
<b>Total infrastructure assets</b>	<b>5,476,180</b>	<b>5,209,702</b>	<b>5,478,781</b>	<b>5,212,302</b>
<b>Restricted assets<sup>2</sup></b>				
<b>Art and cultural assets</b>				
Art and cultural assets - at cost - opening balance	8,667	8,927	11,006	11,266
Additions	19	21	19	21
Transfer between asset classes	44	(281)	44	(281)
<b>Art and cultural assets - closing balance</b>	<b>8,730</b>	<b>8,667</b>	<b>11,069</b>	<b>11,006</b>
<b>Restricted buildings</b>				
Restricted buildings - at cost - opening balance	40,865	36,627	40,865	36,627
Accumulated depreciation	(10,870)	(9,497)	(10,870)	(9,497)
<b>Total restricted buildings - opening balance</b>	<b>29,995</b>	<b>27,130</b>	<b>29,995</b>	<b>27,130</b>
Additions	1,168	4,386	1,168	4,386
Depreciation expense	(1,577)	(1,521)	(1,577)	(1,521)
Transfer between asset classes	300	-	300	-
<b>Restricted buildings - closing balance</b>	<b>29,886</b>	<b>29,995</b>	<b>29,886</b>	<b>29,995</b>
Restricted buildings - at cost - closing balance	42,294	40,865	42,294	40,865
Accumulated depreciation	(12,408)	(10,870)	(12,408)	(10,870)
<b>Total restricted buildings - closing balance</b>	<b>29,886</b>	<b>29,995</b>	<b>29,886</b>	<b>29,995</b>

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

Disposals and transfers are reported net of accumulated depreciation.

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Parks and reserves</b>				
Parks and reserves - at cost - opening balance	211,888	211,888	211,888	211,888
Additions	943	284	943	284
Disposals	(140)	-	(140)	-
Transfer between asset classes	3,569	(252)	3,569	(252)
Transfer from non-current assets held for sale	73	41	73	41
Transfer to non-current assets held for sale	-	(73)	-	(73)
<b>Parks and reserves - closing balance</b>	<b>216,333</b>	<b>211,888</b>	<b>216,333</b>	<b>211,888</b>
<b>Town Belt</b>				
Town Belt - at cost - opening balance	84,544	84,544	84,544	84,544
Transfer between asset classes	(3,058)	-	(3,058)	-
<b>Town Belt - at cost</b>	<b>81,486</b>	<b>84,544</b>	<b>81,486</b>	<b>84,544</b>
<b>Zoo animals - at cost</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>
<b>Total restricted assets</b>	<b>336,935</b>	<b>335,594</b>	<b>339,274</b>	<b>337,933</b>
<b>Work in progress</b>				
Land	3,155	143	3,155	143
Buildings	50,573	23,569	50,573	23,569
Civic Centre complex	1,227	4,639	1,227	4,639
Plant and equipment	17,149	10,238	17,149	12,688
Library	781	474	781	474
Drainage, waste and water	18,261	5,038	18,261	5,038
Roading	14,517	6,173	14,517	6,173
Art and cultural	179	181	179	181
Restricted buildings	-	118	-	118
<b>Total work in progress</b>	<b>105,842</b>	<b>50,573</b>	<b>105,842</b>	<b>53,023</b>
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>6,972,168</b>	<b>6,645,975</b>	<b>6,988,405</b>	<b>6,659,487</b>

Disposals and transfers are reported net of accumulated depreciation.

**Revaluation of property, plant, and equipment**

The Council's operational land and buildings were valued as at 30 June 2015, and infrastructural land as at 30 June 2017 by William Bunt (FNZIV, FFINZI), registered valuer and Director of Valuation Services for CBRE Limited.

Library collections were valued as at 30 June 2017 by the Council's library staff. The revaluation was carried out in accordance with guidelines outlined in Valuation Guidance for Cultural and Heritage Assets published by the Treasury Accounting Team, November 2002.

The drainage, waste and water infrastructure and roading networks and the service concession assets were valued as at 30 June 2017 by John Vessey (MIPENZ), Partner of Opus International Consultants Limited.

Assets are valued at regular intervals by independent registered valuers or whenever the carrying amount differs materially to fair value. In the years which an asset class is not revalued, the Group assesses whether there has been any material change in the value of that asset class. The movement in asset values between 30 June 2015 and 30 June 2017 for the land and building assets were assessed using appropriate indices. The increase in asset value of 0.5% of Total Assets was not considered material by management and accordingly the assets were not revalued at 30 June 2017.

Further information on revaluation reserves and movements is contained in Note 27: Revaluation reserves on page 186.

**Finance leases**

The net carrying amount of plant and equipment assets held by the Council under finance leases is nil (2016: \$0.216m) as all finance leases have ended.

**Significant acquisitions and replacements of assets**

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



## CORE ASSETS

Included within the infrastructure assets above are the following core Council assets:

COUNCIL	2017			
	CLOSING BOOK VALUE	ADDITIONS		REPLACEMENT COST
		CONSTRUCTED	VESTED	
	\$000	\$000	\$000	\$000
<b>Water supply</b>				
- treatment plants and facilities	-	-	-	-
- other assets	386,880	14,431	1,554	878,743
<b>Sewerage</b>				
- treatment plants and facilities	171,176	-	431	230,000
- other assets	463,665	10,672	-	1,018,655
<b>Stormwater drainage</b>	419,210	7,217	660	817,747
<b>Flood protection and control works</b>	-	-	-	-
<b>Roads and footpaths</b>	722,067	33,837	-	944,597
<b>TOTAL CORE ASSETS</b>	<b>2,162,998</b>	<b>66,157</b>	<b>2,645</b>	<b>3,889,742</b>

COUNCIL	2016			
	CLOSING BOOK VALUE	ADDITIONS		REPLACEMENT COST
		CONSTRUCTED	VESTED	
	\$000	\$000	\$000	\$000
<b>Water supply</b>				
- treatment plants and facilities	-	-	-	-
- other assets	340,231	15,033	1,644	778,239
<b>Sewerage</b>				
- treatment plants and facilities	166,979	-	-	222,587
- other assets	437,986	10,852	1,296	913,422
<b>Stormwater drainage</b>	415,480	4,867	3,042	683,418
<b>Flood protection and control works</b>	-	-	-	-
<b>Roads and footpaths</b>	624,743	34,444	502	850,940
<b>TOTAL CORE ASSETS</b>	<b>1,985,419</b>	<b>65,196</b>	<b>6,484</b>	<b>3,448,605</b>

Drainage, waste, water and roads assets were revalued for the year ending 30 June 2017 by Opus International Limited as part of the normal revaluation cycle.

The core value of roads and footpaths shown above excludes the value of retaining walls, street lighting, sumps and leads and other related assets totalling \$292m (2016: \$243.4m) that are included in the value of roading assets under infrastructure assets as disclosed above.

### Service concession arrangements

The service concession arrangement asset class consists of the Moa Point, Western (Karori) and Carey's Gulley waste water treatment plants, which are owned by the Council but operated by Veolia Water under agreement. The assets are valued consistently with waste infrastructure network assets.

The Moa Point sewerage treatment plant is owned by the Council and operated by Veolia Water under a design, build and operate contract. Veolia Water also operates the Council-owned Western (Karori) and Carey's Gully treatment plants. The plants and building assets are included in the service concession arrangement assets above.

Veolia Water is required to fund all renewals and repairs and return the plants to the Council in 2020 with a future life expectancy of at least 25 years.

As asset owner, the Council incurs all associated operating expenses, namely management fees, depreciation and finance costs. In accordance with section 100 of the Local Government Act 2002, the Council does not fully rates fund the plant's depreciation expenditure.

Veolia's monthly management fee is determined in accordance with annually adjusted tariffs. The contract terminates either on the expiry of the 25-year term (2020) or on the occurrence of a contract default event by either party. The contract's right of renewal resides with the Council.

### Insurance of assets

	COUNCIL	
	2017 \$000	2016 \$000
Total value of property, plant and equipment	6,972,168	6,645,975
less assets (primarily land) excluded from insurance contracts	(3,642,819)	(3,581,335)
Value of assets covered by insurance contracts	<b>3,329,349</b>	<b>3,064,640</b>
The maximum amount to which assets are insured under Council insurance policies	1,293,000	1,305,000

In addition to the Council's insurance, in the event of natural disaster it is assumed that Central Government will contribute 60% towards the restoration of Council-owned underground drainage, waste and water assets and the New Zealand Transport agency will contribute between 44-54% towards the restoration of roading assets.

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

An insurance reserve of \$4.156m (2016: \$9.566m) exists to meet the cost of claims that fall below deductible limits under Council insurance policies. The reserve is funded annually through rates by \$1.500m (2016: \$1.500m). The net cost of claims applied to the reserve during the year amounted to \$6.910m (2016: \$0.661m). The majority of this cost related to the Kaikoura earthquake in November 2016. The Council will look to return the reserve back to required levels.

For more information on the claims applied against the reserve refer to Note 38: Financial impacts of the Kaikoura earthquake (page 216).

## NOTE 19: INVESTMENT IN CONTROLLED ENTITIES

The cost of the Council's investment in controlled entities is reflected in the Council's financial statements as follows:

INVESTMENT IN CONTROLLED ENTITIES	2017 \$000	2016 \$000
Wellington Cable Car Limited	3,809	3,809
Wellington Regional Economic Development Agency Limited (WREDA)	1,262	1,262
<b>TOTAL INVESTMENT IN CONTROLLED ENTITIES</b>	<b>5,071</b>	<b>5,071</b>

The equity investment represents the cost of the investment to the Council and includes all capital contributions made by the Council to controlled entities. The Council has only made equity investments as shareholders as noted in the table above. Nominal settlement amounts (ie \$100) made in respect of Trusts, for which the Council is the settlor, have not been recognised due to their materiality or are considered as equity investments.

Information on inter-company transactions is included in the Note 36: Related party disclosures (page 208).

The following entities are controlled entities of the Council:

CONTROLLED ENTITIES	ACCOUNTING INTEREST 2017	ACCOUNTING INTEREST 2016	NATURE OF BUSINESS
Karori Sanctuary Trust (Trading as Zealandia)	100%	0%	Owns and manages the activities of the urban eco-sanctuary in Karori.
Wellington Cable Car Limited	100%	100%	Owns and manages the trolley bus overhead wiring system and the Cable Car.
Wellington Museums Trust	100%	100%	Administers the Cable Car Museum, Capital E, City Gallery, Nairn Street Cottage, Space Place at Carter Observatory, Wellington Museum and the NZ Cricket Museum
Wellington Regional Economic Development Agency Limited (WREDA)	80%	80%	Manages the Wellington Venues Project and creates economic and social benefit by marketing the city with the private sector as a tourism destination.
- Creative HQ Limited	80%	80%	Business incubators
Wellington Waterfront Limited	100%	100%	Acts as bare trustee for the Waterfront project
Wellington Zoo Trust	100%	100%	Manages and guides the future direction of the Wellington Zoo.

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

### Karori Sanctuary Trust

The Karori Sanctuary Trust (trading as Zealandia) became a Council controlled organisation on 30 September 2016 following the signing of a variation to the original Deed of trust. By virtue of now being able to appoint five to six members of the seven member board, the Council effectively has control and will consolidate the Trust's financial statements into the Group.

## NOTE 20: INVESTMENT IN ASSOCIATES AND JOINTLY CONTROLLED ENTITY

The cost of the Council's investment in associates and a jointly controlled entity is reflected in the Council financial statements as follows:

INVESTMENT IN ASSOCIATES AND JOINTLY CONTROLLED ENTITY	2017 \$000	2016 \$000
Chaffers Marina Holdings Limited	1,290	1,290
Wellington International Airport Limited	17,775	17,775
Wellington Water Limited	400	400
<b>TOTAL INVESTMENT IN ASSOCIATES AND JOINTLY CONTROLLED ENTITY</b>	<b>19,465</b>	<b>19,465</b>

The Council has a significant interest in the following:

ASSOCIATES AND JOINTLY CONTROLLED ENTITIES	ACCOUNTING INTEREST 2017	ACCOUNTING INTEREST 2016	NATURE OF BUSINESS
Chaffers Marina Holdings Limited	10.52%	10.52%	Holding company for Chaffers Marina Limited.
- Chaffers Marina Limited	10.52%	10.52%	Owns and manages the marina.
Wellington International Airport Limited	34%	34%	Owns and manages Wellington International Airport facilities and services.
Wellington Water Limited (Previously Capacity Infrastructure Services Limited)	42.11%	42.11%	Manages all water services for Wellington, Lower Hutt, Upper Hutt and Porirua City Councils and Greater Wellington Regional Council.
Basin Reserve Trust	0% (see below)	0%	Manages, operates and maintains the Basin Reserve
Wellington Regional Stadium Trust	0% (see below)	0%	Owns and manages the Westpac Stadium.

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

### Associates

#### *Chaffers Marina*

Chaffers Marina Holdings Limited and Chaffers Marina Limited have a reporting period end date of 30 June. The shares in Chaffers Marina Holdings Limited are held by Wellington Waterfront Limited in a fiduciary capacity. As at 30 June 2017, the Council held a 10.52% interest in Chaffers Marina Holdings Limited (2016:10.52%), which has been recognised in the Group financial statements on an equity accounting basis reflecting the special rights (as set out in Chaffers Marina Limited's Constitution), which attach to the golden share that it holds in Chaffers Marina Limited.

#### *Wellington International Airport Limited*

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

#### *Basin Reserve Trust*

The Basin Reserve Trust was established on 24 February 2005 to manage, operate and maintain the Basin Reserve. The Trust was jointly created with Cricket Wellington Incorporated (CWI). Wellington City Council and CWI each appoint two of the four trustees. Wellington City Council has significant influence over the Trust through the appointment of trustees, and receives benefits from the complementary activities of the Trust.

The Council no longer considers the Trust meets the requirements of PBE IPSAS 7 *Investments in Associates* to enable continued consolidation on an equity accounted basis. The Trust is still identified as an associate given the Council's level of influence and financial support but due to the lack of an equity investment the Council believes it is no longer appropriate to include the Trust in the Group financial statements.

### Wellington Regional Stadium Trust

Wellington Regional Stadium Trust was jointly created with Greater Wellington Regional Council and Wellington City Council has significant influence over the Wellington Regional Stadium Trust through the appointment of trustees and receives benefits from the complementary activities of the Trust.

The Council no longer considers the Trust meets the requirements of PBE IPSAS 7 *Investments in Associates* to enable continued consolidation on an equity accounted basis. The Trust is still identified as an associate given the Council's level of influence and financial support but due to the lack of an equity investment the Council believes it is no longer appropriate to include the Trust in the Group financial statements.

### Jointly controlled entity

#### Wellington Water Limited

Formerly trading as Capacity (Capacity Infrastructure Services Limited) and jointly created with Hutt City Council on 9 July 2003 the company has expanded its operations and ownership to include Upper Hutt and Porirua City councils from 1 November 2013 and Greater Wellington Regional Council from 16 September 2014.

The company has a reporting period ending 30 June and has a dual share structure comprising A class shares (voting rights) and B Class shares (financial entitlements). The structure is as follows:

	CLASS A SHARES (VOTING RIGHTS)	CLASS B SHARES (FINANCIAL ENTITLEMENTS)	OWNERSHIP INTEREST
Wellington City Council	150	200	42%
Hutt City Council	150	100	21%
Upper Hutt City Council	150	40	8%
Porirua City Council	150	60	13%
Greater Wellington Regional Council	150	75	16%
<b>Total shares on issue</b>	<b>750</b>	<b>475</b>	<b>100%</b>

The Class A shares represent voting rights and are split evenly between the five councils. The Class B shares confer the level of contributions and ownership benefits of each council. Wellington City Council classifies this entity as jointly controlled because of the equal sharing of voting rights conferred through the Class A shares and the shareholder's agreement, which constitutes a binding arrangement.

Wellington City Council chooses to use equity accounting to recognise its 42.11% ownership interest as determined by the proportionate value of Class B shares held.

### Summary of Financial Position and Performance of associates and jointly controlled entity

The Council's share of the assets, liabilities, revenues and surpluses or deficits of its associates and jointly controlled entity are as follows:

	ASSETS 2017 \$000	LIABILITIES 2017 \$000	REVENUES 2017 \$000	SURPLUS/(DEFICIT) 2017 \$000
<b>Associates</b>				
Chaffers Marina Holdings Limited	596	172	114	(31)
Wellington International Airport Limited	369,134	194,761	40,651	13,432
<b>Jointly controlled entity</b>				
Wellington Water Limited	5,067	4,345	24,050	(88)

	ASSETS 2016 \$000	LIABILITIES 2016 \$000	REVENUES 2016 \$000	SURPLUS/(DEFICIT) 2017 \$000
<b>Associates</b>				
Chaffers Marina Holdings Limited	626	171	105	(36)
Wellington International Airport Limited	326,110	153,852	38,593	12,805
<b>Jointly controlled entity</b>				
Wellington Water Limited	4,248	3,438	19,499	42

## Value of the investments

The investment in associates and the jointly controlled entity in the Group financial statements represents the Council's share of the net assets of the associates and the jointly controlled entity. This is reflected in the Group financial statements as follows:

INVESTMENT IN ASSOCIATES AND JOINTLY CONTROLLED ENTITY	GROUP	
	2017 \$000	2016 \$000
<b>Chaffers Marina Holdings Limited</b>		
Opening balance	903	939
Change in shares during the year	-	-
Change in equity due to changed shareholding	-	-
Equity accounted earnings of associate	(31)	(36)
<b>Closing balance - investment in Chaffers Marina Holdings Limited</b>	<b>872</b>	<b>903</b>
<b>Wellington International Airport Limited</b>		
Opening balance	136,706	135,960
Dividends	(11,937)	(12,059)
Equity accounted earnings of associate	13,432	12,805
Share of net revaluation of property, plant and equipment - movement	24,165	-
<b>Closing balance - investment in Wellington International Airport Limited</b>	<b>162,366</b>	<b>136,706</b>
<b>Wellington Water Limited</b>		
Opening balance	810	768
Change in equity due to changed shareholding	-	-
Equity accounted earnings of jointly controlled entity	(88)	42
<b>Closing balance - investment in Wellington Water Limited</b>	<b>722</b>	<b>810</b>
<b>TOTAL INVESTMENT IN ASSOCIATES AND JOINTLY CONTROLLED ENTITY</b>	<b>163,960</b>	<b>138,419</b>

The Council's share of the operating surplus or deficit results of the Chaffers Marina Holdings Limited, Wellington International Airport Limited and Wellington Water Limited is outlined in Note 9: Share of Associates' and Jointly Controlled Entity's surplus or deficit (page 144).

**NOTE 21: EXCHANGE TRANSACTION, TRANSFERS AND TAXES PAYABLE**

EXCHANGE TRANSACTIONS, TRANSFERS AND TAXES PAYABLE	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Current</b>				
Exchange transactions and transfers payable	58,155	50,422	59,639	53,934
Taxes payable	3,498	2,852	3,627	3,068
<b>Non-current</b>				
Exchange transactions and transfers payable	630	630	630	630
<b>TOTAL EXCHANGE TRANSACTIONS, TRANSFERS AND TAXES PAYABLE</b>	<b>62,283</b>	<b>53,904</b>	<b>63,896</b>	<b>57,632</b>

Comprised of:

EXCHANGE TRANSACTIONS AND TRANSFERS PAYABLE	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Trade payables and accruals	51,293	43,872	52,780	47,350
Interest payable	3,113	3,059	3,113	3,059
Sundry payables	4,379	4,121	4,376	4,155
<b>Total exchange transactions and transfers payable</b>	<b>58,785</b>	<b>51,052</b>	<b>60,269</b>	<b>54,564</b>

TAXES PAYABLE	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
GWRC rates	3,207	1,861	3,207	1,861
Other	291	991	420	1,207
<b>Total taxes payable</b>	<b>3,498</b>	<b>2,852</b>	<b>3,627</b>	<b>3,068</b>
<b>TOTAL EXCHANGE TRANSACTIONS, TRANSFERS AND TAXES PAYABLE</b>	<b>62,283</b>	<b>53,904</b>	<b>63,896</b>	<b>57,632</b>

EXCHANGE TRANSACTIONS, TRANSFERS AND PAYABLE TO RELATED PARTIES	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Controlled entities	2,354	1,515	-	-
Associates and jointly controlled entity	-	2,078	-	2,078
<b>Total exchange transactions, transfers and payable to related parties</b>	<b>2,354</b>	<b>3,593</b>	<b>-</b>	<b>2,078</b>

Payables under exchange transactions, transfers and taxes payable are non-interest bearing and are normally settled on terms varying between 7 days and the 20th of the month following the invoice date. Most of Council's payables are exchange transactions as they are directly with another party on an arm's length basis and are of approximately equal value. Non-exchange payables are classified as either taxes (eg PAYE) or transfers payable (eg Council grants).

**NOTE 22: REVENUE IN ADVANCE**

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Exchange</b>				
Lease rentals	2,910	3,416	2,910	3,416
Other	-	-	250	366
<b>Taxes</b>				
Rates	1,345	1,350	1,345	1,350
<b>Transfers</b>				
Wellington Venues operations	1,048	1,256	1,048	1,256
Inspection and licensing fees	3,639	3,393	3,639	3,393
Other	1,202	1,042	1,876	1,818
<b>Liabilities recognised under conditional transfer agreements</b>	<b>18,778</b>	<b>32,641</b>	<b>19,649</b>	<b>33,594</b>
<b>TOTAL REVENUE IN ADVANCE</b>	<b>28,922</b>	<b>43,098</b>	<b>30,717</b>	<b>45,193</b>

**Relevant significant accounting policies***Liabilities recognised under conditional transfer agreements*

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

The primary liability recognised as being under a conditional transfer agreement is \$15.172m relating to the capital grant received from the Crown for the housing upgrade project (2016: \$28.474m)



## NOTE 23: BORROWINGS

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

### Gross Borrowings

The gross borrowings are comprised as follows:

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Current</b>				
Bank loans - term	96	22	196	22
Commercial paper	85,000	100,000	85,000	100,000
Debt securities - fixed rate bonds	-	-	-	-
Debt securities - floating rate notes	15,000	40,000	15,000	40,000
Finance leases	-	55	-	55
<b>Total current</b>	<b>100,096</b>	<b>140,077</b>	<b>100,196</b>	<b>140,077</b>
<b>Non-current</b>				
Bank loans - term	4,224	3,907	4,292	3,907
Debt securities - fixed rate bonds	20,000	20,000	20,000	20,000
Debt securities - floating rate notes	371,500	326,500	371,500	326,500
<b>Total non-current</b>	<b>395,724</b>	<b>350,407</b>	<b>395,792</b>	<b>350,407</b>
<b>TOTAL GROSS BORROWINGS</b>	<b>495,820</b>	<b>490,484</b>	<b>495,988</b>	<b>490,484</b>

### Net Borrowings

When the cash position of Council and the Group is taken into account the net borrowings position is comprised as follows:

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Total gross borrowings	495,820	490,484	495,988	490,484
<i>Less</i>				
Cash and cash equivalents (see Note 11)	(76,907)	(94,009)	(85,366)	(103,623)
<b>TOTAL NET BORROWINGS</b>	<b>418,913</b>	<b>396,475</b>	<b>410,622</b>	<b>386,861</b>

The Council's borrowing strategy is to minimise liquidity risk by avoiding concentration of debt maturity dates and to ensure there is long-term access to funds. Further information on the liquidity and market risks associated with borrowings is contained in Note 32: Financial instruments (page 195).

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

GROUP	AVAILABLE \$000	UTILISED \$000	MATURITIES	RATES %
Bank overdraft - committed	1,500	-	-	-
Bank facilities - short term - uncommitted	5,000	-	-	-
Bank facilities - long term - committed	120,000	-	-	-
Bank loans - term	4,488	4,488	2018 - 2041	7.00
Commercial paper	100,000	85,000	2017	1.99 - 2.04
Debt securities - fixed rate bonds	20,000	20,000	2018 - 2023	4.06 - 5.48
Debt securities - floating rate notes	386,500	386,500	2017 - 2033	3.10 - 5.37
<b>Total</b>	<b>637,488</b>	<b>495,988</b>		

## Security

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

## Internal Borrowings

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

## Ring-fenced funds

The Council holds \$61.135m (2016: \$62.906m) of funds that may only be used for a specified purpose. These funds are not held in cash but are utilised against borrowings until required. The specified uses for these funds are as follows:

### *Housing upgrade project*

As part of the agreement with the Crown for the Housing Upgrade Project an amount of \$51.175m (2016: \$57.578m), representing any as yet unused grant funding from the Crown plus the accumulated surpluses and deficits from the Housing activity, has been ring fenced for future investment in the Council's social housing assets.

### *Waste reduction and energy*

An amount of \$9.960m (2016: \$5.328m) 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. The Council is committed to a number of waste minimisation projects that will utilise these funds.

**NOTE 24: EMPLOYEE BENEFITS AND LIABILITIES PROVISION**

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Current</b>				
<b>Short-term benefits</b>				
Payroll accruals	2,213	1,878	2,922	2,267
Holiday leave	5,324	5,256	6,612	6,385
<b>Total short-term benefits</b>	<b>7,537</b>	<b>7,134</b>	<b>9,534</b>	<b>8,652</b>
<b>Termination benefits</b>				
Other contractual provisions	274	55	274	55
<b>Total termination benefits</b>	<b>274</b>	<b>55</b>	<b>274</b>	<b>55</b>
<b>Total current</b>	<b>7,811</b>	<b>7,189</b>	<b>9,808</b>	<b>8,707</b>
<b>Non-current</b>				
<b>Long-term benefits</b>				
Long service leave provision	-	-	35	49
Retirement gratuities provision	889	995	889	1,007
<b>Total long-term benefits</b>	<b>889</b>	<b>995</b>	<b>924</b>	<b>1,056</b>
<b>TOTAL EMPLOYEE BENEFIT LIABILITIES AND PROVISIONS</b>	<b>8,700</b>	<b>8,184</b>	<b>10,732</b>	<b>9,763</b>

**Relevant significant accounting policies - general**

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

*Holiday leave*

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

Movements in material employee benefit provisions above are analysed as follows:

RETIREMENT GRATUITIES PROVISION	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Opening balance	995	1,096	1,007	1,108
Movement in required provision	9	(32)	9	(32)
Release of unused provision	(49)	(7)	(49)	(7)
Rediscounting of interest	27	59	27	59
Amount utilised	(93)	(121)	(105)	(121)
<b>Retirement gratuities - closing balance</b>	<b>889</b>	<b>995</b>	<b>889</b>	<b>1,007</b>

*Background*

The Council's retirement gratuities provision is a contractual entitlement for a reducing number of employees who, having qualified with 10 years' service will, on retirement, be entitled to a payment based on years of service and current salary. This entitlement has not been offered to Council employees since 1991. Based on the age of remaining participants the provision may not be extinguished until 2037, assuming retirement at age 65.

**Relevant significant accounting policies - specific**

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

*Estimation*

The gross retirement gratuities provision (inflation adjusted at 1.56%) as at 30 June 2017, before discounting, is \$1.088m (2016: \$1.262m). The discount rate used is 6.10%.

OTHER CONTRACTUAL PROVISIONS	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Opening balance	55	112	55	112
New provision	274	55	274	55
Release of unused provision	-	-	-	-
Amount utilised	(55)	(112)	(55)	(112)
<b>Other contractual provisions - closing balance</b>	<b>274</b>	<b>55</b>	<b>274</b>	<b>55</b>

### *Background*

The above provision is to cover estimated redundancy costs as at 30 June 2017 resulting from current restructuring within the Council.

### **Relevant significant accounting policies - specific**

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

**NOTE 25: PROVISIONS FOR OTHER LIABILITIES**

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Current</b>				
ACC Partnership programme	-	12	-	12
Landfill post closure costs	1,508	1,441	1,508	1,441
Weathertight homes	11,236	9,500	11,236	9,500
Unreinforced masonry grants	840	-	840	-
<b>Total current</b>	<b>13,584</b>	<b>10,953</b>	<b>13,584</b>	<b>10,953</b>
<b>Non-current</b>				
Landfill post closure costs	16,205	15,330	16,205	15,330
Weathertight homes	28,199	34,920	28,199	34,920
<b>Total non-current</b>	<b>44,404</b>	<b>50,250</b>	<b>44,404</b>	<b>50,250</b>
<b>TOTAL PROVISIONS FOR OTHER LIABILITIES</b>	<b>57,988</b>	<b>61,203</b>	<b>57,988</b>	<b>61,203</b>

**Relevant significant accounting policies - general**

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

Movements in material provisions above are analysed as follows:

LANDFILL POST CLOSURE COSTS	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Opening balance	16,771	15,820	16,771	15,820
Movement in provision	491	479	491	479
Re-discounting of interest	627	932	627	932
Amount utilised	(176)	(460)	(176)	(460)
<b>Landfill post closure costs - closing balance</b>	<b>17,713</b>	<b>16,771</b>	<b>17,713</b>	<b>16,771</b>
Current	1,508	1,441	1,508	1,441
Non-current	16,205	15,330	16,205	15,330
<b>Landfill post closure costs - closing balance</b>	<b>17,713</b>	<b>16,771</b>	<b>17,713</b>	<b>16,771</b>

*Background*

The Council operates the Southern Landfill (Stage 3) and has a 21.5% joint venture interest in the Spicer Valley Landfill. It also manages a number of closed landfill sites around Wellington. The Council has responsibility for the closure of its landfills and to provide ongoing maintenance and monitoring of the landfills after they are closed.

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

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

Post-closure responsibilities include:

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

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

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

### Relevant significant accounting policies - specific

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

The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including known changes to legal requirements and known improvements in technology. The provision includes all costs associated with landfill post-closure including final cover application and vegetation; incremental drainage control features; completing facilities for leachate collection and monitoring; completing facilities for water quality monitoring; completing facilities for monitoring and recovery of gas.

Amounts provided for landfill post-closure are capitalised to the landfill asset. The capitalised landfill asset is depreciated over the life of the landfill based on the capacity used.

The Council's provision for landfill post-closure costs includes the Council's 21.5% proportionate share of the Spicer Valley landfill provision for post-closure costs.

### Estimations

The long-term nature of the liability means there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated using known improvements in technology and known changes to legal requirements. Future cash flows are discounted using the rate of 6.10%. The gross provision (inflation adjusted at 3.25%), before discounting, is \$23.152m as at 30 June 2017 (2016: \$23.576m). 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 545,530m<sup>3</sup> (2016: 664,018m<sup>3</sup>) and is expected to close in 2021. 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 2030 to coincide with the end of its resource consent.

WEATHERTIGHT HOMES	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Opening balance	44,420	41,200	44,420	41,200
Additional or increased provision made	4,429	12,006	4,429	12,006
Amount utilised	(9,414)	(8,786)	(9,414)	(8,786)
<b>Weathertight homes - closing balance</b>	<b>39,435</b>	<b>44,420</b>	<b>39,435</b>	<b>44,420</b>
Current	11,236	9,500	11,236	9,500
Non-current	28,199	34,920	28,199	34,920
<b>Weathertight homes - closing balance</b>	<b>39,435</b>	<b>44,420</b>	<b>39,435</b>	<b>44,420</b>

### Background

This provision represents the Council's estimated liability relating to the settlement of claims arising in relation to the Weathertight Homes Resolution Services (WHRS) Act 2006 and civil proceedings for weathertightness.

A provision has been recognised for the potential net settlement of all known claims, including those claims that are being actively managed by the Council as well as claims lodged with WHRS but not yet being actively managed. The provision also includes an amount of \$5.377m (2016: \$2.056m) as a provision for future claims relating to weathertightness issues not yet identified or not yet reported.

### Movement in the provision

During the year \$9.414m was paid as either part or full settlement of claims. An additional \$4.429m 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 that have been notified and are not yet actively managed and unreported claims is based on actuarial assessments and other information on these claims. The nature of the liability means there are significant inherent uncertainties in estimating the likely costs that will be incurred in the future. This represents the Council's best estimate of the amount required to settle the obligation at the estimated time of the cash outflow. Future cash flows are inflation adjusted and discounted using an applicable discount rate. For 2016/17 this applicable discount rate has changed from the Council's cost of borrowing to the Treasury's risk-free rate, which is considerably lower. The effect has been to increase the provision by \$2.600m. The provision is net of any third-party contributions including insurance, where applicable.

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

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

#### *Amount claimed*

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

#### *Settlement amount*

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

#### *Amount expected to be paid by the Council*

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

#### *Percentage of homeowners who will make a successful claim*

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

#### *Sensitivity*

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

COUNCIL AND GROUP	2017 \$000	
	+10%	-10%
ASSUMPTION	EFFECT ON SURPLUS OR DEFICIT	
Amount claimed	3,943	(3,943)
Settlement level award	3,943	(3,943)
Council contribution to settlement	3,943	(3,943)
Change in percentage of homeowners who will make a successful claim	537	(537)

ASSUMPTION	+2%	-2%
	EFFECT ON SURPLUS OR DEFICIT	
Discount rate	(1,523)	1,642

### *Funding of weathertight homes settlements*

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

FUNDING FOR WEATHERTIGHT HOMES LIABILITY	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Opening balance	(26,883)	(23,207)	(26,883)	(23,207)
Rates funding for weathertight homes liability	7,227	6,661	7,227	6,661
Total amounts paid	(9,414)	(8,786)	(9,414)	(8,786)
Interest allocation	(1,896)	(1,551)	(1,896)	(1,551)
<b>Closing balance funded through borrowings</b>	<b>(30,966)</b>	<b>(26,883)</b>	<b>(30,966)</b>	<b>(26,883)</b>



**NOTE 26: DEFERRED TAX**

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Deductible temporary differences	-	-	852	559
Tax losses	394	1,037	394	1,165
<b>TOTAL DEFERRED TAX</b>	<b>394</b>	<b>1,037</b>	<b>1,246</b>	<b>1,724</b>

**Unrecognised temporary differences and tax losses**

Deferred tax assets have not been recognised in respect of the following items:

Under current income tax legislation, the tax losses and deductible temporary differences referred to above do not expire.

The unrecognised deferred tax asset in respect of the above items for the Council is \$0.110m (2016: \$0.290m) and for the Group \$0.349m (2016: \$0.483m).

Deferred tax assets have not been recognised in respect of these items as it is not probable that future taxable profits will be available against which the benefit of the losses can be utilised.

In 2017 \$0.260m (2016: \$0.357m) previously unrecognised tax losses, with a tax effect of \$0.073m (2016: \$0.100m) were recognised by the Group by way of a loss transfer arrangement.

As at 30 June 2017, the Group has a deferred tax liability of \$0.938m (2016: \$1.482m).

**Relevant significant accounting policies**

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

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which they can be utilised.

## STATEMENT OF CHANGES IN EQUITY

For the year ending 30 June 2017

	NOTE	COUNCIL			GROUP	
		ACTUAL 2017 \$000	BUDGET 2017 \$000	ACTUAL 2016 \$000	ACTUAL 2017 \$000	ACTUAL 2016 \$000
<b>EQUITY - Opening balances</b>						
Accumulated funds		1,269,134	1,269,134	1,269,134	1,293,162	1,293,162
Retained earnings		3,756,048	3,730,334	3,722,229	3,745,251	3,709,806
Revaluation reserves		1,382,337	1,383,201	1,383,201	1,496,198	1,497,062
Hedging reserve		(38,730)	-	(17,462)	(38,730)	(17,462)
Fair value through other comprehensive revenue and expense reserve		1,648	106	106	2,026	505
Non-controlling interest		-	-	-	284	316
Restricted funds		14,064	13,663	13,124	18,741	16,923
<b>TOTAL EQUITY - Opening balance</b>		<b>6,384,501</b>	<b>6,396,438</b>	<b>6,370,332</b>	<b>6,516,932</b>	<b>6,500,312</b>
<b>CHANGES IN EQUITY</b>						
<b>Retained earnings</b>						
Net surplus for the year		31,679	12,761	34,106	36,150	36,610
Transfer to restricted funds		(4,518)	(4,518)	(5,118)	(5,147)	(6,367)
Transfer from restricted funds		10,339	3,380	4,178	11,753	4,549
Transfer from revaluation reserves		279	-	653	279	653
<b>Revaluation reserves</b>						
Fair value movement - property, plant and equipment - net	27	295,254	106,241	(211)	319,419	(211)
Transfer to retained earnings		(279)	-	(653)	(279)	(653)
<b>Hedging reserve</b>						
Movement in hedging reserve	28	17,447	-	(21,268)	17,447	(21,268)
<b>Fair value through other comprehensive revenue and expense reserve</b>						
Movement in fair value - Equity investments	29	1,240	-	1,542	1,240	1,542
Movement in fair value - Available for sale equities		-	-	-	(45)	(21)
<b>Non-controlling interest</b>						
Movement of non-controlling interest		-	-	-	-	(32)
<b>Restricted funds</b>						
Transfer to retained earnings	30	(10,339)	(3,380)	(4,178)	(11,753)	(4,549)
Transfer from retained earnings		4,518	4,518	5,118	5,147	6,367
<b>Total comprehensive revenue and expense</b>		<b>345,620</b>	<b>119,002</b>	<b>14,169</b>	<b>374,211</b>	<b>16,620</b>
<b>EQUITY - Closing balances</b>						
Accumulated funds		1,269,134	1,269,134	1,269,134	1,293,162	1,293,162
Retained earnings		3,793,827	3,741,957	3,756,048	3,788,286	3,745,251
Revaluation reserves		1,677,312	1,489,442	1,382,337	1,815,338	1,496,198
Hedging reserve		(21,283)	-	(38,730)	(21,283)	(38,730)
Fair value through other comprehensive revenue and expense reserve		2,888	106	1,648	3,221	2,026
Non-controlling interest		-	-	-	284	284
Restricted funds		8,243	14,801	14,064	12,135	18,741
<b>TOTAL EQUITY - Closing balance</b>		<b>6,730,121</b>	<b>6,515,440</b>	<b>6,384,501</b>	<b>6,891,143</b>	<b>6,516,932</b>
<b>Total comprehensive revenue and expense attributable to:</b>						
Wellington City Council and Group		345,620	119,002	14,169	373,927	16,336
Non-controlling interest		-	-	-	284	284
		<b>345,620</b>	<b>119,002</b>	<b>14,169</b>	<b>374,211</b>	<b>16,620</b>

The notes on pages 132 to 220 form part of and should be read in conjunction with the financial statements

## STATEMENT OF CHANGES IN EQUITY - MAJOR BUDGET VARIATIONS

### Significant variations from budgeted changes in equity are as follows:

Total closing equity is \$214.681m higher than budget primarily due to:

- \$18.918m of higher net surplus
- \$189.013m of additional revaluation increases relating to infrastructure assets. This increase above budget reflects the better asset information available, the resulting changes in remaining assets lives and the increases used in costing models
- \$17.447m of movement in the hedging reserve due to favourable increases in swap interest rates.

The above movements reflect the primary changes in total comprehensive revenue and expense of \$226.618m offset by an opening balance budget variance for total equity of \$11.937m.

### Equity

Equity is the community's interest in the Council and Group and is measured as the difference between total assets and total liabilities. Equity is broken down and classified into a number of components to enable clearer identification of the specified uses of equity within the Council and the Group.

The components of equity are accumulated funds and retained earnings, revaluation reserves, a hedging reserve, a fair value through other comprehensive revenue and expense reserve and restricted funds which comprise special funds, reserve funds and trusts and bequests.

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

### Equity management

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

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

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

**NOTE 27: REVALUATIONS**

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Land - opening and closing balance</b>	<b>155,091</b>	<b>155,091</b>	<b>155,091</b>	<b>155,091</b>
<b>Buildings - opening balance</b>	230,634	231,498	230,634	231,498
Revaluation adjustment	-	(211)	-	(211)
Transfer to retained earnings on disposal of assets	(279)	(653)	(279)	(653)
<b>Buildings - closing balance</b>	<b>230,355</b>	<b>230,634</b>	<b>230,355</b>	<b>230,634</b>
<b>Library collections - opening balance</b>	7,015	7,015	7,015	7,015
Revaluation recognised in other comprehensive revenue and expense	1,377	-	1,377	-
<b>Library collections - closing balance</b>	<b>8,392</b>	<b>7,015</b>	<b>8,392</b>	<b>7,015</b>
<b>Drainage, waste and water - opening balance</b>	547,533	547,533	547,533	547,533
Revaluation recognised in other comprehensive revenue and expense	132,146	-	132,146	-
Transfer between asset classes	27,824	-	27,824	-
<b>Drainage, waste and water - closing balance</b>	<b>707,503</b>	<b>547,533</b>	<b>707,503</b>	<b>547,533</b>
<b>Service concession assets - opening balance</b>	70,619	70,619	70,619	70,619
Revaluation recognised in other comprehensive revenue and expense	14,312	-	14,312	-
Transfer between asset classes	(27,824)	-	(27,824)	-
<b>Service concession assets - closing balance</b>	<b>57,107</b>	<b>70,619</b>	<b>57,107</b>	<b>70,619</b>
<b>Infrastructure land - opening balance</b>	15,410	15,410	15,410	15,410
Revaluation recognised in other comprehensive revenue and expense	2,985	-	2,985	-
<b>Infrastructure land - closing balance</b>	<b>18,395</b>	<b>15,410</b>	<b>18,395</b>	<b>15,410</b>
<b>Roading - opening balance</b>	356,035	356,035	356,035	356,035
Revaluation recognised in other comprehensive revenue and expense	144,434	-	144,434	-
<b>Roading - closing balance</b>	<b>500,469</b>	<b>356,035</b>	<b>500,469</b>	<b>356,035</b>
<b>Associates' revaluation reserves - opening balance</b>	-	-	113,861	113,861
Revaluation recognised in other comprehensive revenue and expense	-	-	24,165	-
<b>Associates' revaluation reserves - closing balance</b>	<b>-</b>	<b>-</b>	<b>138,026</b>	<b>113,861</b>
<b>Total revaluation reserves - closing balance</b>	<b>1,677,312</b>	<b>1,382,337</b>	<b>1,815,338</b>	<b>1,496,198</b>

These revaluation reserves are represented by:

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Opening balance	1,382,337	1,383,201	1,496,198	1,497,062
Revaluation recognised in other comprehensive revenue and expense	295,254	(211)	319,419	(211)
Transfer to retained earnings on disposal of assets	(279)	(653)	(279)	(653)
<b>TOTAL REVALUATION RESERVES</b>	<b>1,677,312</b>	<b>1,382,337</b>	<b>1,815,338</b>	<b>1,496,198</b>

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

For the period ending 30 June 2017 Council has revalued its investment properties, which are revalued annually. Council has also revalued its infrastructure land, infrastructure network assets (Drainage, waste, water, service concession and roading), and the Library collection as per the normal 3-yearly cycle. Operational land and buildings are due for revaluation in 2017/18.

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

**Relevant significant accounting policies**

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

Accumulated depreciation at the revaluation date is eliminated so that the carrying amount after revaluation equals the revalued amount.

While assumptions are used in all revaluations, the most significant of these are in infrastructure. For example where stormwater, wastewater and water supply pipes are underground, the physical deterioration and condition of assets are not visible and must therefore be estimated. Any revaluation risk is minimised by performing a combination of physical inspections and condition modelling assessments

**NOTE 28: HEDGING RESERVE**

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Opening balance	(38,730)	(17,462)	(38,730)	(17,462)
Cash flow hedge net movement recognised in other comprehensive revenue and expenses	17,447	(21,268)	17,447	(21,268)
<b>TOTAL HEDGING RESERVE</b>	<b>(21,283)</b>	<b>(38,730)</b>	<b>(21,283)</b>	<b>(38,730)</b>

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

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

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

**NOTE 29: FAIR VALUE THROUGH OTHER COMPREHENSIVE REVENUE AND EXPENSE RESERVE**

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Opening balance	1,648	106	2,026	505
Movements:				
Civic Financial Services Limited	40	133	40	133
Local Government Funding Agency	1,200	1,409	1,200	1,409
Creative HQ shareholdings - available for sale	-	-	(45)	(21)
<b>TOTAL FAIR VALUE THROUGH OTHER COMPREHENSIVE REVENUE AND EXPENSE RESERVE</b>	<b>2,888</b>	<b>1,648</b>	<b>3,221</b>	<b>2,026</b>

This reserve reflects the accumulated fair value movement in the Council's investment in Civic Financial Services Limited and the Local Government Funding Agency, for which there is no intention to sell. For further information refer to Note 14: Other financial assets (page 152).

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

### NOTE 30: RESTRICTED FUNDS

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

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Special reserves and funds	7,800	13,639	11,115	17,094
Trusts and bequests	443	425	1,020	1,647
<b>TOTAL RESTRICTED FUNDS</b>	<b>8,243</b>	<b>14,064</b>	<b>12,135</b>	<b>18,741</b>

SPECIAL RESERVES AND FUNDS	OPENING BALANCE 2017 \$000	ADDITIONAL FUNDS 2017 \$000	FUNDS UTILISED 2017 \$000	CLOSING BALANCE 2017 \$000
	<b>Council</b>			
City growth fund	3,291	3,000	(3,429)	2,862
Reserve purchase and development fund	782	-	-	782
Insurance reserve	9,566	1,500	(6,910)	4,156
<b>Total Council</b>	<b>13,639</b>	<b>4,500</b>	<b>(10,339)</b>	<b>7,800</b>
Controlled entities' reserve funds	3,455	-	(140)	3,315
<b>Total Group - Special reserves and funds</b>	<b>17,094</b>	<b>4,500</b>	<b>(10,479)</b>	<b>11,115</b>

#### Nature and purpose, funding and utilisation

##### *City growth fund*

This fund is part of an integrated approach to fostering growth in the economy. Funding of \$3m was provided from previous surpluses and \$3.429m was utilised during the year.

##### *Reserve purchase and development fund*

This fund is used to purchase and develop reserve areas within the city. During the year no purchases were made.

##### *Insurance reserve*

This reserve came into effect in 2001 and allows the Council to meet the cost of claims that fall below deductible limits under the Council's insurance policies. Annual additions to the reserve of \$1.500m (2016: \$1.500m) are funded through rates as identified in the Annual Plan. During the year \$6.910m (2016: \$0.661m) was used to meet under-excess insurance costs. For more information on the cost of claims refer to Note 38 - Financial impacts of the Kaikoura earthquake (page 216).

##### *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 three reserves; a Capital Reserve, a Colonial Cottage Museum Collection reserve and a City and Sea Collection reserve. The two collection reserves are for the purpose of future museum acquisitions.
- The Wellington Zoo Trust has two reserves; an Animal Transfer Fund specifically for the transfer of animals and a Conservation Fund to specifically support field conservation.



TRUST AND BEQUESTS	OPENING BALANCE 2017 \$000	ADDITIONAL FUNDS 2017 \$000	FUNDS UTILISED 2017 \$000	CLOSING BALANCE 2017 \$000
<b>Council</b>				
A Graham Trust	3	-	-	3
A W Newton Bequest	318	15	-	333
E A McMillan Estate	6	-	-	6
E Pengelly Bequest	14	1	-	15
F L Irvine Smith Memorial	7	-	-	7
Greek NZ Memorial Association	5	-	-	5
Kidsarus 2 Donation	3	1	-	4
Kirkcaldie and Stains Donation	17	-	-	17
QEII Memorial Book Fund	20	1	-	21
Schola Cantorum Trust	8	-	-	8
Terawhiti Grant	10	-	-	10
Wellington Beautifying Society Bequest	14	-	-	14
<b>Total Council - Trusts and bequests</b>	<b>425</b>	<b>18</b>	<b>-</b>	<b>443</b>
Controlled entities' trusts and bequests	1,222	629	(1,274)	577
<b>Total Group - Trusts and bequests</b>	<b>1,647</b>	<b>647</b>	<b>(1,274)</b>	<b>1,020</b>

### Analysis of movements in trusts and bequests

#### *Additional funds*

Trusts and bequests receiving additional funds during the year were those where interest has been applied in accordance with the original terms and conditions.

#### **Nature and purpose**

Other than specific trusts and bequests discussed above, the other Council bequests and trusts are generally provided for library, educational or environmental purposes.

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

#### *Charles Plimmer Bequest*

The bequest is held and administered by the Public Trust for the benefit of Wellington City Council. Funds available for distribution are requested for particular projects after consultation with the Plimmer family. The receipt and use of these funds is shown outside of the table above to record the generous contribution the bequest makes to the benefit of the city.

- Distributions recognised as revenue - \$0.635m
- Funds utilised for the Discovery Garden at Wellington Botanic Garden - \$0.635m

## STATEMENT OF CASH FLOWS

For the year ending 30 June 2017

	COUNCIL			GROUP	
	ACTUAL 2017 \$000	BUDGET 2017 \$000	ACTUAL 2016 \$000	ACTUAL 2017 \$000	ACTUAL 2016 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from rates - Council	286,658	292,828	272,802	286,658	272,802
Receipts from rates- Greater Wellington Reginal Council	60,589	56,838	55,622	60,589	55,622
Receipts from activities and other revenue	145,185	100,082	119,920	160,648	131,199
Receipts from grants and subsidies - Operating	7,994	8,020	7,108	22,797	15,839
Receipts from grants and subsidies - Capital	12,899	33,017	38,918	13,347	39,679
Receipts from investment property lease rentals	12,038	9,335	11,025	12,038	11,025
Cash paid to suppliers and employees	(312,227)	(298,973)	(288,166)	(367,290)	(324,047)
Rates paid to GWRC	(59,324)	(56,838)	(56,288)	(59,324)	(56,288)
Grants paid	(43,395)	(42,672)	(38,384)	(17,388)	(18,543)
Income tax paid	-	-	-	(165)	(244)
Net GST (paid) / received	2,753	-	(925)	2,202	(2,329)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>113,170</b>	<b>101,637</b>	<b>121,632</b>	<b>114,112</b>	<b>124,715</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Dividends received	12,041	11,112	12,179	12,041	12,218
Interest received	2,367	650	3,103	2,579	3,311
Loan repayments	10,399	-	277	10,414	277
Proceeds from sale of property, plant and equipment	1,248	4,600	592	1,248	1,023
Proceeds from sale of Investment property	-	-	6,843	-	6,843
Loan advance made	-	-	(442)	-	(442)
Increase in investments	(960)	-	(1,520)	(856)	(1,520)
Cash from aquisition of controlled entity	-	-	-	941	-
Purchase of investment properties	(153)	-	(1,862)	(153)	(1,862)
Purchase of intangibles	(5,029)	(5,102)	(9,521)	(5,057)	(9,521)
Purchase of property, plant and equipment	(132,617)	(165,583)	(136,816)	(135,841)	(140,648)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(112,704)</b>	<b>(154,323)</b>	<b>(127,167)</b>	<b>(114,684)</b>	<b>(130,321)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
New borrowings	85,659	298,783	148,855	85,659	148,855
Repayment of borrowings	(80,323)	(227,516)	(92,099)	(80,431)	(92,099)
Interest paid on borrowings	(22,904)	(26,690)	(23,125)	(22,913)	(23,125)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(17,568)</b>	<b>44,577</b>	<b>33,631</b>	<b>(17,685)</b>	<b>33,631</b>
Net increase/(decrease) in cash and cash equivalents	(17,102)	(8,109)	28,096	(18,257)	28,025
Cash and cash equivalents at beginning of year	94,009	9,823	65,913	103,623	75,598
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>76,907</b>	<b>1,714</b>	<b>94,009</b>	<b>85,366</b>	<b>103,623</b>

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

*The notes on pages 132 to 220 form part of and should be read in conjunction with the financial statements*

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

The Council has ring fenced funds of \$61.135m (2016: \$62.906m) relating to the housing upgrade project and waste activities. For more information see Note 23: Borrowings (page 175).

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 \$11.533m higher than budgeted primarily due to:

- \$45.103m of additional revenue including earthquake and storm insurance recoveries (\$6.416m) and landfill charges for contaminated and special waste (\$4.633m)
- Offset by both additional expenditure (\$13.255m) including earthquake related costs and lower than planned expected capital grant receipts (\$20.118m) mainly due to early funding of the Housing upgrade grants in 2015/16

Net cash flows from investing activities were \$41.619m lower than budget primarily due to:

- \$10.347m of loan repayment from the Karori Sanctuary Trust
- \$32.966m of lower capital expenditure

Net cash flows from financing activities were \$62.145m lower than budget primarily due to:

- \$65.931m decrease in gross borrowings due to lower than expected capital expenditure
- Offset by lower interest costs on borrowings (\$3.786m)

**NOTE 31: RECONCILIATION OF NET SURPLUS TO NET CASH FLOWS FROM OPERATING ACTIVITIES**

The net surplus from the Statement of Comprehensive Revenue and Expense is reconciled to the net cash flows from operating activities in the Statement of Cash Flows as follows:

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Net surplus for the period</b>	<b>31,679</b>	<b>34,106</b>	<b>36,150</b>	<b>36,610</b>
<b>Add/(deduct) non-cash items:</b>				
Vested assets	(6,250)	(10,181)	(6,250)	(10,181)
Bad debts written off not previously provided for	151	282	151	282
Depreciation and amortisation	101,889	99,183	103,623	100,971
Impairment of property, plant and equipment	11,446	132	11,446	581
Fair value changes in investment properties	(18,222)	(13,773)	(18,222)	(13,773)
Other fair value changes	(5,278)	(400)	(5,278)	(400)
Movement in provision for impairments of doubtful debts	777	153	777	153
Tax expense	-	-	(22)	-
Gain on business combination	-	-	(4,072)	-
Non-cash movement in provisions	4,440	12,079	4,596	12,550
<b>Total non-cash items</b>	<b>88,953</b>	<b>87,475</b>	<b>86,749</b>	<b>90,183</b>
<b>Add/(deduct) movement in working capital: <sup>1</sup></b>				
Exchange receivables and non-exchange recoverables	537	(10,826)	3,677	(6,962)
Prepayments	(2,512)	953	(2,019)	572
Inventories	(48)	(202)	205	(123)
Exchange transactions, taxes and transfers payables	7,852	(4,623)	4,855	(8,555)
Revenue in advance	(14,176)	13,805	(14,604)	12,837
Employee benefit liabilities	516	782	219	879
Provision for other liabilities	(7,632)	(7,908)	(7,809)	(7,908)
<b>Total working capital movement</b>	<b>(15,463)</b>	<b>(8,019)</b>	<b>(15,476)</b>	<b>(9,260)</b>
<b>Add/(deduct) investing and financing activities:</b>				
Net (gain)/loss on disposal of property, plant and equipment	(495)	1,115	(153)	1,461
Net (gain)/loss on disposal of investment property	-	(888)	-	(888)
Dividends received	(12,041)	(12,179)	(104)	(160)
Interest received	(2,367)	(3,103)	(2,442)	(3,334)
Tax paid and subvention receipts	-	-	(213)	(205)
Interest paid on borrowings	22,904	23,125	22,914	23,119
Share of equity accounted surplus in associates	-	-	(13,313)	(12,811)
<b>Total investing and financing activities</b>	<b>8,001</b>	<b>8,070</b>	<b>6,689</b>	<b>7,182</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>113,170</b>	<b>121,632</b>	<b>114,112</b>	<b>124,715</b>

1. Excluding non-cash items

**NOTE 32: FINANCIAL INSTRUMENTS**

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

**Relevant significant accounting policies**

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

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

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

*Financial liabilities*

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

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

The following tables provide an analysis of the Council's financial assets and financial liabilities by reporting category as described in the accounting policies:

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Financial assets</b>				
<b>Loans and receivables</b>				
Cash and cash equivalents	76,907	94,009	85,366	103,623
Receivables and recoverables	49,364	50,325	50,700	51,799
Other financial assets	4,978	9,139	5,019	9,190
<b>Total loans and receivables</b>	<b>131,249</b>	<b>153,473</b>	<b>141,085</b>	<b>164,612</b>
<b>Financial assets at fair value through other comprehensive revenue and expense</b>				
Other financial assets	5,281	4,041	6,622	5,468
<b>Total financial assets at fair value through other comprehensive revenue and expense</b>	<b>5,281</b>	<b>4,041</b>	<b>6,622</b>	<b>5,468</b>
<b>Hedged derivative financial instruments</b>				
Derivatives designated as cash flow hedges	1,283	-	1,283	-
<b>Total hedged derivative financial instruments</b>	<b>1,283</b>	<b>-</b>	<b>1,283</b>	<b>-</b>
<b>Total financial assets</b>	<b>137,813</b>	<b>157,514</b>	<b>148,990</b>	<b>170,080</b>
Total non-financial assets	7,268,587	6,922,590	7,424,978	7,051,339
<b>TOTAL ASSETS</b>	<b>7,406,400</b>	<b>7,080,104</b>	<b>7,573,968</b>	<b>7,221,419</b>
<b>Financial liabilities</b>				
<b>Financial liabilities at amortised cost</b>				
Exchange transactions and transfers payable	58,785	51,052	60,269	54,564
Taxes payable	3,498	2,852	3,627	3,068
Borrowings	495,820	490,484	495,988	490,484
<b>Total financial liabilities at amortised cost</b>	<b>558,103</b>	<b>544,388</b>	<b>559,884</b>	<b>548,116</b>
<b>Derivative financial instruments</b>				
Derivatives designated as cash flow hedges	22,566	38,730	22,566	38,730
<b>Total derivative financial instruments</b>	<b>22,566</b>	<b>38,730</b>	<b>22,566</b>	<b>38,730</b>
<b>Total financial liabilities</b>	<b>580,669</b>	<b>583,118</b>	<b>582,450</b>	<b>586,846</b>
Total non-financial liabilities	95,610	112,485	100,375	117,641
<b>TOTAL LIABILITIES</b>	<b>676,279</b>	<b>695,603</b>	<b>682,825</b>	<b>704,487</b>

### *Fair value*

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

### *Fair value hierarchy*

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

**Level 1** - Quoted market price - Financial instruments with quoted prices for identical instruments in active markets.

**Level 2** - Valuation technique using observable inputs - Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

**Level 3** - Valuation techniques with significant non-observable inputs - Financial instruments valued using models where one or more significant inputs are not observable.

GROUP	2017			2016		
	LEVEL 1 \$000	LEVEL 2 \$000	LEVEL 3 \$000	LEVEL 1 \$000	LEVEL 2 \$000	LEVEL 3 \$000
<b>Financial assets</b>						
Financial assets at fair value through other comprehensive revenue and expense	-	-	6,622	-	-	5,468
Derivative financial instruments						
- Cash flow hedges	-	1,283	-	-	-	-
<b>Financial liabilities</b>						
Derivative financial instruments						
- Cash flow hedges	-	22,566	-	-	38,730	-

RECONCILIATION OF FAIR VALUE MOVEMENTS IN LEVEL 3	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Financial assets at fair value through other comprehensive revenue and expense</b>				
- <b>Equity investments</b>				
Opening balance - 1 July	4,041	2,499	5,468	3,900
Purchases	-	-	-	65
Disposals	-	-	(11)	-
Impairment	-	-	(27)	(18)
Gains or losses recognised in other comprehensive revenue and expense	1,240	1,542	1,192	1,521
<b>Closing balance - 30 June</b>	<b>5,281</b>	<b>4,041</b>	<b>6,622</b>	<b>5,468</b>

The level 3 equity investments comprise the Council's shareholdings in the Local Government Funding Agency \$4.475m (2016: \$3.275m) and Civic Assurance \$0.806m (2016:\$0.766m). Refer to Note 14: Other financial assets (page 152) for more details.

## Financial risk management

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

### Credit risk

Credit risk is the risk that a third party will default on its obligations to the Group, thereby causing a financial loss. The Group is not exposed to any material concentrations of credit risk other than its exposure within the Wellington region. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statement of Financial Position and the face value of financial guarantees to related parties (refer Note 34: Contingencies (page 205)). There is currently no liability recognised for these guarantees as the Group does not expect to be called upon for payment.

The Group's maximum exposure to credit risk at the end of the reporting period is:

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Financial instruments with credit risk</b>				
Cash and cash equivalents	76,907	94,009	85,366	103,623
Derivative financial instrument assets	1,283	-	1,283	-
Receivables and recoverables	49,364	50,325	50,700	47,035
Other financial assets				
- Bank deposits - term	-	-	-	-
- LGFA borrower notes	4,688	3,728	4,688	3,728
- Loans to related parties - other organisations	27	5,096	27	5,096
- Loans to external organisations	263	315	304	366
Financial guarantees to related parties	168	278	168	278
<b>Total financial instruments with credit risk</b>	<b>132,700</b>	<b>153,751</b>	<b>142,536</b>	<b>160,126</b>

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

The Council is exposed to credit risk as a guarantor of the LGFA's borrowings. Further information about this exposure is explained in Note 34: Contingencies (page 205).

#### *Credit quality of financial assets*

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

COUNTERPARTIES WITH CREDIT RATINGS	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Cash - registered banks</b>				
AA-	4,886	7,986	10,978	13,711
<b>Short term deposits - registered banks</b>				
AA-	66,000	84,500	68,349	88,377
A	6,000	1,500	6,000	1,500
<b>Term deposits (greater than 3 months) - registered banks</b>				
AA-	-	-	-	-
<b>Term deposits - borrower notes - NZ LGFA</b>				
AA+	4,688	3,728	4,688	3,728
<b>Derivative financial instrument assets</b>				
AA-	1,283	-	1,283	-



## Liquidity risk

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

### Contractual maturity

The following maturity analysis sets out the contractual cash flows for all financial liabilities that are settled on a gross cash flow basis. Contractual cash flows for financial liabilities include the nominal amount and interest payable.

The following maturity analysis sets out the contractual cash flows for all financial liabilities that are settled on a net cash flow basis. Contractual cash flows for derivative financial liabilities are the future interest payable.

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Contractual cash flows of financial liabilities excluding derivatives</b>				
0-12 months	173,575	205,279	175,288	209,010
1-2 years	58,193	49,843	58,261	49,843
2-5 years	158,914	162,570	158,914	162,570
More than 5 years	257,441	186,650	257,441	186,650
<b>Total contractual cash flows of financial liabilities excluding derivatives</b>	<b>648,123</b>	<b>604,342</b>	<b>649,904</b>	<b>608,073</b>
<b>Represented by:</b>				
Carrying amount as per the Statement of Financial Position	557,973	544,388	559,754	548,119
Future interest payable	90,150	59,954	90,150	59,954
<b>Total contractual cash flows of financial liabilities excluding derivatives</b>	<b>648,123</b>	<b>604,342</b>	<b>649,904</b>	<b>608,073</b>

The following maturity analysis sets out the contractual cash flows for all financial liabilities that are settled on a net cash flow basis. Contractual cash flows for derivative financial liabilities are the future interest payable.

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Contractual cash flows of derivative financial liabilities</b>				
0-12 months	8,719	8,532	8,719	8,532
1-2 years	6,321	8,268	6,321	8,268
2-5 years	8,510	16,795	8,510	16,795
More than 5 years	1,690	9,372	1,690	9,372
<b>Total contractual cashflow of derivative financial liabilities</b>	<b>25,240</b>	<b>42,967</b>	<b>25,240</b>	<b>42,967</b>
<b>Represented by:</b>				
Future interest payable	25,240	42,967	25,240	42,967
<b>Total contractual cash flows of derivative financial liabilities</b>	<b>25,240</b>	<b>42,967</b>	<b>25,240</b>	<b>42,967</b>

In addition to cash to be received in 2017/18 the Council currently has \$121.500m in unused committed bank facilities available to settle obligations as well as \$122.756m of cash, cash equivalents and receivables and is expected to have sufficient cash to meet all contractual liabilities as they fall due.

The Council is exposed to liquidity risk as a guarantor of all of LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its obligations when they fall due. Information about this exposure is explained in Note 34: Contingencies (page 205).

The Council mitigates exposure to liquidity risk by managing the maturity of its borrowings programme within the following maturity limits:

PERIOD	MINIMUM	MAXIMUM	ACTUAL
0 - 3 years	20%	60%	31%
3 - 5 years	20%	60%	27%
More than 5 years	15%	60%	42%

## Market risk

Market risk is the risk that the value of an investment will decrease or a liability will increase due to changes in market conditions. The Group uses interest rate swaps in the ordinary course of business to manage interest rate risks. A Treasury Committee, headed by senior management personnel and the Council's treasury management advisors (presently PwC), provides oversight for financial risk management and derivative activities and ensures any activities are in line with the Liability Management Policy which is formally approved by the Council as part of the Long-Term Plan (LTP).

### Cash flow and fair value interest rate risk

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

The Group manages its cash flow interest rate risk by using interest rate swaps. These have the economic effect of converting borrowings from floating rates to fixed rates. The Council uses interest rate swaps to maintain a required ratio of borrowing between fixed and floating interest rates as specified in the liability management policy:

MINIMUM FIXED RATE	MAXIMUM FIXED RATE	ACTUAL % OF FIXED NET DEBT BEFORE INTEREST RATE SWAPS	ACTUAL % OF FIXED NET DEBT AFTER INTEREST RATE SWAPS
50%	95%	6%	95%

The table below shows the effect of the interest rate swaps at reducing the Council's exposure to interest rate risk:

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Financial instruments subject to interest rate volatility - before effect of interest rate swaps</b>				
Cash and cash equivalents	76,907	94,009	85,366	103,623
Bank loans	(4,320)	(3,929)	(4,488)	(3,929)
Commercial paper	(85,000)	(100,000)	(85,000)	(100,000)
Debt securities - floating rate notes	(386,500)	(366,500)	(386,500)	(366,500)
<b>Total financial instruments subject to interest rate volatility - before effect of interest rate swaps</b>	<b>(398,913)</b>	<b>(376,420)</b>	<b>(390,622)</b>	<b>(366,806)</b>
<b>Effect of interest rate swaps in reducing interest rate volatility</b>				
Effect of Cash flow interest rate swaps - hedged	372,500	367,500	372,500	367,500
<b>Total effect of interest rate swaps in reducing interest rate volatility</b>	<b>372,500</b>	<b>367,500</b>	<b>372,500</b>	<b>367,500</b>
<b>Total financial instruments subject to interest rate volatility - after effect of interest rate swaps</b>	<b>(26,413)</b>	<b>(8,920)</b>	<b>(18,122)</b>	<b>694</b>

These interest rate swaps have a nominal value which represents the value of the debt that they are covering (included above). This amount is not recorded in the financial statements; instead the fair value of these interest rate swaps is recognised. This represents the difference between the current floating interest rate and the fixed swap interest rate. At 30 June 2017 the fair value of the interest rate swaps was -\$21.283m (2016: -\$38.730m). This liability will reduce to zero as the swaps reach the end of their lives, and therefore do not represent a liability that the Council will be required to pay cash to settle.

Given that the interest rate swaps have terms that match with the borrowings (short term bank facilities, commercial paper and debt securities), it is appropriate to include the effect of the interest rate swaps on the borrowings interest rate and present the net effective interest rates for the underlying borrowings:

WEIGHTED EFFECTIVE INTEREST RATES	COUNCIL		GROUP	
	2017 %	2016 %	2017 %	2016 %
<b>Investments</b>				
Cash and cash equivalents	2.54	2.99	2.40	2.89
Bank deposits - term	-	-	-	-
LGFA - borrower notes	2.47	2.80	2.47	2.80
Loans to related parties	-	-	-	-
Loans to external organisations	-	-	-	-
<b>Borrowings</b>				
Bank facilities - short term	-	-	-	-
Bank loans	7.00	7.00	7.00	7.00
Commercial paper	2.02	2.41	2.02	2.41
Debt securities - fixed	4.84	4.84	4.84	4.84
Debt securities - floating	2.59	2.96	2.59	2.96
Derivative financial instruments - hedged	4.52	4.63	4.52	4.63
Finance leases	-	10.22	-	10.24

The related party loan to the Wellington Regional Stadium Trust is on interest free terms.

#### Sensitivity analysis

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

The tables below illustrate the potential surplus and deficit impact of a 1% change in interest rates based on the Council's exposures at the end of the reporting period:

COUNCIL		NOTE	2017 \$000			
			+1%	-1%	+1%	-1%
INTEREST RATE RISK			EFFECT ON SURPLUS OR DEFICIT		EFFECT ON OTHER COMPREHENSIVE REVENUE AND EXPENSE	
<b>Financial assets</b>						
Cash and cash equivalents		a	769	(769)	-	-
LGFA - borrower notes			47	(47)	-	-
Derivatives - Interest rate swaps - hedged		b	-	-	2,606	(2,971)
<b>Financial liabilities</b>						
Derivatives - interest rate swaps - hedged		b	-	-	17,614	(18,803)
Debt securities - floating rate notes		c	(710)	710	-	-
Debt securities - fixed rate bonds		d	-	-	-	-
Bank term loans		e	-	-	-	-
Commercial paper		f	(280)	280	-	-
<b>Total sensitivity to interest rate risk</b>			<b>(174)</b>	<b>174</b>	<b>20,220</b>	<b>(21,774)</b>

*a. Cash and cash equivalents*

Council funds are in a number of different registered bank accounts with interest payable on the aggregation of all accounts. A movement in interest rates of plus or minus 1% has an effect on interest revenue of \$0.769m accordingly.

*b. Derivatives - hedged interest rate swaps*

Derivatives include interest rate swaps with a fair value totalling -\$21.283m. A movement in interest rates of plus 1% has an effect on increasing the unrealised value of the hedged interest rate swap assets by \$2.606m. A movement in interest rates of minus 1% has an effect on reducing the unrealised value of the hedged interest rate swap assets by \$2.971m. A movement in interest rates of plus 1% has an effect on increasing the unrealised value of the hedged interest rate swap liabilities by \$17.614m. A movement in interest rates of minus 1% has an effect on reducing the unrealised value of the hedged interest rate swap liabilities by \$18.803m.

*c. Debt securities - floating rate notes*

Debt securities at floating rates total \$386.5m. The full exposure to changes in interest rates has been reduced because the Council has \$315.5m of this debt at fixed rates through interest rate swaps. A movement in interest rates of plus or minus 1% has an effect on the interest expense of \$0.710m accordingly.

*d. Debt Securities - fixed rate bonds*

The Council has \$20m of fixed rate bonds which are not exposed to interest rate changes.

*e. Bank Loan*

The Council, through its joint venture with Porirua City Council, has a bank term loan of \$4.320m. This loan consists of various loans provided to the joint venture through Porirua City Council borrowing. The interest rate applied is fixed at 7% for the joint venture partners and is not subject to interest rate risk.

*f. Commercial paper*

The Council has a Commercial Paper programme, which is subject to floating rates and totals \$100m, of which only \$85m is presently utilised. The full exposure to changes in interest rates has been reduced because the Council has \$57m of this debt at fixed rates through interest rate swaps. A movement in interest rates of plus or minus 1% has an effect on the interest expense of \$0.280m accordingly.

**NOTE 33: COMMITMENTS**

CAPITAL COMMITMENTS	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Approved and contracted - property, plant and equipment	36,519	9,771	36,519	9,771
Approved and contracted - investment properties	-	130	-	130
Approved and contracted - intangibles	80	461	80	461
Approved and contracted - share of associates	-	-	10,958	20,190
Approved and contracted - share of joint ventures	-	-	-	-
<b>TOTAL CAPITAL COMMITMENTS</b>	<b>36,599</b>	<b>10,362</b>	<b>47,557</b>	<b>30,552</b>

The capital commitments above represents signed contracts in place at the end of the reporting period.

The contracts will often span more than one financial year and may include capital expenditure carried forward from 2016/17 to future years.

**Lease commitments***Operating leases - Group as lessee*

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

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

The amount of minimum payments for non-cancellable operating leases is recognised as an expense in Note 7: Expenditure on operating activities (page 140).

**Relevant significant accounting policies**

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

The future expenditure committed by these leases is analysed as follows:

NON-CANCELLABLE OPERATING LEASE COMMITMENTS AS LESSEE	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Plant and equipment</b>				
Not later than one year	43	21	397	281
Later than one year and not later than five years	25	2	288	311
Later than five years	-	-	-	-
<b>Land and buildings</b>				
Not later than one year	1,982	1,246	3,525	3,453
Later than one year and not later than five years	5,644	4,121	10,213	8,449
Later than five years	4,922	2,213	6,626	4,695
<b>TOTAL NON-CANCELLABLE OPERATING LEASE COMMITMENTS AS LESSEE</b>	<b>12,616</b>	<b>7,603</b>	<b>21,049</b>	<b>17,189</b>

### Operating leases - Group as lessor

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

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

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

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

### Relevant significant accounting policies

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

The committed revenues expected from these lease portfolios are analysed as follows:

NON-CANCELLABLE OPERATING LEASE COMMITMENTS AS LESSOR	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Investment properties</b>				
Not later than one year	9,972	9,605	9,972	9,605
Later than one year and not later than five years	37,499	37,258	37,499	37,258
Later than five years	64,280	69,521	64,280	69,521
<b>Land and buildings</b>				
Not later than one year	2,405	2,986	2,425	3,033
Later than one year and not later than five years	6,996	8,383	6,996	8,402
Later than five years	8,100	10,657	8,100	10,657
<b>TOTAL NON-CANCELLABLE OPERATING LEASE COMMITMENTS AS LESSOR</b>	<b>129,252</b>	<b>138,410</b>	<b>129,272</b>	<b>138,476</b>

### Commitments to related parties

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

## NOTE 34: CONTINGENCIES

CONTINGENT LIABILITIES	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Financial guarantees to community groups	168	278	168	278
Uncalled capital - LGFA	1,866	1,866	1,866	1,866
Other legal proceedings	393	268	393	268
Share of associates' contingent liabilities	-	-	-	-
Share of joint ventures' contingent liabilities	-	-	-	-
<b>TOTAL CONTINGENT LIABILITIES</b>	<b>2,427</b>	<b>2,412</b>	<b>2,427</b>	<b>2,412</b>

### Contingent assets

The Council and Group have no contingent assets that can be quantified as at 30 June 2017 (2016: \$Nil)

### Relevant significant accounting policies

#### *Contingent liabilities and contingent assets*

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

#### *Financial guarantee contracts*

A financial guarantee contract is a contract that requires the Group to make specified payments to reimburse the contract holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value. The Group measures the fair value of a financial guarantee by determining the probability of the guarantee being called by the holder. The probability factor is then applied to the principal and the outcome discounted to present value.

Financial guarantees are subsequently measured at the higher of the Group's best estimate of the obligation or the amount initially recognised less any amortisation.

### **Karori Sanctuary Trust (Zealandia)**

The Council has provided a guarantee over a term loan facility to a maximum limit of \$1.550m plus any outstanding interest and enforcement costs. The loan matures 30 June 2020 and repayments are being made ahead of schedule.

### **NZ Local Government Funding Agency Limited (LGFA)**

The Council is one of 30 local authority shareholders and 8 local authority guarantors of the LGFA. In that regard the Council has uncalled capital of \$1.866m. When aggregated with the uncalled capital of other shareholders, \$20m is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, the Council is a guarantor of all of LGFA's borrowings. At 30 June 2017, LGFA had borrowings totalling \$7,945m (2016: \$6,220m).

Financial reporting standards require the Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of LGFA defaulting on repayment of interest or capital to be very low on the basis that we are not aware of any local authority, which is a member of the LGFA, that has had debt default events in New Zealand; and local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required. The Council considers that even if it was called upon to contribute the cost would not be material.

### **Other legal proceedings**

Other legal proceedings are current claims against the Council and Group as a result of past events which are currently being contested. The amounts shown reflect potential liability for financial reporting purposes only and do not represent an admission that any claim is valid. The outcome of these remains uncertain at the end of the reporting period. The maximum exposure to the Council is anticipated to be less than \$0.393m.

## **Unquantified contingent liabilities**

### *Weathertight Homes*

The Government's Weathertight Homes Financial Assistance Package aims to help people get their non-weathertight homes fixed faster, and centres on the Government and local authorities each contributing 25% of agreed repair costs and affected homeowners funding the remaining 50% backed by a Government loan guarantee. A provision for known claims and future claims has been made (refer to Note 25: Provisions for other liabilities (page 179)). The impact and cost of future and unknown claims cannot be measured reliably and therefore the Council and Group have an unquantified contingent liability.

On 11 October 2012 the Supreme Court of New Zealand released a decision clarifying that councils owe a duty of care when approving plans and inspecting construction of a building which was not purely a residential building. The Court held that there was no principled basis for distinguishing between the liability of those who played a role in the construction of residential buildings as against the construction of non-residential buildings. This extends the scope of the potential liability for the Council to include non-residential buildings consented under the Building Act 1991.

Through the process of working with our actuaries, it has been identified that due to a lack of historical and current information relating to non-residential building claims, a reliable estimate of any potential liability cannot be quantified at this time.

### *Defective product*

In April 2013, the Ministry of Education (MOE) initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the cladding sheets and cladding systems manufactured and prepared by CHH. Subsequently, in December 2016, CHH commenced third party proceedings against 48 Councils, including Wellington City Council alleging a breach of duty in the processing of building consents, undertaking building inspections and issuing Code Compliance Certificates. The Councils have applied for orders setting aside and striking out CHH's claims against them. The MOE's claim against CHH is for 833 school buildings, 27 of which are located within Wellington City. At present there is insufficient information to conclude on potential liability and claim quantum, if any.

There are various other claims that the Council and Group are currently contesting which have not been quantified due to the nature of the issues, the uncertainty of the outcome and/or the extent to which the Council and Group have a responsibility to the claimant. The possibility of any outflow in settlement in these cases is assessed as remote.

## **Unquantified contingent asset**

At as 30 June 2017 the Council has a contingent asset for the insurance recoveries. The insurance claim related to the Civic Administration Building (CAB), which covers both the repair costs and the relocation costs, is still in progress. The Council's preliminary assessment of earthquake repairs is in the region of \$33.0 million. The indemnity value of CAB under Council's insurance value is \$48.7 million. The insurance policy has a deductible of \$5.0 million. While an estimate of the repair and relocation costs has been obtained by the Council and provided to the insurer there are still a significant number of uncertainties in the numbers and it is still subject to discussion and agreement with the insurer. This means that the amount that the Council will receive cannot be reliably measured.

For further information please refer to Note 38: Financial impacts of the Kaikoura earthquake (page 216).



### NOTE 35: JOINTLY CONTROLLED ASSETS

The Council has significant interests in the following joint ventures:

JOINT VENTURE	INTEREST 2017	INTEREST 2016	NATURE OF BUSINESS
Wastewater treatment plant - Porirua City Council	27.60%	27.60%	Owns and operates a wastewater treatment plant and associated trunk sewers and pumping stations that provide services to Wellington City's northern suburbs.
Spicer Valley Landfill - Porirua City Council	21.50%	21.50%	Owns and operates a sanitary landfill that provides services to Wellington City's northern suburbs.

The end of the reporting period for the joint ventures is 30 June. Included in the financial statements are the following items that represent the Council's and Group's interest in the assets and liabilities of the joint ventures.

#### Relevant significant accounting policies

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

SHARE OF NET ASSETS - PORIRUA CITY COUNCIL JOINT VENTURES (PCCJV)	2017 \$000	2016 \$000
<b>ASSETS</b>		
<b>Current</b>		
Inventory	22	42
Receivables and recoverables	2,045	1,420
<b>Non-current</b>		
Property, plant and equipment	23,882	22,249
<b>Share of total assets</b>	<b>25,949</b>	<b>23,711</b>
<b>LIABILITIES</b>		
<b>Non-current</b>		
Borrowings	4,320	3,929
Provisions for other liabilities	2,340	2,029
<b>Share of total liabilities</b>	<b>6,660</b>	<b>5,958</b>
<b>SHARE OF NET ASSETS</b>	<b>19,289</b>	<b>17,753</b>

The Council's and Group's share of the joint ventures' current year net surplus and revaluation movements (after elimination) included in the financial statements are shown below.

SHARE OF NET SURPLUS AND REVALUATION MOVEMENTS - PCCJV	2017 \$000	2016 \$000
Operating revenue	1,279	993
Operating expenditure	(1,081)	(967)
<b>Share of net surplus or (deficit)</b>	<b>198</b>	<b>26</b>
<b>Share of current year revaluation movement</b>	<b>1,338</b>	<b>-</b>

The Council's and Group's share of the joint ventures' capital commitments is \$Nil (2016: \$Nil) and contingent liabilities is \$Nil (2016: \$Nil).

## NOTE 36: RELATED PARTY DISCLOSURES

### Relevant significant accounting policies

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

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

### Key management personnel

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

REMUNERATION PAID TO KEY MANAGEMENT PERSONNEL	COUNCIL	
	2017 \$	2016 \$
<b>Council Members</b>		
Short-term benefits	1,492,887	1,464,085
<b>Chief Executive and Executive Leadership Team</b>		
Short-term employee benefits	2,490,472	2,335,591
Post employment benefits	41,272	48,109
<b>TOTAL REMUNERATION PAID TO KEY MANAGEMENT PERSONNEL</b>	<b>4,024,631</b>	<b>3,847,785</b>

As at 30 June 2017 key management personnel comprised of 23 individuals: 15 elected members or 15 fulltime equivalents and 8 executive leaders or 8 fulltime equivalents.

For further disclosure of the remuneration payable to the Mayor, Councillors and the Chief Executive refer to Note 37: Remuneration and staffing (page 212).

### Material related party transactions - key management personnel

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

These transactions were on normal commercial terms. Except for these transactions no key management personnel have entered into related party transactions with the Group.

The Mayor and Councillors disclose their personal interests in a register available on the Council website.

There are no commitments from the Council to key management personnel.

## Material related party transactions - other organisations

### *Basin Reserve Trust (BRT)*

The Basin Reserve Trust was established on 24 February 2005 to manage, operate and maintain the Basin Reserve. The Trust was jointly created with Cricket Wellington Incorporated (CWI). Wellington City Council and CWI each appoint two of the four trustees. Wellington City Council has significant influence over the Trust through the appointment of trustees, and receives benefits from the complementary activities of the Trust.

The Council considers the Trust does not meet the requirements of PBE IPSAS 7 *Investments in Associates* to enable continued consolidation on an equity accounted basis. The Trust is still identified as an associate given the Council's level of influence and financial support but due to the lack of an equity investment the Council believes it is not appropriate to include the Trust in the Group financial statements.

During the year ending 30 June 2017 Council contributed \$0.383m (2016: \$0.368m) to fund the core operations of the Trust.

### *NZ Local Government Funding Agency Limited (LGFA)*

The LGFA was incorporated on 1 December 2011 and was established to facilitate the efficient, and cost effective, raising of debt funding for local government authorities. There are currently 30 regional, district and city councils throughout New Zealand that own 80% of the issued capital, with the Government holding the remaining 20%. The Council became an establishment shareholder in this Council Controlled Trading Organisation (CCTO) and currently has an investment of \$1.866m representing 8.3% of paid-up capital.

### *Wellington Regional Stadium Trust (WRST)*

Wellington Regional Stadium Trust was jointly created with Greater Wellington Regional Council and Wellington City Council has significant influence over the Wellington Regional Stadium Trust through the appointment of trustees and receives benefits from the complementary activities of the Trust.

The Council considers the Trust does not meet the requirements of PBE IPSAS 7 *Investments in Associates* to enable continued consolidation on an equity accounted basis. The Trust is still identified as an associate given the Council's level of influence and financial support but due to the lack of an equity investment the Council believes it is not appropriate to include the Trust in the Group financial statements.

Council holds a \$15m limited recourse loan to WRST which, is unsecured, with no specified maturity and at no interest. The loan is not repayable until all other debts are extinguished.

On maturity of the initial WRST membership underwrite, the unpaid interest was converted to a \$0.395m advance repayable after all other advances made by the Council and Greater Wellington Regional Council.

During the year ending 30 June 2017 Council transacted directly with WRST to the amount of \$0.500m in relation to the upgrade of the concourse. The remaining \$4.500m of the \$5.000m that Council has committed to fund was also recognised in the period. In 2015/16 \$0.275m was contributed in support of major events.

## Intra group transactions and balances

During the year the Council has entered into transactions with its joint venture partner Porirua City Council. These transactions disclosed are within the normal course of business. The nature of these intra-group transactions and the outstanding balances at the year-end are as follows:

INTRA GROUP TRANSACTIONS AND BALANCES - JOINTLY CONTROLLED ASSETS	2017 \$000	2016 \$000
<b>Expenditure incurred by the Council to fund the operation and management of:</b>		
Porirua - waste water treatment plant	2,011	2,023

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:

INTRA GROUP TRANSACTIONS AND BALANCES - CONTROLLED ENTITIES	2017 \$000	2016 \$000
<b>Revenue for services provided by the Council to:</b>		
Karori Sanctuary Trust	43	-
Positively Wellington Tourism	-	24
Wellington Cable Car Limited	48	309
Wellington Museums Trust	1,469	1,436
Wellington Regional Economic Development Agency	166	306
Wellington Zoo Trust	1,054	841
	<b>2,780</b>	<b>2,916</b>
<b>Grant funding by Council for the operations and management of:</b>		
Karori Sanctuary Trust	875	-
Wellington Cable Car Limited	1,000	1,500
Wellington Museums Trust	8,628	8,313
Wellington Regional Economic Development Agency	7,404	7,135
Wellington Zoo Trust	3,125	2,894
	<b>21,032</b>	<b>19,842</b>
<b>Expenditure for services provided to the Council by:</b>		
Karori Sanctuary Trust	11	-
Wellington Cable Car Limited	37	32
Wellington Museums Trust	313	2,476
Wellington Regional Economic Development Agency	10,044	6,013
Wellington Zoo Trust	1,967	2,749
	<b>12,372</b>	<b>11,270</b>
<b>Expenditure for the purchase of assets by the Council from:<sup>1</sup></b>		
Karori Sanctuary Trust	<b>10,347</b>	-
<b>Loan repayment to the Council by:<sup>2</sup></b>		
Karori Sanctuary Trust	<b>10,347</b>	-
<b>Current receivables and recoverables owing to the Council from:</b>		
Karori Sanctuary Trust	2	-
Wellington Museums Trust	40	161
Wellington Regional Economic Development Agency	63	6
Wellington Zoo Trust	1,189	213
	<b>1,294</b>	<b>380</b>
<b>Current payables owed by the Council to:</b>		
Karori Sanctuary Trust	1	-
Wellington Cable Car Limited	5	419
Wellington Museums Trust	251	171
Wellington Regional Economic Development Agency	366	729
Wellington Zoo Trust	1,731	196
	<b>2,354</b>	<b>1,515</b>

1. The Council purchased the Karori Sanctuary Trust visitor centre building on 7 October 2016.

2. The Karori Sanctuary Trust repaid its loan from the Council on 7 October 2016.

#### *Current receivables, recoverables and payables*

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

#### *Payments to controlled entities*

The total payments to controlled entities are \$33.404m (2016: \$31.112m) when the grant funding of \$21.032m (2016: \$19.842m) and expenditure for services provided to the Council of \$12.372m (2016: \$11.270m) are combined.

During the year the Council has entered into several transactions with its associates and jointly controlled entity. These transactions disclosed are within the normal course of business. The nature of these intra-group transactions and the outstanding balances at the year-end are as follows:

INTRA GROUP TRANSACTIONS AND BALANCES - ASSOCIATES AND JOINTLY CONTROLLED ENTITY	2017 \$000	2016 \$000
<b>Dividend received from:</b>		
Wellington International Airport Limited	11,937	12,059
<b>Revenue for services provided by the Council to:</b>		
Wellington International Airport Limited	61	-
Wellington Water Limited	517	-
	578	-
<b>Expenditure for services provided to the Council from:</b>		
Wellington International Airport Limited	1,132	2,179
Wellington Water Limited	26,995	22,348
	28,127	24,527
<b>Current receivables and recoverables owing to the Council from:</b>		
Wellington Water Limited	187	-
<b>Current payables owed by the Council to:</b>		
Wellington Water Limited	4,333	2,078

*Current receivables, recoverables and payables:*

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

## NOTE 37: REMUNERATION AND STAFFING

### Mayoral and Councillor remuneration

#### Relevant significant accounting policies

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

#### Remuneration

The following people held office as elected members of the Council's governing body during the reporting period. The total remuneration attributed to the Mayor and Councillors during the year from 1 July 2016 to 30 June 2017 was \$1,492,887 (2016: \$1,464,085) and is broken down and classified as follows:

COUNCIL MEMBER	MONETARY REMUNERATION		NON-MONETARY REMUNERATION	TOTAL
	SALARY	ALLOWANCES		
	\$	\$	\$	\$
<b>Current Council</b>				
Lester, Justin (Mayor)	151,797	120	2,200	154,117
Calvert, Diane	63,652	283	1,555	65,490
Calvi-Freeman, Chris	63,652	283	1,555	65,490
Dawson, Brian	63,652	283	1,555	65,490
Day, Jill	63,652	283	1,555	65,490
Eagle, Paul	105,435	388	2,200	108,023
Foster, Andy	91,756	388	2,200	94,344
Free, Sarah	89,040	388	2,200	91,628
Gilberd, Peter	63,652	283	1,555	65,490
David, Lee	89,040	388	2,200	91,628
Marsh, Simon	90,130	388	2,200	92,718
Pannett, Iona	96,635	388	2,200	99,223
Sparrow, Malcolm	89,040	388	2,200	91,628
Woolf, Simon	89,040	388	2,200	91,628
Young, Nicola	89,040	388	2,200	91,628
<b>Previous Council</b>				
Wade-Brown, Celia (Mayor)	49,929	-	645	50,573
Ahipene-Mercer, Ray	26,478	120	645	27,243
Coughlan, Jo	28,104	-	645	28,749
Peck, Mark	25,388	120	645	26,153
Ritchie, Helene	25,388	120	645	26,153
<b>TOTAL REMUNERATION PAID TO COUNCIL MEMBERS</b>	<b>1,454,500</b>	<b>5,387</b>	<b>33,000</b>	<b>1,492,887</b>
			<b>Total monetary remuneration</b>	<b>1,459,887</b>
			<b>Total non- monetary remuneration</b>	<b>33,000</b>

#### Salary

The Remuneration Authority is responsible for setting the remuneration levels for elected members (Clause 6, Schedule 7 of the Local Government Act 2002). The Council's monetary remuneration (salary) detailed above was determined by the Remuneration Authority. As permitted under the Authority's guidelines the Council has chosen for its elected members to receive an annual salary for the 2016/17 financial year rather than the alternative option of a combination of meeting fee payments and annual salary.

### Taxable and non-taxable allowances - broadband services and mobile phones

Councillors are able to choose either of the following two options:

The payment of a communication allowance of \$400 per annum (applicable from the start of the new triennium) or the reimbursement of any Council related communication costs, over and above any communication costs they would normally incur, payable on receipt of the appropriate documentation required under the provisions of the Remuneration Authority's determination. Both the allowance and reimbursement options are non-taxable. Only the payments under the allowance option have been included as remuneration in the schedule above.

The level of all allowances payable to the Council's elected members has been approved by the Remuneration Authority and is reviewed by the Authority on an annual basis. The Remuneration Authority does permit Council to provide the Mayor with a vehicle for full private use, which would be a taxable benefit; however the current Mayor has declined to take up this option.

### Non-monetary

In addition, the Mayor and Councillors receive non-monetary remuneration in relation to car parking space provided. The Councillors have shared office and working space available for use, and access to phones and computers. Professional indemnity and trustee liability insurance is also provided to Councillors against any potential legal litigation which may occur while undertaking Council business.

### Community Boards

The Council has two community boards - the Tawa Community Board and the Makara/Ohariu Community Board. Remuneration paid to the elected members of these boards is as follows:

COMMUNITY BOARD MEMBER	SALARY \$	ALLOWANCES \$	OTHER \$	TOTAL 2017 \$
<b>TAWA COMMUNITY BOARD</b>				
<b>Current Board</b>				
Herbert, Richard (Chair)	15,246	405	-	15,651
Lucas, Margaret (Deputy Chair)	8,932	-	-	8,932
Hansen, Graeme	8,932	-	-	8,932
Langham, Liz	3,108	-	-	3,108
Marshall, Jack (includes Youth Council attendance fee)	8,932	-	510	9,442
Parkinson, Robyn	4,992	-	-	4,992
Day, Jill (see Councillor remuneration above)				
Sparrow, Malcolm (see Councillor remuneration above)				
<b>Previous Board</b>				
Tredger, Robert (Chair)	5,237	180	-	5,417
Sutton, Alistair	2,618	-	-	2,618
<b>MAKARA-OHARIU COMMUNITY BOARD</b>				
<b>Current Board</b>				
Grace, Christine (Chair)	9,135	585	-	9,720
Apanowicz, John (Deputy Chair)	2,553	-	-	2,553
Liddell, Judy	4,568	-	-	4,568
Renner, Chris	2,553	-	-	2,553
Rudd, Wayne	4,568	-	-	4,568
Todd, Hamish	4,568	-	-	4,568
<b>Previous Board</b>				
Burden, Murray	1,339	-	-	1,339
Scotts, Margie	1,339	-	-	1,339
<b>TOTAL REMUNERATION TO COMMUNITY BOARD MEMBERS</b>	<b>88,620</b>	<b>1,170</b>	<b>510</b>	<b>90,300</b>

A technology allowance of \$45 per month is available to the chair of both the Tawa and Makara/Ohariu Community Boards. This allowance can be taken as either an allowance or as an actual expense reimbursement. Both options are non-taxable but only payments under the allowance option are included in the above remuneration table.

### Chief Executive's remuneration

The Chief Executive of the Council was appointed in accordance with section 42 of the Local Government Act 2002.

The table below shows the total remuneration of the Chief Executive paid or payable for the year ended 30 June 2017.

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

REMUNERATION OF THE CHIEF EXECUTIVE	COUNCIL	
	2017 \$	2016 \$
<b>Short-term employee benefits</b>		
<b>Kevin Lavery</b>		
Salary	413,160	413,160
Motor vehicle park	3,000	3,000
<b>TOTAL REMUNERATION OF THE CHIEF EXECUTIVE</b>	<b>416,160</b>	<b>416,160</b>



## Severances

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

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

For the year ending 30 June 2017 the Council made severance payments to 15 employees totalling \$261,259 (2016: 18 employees, \$226,458).

The individual values of each of these severance payments are: \$3,232; \$5,000; \$5,500; \$5,617; \$6,329; \$6,588; \$10,537; \$10,974, \$11,529; \$15,469; \$15,604; \$19,737; \$35,000; \$40,358; \$69,785.

## Employee numbers and remuneration bands

The following table identifies the number of full-time employees as at the of the reporting period and the full-time equivalent number of all other part-time, fixed-term and casual employees. The table further identifies the breakdown of remuneration levels of those employees into various bands.

	COUNCIL	
	2017	2016
<b>Full-time and full-time equivalent employee numbers</b>		
Full-time employees (based on a 40 hour week) as at 30 June	1,037	1,059
Full-time equivalents for all other non full-time employees	265	237
<b>Remuneration bands</b>		
The number of employees receiving total annual remuneration of less than \$60,000	1,115	1,105
The number of employees receiving total annual remuneration of more than \$60,000 in bands of \$20,000		
\$60,000 - \$79,999.99	269	274
\$80,000 - \$99,999.99	175	178
\$100,000 - \$119,999.99	80	78
\$120,000 - \$139,999.99	56	43
\$140,000 - \$159,999.99	30	35
\$160,000 - \$179,999.99	12	13
\$180,000 - \$199,999.99	8	
\$180,000 - \$219,999.99*		10
\$200,000 - \$239,999.99*	6	
\$220,000 - \$299,999.99*		7
\$240,000 - \$299,999.99*	6	
\$300,000 - \$419,999.99*	5	5
<b>TOTAL EMPLOYEES</b>	<b>1,762</b>	<b>1,748</b>

Of the 1,762 (2016: 1,748) individual employees, 725 (2016: 685) work part-time or casually.

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

\* If the number of employees for any band was five or less then we are legally required to combine it with the next highest band. This means that some rows span different bands across the 2 years shown.

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

GRADE	SALARY RANGE	2017	2016
B1	\$33,030 - \$44,687	150	152
B2	\$38,858 - \$52,573	662	627

The current living wage rate for Wellington City Council is \$18.63. Each year the living wage rate for Wellington City Council is reviewed in accordance with the Consumer Price Index rate for salary and wages.

## NOTE 38: FINANCIAL IMPACTS OF THE KAIKOURA EARTHQUAKE

### Background

The devastating 14 November 2016 earthquake, while centred in the upper South Island also impacted on the Wellington region and particularly certain buildings in Wellington City including the Council's own Civic Administration Building (CAB) in Civic Square.

### Assets affected

#### Buildings

CAB suffered significant damage during the 14 November 2016 earthquake. The building was immediately closed and has remained closed since the event. This building is subject to an insurance claim, which covers both the repair costs and the relocation costs.

Two other buildings: 221 Wakefield Street and St John's Hall in Karori; both of which were already scheduled for demolition, were also damaged during the earthquake and have since been demolished.

Some other buildings suffered minor cosmetic damage and have since either been repaired or are scheduled for repair.

#### Other assets

All plant and equipment assets within CAB were recovered with no significant write offs.

Some other Council assets suffered minor cosmetic damage and have since either been repaired or are scheduled for repair.

### Estimated costs to repair damage and impairment of CAB

In the 2016/17 year a total of \$4.143m was paid out of the Council's insurance reserve fund related to earthquake repairs and relocation costs. This includes some items related to CAB which will be paid out of the fund until the excess level for the claim has been reached.

As a result of the damage suffered to CAB, the building was assessed for impairment as at 30 June 2017 and it was concluded that there should be an impairment loss recognised of \$11.446m. CAB is not a revalued asset therefore the loss has been included within Expenditure on operating activities in the Statement of Comprehensive Revenue and Expense.

The impairment of CAB has been calculated by comparing the carrying value of CAB to its recoverable amount. The recoverable amount is based on the building's value in use using the restoration cost approach which uses an estimate of the expected cost of repairs.

Due to the uncertainty around repair costs estimates the Council has performed the following sensitivity analysis to the estimated building impairment.

COUNCIL AND GROUP	2017 \$000	
	+10%	-10%
	EFFECT ON SURPLUS OR DEFICIT	
Impairment - repair cost estimate	(1,111)	3,257

### Contingent Asset - Insurance recoveries

At as 30 June 2017 the Council has a contingent asset for the insurance recoveries. The insurance claim related to CAB, which covers both the repair costs and the relocation costs, is still in progress. The Council's preliminary assessment of earthquake repairs is in the region of \$33.0 million. The indemnity value of CAB under Council's insurance value is \$48.7 million. The insurance policy has a deductible of \$5.0 million. While an estimate of the repair and relocation costs has been obtained by the Council and provided to the insurer there are still a significant number of uncertainties in the numbers and it is still subject to discussion and agreement with the insurer. This means that the amount that the Council will receive cannot be reliably measured.

**NOTE 39: EVENTS AFTER THE END OF THE REPORTING PERIOD**

There are no events after the end of the reporting period that require adjustment to the financial statements or the notes to the financial statements.

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

### *Approximately equal value*

Approximately equal value is considered to reflect a fair or market value, which is normally considered as an arm's length commercial transaction between a willing buyer and willing seller. Some goods or services that the Council provides (eg the sale of goods at market rates) are defined as being exchange transactions. Only a few services provided by the Council operate on a full user pays (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 the 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 the Council's revenue is categorised as non-exchange.

### **Change of accounting policies**

There have been no elected changes in accounting policies during the financial period.

### **Changes to PBE accounting standards**

There have been no new accounting standards issued with mandatory effect for the accounting period. However a number of amendments to standards have been made with effect for periods beginning after 1 January 2016.

PBE IPSAS 1: *Presentation of financial statements*;

- *Disclosure initiative (amendments to PBE IPSAS 1)* - This amendment giving more weight to materiality and less restriction over the order of notes and accounting policies was early adopted by the Group for the year ending 30 June 2016.
- *2015 Omnibus Amendments to PBE standards* - These annual improvement amendments were also early adopted by the Group for the year ending 30 June 2016.

### **Standards, amendments and interpretations issued but not yet effective and not early adopted**

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

- *2016 Omnibus amendments to PBE standards* - These amendments issued in parts in January 2017 are effective for periods beginning on or after 1 January 2017 or 1 January 2018 but not all parts can be early adopted. A relevant amendment for the Council is to *PBE IPSAS 32 Service Concession Arrangements: Grantor*. This amendment requires that service concession assets are grouped with similar property, plant and equipment assets for the purpose of subsequent measurement and disclosure under *PBE IPSAS 17 Property, Plant and Equipment*.
- In April 2017, the XRB issued *Impairment of Revalued Assets*, which now scopes in revalued property, plant and equipment into the impairment accounting standards, which will require Council to assess at each reporting date whether there is any indication that an asset may be impaired.
- In January 2017, the XRB issued new standards for interest in other entities (PBE IPSAS 34 - 38). These new standards will replace the existing applicable standards (PBE IPSAS 6 - 8) and are effective for periods beginning on or after 1 January 2019.
- In January 2017, the XRB also issued *PBE IFRS 9 Financial Instruments* to replace *PBE IPSAS 29 Financial Instruments: Recognition and Measurement*. With an effective date for annual periods beginning on or after 1 January 2021, but with early adoption permitted, the intention is not to adopt at this stage while the effects on Council and the Group are more thoroughly assessed. The main changes under PBE IFRS 9 are:
  - i. New financial asset classifications requirements for determining whether an asset is measured at fair value or amortised cost.
  - ii. A new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses.
  - iii. Revised hedge accounting requirements to better reflect the management of risks.

### **Judgements and estimations**

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

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

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

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

### **Goods and Services Tax (GST)**

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

### **Budget figures**

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

### **Comparatives**

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

- where classifications have changed between periods
- where the Council has made additional disclosure in the current year, and where a greater degree of disaggregation of prior year amounts and balances is therefore required, and
- where there has been a change of accounting policy (there has been no change in the 2016/17 year).

## Financial Prudence

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

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

During the 2015-25 Long-Term Plan process and with consultation with ratepayers, the Council revised the number of benchmarks and removed measures that were similar in nature and added no value in understanding of the measures to readers.

# Annual report disclosure statement for year ending 30 June 2017

## WHAT IS THE PURPOSE OF THIS STATEMENT?

The purpose of this statement is to disclose the council's financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Unless prescribed by the regulations the quantified limit for each benchmark is calculated using the financial information from the Council's 2015-25 LTP.

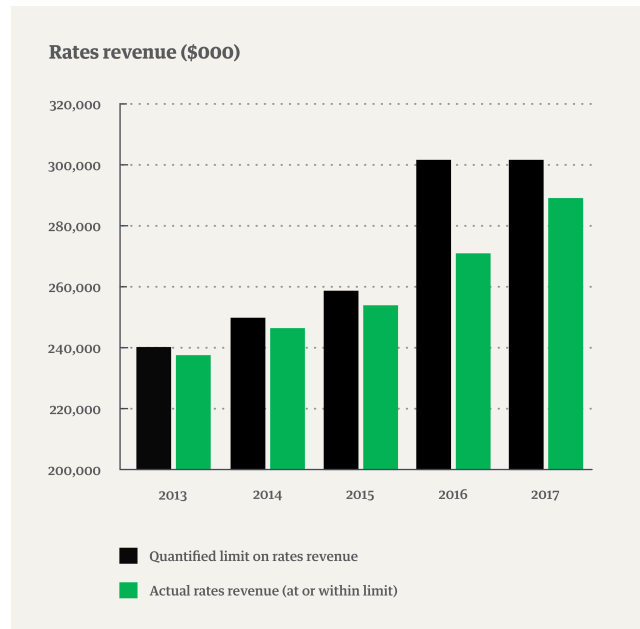
## RATES AFFORDABILITY BENCHMARK

The Council meets the rates affordability benchmark if–

- its actual rates 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 increases with a quantified dollar limit on rates increases included in the financial strategy included in the Council's long-term plan. The quantified limit for the first 3 years of the 2015-25 LTP, which encompasses the financial years 2015/16; 2016/17 and 2017/18 is \$301.552m. This means rates revenue should remain below this limit for each of these years.



NOTE: the qualified limit was set at \$301.552m for the first three years of the 2015-25 Long-Term Plan on the basis that this would equate to an average annual rates increase of 4.5% (after growth) over this three period.

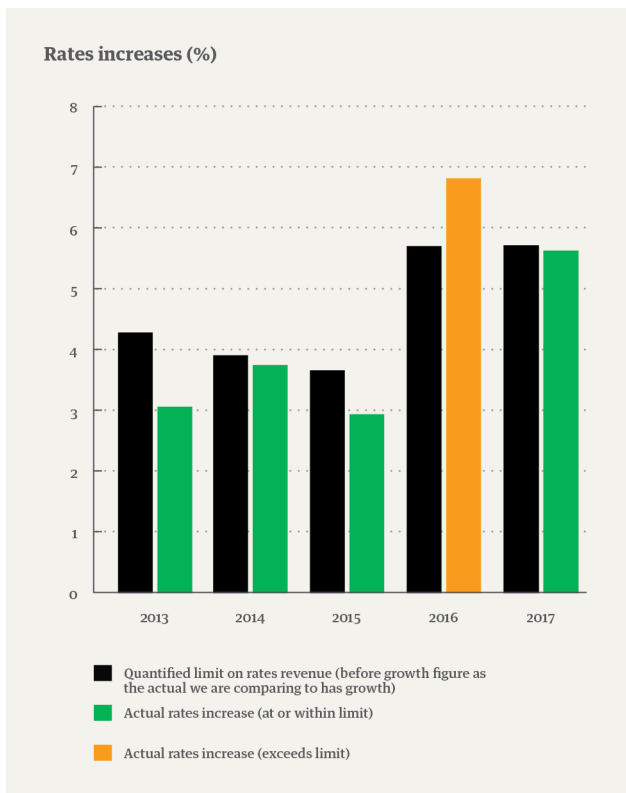


**Rates (increases) affordability**

The following graph compares the Council's actual rates increases with a quantified limit on rates increases included in the financial strategy in the Council's long-term plan. The quantified limit for 2016/17 is 5.7% before growth and 4.5% after growth.

This 4.5% limit is an average for the first 3 years of the 2015-25 LTP encompassing the following financial years 2015/16; 2016/17 and 2017/18. This means the average rate increase over these years should be 4.5% or less.

The forecasted actual average for these years is 5.4% before growth and 4.2% after growth. Therefore the Council is on track to meet this benchmark overall for the 3 years applicable to this measure.

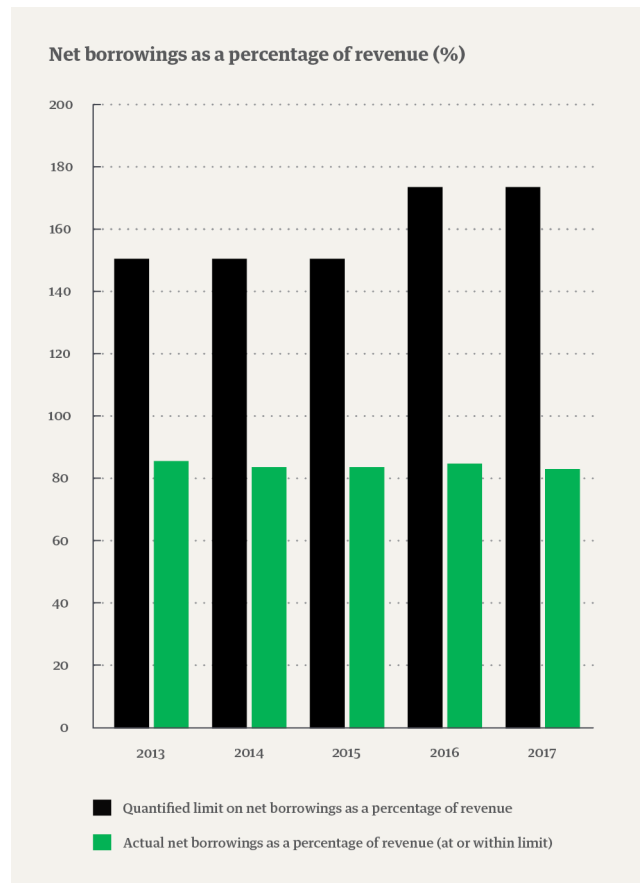


**DEBT AFFORDABILITY BENCHMARK**

The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. The Council has seven measures for debt affordability and these are set out below. The suitability of these measures has been assessed by Council's professional advisers, PwC Wellington.

**Net borrowing as a percentage of revenue<sup>2</sup>**

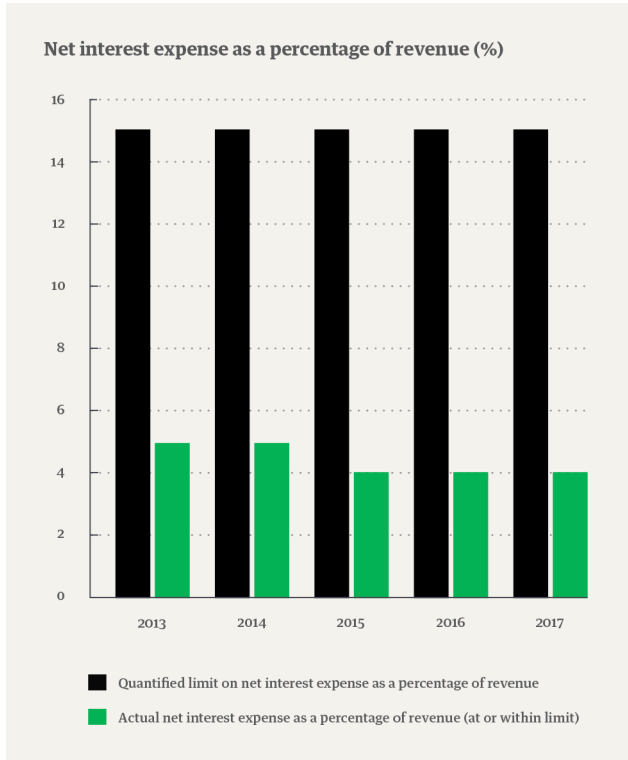
The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's long-term plan. The quantified limit is net borrowings, comprised of borrowings less cash and cash equivalents, being less than or equal to 175%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



<sup>2</sup> 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. The Council has also deducted variable capital grants it receives for social housing from these calculations.

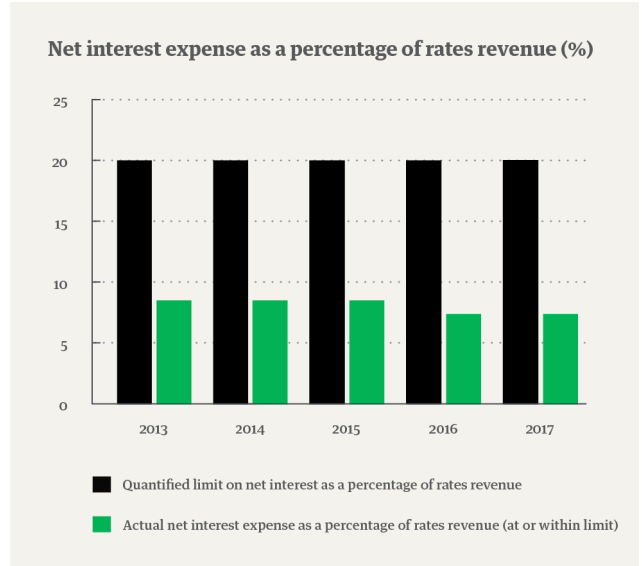
**Net interest as a percentage of revenue<sup>3</sup>**

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's long-term plan. The quantified limit is net interest, defined as interest expense less interest revenue, being less than or equal to 15% 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% of annual rates revenue.

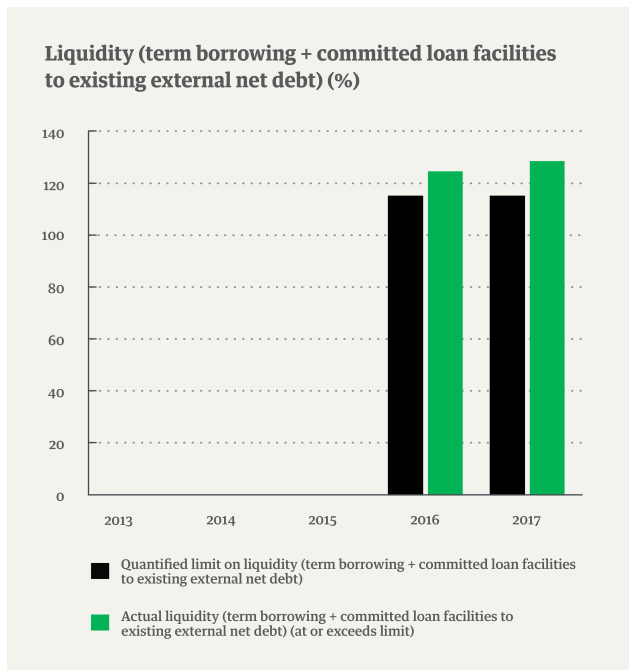


<sup>3</sup> The revenue figure used for this calculation of Net Borrowing as percentage of Revenue and Net Interest as a percentage of Revenue is Total Revenue less Vested Assets and Development Contribution Revenue. The Council has also deducted variable capital grants it receives for social housing from these calculations.

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

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

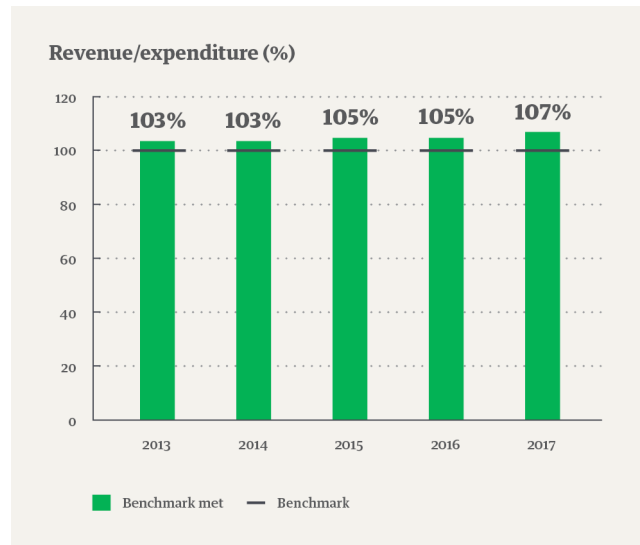
NOTE: this measure is was introduced in the 2015/16 financial year.



**BALANCED BUDGET BENCHMARK**

The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

The Council meets this benchmark if its revenue equals or is greater than its operating expenses.

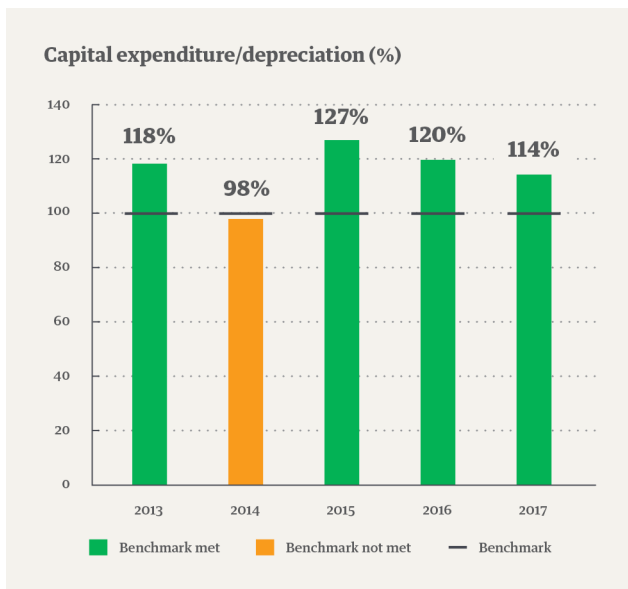


**ESSENTIAL SERVICES BENCHMARK**

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

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

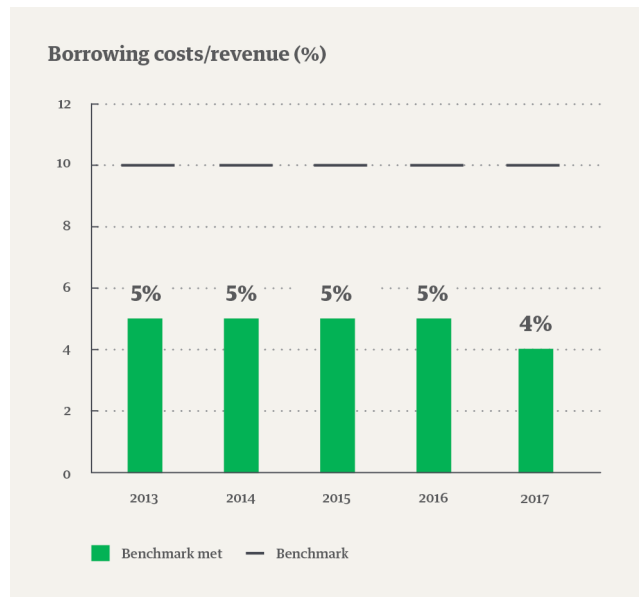
Although for 2013/14 it appears to show that the Council has “not met” the benchmark, included within the depreciation figure, there is a depreciation amount for Moa Point Treatment Plant which is under an arrangement where the assets are managed by a third party who will return the assets to the Council in the same condition that they were at the start of the arrangement. Therefore there will be no capital expenditure undertaken by the Council in relation to those assets. If the depreciation attributable to those assets were excluded from the calculation, then the benchmark measure would show that the Council had “met” the target by achieving 104% for 2013/14.



**DEBT SERVICING BENCHMARK**

The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

Because Statistics New Zealand projects the Council's population will grow as fast as the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.

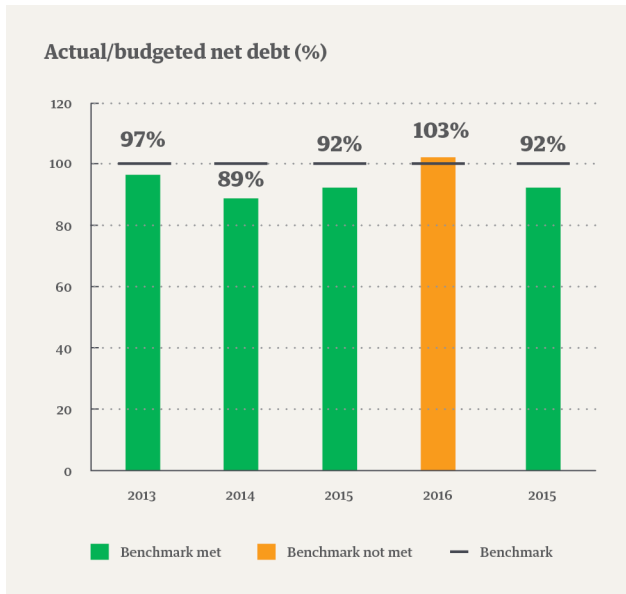


**DEBT CONTROL BENCHMARK**

The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.

The calculation of net debt includes derivative (non-cash) financial instruments, predominantly cash flow hedges. The 2015/16 net debt was impacted by the valuation of the Council's cash flow hedge liabilities being higher than planned as a result of interest rate volatility during the financial year. Actual net borrowings at \$396.5m were lower than planned net borrowings of \$415.0m and well below other benchmarks.

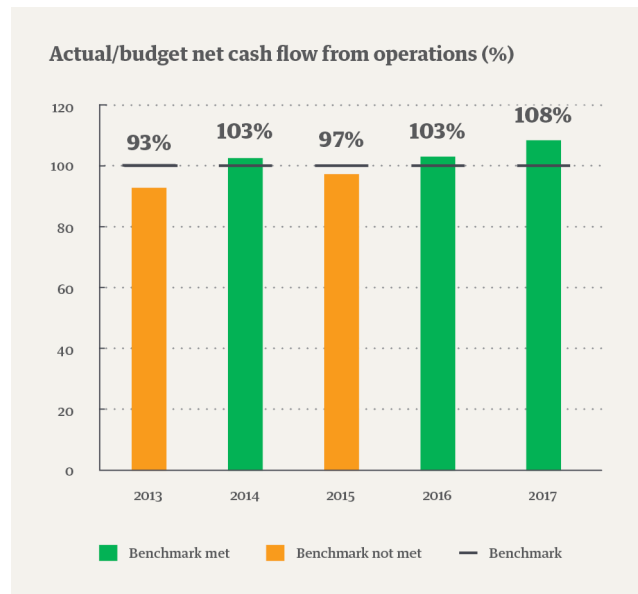


**OPERATIONS CONTROL BENCHMARK**

This graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.

A number of assumptions are made around the timing of events. Any departure from these assumptions can affect the outcome of this measure. The Council is satisfied that it is prudently managing operational cash flow, with variances in the 2012/13 and 2014/15 years explained by the timing difference in the receipt of revenues compared to budget that lead to the "not met" outcome for this measure.



# Funding Impact Statements

## FUNDING IMPACT STATEMENT FOR 1 JULY 2016 TO 30 JUNE 2017 WHOLE OF COUNCIL

	2015/16 LTP \$000	2015/16 ACTUAL \$000	2016/17 LTP \$000	2016/17 AP \$000	2016/17 ACTUAL \$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	152,004	152,200	161,126	160,913	161,708
Targeted rates	118,903	119,927	122,801	123,231	124,308
Subsidies and grants for operating purposes	6,485	7,117	6,684	8,086	8,995
Fees and charges	122,218	113,117	125,481	123,171	130,802
Interest and dividends from investments	11,013	15,288	11,013	11,125	20,632
Local authorities fuel tax, fines, infringement fees, and other receipts	9,255	8,064	9,517	9,178	7,777
<b>Total operating funding (A)</b>	<b>419,878</b>	<b>415,713</b>	<b>436,622</b>	<b>435,704</b>	<b>454,222</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	280,484	261,895	285,730	291,914	294,995
Finance costs	22,961	23,948	26,498	25,617	23,644
Other operating funding applications	35,850	53,129	44,114	43,007	48,970
<b>Total applications of operating funding (B)</b>	<b>339,295</b>	<b>338,972</b>	<b>356,342</b>	<b>360,538</b>	<b>367,609</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>80,583</b>	<b>76,741</b>	<b>80,280</b>	<b>75,166</b>	<b>86,613</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	36,026	27,044	35,376	32,950	29,872
Development and financial contributions	2,000	2,749	2,000	2,000	3,026
Increase (decrease) in debt	41,399	49,604	75,701	71,263	7,668
Gross proceeds from sales of assets	2,650	-	7,600	4,600	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>82,075</b>	<b>79,397</b>	<b>120,677</b>	<b>110,813</b>	<b>40,566</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	2,597	1,076	1,909	1,922	1,168
- to improve the level of service	62,680	42,704	89,000	87,124	48,232
- to replace existing assets	93,169	102,157	81,613	91,736	87,823
Increase (decrease) in reserves	4,212	10,201	28,435	5,197	(10,044)
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>162,658</b>	<b>156,138</b>	<b>200,957</b>	<b>185,979</b>	<b>127,179</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(80,583)</b>	<b>(76,741)</b>	<b>(80,280)</b>	<b>(75,166)</b>	<b>(86,613)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>102,165</b>	<b>98,356</b>	<b>102,250</b>	<b>101,975</b>	<b>101,109</b>

## FUNDING IMPACT STATEMENT FOR 1 JULY 2016 TO 30 JUNE 2017 FOR GOVERNANCE, INFORMATION AND ENGAGEMENT

1.1	2015/16 LTP \$000	2015/16 ACTUAL \$000	2016/17 LTP \$000	2016/17 AP \$000	2016/17 ACTUAL \$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	16,587	16,587	17,417	17,528	17,528
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	508	750	889	889	1,005
Internal charges and overheads recovered	-	605	-	-	605
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>17,095</b>	<b>17,942</b>	<b>18,306</b>	<b>18,417</b>	<b>19,138</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	9,713	9,353	10,758	11,170	10,471
Finance costs	16	15	18	16	13
Internal charges and overheads applied	7,308	7,140	7,481	7,179	6,922
Other operating funding applications	10	12	10	10	29
<b>Total applications of operating funding (B)</b>	<b>17,047</b>	<b>16,520</b>	<b>18,267</b>	<b>18,375</b>	<b>17,435</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>48</b>	<b>1,422</b>	<b>39</b>	<b>42</b>	<b>1,703</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(48)	(58)	77	74	(46)
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(48)</b>	<b>(58)</b>	<b>77</b>	<b>74</b>	<b>(46)</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	-	-	-	-
- to replace existing assets	-	-	116	116	-
Increase (decrease) in reserves	-	1,364	-	-	1,657
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>-</b>	<b>1,364</b>	<b>116</b>	<b>116</b>	<b>1,657</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(48)</b>	<b>(1,422)</b>	<b>(39)</b>	<b>(42)</b>	<b>(1,703)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>48</b>	<b>58</b>	<b>39</b>	<b>42</b>	<b>46</b>

## FUNDING IMPACT STATEMENT FOR 1 JULY 2016 TO 30 JUNE 2017 FOR MĀORI AND MANA WHENUA PARTNERSHIPS

1.2	2015/16 LTP \$000	2015/16 ACTUAL \$000	2016/17 LTP \$000	2016/17 AP \$000	2016/17 ACTUAL \$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	281	281	288	295	295
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	-	-	-	-	(1)
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>281</b>	<b>281</b>	<b>288</b>	<b>295</b>	<b>294</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	267	255	274	267	256
Finance costs	1	1	1	1	1
Internal charges and overheads applied	11	8	11	15	8
Other operating funding applications	-	8	-	10	13
<b>Total applications of operating funding (B)</b>	<b>279</b>	<b>272</b>	<b>286</b>	<b>293</b>	<b>278</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>2</b>	<b>9</b>	<b>2</b>	<b>2</b>	<b>16</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(2)	(2)	(2)	(2)	(2)
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(2)</b>	<b>(2)</b>	<b>(2)</b>	<b>(2)</b>	<b>(2)</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	-	-	-	-
- to replace existing assets	-	-	-	-	-
Increase (decrease) in reserves	-	7	-	-	14
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>-</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>14</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(2)</b>	<b>(9)</b>	<b>(2)</b>	<b>(2)</b>	<b>(16)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>



## FUNDING IMPACT STATEMENT FOR 1 JULY 2016 TO 30 JUNE 2017 FOR GARDENS, BEACHES AND GREEN OPEN SPACES

2.1	2015/16 LTP \$000	2015/16 ACTUAL \$000	2016/17 LTP \$000	2016/17 AP \$000	2016/17 ACTUAL \$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	30,360	30,360	31,414	33,822	33,822
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	699	669	731	636	837
Fees and charges	1,437	1,899	1,465	1,465	3,480
Internal charges and overheads recovered	5,111	5,146	5,203	5,203	4,584
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>37,607</b>	<b>38,074</b>	<b>38,813</b>	<b>41,126</b>	<b>42,723</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	19,285	18,839	20,088	19,718	20,497
Finance costs	1,993	1,794	2,250	1,984	2,480
Internal charges and overheads applied	12,281	12,067	12,438	12,410	11,999
Other operating funding applications	120	121	121	100	599
<b>Total applications of operating funding (B)</b>	<b>33,679</b>	<b>32,821</b>	<b>34,897</b>	<b>34,212</b>	<b>35,575</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>3,928</b>	<b>5,253</b>	<b>3,916</b>	<b>6,914</b>	<b>7,149</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	650	568	-	-	289
Development and financial contributions	183	363	183	183	376
Increase (decrease) in debt	(2,129)	(5,089)	(1,432)	(3,426)	(861)
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(1,296)</b>	<b>(4,158)</b>	<b>(1,249)</b>	<b>(3,243)</b>	<b>(196)</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	70	-	82	-	-
- to improve the level of service	1,121	1,137	878	1,959	605
- to replace existing assets	1,441	1,639	1,707	1,712	5,497
Increase (decrease) in reserves	-	(1,681)	-	-	851
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>2,632</b>	<b>1,095</b>	<b>2,667</b>	<b>3,671</b>	<b>6,953</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(3,928)</b>	<b>(5,253)</b>	<b>(3,916)</b>	<b>(6,914)</b>	<b>(7,149)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>3,928</b>	<b>6,934</b>	<b>3,916</b>	<b>7,264</b>	<b>6,648</b>

## FUNDING IMPACT STATEMENT FOR 1 JULY 2016 TO 30 JUNE 2017 FOR WASTE REDUCTION AND ENERGY CONSERVATION

2.2	2015/16 LTP \$000	2015/16 ACTUAL \$000	2016/17 LTP \$000	2016/17 AP \$000	2016/17 ACTUAL \$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	764	764	729	778	778
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	29
Fees and charges	12,876	14,387	13,353	13,320	18,751
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	4	-	-	1
<b>Total operating funding (A)</b>	<b>13,640</b>	<b>15,155</b>	<b>14,082</b>	<b>14,098</b>	<b>19,559</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	12,126	12,368	12,552	12,492	12,762
Finance costs	877	915	774	751	943
Internal charges and overheads applied	56	(36)	42	78	108
Other operating funding applications	255	93	255	383	353
<b>Total applications of operating funding (B)</b>	<b>13,314</b>	<b>13,340</b>	<b>13,623</b>	<b>13,704</b>	<b>14,166</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>326</b>	<b>1,815</b>	<b>459</b>	<b>394</b>	<b>5,393</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	912	402	773	344	267
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>912</b>	<b>402</b>	<b>773</b>	<b>344</b>	<b>267</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	-	-	65	65
- to replace existing assets	1,238	723	1,232	673	541
Increase (decrease) in reserves	-	1,494	-	-	5,054
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>1,238</b>	<b>2,217</b>	<b>1,232</b>	<b>738</b>	<b>5,660</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(326)</b>	<b>(1,815)</b>	<b>(459)</b>	<b>(394)</b>	<b>(5,393)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>326</b>	<b>321</b>	<b>459</b>	<b>394</b>	<b>339</b>

## FUNDING IMPACT STATEMENT FOR 1 JULY 2016 TO 30 JUNE 2017 FOR WATER

2.3	2015/16 LTP \$000	2015/16 ACTUAL \$000	2016/17 LTP \$000	2016/17 AP \$000	2016/17 ACTUAL \$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	-	-	-	-	-
Targeted rates	38,291	38,291	39,932	40,257	40,257
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	35	68	35	35	1,606
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>38,326</b>	<b>38,359</b>	<b>39,967</b>	<b>40,292</b>	<b>41,863</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	22,501	22,517	23,971	23,369	23,835
Finance costs	2,100	2,052	2,310	2,104	1,847
Internal charges and overheads applied	1,443	1,618	1,386	1,952	1,899
Other operating funding applications	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>26,044</b>	<b>26,187</b>	<b>27,667</b>	<b>27,425</b>	<b>27,581</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>12,282</b>	<b>12,172</b>	<b>12,300</b>	<b>12,867</b>	<b>14,282</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	671	591	671	671	792
Increase (decrease) in debt	3,999	2,091	1,964	1,377	519
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>4,670</b>	<b>2,682</b>	<b>2,635</b>	<b>2,048</b>	<b>1,311</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	563	570	538	538	544
- to improve the level of service	3,038	2,356	4,206	3,375	4,370
- to replace existing assets	13,351	12,000	10,191	11,002	9,515
Increase (decrease) in reserves	-	(72)	-	-	1,164
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>16,952</b>	<b>14,854</b>	<b>14,935</b>	<b>14,915</b>	<b>15,593</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(12,282)</b>	<b>(12,172)</b>	<b>(12,300)</b>	<b>(12,867)</b>	<b>(14,282)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>12,282</b>	<b>12,244</b>	<b>12,300</b>	<b>12,867</b>	<b>13,118</b>

## FUNDING IMPACT STATEMENT FOR 1 JULY 2016 TO 30 JUNE 2017 FOR WASTEWATER

2.4	2015/16 LTP \$000	2015/16 ACTUAL \$000	2016/17 LTP \$000	2016/17 AP \$000	2016/17 ACTUAL \$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	-	-	-	-	-
Targeted rates	37,425	37,425	38,694	39,112	39,112
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	1,233	1,204	1,256	1,244	985
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>38,658</b>	<b>38,629</b>	<b>39,950</b>	<b>40,356</b>	<b>40,097</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	21,117	18,676	22,158	20,623	20,333
Finance costs	3,741	3,635	4,033	3,833	3,563
Internal charges and overheads applied	3,525	4,585	3,473	5,254	4,949
Other operating funding applications	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>28,383</b>	<b>26,896</b>	<b>29,664</b>	<b>29,710</b>	<b>28,845</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>10,275</b>	<b>11,733</b>	<b>10,286</b>	<b>10,646</b>	<b>11,252</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	549	688	549	549	880
Increase (decrease) in debt	(343)	(250)	491	40	(566)
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>206</b>	<b>438</b>	<b>1,040</b>	<b>589</b>	<b>314</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	223	221	230	228	256
- to improve the level of service	-	-	316	316	303
- to replace existing assets	10,258	10,634	10,780	10,691	10,113
Increase (decrease) in reserves	-	1,316	-	-	894
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>10,481</b>	<b>12,171</b>	<b>11,326</b>	<b>11,235</b>	<b>11,566</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(10,275)</b>	<b>(11,733)</b>	<b>(10,286)</b>	<b>(10,646)</b>	<b>(11,252)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>13,428</b>	<b>13,570</b>	<b>13,439</b>	<b>13,887</b>	<b>13,599</b>

## FUNDING IMPACT STATEMENT FOR 1 JULY 2016 TO 30 JUNE 2017 FOR STORMWATER

2.5	2015/16 LTP \$000	2015/16 ACTUAL \$000	2016/17 LTP \$000	2016/17 AP \$000	2016/17 ACTUAL \$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	-	-	-	-	-
Targeted rates	17,442	17,442	17,902	18,012	18,012
Subsidies and grants for operating purposes	136	69	142	125	99
Fees and charges	10	26	10	10	665
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>17,588</b>	<b>17,537</b>	<b>18,054</b>	<b>18,147</b>	<b>18,776</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	7,131	6,603	7,303	7,018	6,487
Finance costs	2,904	2,712	3,268	2,890	2,453
Internal charges and overheads applied	1,501	1,487	1,452	2,000	1,894
Other operating funding applications	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>11,536</b>	<b>10,802</b>	<b>12,023</b>	<b>11,908</b>	<b>10,834</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>6,052</b>	<b>6,735</b>	<b>6,031</b>	<b>6,239</b>	<b>7,942</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	58	68	58	58	43
Increase (decrease) in debt	(1,654)	(1,335)	931	723	985
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(1,596)</b>	<b>(1,267)</b>	<b>989</b>	<b>781</b>	<b>1,028</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	161	202	237	237	233
- to improve the level of service	1,501	1,716	4,550	4,550	4,235
- to replace existing assets	2,794	2,949	2,233	2,233	2,749
Increase (decrease) in reserves	-	601	-	-	1,753
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>4,456</b>	<b>5,468</b>	<b>7,020</b>	<b>7,020</b>	<b>8,970</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(6,052)</b>	<b>(6,735)</b>	<b>(6,031)</b>	<b>(6,239)</b>	<b>(7,942)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>6,052</b>	<b>6,134</b>	<b>6,031</b>	<b>6,239</b>	<b>6,189</b>

## FUNDING IMPACT STATEMENT FOR 1 JULY 2016 TO 30 JUNE 2017 FOR CONSERVATION ATTRACTIONS

2.6	2015/16 LTP \$000	2015/16 ACTUAL \$000	2016/17 LTP \$000	2016/17 AP \$000	2016/17 ACTUAL \$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	6,459	6,459	6,625	6,989	6,989
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>6,459</b>	<b>6,459</b>	<b>6,625</b>	<b>6,989</b>	<b>6,989</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	214	119	219	216	236
Finance costs	748	694	804	787	645
Internal charges and overheads applied	286	284	288	275	300
Other operating funding applications	3,689	3,769	3,759	3,919	3,919
<b>Total applications of operating funding (B)</b>	<b>4,937</b>	<b>4,866</b>	<b>5,070</b>	<b>5,197</b>	<b>5,100</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>1,522</b>	<b>1,593</b>	<b>1,555</b>	<b>1,792</b>	<b>1,889</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	126	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(332)	1,207	(738)	(975)	301
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(206)</b>	<b>1,207</b>	<b>(738)</b>	<b>(975)</b>	<b>301</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	516	1,859	-	-	901
- to replace existing assets	800	866	817	817	1,055
Increase (decrease) in reserves	-	75	-	-	234
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>1,316</b>	<b>2,800</b>	<b>817</b>	<b>817</b>	<b>2,190</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(1,522)</b>	<b>(1,593)</b>	<b>(1,555)</b>	<b>(1,792)</b>	<b>(1,889)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>1,522</b>	<b>1,518</b>	<b>1,555</b>	<b>1,792</b>	<b>1,655</b>

## FUNDING IMPACT STATEMENT FOR 1 JULY 2016 TO 30 JUNE 2017 FOR CITY PROMOTIONS AND BUSINESS SUPPORT

3.1	2015/16 LTP \$000	2015/16 ACTUAL \$000	2016/17 LTP \$000	2016/17 AP \$000	2016/17 ACTUAL \$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	4,610	4,610	5,104	4,377	4,377
Targeted rates	15,226	15,226	15,172	14,713	14,713
Subsidies and grants for operating purposes	-	-	-	1,051	957
Fees and charges	14,365	762	14,638	14,369	348
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>34,201</b>	<b>20,598</b>	<b>34,914</b>	<b>34,510</b>	<b>20,395</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	21,483	7,357	21,861	21,216	8,786
Finance costs	736	682	791	1,565	1,378
Internal charges and overheads applied	939	603	949	754	850
Other operating funding applications	12,248	14,122	17,048	16,763	16,734
<b>Total applications of operating funding (B)</b>	<b>35,406</b>	<b>22,764</b>	<b>40,649</b>	<b>40,298</b>	<b>27,748</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>(1,205)</b>	<b>(2,166)</b>	<b>(5,735)</b>	<b>(5,788)</b>	<b>(7,353)</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	1,619
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	3,420	(87)	7,477	12,799	5,116
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>3,420</b>	<b>(87)</b>	<b>7,477</b>	<b>12,799</b>	<b>6,735</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	-	-	5,252	-
- to replace existing assets	2,215	1,669	1,742	1,759	886
Increase (decrease) in reserves	-	(3,922)	-	-	(1,504)
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>2,215</b>	<b>(2,253)</b>	<b>1,742</b>	<b>7,011</b>	<b>(618)</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>1,205</b>	<b>2,166</b>	<b>5,735</b>	<b>5,788</b>	<b>7,353</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>1,795</b>	<b>1,756</b>	<b>1,840</b>	<b>1,787</b>	<b>1,726</b>

## FUNDING IMPACT STATEMENT FOR 1 JULY 2016 TO 30 JUNE 2017 FOR ARTS AND CULTURE ACTIVITIES

4.1	2015/16 LTP \$000	2015/16 ACTUAL \$000	2016/17 LTP \$000	2016/17 AP \$000	2016/17 ACTUAL \$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	13,008	13,008	13,325	14,090	14,090
Targeted rates	5,148	5,148	5,335	5,540	5,540
Subsidies and grants for operating purposes	410	171	417	494	148
Fees and charges	577	704	588	588	599
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>19,143</b>	<b>19,031</b>	<b>19,665</b>	<b>20,712</b>	<b>20,377</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	4,072	3,993	4,162	4,723	4,721
Finance costs	276	170	289	368	149
Internal charges and overheads applied	1,024	980	1,057	1,180	1,145
Other operating funding applications	13,101	13,211	13,440	13,607	13,854
<b>Total applications of operating funding (B)</b>	<b>18,473</b>	<b>18,354</b>	<b>18,948</b>	<b>19,878</b>	<b>19,869</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>670</b>	<b>677</b>	<b>717</b>	<b>834</b>	<b>508</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	1,914	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(363)	1,195	(690)	8,440	531
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>1,551</b>	<b>1,195</b>	<b>(690)</b>	<b>8,440</b>	<b>531</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	2,119	1,927	25	9,272	1,244
- to replace existing assets	102	41	2	2	42
Increase (decrease) in reserves	-	(96)	-	-	(247)
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>2,221</b>	<b>1,872</b>	<b>27</b>	<b>9,274</b>	<b>1,039</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(670)</b>	<b>(677)</b>	<b>(717)</b>	<b>(834)</b>	<b>(508)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>670</b>	<b>773</b>	<b>717</b>	<b>834</b>	<b>755</b>



## FUNDING IMPACT STATEMENT FOR 1 JULY 2016 TO 30 JUNE 2017 FOR RECREATION PROMOTION AND SUPPORT

5.1	2015/16 LTP \$000	2015/16 ACTUAL \$000	2016/17 LTP \$000	2016/17 AP \$000	2016/17 ACTUAL \$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	25,083	25,083	25,575	25,994	25,994
Targeted rates	1,088	1,088	1,214	1,107	1,107
Subsidies and grants for operating purposes	200	332	204	204	381
Fees and charges	11,547	10,971	11,847	11,599	11,450
Internal charges and overheads recovered	1,116	1,088	1,136	1,136	923
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>39,034</b>	<b>38,562</b>	<b>39,976</b>	<b>40,040</b>	<b>39,855</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	17,953	18,459	18,456	18,870	18,896
Finance costs	3,615	3,310	3,795	3,795	2,947
Internal charges and overheads applied	9,214	8,966	9,293	9,058	8,956
Other operating funding applications	663	589	678	678	701
<b>Total applications of operating funding (B)</b>	<b>31,445</b>	<b>31,324</b>	<b>32,222</b>	<b>32,401</b>	<b>31,500</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>7,589</b>	<b>7,238</b>	<b>7,754</b>	<b>7,639</b>	<b>8,355</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	1,006
Development and financial contributions	-	203	-	-	-
Increase (decrease) in debt	736	(2,027)	(340)	(822)	(213)
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>736</b>	<b>(1,824)</b>	<b>(340)</b>	<b>(822)</b>	<b>793</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	1,476	2,123	1,651	2,541	4,648
- to replace existing assets	6,849	3,681	5,763	4,276	4,061
Increase (decrease) in reserves	-	(390)	-	-	439
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>8,325</b>	<b>5,414</b>	<b>7,414</b>	<b>6,817</b>	<b>9,148</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(7,589)</b>	<b>(7,238)</b>	<b>(7,754)</b>	<b>(7,639)</b>	<b>(8,355)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>7,589</b>	<b>7,628</b>	<b>7,754</b>	<b>7,639</b>	<b>7,916</b>

## FUNDING IMPACT STATEMENT FOR 1 JULY 2016 TO 30 JUNE 2017 FOR COMMUNITY SUPPORT

5.2	2015/16 LTP \$000	2015/16 ACTUAL \$000	2016/17 LTP \$000	2016/17 AP \$000	2016/17 ACTUAL \$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	22,792	22,792	24,366	24,737	24,737
Targeted rates	4,250	4,250	4,519	4,457	4,457
Subsidies and grants for operating purposes	969	1,240	934	934	1,122
Fees and charges	22,869	23,112	23,557	19,432	23,478
Internal charges and overheads recovered	1,171	1,231	820	1,125	722
Local authorities fuel tax, fines, infringement fees, and other receipts	586	498	551	547	534
<b>Total operating funding (A)</b>	<b>52,637</b>	<b>53,123</b>	<b>54,747</b>	<b>51,232</b>	<b>55,050</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	26,470	26,185	26,304	26,236	26,269
Finance costs	(1,632)	(2,468)	(1,561)	(1,600)	(2,136)
Internal charges and overheads applied	11,542	11,701	11,968	12,967	13,323
Other operating funding applications	4,084	3,911	4,376	4,632	4,761
<b>Total applications of operating funding (B)</b>	<b>40,464</b>	<b>39,329</b>	<b>41,087</b>	<b>42,235</b>	<b>42,217</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>12,173</b>	<b>13,794</b>	<b>13,660</b>	<b>8,997</b>	<b>12,833</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	20,668	11,254	17,777	18,082	12,219
Development and financial contributions	-	38	-	-	129
Increase (decrease) in debt	(3,771)	3,239	18,931	24,647	(1,599)
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>16,897</b>	<b>14,531</b>	<b>36,708</b>	<b>42,729</b>	<b>10,749</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	-	83	822	919	135
- to improve the level of service	26,139	12,142	25,050	25,706	13,463
- to replace existing assets	8,763	7,427	6,719	7,019	5,158
Increase (decrease) in reserves	(5,832)	8,673	17,777	18,082	4,826
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>29,070</b>	<b>28,325</b>	<b>50,368</b>	<b>51,726</b>	<b>23,582</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(12,173)</b>	<b>(13,794)</b>	<b>(13,660)</b>	<b>(8,997)</b>	<b>(12,833)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>15,318</b>	<b>13,646</b>	<b>16,409</b>	<b>15,504</b>	<b>14,514</b>

## FUNDING IMPACT STATEMENT FOR 1 JULY 2016 TO 30 JUNE 2017 FOR PUBLIC HEALTH AND SAFETY

5.3	2015/16 LTP \$000	2015/16 ACTUAL \$000	2016/17 LTP \$000	2016/17 AP \$000	2016/17 ACTUAL \$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	9,540	9,540	9,674	10,099	10,099
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	25	17	25	-	11
Fees and charges	3,993	4,053	4,109	4,082	6,414
Internal charges and overheads recovered	664	692	676	676	604
Local authorities fuel tax, fines, infringement fees, and other receipts	39	30	39	39	28
<b>Total operating funding (A)</b>	<b>14,261</b>	<b>14,332</b>	<b>14,523</b>	<b>14,896</b>	<b>17,156</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	9,012	8,971	9,098	9,011	12,053
Finance costs	91	131	100	93	115
Internal charges and overheads applied	4,386	4,529	4,479	4,988	5,400
Other operating funding applications	129	45	130	109	178
<b>Total applications of operating funding (B)</b>	<b>13,618</b>	<b>13,676</b>	<b>13,807</b>	<b>14,201</b>	<b>17,746</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>643</b>	<b>656</b>	<b>716</b>	<b>695</b>	<b>(590)</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	6	-	-	-
Increase (decrease) in debt	1,028	(255)	964	1,315	1,709
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>1,028</b>	<b>(249)</b>	<b>964</b>	<b>1,315</b>	<b>1,709</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	110	78	489	739	25
- to replace existing assets	1,561	736	1,191	1,271	2,696
Increase (decrease) in reserves	-	(407)	-	-	(1,602)
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>1,671</b>	<b>407</b>	<b>1,680</b>	<b>2,010</b>	<b>1,119</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(643)</b>	<b>(656)</b>	<b>(716)</b>	<b>(695)</b>	<b>590</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>643</b>	<b>1,063</b>	<b>716</b>	<b>695</b>	<b>1,012</b>

## FUNDING IMPACT STATEMENT FOR 1 JULY 2016 TO 30 JUNE 2017 FOR URBAN PLANNING, HERITAGE AND PUBLIC SPACES DEVELOPMENT

6.1	2015/16 LTP \$000	2015/16 ACTUAL \$000	2016/17 LTP \$000	2016/17 AP \$000	2016/17 ACTUAL \$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	6,896	6,896	7,343	7,622	7,622
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	20	323	20	20	333
Internal charges and overheads recovered	-	384	-	408	546
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>6,916</b>	<b>7,603</b>	<b>7,363</b>	<b>8,050</b>	<b>8,501</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	2,857	4,416	2,639	4,524	4,409
Finance costs	15	13	17	14	13
Internal charges and overheads applied	3,233	2,192	3,396	2,201	1,865
Other operating funding applications	800	842	1,300	1,300	1,664
<b>Total applications of operating funding (B)</b>	<b>6,905</b>	<b>7,463</b>	<b>7,352</b>	<b>8,039</b>	<b>7,951</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>11</b>	<b>140</b>	<b>11</b>	<b>11</b>	<b>550</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	7,607	5,370	6,949	7,942	5,352
Gross proceeds from sales of assets	650	-	2,600	2,600	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>8,257</b>	<b>5,370</b>	<b>9,549</b>	<b>10,542</b>	<b>5,352</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	5,702	4,630	8,581	9,349	3,443
- to replace existing assets	2,566	768	979	1,204	1,950
Increase (decrease) in reserves	-	112	-	-	509
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>8,268</b>	<b>5,510</b>	<b>9,560</b>	<b>10,553</b>	<b>5,902</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(11)</b>	<b>(140)</b>	<b>(11)</b>	<b>(11)</b>	<b>(550)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>11</b>	<b>28</b>	<b>11</b>	<b>11</b>	<b>41</b>

## FUNDING IMPACT STATEMENT FOR 1 JULY 2016 TO 30 JUNE 2017 FOR BUILDING AND DEVELOPMENT CONTROL

6.2	2015/16 LTP \$000	2015/16 ACTUAL \$000	2016/17 LTP \$000	2016/17 AP \$000	2016/17 ACTUAL \$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	9,449	9,449	9,538	8,685	8,685
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	12,027	11,739	12,159	11,942	13,280
Internal charges and overheads recovered	224	-	228	342	-
Local authorities fuel tax, fines, infringement fees, and other receipts	24	65	24	24	13
<b>Total operating funding (A)</b>	<b>21,724</b>	<b>21,253</b>	<b>21,949</b>	<b>20,993</b>	<b>21,978</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	12,655	12,508	12,700	12,481	13,546
Finance costs	3	3	3	3	1
Internal charges and overheads applied	8,761	7,979	8,939	8,224	8,342
Other operating funding applications	135	57	136	135	26
<b>Total applications of operating funding (B)</b>	<b>21,554</b>	<b>20,547</b>	<b>21,778</b>	<b>20,843</b>	<b>21,915</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>170</b>	<b>706</b>	<b>171</b>	<b>150</b>	<b>63</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	5,770	2,070	6,331	2,891	4,244
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>5,770</b>	<b>2,070</b>	<b>6,331</b>	<b>2,891</b>	<b>4,244</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	5,940	2,224	6,502	3,041	4,391
- to replace existing assets	-	-	-	-	-
Increase (decrease) in reserves	-	552	-	-	(84)
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>5,940</b>	<b>2,776</b>	<b>6,502</b>	<b>3,041</b>	<b>4,307</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(170)</b>	<b>(706)</b>	<b>(171)</b>	<b>(150)</b>	<b>(63)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>170</b>	<b>154</b>	<b>171</b>	<b>150</b>	<b>147</b>

## FUNDING IMPACT STATEMENT FOR 1 JULY 2016 TO 30 JUNE 2017 FOR TRANSPORT

7.1	2015/16 LTP \$000	2015/16 ACTUAL \$000	2016/17 LTP \$000	2016/17 AP \$000	2016/17 ACTUAL \$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	32,648	32,648	33,495	35,761	35,761
Targeted rates	33	-	33	33	33
Subsidies and grants for operating purposes	4,046	4,076	4,231	4,442	4,668
Fees and charges	2,042	2,520	2,080	1,960	5,036
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	1
<b>Total operating funding (A)</b>	<b>38,769</b>	<b>39,244</b>	<b>39,839</b>	<b>42,196</b>	<b>45,499</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	12,189	11,659	11,919	13,409	12,652
Finance costs	5,169	5,055	5,771	5,288	4,606
Internal charges and overheads applied	6,093	5,085	6,260	7,106	6,248
Other operating funding applications	515	1,859	2,760	1,260	1,236
<b>Total applications of operating funding (B)</b>	<b>23,966</b>	<b>23,658</b>	<b>26,710</b>	<b>27,063</b>	<b>24,742</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>14,803</b>	<b>15,586</b>	<b>13,129</b>	<b>15,133</b>	<b>20,757</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	12,668	12,765	17,599	14,868	13,869
Development and financial contributions	539	792	539	539	806
Increase (decrease) in debt	10,563	6,507	9,557	10,017	3,363
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>23,770</b>	<b>20,064</b>	<b>27,695</b>	<b>25,424</b>	<b>18,038</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	1,580	-	-	-	-
- to improve the level of service	11,199	11,077	19,952	15,602	8,650
- to replace existing assets	25,794	24,114	20,872	24,955	25,187
Increase (decrease) in reserves	-	459	-	-	4,958
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>38,573</b>	<b>35,650</b>	<b>40,824</b>	<b>40,557</b>	<b>38,795</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(14,803)</b>	<b>(15,586)</b>	<b>(13,129)</b>	<b>(15,133)</b>	<b>(20,757)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>22,646</b>	<b>22,970</b>	<b>23,012</b>	<b>24,453</b>	<b>25,119</b>

## FUNDING IMPACT STATEMENT FOR 1 JULY 2016 TO 30 JUNE 2017 FOR PARKING

7.2	2015/16 LTP \$000	2015/16 ACTUAL \$000	2016/17 LTP \$000	2016/17 AP \$000	2016/17 ACTUAL \$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	(14,051)	(14,051)	(15,056)	(14,370)	(14,370)
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	19,899	20,568	20,561	20,777	20,778
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	7,556	5,875	7,853	7,518	6,080
<b>Total operating funding (A)</b>	<b>13,404</b>	<b>12,392</b>	<b>13,358</b>	<b>13,925</b>	<b>12,488</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	10,346	9,017	10,589	10,765	9,759
Finance costs	479	347	581	584	334
Internal charges and overheads applied	1,987	1,949	2,003	2,523	2,439
Other operating funding applications	1	281	1	1	(121)
<b>Total applications of operating funding (B)</b>	<b>12,813</b>	<b>11,594</b>	<b>13,174</b>	<b>13,873</b>	<b>12,411</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>591</b>	<b>798</b>	<b>184</b>	<b>52</b>	<b>77</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	858	675	312	444	350
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>858</b>	<b>675</b>	<b>312</b>	<b>444</b>	<b>350</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	1,449	1,342	496	496	481
- to replace existing assets	-	-	-	-	-
Increase (decrease) in reserves	-	131	-	-	(54)
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>1,449</b>	<b>1,473</b>	<b>496</b>	<b>496</b>	<b>427</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(591)</b>	<b>(798)</b>	<b>(184)</b>	<b>(52)</b>	<b>(77)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>591</b>	<b>667</b>	<b>184</b>	<b>52</b>	<b>131</b>

## CAPITAL EXPENDITURE BY STRATEGY

	2015/16 ACTUAL \$000	2016/17 LTP \$000	2016/17 AP \$000	2016/17 ACTUAL \$000
<b>Governance:</b>				
- to meet additional demand	-	-	-	-
- to improve the level of service	-	-	-	-
- to replace existing assets	-	-	116	-
<b>Governance Total</b>	<b>-</b>	<b>-</b>	<b>116</b>	<b>-</b>
<b>Environment:</b>				
- to meet additional demand	993	1,596	1,003	1,033
- to improve the level of service	7,068	12,549	10,265	10,479
- to replace existing assets	28,811	32,834	27,128	29,470
<b>Environment Total</b>	<b>36,872</b>	<b>46,979</b>	<b>38,396</b>	<b>40,982</b>
<b>Economic Development:</b>				
- to meet additional demand	-	-	-	-
- to improve the level of service	-	-	5,252	-
- to replace existing assets	1,669	1,353	1,759	886
<b>Economic Development Total</b>	<b>1,669</b>	<b>1,353</b>	<b>7,011</b>	<b>886</b>
<b>Cultural Wellbeing</b>				
- to meet additional demand	-	-	-	-
- to improve the level of service	1,927	10,024	9,272	1,244
- to replace existing assets	41	11	2	42
<b>Cultural Wellbeing Total</b>	<b>1,968</b>	<b>10,035</b>	<b>9,274</b>	<b>1,286</b>
<b>Social and Recreation:</b>				
- to meet additional demand	83	1,270	919	135
- to improve the level of service	14,343	11,390	28,986	18,136
- to replace existing assets	11,844	15,970	12,566	11,915
<b>Social and Recreation Total</b>	<b>26,270</b>	<b>28,630</b>	<b>42,471</b>	<b>30,186</b>
<b>Urban Development:</b>				
- to meet additional demand	-	-	-	-
- to improve the level of service	6,854	29,532	12,390	7,834
- to replace existing assets	768	1,687	1,204	1,950
<b>Urban Development Total</b>	<b>7,622</b>	<b>31,219</b>	<b>13,594</b>	<b>9,784</b>
<b>Transport:</b>				
- to meet additional demand	-	5,260	-	-
- to improve the level of service	12,419	24,686	16,098	9,131
- to replace existing assets	24,114	23,380	24,955	25,187
<b>Transport Total</b>	<b>36,533</b>	<b>53,326</b>	<b>41,053</b>	<b>34,318</b>
<b>Council Organisation:</b>				
- to meet additional demand	-	-	-	-
- to improve the level of service	93	16,113	4,861	1,408
- to replace existing assets	34,910	18,641	24,006	18,373
<b>Council Organisation Total</b>	<b>35,003</b>	<b>34,754</b>	<b>28,867</b>	<b>19,781</b>
<b>Total Council:</b>				
- to meet additional demand	1,076	8,126	1,922	1,168
- to improve the level of service	42,704	104,294	87,124	48,232
- to replace existing assets	102,157	93,876	91,736	87,823
<b>TOTAL COUNCIL</b>	<b>145,937</b>	<b>206,296</b>	<b>180,782</b>	<b>137,223</b>



---

# Appendices



# Index

## A

Access and support for community arts, 75

Access support, 87

Arts and cultural activities, 73

Arts and cultural festivals, 73, 75, 77

Arts partnerships, 75

## B

Biodiversity, 47, 54

Botanic gardens, 47, 48, 53, 54, 57

Building and development control, 102, 103, 243

Building control and facilitation, 102

Built heritage development, 101

Burials and cremations, 90

Business Improvement Districts, 64, 65

## C

City Archives, 40

City galleries and museums, 75

City governance and engagement, 40

City Growth Fund, 65, 190

City promotions and business support, 63-67, 237

City safety, 89, 90, 93

Civic information, 40

Community advocacy, 87

Community centres and halls, 87, 88, 92

Community environmental initiatives, 48

Community support, 86-88, 92, 240

Conservation attractions, 53-57, 236

## **Council-Controlled Organisations, 119**

Cultural grants, 75, 77

## **Cultural wellbeing, 71**

Cycle network, 111, 113

## D

Development control and facilitation, 102

## E

Earthquake risk mitigation, 102, 103

## **Economic development, 61**

Energy efficiency and conservation, 50

## **Environment, 45**

## F

## G

Gardens, beaches and green open spaces, 47

Grants (Social and recreation), 87, 92, 94

Grants (Cultural), 75, 77

## **Governance, 37**

Governance, information and engagement, 39

## H

Housing, 3, 20, 21, 28, 87, 88, 94, 102, 132, 134, 193

## I

International relations, 66

## J

## K

## L

Landfills, 19, 49, 50, 54, 55, 179, 180, 207

Libraries, 86-88, 91-93

Local parks and open spaces, 48

## M

Māori and mana whenua partnerships, 41

Marinas, 84, 85, 92

## N

Network-wide control and management, 113

## O

## P

Parking, 114

Passenger transport network, 113

Pedestrian network, 113

Playgrounds, 54, 84, 85

Public health and safety, 89-93

Public health regulations, 90

Public spaces and centres development, 101

Public toilets, 90, 92

**Q****R**

Recreation centres, 83-85, 91

Recreation partnerships, 85

Recreation programmes, 84

Recreation promotion and support, 83

Regional Amenities Fund, 75

Retail support, 65

Road safety, 113

Roads open spaces, 48

**S****Social and Recreation, 81**

Sewage collection and disposal, 52

Sewage treatment, 52

Sportsfields, 57, 83, 91, 92

Stormwater, 51, 52, 167, 235

Swimming pools, 83-85, 91

**T****Transport, 109, 111**

Trees, 47, 54

Town belts, 48

Transport planning, 113

**U****Urban development, 97**

Urban planning, heritage and public spaces development, 99-101

**V**

Vehicle network, 113

Visitor attractions, 53, 75

**W**

Walkways, 47, 48, 54, 57

Waste minimisation, disposal and recycling, 50

Waste reduction and energy conservation, 49

Wastewater, 51, 52, 56, 234

Water, 51-58

Waterfront, 99-101

Water collection and treatment, 52

Water network, 51, 52, 55, 56

Wellington Convention Centre, 169

WREDA, 63-68, 86

WREMO, 86, 89, 90

**X****Y****Z**

# Glossary

**Annual Plan.** Our Annual Plan is our budget, showing the expected cost of running the city for the financial year, and how the costs will be funded. An Annual Plan is not prepared in years when a Long-term Plan is prepared (see Long-term Plan).

**Capital expenditure.** Capital expenditure, also referred to as CAPEX, is the money that we spend to buy, maintain, or improve our fixed assets, such as buildings, vehicles, equipment, or land.

**Cash and cash equivalents.** This includes cash as well as deposits which mature in 3 months or less.

**Council-Controlled Organisations (CCOs).** These organisations were set up to independently manage Council facilities, or to deliver significant services and undertake developments on behalf of the Wellington community.

**Current asset.** This is an asset that can be readily converted to cash or will be used to repay a liability within 12 months of balance date.

**Current liability.** This is a liability that is required to be discharged within 12 months of balance date.

**Depreciation (amortisation).** This is an expense charged each year to reflect the estimated cost of using our assets over their lives. Depreciation relates to physical assets such as buildings and amortisation relates to intangible assets such as software.

**External funding for capital expenditure.** This is funding recorded as revenue, but used to fund capital expenditure projects.

**Fair value.** Fair value essentially reflects the market value of assets or liabilities.

**Investment properties.** These are properties primarily held by the Council to earn rental revenue.

**Liquidity/funding risk.** This is the risk that the Council will not have access to the required funds to meet its present obligations.

**Long-term Plan.** This 10-year plan, revised every 3 years, shows the expected cost of running the city for the following 10 years, and how the costs will be funded.

**Net borrowings.** These are total borrowings, less any funds held on deposit.

**Net surplus/deficit.** This is the difference between total revenue and total expenses. It includes both operating revenue and operating expenditure, as well as other non-funded items of revenue and expenditure such as capital funding, vested asset revenue and fair value movements.

**Operational expenditure.** This is expenditure that is not capital expenditure (see capital expenditure).

**% (percentage) variance.** The difference between the actual performance measure result and the target result is reported as the result's percentage above or below target. For example, the difference between an actual performance result of 20 percent and the target result of 40 percent is -50 percent. This is because the result is 50 percent less than the target. While the numerical difference between the two figures is 20 percentage points, we do not report percentage point results unless otherwise stated.

**Prudential limits.** These are limits applied to the level of borrowings to ensure we are managing the Council's assets and liabilities prudently. These limits are outlined in the Investment and Liability Management Policy in the Long-term Plan.

**Ring-fenced funds.** These are funds that can only be used for a specific purpose.

**Total comprehensive revenue and expense.** This is the net surplus/deficit adjusted for fair value movements of some of our assets including property, plant and equipment, and financial instruments such as cash flow hedges. These movements are non-cash in nature and reflect the changing fair value of assets owned by the Council.

**Underlying funding surplus/deficit.** The underlying surplus is the reported net surplus, less any government funding for capital projects, plus items not required to be funded by ratepayers this year and other adjustments that do not affect the rating requirements of the Council.

**Unfunded depreciation.** This is the amount of depreciation not funded by rates. This relates mainly to roading assets funded by NZTA and waste water treatment assets where the operator has responsibility for asset renewal.

**Vested assets.** These are assets created by others and passed into Council ownership (for example, roads built by a developer as part of a subdivision).





---

**Directory**

The call centre and website are your first points of contact for all Council services, including building and resource consents, complaints and queries, liquor licensing, animal control, food safety, parks and recreation facilities, Council meetings and consultation, cemeteries, landfills, transport issues, rubbish and recycling collection, parking, rates, events, archives and community services.

**Council Offices**

Wellington City Council  
101 Wakefield Street, Wellington  
PO Box 2199, Wellington, New Zealand

**Call Centre:** Phone: 04 499 4444

**Website:** [wellington.govt.nz](http://wellington.govt.nz)

**Email:** [info@wcc.govt.nz](mailto:info@wcc.govt.nz)

**ISSN:** 0114-8362 (Print)  
2324-559X (Online)

Published by Wellington City Council,  
101 Wakefield Street, Wellington, New Zealand.

Printed by Service Printers Ltd  
(Enviro-Mark© NZ Gold certified) using vegetable-based inks  
on paper sourced from sustainable forests.

The Annual Report 2016/17 was adopted by Council on  
27 September 2017 in compliance with the Local Government  
Act 2002.

**Photo credits:**

Tony Stoddard: cover and section image  
Neil Price and Justine Hall for Wellington City Council:  
p.38, p.45, p.46, p.61, p.72, p.96, p.98, p.109, p.110, p.119  
Neil Price for WREDA: p.70  
Matt Silcock for Collider Wellington, p.62  
Joseph Kelly for New Zealand School of Music, p.80  
Mark Tantrum for Wellington City Council, p.120

