



Absolutely Positively  
**Wellington** City Council

Me Heke Ki Pōneke

# Te Pūrongo ā-Tau Annual Report 2020/2021

Huinga 2: Ngā Tauākī Pūtea | Volume 2: Our Finances







# Tauāki Tūtohu me te Takohanga

## Statement of Compliance & Responsibility

### Reporting entity

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

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

The reported Council figures includes the results and operations of Wellington City Council and the Council's interests as disclosed in Note 35: Joint operations (pg 100).

The reported Group figures includes the Council (as defined above), its controlled entities as disclosed in Note 19 (pg 53) and the Council's equity accounted interest in the associates and a joint venture as disclosed in Note 20 (pg 54). 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 28 October 2021

### 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 2021 fairly reflect the financial position, results of operations and service performance achievements of Wellington City Council and Group.

**Andy Foster, Mayor**  
28 October 2021

**Barbara McKerrow, Chief Executive**  
28 October 2021

**Sara Hay, Chief Financial Officer**  
28 October 2021

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





## Basis of Consolidation

### Joint arrangements

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

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

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

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

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

### Controlled entities

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

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

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

### Associates

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

### Council Controlled Organisations

The Council has established several Council Controlled Organisations (CCO's) and Council Controlled Trading Organisations (CCTO's) to help it achieve its goals for Wellington. These organisations were set up to independently manage Council facilities or deliver specific services and developments on behalf of Wellington residents. The performance of each CCO is reported on in Volume 1 of the report in Section 2: Our performance in detail on pg 26 to 137. Council has made appointments to other organisations, which make them Council Organisations (as defined in the Local Government Act 2002), but they are not Council controlled or part of the Group.



## Other Significant Accounting Policies

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

### Basis of preparation

#### Measurement base

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

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

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

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

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

#### Exchange and non-exchange transactions

##### Revenue from exchange transactions

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

##### Revenue from non-exchange transactions

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

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

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

##### Approximately equal value

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

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

##### Change of accounting policies

There have been no elected changes in accounting policies during the financial period.

### Changes to PBE accounting standards

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

- In November 2018, the XRB issued 2018 Omnibus amendments to PBE standards. These amendments were largely effective for periods beginning on or after 1 January 2019. Included in the Omnibus were amendments to PBE IPSAS 2 *Cash Flow Statements* effective for annual financial statements covering periods beginning on or after 1 January 2021 and these amendments have been adopted in this report resulting in additional disclosure regarding the Cash Flow statement. There are no significant accounting implications for Council and the Group.
- In May 2019, the XRB issued *2019 Amendments to XRB A1 Appendix A – When is an Entity a Public Benefit Entity* effective for periods beginning on or after 1 January 2020. As the Council is already a PBE, being a local authority, there is no impact on adoption.
- In August 2019, the XRB issued *Uncertainty over Income Tax Treatments (Amendments to PBE IAS 12)*, effective for periods beginning on or after 1 January 2020. As a local authority WCC is only subject to income tax for a very limited amount of its income. There is no uncertainty over income tax treatments for WCC so there is no impact on the Council.
- In February 2020, the XRB issued *PBE Interest rate benchmark reform*, effective for periods beginning on or after 1 January 2020. There is no impact on the Council or Group as all of our contracts are in NZD, so we are unlikely to be affected, as BKBM is untouched at this stage. Even if the NZ benchmarks changed from BKBM to an overnight indexed benchmark curve, both our hedges and the underlying debt would reference the same curve, so there would be no effect on hedge accounting.
- In August 2020, the XRB issued *Going concern disclosures (Amendments to PBE IPSAS 1)*, effective for periods ending on or after 30 September 2020. There is no impact on Council, as being a local authority with rating powers, Council is assumed to be a going concern and no additional disclosures are required.



## Other Significant Accounting Policies

– continued

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

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

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

- In November 2019, the XRB issued *PBE FRS 48 Service Performance Reporting, with an effective date of 30 June 2022*, for periods beginning on or after 1 January 2021. The objective of this Standard is to establish principles and requirements for an entity to present service performance information that is useful for accountability and decision-making purposes in a general-purpose financial report.

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

### Judgements and estimations

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

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

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

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

### Goods and Services Tax (GST)

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

### Budget figures

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

### Comparatives

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

- where classifications have changed between periods
- where the Council has made additional disclosure in the current year, and where a greater degree of disaggregation of prior year amounts and balances is therefore required; and
- where there has been a change of accounting policy (There has been no change in the 2020/21 year).



## COVID-19 Financial impact

An assessment of the main impacts of COVID-19 on the Council's financial statements for the year ending 30 June 2021 is outlined in Table 1 below with reference to the relevant Note to the financial statements for more detailed information.

**Table 1:  
COVID-19 Financial impact Assessment**

Item	Financial impact	2021 \$000	2020 \$000	Total \$000	Note
<b>Revenue</b>	Lost revenue for facilities being unable to operate under varying alert levels and uncertain times for planning events, particularly operations of the Wellington Venues facilities.	5,592	13,577	19,169	2
<b>Revenue</b>	Wellington International Airport Limited – approximate dividend not declared for distribution, although already not included in the Annual Plan for 2020/21	14,000	-	14,000	3
<b>Rates postponement</b>	Deferral of Quarter 1 rates instalment payments for 2020/21 and Quarter 4 instalment for 2019/20	1,908	2,182	4,090	1
<b>Expenditure</b>	Net reduction in costs, particularly the costs of sales relating to events not held	3,140	257	3,397	7
<b>Remuneration</b>	Teams unable to work during lockdown	-	1,958	1,958	
<b>Employee liabilities</b>	Increase in annual leave liability	-	1,529	1,529	
<b>Payment terms</b>	Reduction in payment timeframes from 20 to 5 working days maintained	N/A	N/A	N/A	21
<b>CCO support</b>	Drawdown on the joint loan facility agreed between Council and Greater Wellington Regional Council for the Wellington Regional Stadium Trust	900	-	900	34
<b>CCO support</b>	Provision of shareholder support to Wellington International Airport Limited if required, extended for another year	25,758	25,758	25,758	34
<b>CCO support</b>	Budgeted additional grant funding to Council controlled entities (unbudgeted in 2020)	2,318	504	2,822	34
<b>Other entity support</b>	Funding agreement with WOW to provide access to financial relief in the event of a Government announced COVID-19 lockdown up to a maximum of \$5.000m	5,000	-	5,000	
<b>City recovery fund</b>	Utilisation of the of City Recovery Fund (CRF)	2,940	-	2,940	30
<b>Revaluations</b>	Valuation reports for investment property and operational land and building assets contain statements around the heightened uncertainty relating to COVID-19	N/A	N/A	N/A	18



# Tauākī o ngā Moni Whiwhi me ngā Whakapaunga Whānui Statement of Comprehensive Revenue & Expense

For the year ended  
30 June 2021

**Table 2:  
Statement of Comprehensive  
Revenue and Expense**

	Note	Council			Group		
		Actual 2021 \$000	Budget 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000	
<b>Revenue</b>							
Rates	1	341,914	343,988	322,021	341,914	322,021	
Revenue from operating activities							
Development contributions	2	3,689	2,000	3,566	3,689	3,566	
Grants, subsidies and reimbursements	2	41,472	34,334	34,095	54,006	41,975	
Other operating activities	2	141,916	144,229	137,172	156,461	153,610	
Investments revenue	3	11,065	11,705	23,008	11,065	10,947	
Vested assets and other revenue	4	13,053	1,850	11,016	13,470	11,390	
Fair value movements	5	20,501	6,075	7,562	20,501	7,569	
Finance revenue	6	2,114	13	2,280	2,228	2,549	
<b>Total revenue</b>		<b>575,724</b>	<b>544,194</b>	<b>540,720</b>	<b>603,334</b>	<b>553,627</b>	
<b>Expense</b>							
Fair value movements	5	(52)	-	-	(53)	-	
Finance expense	6	(25,490)	(25,718)	(26,541)	(25,509)	(26,569)	
Expenditure on operating activities	7	(406,090)	(430,131)	(413,966)	(430,787)	(437,042)	
Depreciation and amortisation expense	8	(136,635)	(137,869)	(118,067)	(138,325)	(119,663)	
<b>Total expense</b>		<b>(568,267)</b>	<b>(593,718)</b>	<b>(558,574)</b>	<b>(594,674)</b>	<b>(583,274)</b>	
<b>Operating surplus/ (deficit) before insurance proceeds</b>		<b>7,457</b>	<b>(49,524)</b>	<b>(17,854)</b>	<b>8,660</b>	<b>(29,647)</b>	
Insurance proceeds		-	-	33,000	-	33,000	
Share of equity accounted surplus/(deficit) from associates and joint venture	9	-	-	-	(3,891)	18,838	
Net surplus/(deficit) before taxation		7,457	(49,524)	15,146	4,769	22,191	
Income tax credit/(expense)	10	-	-	-	(482)	621	
<b>Net surplus/(deficit) for the year</b>		<b>7,457</b>	<b>(49,524)</b>	<b>15,146</b>	<b>4,287</b>	<b>22,812</b>	
<b>Net surplus/(deficit) attributable to:</b>							
Wellington City Council and Group		7,457	(49,524)	15,146	4,136	22,528	
Non-controlling interest		-	-	-	151	284	
		<b>7,457</b>	<b>(49,524)</b>	<b>15,146</b>	<b>4,287</b>	<b>22,812</b>	

The notes on pg 12 to 113 form part of and should be read in conjunction with the financial statements



# Tauākī o ngā Moni Whiwhi me ngā Whakapaunga Whānui Statement of Comprehensive Revenue & Expense - continued

For the year ended  
30 June 2021

Table 2: Statement of Comprehensive Revenue and Expense - continued	Note	Council			Group	
		Actual 2021 \$000	Budget 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
<b>Net surplus/(deficit) for the year</b>		<b>7,457</b>	<b>(49,524)</b>	<b>15,146</b>	<b>4,287</b>	<b>22,812</b>
<b>Other comprehensive revenue and expense<sup>2</sup></b>						
<i>Items that will be reclassified to surplus/(deficit)</i>						
<b>Cash flow hedges:</b>						
Fair value movement - net	SCIE <sup>3</sup>	60,019	-	(38,903)	59,446	(39,330)
<b>Fair value through other comprehensive revenue and expense</b>						
Fair value movement - net	SCIE	944	-	795	556	772
<i>Items that will not be reclassified to surplus/(deficit)</i>						
<b>Revaluations:</b>						
Fair value movement - property, plant and equipment - net	SCIE	284,092	86,710	493,980	284,092	493,980
<b>Share of other comprehensive revenue and expense of associates and joint venture</b>						
Fair value movement - property, plant and equipment - net	SCIE	-	-	-	26,359	9,265
<b>Total other comprehensive revenue and expense</b>		<b>345,055</b>	<b>86,710</b>	<b>455,872</b>	<b>370,453</b>	<b>464,687</b>
<b>Total comprehensive revenue and expense for the year</b>		<b>352,512</b>	<b>37,186</b>	<b>471,018</b>	<b>374,740</b>	<b>487,499</b>
<b>Total comprehensive revenue and expense attributable to:</b>						
Wellington City Council and Group		352,512	37,186	471,018	374,589	487,215
Non-controlling interest		-	-	-	151	284
		<b>352,512</b>	<b>37,186</b>	<b>471,018</b>	<b>374,740</b>	<b>487,499</b>

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

3. Statement of Changes in Equity - see pg 72.

The notes on pg 12 to 113 form part of and should be read in conjunction with the financial statements



## Statement of Comprehensive Revenue & Expense – Major budget variations

### Significant variations from budgeted revenues and expenses are as follows:

Revenues were \$31.530m higher than budgeted with major variances included of:

- \$14.421m of higher-than-expected investment property revaluations due to significant market growth
- \$11.203m of unbudgeted vested assets (\$9.411m) and higher other revenue (\$1.792m) – see Note 4
- \$2.101m of higher interest revenue
- \$6.514m of overall higher revenue from operating activities, mainly Development Contributions (\$1.689m), Grants and subsidies (\$7.138m), but greatly reduced contributions from venues due to COVID-19 restrictions offsetting increases across most other operating activities for a reduction of \$2.313m – see Note 2

Offset by:

- \$2.074m of lower rates, particularly water rates due to lower than budgeted consumption
- \$0.640m of lower investment revenue

Expenses were \$25.451m lower than budgeted with major variances included of:

- \$24.041m less expenditure on operating activities, particularly due to savings achieved, the costs of events not occurring, changes to IT delivery and a project grant not paid due to delays. One offset additional expense was the utilisation of the unbudgeted \$4.730m of the Government stimulus funding package for Three Water reforms
- \$1.234m of higher depreciation expense reflecting the higher than budgeted infrastructure revaluations in 2019/20

Net finance expense was \$2.329m lower than budgeted reflecting higher interest revenue arising from a higher level of cash held to cover COVID-19 impacts.

Other comprehensive revenue and expense was \$258.345m higher than budgeted with major variances included of:

- \$60.019m of unbudgeted positive fair value movements in cash flow hedges due to higher swap interest rates in comparison to swap rates held.
- \$284.092m higher increase in the revaluation of operational land and buildings



## Note 1: Rates revenue

**Table 3:  
Rates revenue**

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
General rates	193,878	184,013	193,878	184,013
Targeted rates	128,783	120,926	128,783	120,926
Metered water supply	18,044	15,716	18,044	15,716
Penalties and adjustments	1,209	1,366	1,209	1,366
<b>Total rates revenue</b>	<b>341,914</b>	<b>322,021</b>	<b>341,914</b>	<b>322,021</b>

The total amount of rates charged on Council owned properties that have not been eliminated from revenue and expenditure is \$14.926m (2020: \$14.364m). For the Group, rates of \$15.009m (2020: \$14.448m) have not been eliminated.

The revenue from rates for Wellington City Council was billed on the following rating information held as at 22 July 2020 due to COVID-19 delays.

The number of rating units: 79,811 (30 June 2019: 79,211).

**Table 4:  
Value of rating units**

	2021 \$000	2020 \$000
Total capital value of rating units	79,212,775	78,630,323
Total land value of rating units	40,577,366	40,454,135

### Rates remissions

Revenue from rates is shown net of rates remissions. The Council's Rates Remission and Postponement Policies provide for general rates to be partially remitted for rural open space; land used principally for games or sport and in special circumstances (where the rating policy is deemed to unfairly disadvantage an individual ratepayer). A remission of the Downtown targeted rate may also be granted to provide rates relief for downtown commercial property temporarily not fit for the purpose due to the property undergoing development and therefore not receiving the benefits derived by contributing to the Downtown targeted rate.

The Council committed itself at the start of the year to certain remissions, which for the reporting period ended 30 June 2021 totalled \$1.246m (2020: \$1.278m).

### 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.

**COVID-19:** On 9 April 2020 Council agreed to support both residential and commercial ratepayers by providing the ability to defer the 2019/20 fourth quarter rates instalment, due 1 June 2020, and the 2020/21 first quarter rates instalment, due 1 September 2020, without penalty for six months, provided that the ratepayer was able to meet certain criteria. Table 5 below details the breakdown of the deferrals.

**Table 5:  
Rates Deferral**

	Amount deferred Quarter 1 - 2021 \$000	Amount deferred Quarter 4 - 2020 \$000
Residential	133	186
Commercial	1,775	1,996
<b>Total rates deferral</b>	<b>1,908</b>	<b>2,182</b>

### Relevant significant accounting policies

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

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



## Note 2: Revenue from operating activities

**Table 6:  
Revenue from operating activities**

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
<b>Development contributions</b>	<b>3,689</b>	<b>3,566</b>	<b>3,689</b>	<b>3,566</b>
<b>Grants, subsidies and reimbursements</b>				
Operating	13,234	8,034	25,254	15,505
Capital	28,238	26,061	28,752	26,470
<b>Total grants, subsidies and reimbursements</b>	<b>41,472</b>	<b>34,095</b>	<b>54,006</b>	<b>41,975</b>
<b>Other operating activities</b>				
Fines and penalties	6,961	5,981	6,961	5,981
Rendering of services	128,298	124,160	139,406	136,080
Sale of goods	6,657	7,031	10,094	11,549
<b>Total other operating activities</b>	<b>141,916</b>	<b>137,172</b>	<b>156,461</b>	<b>153,610</b>
<b>Total revenue from operating activities</b>	<b>187,077</b>	<b>174,833</b>	<b>214,156</b>	<b>199,151</b>

For the Council, the principal grants and reimbursements are from Waka Kotahi – New Zealand Transport Agency (NZTA), which reimburses part of the Council's costs for maintaining the local roading and cycling infrastructure. The capital reimbursements recognised from NZTA of \$28.173m (2020: \$25.414m) and operating reimbursements of \$8.111m (2020: \$7.616m) are for costs already incurred and there are no unfulfilled conditions or other contingencies relating to the reimbursements.

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

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

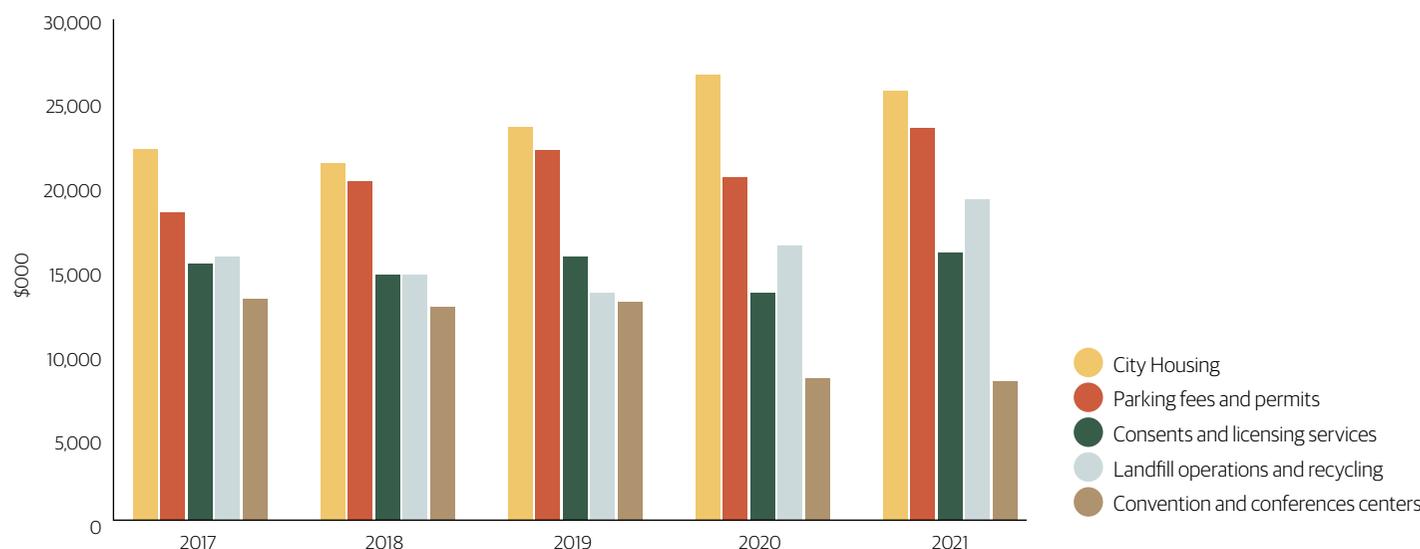
- City housing – \$25.553m (2020: \$26.470m)
- Parking fees and permits – \$23.293m (2020: \$20.326m)

- Landfill operations and recycling – \$19.089m (2020: \$16.328m) – including unbudgeted revenue from the joint operation with Porirua City Council \$1.758m (2020: \$1.693m).
- Consents and licensing services – \$16.116m (2020 \$13.551m)
- Convention and conferences centres – \$8.259m (2020: \$8.460m)

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

## Note 2: Revenue from operating activities - continued

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



### 5-year Trend analysis commentary

#### City Housing

Annual rent increases in line with market movements drive the increases in earlier years however there is a reduction in the 2020/21 year owing to the disposal of Arlington to Kainga Ora. For further information - refer to the Statement of service performance strategy area 5.2 - Community support (Volume 1, pg 74).

#### Parking fees and permits

Parking revenue was higher in 2020/21, as it was not impacted by COVID-19 in the way it was in 2019/20, when there was a Level 4 lockdown, during which no metering and minimal enforcement revenue was received. There were periods during 2020/21 when COVID-19 restrictions did impact on revenue, but not to the extent of the severe lockdown levels in 2019/20. For further information - refer to the Statement of service performance strategy area 7.2 - Parking (Volume 1, pg 94).

#### Landfill Operations

The revenue increase in 2020/21 is due to fee increases and an increase in the tonnage for both Domestic general and Commercial general waste. The year was also not affected to the same extent by COVID-19 as in 2019/20. Contaminated soil and special waste volumes have in recent years been cause for a major boost to revenue levels and while lower in this past year, were still significant. For further information - refer to the Statement of service performance strategy 2.2 - Waste reduction and energy conservation (Volume 1, pg 44).

#### Consents and Licensing Services

Revenues were relatively consistent over previous years except where COVID-19 impacted on 2019/20. Consent volumes have been restored to pre-COVID levels in 2020/21 and revenues have similarly returned to those levels. For further information - refer to the Statement of service performance strategy area 6.2 - Building and development control (Volume 1, pg 84).

#### Convention and Conference centres

The ongoing effects of COVID-19 with significantly reduced numbers of performances and events has had a severe impact on revenues in 2020/21, as it did in 2019/20. The on-going redevelopment and therefore unavailability of the St James Theatre is also a contributing factor. For further information - refer to the Statement of service performance strategy 3.1 - City promotions and business support (Volume 1, pg 56).



## Note 2: Revenue from operating activities – continued

### Relevant significant accounting policies

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

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

See Note 13: Receivables and recoverables (pg 32), for an explanation of exchange and non-exchange transactions, transfers and taxes.

### Development contributions

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

### Grants, subsidies and reimbursements

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

### Fines and penalties

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

### Rendering of services

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

### Sale of goods

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



## Note 3: Investment revenue

**Table 7:  
Investment revenue**

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Dividend from associates	-	12,061	-	-
Dividend from equity investments	66	86	66	86
Investment property revenues	10,999	10,861	10,999	10,861
<b>Total investment revenue</b>	<b>11,065</b>	<b>23,008</b>	<b>11,065</b>	<b>10,947</b>

### Dividends

The normally expected annual dividend from Council's 34 percent holding in Wellington International Airport Limited was not declared for distribution to shareholders in 2020/21 due to the ongoing effect of COVID-19. The annual plan budget for 2020/21 did not include this revenue as the financial impact from COVID-19 was well forecasted. A dividend is also not budgeted for the 2021/22 financial year.

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

For further information refer to Note 20: Investment in associates and joint venture (pg 54).

### Investment properties

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

For further information refer to Note 17: Investment properties (pg 40).

### Relevant significant accounting policies

#### Dividends

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

#### Investment property lease rentals

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



## Note 4: Vested assets and other revenue

**Table 8:  
Vested assets  
and other revenue**

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Vested assets	9,411	7,599	9,411	7,609
Other revenue	3,642	3,417	4,059	3,781
<b>Total vested assets and other revenue</b>	<b>13,053</b>	<b>11,016</b>	<b>13,470</b>	<b>11,390</b>

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

The breakdown of principal vested assets received is:

- Drainage, waste and water – \$4.891m (2020: \$4.362m).
- Roading – \$4.430m (2020: \$2.453m)

Other revenue consisted mainly of:

- Gains on disposal of assets – \$0.959m (2020: \$1.431m)
- Restricted funds – \$0.992m (2020: \$0.175m)
- Fuel tax – \$1.116m (2020: \$0.999m)

### 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 movements

**Table 9:  
Fair value movements**

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Investment property revaluation	20,496	7,558	20,496	7,558
Amortisation of loans to related parties	5	4	5	11
<b>Total fair value gains</b>	<b>20,501</b>	<b>7,562</b>	<b>20,501</b>	<b>7,569</b>
<i>Less</i>				
Fair value adjustment to loan	52	-	52	-
Currency exchange loss	-	-	1	-
<b>Total fair value losses</b>	<b>52</b>	<b>-</b>	<b>53</b>	<b>-</b>
<b>Total fair value movements</b>	<b>20,449</b>	<b>7,562</b>	<b>20,448</b>	<b>7,569</b>

Investment properties, which are revalued annually, are held primarily to earn lease revenue and/or for capital growth. These properties include the Council's ground leases and certain land and buildings, including the Wellington Waterfront investment properties. For more information refer to Note 17: Investment properties (pg 40).

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

### Relevant significant accounting policies

#### Gains

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

#### Investment properties

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

#### Derivatives

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



## Note 6: Finance revenue and expense

**Table 10:  
Finance revenue, expense  
and net finance cost**

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Interest on borrowings	25,140	25,391	25,153	25,413
Interest on finance leases	-	-	6	6
Re-discounting of interest on provisions	350	1,150	350	1,150
<b>Total finance expense</b>	<b>25,490</b>	<b>26,541</b>	<b>25,509</b>	<b>26,569</b>
<i>Less</i>				
Interest earned	2,114	2,280	2,228	2,549
<b>Total finance revenue</b>	<b>2,114</b>	<b>2,280</b>	<b>2,228</b>	<b>2,549</b>
<b>Net finance cost</b>	<b>23,376</b>	<b>24,261</b>	<b>23,281</b>	<b>24,020</b>

Council's policy is to have the majority of borrowings on fixed interest rates to avoid volatility in its interest expense as interest rates change. To achieve this, it uses interest rate swaps, which effectively changes floating rate debt to fixed rate debt.

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

### Relevant significant accounting policies

#### Interest on borrowings

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

#### Re-discounting of interest

Re-discounting of interest on provisions is the Council's funding cost for non-current provisions (where the cash flows will not occur until a future date). For further information refer to Note 24: Employee benefit liabilities and provisions (pg 64) and Note 25: Provision for other liabilities (pg 66).

#### Interest earned

Interest earned is recognised using the effective interest rate method.



## Note 7: Expenditure on operating activities

### Governance and employment

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

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

During the year \$0.462m (2020: \$0.947m) of termination benefits were incurred by the Council and \$0.753m (2020: \$0.995m) for the Group. Termination benefits include all payments relating to the end of employment other than unpaid salary and leave entitlements. Termination benefits include both contractual (eg redundancy, in lieu of notice) and non-contractual (eg severance) payments.

For further information refer to Note 37: Remuneration and staffing levels (pg 107).

**Table 11:  
Expenditure on operating activities**

### Governance and employment

Elected member remuneration	1,855	1,803	1,855	1,803
Independent directors/trustees fees for controlled entities	-	-	527	438
Employee benefits expense:				
Remuneration	106,162	102,372	134,369	131,229
Superannuation contributions (including KiwiSaver)	3,160	2,938	3,804	3,558
Other personnel costs	3,415	4,380	4,594	5,407

### Impairments

Bad debts written off not previously provided for	65	6	65	13
Increase in provision for impairment of receivables and recoverables	190	293	190	293
Impairment of property, plant and equipment	1,848	10,183	1,848	10,183

### Insurance

Insurance premiums	17,431	17,017	18,171	17,643
Insurance reserve costs – net	1,017	688	1,017	688

### General

Administration Costs	5,230	5,586	17,098	16,272
Auditor's remuneration:	570	358	795	665
Contractors	3,300	4,198	6,226	6,485
Contracts, services and materials	146,838	150,862	148,627	151,898
Grants	46,901	42,711	18,160	15,849
Information and communication technology	16,966	16,681	18,471	17,738
Loss on disposal of intangibles	-	2	-	2
Loss on disposal of property, plant and equipment	281	776	287	878
Loss on disposal of investment property	564	-	564	-
Loss on investments	-	-	2	296
Operating lease – minimum lease payments	8,141	7,056	9,905	8,179
Professional costs	9,060	10,756	10,326	11,276
Reassessment of weathertight provision	669	4,622	732	4,622
Utility costs	32,427	30,678	33,154	31,627
<b>Total expenditure on operating activities</b>	<b>406,090</b>	<b>413,966</b>	<b>430,787</b>	<b>437,042</b>



## Note 7: Expenditure on operating activities

– continued

During the period Audit New Zealand provided other services to the Council, namely assurance services relating to the Clifton Terrace Carpark managed by the Council on behalf of the New Zealand Transport Agency and assurance services relating to Council's debenture trust deed compliance (see Table 12 above). Probity assurance over the Central Library Project (Te Matapihi) for \$0.006m was also provided and was capitalised.

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

Grants include the operating grants to Council's controlled entities (refer to Note 36: Related Party disclosures, for a breakdown (pg 101)). Other major grants include the funding to the Museum of New Zealand, Te Papa Tongarewa \$2.250m (2020: \$2.250m).

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

### General

**Table 12:  
Auditor's remuneration**

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Audit services – Audit New Zealand – Financial Statements	362	306	507	538
Audit services – Audit New Zealand – Long-term Plan	154	-	154	-
Audit services – Audit New Zealand – Wellington Waterfront Project	40	39	40	39
Audit services – Audit New Zealand – other assurances	14	13	14	13
Audit services – Other Auditors	-	-	80	75
	<b>570</b>	<b>358</b>	<b>795</b>	<b>665</b>

For further information in relation to the Weathertight homes provision. Refer to Note 25: Provisions for other liabilities (pg 66).

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 \$14.926m (2020: \$14.364m) on Council owned properties.

### COVID-19: Expenditure impacts

The effect on expenditure related mainly to additional grant support for Council controlled entities namely, Wellington Cable Car Limited and Wellington Museums Trust. (refer to Note 36 – Related party disclosures (pg 101)). This higher expenditure, although less than budgeted, was offset by a significant reduction in costs relating to events not being held, due to either the prevailing Alert Level or the uncertainty of future level changes.

### Relevant significant accounting policies

#### Grants and sponsorships

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

### Cost allocation

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

### Research and Development

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



## Note 8: Depreciation and amortisation

**Table 13:  
Depreciation and amortisation**

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
<b>Depreciation</b>				
Buildings	20,542	29,967	21,008	30,135
Civic Precinct	1,252	1,411	1,252	1,411
Restricted buildings	1,881	1,650	1,881	1,650
Drainage, waste and water infrastructure	49,257	36,227	49,257	36,227
Landfill post closure	260	272	260	272
Library collections	1,862	2,387	1,862	2,387
Plant and equipment	23,322	11,445	24,497	12,745
Roading infrastructure	33,282	31,156	33,282	31,156
<b>Total depreciation</b>	<b>131,658</b>	<b>114,515</b>	<b>133,299</b>	<b>115,983</b>
<b>Amortisation</b>				
Computer software	4,977	3,552	5,026	3,680
<b>Total amortisation</b>	<b>4,977</b>	<b>3,552</b>	<b>5,026</b>	<b>3,680</b>
<b>Total depreciation and amortisation</b>	<b>136,635</b>	<b>118,067</b>	<b>138,325</b>	<b>119,663</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. (See Table 14).

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



## Note 8: Depreciation and amortisation – continued

**Table 14:  
Estimated useful lives of tangible assets**

**Asset Category**

**Operational assets**

Land	unlimited
Buildings:	
Structure	20-100
Roof	20-90
Interior	5-100
Services	5-100
Civic Precinct	2-67
Plant and equipment	1-100
Library collection	4-11

**Infrastructure assets:**

Land (including land under roads)	unlimited
Roading:	
Road pavement	10-40
Retaining / sea walls	50-100
Kerb and channel	10-60
Structures - other sea defences	100-250
Tunnels - structure and services	20-175
Bridges	90-110
Drainage, waste and water:	
Pipes	60-110
Reservoirs	25-90
Pump stations	32-105
Fittings	25-70

**Restricted assets (excluding buildings)**

**2021  
Useful Life  
(years)**

unlimited  
20-100  
20-90  
5-100  
5-100  
2-67  
1-100  
4-11  
unlimited  
10-40  
50-100  
10-60  
100-250  
20-175  
90-110  
60-110  
25-90  
32-105  
25-70  
unlimited

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

**Amortisation**

The amortisation of intangible assets is charged on a straight-line basis over the estimated useful life of the associated assets. (See Table 15)

**Table 15:  
Estimated useful lives of intangible assets**

**Asset Category**

Computer software

**2021  
Useful Life  
(years)**

2-11

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



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

The Council's share of the results of the Chaffers Marina Holdings Limited, Wellington International Airport Limited and Wellington Water Limited is as shown in Table 16.

**Table 16:**  
**Share of associates' and joint  
venture's surplus or deficit**

### Associates

Chaffers Marina Holdings Limited  
Wellington International Airport Limited

### Joint venture

Wellington Water Limited

### Total share of associates' and joint venture's surplus or (deficit)

Group	2021 \$000	2020 \$000
	52	(45)
	(4,183)	18,983
	240	(100)
	<b>(3,891)</b>	<b>18,838</b>

Further information on the cost and value of the above investments is found in Note 20: Investments in Associates and Joint Venture (pg 54).

**COVID-19:** Due to the balance date of Wellington International Airport Limited (WIAL) being 31 March 2020, no significant financial impacts due to COVID-19 were reflected in Council's share of their 2019/20 surplus. For 2020/21 the financial impacts for Council were primarily that no dividend was declared for distribution to Council and the 34% share of the deficit in Table 16 above reducing the Group surplus.

Council also agreed in 2019/20 to underwrite its share of a potential equity raising. For more information refer to Note 34: Contingencies (pg 98).

### Relevant significant accounting policies

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

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



## Note 10: Income tax

### Relevant significant accounting policies

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

Income tax expense includes components relating to both current tax and deferred tax.

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

**Table 17:  
Income Tax**

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
<b>Current tax expense/(credit)</b>				
Current year	-	-	112	(232)
Prior period adjustment	-	-	346	-
<b>Total current tax expense/(credit)</b>	<b>-</b>	<b>-</b>	<b>458</b>	<b>(232)</b>
<b>Deferred tax expense/(credit)</b>				
Origination and reversal of temporary differences	(37)	(15)	24	(389)
Change in unrecognised temporary differences	-	-	-	-
Recognition of previously unrecognised tax losses	37	15	-	-
<b>Total deferred tax expense/(credit)</b>	<b>-</b>	<b>-</b>	<b>24</b>	<b>(389)</b>
<b>Total income tax expense/(credit)</b>	<b>-</b>	<b>-</b>	<b>482</b>	<b>(621)</b>

**Table 18:  
Reconciliation of tax on the surplus/  
(deficit) and tax expense/(credit)**

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Surplus/(deficit) for the period before taxation	7,457	15,146	4,769	22,191
Prima facie income tax based on domestic tax rate - 28%	2,088	4,241	1,335	6,214
Effect of non-deductible expenses and tax exempt income	(2,125)	(4,256)	(342)	(8,749)
Current years loss for which no deferred tax asset was recognised	37	15	37	15
Previously unrecognised tax losses now utilised	-	-	(49)	-
Change in unrecognised temporary differences	-	-	65	10
Prior period adjustment	-	-	346	-
Reintroduction of tax depreciation on buildings	-	-	-	(129)
Overseas withholding tax - non-reclaimable	-	-	20	6
Share of income tax of equity accounted associates	-	-	(930)	2,012
<b>Total income tax expense/(credit)</b>	<b>-</b>	<b>-</b>	<b>482</b>	<b>(621)</b>



## Dave Jackson 'Jacko', Sportsfield Technician

A proud son of the Eastern Suburbs and member of staff since he was 17, Jacko started as a mower operator back in 1987. It was his first job straight out of college, and Jacko mowed everything from the verges on Cobham Drive and the lawns around Council flats, to the grass slopes at the northern end of the airport.

Jacko is now one of 12 Parks, Sport and Rec staff looking after the grass pitches around the city. He's sports mad – so what better job to have than looking after the city's sportsfields? The work is hard, especially when they're toiling into a southerly – but things have changed for the better in three decades – the technology's improved.

“Donkey's years ago, we marked out the whole of Kilbirnie Park with a brush on a stick because it was that wet. The lines weren't straight and we were painting mud. Nowadays we have battery powered markers – you just push the switch and off you go.”





# Tauākī o te Tūnga Pūtea

## Statement of Financial Position

As at 30 June 2021

**Table 19:**  
**Statement of Financial Position**

	Note	Council			Group		
		Actual 2021 \$000	Budget 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000	
<b>Assets</b>							
<b>Current assets</b>							
Cash and cash equivalents	11	84,349	4,767	98,577	103,542	113,285	
Receivables and recoverables	13	57,656	55,488	95,467	58,919	96,888	
Other financial assets	14	62,684	120,000	31,488	63,786	33,488	
Prepayments		21,337	17,179	8,717	21,647	9,675	
Inventories		787	999	1,549	1,394	2,248	
Non-current assets classified as held for sale	15	14,703	-	6,415	14,703	6,415	
<b>Total current assets</b>		<b>241,516</b>	<b>198,433</b>	<b>242,213</b>	<b>263,991</b>	<b>261,999</b>	
<b>Non-current assets</b>							
Derivative financial assets	12	7,821	-	-	7,821	-	
Receivables and recoverables	13	3,400	-	-	3,400	-	
Other financial assets	14	22,982	14,844	16,131	24,747	17,976	
Intangibles	16	39,031	34,178	25,714	39,105	25,828	
Investment properties	17	279,082	270,225	258,515	279,082	258,515	
Property, plant and equipment	18	8,203,230	7,713,969	7,809,894	8,217,301	7,825,777	
Investment in controlled entities	19	5,071	5,071	5,071	-	-	
Investment in associates and joint venture	20	19,473	19,465	19,033	233,291	210,956	
<b>Total non-current assets</b>		<b>8,580,090</b>	<b>8,057,752</b>	<b>8,134,358</b>	<b>8,804,747</b>	<b>8,339,052</b>	
<b>Total assets</b>		<b>8,821,606</b>	<b>8,256,185</b>	<b>8,376,571</b>	<b>9,068,738</b>	<b>8,601,051</b>	

The notes on pg 12 to 113 form part of and should be read in conjunction with the financial statements



# Tauākī o te Tūnga Pūtea

## Statement of Financial Position

- continued

As at 30 June 2021

**Table 19:**  
**Statement of Financial Position**  
- continued

	Note	Council			Group	
		Actual 2021 \$000	Budget 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
<b>Liabilities</b>						
<b>Current liabilities</b>						
Derivative financial liabilities	12	1,798	985	709	1,798	709
Exchange transactions and transfers payable	21	71,877	57,135	57,417	74,211	60,404
Taxes payable	21	10,887	-	8,185	11,211	8,458
Revenue in advance	22	20,884	13,749	14,302	26,533	19,333
Borrowings	23	154,523	132,000	186,000	154,544	186,028
Employee benefit liabilities and provisions	24	7,044	4,597	10,361	8,973	12,873
Provision for other liabilities	25	2,279	10,237	9,002	2,279	9,002
<b>Total current liabilities</b>		<b>269,292</b>	<b>218,703</b>	<b>285,976</b>	<b>279,549</b>	<b>296,807</b>
<b>Non-current liabilities</b>						
Derivative financial liabilities	12	53,045	67,153	106,332	53,045	106,332
Exchange transactions and transfers payable	21	231	231	231	231	231
Borrowings	23	754,129	847,445	589,931	754,792	589,951
Employee benefit liabilities and provisions	24	724	1,156	764	767	824
Provision for other liabilities	25	50,490	29,642	52,154	50,490	52,154
Deferred tax	26	-	-	-	680	308
<b>Total non-current liabilities</b>		<b>858,619</b>	<b>945,627</b>	<b>749,412</b>	<b>860,005</b>	<b>749,800</b>
<b>Total liabilities</b>		<b>1,127,911</b>	<b>1,164,330</b>	<b>1,035,388</b>	<b>1,139,554</b>	<b>1,046,607</b>
<b>Equity</b>						
Accumulated funds		1,269,134	1,269,134	1,269,134	1,293,162	1,293,162
Retained earnings		3,815,363	3,725,141	3,809,762	3,822,663	3,821,257
Revaluation reserves	27	2,631,206	2,145,774	2,348,061	2,830,205	2,520,701
Hedging reserve	28	(47,022)	(68,138)	(107,041)	(47,641)	(107,087)
Fair value through other comprehensive revenue and expense reserve	29	6,029	4,290	5,085	6,656	6,100
Non-controlling interest		-	-	-	781	284
Restricted funds	30	18,985	15,654	16,182	23,358	20,027
<b>Total equity</b>		<b>7,693,695</b>	<b>7,091,855</b>	<b>7,341,183</b>	<b>7,929,184</b>	<b>7,554,444</b>
<b>Total equity and liabilities</b>		<b>8,821,606</b>	<b>8,256,185</b>	<b>8,376,571</b>	<b>9,068,738</b>	<b>8,601,051</b>

The notes on pg 12 to 113 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 \$43.083m higher than budgeted with major variances included of:

- \$79.582m of cash held for liquidity purposes
- \$14.703m land and buildings re-classified as held for sale
- \$4.158m higher prepayments largely due to the unbudgeted \$5.370m of the \$10.100m of Government stimulus funding for Three Waters reform passed to Wellington Water.

Offset by:

- \$57.316m lower term deposits now held as cash

Non-current assets are \$522.338m higher than budget with major variances included of:

- \$197.382m higher revaluations of operational land and buildings
- \$299.130m higher Property, plant and equipment assets than budgeted largely due to lower budgeted values resulting from the delayed timing of the 2019/20 infrastructure assets revaluation. Included in this amount is \$32.377m lower than budgeted capital expenditure.
- \$7.821m of unbudgeted derivative financial assets due to increased swap interest rates
- \$3.400m for a long-term receivable relating to a disposed investment property
- \$14.426m higher revaluation of investment properties

Total liabilities are \$41.789m lower than budget, with major variances included of:

- \$22.523m of higher current borrowings, due to timing of maturities
- \$14.742m of higher current payables, partly due to timing of invoicing for work completed
- \$12.890m of higher net provisions for other liabilities, due to timing of settlements
- \$7.135m of higher revenue in advance, including the unrecognised \$5.370m of Government Stimulus funding for Three Waters reform.

Offset by:

- \$93.316m of lower non-current borrowings, due to lower capital expenditure
- \$14.108m of lower derivative financial liabilities due to increased swap interest rates



## Note 11: Cash and cash equivalents

**Table 20:  
Cash and cash equivalents**

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Cash at bank	84,333	23,561	97,021	34,821
Cash on hand	16	16	33	37
Short term bank deposits up to 3 months	-	75,000	6,488	78,427
<b>Total cash and cash equivalents</b>	<b>84,349</b>	<b>98,577</b>	<b>103,542</b>	<b>113,285</b>

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

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



## Note 12: Derivative financial instruments

**Table 21:**  
Derivative financial instruments

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
<b>Assets</b>				
<b>Non-current assets</b>				
Interest rate swaps – cash flow hedges	7,821	-	7,821	-
<b>Total non-current assets</b>	<b>7,821</b>	<b>-</b>	<b>7,821</b>	<b>-</b>
<b>Total derivative financial instrument assets</b>	<b>7,821</b>	<b>-</b>	<b>7,821</b>	<b>-</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Interest rate swaps – cash flow hedges	1,798	709	1,798	709
<b>Total current liabilities</b>	<b>1,798</b>	<b>709</b>	<b>1,798</b>	<b>709</b>
<b>Non-current liabilities</b>				
Interest rate swaps – cash flow hedges	53,045	106,332	53,045	106,332
<b>Total non-current liabilities</b>	<b>53,045</b>	<b>106,332</b>	<b>53,045</b>	<b>106,332</b>
<b>Total derivative financial instrument liabilities</b>	<b>54,843</b>	<b>107,041</b>	<b>54,843</b>	<b>107,041</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.

Interest rate swaps (Cash flow hedges) are used to fix interest rates on floating rate debt (floating rate notes or commercial paper). The swaps are held until maturity and have no cash impact or effect on the rates requirements.

For further information on the Council's interest rate swaps please refer to Note 28: Hedging Reserve (pg 77) and Note 32: Financial instruments (pg 85).

### Relevant significant accounting policies

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

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

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



## Note 13: Receivables and recoverables

**Table 22:  
Receivables and recoverables**

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Current	57,656	95,467	58,919	96,888
Non-Current	3,400	-	3,400	-
<b>Total receivables and recoverables - net</b>	<b>61,056</b>	<b>95,467</b>	<b>62,319</b>	<b>96,888</b>
Trade receivables and recoverables - debtors - net	14,108	16,121	14,640	16,367
Trade recoverables - fines - net	3,808	3,424	3,808	3,424
Accrued revenue	14,065	12,214	14,740	12,756
Sundry receivables	7,884	36,204	8,050	36,543
GST recoverable	5,051	10,321	4,941	10,615
Rates recoverable	16,140	17,183	16,140	17,183
<b>Total receivables and recoverables - net</b>	<b>61,056</b>	<b>95,467</b>	<b>62,319</b>	<b>96,888</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. The higher value of Sundry receivables for 2019/20 relates to the \$33.000m of insurance proceeds.

**Table 23:  
Receivables and recoverables  
from related parties**

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
<b>Receivables and recoverables from related parties</b>				
Controlled entities	794	394	-	-
Associates and jointly controlled entity	26	359	26	359
<b>Total receivables and recoverables from related parties</b>	<b>820</b>	<b>753</b>	<b>26</b>	<b>359</b>



## Note 13: Receivables and recoverables - continued

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

**Table 24:  
Provision for impairment of total  
receivables and recoverables**

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Opening balance	6,999	6,838	7,028	6,838
New provisions made	223	345	223	374
Release of unused provision	(229)	(145)	(256)	(145)
Amount of provision utilised	(50)	(39)	(52)	(39)
<b>Provision for impairment of total receivables and recoverables - closing balance</b>	<b>6,943</b>	<b>6,999</b>	<b>6,943</b>	<b>7,028</b>

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

**Table 25:  
Debt aging profile**

Council	2021			2020		
	Gross \$000	Impaired \$000	Net \$000	Gross \$000	Impaired \$000	Net \$000
<b>Trade and other receivables and recoverables</b>						
Not past due	35,924	(100)	35,824	70,964	(69)	70,895
Past due 0-3 months	11,481	(133)	11,348	11,012	(52)	10,960
Past due 3-6 months	5,048	(271)	4,777	6,091	(308)	5,783
Past due more than 6 months	15,546	(6,439)	9,107	14,399	(6,570)	7,829
<b>Total receivables and recoverables</b>	<b>67,999</b>	<b>(6,943)</b>	<b>61,056</b>	<b>102,466</b>	<b>(6,999)</b>	<b>95,467</b>

Group	2021			2020		
	Gross \$000	Impaired \$000	Net \$000	Gross \$000	Impaired \$000	Net \$000
<b>Trade and other receivables and recoverables</b>						
Not past due	36,830	(100)	36,730	72,277	(69)	72,208
Past due 0-3 months	11,833	(133)	11,700	11,121	(72)	11,049
Past due 3-6 months	5,053	(271)	4,782	6,112	(317)	5,795
Past due more than 6 months	15,546	(6,439)	9,107	14,406	(6,570)	7,836
<b>Total receivables and recoverables</b>	<b>69,262</b>	<b>(6,943)</b>	<b>62,319</b>	<b>103,916</b>	<b>(7,028)</b>	<b>96,888</b>

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



## Note 13: Receivables and recoverables – continued

### 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

**Table 26:  
Other financial assets**

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
<i>Represented by:</i>				
Current	62,684	31,488	63,786	33,488
Non-current	22,982	16,131	24,747	17,976
<b>Total other financial assets</b>	<b>85,666</b>	<b>47,619</b>	<b>88,533</b>	<b>51,464</b>
<i>Comprised of:</i>				
<b>Equity investments:</b>				
Civic Financial Services Ltd	507	490	507	490
NZ Local Government Funding Agency (LGFA)	7,865	6,938	7,865	6,938
Creative HQ shareholdings	-	-	1,490	1,570
Legacy investment - Wellington Museums Trust	-	-	260	260
<b>Deposits and loans</b>				
Bank Term deposits - greater than 3 months	61,500	30,000	62,602	32,000
LGFA - borrower notes	14,902	10,152	14,902	10,152
Loans to related parties	892	39	892	39
Loans to external organisations	-	-	15	15
<b>Total other financial assets</b>	<b>85,666</b>	<b>47,619</b>	<b>88,533</b>	<b>51,464</b>

### Equity investments

Civic Financial Services Limited is the trading name for the New Zealand Local Government Insurance Corporation Limited. The Council holds a 4.78 percent (2020: 4.78 percent) shareholding in this entity and has no present intention to sell.

The New Zealand Local Government Funding Agency Limited (LGFA), is an alternative debt provider majority owned by and operated for local authorities. The Council holds an 8 percent shareholding of the paid-up capital and as a shareholder will benefit from a return on its investment and as a borrower from lower borrowing costs. Refer to Note 36: Related party disclosures, for more information (pg 101).

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

### Deposits and loans

#### Bank deposits

Bank term deposits with maturities greater than 3 months are categorised as investments. These longer-term deposits are largely due to the early borrowing (pre-funding) for future debt repayments and mature in less than 12 months.

### Borrower notes

As part of the borrowing arrangements through the LGFA, Council is required to leave 2.5 percent of any debt drawdown with the LGFA, as an investment, in the form of a borrower note. Borrower notes are subordinated convertible debt instruments, which will be repaid with interest to Council, once the related borrowing is repaid or no longer owed to the LGFA. The maturity profile of these notes matches the related debt maturity profile (16 November 2021 to 16 April 2033).

### Loans to related parties

The loans to related parties are concessionary in nature, since the loans have been granted on interest free terms for all or part of the life of the loan. The movements in the loans are shown in Table 27.



## Note 14: Other financial assets

- continued

**Table 27:  
Loans**

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
<b>Loans to related parties</b>				
<b>Wellington Regional Stadium Trust (Build and membership underwrite - \$15,394,893)</b>				
Opening balance	39	35	39	35
Amortisation of fair value adjustment	5	4	5	4
<b>Closing balance at fair value</b>	<b>44</b>	<b>39</b>	<b>44</b>	<b>39</b>
<b>Wellington Regional Stadium Trust (COVID-19 support up to \$2,100,000)</b>				
Opening balance	-	-	-	-
Draw down	900	-	900	-
Fair value adjustment	(52)	-	(52)	-
<b>Closing balance at fair value</b>	<b>848</b>	<b>-</b>	<b>848</b>	<b>-</b>
<b>Loans to other external organisations</b>				
Opening balance	-	-	15	23
Loan repayments received	-	-	-	(15)
Amortisation of fair value adjustment	-	-	-	7
<b>Closing balance at fair value</b>	<b>-</b>	<b>-</b>	<b>15</b>	<b>15</b>
<b>Total loans</b>	<b>892</b>	<b>39</b>	<b>907</b>	<b>54</b>

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

### Wellington Regional Stadium Trust

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

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

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

**COVID-19:** A new joint loan facility between Council and Greater Wellington Regional Council agreed in 2019/20, was partially drawn down (\$0.900m) during 2020/21. The loan facility is to fund operating deficits resulting from the impact of COVID-19 and to provide funding for the capital works required to continue with the strengthening of the Fran Wilde walkway. The loan is an unsecured facility of up to \$4.2m divided equally between the lenders with a fixed interest rate of 3.0 percent and is interest free for the first two years upon being drawn down.



## Note 15: Non-current assets classified as held for sale

**Table 28:  
Non-current assets  
classified as held for sale**

Non-current assets held for sale are:

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Buildings	5,688	658	5,688	658
Land	9,015	1,657	9,015	1,657
Investment properties	-	4,100	-	4,100
<b>Total non-current assets classified as held for sale</b>	<b>14,703</b>	<b>6,415</b>	<b>14,703</b>	<b>6,415</b>

Site 9, part of the Kumutoto area, on the Waterfront, was sold for redevelopment during the year. Other properties still unsold or expected to sell within the next 12 months are either as a result of road stopping or housing stock that will be re-invested in better suited social housing developments.

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

### Relevant significant accounting policies

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

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

- the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets.
- a plan to sell the asset is in place and an active programme to locate a buyer has been initiated.

- the asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value.
- the sale is expected to occur within one year or beyond one year where a delay has occurred which is caused by events beyond the Group's control and there is sufficient evidence the Group remains committed to sell the asset; and
- actions required to complete the sale indicate it is unlikely that significant changes to the plan will be made or the plan will be withdrawn.

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



## Note 16: Intangibles

**Table 29:  
Intangibles**

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
<b>Computer software</b>				
Cost - opening balance	64,079	59,825	64,826	60,753
Accumulated amortisation	(45,813)	(42,260)	(46,446)	(42,934)
Computer software opening balance	18,266	17,565	18,380	17,819
Acquired by direct purchase	8,664	4,253	8,707	4,307
Amortisation	(4,977)	(3,552)	(5,026)	(3,680)
Net disposals	-	-	(34)	(66)
<b>Total computer software - closing balance</b>	<b>21,953</b>	<b>18,266</b>	<b>22,027</b>	<b>18,380</b>
<b>Cost</b>	<b>72,823</b>	<b>64,079</b>	<b>73,419</b>	<b>64,826</b>
<b>Accumulated amortisation</b>	<b>(50,870)</b>	<b>(45,813)</b>	<b>(51,392)</b>	<b>(46,446)</b>
<b>Total computer software - closing balance</b>	<b>21,953</b>	<b>18,266</b>	<b>22,027</b>	<b>18,380</b>
<b>Work in progress</b>				
Computer software	3,029	2,149	3,029	2,149
<b>Total work in progress</b>	<b>3,029</b>	<b>2,149</b>	<b>3,029</b>	<b>2,149</b>
<b>Carbon credits</b>				
Cost - opening balance	5,299	4,096	5,299	4,096
Additions	8,756	2,970	8,756	2,970
Net disposals	(6)	(1,767)	(6)	(1,767)
<b>Total Carbon credits - closing balance</b>	<b>14,049</b>	<b>5,299</b>	<b>14,049</b>	<b>5,299</b>
<b>Total intangibles</b>	<b>39,031</b>	<b>25,714</b>	<b>39,105</b>	<b>25,828</b>

Disposals and transfers are reported net of accumulated amortisation.



## Note 16: Intangibles

– continued

### Carbon credits

As part of the Emissions Trading Scheme (ETS) the Council receives carbon credits from Central Government in recognition of the carbon absorbed by a portion of the Council's green belt. For the year ending 30 June 2021 the Council received no units (2020: 28,367 units).

The Council purchased 215,347 units (2020: 62,103 units) in the market to cover the expected liabilities associated with landfill operations. The Council surrendered no units (2020: 85,000 units) for the 2020 calendar year liability as this liability was paid with a fixed price payment.

During the period ending 30 June 2021, 3,000 units (2020: 27,000 units) were sold to Air New Zealand.

At 30 June 2021 the total liability relating to landfill carbon emissions is \$1.053m (2020: \$1.234m).

More information on carbon credits can be found in the Statements of Service Provision under activity 2.2: Waste reduction and energy conservation (pg 127).

The movement in units held are shown in Table 30.

**Table 30:  
Carbon credits**

	Council		Group	
	2021 Units	2020 Units	2021 Units	2020 Units
Opening balance	388,830	394,360	388,830	394,360
Additions – Allocated from the Crown	–	28,367	–	28,367
Additions – Purchases	215,347	78,103	215,347	78,103
Disposals – Surrendered to the Crown	–	(85,000)	–	(85,000)
Disposals – Sales	(3,000)	(27,000)	(3,000)	(27,000)
<b>Total carbon credits</b>	<b>601,177</b>	<b>388,830</b>	<b>601,177</b>	<b>388,830</b>

### Relevant significant accounting policies

#### Computer software

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

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

#### Carbon Credits

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

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



## Note 17: Investment properties

**Table 31:**  
**Investment properties**

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
<b>Ground leases, other land and buildings</b>				
Opening balance	258,512	255,012	258,512	255,012
Additions by acquisition	28	-	28	-
Disposals	(4,100)	-	(4,100)	-
Adjustment	-	42	-	42
Fair value revaluation movements taken to surplus/(deficit)	20,496	7,558	20,496	7,558
Transfer (to)/from non-current assets classified as held for sale	4,100	(4,100)	4,100	(4,100)
<b>Total ground leases, other land and buildings</b>	<b>279,036</b>	<b>258,512</b>	<b>279,036</b>	<b>258,512</b>
<b>Work in progress</b>				
Other land and buildings	46	3	46	3
<b>Total work in progress</b>	<b>46</b>	<b>3</b>	<b>46</b>	<b>3</b>
<b>Total investment properties</b>	<b>279,082</b>	<b>258,515</b>	<b>279,082</b>	<b>258,515</b>

Wellington City Council's investment properties including the waterfront investment properties were valued as at 30 June 2021 by an independent valuer, William Bunt (FNZIV, FPINZ), registered valuer and Director of Valuation Services for CBRE Limited.



## Note 17: Investment properties

- continued

**Table 32:**  
**Investment property by type**

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Ground leases	236,997	213,757	236,997	213,757
Other land and buildings (including WIP)	42,085	44,758	42,085	44,758
<b>Total investment properties</b>	<b>279,082</b>	<b>258,515</b>	<b>279,082</b>	<b>258,515</b>

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

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

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

### Relevant significant accounting policies

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

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

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

Investment properties are measured initially at cost and subsequently measured at fair value, determined

annually by an independent registered valuer. Any gain or loss arising is recognised within surplus or deficit. Investment properties are not depreciated.

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

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



## Note 18: Property, plant and equipment

**Table 33:**  
**Summary of property, plant and equipment**

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Property, plant and equipment – opening balance	7,809,894	7,223,566	7,825,777	7,239,892
Additions	173,773	171,433	174,416	172,054
Disposals	(1,957)	(14,605)	(2,297)	(14,644)
Depreciation expense	(131,658)	(114,515)	(133,299)	(115,983)
Impairment losses	(2,024)	(11,371)	(2,024)	(11,371)
Revaluation adjustment	-	(7,643)	-	(7,643)
Revaluation movement	284,268	501,623	284,267	501,623
Movement of non-current assets held for sale	(12,387)	17,429	(12,387)	17,429
Movement of work in progress	83,321	43,977	82,848	44,420
<b>Total property, plant and equipment</b>	<b>8,203,230</b>	<b>7,809,894</b>	<b>8,217,301</b>	<b>7,825,777</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 Precinct, the library collection, and plant and equipment.

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

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

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

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

#### Recognition

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

#### Measurement

Property, plant and equipment is recognised initially at cost, unless acquired for nil or nominal cost (eg. vested assets), in which case the asset is recognised at fair value at the date of transfer. The initial cost of

property, plant and equipment includes the purchase consideration (or the fair value in the case of vested assets), and those costs that are directly attributable to bringing the asset into the location and condition necessary for its intended purpose. Subsequent expenditure that extends or expands the asset's service potential is capitalised.

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

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

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

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



## Relevant significant accounting policies – continued

### Library Collections

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

### Operational Land & Buildings

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

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

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

### Restricted assets

Art and cultural assets (artworks, sculptures and statues) are valued at historical cost. 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 an independent registered valuer. The Council has elected to use the fair value of other restricted assets at 30 June 2005 as the deemed cost of the assets. These assets are no longer revalued. Subsequent additions have been recorded at cost.

### Infrastructure assets

Infrastructure assets (the roading network, water, waste and drainage reticulation networks including service concession arrangement assets (wastewater treatment plants)) are valued at optimised depreciated replacement cost on a regular basis or, whenever the carrying amount differs materially to fair value, by an independent registered valuer. Infrastructure valuations are based on the physical attributes of the assets, their condition and their remaining lives based on Council's best information reflected in its asset management plans. The costs are based on current quotes from actual suppliers. As such, they include ancillary costs such as breaking through seal, traffic control and rehabilitation. Between valuations, expenditure on asset improvements is capitalised at cost.

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

Land under roads, which represents the corridor of land directly under and adjacent to the Council's roading network, was valued as at 30 June 2005 at the average value of surrounding adjacent land discounted by 50 percent to reflect its restricted nature. The Council elected to use the fair value of land under roads at

30 June 2005 as the deemed cost of the asset.

Land under roads is no longer revalued. Subsequent additions have been recorded at cost.

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

### Other Assets

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

### Impairment

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

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

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

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

### Disposal

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

### Work in progress

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



## Note 18: Property, plant and equipment - continued

The movements according to the individual classes of assets are as follows in Table 34.

**Table 34:**

**Property, plant and equipment by category and class of asset**

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
<b>Operational assets</b>				
<b>Land</b>				
Land - at cost - opening balance	2,205	259	2,205	259
Land - at valuation - opening balance	284,601	279,611	284,601	279,611
<b>Total land - opening balance</b>	<b>286,806</b>	<b>279,870</b>	<b>286,806</b>	<b>279,870</b>
Additions	956	1,946	956	1,946
Disposals	(445)	(12,820)	(445)	(12,820)
Revaluation movement	85,524	-	85,524	-
Transfer between asset classes	-	5,315	-	5,315
Movements of non-current assets held for sale	(4,337)	12,495	(4,337)	12,495
<b>Total land - closing balance</b>	<b>368,504</b>	<b>286,806</b>	<b>368,504</b>	<b>286,806</b>
Land - at cost - closing balance	3,161	2,205	3,161	2,205
Land - at valuation - closing balance	365,343	284,601	365,343	284,601
<b>Total land - closing balance</b>	<b>368,504</b>	<b>286,806</b>	<b>368,504</b>	<b>286,806</b>
<b>Buildings</b>				
Buildings - at cost - opening balance	104,300	58,390	104,300	58,390
Buildings - at valuation - opening balance	609,081	739,656	618,430	749,010
<b>Total cost/valuation</b>	<b>713,381</b>	<b>798,046</b>	<b>722,730</b>	<b>807,400</b>
Accumulated depreciation	(90,504)	(31,145)	(95,617)	(36,097)
<b>Total buildings - opening balance</b>	<b>622,877</b>	<b>766,901</b>	<b>627,113</b>	<b>771,303</b>
Additions	12,329	45,910	12,706	45,920
Depreciation expense	(20,542)	(29,967)	(21,008)	(30,135)
Disposals	(265)	(872)	(265)	(880)
Impairment	(176)	(3,308)	(176)	(3,308)
Revaluation movement	198,744	-	198,744	-
Revaluation adjustment	-	(7,643)	-	(7,643)
Transfer between asset classes	(9,749)	(152,456)	(9,749)	(152,456)
Movements of non-current assets held for sale	(5,030)	4,312	(5,030)	4,312
<b>Total buildings - closing balance</b>	<b>798,188</b>	<b>622,877</b>	<b>802,335</b>	<b>627,113</b>
Buildings - at cost - closing balance	115,761	104,300	115,761	104,300
Buildings - at valuation - closing balance	1,009,833	609,081	1,019,356	618,430
<b>Total cost/valuation</b>	<b>1,125,594</b>	<b>713,381</b>	<b>1,135,117</b>	<b>722,730</b>
Accumulated depreciation	(327,406)	(90,504)	(332,782)	(95,617)
<b>Total buildings - closing balance</b>	<b>798,188</b>	<b>622,877</b>	<b>802,335</b>	<b>627,113</b>

Disposals and transfers are reported net of accumulated depreciation.



## Note 18: Property, plant and equipment - continued

**Table 34:**  
**Property, plant and equipment by category and class of asset**  
- continued

### Landfill post closure costs<sup>4</sup>

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Landfill post closure - at cost - opening balance	6,613	8,017	6,613	8,017
Accumulated depreciation	(3,280)	(3,009)	(3,280)	(3,009)
Total landfill post closure costs - opening balance	3,333	5,008	3,333	5,008
Depreciation expense	(260)	(272)	(260)	(272)
Movement in post closure costs	(2,210)	(1,403)	(2,210)	(1,403)
<b>Total landfill post closure costs - closing balance</b>	<b>863</b>	<b>3,333</b>	<b>863</b>	<b>3,333</b>
Landfill post closure - at cost - closing balance	4,404	6,613	4,404	6,613
Accumulated depreciation	(3,541)	(3,280)	(3,541)	(3,280)
<b>Total landfill post closure costs - closing balance</b>	<b>863</b>	<b>3,333</b>	<b>863</b>	<b>3,333</b>

### Civic Precinct

Civic Precinct - at cost - opening balance	129,781	167,043	129,781	167,043
Accumulated depreciation	(78,695)	(119,778)	(78,695)	(119,778)
Total Civic Precinct - opening balance	51,086	47,265	51,086	47,265
Additions	2,287	13,259	2,287	13,259
Depreciation expense	(1,252)	(1,411)	(1,252)	(1,411)
Impairment	(1,848)	(8,027)	(1,848)	(8,027)
<b>Total Civic Precinct - closing balance</b>	<b>50,273</b>	<b>51,086</b>	<b>50,273</b>	<b>51,086</b>
Civic Precinct - at cost - closing balance	182,590	180,303	182,590	180,303
Accumulated depreciation and impairment	(132,317)	(129,217)	(132,317)	(129,217)
<b>Total Civic Precinct - closing balance</b>	<b>50,273</b>	<b>51,086</b>	<b>50,273</b>	<b>51,086</b>

### Plant and equipment

Plant and equipment - at cost - opening balance	217,730	194,261	237,613	214,846
Accumulated depreciation	(115,098)	(110,545)	(126,876)	(122,305)
Total plant and equipment - opening balance	102,632	83,716	110,737	92,541
Additions	23,564	22,918	23,830	23,529
Depreciation expense	(23,322)	(11,445)	(24,497)	(12,745)
Disposals	(726)	(396)	(1,066)	(427)
Impairment	-	(32)	-	(32)
Transfer between asset classes	23,839	7,871	23,839	7,871
<b>Total plant and equipment - closing balance</b>	<b>125,987</b>	<b>102,632</b>	<b>132,843</b>	<b>110,737</b>
Plant and equipment - at cost	295,203	217,730	315,162	237,613
Accumulated depreciation	(169,216)	(115,098)	(182,319)	(126,876)
<b>Total plant and equipment - closing balance</b>	<b>125,987</b>	<b>102,632</b>	<b>132,843</b>	<b>110,737</b>

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

Disposals and transfers are reported net of accumulated depreciation.



## Note 18: Property, plant and equipment – continued

**Table 34:**  
**Property, plant and equipment by category and class of asset**  
– continued

### Library collections

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Library collections – at cost – opening balance	-	4,709	-	4,709
Library collections – at valuation – opening balance	15,143	14,841	15,143	14,841
Total cost/valuation	15,143	19,550	15,143	19,550
Accumulated depreciation	-	(3,909)	-	(3,909)
Total library collections – opening balance	15,143	15,641	15,143	15,641
Additions	1,568	1,689	1,568	1,689
Depreciation expense	(1,862)	(2,387)	(1,862)	(2,387)
Revaluation movement	-	200	-	200
<b>Total library collections – closing balance</b>	<b>14,849</b>	<b>15,143</b>	<b>14,849</b>	<b>15,143</b>
Library collections – at cost – closing balance	1,569	-	1,569	-
Library collections – at valuation – closing balance	15,143	15,143	15,143	15,143
Total cost/valuation	16,712	15,143	16,712	15,143
Accumulated depreciation	(1,863)	-	(1,863)	-
<b>Total library collections – closing balance</b>	<b>14,849</b>	<b>15,143</b>	<b>14,849</b>	<b>15,143</b>
<b>Total operational assets</b>	<b>1,358,664</b>	<b>1,081,877</b>	<b>1,369,667</b>	<b>1,094,218</b>

### Infrastructure assets

#### Drainage, waste and water

Drainage, waste and water – at cost – opening balance	-	62,502	-	62,502
Drainage, waste and water – at valuation – opening balance	3,947,514	2,973,091	3,947,514	2,973,091
Total cost/valuation	3,947,514	3,035,593	3,947,514	3,035,593
Accumulated depreciation	(2,083,716)	(1,574,931)	(2,083,716)	(1,574,931)
Total drainage, water and waste – opening balance	1,863,798	1,460,662	1,863,798	1,460,662
Additions	79,478	30,521	79,478	30,521
Depreciation expense	(49,257)	(36,227)	(49,257)	(36,227)
Revaluation movement	-	404,633	-	404,633
Transfer between asset classes	(2,833)	4,209	(2,833)	4,209
<b>Total drainage, water and waste – closing balance</b>	<b>1,891,186</b>	<b>1,863,798</b>	<b>1,891,186</b>	<b>1,863,798</b>
Drainage, waste and water – at cost – closing balance	79,225	-	79,225	-
Drainage, waste and water – at valuation – closing balance	3,944,936	3,947,514	3,944,936	3,947,514
Total cost/valuation	4,024,161	3,947,514	4,024,161	3,947,514
Accumulated depreciation	(2,132,975)	(2,083,716)	(2,132,975)	(2,083,716)
<b>Total drainage, water and waste – closing balance</b>	<b>1,891,186</b>	<b>1,863,798</b>	<b>1,891,186</b>	<b>1,863,798</b>

Disposals and transfers are reported net of accumulated depreciation.



## Note 18: Property, plant and equipment - continued

**Table 34:**  
**Property, plant and equipment by category and class of asset**  
- continued

### Roadings

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Roadings - at cost - opening balance	-	93,648	-	93,648
Roadings - at valuation - opening balance	1,915,727	1,451,232	1,915,727	1,451,232
Total cost/valuation	1,915,727	1,544,880	1,915,727	1,544,880
Accumulated depreciation	(617,817)	(495,053)	(617,817)	(495,053)
Total roadings - opening balance	1,297,910	1,049,827	1,297,910	1,049,827
Additions	50,829	52,826	50,829	52,826
Depreciation expense	(33,282)	(31,156)	(33,282)	(31,156)
Revaluation movement	-	90,846	-	90,846
Transfer between asset classes	(11,433)	135,567	(11,433)	135,567
<b>Total roadings - closing balance</b>	<b>1,304,024</b>	<b>1,297,910</b>	<b>1,304,024</b>	<b>1,297,910</b>
Roadings - at cost - closing balance	50,828	-	50,828	-
Roadings - at valuation - closing balance	1,904,216	1,915,727	1,904,216	1,915,727
Total cost/valuation	1,955,044	1,915,727	1,955,044	1,915,727
Accumulated depreciation	(651,020)	(617,817)	(651,020)	(617,817)
<b>Total roadings - closing balance</b>	<b>1,304,024</b>	<b>1,297,910</b>	<b>1,304,024</b>	<b>1,297,910</b>

### Infrastructure land

Infrastructure land - at cost - opening balance	-	-	-	-
Infrastructure land - at valuation - opening balance	44,323	38,529	44,323	38,529
Total infrastructure land - opening balance	44,323	38,529	44,323	38,529
Additions	-	19	-	19
Disposals	(234)	(350)	(234)	(350)
Revaluation movement	-	5,945	-	5,945
Transfer between asset classes	88	(459)	88	(459)
Movements of non-current assets held for sale	-	639	-	639
<b>Total infrastructure land - closing balance</b>	<b>44,177</b>	<b>44,323</b>	<b>44,177</b>	<b>44,323</b>
Infrastructure land - at cost - closing balance	-	-	-	-
Infrastructure land - at valuation - closing balance	44,177	44,323	44,177	44,323
<b>Total infrastructure land - closing balance</b>	<b>44,177</b>	<b>44,323</b>	<b>44,177</b>	<b>44,323</b>

Disposals and transfers are reported net of accumulated depreciation.



## Note 18: Property, plant and equipment - continued

**Table 34:**  
**Property, plant and equipment by category and class of asset**  
- continued

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
<b>Land under roads</b>				
Land under roads - at cost - opening balance	2,955,495	2,955,616	2,955,495	2,955,616
Additions	3,143	-	3,143	-
Disposals	(286)	(91)	(286)	(91)
Transfer between asset classes	(83)	(1)	(83)	(1)
Movements of non-current assets held for sale	(3,035)	(29)	(3,035)	(29)
<b>Land under roads - closing balance</b>	<b>2,955,234</b>	<b>2,955,495</b>	<b>2,955,234</b>	<b>2,955,495</b>
<b>Total infrastructure assets</b>	<b>6,194,621</b>	<b>6,161,526</b>	<b>6,194,621</b>	<b>6,161,526</b>
<b>Restricted assets<sup>5</sup></b>				
<b>Art and cultural assets</b>				
Art and cultural assets - at cost - opening balance	8,872	8,893	11,211	11,232
Transfer between asset classes	-	(21)	-	(21)
<b>Art and cultural assets - closing balance</b>	<b>8,872</b>	<b>8,872</b>	<b>11,211</b>	<b>11,211</b>
<b>Buildings on restricted land</b>				
Buildings on restricted land - at cost - opening balance	45,465	42,292	45,465	42,292
Accumulated depreciation	(16,385)	(15,226)	(16,385)	(15,226)
Total buildings on restricted land - opening balance	29,080	27,066	29,080	27,066
Additions	1,739	3,748	1,739	3,748
Depreciation expense	(1,881)	(1,650)	(1,881)	(1,650)
Disposals	-	(55)	-	(55)
Impairment	-	(4)	-	(4)
Transfer between asset classes	177	(25)	177	(25)
<b>Total buildings on restricted land - closing balance</b>	<b>29,115</b>	<b>29,080</b>	<b>29,115</b>	<b>29,080</b>
Buildings on restricted land - at cost - closing balance	47,381	45,465	47,381	45,465
Accumulated depreciation	(18,266)	(16,385)	(18,266)	(16,385)
<b>Total buildings on restricted land - closing balance</b>	<b>29,115</b>	<b>29,080</b>	<b>29,115</b>	<b>29,080</b>

5. 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.



## Note 18: Property, plant and equipment - continued

**Table 34:**  
**Property, plant and equipment by category and class of asset**  
- continued

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
<b>Parks and reserves</b>				
Parks and reserves - at cost - opening balance	213,210	213,219	213,210	213,219
Additions	91	-	91	-
Disposals	(1)	(21)	(1)	(21)
Transfer between asset classes	(6)	-	(6)	-
Movements of non-current assets held for sale	15	12	15	12
<b>Parks and reserves - closing balance</b>	<b>213,309</b>	<b>213,210</b>	<b>213,309</b>	<b>213,210</b>
<b>Town Belt - at cost</b>	<b>89,232</b>	<b>89,232</b>	<b>89,232</b>	<b>89,232</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>341,028</b>	<b>340,894</b>	<b>343,367</b>	<b>343,233</b>
<b>Work in progress</b>				
Land	5,015	4,847	5,015	4,847
Buildings	185,209	82,777	185,938	83,980
Civic Precinct	2,933	3,711	2,933	3,711
Plant and equipment	29,509	31,939	29,509	31,939
Drainage, waste and water	44,306	62,692	44,306	62,692
Roading	41,265	39,318	41,265	39,318
Other	680	313	680	313
<b>Total work in progress</b>	<b>308,917</b>	<b>225,597</b>	<b>309,646</b>	<b>226,800</b>
<b>Total property, plant and equipment</b>	<b>8,203,230</b>	<b>7,809,894</b>	<b>8,217,301</b>	<b>7,825,777</b>

Disposals and transfers are reported net of accumulated depreciation.



## Note 18: Property, plant and equipment – continued

### Revaluation of property, plant and equipment

The Council's operational land and buildings were valued as at 30 June 2021, and infrastructural land as at 30 June 2020 by William Bunt (FNZIV, FPINZI), registered valuer and Director of Valuation Services for CBRE Limited.

Library collections were valued as at 30 June 2020 by the Council's library staff. The revaluation was carried out in accordance with guidelines outlined in Valuation Guidance for Cultural and Heritage Assets published by the Treasury Accounting Team, November 2002.

The drainage, waste and water infrastructure and roading networks and the service concession assets were valued with effect from 30 June 2020 by John Vessey (MIPENZ), Partner of WSP New Zealand Limited.

The valuation reports for the revaluations performed as at 30 June 2021 for investment properties and operational land and building assets contain statements

around the risks relating to COVID-19. While the immediate impact of COVID-19 on both the real estate market and construction costs appears to have been limited, the longer-term impact is unknown which has resulted in heightened uncertainty within the valuations.

Assets are valued at regular intervals by an independent registered valuer or whenever the carrying amount differs materially to fair value. In the years which an asset class is not revalued, the Group assesses whether there has been any material change in the value of that asset class. The movement in asset values between 30 June 2020 and 30 June 2021 for infrastructure assets was assessed using appropriate indices. The increase in asset value of total property, plant and equipment assets was not considered material by management and accordingly the assets were not revalued for 30 June 2021.

Further information on revaluation reserves and movements is contained in Note 27: Revaluation reserves (pg 75).

### 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.



## Note 18: Property, plant and equipment – continued

### Core Assets

Included within the infrastructure assets above (Table 34) are the core Council assets shown in Table 35

**Table 35:  
Council's core assets**

	2021			
	Closing book value \$000	Constructed Additions \$000	Vested Additions \$000	Replacement Cost \$000
<b>Water supply</b>				
treatment plants and facilities	-	-	-	-
other assets	500,285	36,360	2,735	1,136,474
<b>Sewerage</b>				
treatment plants and facilities	143,877	253	-	231,502
other assets	636,993	23,149	923	1,319,448
<b>Stormwater drainage</b>	610,032	14,825	1,233	1,189,585
<b>Flood protection and control works</b>	-	-	-	-
<b>Roads and footpaths</b>	1,304,024	46,399	4,430	2,015,702
<b>Total core assets</b>	<b>3,195,211</b>	<b>120,986</b>	<b>9,321</b>	<b>5,892,711</b>
	2020			
	Closing book value \$000	Constructed Additions \$000	Vested Additions \$000	Replacement Cost \$000
<b>Water supply</b>				
treatment plants and facilities	-	-	-	-
other assets	477,377	6,197	697	1,140,726
<b>Sewerage</b>				
treatment plants and facilities	149,960	717	-	240,383
other assets	599,951	15,585	1,455	1,346,545
<b>Stormwater drainage</b>	636,509	3,661	2,211	1,219,884
<b>Flood protection and control works</b>	-	-	-	-
<b>Roads and footpaths</b>	1,297,911	50,374	2,453	1,949,278
<b>Total core assets</b>	<b>3,161,708</b>	<b>76,534</b>	<b>6,816</b>	<b>5,896,816</b>

Drainage, waste, water and roads assets were revalued for the year ending 30 June 2020 by WSP New Zealand Limited as part of the normal revaluation cycle.



## Note 18: Property, plant and equipment – continued

### Service concession arrangements

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

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

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

The carrying value of these service concession assets for the Council and Group is \$121.584m (2020: \$127.446m).

### Insurance of assets

**Table 36:**  
**Insurance of assets**

	Council	
	2021 \$000	2020 \$000
Total value of property, plant and equipment	8,203,230	7,809,894
less assets (primarily land) excluded from insurance contracts	(3,979,373)	(3,814,663)
<b>Value of assets covered by insurance contracts</b>	<b>4,223,857</b>	<b>3,995,231</b>
The maximum amount to which assets are insured under Council insurance policies	713,000	721,000

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

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

An insurance reserve of \$12.979m (2020: \$12.491m) exists to meet the cost of claims that fall below deductible limits under Council insurance policies. The reserve is funded annually through rates. For the year ending 30 June 2021 an amount of \$1.505m (2020: \$1.981m) was added to the reserve. The net cost of claims applied to the reserve during the year amounted to \$1.017m (2020: \$0.688m).



## 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 in Table 37.

**Table 37:**  
**Cost of Investment in controlled entities**

	Council	
	2021 \$000	2020 \$000
Wellington Cable Car Limited	3,809	3,809
Wellington Regional Economic Development Agency Limited (WREDA)	1,262	1,262
<b>Total cost of 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 Table 37 above. Nominal settlement amounts (i.e. \$100) made in respect of Trusts, for which Council is the settlor, have not been recognised due to their materiality and are not considered as equity investments.

Information on inter-company transactions is included in the Note 36: Related party disclosures (pg 101).

The controlled entities of Council are listed as shown in Table 38.

**Table 38:**  
**Controlled entities**

	Accounting Interest 2021	Accounting Interest 2020	Nature of business
Karori Sanctuary Trust (Trading as Zealandia)	100%	100%	Owns and manages the activities of the urban eco-sanctuary in Karori.
Wellington Cable Car Limited	100%	100%	Owns and operates the Cable Car.
Wellington Museums Trust (Trading as Experience Wellington)	100%	100%	Administers the Cable Car Museum, Capital E, the City Gallery, the Nairn Street Cottage, the Space Place (Carter Observatory), the Wellington Museum and the NZ Cricket Museum
Wellington Regional Economic Development Agency Limited (WREDA) (Trading as WellingtonNZ)	80%	80%	Manages the Wellington Venues Project and creates economic and social benefit by marketing the city with the private sector as a tourism destination.
Creative HQ Limited	80%	80%	Business incubators
Wellington Waterfront Limited	100%	100%	Acts as bare trustee for the Waterfront project
Wellington Zoo Trust	100%	100%	Manages and guides the future direction of the Wellington Zoo.

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



## Note 20: Investment in associates and joint venture

The cost of the Council's investment in associates and the joint venture is reflected in the Council financial statements as follows in Table 39.

**Table 39:**  
**Cost of investment in associates and joint venture**

	Council	
	2021 \$000	2020 \$000
Chaffers Marina Holdings Limited	1,298	858
Wellington International Airport Limited	17,775	17,775
Wellington Water Limited	400	400
<b>Total cost of investment in associates and joint venture</b>	<b>19,473</b>	<b>19,033</b>

The Council has significant influence over the following entities as listed in Table 40. All of these are domiciled and operate in New Zealand:

**Table 40:**  
**Associates and Joint venture**

	Accounting Interest 2021	Accounting Interest 2020	Nature of business
Chaffers Marina Holdings Limited	10.72%	10.72%	Holding company for Chaffers Marina Limited.
Chaffers Marina Limited	10.72%	10.72%	Owns and manages the marina.
Wellington International Airport Limited	34%	34%	Owns and manages Wellington International Airport facilities and services.
Wellington Water Limited	40%	40%	Manages all water services for Wellington, Lower Hutt, Upper Hutt and Porirua city councils, the South Wairarapa District Council and the Greater Wellington Regional Council.

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

### Associates

#### Chaffers Marina

Chaffers Marina Holdings Limited and Chaffers Marina Limited have a reporting period end date of 30 June. The shares in Chaffers Marina Holdings Limited are held by Wellington Waterfront Limited in a fiduciary capacity. As at 30 June 2021 Council held a 10.72 percent (2020: 10.72 percent) interest in Chaffers Marina Holdings Limited which has been recognised in the Group financial statements on an equity accounting basis, reflecting the special rights (as set out in Chaffers Marina Limited's Constitution), which attach to the golden share that it holds in Chaffers Marina Limited.

#### Wellington International Airport Limited

Wellington International Airport Limited has a reporting period end date of 31 March. The ultimate majority owner, Infratil Limited, has determined a different end of reporting period to Council, which is legislatively required to use 30 June. The Council owns 34 percent of the company, with the remaining 66 percent owned by NZ Airports Limited (which is wholly owned by Infratil Limited). Council agreed on 23 April 2020 to underwrite additional equity, if required. For more information refer to Note 34: Contingencies (pg 98).



## Note 20: Investment in associates and joint venture

– continued

### Joint venture

#### Wellington Water Limited

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

The company has a reporting period ending 30 June and has a dual share structure as shown in Table 41.

**Table 41:**  
**Shareholding Councils**

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

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

The Class B shares confer the level of contributions and ownership benefits of each council. The Council uses equity accounting to recognise its 40 percent (2020: 40 percent) ownership interest.



## Note 20: Investment in associates and joint venture - continued

### Value of the investments

The investment in associates and the joint venture in the Group financial statements represents the Council's share of the net assets of the associates and the joint venture. This is reflected in the Group financial statements as follows in Table 42:

**Table 42:  
Value of investment in associates and joint venture**

	Council	
	2021 \$000	2020 \$000
<b>Chaffers Marina Holdings Limited</b>		
Opening balance	363	849
Change in shares during the year	441	(448)
Change in equity due to changed shareholding	-	7
Equity accounted earnings of associate	52	(45)
<b>Closing balance - investment in Chaffers Marina Holdings Limited</b>	<b>856</b>	<b>363</b>
<b>Wellington International Airport Limited</b>		
Opening balance	209,986	194,201
Dividends	-	(12,061)
Equity accounted earnings of associate	(4,183)	18,983
Share of net revaluation of property, plant and equipment - movement	26,359	9,290
Share of hedging reserve - movement	(573)	(427)
<b>Closing balance - investment in Wellington International Airport Limited</b>	<b>231,589</b>	<b>209,986</b>
<b>Wellington Water Limited</b>		
Opening balance	607	723
Change in equity due to changed shareholding	-	(16)
Equity accounted earnings of joint venture	240	(100)
<b>Closing balance - investment in Wellington Water Limited</b>	<b>847</b>	<b>607</b>
<b>Total value of investment in associates and joint venture</b>	<b>233,291</b>	<b>210,956</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 Joint Venture's surplus or deficit (pg 24).



## Note 20: Investment in associates and joint venture

- continued

### Summary of Financial Position and Performance of associates

Financial information relating to the Council's associates is provided in Tables 43 and 44 below:

**Table 43:**  
**Chaffers Marina Holdings Limited**

	Council	
	2021 \$000	2020 \$000
<b>Council</b>		
Investment in Chaffers Marina Holdings Limited (at cost)	1,298	858
<b>Group</b>		
<b>Summarised financial information of associate</b>		
Current assets	1,393	1,032
Non-current assets	4,788	4,455
Current liabilities	(182)	(178)
Non-current liabilities	(2,125)	(1,924)
<b>Net assets</b>	<b>3,874</b>	<b>3,385</b>
Revenue	2,093	1,385
Tax expense	-	-
Surplus / (deficit) after tax	437	(375)
Other comprehensive revenue and expense	-	-
<b>Total comprehensive revenue and expense</b>	<b>437</b>	<b>(375)</b>
<b>Reconciliation to equity accounted carrying amount</b>		
Net assets	3,874	3,385
Group's share %	10.72%	10.72%
Group's share \$000	415	363
Other consolidation adjustments	441	-
<b>Equity accounted carrying amount</b>	<b>856</b>	<b>363</b>
<b>Risks associated with the Council's investment in the associate</b>		
Share of contingent liabilities	-	-



## Note 20: Investment in associates and joint venture – continued

**Table 44:  
Wellington International Airport Limited**

	Council	
	2021 \$000	2020 \$000
<b>Council</b>		
Investment in Wellington International Airport Limited (at cost)	17,775	17,775
<b>Group</b>		
Dividends received	-	12,061
<b>Summarised financial information of associate</b>		
Current assets	96,806	35,043
Non-current assets	1,399,164	1,336,927
Current liabilities	(117,977)	(89,204)
Non-current liabilities	(705,266)	(641,835)
<b>Net assets</b>	<b>672,727</b>	<b>640,931</b>
Revenue	68,787	146,377
Tax credit /(expense)	12,404	34,527
Surplus / (deficit) after tax	(48,120)	(5,640)
Other comprehensive revenue and expense	79,573	22,590
<b>Total comprehensive revenue and expense</b>	<b>31,453</b>	<b>16,950</b>
<b>Reconciliation to equity accounted carrying amount</b>		
Net assets	672,727	640,931
Group's share %	34%	34%
Group's share \$000	228,727	217,917
Dividends received not in WIAL annual report	-	(12,061)
Difference on adoption of IFRS 9	2,860	4,129
Other consolidation adjustments	2	1
<b>Equity accounted carrying amount</b>	<b>231,589</b>	<b>209,986</b>
<b>Risks associated with the Council's investment in the associate</b>		
Share of contingent liabilities	-	-



## Note 20: Investment in associates and joint venture

– continued

### Summary of Financial Position and Performance of joint venture

Financial information relating to the Council's joint venture is provided in Table 45

**Table 45:  
Wellington Water Limited**

	Council	
	2021 \$000	2020 \$000
<b>Council</b>		
Investment in Wellington Water Limited (at cost)	400	400
<b>Group</b>		
<b>Summarised financial information of associate</b>		
Current assets		
Cash and cash equivalents	29,959	18,969
Other current assets	22,754	11,609
<b>Total current assets</b>	<b>52,713</b>	<b>30,578</b>
<b>Non-current assets</b>	<b>2,543</b>	<b>2,288</b>
Current liabilities		
Financial liabilities (excluding accounts payable)	-	-
Other current liabilities	(53,019)	(31,156)
<b>Total current liabilities</b>	<b>(53,019)</b>	<b>(31,156)</b>
Non-current liabilities		
Financial liabilities (excluding accounts payable)	-	-
Other non-current liabilities	(119)	(192)
<b>Total non-current liabilities</b>	<b>(119)</b>	<b>(192)</b>
<b>Net assets</b>	<b>2,118</b>	<b>1,518</b>
Revenue, excluding interest	226,288	187,668
Interest revenue	60	127
Depreciation and amortisation	(1,217)	(1,117)
Interest expense	-	-
Tax expense	-	-
Surplus / (deficit) after tax	542	(251)
Other comprehensive revenue and expense	-	-
<b>Total comprehensive revenue and expense</b>	<b>542</b>	<b>(251)</b>
<b>Reconciliation to equity accounted carrying amount</b>		
Net assets	2,118	1,518
Group's share %	40%	40%
Group's share \$000	847	607
<b>Equity accounted carrying amount</b>	<b>847</b>	<b>607</b>
<b>Risks associated with the Council's investment in the associate</b>		
Shareholder funding commitments for the next three years	-	-
Share of contingent liabilities	-	-



## Note 21: Exchange transactions, transfers and taxes payable

**Table 46:**  
Exchange transactions, transfers and taxes payable

**Current**

Exchange transactions and transfers payable

Taxes payable

**Non-current**

Exchange transactions and transfers payable

**Total exchange transactions, transfers and taxes payable**

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Exchange transactions and transfers payable	71,877	57,417	74,211	60,404
Taxes payable	10,887	8,185	11,211	8,458
Exchange transactions and transfers payable	231	231	231	231
<b>Total exchange transactions, transfers and taxes payable</b>	<b>82,995</b>	<b>65,833</b>	<b>85,653</b>	<b>69,093</b>

Comprised of:

**Table 47:**  
Exchange transactions and transfers payable

Trade payables and accruals

Interest payable

Sundry payables

**Total exchange transactions and transfers payable**

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Trade payables and accruals	64,790	50,015	67,124	52,968
Interest payable	3,729	3,519	3,729	3,519
Sundry payables	3,589	4,114	3,589	4,148
<b>Total exchange transactions and transfers payable</b>	<b>72,108</b>	<b>57,648</b>	<b>74,442</b>	<b>60,635</b>

**Table 48:**  
Taxes payable

GWRC rates

Other

**Total taxes payable**

**Total exchange transactions, transfers and taxes payable**

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
GWRC rates	6,693	5,332	6,693	5,332
Other	4,194	2,853	4,518	3,126
<b>Total taxes payable</b>	<b>10,887</b>	<b>8,185</b>	<b>11,211</b>	<b>8,458</b>
<b>Total exchange transactions, transfers and taxes payable</b>	<b>82,995</b>	<b>65,833</b>	<b>85,653</b>	<b>69,093</b>

**COVID-19:** On 9 April 2020, Council agreed to proactively support business cashflows by temporarily changing its terms of trade payment dates. This reduced the payment timeframes for payments to suppliers who provide goods and services to the Council down from 20 to 5 working days for valid authorised invoices. This practice was still in place as at 30 June 2021 to ensure that suppliers were able to maintain their own cashflows by receiving prompt payment.



## Note 21: Exchange transactions, transfers and taxes payable

- continued

**Table 49:**  
Exchange transactions, transfers and payable to related parties

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Controlled entities	1,769	309	-	-
Associates and jointly controlled entity	14,397	6,945	14,397	6,945
<b>Total exchange transactions, transfers and payable to related parties</b>	<b>16,166</b>	<b>7,254</b>	<b>14,397</b>	<b>6,945</b>

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

## Note 22: Revenue in advance

**Table 50:**  
Revenue in advance

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
<b>Exchange</b>				
Lease rentals	2,088	2,146	2,088	2,146
Other	495	-	5,077	2,434
<b>Taxes</b>				
Rates	2,014	1,742	2,014	1,742
<b>Transfers</b>				
Wellington Venues operations	1,176	950	1,176	950
Inspection and licensing fees	4,791	4,578	4,791	4,578
Other	1,207	953	1,340	1,525
<b>Liabilities recognised under conditional transfer agreements</b>	<b>9,113</b>	<b>3,933</b>	<b>10,047</b>	<b>5,958</b>
<b>Total revenue in advance</b>	<b>20,884</b>	<b>14,302</b>	<b>26,533</b>	<b>19,333</b>

### Relevant significant accounting policies

#### Liabilities recognised under conditional transfer agreements

Council and the Group have received non-exchange transfer monies for specific purposes, which apply

to periods beyond the current year, with conditions that would require the return of the monies if they are not able to fulfil the agreement. The revenue from these agreements will only be recognised as the conditions are fulfilled over time.

These liabilities relate to:

- various naming rights agreements that Council has with third parties for buildings.
- \$5.370m of Government Stimulus funding in relation to Three Waters reform.



## 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 in Table 51 below:

**Table 51:  
Gross borrowings**

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
<b>Current</b>				
Bank loans – term	23	-	23	-
Commercial paper	68,000	68,000	68,000	68,000
Debt securities – fixed rate bonds	-	25,000	-	25,000
Debt securities – floating rate notes	86,500	93,000	86,500	93,000
Finance leases	-	-	21	28
<b>Total current</b>	<b>154,523</b>	<b>186,000</b>	<b>154,544</b>	<b>186,028</b>
<b>Non-current</b>				
Bank loans – term	7,129	5,931	7,792	5,931
Debt securities – fixed rate bonds	105,000	35,000	105,000	35,000
Debt securities – floating rate notes	642,000	549,000	642,000	549,000
Finance leases	-	-	-	20
<b>Total non-current</b>	<b>754,129</b>	<b>589,931</b>	<b>754,792</b>	<b>589,951</b>
<b>Total gross borrowings</b>	<b>908,652</b>	<b>775,931</b>	<b>909,336</b>	<b>775,979</b>

### Net Borrowings

When the cash position of Council and the Group is taken into account the net borrowings position is comprised as follows in Table 52 below.

**Table 52:  
Net borrowings**

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Total gross borrowings	908,652	775,931	909,336	775,979
<i>Less</i>				
Cash and cash equivalents (see Note 11)	(84,349)	(98,577)	(103,542)	(113,285)
Term deposits > 3 months	(61,500)	(30,000)	(62,602)	(32,000)
<b>Total net borrowings</b>	<b>762,803</b>	<b>647,354</b>	<b>743,192</b>	<b>630,694</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 (pg 85).



## Note 23: Borrowings

- continued

Table 53, as follows, shows the utilisation of the borrowing facilities available to the Group at the end of the reporting period. The table also indicates the current applicable maturity and interest rate ranges.

**Table 53:**  
**Group borrowing facilities**

	Available \$000	Utilised \$000	Maturities	Interest Rate Range %
Bank overdraft - committed	1,900	-		
Bank facilities - short term - uncommitted	5,000	-		
Bank facilities - long term - committed	130,000	-		
Bank loans - term	8,752	7,815	2023-2041	3.00-3.65
Commercial paper	100,000	68,000	9/8/2021 - 16/9/2021	0.34-0.40
Debt securities - fixed rate bonds	105,000	105,000	31/7/2023 - 14/4/2033	1.05-5.37
Debt securities - floating rate notes	728,500	728,500	30/9/2021 - 16/4/2033	0.64-1.31
Finance leases	21	21		
<b>Total</b>	<b>1,079,173</b>	<b>909,336</b>		

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

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

### Security

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

### Internal Borrowings

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

### Ring fenced funds

The Council holds \$63.399m (2020: \$52.537m) of funds that may only be used for a specified purpose. These funds are not held in cash but are utilised against borrowings until required. The main specified uses for these funds are as follows:

### Housing upgrade project

As part of the agreement with the Crown for the Housing Upgrade Project an amount of \$53.632m (2020: \$44.390m), representing the accumulated surpluses and deficits from the Housing activity, has been ring fenced for future investment in the Council's social housing assets.

### Waste reduction and energy

An amount of \$12.964m (2020: \$11.344m) related to accumulated surpluses and deficits from the Waste Reduction and Energy Conservation activity which, under the Waste Minimisation Act 2008, must be ring fenced for future investment in waste activities. Council is committed to a number of waste minimisation projects that will utilise these funds.



## Note 24: Employee benefit liabilities and provisions

**Table 54:**  
**Employee benefit liabilities and provisions**

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
<b>Current</b>				
<b>Short-term benefits</b>				
Payroll accruals	108	3,189	512	4,105
Holiday leave	6,936	7,068	8,461	8,641
<b>Total short-term benefits</b>	<b>7,044</b>	<b>10,257</b>	<b>8,973</b>	<b>12,746</b>
<b>Termination benefits</b>				
Other contractual provisions	-	104	-	127
<b>Total termination benefits</b>	<b>-</b>	<b>104</b>	<b>-</b>	<b>127</b>
<b>Total current</b>	<b>7,044</b>	<b>10,361</b>	<b>8,973</b>	<b>12,873</b>
<b>Non-current</b>				
<b>Long-term benefits</b>				
Long service leave provision	-	-	43	60
Retirement gratuities provision	724	764	724	764
<b>Total long-term benefits</b>	<b>724</b>	<b>764</b>	<b>767</b>	<b>824</b>
<b>Total employee benefit liabilities and provisions</b>	<b>7,768</b>	<b>11,125</b>	<b>9,740</b>	<b>13,697</b>

### Holiday leave

Holiday leave includes annual leave, long service leave, statutory time off in lieu and ordinary time off in lieu. Annual leave is calculated on an actual entitlement basis in accordance with section 21(2) of the Holidays Act 2003. Please refer to Note 34 – Contingencies (pg 98) for more information on an unquantified contingent liability relating to holiday pay.

### 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.

## Note 24: Employee benefit liabilities and provisions

- continued

Movements in specific employee benefit provisions above are analysed in Tables 55 and 56 below.

Table 55: Other contractual provisions	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Opening balance	104	19	127	19
New provision	-	104	-	127
Release of unused provision	-	-	-	-
Amount utilised	(104)	(19)	(127)	(19)
<b>Other contractual provisions - closing balance</b>	<b>-</b>	<b>104</b>	<b>-</b>	<b>127</b>

### Background to Other contractual provisions

The above provision is to cover estimated redundancy costs, if any, as at 30 June 2021 resulting from current restructuring within the Council.

Table 56: Retirement gratuities provision	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Opening balance	764	782	764	782
Movement in required provision	8	59	8	59
Release of unused provision	-	-	-	-
Rediscounting of interest	1	10	1	10
Amount utilised	(49)	(87)	(49)	(87)
<b>Retirement gratuities - closing balance</b>	<b>724</b>	<b>764</b>	<b>724</b>	<b>764</b>

### Background to the retirement gratuity provision

The Council's retirement gratuities provision is a contractual entitlement for a reducing number of employees who, having qualified with 10 years' service will, on retirement, be entitled to a payment based on years of service and current

salary. This entitlement has not been offered to Council employees since 1991. Based on the age of remaining participants the provision may not be extinguished until 2037, assuming retirement at age 65.

### Relevant significant accounting policies - Other contractual provisions specific

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

### Relevant significant accounting policies - retirement gratuities provision specific

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

### Estimation

The gross retirement gratuities provision (inflation adjusted at 1.85 percent) as at 30 June 2021, before discounting, is \$0.770m (2020: \$0.820m). The discount factor of 2.51 percent is based on the Treasury risk-free rate.



## Note 25: Provisions for other liabilities

**Table 57:  
Provisions for other liabilities**

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
<b>Current</b>				
Landfill post closure costs	1,798	1,143	1,798	1,143
Weathertight homes	481	7,859	481	7,859
<b>Total current</b>	<b>2,279</b>	<b>9,002</b>	<b>2,279</b>	<b>9,002</b>
<b>Non-current</b>				
Landfill post closure costs	17,810	20,652	17,810	20,652
Weathertight homes	32,680	31,502	32,680	31,502
<b>Total non-current</b>	<b>50,490</b>	<b>52,154</b>	<b>50,490</b>	<b>52,154</b>
<b>Total provisions for other liabilities</b>	<b>52,769</b>	<b>61,156</b>	<b>52,769</b>	<b>61,156</b>

Movements in material provisions above are analysed in the Tables 58 and 59 following.

### 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.



## Note 25: Provisions for other liabilities

– continued

### Relevant significant accounting policies – Landfill post-closure specific

A provision for post-closure costs is recognised as a liability when the obligation for post-closure arises, which is when each stage of the landfill is commissioned, and refuse begins to accumulate. The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including known changes to legal requirements and known improvements in technology. Amounts provided for landfill post-closure are capitalised to the landfill asset. The capitalised landfill asset is depreciated over the life of the landfill based on the capacity used.

**Table 58:  
Landfill post closure costs**

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Opening balance	21,795	20,977	21,795	20,977
Movement in provision	(815)	10	(815)	10
Re-discounting of interest	(1,037)	1,141	(1,037)	1,141
Amount utilised	(335)	(333)	(335)	(333)
<b>Landfill post closure costs – closing balance</b>	<b>19,608</b>	<b>21,795</b>	<b>19,608</b>	<b>21,795</b>
Current	1,798	1,143	1,798	1,143
Non-current	17,810	20,652	17,810	20,652
<b>Landfill post closure costs – closing balance</b>	<b>19,608</b>	<b>21,795</b>	<b>19,608</b>	<b>21,795</b>

### Background to the Landfill post-closure provision

The Council operates the Southern Landfill (Stage 3) and has a 21.5 percent joint venture interest in the Spicer Valley Landfill. It also manages a number of closed landfill sites around Wellington. The Council has responsibility for the closure of its landfills and to provide ongoing maintenance and monitoring of the landfills after they are closed.

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

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

Post closure responsibilities include:

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

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

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

### Estimations

The long-term nature of the liability means there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated using known improvements in technology and known changes to legal requirements. Future cash flows are discounted using the Treasury risk free rate of 3.39 percent and 1.91 percent for open and closed landfills respectively. The gross provision (inflation adjusted at 1.97 percent) before discounting, is \$22.905m (2020: \$23.528m).

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 435,094m<sup>3</sup> (2020: 525,714 m<sup>3</sup>) and is expected to close in 2026. These estimates have been made by the Council's engineers based on expected future and historical volume information.

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



## Note 25: Provisions for other liabilities

- continued

**Table 59:  
Weathertight homes**

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Opening balance	39,361	38,122	39,361	38,122
Additional or increased provision made	669	4,622	669	4,622
Amount utilised	(6,869)	(3,383)	(6,869)	(3,383)
<b>Weathertight homes - closing balance</b>	<b>33,161</b>	<b>39,361</b>	<b>33,161</b>	<b>39,361</b>
Current	481	7,859	481	7,859
Non-current	32,680	31,502	32,680	31,502
<b>Weathertight homes - closing balance</b>	<b>33,161</b>	<b>39,361</b>	<b>33,161</b>	<b>39,361</b>

### Background to the Weathertight homes provision

This provision represents the Council's estimated liability relating to the settlement of claims arising in relation to the Weathertight Homes Resolution Services (WHRS) Act 2006 and civil proceedings for weathertightness.

A provision has been recognised for the potential net settlement of all known claims, including those claims that are being actively managed by the Council as well as claims lodged with WHRS but not yet being actively managed. The provision also includes an amount of \$11.649m (2020: \$13.254m) as a provision for future claims relating to weathertightness issues not yet identified or not yet reported.

### Movement in the provision

During the year \$6.869m was paid as either part or full settlement of claims. An additional \$0.669m was added to the provision after an actuarial re-assessment of the likely future costs to be incurred as explained below. The current / non-current split above reflects the expected timing of payments but is reassessed each year to take account of delays in claim negotiations and any mediation outcomes.

### Estimation

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

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

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

### Amount claimed

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

### Settlement amount

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

### Amount expected to be paid by the Council

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

### Percentage of homeowners who will make a successful claim

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



## Note 25: Provisions for other liabilities

- continued

### Sensitivity

Table 60 below illustrates the potential impact on surplus or deficit of changes in some of the assumptions listed above.

**Table 60:**  
**Weathertight provision sensitivity**

Assumption	2021 \$000	
	+10%	-10%
	<b>Effect on Surplus or Deficit</b>	
Amount claimed	3,316	(3,316)
Settlement level award	3,316	(3,316)
Council contribution to settlement	3,316	(3,316)
Change in percentage of homeowners who will make a successful claim	1,165	(1,165)
	<b>Effect on Surplus or Deficit</b>	
	+2%	-2%
Discount rate	(2,161)	1,425

### Funding of weathertight homes settlements

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

**Table 61:**  
**Funding for weathertight homes liability**

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Opening balance	(32,928)	(36,036)	(32,928)	(36,036)
Rates funding for weathertight homes liability	3,950	7,677	3,950	7,677
Total amounts paid	(6,869)	(3,383)	(6,869)	(3,383)
Interest allocation	(1,628)	(1,186)	(1,628)	(1,186)
<b>Closing balance funded through borrowings</b>	<b>(37,475)</b>	<b>(32,928)</b>	<b>(37,475)</b>	<b>(32,928)</b>



## Note 26: Deferred tax

### Recognised temporary differences and tax losses

**Table 62:**  
**Deferred tax assets and liabilities**

	Group	
	2021 \$000	2020 \$000
<b>Opening balance</b>		
Property, plant and equipment	(709)	(1,206)
Intangible assets	6	(20)
Employee entitlements	179	193
Other provisions	12	13
Tax losses	204	6
<b>Total opening balance</b>	<b>(308)</b>	<b>(1,014)</b>
<b>Charged to surplus or deficit</b>		
Property, plant and equipment	(184)	497
Intangible assets	(14)	26
Employee entitlements	(10)	(14)
Other provisions	(3)	(1)
Tax losses	(161)	198
<b>Total charged to surplus or deficit</b>	<b>(372)</b>	<b>706</b>
<b>Closing balance</b>		
Property, plant and equipment	(893)	(709)
Intangible assets	(8)	6
Employee entitlements	169	179
Other provisions	9	12
Tax losses	43	204
<b>Total closing balance</b>	<b>(680)</b>	<b>(308)</b>

### Unrecognised tax losses

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

There is an unrecognised deferred tax asset in respect of the tax losses for the Council of \$0.184m (2020: \$0.053m).

Deferred tax assets have not been recognised in respect of these items as it is not probable that future taxable profits will be available against which the benefit of the losses can be utilised.

### Relevant significant accounting policies

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the assets and liabilities, and the unused tax losses using tax rates enacted or substantively enacted at the end of the reporting period. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which they can be utilised.



"It's one of the best things the Council has ever done. I love having the opportunity to help someone gain experience and then being able to be a referee for them after they've been with us. It's not about there being a job at the end - it's about the benefit to the community who are struggling to get work experience."

## **Julie Sleep, Public Health**

Julie Sleep's love of Pōneke led her from Woolworths to Wellington City Council in 1999, and she's been here ever since. Her role is busy and varied, leading a dedicated team of administrators processing applications for alcohol licences, food registration, dog registration and Bylaw approvals - processing around 16,000 applications each year.

One project Julie is particularly proud of is *He Ara Whai Mahi - Pathways to Employment*, a partnership between the Council and the Ministry of Social Development. It gives young adults on the Jobseeker Support benefit who are aged between 18-24 years the chance to work for four weeks in a professional working environment.





# Tauākī o ngā panoni tūnga pūtea

## Statement of Changes in Equity

For the year ended  
30 June 2021

**Table 63:**  
**Statement of Changes in Equity**

	Note	Council			Group	
		Actual 2021 \$000	Budget 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$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		3,809,762	3,775,454	3,795,806	3,821,257	3,799,312
Revaluation reserves		2,348,061	2,059,064	1,854,208	2,520,701	2,017,583
Hedging reserve		(107,041)	(68,138)	(68,138)	(107,087)	(67,757)
Fair value through other comprehensive revenue and expense reserve		5,085	4,290	4,290	6,100	5,328
Non-controlling interest		-	-	-	284	284
Restricted funds		16,182	14,865	14,865	20,027	19,033
<b>Total equity - opening balance</b>		<b>7,341,183</b>	<b>7,054,669</b>	<b>6,870,165</b>	<b>7,554,444</b>	<b>7,066,945</b>
<b>Changes in equity</b>						
<b>Retained earnings</b>						
Net surplus / (deficit) for the year		7,457	(49,524)	15,146	4,287	22,812
Transfer to restricted funds		(6,760)	(3,336)	(4,049)	(7,990)	(4,494)
Transfer from restricted funds		3,957	2,547	2,732	4,659	3,500
Transfer from revaluation reserves		947	-	127	947	127
Transfer to non-controlling interest		-	-	-	(497)	-
<b>Revaluation reserves</b>	27					
Fair value movement - property, plant and equipment - net		284,092	86,710	493,980	310,451	503,245
Transfer to retained earnings		(947)	-	(127)	(947)	(127)
<b>Hedging reserve</b>	28					
Movement in hedging reserve		60,019	-	(38,903)	59,446	(39,330)
<b>Fair value through other comprehensive revenue and expense reserve</b>	29					
Movement in fair value - Equity investments		944	-	795	944	795
Movement in fair value - Available for sale equities		-	-	-	(388)	(23)
Non-controlling interest						
Transfer from retained earnings		-	-	-	497	-
<b>Restricted funds</b>	30					
Transfer to retained earnings		(3,957)	(2,547)	(2,732)	(4,659)	(3,500)
Transfer from retained earnings		6,760	3,336	4,049	7,990	4,494
<b>Total comprehensive revenue and expense</b>		<b>352,512</b>	<b>37,186</b>	<b>471,018</b>	<b>374,740</b>	<b>487,499</b>

The notes on pg 12 to 113 form part of and should be read in conjunction with the financial statements



# Tauākī o ngā panoni tūnga pūtea

## Statement of Changes in Equity

For the year ended  
30 June 2021

**Table 63:**  
**Statement of Changes in Equity**  
– continued

### EQUITY – CLOSING BALANCES

Note	Council			Group		
	Actual 2021 \$000	Budget 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000	
Accumulated funds	1,269,134	1,269,134	1,269,134	1,293,162	1,293,162	
Retained earnings	3,815,363	3,725,141	3,809,762	3,822,663	3,821,257	
Revaluation reserves	2,631,206	2,145,774	2,348,061	2,830,205	2,520,701	
Hedging reserve	(47,022)	(68,138)	(107,041)	(47,641)	(107,087)	
Fair value through other comprehensive revenue and expense reserve	6,029	4,290	5,085	6,656	6,100	
Non-controlling interest	-	-	-	781	284	
Restricted funds	18,985	15,654	16,182	23,358	20,027	
<b>Total equity – closing balance</b>	<b>7,693,695</b>	<b>7,091,855</b>	<b>7,341,183</b>	<b>7,929,184</b>	<b>7,554,444</b>	

### Total comprehensive revenue and expense attributable to:

	Council			Group		
	Actual 2021 \$000	Budget 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000	
Wellington City Council and Group	352,512	37,186	471,018	374,589	487,215	
Non-controlling interest	-	-	-	151	284	
	<b>352,512</b>	<b>37,186</b>	<b>471,018</b>	<b>374,740</b>	<b>487,499</b>	

The notes on pg 12 to 113 form part of and should be read in conjunction with the financial statements



## Statement of Changes in Equity – Major budget variations

### Significant variations from budgeted changes in equity are as follows:

Opening equity is \$286.514m over budget. This is largely due to:

- a \$34.308m higher net surplus mainly due to the \$33.000m Civic Administration Building (CAB) insurance proceeds resulting from the 2016 Kaikoura earthquake
- \$288.997m higher than expected revaluation reserves primarily due to the timing of the 2019/20 infrastructure revaluations which were delayed by COVID-19

Offset by:

- a \$38.903m more unfavourable closing balance in the Hedging reserve following negative movements in the swap interest rates

Changes in equity were \$315.326m higher than budget with major variances of:

- \$56.981m higher net surplus mainly due to the better-than-expected revenue post the first COVID-19 lockdown and lower costs, unbudgeted vested assets (\$9.411m), and higher than expected fair value revaluations of investment properties (\$14.421m).
- \$197.382m higher revaluations of land and building assets
- a \$60.019m favourable movement in swap interest rates.

Closing equity is \$601.840m higher than budget with major variances of:

- a \$90.222m higher retained earnings from the higher net surplus above and the flow on effect of the \$33.000m CAB insurance proceeds.
- \$485.432m higher revaluation reserves due to the \$197.382m higher valuations and the flow-on-effect of the \$288.997m higher opening reserve balance.
- a \$21.116m less unfavourable Hedging reserve following a \$60.019m favourable movement in swap interest rates.

## Equity

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

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

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

### Equity management

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

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

classes of assets, detailing renewal and programmed maintenance. These plans ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

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



## Note 27: Revaluation reserves

**Table 64:  
Revaluation reserves**

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
<b>Land - opening balance</b>	203,103	203,103	203,103	203,103
Revaluation recognised in other comprehensive revenue and expense	85,524	-	85,524	-
Transfer to retained earnings due to disposal of assets	(427)	-	(427)	-
<b>Land - closing balance</b>	<b>288,200</b>	<b>203,103</b>	<b>288,200</b>	<b>203,103</b>
<b>Buildings - opening balance</b>	316,901	359,189	316,901	359,189
Revaluation recognised in other comprehensive revenue and expense	198,744	-	198,744	-
Revaluation adjustment	(176)	(7,643)	(176)	(7,643)
Transfer between assets classes	261	(34,518)	261	(34,518)
Transfer to retained earnings due to disposal of assets	(298)	(127)	(298)	(127)
<b>Buildings - closing balance</b>	<b>515,432</b>	<b>316,901</b>	<b>515,432</b>	<b>316,901</b>
<b>Library collections - opening balance</b>	8,592	8,392	8,592	8,392
Revaluation recognised in other comprehensive revenue and expense	-	200	-	200
<b>Library collections - closing balance</b>	<b>8,592</b>	<b>8,592</b>	<b>8,592</b>	<b>8,592</b>
<b>Drainage, waste and water - opening balance</b>	1,167,739	764,153	1,167,739	764,153
Revaluation recognised in other comprehensive revenue and expense	-	404,633	-	404,633
Transfer between assets classes	-	(1,047)	-	(1,047)
<b>Drainage, waste and water - closing balance</b>	<b>1,167,739</b>	<b>1,167,739</b>	<b>1,167,739</b>	<b>1,167,739</b>
<b>Infrastructure land - opening balance</b>	24,802	18,858	24,802	18,858
Revaluation recognised in other comprehensive revenue and expense	-	5,944	-	5,944
Transfer to retained earnings due to disposal of assets	(222)	-	(222)	-
<b>Infrastructure land - closing balance</b>	<b>24,580</b>	<b>24,802</b>	<b>24,580</b>	<b>24,802</b>
<b>Roading - opening balance</b>	626,924	500,513	626,924	500,513
Revaluation recognised in other comprehensive revenue and expense	-	90,846	-	90,846
Transfer between assets classes	(261)	35,565	(261)	35,565
<b>Roading - closing balance</b>	<b>626,663</b>	<b>626,924</b>	<b>626,663</b>	<b>626,924</b>
<b>Associates' revaluation reserves - opening balance</b>	-	-	172,640	163,375
Revaluation recognised in other comprehensive revenue and expense	-	-	26,359	9,290
Effect of change in shareholding	-	-	-	(25)
<b>Associates' revaluation reserves - closing balance</b>	<b>-</b>	<b>-</b>	<b>198,999</b>	<b>172,640</b>
<b>Total revaluation reserves - closing balance</b>	<b>2,631,206</b>	<b>2,348,061</b>	<b>2,830,205</b>	<b>2,520,701</b>



## Note 27: Revaluation reserves

- continued

These revaluation reserve movements are represented by:

**Table 65:**  
**Summary of revaluation reserve movements**

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Opening balance	2,348,061	1,854,208	2,520,701	2,017,583
Revaluation recognised in other comprehensive revenue and expense	284,268	501,623	310,627	510,913
Effect of change in shareholding	-	-	-	(25)
Revaluations adjustment	(176)	(7,643)	(176)	(7,643)
Transfer to retained earnings due to disposal of assets	(947)	(127)	(947)	(127)
<b>Total revaluation reserves</b>	<b>2,631,206</b>	<b>2,348,061</b>	<b>2,830,205</b>	<b>2,520,701</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 2021 Council has revalued its investment properties, which are revalued annually – refer to Note 17 – Investment properties, for more information (pg 40).

Council also revalued its operational land and buildings – refer to Note 18 – Property, Plant and Equipment, for more information (pg 42).

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

### Relevant significant accounting policies

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

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

Accumulated depreciation at the revaluation date is eliminated so that the carrying amount after revaluation equals the revalued amount.

While assumptions are used in all revaluations, the most significant of these are in infrastructure. For example, where stormwater, wastewater and water supply pipes are underground, the physical deterioration and condition of assets are not visible and must therefore be estimated. Any revaluation risk is minimised by performing a combination of physical inspections and condition modelling assessments.



## Note 28: Hedging reserve

**Table 66:  
Hedging reserve**

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Opening balance	(107,041)	(68,138)	(107,087)	(67,757)
Cash flow hedge net movement recognised in other comprehensive revenue and expense	60,019	(38,903)	59,446	(39,330)
<b>Total hedging reserve</b>	<b>(47,022)</b>	<b>(107,041)</b>	<b>(47,641)</b>	<b>(107,087)</b>

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

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

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

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

## Note 29: Fair value through other comprehensive revenue and expense reserve

**Table 67:  
Fair value through other comprehensive revenue and expense reserve**

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Opening balance	5,085	4,290	6,100	5,328
Movements:				
Civic Financial Services Limited	17	13	17	13
Local Government Funding Agency	927	782	927	782
Creative HQ shareholdings – available for sale	-	-	(388)	(23)
<b>Total fair value through other comprehensive revenue and expense reserve</b>	<b>6,029</b>	<b>5,085</b>	<b>6,656</b>	<b>6,100</b>

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

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



## Note 30: Restricted funds

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

**Table 68:  
Restricted funds**

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Special reserves and funds	18,503	15,714	21,652	18,888
Trusts and bequests	482	468	1,706	1,139
<b>Total restricted funds</b>	<b>18,985</b>	<b>16,182</b>	<b>23,358</b>	<b>20,027</b>

**Table 69:  
Special reserves and funds**

	Opening Balance	Additional Funds	Utilised Funds	Closing Balance
	2021 \$000	2021 \$000	2021 \$000	2021 \$000
<b>Council</b>				
City recovery fund (was City Growth Fund)	2,441	5,241	(2,940)	4,742
Reserve purchase and development fund	782	-	-	782
Insurance reserve	12,491	1,505	(1,017)	12,979
<b>Total Council</b>	<b>15,714</b>	<b>6,746</b>	<b>(3,957)</b>	<b>18,503</b>
Controlled entities' reserve funds	3,174	96	(121)	3,149
<b>Total Group - Special reserves and funds</b>	<b>18,888</b>	<b>6,842</b>	<b>(4,078)</b>	<b>21,652</b>



## Note 30: Restricted funds

– continued

### Nature and purpose, funding and utilisation

#### City Recovery Fund (previously the City Growth fund)

COVID-19: Council initially agreed on 9 April 2020 to the establishment of a City Recovery Fund (CRF) as part of Council's pandemic response plan. On 27 May 2020, Council further agreed to a framework which saw the aggregation of three existing funds (City Growth Fund, the Capital of Culture activity and Destination Wellington) for the specific purpose of supporting and boosting the economic recovery in response to the impacts of COVID-19.

The City Recovery Fund has a closing balance of \$4.742m with combined funding for the year of \$5.241m (2020: \$1.787m) provided from rates. During the year \$2.940m (2020: \$2.107m) was utilised.

Under the LTP 2021–31 this fund will revert back to the City Growth Fund for 2021/22.

#### Reserve purchase and development fund

This fund is used to purchase and develop reserve areas within the city. During the year no purchases were made.

#### Insurance reserve

This reserve came into effect in 2001 and allows the Council to meet the cost of claims that fall below deductible limits under Council's insurance policies. Additions to the reserve of \$1.505m (2020: \$1.981m) were funded through rates as identified in the Annual Plan. During the year \$1.017m (2020: \$0.668m) was used to meet under-excess insurance costs.

### Controlled entities' reserve funds

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

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

### Analysis of movements in trusts and bequests

#### Additional funds and utilisation

Trusts and bequests receiving additional funds during the year were only those where interest totalling \$0.014m (2020: \$0.017m) has been applied in accordance with the original terms and conditions.

### Nature and purpose

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

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

#### Charles Plimmer Bequest

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

As at 31 August 2020, the value of the estate held by the Public Trust was \$18.639m (31 August 2019: \$18.441m), but the distributions to the beneficiary are only available from an agreed percentage of revenue generated. The distributions are only drawn down as required.

During the year:

- Distributions recognised as revenue – \$0.979m
- Funds utilised towards the Pukehuia Park (Newlands) upgrade – \$0.979m, with \$0.495m expected to be spent in 2021/22.



# Tauākī o ngā rerenga moni

## Statement of Cash flows

For the year ended  
30 June 2021

**Table 70:**  
**Statement of Cash Flows**

	Council			Group		
	Actual 2021 \$000	Budget 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000	
<b>Cash flows from operating activities</b>						
Receipts from rates - Council	342,909	344,102	316,718	342,909	316,718	
Receipts from rates - Greater Wellington Regional Council	72,795	71,540	70,418	72,795	70,418	
Receipts from activities and other revenue	179,056	145,989	144,334	197,139	168,958	
Receipts from grants and subsidies - Operating	18,604	8,972	8,035	31,413	14,241	
Receipts from grants and subsidies - Capital	27,118	28,112	26,837	28,025	26,977	
Receipts from investment property lease rentals	10,999	10,797	10,861	10,999	10,861	
Cash paid to suppliers and employees	(362,803)	(325,628)	(356,198)	(420,323)	(412,922)	
Rates paid to GWRC	(71,428)	(71,540)	(70,511)	(71,428)	(70,511)	
Grants paid	(46,901)	(53,485)	(42,711)	(19,266)	(14,809)	
Income tax paid	-	-	-	183	(9)	
Net GST (paid) / received	5,128	-	(1,110)	5,742	(1,027)	
<b>Net cash flows from operating activities</b>	<b>175,477</b>	<b>158,859</b>	<b>106,673</b>	<b>178,188</b>	<b>108,895</b>	
<b>Cash flows from investing activities</b>						
Dividends received	66	908	12,147	66	12,147	
Interest received	2,114	13	2,280	2,246	2,530	
Loan repayments	-	-	-	-	15	
Proceeds from sale of property, plant and equipment	2,163	-	18,111	2,848	18,111	
Proceeds from sale of Intangibles	109	-	837	109	837	
Proceeds from sale of Investment property	500	-	-	500	-	
Loan advances made	(900)	-	-	(900)	-	
(Increase) / decrease in investments	(36,690)	-	(22,224)	(35,788)	(22,608)	
Purchase of investment properties	(1,092)	-	(42)	(1,092)	(42)	
Purchase of intangibles	(18,277)	(9,508)	(4,001)	(18,277)	(4,001)	
Purchase of property, plant and equipment	(245,489)	(280,115)	(211,748)	(246,070)	(212,986)	
<b>Net cash flows from investing activities</b>	<b>(297,496)</b>	<b>(288,702)</b>	<b>(204,640)</b>	<b>(296,358)</b>	<b>(205,997)</b>	
<b>Cash flows from financing activities</b>						
New borrowings	250,721	277,149	154,269	251,385	154,269	
Repayment of borrowings	(118,000)	(125,000)	(67,294)	(118,028)	(67,294)	
Interest paid on borrowings	(24,930)	(25,718)	(25,677)	(24,930)	(25,677)	
<b>Net cash flows from financing activities</b>	<b>107,791</b>	<b>126,431</b>	<b>61,298</b>	<b>108,427</b>	<b>61,298</b>	
Net increase/(decrease) in cash and cash equivalents	(14,228)	(3,412)	(36,669)	(9,743)	(35,804)	
Cash and cash equivalents at beginning of year	98,577	8,179	135,246	113,285	149,089	
<b>Cash and cash equivalents at end of year</b>	<b>84,349</b>	<b>4,767</b>	<b>98,577</b>	<b>103,542</b>	<b>113,285</b>	

The notes on pg 12 to 113 form part of and should be read in conjunction with the financial statements



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

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

The Council has ring fenced funds of \$63.399m (2020: \$52.537m) mainly relating to the housing upgrade project and waste activities. For more information see Note 23: Borrowings (pg 62).

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 \$16.618m higher than budget, including main variances of:

- \$33.000m relating to the insurance proceeds recognised in 2019/20 but received in 2020/21
- \$8.638m of higher total grants and subsidies received largely due to the unbudgeted \$10.100m Government Stimulus funding package for Three Waters reform
- \$6.584m lower grants paid including \$2.691m less paid for CCO support.
- \$5.128m relating to the timing of a GST refund  
Offset by:
  - \$37.175m of higher payments made to suppliers including an unbudgeted \$10.100m paid in relation to the Government Stimulus funding package for Three Waters reform

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

- \$36.690m relating to increases in investments, principally term deposits of \$31.500m
- \$2.163m from the unbudgeted proceeds from the disposal of assets
- \$2.101m higher than budgeted interest revenue  
Offset by:

- \$34.627m of lower purchases of Property, plant and equipment assets resulting from less than budgeted capital expenditure

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

- \$19.428m of a lower net movement in borrowings resulting from lower capital expenditure  
Offset by:
  - \$0.788m of lower net interest paid due to lower borrowings and lower interest rates.



## Note 31: Reconciliation of cash flows

**Table 71:**  
**Reconciliation of net surplus / (deficit) to  
net cash flows from operating activities**

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
<b>Net surplus / (deficit) for the period</b>	<b>7,457</b>	<b>15,146</b>	<b>4,287</b>	<b>22,812</b>
<b>Add/(deduct) non-cash items:</b>				
Vested assets	(9,411)	(7,599)	(9,411)	(7,599)
Bad debts written off not previously provided for	76	6	79	13
Depreciation and amortisation	136,635	118,067	138,324	119,503
Impairment of property, plant and equipment	1,849	10,184	1,849	10,184
Fair value changes in investment properties	(20,496)	(7,558)	(20,496)	(7,558)
Other fair value changes	48	(6)	(23)	1
Movement in provision for impairments of doubtful debts	(95)	161	(122)	188
Tax expense/(credit)	-	-	30	(541)
Non-cash movement in provisions	830	4,706	977	4,706
<b>Total non-cash items</b>	<b>109,436</b>	<b>117,961</b>	<b>111,207</b>	<b>118,897</b>
<b>Add/(deduct) movement in working capital:<sup>6</sup></b>				
Exchange receivables and non-exchange recoverables	34,229	(39,448)	34,767	(38,424)
Prepayments	(12,620)	9,486	(12,423)	9,515
Inventories	762	(551)	854	(849)
Exchange transactions, taxes and transfers payables	14,245	(7,632)	12,960	(9,765)
Revenue in advance	6,582	229	7,190	2,066
Employee benefit liabilities	(276)	1,614	(588)	1,449
Provision for other liabilities	(6,974)	(1,160)	(6,625)	(850)
<b>Total working capital movement</b>	<b>35,948</b>	<b>(37,462)</b>	<b>36,135</b>	<b>(36,858)</b>
<b>Add/(deduct) investing and financing activities:</b>				
Net (gain)/loss on disposal of property, plant and equipment	(552)	433	(548)	447
Net (gain)/loss on disposal of intangibles	(126)	(655)	(126)	(589)
Net (gain)/loss on disposal of investment property	564	-	564	-
Dividends received	(66)	(12,147)	(66)	(86)
Interest received	(2,114)	(2,280)	(2,186)	(2,469)
Tax paid and subvention receipts	-	-	94	(98)
Interest paid on borrowings	24,930	25,677	24,936	25,677
Share of equity accounted (surplus)/deficit in associates	-	-	3,891	(18,838)
<b>Total investing and financing activities</b>	<b>22,636</b>	<b>11,028</b>	<b>26,559</b>	<b>4,044</b>
<b>Net cash flows from operating activities</b>	<b>175,477</b>	<b>106,673</b>	<b>178,188</b>	<b>108,895</b>

6. Excluding non-cash items



## Note 31: Reconciliation of cash flows - continued

**Table 72:**  
**Reconciliation of liabilities arising from  
financing activities**

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
<b>Opening balance</b>				
Current borrowings	186,000	125,039	186,028	125,068
Non-current borrowings	589,931	563,917	589,951	563,965
Hedges held against borrowings:				
Interest rate swaps - cash flow hedges	107,041	68,138	107,087	67,757
<b>Total opening balance</b>	<b>882,972</b>	<b>757,094</b>	<b>883,066</b>	<b>756,790</b>
<b>Cash flow movements - current</b>				
Repayment of borrowings - current	(118,000)	(67,294)	(118,028)	(67,323)
New borrowings	-	60,255	-	60,255
Movement from non-current to current borrowings	86,523	68,000	86,544	68,028
<b>Cash flow movements - non-current</b>				
New borrowings	250,721	94,014	251,385	94,014
Movement from non-current to current borrowings	(86,523)	(68,000)	(86,544)	(68,028)
<b>Total Cash movements</b>	<b>132,721</b>	<b>86,975</b>	<b>133,357</b>	<b>86,946</b>
<b>Non-cash flow movements</b>				
Interest rate swaps - cash flow hedges	(60,019)	38,903	(59,446)	39,330
<b>Total movements</b>	<b>72,702</b>	<b>125,878</b>	<b>73,911</b>	<b>126,276</b>
<b>Closing balance</b>				
Current borrowings	154,523	186,000	154,544	186,028
Non-current borrowings	754,129	589,931	754,792	589,951
Hedges held against borrowings:				
Interest rate swaps - cash flow hedges	47,022	107,041	47,641	107,087
<b>Total closing balance</b>	<b>955,674</b>	<b>882,972</b>	<b>956,977</b>	<b>883,066</b>



“We were losing a lot of biodiversity at one stage. A big change happened when animal pest control began at Ōtari in 1995. In a really short time, the kereru population just started to boom. Nowadays you can see tūi all around the city – it’s just amazing. That’s one of the best things that’s happened to Wellington.”

### **Anita Benbrook, Biodiversity Specialist**

Anita is the Council’s Biodiversity Specialist in Plants – advising what to plant, and where – and after 34 years with the Council, she’s become pretty good at it. Restoration planting is the bulk of what she does now – looking across the reserve network and connecting them up, like the Outer Green Belt. Her team looks out about 10 years ahead of time, trying to piece these green areas together.

She has a strong focus on identifying threatened species in the Pōneke region and working to recover them, as well as restoring our coastal dunes, helping to make them more resilient in storms. Anita says the increase in native wildlife that has gone hand-in-hand with the move to becoming a greener city has been remarkable.



# Ētahi atu whākitanga

## Other disclosures

### Note 32: Financial instruments

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

#### Relevant significant accounting policies

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

#### Financial Assets

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

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

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

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

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

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

#### Financial Liabilities

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

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



## Note 32: Financial instruments

- continued

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

**Table 73:**  
**Financial Instruments by category**

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
<b>Financial assets</b>				
<b>Loans and receivables</b>				
Cash and cash equivalents	84,349	98,577	103,542	113,285
Receivables and recoverables	61,056	95,467	62,319	96,888
Other financial assets	77,294	40,191	78,411	42,466
<b>Total loans and receivables</b>	<b>222,699</b>	<b>234,235</b>	<b>244,272</b>	<b>252,639</b>
<b>Financial assets at fair value through other comprehensive revenue and expense</b>				
Other financial assets	8,372	7,428	10,122	8,998
<b>Total financial assets at fair value through other comprehensive revenue and expense</b>	<b>8,372</b>	<b>7,428</b>	<b>10,122</b>	<b>8,998</b>
<b>Hedged derivative financial instruments</b>				
Derivatives designated as cash flow hedges	7,821	-	7,821	-
<b>Total hedged derivative financial instruments</b>	<b>7,821</b>	<b>-</b>	<b>7,821</b>	<b>-</b>
<b>Total financial assets</b>	<b>238,892</b>	<b>241,663</b>	<b>262,215</b>	<b>261,637</b>
Total non-financial assets	8,582,714	8,134,908	8,806,523	8,339,414
<b>Total assets</b>	<b>8,821,606</b>	<b>8,376,571</b>	<b>9,068,738</b>	<b>8,601,051</b>
<b>Financial liabilities</b>				
<b>Financial liabilities at amortised cost</b>				
Exchange transactions and transfers payable	72,108	57,417	74,442	60,635
Taxes payable	10,887	8,185	11,211	8,458
Borrowings	908,652	775,931	909,336	775,979
<b>Total financial liabilities at amortised cost</b>	<b>991,647</b>	<b>841,533</b>	<b>994,989</b>	<b>845,072</b>
<b>Derivative financial instruments</b>				
Derivatives designated as cash flow hedges	54,843	107,041	54,843	107,041
<b>Total derivative financial instruments</b>	<b>54,843</b>	<b>107,041</b>	<b>54,843</b>	<b>107,041</b>
<b>Total financial liabilities</b>	<b>1,046,490</b>	<b>948,574</b>	<b>1,049,832</b>	<b>952,113</b>
Total non-financial liabilities	81,421	86,814	89,722	94,494
<b>Total liabilities</b>	<b>1,127,911</b>	<b>1,035,388</b>	<b>1,139,554</b>	<b>1,046,607</b>



## Note 32: Financial instruments

– continued

### Fair value

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

### Fair value hierarchy

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

- **Level 1** – Quoted market price – Financial instruments with quoted prices for identical instruments in active markets.

- **Level 2** – Valuation technique using observable inputs – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

- **Level 3** – Valuation techniques with significant non-observable inputs – Financial instruments valued using models where one or more significant inputs are not observable.

**Table 74:**  
**Group hierarchy**

	2021			2020		
	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	-	-	10,122	-	-	9,258
Derivative financial instruments						
Cash flow hedges	-	7,821	-	-	-	-
<b>Financial liabilities</b>						
Derivative financial instruments						
Cash flow hedges	-	54,843	-	-	107,041	-



## Note 32: Financial instruments

- continued

**Table 75:  
Reconciliation of fair value  
movements in Level 3**

**Financial assets at fair value through other comprehensive revenue and expense**

**Equity investments**

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Opening balance - 1 July	6,633	6,633	9,258	8,749
Purchases	-	-	-	25
Disposals	-	-	-	-
Impairment	-	-	-	-
Loss on investment	-	-	(2)	(296)
Gains or losses recognised in other comprehensive revenue and expense	-	-	866	780
<b>Closing balance - 30 June</b>	<b>6,633</b>	<b>6,633</b>	<b>10,122</b>	<b>9,258</b>

The level 3 equity investments comprise the Group's shareholdings in the Local Government Funding Agency \$7.865m (2020: \$6.938m), Civic Assurance \$0.507m (2020: \$0.490m), the Creative HQ shareholdings \$1.490m (2020: \$1.570m) and a legacy investment by Wellington Museum's Trust of \$0.260m (2020: \$0.260m). Refer to Note 14: Other financial assets (pg 35) 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 (pg 98)). There is currently no liability recognised for these guarantees as the Group does not expect to be called upon for payment.



## Note 32: Financial instruments

- continued

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

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
<b>Table 76: Financial instruments with credit risk</b>				
Cash and cash equivalents	84,349	98,577	103,542	113,285
Derivative financial instrument assets	7,821	-	7,821	-
Receivables and recoverables	61,056	95,467	62,319	96,888
Other financial assets				
Bank deposits - term > 3 months	61,500	30,000	62,602	32,000
LGFA borrower notes	14,902	10,152	14,902	10,152
Loans to related parties - other organisations	892	39	892	39
Loans to external organisations	-	-	15	15
<b>Total financial instruments with credit risk</b>	<b>230,520</b>	<b>234,235</b>	<b>252,093</b>	<b>252,379</b>

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

The Group is exposed to credit risk as a guarantor of the LGFA's borrowings. Further information about this exposure is explained in Note 34: Contingencies (pg 98).

### Credit quality of financial assets

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

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
<b>Table 77: Counterparties with credit ratings</b>				
<b>Cash - registered banks</b>				
AA-	84,333	23,561	97,021	34,821
<b>Short-term deposits (less than 3 months) - registered banks</b>				
AA-	-	75,000	2,988	78,427
<b>Term deposits (greater than 3 months) - registered banks</b>				
AA-	39,000	15,000	43,602	17,000
A	22,500	15,000	22,500	15,000
<b>Term deposits - borrower notes - NZLGFA</b>				
AA+	14,902	10,152	14,902	10,152



## Note 32: Financial instruments

- continued

### Liquidity risk

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

Management Policy to ensure the Group is able to access required funds.

### Contractual maturity

The following maturity analysis in Table 78 sets out the contractual cash flows for all financial liabilities that are settled on a gross cash flow basis. Contractual cash flows for financial liabilities include the nominal amount and interest payable.

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
<b>Table 78: Contractual cash flows of financial liabilities excluding derivatives</b>				
<b>Contractual cash flows of financial liabilities excluding derivatives</b>				
0-12 months	247,233	259,165	250,195	262,453
1-2 years	153,422	92,374	153,422	92,394
2-5 years	291,207	279,342	291,930	279,342
More than 5 years	396,933	261,261	396,933	261,261
<b>Total contractual cash flows of financial liabilities excluding derivatives</b>	<b>1,088,795</b>	<b>892,142</b>	<b>1,092,480</b>	<b>895,450</b>
<b>Represented by:</b>				
Carrying amount as per the Statement of Financial Position	991,719	841,766	995,344	845,074
Future interest payable	97,076	50,376	97,136	50,376
<b>Total contractual cash flows of financial liabilities excluding derivatives</b>	<b>1,088,795</b>	<b>892,142</b>	<b>1,092,480</b>	<b>895,450</b>

The following maturity analysis in Table 79, sets out the contractual cash flows for all financial liabilities that are settled on a net cash flow basis. Contractual cash flows for derivative financial liabilities are the future interest payable.

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
<b>Table 79: Contractual cash flows of derivative financial liabilities</b>				
<b>Contractual cash flows of derivative financial liabilities</b>				
0-12 months	14,192	15,253	14,192	15,253
1-2 years	11,521	15,477	11,521	15,477
2-5 years	21,519	40,262	21,519	40,262
More than 5 years	12,464	40,507	12,464	40,507
<b>Total contractual cashflow of derivative financial liabilities</b>	<b>59,696</b>	<b>111,499</b>	<b>59,696</b>	<b>111,499</b>
<b>Represented by:</b>				
Future interest payable	59,696	111,499	59,696	111,499
<b>Total contractual cash flows of financial liabilities excluding derivatives</b>	<b>59,696</b>	<b>111,499</b>	<b>59,696</b>	<b>111,499</b>



## Note 32: Financial instruments

– continued

In addition to cash to be received in 2021/22 the Group currently has \$130.000m (2020: \$120.000m) in unutilised committed bank facilities available to settle obligations as well as \$162.460m (2020: \$210.173m) of cash, cash equivalents and receivables and is expected to have sufficient cash to meet all contractual liabilities as they fall due.

The Group is exposed to liquidity risk as a guarantor of all of LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its obligations when they fall due. Information about this exposure is explained in Note 34: Contingencies (pg 98).

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

**Table 80: Liquidity funding risk limits**

	Minimum	Maximum	Actual
<b>Period</b>			
0-3 years	15%	60%	40%
3-5 years	15%	60%	21%
More than 5 years	15%	60%	39%

### Market risk

Market risk is the risk that the value of an investment will decrease, or a liability will increase due to changes in market conditions. The Group uses interest rate swaps in the ordinary course of business to manage interest rate risks. A Treasury Committee, headed by senior management personnel and the Council's treasury management advisors (presently PwC), provides oversight for financial risk management and derivative activities and ensures any activities are in line with the Liability Management Policy which is formally approved by the Council as part of the Long-Term Plan (LTP).

### Cash flow and fair value interest rate risk

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

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

The proportion of gross borrowing at a fixed interest rate for the period ending 30 June 2021 is 73 percent.



## Note 32: Financial instruments

- continued

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

**Table 81:  
Interest rate volatility**

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
<b>Financial instruments subject to interest rate volatility - before effect of interest rate swaps</b>				
Cash and cash equivalents	84,349	98,577	103,542	113,285
Bank deposits - term greater than 3 months	61,500	30,000	62,602	32,000
Commercial paper	(68,000)	(68,000)	(68,000)	(68,000)
Debt securities - floating rate notes	(728,500)	(642,000)	(728,500)	(642,000)
<b>Total financial instruments subject to interest rate volatility - before effect of interest rate swaps</b>	<b>(650,651)</b>	<b>(581,423)</b>	<b>(630,356)</b>	<b>(564,715)</b>
<b>Effect of interest rate swaps in reducing interest rate volatility</b>				
Effect of Cash flow interest rate swaps - hedged	549,000	454,000	549,000	454,000
<b>Total effect of interest rate swaps in reducing interest rate volatility</b>	<b>549,000</b>	<b>454,000</b>	<b>549,000</b>	<b>454,000</b>
<b>Total financial instruments subject to interest rate volatility - after effect of interest rate swaps</b>	<b>(101,651)</b>	<b>(127,423)</b>	<b>(81,356)</b>	<b>(110,715)</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 forecast current floating interest rate and the fixed swap interest rate discounted back to present value. At 30 June 2021 the fair value of the interest rate swaps was -\$47.022m (2020:-\$107.041m). The liability represents the forecast extra cash flows the Council is expected to pay from locking in fixed interest rates higher than current market rates.

Given that the interest rate swaps have terms that match with the borrowings (short term bank facilities, commercial paper and debt securities), it is appropriate to include the effect of the interest rate swaps on the borrowings interest rate and present the net effective interest rates for the underlying borrowings in Table 82 as follows.



## Note 32: Financial instruments

- continued

**Table 82:**  
**Weighted effective interest rates**

	Council		Group	
	2021 %	2020 %	2021 %	2020 %
<b>Investments</b>				
Cash and cash equivalents	0.25	0.41	0.25	0.38
Bank deposits - term	0.93	2.59	0.93	2.58
LGFA - borrower notes	0.63	0.95	0.63	0.95
Loans to related parties	-	-	-	-
<b>Borrowings</b>				
Bank loans	3.65	4.30	3.65	4.30
Commercial paper	0.36	0.49	0.36	0.49
Debt securities - fixed	2.02	3.01	2.02	3.01
Debt securities - floating	0.97	0.94	0.97	0.94
Derivative financial instruments - hedged	3.69	3.73	3.69	3.73

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

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



## Note 32: Financial instruments

- continued

### Sensitivity analysis

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

Table 83 below illustrates the potential surplus or deficit impact of a 1 percent change in interest rates based on the Group's exposures at the end of the reporting period:

**Table 83:  
Sensitivity to interest rate risk**

Note	Group 2021 \$000		Group 2021 \$000	
	+1%	-1%	+1%	-1%
	Effect on Surplus or Deficit		Effect on Other Comprehensive Revenue and Expense	
<b>Financial assets</b>				
Cash and cash equivalents	a	843	(843)	-
LGFA - borrower notes	b	149	(149)	-
Term deposits > 3 months	c	615	(615)	-
Derivatives - interest rate swaps - hedged	d	-	-	7,682
				(8,794)
<b>Financial liabilities</b>				
Derivatives - interest rate swaps - hedged	d	-	-	34,038
Debt securities - floating rate notes	e	(3,305)	3,305	-
Bank loans	f	(72)	72	-
Commercial paper	g	(170)	170	-
Total sensitivity to interest rate risk		<b>(1,940)</b>	<b>1,940</b>	<b>41,720</b>
				<b>(46,143)</b>

### a. Cash and cash equivalents

Group funds are in a number of different registered bank accounts with interest payable on the aggregation of all accounts. While most of the funds are held on short-term deposit, they are subject to interest rate movement on any subsequent reinvestment. A movement in interest rates of plus or minus 1 percent has an effect on interest revenue of \$0.843m accordingly.

### b. LGFA borrower notes

The Group holds \$14.902m of borrower notes which are investments held by LGFA as part of their lending policy. They are subject to quarterly interest rate resetting. A movement in interest rates of plus or minus 1 percent has an effect on interest revenue of \$0.149m accordingly.

### c. Bank term deposits > than 3 months

Bank deposits greater than 3 months are subject to interest rate movement on any subsequent reinvestment. A movement in interest rates of plus or minus 1 percent has an effect on interest revenue of \$0.615m accordingly.

### d. Derivatives - hedged interest rate swaps

Derivatives include hedged interest rate swaps with a fair value totalling -\$47.022m. A movement in interest rates of plus 1 percent has an effect on increasing the unrealised value of the hedged interest rate swaps by \$41.720m. A movement in interest rates of minus 1 percent has an effect on reducing the unrealised value of the hedged interest rate swaps by \$46.143m.

### e. Debt securities - floating rate notes

Debt securities at floating rates total \$728.500m. The full exposure to changes in interest rates has been reduced because the Group has \$398.000m of this debt at fixed rates through interest rate swaps. A movement in interest rates of plus or minus 1 percent has an effect on the interest expense of \$3.305m accordingly.

### f. Bank Loans

The Group, through the Council's joint operations with Porirua City Council has a bank term loans of \$7.152m. This loan consists of various loans provided to the joint operations through Porirua City Council borrowing. A movement in interest rates of plus or minus 1 percent has an effect on the interest expense of \$0.072m accordingly.

### g. Commercial paper

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



## Note 33: Commitments

**Table 84:**  
**Capital commitments**

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Approved and contracted – property, plant and equipment	259,227	350,332	259,232	350,337
Approved and contracted – investment properties	-	-	-	-
Approved and contracted – intangibles	-	-	-	-
Approved and contracted – share of associates	-	-	7	7
Approved and contracted – share of joint ventures	-	-	-	-
<b>Total capital commitments</b>	<b>259,227</b>	<b>350,332</b>	<b>259,239</b>	<b>350,344</b>

The capital commitments in Table 84 above, represent signed contracts in place at the end of the reporting period.

The contracts will often span more than one financial year and may include capital expenditure carried forward from 2020/21 to future years.



## Note 33: Commitments

– continued

### Lease commitments

#### Operating leases – Group as lessee

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

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

The value of minimum payments for non-cancellable operating leases is recognised as an expense in Note 7: Expenditure on operating activities (pg 20).

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

#### 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.

**Table 85:**

#### Non-cancellable operating lease commitments as lessee

##### Plant and equipment

Not later than one year

Later than one year and not later than five years

Later than five years

##### Land and buildings

Not later than one year

Later than one year and not later than five years

Later than five years

#### Total non-cancellable operating lease commitments as lessee

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
<b>Plant and equipment</b>				
Not later than one year	–	–	73	205
Later than one year and not later than five years	–	–	82	159
Later than five years	–	–	–	–
<b>Land and buildings</b>				
Not later than one year	10,129	6,915	10,714	8,464
Later than one year and not later than five years	19,314	13,820	19,791	16,740
Later than five years	25,120	1,316	25,120	1,316
<b>Total non-cancellable operating lease commitments as lessee</b>	<b>54,563</b>	<b>22,051</b>	<b>55,780</b>	<b>26,884</b>



## Note 33: Commitments

– continued

### Operating leases – Group as lessor

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

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

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

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

### Commitments to related parties

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

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

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
<b>Table 86: Non-cancellable operating lease commitments as lessor</b>				
<b>Investment properties</b>				
Not later than one year	8,655	9,164	8,655	9,164
Later than one year and not later than five years	29,404	29,862	29,404	29,862
Later than five years	52,720	44,046	52,720	44,046
<b>Land and buildings</b>				
Not later than one year	4,499	6,202	4,502	6,202
Later than one year and not later than five years	6,622	10,394	6,622	10,394
Later than five years	6,891	13,763	6,891	13,763
<b>Total non-cancellable operating lease commitments as lessor</b>	<b>108,791</b>	<b>113,431</b>	<b>108,794</b>	<b>113,431</b>

### Relevant significant accounting policies

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



## Note 34: Contingencies

**Table 87:  
Contingent liabilities**

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Uncalled capital – LGFA	1,866	1,866	1,866	1,866
Other legal proceedings	585	89	585	89
WIAL equity underwrite	25,760	25,760	27,760	25,760
WRST loan facility	1,200	-	1,200	-
WOW Funding agreement	5,000	-	5,000	-
Share of associates' and joint venture's contingent liabilities	-	-	-	-
Share of joint operations' contingent liabilities	-	-	-	-
<b>Total contingent liabilities</b>	<b>34,411</b>	<b>27,715</b>	<b>36,411</b>	<b>27,715</b>

### NZ Local Government Funding Agency Limited (LGFA)

Council is one of 30 local authority shareholder, borrower and guarantor councils of the LGFA. Any non-shareholder council that borrows in aggregate NZ\$20m or more from LGFA must be a guarantor. There are now 63 guarantor Councils in total. In this regard Council has uncalled capital of \$1.866m. When aggregated with the uncalled capital of other shareholders, \$20m is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, Council is a guarantor of all of LGFA's borrowings. At 30 June 2021, LGFA had borrowings totalling \$13,609m (2020: \$11,908m).

Financial reporting standards require Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of LGFA defaulting on repayment of interest or capital to be very low on the basis that we are not aware of any local authority, which is a member of the LGFA, that has had debt default events in New Zealand; and local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required. Council considers that even if it was called upon to contribute the cost would not be material.

### Other legal proceedings

Other legal proceedings are current claims against the Council and Group as a result of past events which are currently being contested. The amounts shown reflect potential liability for financial reporting purposes only and do not represent an admission that any claim is valid. The outcome of these remains uncertain at the end of the reporting period. The maximum exposure to the Group is anticipated to be less than \$0.585m.

### Structural defect claim

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



## Note 34: Contingencies

– continued

### COVID-19 support for related parties and other entities

#### Wellington International Airport Limited

As part of its COVID-19 pandemic response, Council agreed on 23 April 2020 to provide financial support to Wellington International Airport Limited in proportion to its 34 percent equity holding, if required. Along with Infratil Limited, who own the remaining 66 percent, the two shareholders will jointly provide an equity underwrite of up to nearly \$75.76 million. Council's share would be up to \$25.76m and Infratil's \$50m. The facility will be able to be drawn by WIAL, if required, through the issue of redeemable preference shares.

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

#### Wellington Regional Stadium Trust (WRST)

As a direct response to the COVID-19 pandemic, Council agreed, on 21 July 2020, to a joint loan facility between Council and Greater Wellington Regional Council to be made available to WRST. The loan facility to be used, if required, to fund operating deficits resulting from the impact of COVID-19 and to provide funding for the capital works required to continue with the strengthening of the Fran Wilde walkway. This loan is an unsecured facility of up to \$4.200m divided equally between the lenders with a fixed interest rate of 3.0 percent and is interest free for the first two years upon being drawn down. \$0.900m was drawn down from Council during the period ending 30 June 2021.

### World of Wearable Art (WOW)

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

### Unquantified contingent liabilities

#### Holiday Pay remediation

A number of New Zealand's public and private organisations have identified issues with the calculation of leave entitlements under the Holidays Act 2003 ("the Act"). During 2019/20, Council completed its own review of payroll processes which identified instances of non-compliance with the Act. This review resulted in Council establishing a project team to further look at system configuration and business processes to better understand the areas of non-compliance with the Act, this work has continued into 2020/21. This is a significant undertaking and due to this Council has decided that the project will be split into two phases; phase one is the rectification of known system configuration and business process issues while phase two will be the remediation. Council is partway through phase one of the project with a completion date estimated to be early 2022.

Following this, Council will commence phase two of the project. The outcome of this phase cannot be determined at this time given the current level of reliability of this information. Due to this we are unable to quantify our liability at 30 June 2021. Council acknowledges that the potential liability could be significant as the issue affects current and past employees and covers a period going back six years plus one from October 2020.

### Other claims

There are various other claims that the Council and Group are currently contesting which have not been quantified due to the nature of the issues, the uncertainty of the outcome and/or the extent to which the Council and Group have a responsibility.

### Contingent assets

The Council and Group have no contingent assets that can be quantified as at 30 June 2021 (2020: \$Nil).

### Relevant significant accounting policies

#### Contingent liabilities and contingent assets

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



## Note 35: Joint Operations

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

**Table 88:  
Joint Operations**

Wastewater treatment plant - Porirua City Council

Spicer Valley Landfill - Porirua City Council

LGWM Projects

- State Highway improvement
- Mass Rapid Transport
- City Streets
- Early Delivery
- Travel Demand Management

### Relevant significant accounting policies

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

The Council's and Group's share of the joint operations' capital commitments is \$Nil (2020: \$Nil) and contingent liabilities is \$Nil (2020: \$Nil).

	Interest	Interest	Nature of business
	2021	2020	
Wastewater treatment plant - Porirua City Council	27.60%	27.60%	Owns and operates a wastewater treatment plant and associated trunk sewers and pumping stations that provide services to Wellington City's northern suburbs. Ownership of the assets is in proportion to the capacity of the plant allocated to the two councils.
Spicer Valley Landfill - Porirua City Council	21.50%	21.50%	Owns and operates a sanitary landfill that provides services to Wellington City's northern suburbs. Ownership of the assets is in proportion to the ratio of the populations of Porirua City and the area of the former Tawa Borough.
LGWM Projects	20.00%	20.00%	Joint initiative to develop a transport system that supports future aspirations for the look, feel, and function of Wellington City. These will support Wellington's growth while making it safer and easier to get around.

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



## Note 36: Related party disclosures

### Relevant significant accounting policies

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

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

### Key management personnel

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

**Table 89: Remuneration paid to key management personnel**

	Council	
	2021 \$	2020 \$
<b>Council Members</b>		
Remuneration	1,846,046	1,789,623
<b>Chief Executive and Executive Leadership Team</b>		
Remuneration	2,601,008	2,681,193
<b>Total remuneration paid to key management personnel</b>	<b>4,447,054</b>	<b>4,470,816</b>

As at 30 June 2021 key management personnel comprised of 23 individuals: 15 elected members or 15 fulltime equivalents (2020: 15) and 8 executive leaders or 8 fulltime equivalents (2020: 8). There was no increase in the number of executive leadership roles over the period to 30 June 2021.

During the year period we continued the recruitment into vacant Executive Leadership roles which had carried over from the prior financial year and made appointments into these roles. During this period of recruitment, we had a number of senior managers acting in executive leadership roles to provide cover.

Following the COVID-19 crisis, ELT members, in order to collectively demonstrate their commitment to the city's pandemic response, voluntarily agreed to a 10% salary sacrifice, this covered the period of 1 July to 31 December 2020 of this financial year. For further disclosure of the remuneration payable to the Mayor, Councillors and the Chief Executive refer to Note 37: Remuneration and staffing (pg 107).

### Material related party transactions – key management personnel

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

A related party of an Executive Leadership Team member provided training services, through a company, to Council during the year. These services valued at \$12,153 were procured as arm's length transactions on normal commercial terms. Except for these transactions no key management personnel have entered into related party transactions with the Group.

The Mayor and Councillors disclose their personal interests in a register available on the Council website.

There are no commitments from Council to key management personnel.

### Material related party transactions – structured entities

#### NZ Local Government Funding Agency Limited (LGFA)

The LGFA was incorporated on 1 December 2011 and was established to facilitate the efficient, and cost effective, raising of debt funding for local government authorities. There are currently 30 regional, district and city councils throughout New Zealand that own 80 percent of the issued capital, with the Government holding the remaining 20 percent. The Council became an establishment shareholder in this Council Controlled Trading Organisation (CCTO) and currently has an investment of \$1.866m representing 8.3 percent of paid-up capital.

During the year ending 30 June 2021 Council drew down new borrowings of \$249.500m and repaid \$93.000m. Interest expense was paid quarterly in arrears on all borrowings and interest revenue of \$0.130m was received on \$1.488m of borrower notes on maturity. Council borrowings from the LGFA are comprised of \$100m of Fixed Rates Bonds and \$691m of Floating Rate Notes.

Council holds \$14.902m of investment borrower notes and during the year Council received a shareholder dividend of \$0.066m.

#### Wellington International Airport Limited

**COVID-19:** Support for an underwrite of additional equity, if required. For more information refer to Note 34: Contingencies (pg 98).



## Note 36: Related party disclosures

- continued

### Material related party transactions - unstructured entities

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

#### Basin Reserve Trust (BRT)

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

During the year ending 30 June 2021 Council contributed \$0.695m (2020: \$0.680m) to fund the core operations of the Trust.

#### Wellington Regional Stadium Trust (WRST)

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

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

During the year ending 30 June 2021 Council transacted directly with WRST to the amount of \$2.954m (2020: \$0.373m) as part of the original \$5.000m funding grant recognised in 2016/17 for the upgrade of the concourse. This grant is now fully paid.

**Table 90:  
Basin Reserve Trust**

	Council	
	2021 \$000	2020 \$000
<b>Summarised financial information of unstructured entity</b>		
Total assets	856	777
Total liabilities	(199)	(194)
<b>Net assets</b>	<b>657</b>	<b>583</b>
Revenue	1,212	1,605
Expenses	(1,138)	(1,599)
<b>Surplus / (deficit)</b>	<b>74</b>	<b>6</b>

**Table 91:  
Wellington Regional Stadium Trust**

	Council	
	2021 \$000	2020 \$000
<b>Summarised financial information of unstructured entity</b>		
Total assets	98,527	96,032
Total liabilities	(48,503)	(6,874)
<b>Net assets</b>	<b>50,024</b>	<b>89,158</b>
Revenue	14,485	11,262
Expenses	(13,224)	(13,333)
<b>Surplus / (deficit)</b>	<b>1,261</b>	<b>(2,071)</b>

In addition, WRST made an initial drawdown on the new joint loan facility (WCC and GWRC) for the amount of \$0.900m. This loan facility was made available for COVID-19 impact support and additional concourse works. A further \$1.200m remains undrawn from Council for this facility. Refer to Note 14: Other Financial assets (page 35), for more information on this loan.



## Note 36: Related party disclosures – continued

### Intra group transactions and balances – Joint Operations

During the year the Council has entered into transactions with its joint operations partners Porirua City Council and Let's Get Wellington Moving. These transactions disclosed are within the normal course of business. The nature of these intra-group transactions and the outstanding balances at the year-end are as follows in Table 92.

	Council	
	2021 \$000	2020 \$000
<b>Share of jointly incurred expenditure</b>		
Porirua – waste water treatment plant	2,254	1,850
Let's Get Wellington Moving	5,199	2,430
	<b>7,453</b>	<b>4,280</b>
<b>Current receivables and recoverables owing to the Council from:</b>		
Let's Get Wellington Moving	<b>897</b>	<b>769</b>



## Note 36: Related party disclosures – continued

### Intra group transactions and balances – Controlled entities

During the year the Council has entered into transactions with its controlled entities. These transactions disclosed are within the normal course of business. The nature of these intra-group transactions and the outstanding balances at the year-end are as follows in Table 93.

**Table 93:  
Intra group transactions and balances –  
Controlled entities**

#### Revenue received by Council for services provided to:

Karori Sanctuary Trust	
Wellington Cable Car Limited	
Wellington Museums Trust	
Wellington Regional Economic Development Agency	
Wellington Zoo Trust	

#### Grant funding paid by Council for the operations and management of:

Karori Sanctuary Trust	
Wellington Museums Trust	
Wellington Regional Economic Development Agency	
Wellington Zoo Trust	

#### Funding paid by Council for COVID-19 support of:

Karori Sanctuary Trust	
Wellington Cable Car Limited	
Wellington Museums Trust	
Wellington Zoo Trust	

#### Expenditure payments made by Council for services provided by:

Karori Sanctuary Trust	
Wellington Cable Car Limited	
Wellington Museums Trust	
Wellington Regional Economic Development Agency	
Wellington Zoo Trust	

Council	
2021 \$000	2020 \$000
31	36
53	173
1,444	1,442
110	27
611	342
<b>2,249</b>	<b>2,020</b>
1,487	1,032
9,963	9,300
11,463	12,610
3,508	3,406
<b>26,421</b>	<b>26,348</b>
-	230
1,587	-
731	-
-	274
<b>2,318</b>	<b>504</b>
10	23
3	-
771	264
3,942	5,086
1,777	1,244
<b>6,503</b>	<b>6,617</b>



## Note 36: Related party disclosures - continued

**Table 93:**  
**Intra group transactions and balances -**  
**Controlled entities - continued**

**Current receivables and recoverables owing to the Council from:**

Karori Sanctuary Trust	
Wellington Cable Car Limited	
Wellington Museums Trust	
Wellington Regional Economic Development Agency	
Wellington Zoo Trust	

**Current payables owed by the Council to:**

Wellington Cable Car Limited	
Wellington Museums Trust	
Wellington Regional Economic Development Agency	
Wellington Zoo Trust	

**Current receivables, recoverables and payables**

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

**Payments to controlled entities**

The total payments to controlled entities were \$35.242m (2020: \$33.469m) when the grant funding of \$26.421m (2020: \$26.348m), COVID-19 Support of \$2.318m (2020: \$0.504m) and expenditure for services provided to Council of \$6.503m (2020: \$6.617m) are combined.

Council	
2021 \$000	2020 \$000
4	7
-	52
175	156
61	-
554	179
<b>794</b>	<b>394</b>
1,212	-
544	5
12	75
1	229
<b>1,769</b>	<b>309</b>



## Note 36: Related party disclosures – continued

### Intra group transactions and balances – Associates and Joint Venture

During the year the Council has entered into several transactions with its associates and joint venture. These transactions disclosed are within the normal course of business. The nature of these intra-group transactions and the outstanding balances at the year-end are as follows in Table 94.

**Table 94:**  
**Intra group transactions and balances –**  
**Associates and joint venture**

**Dividend received from:**

Wellington International Airport Limited

**Proceeds from Sale of land and buildings:**

Wellington International Airport Limited

**Revenue received by Council for services provided to:**

Wellington International Airport Limited

Wellington Water Limited

**Expenditure payments made by Council for services provided by:**

Wellington International Airport Limited

Wellington Water Limited

**Current receivables and recoverables owing to the Council from:**

Wellington International Airport Limited

Wellington Water Limited

**Current payables owed by the Council to:**

Wellington Water Limited

Council	
2021 \$000	2020 \$000
-	12,061
-	2,536
56	92
702	1,205
<b>758</b>	<b>1,297</b>
64	47
97,774	93,307
<b>97,838</b>	<b>93,354</b>
-	26
26	333
<b>26</b>	<b>359</b>
<b>14,397</b>	<b>6,945</b>

**Current receivables, recoverables and payables**

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



## Note 37: Remuneration and staffing

### Mayoral and Councillor remuneration

#### Remuneration

The following people held office as elected members of the Council's governing body, during the reporting period.

The total remuneration attributed to the Mayor and Councillors during the year from 1 July 2020 to 30 June 2021 was \$1,846,046 (2020: \$1,789,623) and is broken down and classified as follows in Table 95.

**Table 95:  
Elected Council  
member remuneration**

	Monetary Remuneration			Allowances	Non-monetary Remuneration	Total 2021
	Remuneration Authority Determination 2020	Remuneration Authority Temporary COVID-19 Determination 2020	Total Salary			
	183 days	182 days	365 days			
	\$	\$	\$			
Foster, Andy (Mayor)*	90,497	86,749	177,246	250	5,989	183,485
Calvert, Diane*	55,765	53,737	109,502	250	5,989	115,741
Condie, Jenny*	55,765	53,136	108,901	250	5,989	115,140
Free, Sarah*	65,291	63,328	128,619	250	5,989	134,858
Sparrow, Malcolm*	55,765	53,689	109,454	250	5,989	115,693
Woolf, Simon*	55,765	52,687	108,452	250	5,989	114,691
Day, Jill			120,227	250	5,989	126,466
Fitzsimons, Fleur			111,225	250	5,989	117,464
Foon, Laurie			111,225	250	5,989	117,464
Matthews, Rebecca			111,225	250	5,989	117,464
O'Neill, Teri			111,225	250	5,989	117,464
Pannett, Iona			111,225	250	5,989	117,464
Paul, Tamatha			111,225	510	5,989	117,724
Rush, Sean			111,225	250	5,989	117,464
Young, Nicola			111,225	250	5,989	117,464
<b>Total remuneration paid to council members</b>			<b>1,752,201</b>	<b>4,010</b>	<b>89,835</b>	<b>1,846,046</b>
				<b>Total monetary remuneration</b>		<b>1,756,211</b>
				<b>Total non-monetary remuneration</b>		<b>89,835</b>

In April 2021 Councillors took a voluntary pay cut of 10% due to COVID-19. At the time there was no legal way for elected members to take reduced pay directly and so they donated this 10% to charitable organisations in Wellington. The Government subsequently introduced a mechanism for elected members to take a direct pay cut and the Mayor and five Councillors used this mechanism (\*as represented above). The other Councillors continued to make charitable donations of 10% of their pay.



## Note 37: Remuneration and staffing – continued

### 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 2020/21 financial year rather than the alternative option of a combination of meeting fee payments and annual salary.

### Mayoral car

The Remuneration Authority does permit Council to provide the Mayor with a vehicle for full private use, which is a taxable benefit and the current Mayor has taken up this option.

### Non-monetary

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

The Councillors have shared office and working space available for use, and access to phones and computers. Professional indemnity and trustee liability insurance is also provided to Councillors against any potential legal litigation which may occur while undertaking Council business.

### Relevant significant accounting policies

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



## Note 37: Remuneration and staffing – continued

### Community Boards

The Council has two community boards – the Tawa Community Board and the Makara/Ohariu Community Board. Remuneration paid to the elected members of these boards is as follows in Table 96.

**Table 96:  
Community Board  
Member remuneration**

	Salary	Allowances	Other	Total 2021
	\$	\$	\$	\$
<b>Tawa community board</b>				
Parkinson, Robyn (Chair)	18,810	540	-	19,350
Alexander, Malcolm (elected from 13 May 2021)	1,263	-	-	1,263
Herbert, Richard (Deputy Chair)	9,405	-	-	9,405
Hansen, Graeme	9,405	-	-	9,405
Knight, Steph (resigned from 1 March 2021)	6,287	-	-	6,287
Lacy, Jackson (includes Youth Council attendance fee)	9,405	-	450	9,855
Scott, Anna	9,405	-	-	9,405
Day, Jill (see Councillor remuneration above)	-	-	-	-
Sparrow, Malcolm (see Councillor remuneration above)	-	-	-	-
<b>Makara-ohariu community board</b>				
Apanowicz, John (Chair)	9,429	540	-	9,969
Grace, Christine (Deputy Chair)	4,716	-	-	4,716
Hoskins, Darren	4,716	-	-	4,716
Renner, Chris	4,716	-	-	4,716
Rudd, Wayne	4,716	-	-	4,716
Todd, Hamish	4,716	-	-	4,716
<b>Total remuneration to community board members</b>	<b>96,989</b>	<b>1,080</b>	<b>450</b>	<b>98,519</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.



## Note 37: Remuneration and staffing – continued

### Chief Executive's remuneration

The Chief Executive of the Council was appointed in accordance with section 42 of the Local Government Act 2002.

Table 97 below, shows the total remuneration of the Chief Executive paid or payable for the year ended 30 June 2021.

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

The total remuneration package for the Chief Executive is \$436,664 (2020: \$436,664).

Note that during the period of 1 July to 31 December 2020 the Chief Executive, along with the members of the Executive Leadership team took a 10% voluntary

salary sacrifice, as a COVID-19 response, which meant her actual remuneration for the year ending 30 June 2021 was \$414,651.

**Table 97:  
Remuneration of the Chief Executive**

#### Barbara McKerrow

Salary (reflecting 10% salary sacrifice to 31 December 2020)

#### Kevin Lavery (to 31 March 2020)

Salary

Motor vehicle park

#### Total remuneration of the chief executive

	Council	
	2021	2020
	\$	\$
Barbara McKerrow	414,651	134,578
Kevin Lavery (to 31 March 2020)	-	326,197
Motor vehicle park	-	1,759
<b>Total remuneration of the chief executive</b>	<b>414,651</b>	<b>462,534</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 2021 the Council made severance payments to 11 employees totalling \$203,351 (2020: 13 employees, \$405,662).

The individual values of each of these severance payments are: \$22,055; \$28,207; \$6,418; \$26,527; \$29,454; \$7,965; \$8,125; \$27,417; \$25,932; \$3,589; \$17,662.

### Employee numbers and remuneration bands

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

**Table 98:  
Employee numbers**

#### Full-time and full-time equivalent employee numbers

Full-time employees (based on a 40 hour week) as at 30 June

Full-time equivalents for all other non full-time employees

	Council	
	2021	2020
Full-time employees (based on a 40 hour week) as at 30 June	1,156	1,128
Full-time equivalents for all other non full-time employees	278	263



## Note 37: Remuneration and staffing – continued

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

**Table 99:  
Remuneration bands**

The number of employees receiving total annual remuneration of less than \$60,000

Of the 965 (2020: 991) employees in this band, 629 (2020: 640) are part-time or casual

The number of employees receiving total annual remuneration of more than \$60,000 in bands of \$20,000

\$60,000-\$79,999.99

\$80,000-\$99,999.99

\$100,000-\$119,999.99

\$120,000-\$139,999.99

\$140,000-\$159,999.99

\$160,000-\$179,999.99

\$180,000-\$199,999.99

\$200,000-\$219,999.99

\$220,000-\$259,999.99\*

\$280,000-\$339,999.99\*

\$440,000-\$459,999.99\*

**Total employees**

**Council**

**2021**

965

283

248

160

84

30

25

15

8

7

7

1

**1,833**

Of the 1833 (2020: 1,815) individual employees, 677 (2020: 687) work part-time or casually.

**Table 100:  
Remuneration bands**

The number of employees receiving total annual remuneration of less than \$60,000

Of the 991 (2019:1050) employees in this band, 640 (2019: 678) are part-time or casual

The number of employees receiving total annual remuneration of more than \$60,000 in bands of \$20,000

\$60,000-\$79,999.99

\$80,000-\$99,999.99

\$100,000-\$119,999.99

\$120,000-\$139,999.99

\$140,000-\$159,999.99

\$160,000-\$179,999.99

\$180,000-\$199,999.99

\$200,000-\$239,999.99\*

\$240,000-\$299,999.99\*

\$300,000-\$439,999.99\*

**Total employees**

**Council**

**2020**

991

276

254

127

81

35

21

13

7

6

4

**1,815**

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

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.



## Note 37: Remuneration and staffing – continued

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

<b>Table 101: Lowest remuneration grades</b>	<b>Salary Range (\$)</b>	<b>2021</b>
Q (Living Wage)	46,094	311
9	46,904–59,160	442

<b>Table 102: Lowest remuneration grades</b>	<b>Salary Range (\$)</b>	<b>2020</b>
Q (Living Wage)	44,113	344
9	44,133–57,602	412

The current living wage rate for Council was \$22.10 per hour for the period to 30 June 2021. Each year the living wage rate for Council will be reviewed in accordance with the latest Living Wage rate announced/published by Living Wage Aotearoa.



## Note 38: Events after the end of the reporting period

### Three Waters Reform

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

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

### COVID-19

The financial impact of COVID-19 to Council in 2020/21 is outlined in the separate disclosure on page 8. During the financial year the impact was largely limited to Venues, and Council Controlled entities, with all other Council services able to operate relatively normally. Following the re-emergence of COVID-19 in the community on 17 August 2021 New Zealand moved to alert level 4. The Wellington region subsequently moved to alert level 3 on 1 September 2021. At alert levels 3 and 4 the Council is unable to operate many of its community facilities such as gyms, swimming pools, libraries, recreation centres, parks, playgrounds and sports fields. There is expected to be an impact on revenue during the 2021/22 financial year. A decision was made to extend the due date of the rates quarter 1 instalment from 1 September 2021 to 1 October 2021 to allow people more time to pay if required.

### World of WearableArt (WOW)

On 4 February 2021, the Council agreed to and subsequently entered into a funding agreement with WOW to provide access to financial relief should their 2021 World of WearableArt Awards Show be disrupted due to the COVID-19 pandemic and any related NZ Government restrictions, up to a maximum of \$5,000m. The 2021 WOW Awards Show was cancelled on 9 September 2021 triggering a payment under this funding agreement. The amount that the Council is required to pay is still being finalised.



## Rosie Lavea, Assistant Facilities Coordinator, Property

Rosie Lavea says she is a people person and after spending 30 seconds with her, it's clear that this is true. Rosie is the 100th cadet to take part in *He Ara Whai Mahi - Pathways to Employment (P2E)*, a programme providing valuable work experience and skills to young adults on jobseeker support. She has been mentored by Council receptionist Kevin Ward, who says the former Wellington East Girls College student was a fast learner and very capable.

Passionate about customer service, Rosie says she aims to be cheerful with everyone who comes to the Council's reception and to be as efficient as possible so the people she's assisting can get on with their day.

"It's been really good - I've learnt a lot. It's been great getting to meet members of the public and Council staff, learning what's going on around Wellington and getting an insight into what the Council does."





# Te Whakaaro Whakatūpato ā-pūtea

## Financial prudence

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

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

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

## Annual report disclosure statement for year ended 30 June 2021

### What is the purpose of this statement?

The purpose of this statement is to disclose the council's financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Unless prescribed by the regulations the quantified limit for each benchmark is calculated using the financial information from the Council's 2018–28 LTP.

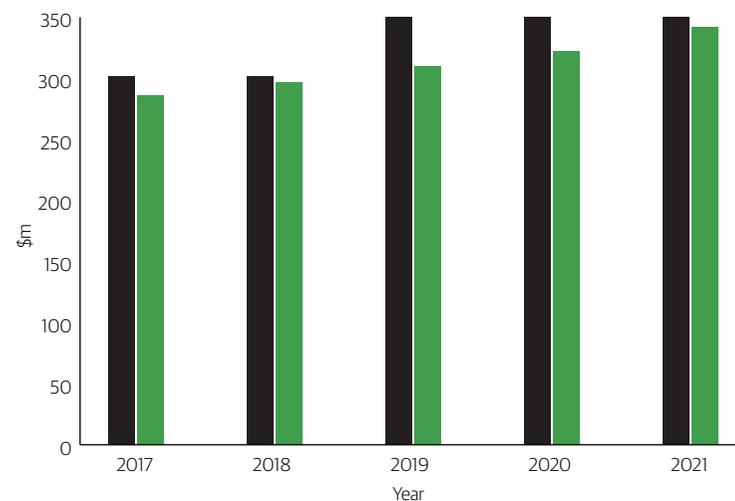
## Rates affordability benchmark

The council meets the rates affordability benchmark if –

- Its actual rates revenue equals or is less than each quantified limit on rates; and
- Its actual rates increases equal or are less than each quantified limit on rates increases.

### Rates (revenue) affordability

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

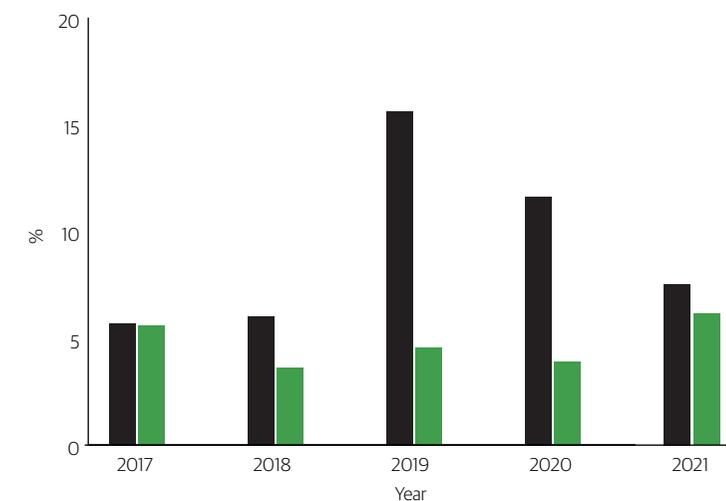


- Quantified limit on rates revenue
- Actual rates revenue (at or within limit)
- Actual rates revenue (exceeds limit)

### Rates (increases) affordability

The following graph compares the council's actual rates increases with a quantified limit on rates increases included in the financial strategy in the council's long-term plan.

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



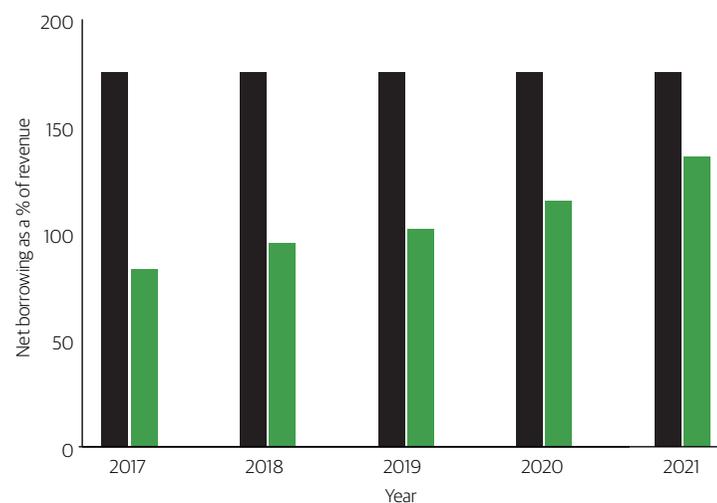
- Quantified limit on rates increase (before growth figure as the actual we are comparing to has growth)
- Actual rates increase (at or within limit)
- Actual rates increase (exceeds limit)

## 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>7</sup>

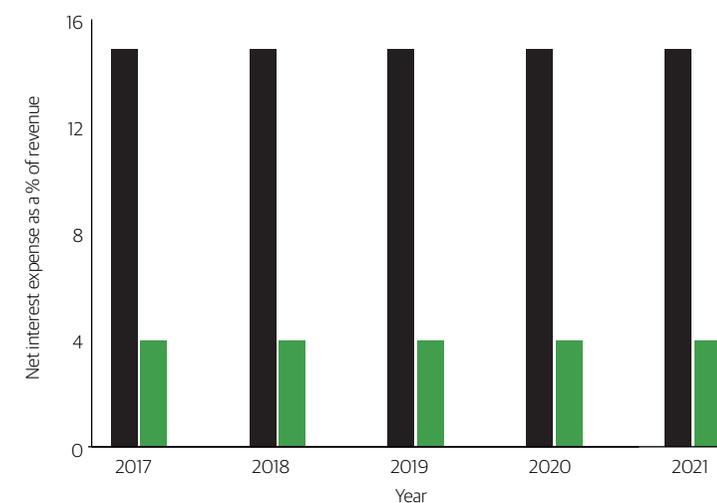
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is net borrowings, comprised of borrowings less cash and cash equivalents, being less than or equal to 175 percent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



- Quantified limit on net borrowing as a percentage of revenue
- Actual net borrowings as a percentage of revenue (as or within limit)
- Actual net borrowing as a percentage of revenue (exceeds limit)

### Net interest as a percentage of revenue<sup>7</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 percent of revenue. For this measure revenue is defined as total revenue less vested assets and development contribution revenue.

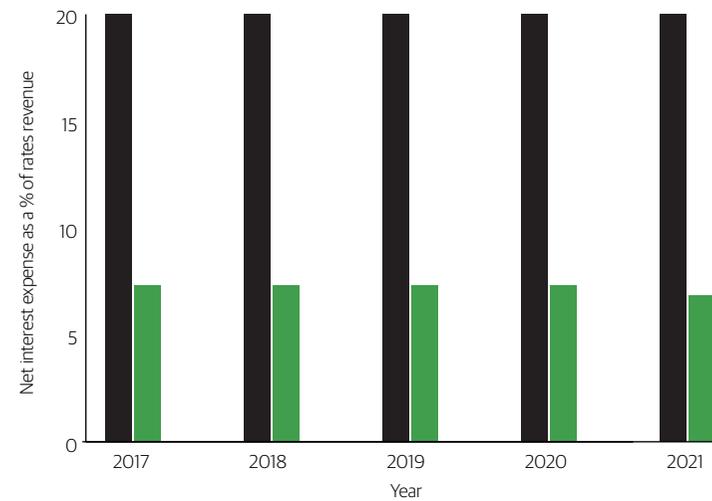


- Quantified limit on net interest expense as a percentage of revenue
- Actual net interest expense as a percentage of revenue (at or within limit)
- Actual net interest expense as a percentage of revenue (exceeds limit)

<sup>7</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.

### Net interest as a percentage of annual rates revenue

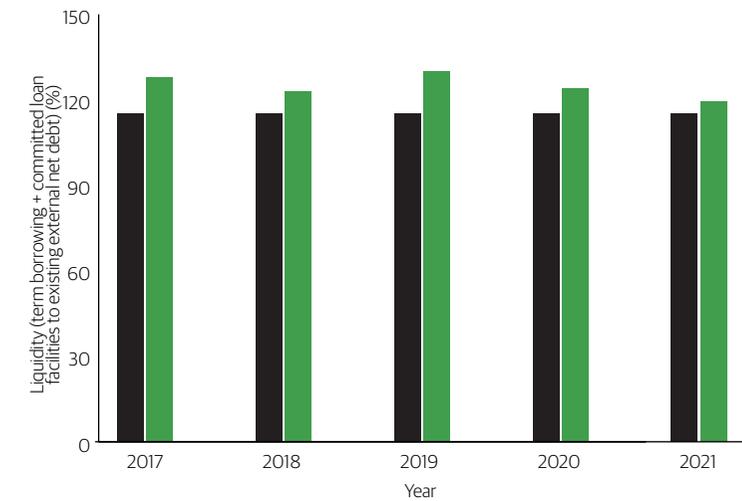
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is net interest, defined as interest expense less interest revenue, being less than or equal to 20 percent of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



- Quantified limit on net borrowing as a percentage of revenue
- Actual net borrowings as a percentage of revenue (as or within limit)
- Actual net borrowing as a percentage of revenue (exceeds limit)

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

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



- Quantified limit on liquidity (term borrowing + committed loan facilities to existing external net debt)
- Actual liquidity (term borrowing + committed loan facilities to existing external net debt) (at or exceeds limit)
- Actual liquidity (term borrowing + committed loan facilities to existing external net debt) (below limit)

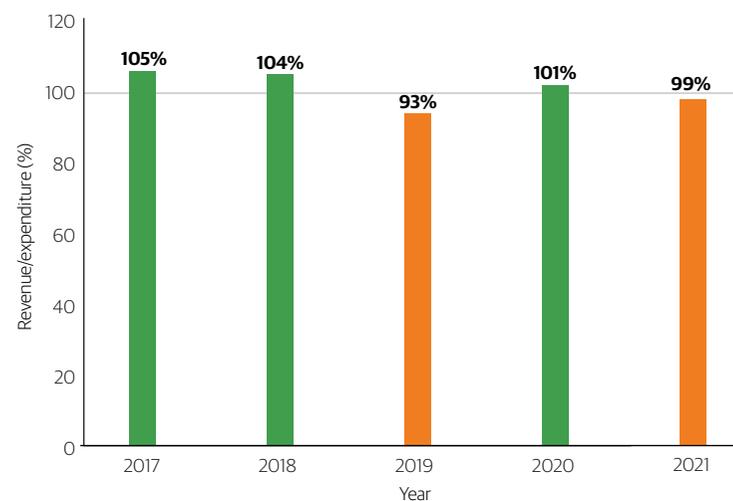


### Balanced budget benchmark

The following graph displays the council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

The council meets this benchmark if its revenue equals or is greater than its operating expenses.

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

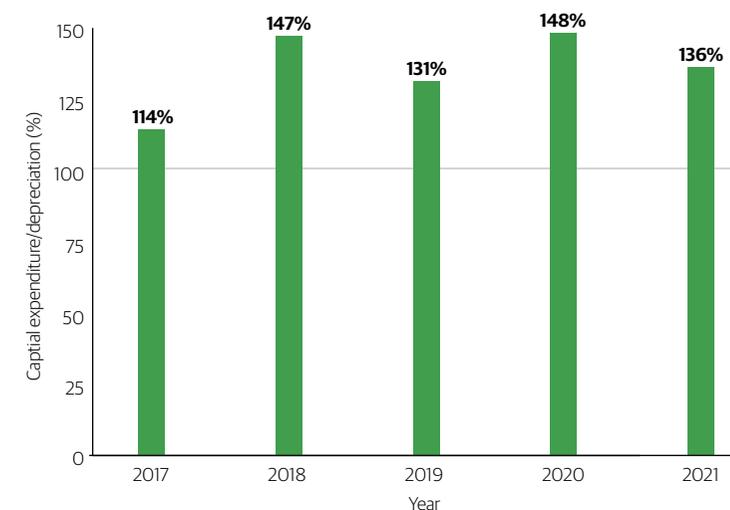


- Benchmark met
- Benchmark not met
- Benchmark

### 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.

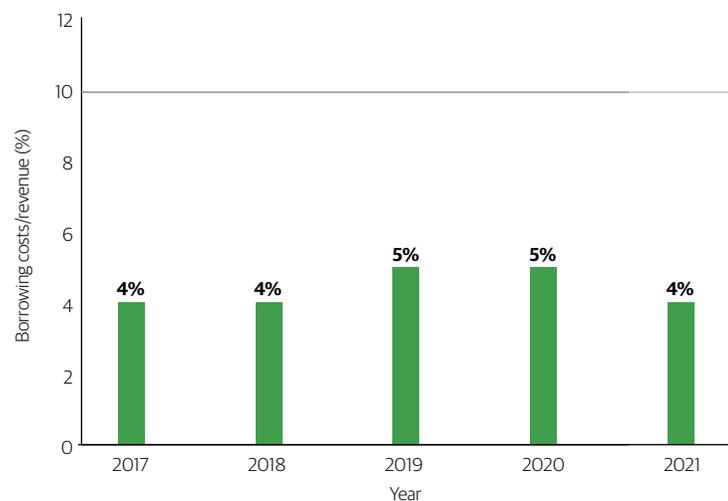


- Benchmark met
- Benchmark not met
- Benchmark

### Debt servicing benchmark

The following graph displays the council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

Because Statistics New Zealand projects the council's population will grow as fast as the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10 percent of its revenue.



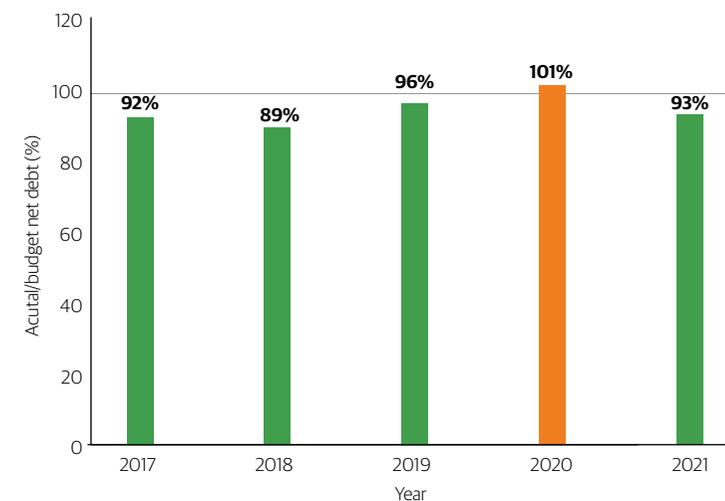
- Benchmark met
- Benchmark not met
- Benchmark

### Debt control benchmark

The following graph displays the council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.

The calculation of net debt in this benchmark includes derivative (non-cash) financial instruments, predominantly cash flow hedges. The 2019/20 net debt was impacted by the valuation of the Council's cash flow hedge liabilities being higher than planned as a result of interest rate volatility during the financial year.



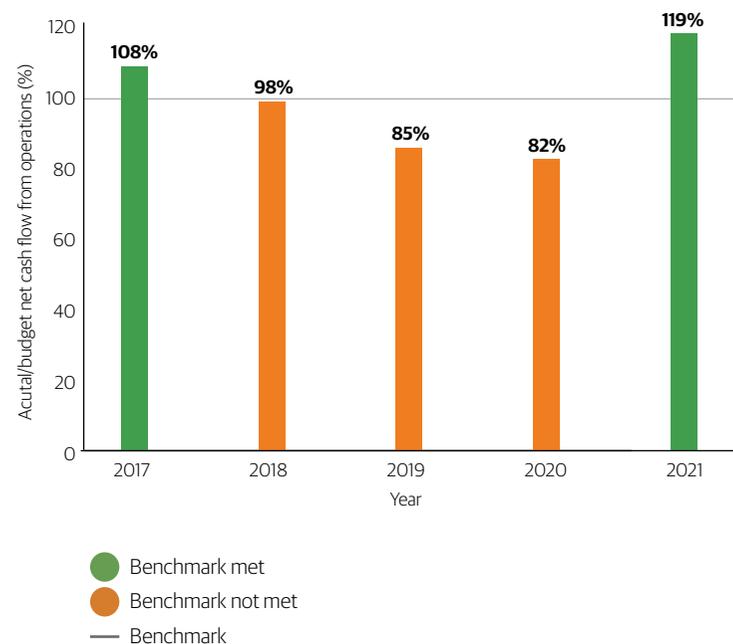
- Benchmark met
- Benchmark not met
- Benchmark

## Operations control benchmark

This graph displays the council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.

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





# Tauākī pānga ā-pūtea

## Funding impact statements

### Annual report disclosure statement for year ended 30 June 2021

#### What is the purpose of these statements?

An annual report must include an audited funding impact statement for the financial year to which the report relates. The purpose of the Funding impact statements is to disclose the amount of funds produced from each source of funding, identify how the funds were applied and compare this information against the information included in the LTP.

One statement is prepared for the whole of Council's activities and individual statements are prepared for each strategic activity.

The application of capital funding is summarised in an additional table on pg 141.



**Funding impact statement for  
1 July 2020 to 30 June 2021  
for Whole of Council**

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



**Funding impact statement for  
1 July 2020 to 30 June 2021  
for Governance, information  
and engagement**

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



**Funding impact statement for  
1 July 2020 to 30 June 2021  
for Māori and Mana  
Whenua partnerships**

## 1.2

	2019/20	2019/20	2020/21	2020/21	2020/21
	LTP \$000	Actual \$000	LTP \$000	AP \$000	Actual \$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	314	316	320	317	317
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	10
Fees and charges	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>314</b>	<b>316</b>	<b>320</b>	<b>317</b>	<b>327</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	283	278	288	296	304
Finance costs	1	1	1	1	1
Internal charges and overheads applied	16	25	16	16	7
Other operating funding applications	10	-	10	-	-
<b>Total applications of operating funding (B)</b>	<b>310</b>	<b>304</b>	<b>315</b>	<b>313</b>	<b>312</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>4</b>	<b>12</b>	<b>5</b>	<b>4</b>	<b>15</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(4)	(3)	(5)	(4)	(3)
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(4)</b>	<b>(3)</b>	<b>(5)</b>	<b>(4)</b>	<b>(3)</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	-	9	-	-	12
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>-</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>12</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(4)</b>	<b>(12)</b>	<b>(5)</b>	<b>(4)</b>	<b>(15)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/ amortisation charge</b>	<b>4</b>	<b>3</b>	<b>5</b>	<b>4</b>	<b>3</b>



**Funding impact statement for  
1 July 2020 to 30 June 2021  
for Gardens, beaches and  
green open spaces**

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



**Funding impact statement for  
1 July 2020 to 30 June 2021  
for Waste reduction and  
energy conservation**

**2.2**

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



**Funding impact statement for  
1 July 2020 to 30 June 2021  
for Water**

**2.3**

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



**Funding impact statement for  
1 July 2020 to 30 June 2021  
for Wastewater**

**2.4**

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



**Funding impact statement for  
1 July 2020 to 30 June 2021  
for Stormwater**

**2.5**

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



**Funding impact statement for  
1 July 2020 to 30 June 2021  
for Conservation attractions**

**2.6**

	2019/20	2019/20	2020/21	2020/21	2020/21
	LTP \$000	Actual \$000	LTP \$000	AP \$000	Actual \$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	7,001	6,927	7,183	6,988	6,988
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>7,001</b>	<b>6,927</b>	<b>7,183</b>	<b>6,988</b>	<b>6,988</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	174	176	176	179	182
Finance costs	689	578	762	588	495
Internal charges and overheads applied	-	-	-	-	-
Other operating funding applications	4,438	4,942	4,550	4,550	4,943
<b>Total applications of operating funding (B)</b>	<b>5,301</b>	<b>5,696</b>	<b>5,488</b>	<b>5,317</b>	<b>5,620</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>1,700</b>	<b>1,231</b>	<b>1,695</b>	<b>1,671</b>	<b>1,368</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	475	720	800	280	905
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(217)	(1,265)	879	1,903	(828)
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>258</b>	<b>(545)</b>	<b>1,679</b>	<b>2,183</b>	<b>77</b>
<b>Applications of capital funding</b>					
Capital expenditure					
to meet additional demand	-	-	-	-	-
to improve the level of service	-	133	2,463	2,899	617
to replace existing assets	1,076	1,056	911	955	1,393
Increase (decrease) in reserves	882	(503)	-	-	(565)
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>1,958</b>	<b>686</b>	<b>3,374</b>	<b>3,854</b>	<b>1,445</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(1,700)</b>	<b>(1,231)</b>	<b>(1,695)</b>	<b>(1,671)</b>	<b>(1,368)</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>1,700</b>	<b>1,735</b>	<b>1,695</b>	<b>1,671</b>	<b>1,932</b>



**Funding impact statement for  
1 July 2020 to 30 June 2021  
for City promotions and  
business support**

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



**Funding impact statement for  
1 July 2020 to 30 June 2021  
for Arts and cultural activities**

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



**Funding impact statement for  
1 July 2020 to 30 June 2021  
for Recreation promotion and support**

5.1	2019/20	2019/20	2020/21	2020/21	2020/21
	LTP \$000	Actual \$000	LTP \$000	AP \$000	Actual \$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	29,576	29,856	30,567	31,490	31,490
Targeted rates	1,419	1,406	1,453	1,524	1,524
Subsidies and grants for operating purposes	191	133	195	15	81
Fees and charges	11,854	9,036	11,840	9,333	12,025
Internal charges and overheads recovered	1,133	1,452	1,163	1,155	1,375
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>44,173</b>	<b>41,883</b>	<b>45,218</b>	<b>43,517</b>	<b>46,495</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	20,747	20,214	21,424	22,073	21,896
Finance costs	2,875	2,475	3,065	2,537	2,102
Internal charges and overheads applied	11,352	12,146	11,583	12,703	12,338
Other operating funding applications	727	848	742	892	892
<b>Total applications of operating funding (B)</b>	<b>35,701</b>	<b>35,683</b>	<b>36,814</b>	<b>38,205</b>	<b>37,228</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>8,472</b>	<b>6,200</b>	<b>8,404</b>	<b>5,312</b>	<b>9,267</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	700	178	750	748	979
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	2,520	9,060	2,291	4,511	(643)
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>3,220</b>	<b>9,238</b>	<b>3,041</b>	<b>5,259</b>	<b>336</b>
<b>Applications of capital funding</b>					
Capital expenditure					
to meet additional demand	-	-	-	-	-
to improve the level of service	387	59	290	259	476
to replace existing assets	11,305	14,840	11,155	10,312	5,439
Increase (decrease) in reserves	-	539	-	-	3,688
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>11,692</b>	<b>15,438</b>	<b>11,445</b>	<b>10,571</b>	<b>(9,603)</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(8,472)</b>	<b>(6,200)</b>	<b>(8,404)</b>	<b>(5,312)</b>	<b>(9,267)</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>8,472</b>	<b>8,105</b>	<b>8,404</b>	<b>8,578</b>	<b>8,853</b>



**Funding impact statement for  
1 July 2020 to 30 June 2021  
for Community Support**

**5.2**

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



**Funding impact statement for  
1 July 2020 to 30 June 2021  
for Public health and safety**

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



**Funding impact statement for  
1 July 2020 to 30 June 2021  
for Urban planning, heritage  
and public spaces development**

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



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

**6.2**

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



**Funding impact statement for  
1 July 2020 to 30 June 2021  
for Transport**

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



**Funding impact statement for  
1 July 2020 to 30 June 2021  
for Parking**

**7.2**

	2019/20	2019/20	2020/21	2020/21	2020/21
	LTP \$000	Actual \$000	LTP \$000	AP \$000	Actual \$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	(17,545)	(16,089)	(20,164)	(19,037)	(19,037)
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	26,135	21,473	28,788	22,225	24,419
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	7,102	6,539	7,102	6,894	7,432
<b>Total operating funding (A)</b>	<b>15,692</b>	<b>11,923</b>	<b>15,726</b>	<b>10,082</b>	<b>12,814</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	11,224	11,509	11,429	12,752	11,838
Finance costs	23	10	28	13	10
Internal charges and overheads applied	3,584	3,996	3,695	4,023	3,914
Other operating funding applications	1	(53)	1	1	(13)
<b>Total applications of operating funding (B)</b>	<b>14,832</b>	<b>15,462</b>	<b>15,153</b>	<b>16,789</b>	<b>15,749</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>860</b>	<b>(3,539)</b>	<b>573</b>	<b>(6,707)</b>	<b>(2,935)</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(673)	5,195	(452)	7,268	7,098
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(673)</b>	<b>5,195</b>	<b>(452)</b>	<b>7,268</b>	<b>7,098</b>
<b>Applications of capital funding</b>					
Capital expenditure					
to meet additional demand	-	-	-	-	-
to improve the level of service	130	92	121	123	145
to replace existing assets	57	100	-	438	263
Increase (decrease) in reserves	-	1,464	-	-	3,755
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>187</b>	<b>1,656</b>	<b>121</b>	<b>561</b>	<b>4,163</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(860)</b>	<b>3,539</b>	<b>(573)</b>	<b>6,707</b>	<b>2,935</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>860</b>	<b>819</b>	<b>573</b>	<b>549</b>	<b>566</b>



## Capital expenditure by Strategy

	2019/20	2019/20	2020/21	2020/21	2020/21
	LTP \$000	Actual \$000	LTP \$000	AP \$000	Actual \$000
<b>Governance:</b>					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	-	-	-	-
- to replace existing assets	123	48	-	-	-
<b>Governance Total</b>	<b>123</b>	<b>48</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Environment:</b>					
- to meet additional demand	-	-	2,029	-	-
- to improve the level of service	23,138	17,075	35,577	32,185	25,859
- to replace existing assets	36,338	41,512	31,205	32,687	46,716
<b>Environment Total</b>	<b>59,476</b>	<b>58,587</b>	<b>68,811</b>	<b>64,872</b>	<b>72,575</b>
<b>Economic Development:</b>					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	510	-	521	-	-
- to replace existing assets	1,337	1,111	1,449	12,809	3,388
<b>Economic Development Total</b>	<b>1,847</b>	<b>1,111</b>	<b>1,970</b>	<b>12,809</b>	<b>3,388</b>
<b>Cultural Well-being:</b>					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	15,987	23,540	53,646	52,669	55,958
- to replace existing assets	-	(4)	-	-	-
<b>Cultural Wellbeing Total</b>	<b>15,987</b>	<b>23,536</b>	<b>53,646</b>	<b>52,669</b>	<b>55,958</b>
<b>Social and Recreation:</b>					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	4,524	6,559	545	3,003	5,660
- to replace existing assets	26,045	25,092	20,641	30,052	11,157
<b>Social and Recreation Total</b>	<b>30,569</b>	<b>31,651</b>	<b>21,186</b>	<b>33,055</b>	<b>16,817</b>
<b>Urban Development:</b>					
- to meet additional demand	-	4,956	-	455	1,092
- to improve the level of service	46,602	8,842	30,951	40,752	28,293
- to replace existing assets	2,358	11,801	1,634	5,375	14,657
<b>Urban Development Total</b>	<b>48,960</b>	<b>25,599</b>	<b>32,585</b>	<b>46,582</b>	<b>44,042</b>

**Capital expenditure by Strategy**

- continued

	2019/20	2019/20	2020/21	2020/21	2020/21
	LTP \$000	Actual \$000	LTP \$000	AP \$000	Actual \$000
<b>Transport:</b>					
- to meet additional demand	261	52	15	7,186	251
- to improve the level of service	22,964	19,751	15,062	25,887	25,419
- to replace existing assets	30,510	29,287	32,813	37,764	30,586
<b>Transport Total</b>	<b>53,735</b>	<b>49,090</b>	<b>47,890</b>	<b>70,837</b>	<b>56,256</b>
<b>Council:</b>					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	3,760	7,710	14,171	7,170	12,809
- to replace existing assets	15,448	15,776	21,589	11,136	4,908
<b>Council Total</b>	<b>19,208</b>	<b>23,486</b>	<b>35,760</b>	<b>18,306</b>	<b>17,717</b>
<b>Total Council:</b>					
- to meet additional demand	261	5,008	2,044	7,641	1,343
- to improve the level of service	117,485	83,477	150,473	161,666	153,998
- to replace existing assets	112,159	124,623	109,331	129,823	111,412
<b>TOTAL COUNCIL</b>	<b>229,905</b>	<b>213,108</b>	<b>261,848</b>	<b>299,130</b>	<b>266,753</b>

### **Directory**

The Customer Contact 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.

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Celebrating  
**150**  
years

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