



greater WELLINGTON
REGIONAL COUNCIL
Te Pane Matua Taiao

If calling please ask for: Democratic Services

20 October 2017

Finance, Risk and Assurance Committee

Order Paper for meeting to be held in the Jerningham Room, Copthorne Hotel, 100 Oriental Parade, Wellington on:

Thursday, 26 October 2017 at 10.00am

Membership of Committee

Cr Swain (Chair)

Cr Blakeley
Cr Laidlaw
Cr McKinnon

Cr Donaldson
Cr Lamason
Cr Ogden

Kim Skelton

Recommendations in reports are not to be construed as Council policy until adopted by Council

Finance, Risk and Assurance Committee

Order Paper for meeting to be held on Thursday, 26 October 2017 in the Jerningham Room, Copthorne Hotel, 100 Oriental Parade, Wellington at 10.00am

Public Business

		Page No
1. Apologies		
2. Conflict of interest declarations		
3. Public participation		
4. Confirmation of the minutes of 21 September 2017 and the Public Excluded minutes of 21 September 2017	Report 17.354	3
	Report PE17.355	9
5. Annual Report for the year ended 30 June 2017	Report 17.416 (Attachment 1 to come)	11
6. Summary of Financial Statements for the three months to 30 September 2017	Report 17.415	21
7. Long term economic projections	Oral	
8. Approach to managing fraud risk	Report 17.421	27
9. Health and safety update	Report 17.409	32
10. Risk report	Oral	



Please note that these minutes remain unconfirmed until the Finance, Risk and Assurance Committee meeting on 26 October 2017

Report 17.354

21/09/2017

File: CCAB-22-255

Public minutes of the Finance, Risk and Assurance Committee meeting held in the Level 3 East meeting room, Westpac Stadium, Waterloo Quay, Wellington, on Thursday, 21 September 2017 at 10.00am

Present

Councillors Swain (Chair), Blakeley, Donaldson, Laidlaw (from 11:46am) and McKinnon.

Kim Skelton.

Public Business

1 Apologies

Moved

(Cr Donaldson/ Cr Blakeley)

That the Committee accepts the apology for lateness from Councillor Laidlaw, and apologies for absence from Councillors Lamason and Ogden.

The motion was **CARRIED**.

2 Conflict of Interest

Kim Skelton advised that she is no longer contracted with NZTA.

3 Public Participation

There was no public participation.

4 **Confirmation of the minutes of 17 May 2017**

Moved

(Cr Donaldson/ Cr Blakeley)

That the Committee confirms the minutes of the meeting of 17 May 2017, Report 17.161.

The motion was **CARRIED**.

5 **Local Government Funding Agency (LGFA) Presentation**

Oral Report

Craig Stobo, Independent Chair, LGFA, and Mark Butcher, Chief Executive, LGFA, gave a presentation to the Committee regarding the LGFA's objectives and performance.

Craig Stobo advised that the LGFA holds the second best credit rating in New Zealand, equal to the New Zealand Government sovereign rating. The LGFA's growth has slowed down over the last year and approximately two new councils are joining annually. Going forward, the LGFA's growth will be dependent on councils' Long Term Plans.

Mark Butcher advised the Committee that interest rates have been volatile, while rates have been relatively low.

Craig Stobo and Mark Butcher confirmed to the Committee that councils are required to comply with LGFA's lending covenants. If there is a breach of covenant, the LGFA can seek repayment of loans.

6 **Health and safety update**

Lucy Matheson, General Manager, People and Customer, and Mike Ward, Acting Health and Safety Manager, spoke to the report.

Barrett Pistoll, Senior Environmental Monitoring Officer, gave an oral report to the Committee on his experiences with Health and Safety in the field.

Report 17.339

File: CCAB-22-229

Moved

(Cr Swain/ Cr Donaldson)

That the Committee:

- 1. Receives the report.*
- 2. Notes the content of the report.*

The motion was **CARRIED**.

Noted: Officers advised that they would report to the Committee with the results from the Wilson Consulting Group review of Health and Safety at GWRC, following receipt of their report.

7 **NZTA Investment Audit 2017**

Angus Gabara, Acting General Manager, Public Transport, spoke to the report.

Report 17.313

File: CCAB-22-223

Moved

(Cr Donaldson/ Ms Skelton)

That the Committee:

1. *Receives the report.*
2. *Notes the content of the report.*
3. *Receives the NZTA Investment Audit Report 2017.*

The motion was **CARRIED**.

8 **Business Continuity Planning Update**

Matthew Lear, Acting Manager, Bus Operations, spoke to the report.

Report 17.304

File: CCAB-22-220

Moved

(Cr McKinnon/ Cr Donaldson)

That the Committee:

1. *Receives the report.*
2. *Notes the content of the report.*

The motion was **CARRIED**.

The meeting adjourned at 11:29am.

The meeting resumed at 11:36am.

9 **Summary of Financial Statements for year-end 30 June 2017 and year to 31 August 2017**

Mark Ford, Strategic Finance Manager, and Dave Humm, General Manager Corporate Services/Chief Financial Officer, spoke to the report.

Councillor Laidlaw arrived during consideration of this item.

Report 17.344

File: CCAB-22-236

Moved

(Cr Swain/ Cr McKinnon)

That the Committee:

1. *Receives the report.*
2. *Notes the content of the report.*

The motion was **CARRIED**.

Noted: Officers will review the Fraud Policy and report back to the Committee at a future meeting.

10 **Risk Report - Including Risk Criteria**

Mike Timmer, Treasurer, spoke to the report.

Wayne O'Donnell, General Manager, Catchment Management, gave a presentation on risk management and health and safety matters affecting the Catchment Management Group.

Report 17.321

File: CCAB-22-237

Moved

(Cr McKinnon/ Cr Donaldson)

That the Committee:

1. *Receives the report.*
2. *Notes the content of the report.*

The motion was **CARRIED**.

11 **Risk overview for Public Transport Operating Model (PTOM) and bus transition**

Deborah Hume, Programme Director, Public Transport Transformation Programme, spoke to the report.

Report 17.340

File: CCAB-22-233

Moved

(Cr Donaldson/ Cr Blakeley)

That the Committee:

1. *Receives the report.*
2. *Notes the content of the report.*

The motion was **CARRIED**.

12 **General Managers' report**

Dave Humm, General Manager, Corporate Services/Chief Financial Officer, spoke to the report.

Report 17.322

File: CCAB-22-226

Moved

(Cr Donaldson/ Cr McKinnon)

That the Committee:

1. Receives the report.
2. Notes the content of the report.

The motion was **CARRIED**.

13 **Exclusion of the public**

Report 17.349

File: CCAB-22-244

Moved

(Cr Swain/ Cr Donaldson)

That the Committee:

1. Excludes the public from the following part of the proceedings of this meeting, namely:
 - a. Public Transport Transformation Programme (PTTP) update

The general subject of each matter to be considered while the public is excluded, the reasons for passing this resolution in relation to each matter and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 (the Act) for the passing of this resolution are as follows:

General subject of each matter to be considered:	Reason for passing this resolution in relation to each matter	Ground under section 48(1) for the passing of this resolution
1. Public Transport Transformation Programme (PTTP) update	The information in this report relates to bus service contracting in the Wellington Region. Release of the information contained in this report would likely prejudice Greater Wellington Regional Council's (GWRC) negotiations with bus operators as the report outlines matters that are the subject of negotiation. GWRC has not been able to identify a public interest favouring disclosure of this particular information in the public proceedings of the meeting that would override this prejudice.	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 7(2)(i) of the Act (i.e. to carry out negotiations without prejudice).

The motion was **CARRIED**.

The public part of the meeting closed at 12:47pm.

P Swain
(Chair)

Date:



greater WELLINGTON
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Te Pane Matua Taiao

The matters referred to in these minutes were considered by the Committee on 21 September 2017 under public exclusion. These minutes do not require confidentiality and may be considered in the public part of the meeting.

Please note that these minutes remain unconfirmed until the Finance, Risk and Assurance Committee meeting on 26 October 2017

Report PE17.355

21/09/2017

File: CCAB-22-256

Public excluded minutes of the Finance, Risk and Assurance Committee meeting held in the Level 3 East meeting room, Westpac Stadium, Waterloo Quay, Wellington, on Thursday, 21 September 2017 at 12:47pm

Present

Councillors Swain (Chair), Blakeley, Donaldson, Laidlaw, and McKinnon.

Kim Skelton.

Public Excluded Business

1 Public Transport Transformation Programme update

Deborah Hume, Programme Director, Public Transport Transformation Programme, spoke to the report.

Report PE17.307

File: CCAB-12-214

Moved

(Cr Donaldson/ Cr Laidlaw)

That the Committee:

- 1. Receives the report.*
- 2. Notes the content of the report.*

The motion was **CARRIED**.

The public excluded part of the meeting closed at 12:59pm.

P Swain
(Chair)

Date:



Report 17.416
Date 19 October 2017
File CCAB-22-270

Committee Finance, Risk and Assurance Committee
Author Mark Ford, Manager, Strategic Finance

Annual Report for the year ended 30 June 2017

1. Purpose

To provide the Committee with Greater Wellington Regional Council's (GWRC) Draft Annual Report and Draft Financial Statements for the year ended 30 June 2017 for review.

2. Background

Under the Local Government Act 2002, the Council is formally required to adopt its Annual Report by 31 October each year. **Attachment 1**, the Draft Annual Report, will be circulated separately.

The Annual Report 2017 reports against the Long Term Plan 2015-25.

We are continuing to work with Audit New Zealand to finalise the annual report. At this stage it is expected that there will be no major changes required. Jacques Coetzee, Associate Audit Director, from Audit New Zealand will be in attendance at the Committee meeting to provide an update on the audit status.

Andy Burns, Director, and Zirus Zuber, Audit Manager, from Audit New Zealand will be in attendance at the Council meeting on the 31 October 2017 to summarise the results of the annual audit and to answer any questions that the Council may have.

3. Role of the Committee

In respect of the Annual Report 2017, the Committee is acting as the Audit Committee of the Council. Its role is to carry out a detailed review of the Annual Report, and recommend that Council approves the Annual Report, subject to any changes required.

4. Reserves

A detailed analysis of reserve movements during the 2016/17 year is provided, along with explanations of variances between budgeted and actual reserve movements, set out in **Attachment 2**. All variances between budgeted and actual

reserve movements will need to be approved by the Council at its meeting on 31 October 2017 as part of its adoption of the Annual Report 2017.

The Council has four types of reserves which are categorised as follows:

Reserves for each different area of benefit

These reserves are used where there is a discrete set of rate or levy payers as distinct from the general rate, for example, Regional Water Supply, Public Transport, River Rates, and the Wairarapa Schemes.

Any funding surplus or deficit relating to these areas of benefit is applied to the specific reserves, in proportion to their respective revenue and financing policy ratios.

Contingency reserves

GWRC has traditionally set aside reserves that can be made available when a specific unforeseen event occurs, for example, the flood contingency reserve.

The release of these funds generally can only be approved by a Committee and/or the Council. There is some delegation to the Chief Executive and General Managers. These reserves are long-term in nature.

Special reserves

The special reserves of GWRC are the Election Reserve and Corporate Systems Reserve. The reserves smooth the costs of elections and system upgrades.

Reserves where there has been rebudgeting of expenditure

If a specific project has not been completed during the financial year, and if it is appropriate, it is rebudgeted for the following year.

Funds are made available in the following year for these projects. The main mechanism for this is the use of a reserve, so that GWRC does not rate the community twice for the same project.

5. Non-financial results

GWRC is required to compare its actual performance with the intended level of performance set out in the Long Term Plan 2015-25.

2016/17 has been a very successful year for GWRC, as detailed in the “Key Achievements” section of the Draft Annual Report. GWRC has achieved its intended level of performance, with nearly all performance targets met.

6. Communications

A press release will be prepared for the Council meeting on 31 October 2017. The Council is required, one month after adoption of its Annual Report, to make the report and a summary document available to the public.

7. Consideration of Climate Change

The matters addressed in this report have been considered by officers in accordance with the process set out in the GWRC Climate Change Consideration Guide.

7.1 Mitigation assessment

Mitigation assessments are concerned with the effect of the matter on the climate (i.e. the greenhouse gas emissions generated or removed from the atmosphere as a consequence of the matter) and the actions taken to reduce, neutralise or enhance that effect.

Officers have considered the effect of the matters on the climate. Officers consider that the matters will have no effect.

Officers note that the matter does not affect the Council's interests in the Emissions Trading Scheme (ETS) and/or the Permanent Forest Sink Initiative (PFSI).

7.2 Adaptation assessment

Adaptation assessments relate to the impacts of climate change (e.g. sea level rise or an increase in extreme weather events), and the actions taken to address or avoid those impacts.

Officers have considered the impacts of climate change in relation to the matters. Officers recommend that climate change has no bearing on the matters.

8. The decision-making process and significance

Officers recognise that the matters referenced in this report may have a high degree of importance to affected or interested parties.

The matters requiring decision in this report have been considered by officers against the requirements of Part 6 of the Local Government Act 2002 (the Act). Part 6 sets out the obligations of local authorities in relation to the making of decisions.

8.1 Significance of the decision

Part 6 requires GWRC to consider the significance of the decision. The term 'significance' has a statutory definition set out in the Act.

Officers have considered the significance of the matter, taking the Council's significance policy and decision-making guidelines into account. Officers recommend that the matter be considered to have low significance.

This Committee is being asked to recommend to Council that it adopt the Annual Report. The Council is required to formally adopt the Annual Report.

Officers do not consider that a formal record outlining consideration of the decision-making process is required in this instance.

8.2 Engagement

No engagement is required.

9. Recommendations

That the Committee:

1. *Receives the report.*
2. *Notes its contents.*
3. *Recommends that Council approves the following net amounts, in addition to those budgeted, being added to (or deducted) from the respective reserves, subject to any changes requested by the Committee:*

Reserve

	Balance	
Public Transport Rate Reserve	3,938,899	B1
Sustainable Transport Department Reserve	(66,422)	B2
Transport Planning Reserve	(176,680)	A1
Transport Data & Analysis Reserve	(364,759)	B3
Possum Predator Rate Reserve	13,268	B4
Wai Rating Schemes-Catchment Awhea	(13,083)	A2
Wai Rating Schemes-Catchment Whareama	(2,976)	A3
Wai Rating Schemes-Catchment Homewood	(5,870)	A4
Wai Rating Schemes-Catchment Mataikona	2,184	A5
Wai Rating Schemes-Catchment Maungaraki	(1,015)	A6
Wai Rating Schemes-Catchment Kaiwhata	465	A7
Wai Rating Schemes-Drainage	132,257	A8
Wai Shingle Royalty	(3,890)	B5
Wai Rating Schemes-River LWVD-Opex	(30,686)	A9
Wai Rating Schemes-River Waiohine-Opex	(12,530)	A10
Wai Rating Schemes - Gladstone	583	B6
Wai Rating Schemes-River Waipoua	(12,914)	A11
Wai Rating Schemes-River Waingawa	2,989	A12
Wai Rating Schemes-River Lower Taueru	429	B7
Wai Rating Schemes-River Lower Whangaeahu	(422)	B8
Wai Rating Schemes- Te Ore Ore	(3,841)	A13
Wai Rating Schemes - Mt Bruce	5,488	B9
Wai Rating Schemes - Kopuaranga	(2,122)	A14
Wairapa Workshop	(8,598)	B10
WREMO Reserve (TA contributions)	(54,077)	B11
Iwi Projects Reserve	204,060	A15
Forestry Infrastructure Reserve	17,695	A16
Regional Parks Reserve	490,000	A17
Harbours Vehicle Replacement	(21,000)	B12
Science equipment upgrade	(100,000)	B13
Bioworks	223,519	A18
River Rate Reserve-Hutt City	130,230	A19
River Rate Reserve-Kapiti Coast	(271,290)	B14
River Rate Reserve-Porirua City	(550)	B15
River Rate Reserve-Upper Hutt City	(27,967)	A20
River Rate Reserve-Wellington City	(489)	B16
IT Operations Capex Reserve	905,070	A21
Wqtn Regional Strategy - Office Wakefield street Grow Wellington	269,615	A22
WRS Reserve - Grow Wellington	(167,000)	B17
Rebudget 15/16:Belmont Capex NZTA funding	163,576	B18
Rebudget 17/18:Battle Hill - Ranger maintenance	30,000	A23
Rebudget 17/18:Tier 2 monitoring	96,000	A24
Rebudget 17/18:River Water Quality & Ecology	30,000	A25
Rebudget 17/18:Catchment monit - Ruamahanga	35,500	A26
Rebudget 17/18:Regional Hazard Management Strategy	34,000	A27
Rebudget 17/18:GW EMO cc	35,000	A28
Rebudget 17/18:Science Research Strategy	89,000	A29
Rebudget 17/18:PH Biodiversity Management	40,000	A30
Rebudget 17/18:LM - Riparian Management WBS	600,000	A31
Rebudget 17/18:Bio Plants Admin	50,000	A32
Rebudget 17/18:Parks Policy wbs	60,000	A33
Rebudget 17/18:RLTP	50,000	A34
Rebudget 17/18:Programme Business Cases	150,000	A35
Rebudget 17/18:Te Marua BAC Filter	76,529	A36
Rebudget 17/18:Belmont - Asset Mngt. - Capex	7,576	A37
Rebudget 17/18:Belmont - Asset Mngt. - Capex 2	5,404	A38
Rebudget 17/18:QEP - Asset Mngt. - Capex	54,225	A39
Rebudget 17/18:EH Tracks remetalling	3,282	A40
Rebudget 17/18:Pencarrow upgrade (dredging dependant)	8,425	A41
Rebudget 17/18:Harbours diving platform	5,462	A42
Rebudget 17/18:Hinds point light	1,706	A43
Rebudget 17/18:Collaborative Modelling Project (capex)	28,274	A44
Rebudget 17/18:Resource consent project	23,730	A45
Rebudget 17/18:Lower Waitohu Improvements	7,582	A46
Rebudget 17/18:LWVD River Scheme Capex	25,442	A47
Rebudget 17/18:Te Kauru capex wbs	21,061	A48
Rebudget 17/18:Pinehaven Stream Improvements	10,531	A49
Rebudget 17/18:Hutt Environmental strategy implementation	2,106	A50
Rebudget 17/18:City Centre Upgrade	189,552	A51
Rebudget 17/18:Transport Model CAPEX.	15,979	A52
Rebudget 17/18:IT Capex - SAP (Hardware & Software)	291,329	A53
Rebudget 17/18:CAPEX - Office20xx	1,023	A54
Rebudget 17/18:IT Capex - GIS (aerial photography)	32,520	A55
Rebudget 17/18:IT Capex - CRM	12,694	A56
Rebudget 17/18:IT Capex - SaaS implementations	6,347	A57
Rebudget 17/18:CAPEX - Performance Indicator Reporting Layer	6,347	A58
Rebudget 17/18:Belmont - Asset Mngt. - Capex Stoney Mills	12,440	A59
Rebudget 17/18:Depot Shunt Crab - LTP	2,639	A60
Rebudget 17/18:Matangi - Heavy Maint/Overhauls	106,478	A61
Rebudget 17/18:SW & SE Cars - Heavy Maint/Overhauls	77,643	A62
Rebudget 17/18:M1 Retrofit - Contingency	91,494	A63
Rebudget 17/18:Matangi 2 Driver Simulator	42,123	A64
Rebudget 17/18:Matangi 2 Contingency.	15,887	A65
Rebudget 17/18:Park and Ride Development	12,856	A66
Rebudget 17/18:Capex Interim Bus Ticketing Solution	32,613	A67

4. ***Recommends that Council adopts the Annual Report and Summary Annual Report for the year ended 30 June 2017, subject to receiving final audit clearance and any changes requested by the Committee.***
5. ***Recommends that Council authorises the Council Chair and Chief Executive Officer to make minor changes that may arise as part of finalising the audited Annual and Summary Annual Reports for the year ended 30 June 2017.***

Report prepared by:

Mark Ford
Manager, Strategic Finance

Report approved by:

Dave Humm
General Manager, Corporate
Services / CFO

Report approved by:

Luke Troy
General Manager, Strategy

Attachment 1: Draft Annual Report

Attachment 2: Explanations of Unbudgeted Reserve Movements for the year ended 30 June 2017

Reserve	Closing Balance June 2017	Adjusted Transfer to			Notes	Adjusted Transfer			Notes
		Reserves	Transfer to Reserves	Difference		from Reserves	Reserves	Difference	
		YTD				YTD			
L. Area of Benefit Reserves									
Public Transport Rate Reserve	16,225,684					3,537,756	7,476,655	3,938,899	B1
Sustainable Transport Department Reserve	836,225					323,422	257,000	(66,422)	B2
Transport Planning Reserve	231,678	95,971	272,651	(176,680)	A1				
Transport Data & Analysis Reserve	11,994					399,759	35,000	(364,759)	B3
Wai Bovine TB Rate - Bov TB	246,198								
Possum Predator Rate Reserve	125,118					96,732	110,000	13,268	B4
Wai Rating Schemes-Catchment Awhea	58,304	(8,483)	4,600	(13,083)	A2				
Wai Rating Schemes-Catchment Whareama	85,845	6,956	9,932	(2,976)	A3				
Wai Rating Schemes-Catchment Homewood	21,326	(3,438)	2,432	(5,870)	A4				
Wai Rating Schemes-Catchment Mataikona	47,363	4,109	1,925	2,184	A5				
Wai Rating Schemes-Catchment Maungaraki	18,877	271	1,286	(1,015)	A6				
Wai Rating Schemes-Catchment Kaiwhata	59,746	4,385	3,920	465	A7				
Wai Rating Schemes-Drainage	908,566	121,131	(11,126)	132,257	A8				
Wai Shingle Royalty	173,582					3,890		(3,890)	B5
Wai Rating Schemes-River LWVD-Opex	2,728,316	222,891	253,577	(30,686)	A9				
Wai Rating Schemes-River Waiohine-Opex	737,700	10,808	23,338	(12,530)	A10				
Wai Rating Schemes - Gladstone	74,720					3,436	4,019	583	B6
Wai Rating Schemes-River Waipoua	182,022	127	13,041	(12,914)	A11				
Wai Rating Schemes-River Waingawa	155,348	11,393	8,404	2,989	A12				
Wai Rating Schemes-River Lower Taueru	7,171					909	1,338	429	B7
Wai Rating Schemes-River Lower Whangachau	8,520					700	278	(422)	B8
Wai Rating Schemes-River Upper Mangatarere	36,322								
Wai Rating Schemes- Te Ore Ore	308,845	8,805	12,646	(3,841)	A13				
Wai Rating Schemes - Mt Bruce	73,956					6,769	12,257	5,488	B9
Wai Rating Schemes - Kopuaranga	(30,848)	14,800	16,922	(2,122)	A14				
Wai Rating Schemes-River LWVD - Capex	(818,260)					299,071	299,071		
Wai Rating Schemes-River Waiohine - Capex	(38,889)					37,848	37,848		
Wairarapa Workshop	50,542					8,598		(8,598)	B10
WREMO Reserve (TA contributions)	161,065					54,077		(54,077)	B11
Biodiversity Key Native Eco System Reserve	296,773	40,000	40,000						
Wairarapa Moana Ministry for the Environment Reserve	157,478								
Iwi Projects Reserve	231,022	204,060		204,060	A15				
LTP Reserve (finance audit)	165,939	80,000	80,000						
Annual Plan & LTCCP Costs & Review (SCEG)	235,351	148,218	148,218						
Forestry Infrastructure Reserve	716,844	59,990	42,295	17,695	A16				
Regional Parks Reserve	578,942	(60,000)	(550,000)	490,000	A17				
Harbours Vehicle Replacement						21,000		(21,000)	B12
Science equipment upgrade						100,000		(100,000)	B13
Bioworks	984,771	223,519		223,519	A18				
River Rate Reserve-Hutt City	808,200	265,230	135,000	130,230	A19				
River Rate Reserve-Kapiti Coast	731,115					271,290		(271,290)	B14
River Rate Reserve-Porirua City	131,156					550		(550)	B15
River Rate Reserve-Upper Hutt City	875,236	(12,967)	15,000	(27,967)	A20				
River Rate Reserve-Wellington City	213,118					489		(489)	B16

Reserve	Closing Balance June 2017	Adjusted Transfer to			Notes	Adjusted Transfer from Reserves	Transfer from Reserves	Difference	Notes
		Reserves	Transfer to Reserves	Difference					
2. Contingency Reserves									
Resource Investigations	109,911								
Wairapa Planning	113,412								
Flood Contingency									
Wellington	2,247,333	200,000	200,000						
Plantation Forestry	71,180								
Election Reserve	247,922					325,000	325,000		
IT Operations Capex Reserve	2,228,544	(1,175,109)	(2,080,179)	905,070	A21				
Wgtn Regional Strategy - Office Wakefield street Grow Wellington	852,139	269,615		269,615	A22				
WRS Reserve - Grow Wellington	133,000					167,000		(167,000)	B17
Rebudget 15/16:Belmont Capex NZTA funding							163,576	163,576	B18
Rebudget 16/17:Battle Hill - Ranger maintenance						30,000	30,000		
Rebudget 16/17:LM - Riparian Management WBS						150,000	150,000		
Rebudget 16/17:KNE Other Activities						30,000	30,000		
Rebudget 16/17:Strategy and Advice wbs						100,000	100,000		
Rebudget16/17:Flood Hazard Web project						30,000	30,000		
Rebudget 16/17:Parks Policy wbs						40,000	40,000		
Rebudget 16/17:Annual Plan & LTCCP Costs						100,000	100,000		
Rebudget 16/17:Programme Business Cases						70,000	70,000		
Rebudget 16/17:Lake Monitoring & Investigations						40,000	40,000		
Rebudget 16/17:Bio Plants Admin						50,000	50,000		
Rebudget 16/17:Bikes on Buses - Investigation and Trial						9,600	9,600		
Rebudget 16/17:CAPEX - Office2016						6,452	6,452		
Rebudget 16/17:CAPEX - Erp Software (new)						107,005	107,005		
Rebudget 16/17:Belmont - Asset Mngt. - Capex						5,570	5,570		
Rebudget 16/17:RP - Dept Assets						21,000	21,000		
Rebudget 16/17:Environmental Support CC						25,500	25,500		
Rebudget 16/17:EH Baring Head Bridges						19,647	19,647		
Rebudget 16/17:W.443/9101/1:UH Depot Capex						3,152	3,152		
Rebudget 16/17:East Harbour - Asset Mngt. - Capex						2,896	2,896		
Rebudget 16/17:Paikuratahi - Asset Mngt. - Capex						5,570	5,570		
Rebudget 16/17:Battle Hill - Asset Mngt. - Capex						2,930	2,930		
Rebudget 16/17:QEP - Asset Mngt. - Capex						13,058	13,058		
Rebudget 16/17:Increase Standby Power Capability						1,114	1,114		
Rebudget 16/17:Resource consent project						14,249	14,249		
Rebudget 16/17:Jim Cook Park Stopbank						22,271	22,271		
Rebudget 16/17:Waikanae FMP remaining Works						22,271	22,271		
Rebudget 16/17:Hinds point light						1,804	1,804		
Rebudget 16/17:Public Transport vehicle						29,500	29,500		

Reserve	Closing Balance June 2017	Adjusted Transfer to			Notes	Adjusted Transfer			Notes
		Reserves	Transfer to Reserves	Difference		from Reserves	Reserves	Difference	
Rebudget 17/18:Battle Hill Campground tree removal	30,000	30,000		30,000	A23				
Rebudget 17/18:EScience terrestrial ecology outcome moni	96,000	96,000		96,000	A24				
Rebudget 17/18:EScience SOE monitoring weather delays	30,000	30,000		30,000	A25				
Rebudget 17/18:Whaitua related monitoring Ruamahanga c	35,500	35,500		35,500	A26				
Rebudget 17/18:Regional Hazard Management Strategy rev	34,000	34,000		34,000	A27				
Rebudget 17/18 WREMO vehicle replacement	35,000	35,000		35,000	A28				
Rebudget 17/18:Four Science Research Strategy projects de	89,000	89,000		89,000	A29				
Rebudget 17/18:Porirua Harbour stream mouth reshaping a	40,000	40,000		40,000	A30				
Rebudget 17/18:LM - Riparian stock exclusion programme	600,000	600,000		600,000	A31				
Rebudget 17/18:Biosecurity RPMP review	50,000	50,000		50,000	A32				
Rebudget 17/18:Parks Policy wbs	60,000	60,000		60,000	A33				
Rebudget 17/18:RLTP	50,000	50,000		50,000	A34				
Rebudget 17/18:Programme Business Cases	150,000	150,000		150,000	A35				
Rebudget 17/18:Te Marua BAC Filter	76,529	76,529		76,529	A36				
Rebudget 17/18:Belmont Woollen Mills Dam Stability wea	7,576	7,576		7,576	A37				
Rebudget 17/18:Belmont track construction consent delays	5,404	5,404		5,404	A38				
Rebudget 17/18:QEP Heritage Precinct building constructi	54,225	54,225		54,225	A39				
Rebudget 17/18:East Harbour Tracks remetalling	3,282	3,282		3,282	A40				
Rebudget 17/18:Pencarrow lighthouse light upgrade (dredg	8,425	8,425		8,425	A41				
Rebudget 17/18:Harbours diving platform Paremata Bridge	5,462	5,462		5,462	A42				
Rebudget 17/18:Hinds point light consent delays	1,706	1,706		1,706	A43				
Rebudget 17/18:Collaborative Modelling Project Porirua	28,274	28,274		28,274	A44				
Rebudget 17/18:FP resource consent project hearing delays	23,730	23,730		23,730	A45				
Rebudget 17/18:Lower Waitohu Improvements land entry n	7,582	7,582		7,582	A46				
Rebudget 17/18:LWVD River Scheme land entry negotiati	25,442	25,442		25,442	A47				
Rebudget 17/18:Te Kauru FMP incomplete	21,061	21,061		21,061	A48				
Rebudget 17/18:Pinehaven Stream Improvements UHCC P	10,531	10,531		10,531	A49				
Rebudget 17/18:Hutt Environmental strategy consultation p	2,106	2,106		2,106	A50				
Rebudget 17/18:City Centre Upgrade slower uptake propert	189,552	189,552		189,552	A51				
Rebudget 17/18:Transport Model CAPEX.	15,979	15,979		15,979	A52				
Rebudget 17/18:IT Capex - ERP	291,329	291,329		291,329	A53				
Rebudget 17/18:CAPEX - Office2016	1,023	1,023		1,023	A54				
Rebudget 17/18:IT Capex - GIS (aerial photography)	32,520	32,520		32,520	A55				
Rebudget 17/18:IT Capex - CRM	12,694	12,694		12,694	A56				
Rebudget 17/18:IT Capex - SaaS implementations	6,347	6,347		6,347	A57				
Rebudget 17/18:CAPEX - Performance Indicator Reporting	6,347	6,347		6,347	A58				
Rebudget 17/18:Belmont - Asset Mngt. - Capex Stoney Mil	12,440	12,440		12,440	A59				
Rebudget 17/18:Depot Shunt Crab - LTP	2,639	2,639		2,639	A60				
Rebudget 17/18:Matangi - Heavy Maint/Overhauls	106,478	106,478		106,478	A61				
Rebudget 17/18:SW & SE Cars - Heavy Maint/Overhauls	77,643	77,643		77,643	A62				
Rebudget 17/18:M1 Retrofit - Contingency	91,494	91,494		91,494	A63				
Rebudget 17/18:Matangi 2 Driver Simulator	42,123	42,123		42,123	A64				
Rebudget 17/18:Matangi 2 Contingency.	15,887	15,887		15,887	A65				
Rebudget 17/18:Park and Ride Development	12,856	12,856		12,856	A66				
Rebudget 17/18:Capex Interim Bus Ticketing Solution	32,613	32,613		32,613	A67				
TOTAL DEPARTMENT RESERVES	37,347,222	3,263,082	(1,356,117)	4,619,199		(6,611,883)	(9,675,629)	3,063,746	

Explanation of Unbudgeted Reserve Movements

A1	Funding surplus for the year transferred to reserves	-176,680.00
A2	Additional maintenance expenditure on Catchment Awhea scheme	-13,083.00
A3	Additional maintenance expenditure on Catchment Whareama scheme	-2,976.00
A4	Additional maintenance expenditure on Catchment Homewood scheme	-5,870.00
A5	Funding surplus for the year transferred to the Catchment Mataikona scheme	2,184.00
A6	Additional maintenance expenditure on Catchment Maungaraki scheme	-1,015.00
A7	Funding surplus for the year transferred to the Catchment Kaiwhata scheme	465.00
A8	Funding surplus for the year transferred to the Drainage scheme	132,257.00
A9	Additional maintenance expenditure on River LWVD-Opex scheme	-30,686.00
A10	Additional maintenance expenditure on River Waiohine-Opex scheme	-12,530.00
A11	Additional maintenance expenditure on River Waipoua scheme	-12,914.00
A12	Funding surplus for the year transferred to the River Waingawa scheme	2,989.00
A13	Additional maintenance expenditure on the Te Ore Ore scheme	-3,841.00
A14	Additional maintenance expenditure on the Kopuaranga scheme	-2,122.00
A15	Funding surplus transferred to the Iwi Projects Reserve	204,060.00
A16	Funding surplus for the year transferred to the infrastructure reserve	17,695.00
A17	NZTA contribution to capital projects not completed transferred to reserve	490,000.00
A18	Funding surplus for the year transferred to reserves	223,519.00
A19	Funding surplus for the year transferred to the River Rate Reserve-Hutt City scheme	130,230.00
A20	Additional maintenance expenditure on River Rate Reserve-Upper Hutt City scheme	-27,967.00
A21	Additional funding taken from ICT reserve	905,070.00
A22	Vacancies and lower consultancy in the WRS Office	269,615.00
A23	Rebudget 17/18:Battle Hill Campground tree removal	30,000.00
A24	Rebudget 17/18:EScience terrestrial ecology outcome monitoring	96,000.00
A25	Rebudget 17/18:EScience State of Environment Monitoring	30,000.00
A26	Rebudget 17/18:Whaitua monitoring Ruamahanga catchment	35,500.00
A27	Rebudget 17/18:Regional Hazard Management Strategy revised timeline	34,000.00
A28	Rebudget 17/18 WREMO vehicle replacement	35,000.00
A29	Rebudget 17/18:Science Research Strategy projects - development delays	89,000.00
A30	Rebudget 17/18:Porirua Harbour stream mouth reshaping and wetland construction	40,000.00
A31	Rebudget 17/18:LM - Riparian stock exclusion programme	600,000.00
A32	Rebudget 17/18:Biosecurity RPMP review	50,000.00
A33	Rebudget 17/18:Parks Policy	60,000.00
A34	Rebudget 17/18:RLTP	50,000.00
A35	Rebudget 17/18:Programme Business Cases	150,000.00
A36	Rebudget 17/18:Te Marua BAC Filter	76,529.00
A37	Rebudget 17/18:Belmont Woollen Mills Dam Stability	7,576.00
A38	Rebudget 17/18:Belmont track construction consent delays	5,404.00
A39	Rebudget 17/18:QEP Heritage Precinct building construction	54,225.00
A40	Rebudget 17/18:East Harbour Tracks remetalling	3,282.00
A41	Rebudget 17/18:Pencarrow lighthouse light upgrade (Centreport dredging dependent)	8,425.00
A42	Rebudget 17/18:Harbours diving platform Paremata Bridge	5,462.00
A43	Rebudget 17/18:Hinds point light - consenting delays	1,706.00
A44	Rebudget 17/18:Collaborative Modelling Project Porirua	28,274.00
A45	Rebudget 17/18:FP resource consent project hearing delays	23,730.00
A46	Rebudget 17/18:Lower Waitohu Improvements - land access delays	7,582.00
A47	Rebudget 17/18:LWVD River Scheme land entry negotiations Whakawiriwiri Stream	25,442.00
A48	Rebudget 17/18:Te Kauru FMP public consultation delays	21,061.00
A49	Rebudget 17/18:Pinehaven Stream Improvements - UHCC Plan Change 42 delays	10,531.00
A50	Rebudget 17/18:Hutt Environmental strategy - public consultation delays	2,106.00
A51	Rebudget 17/18:RiverLink property acquisitions	189,552.00
A52	Rebudget 17/18:Transport Model CAPEX.	15,979.00
A53	Rebudget 17/18:IT Capex - ERP	291,329.00
A54	Rebudget 17/18:CAPEX - Office2016	1,023.00
A55	Rebudget 17/18:IT Capex - GIS (aerial photography)	32,520.00
A56	Rebudget 17/18:IT Capex - CRM	12,694.00
A57	Rebudget 17/18:IT Capex - SaaS implementations	6,347.00
A58	Rebudget 17/18:CAPEX - Performance Indicator Reporting Layer	6,347.00
A59	Rebudget 17/18:Belmont Capex Stoney Mills	12,440.00
A60	Rebudget 17/18:Depot Shunt Crab - LTP	2,639.00
A61	Rebudget 17/18:Matangi - Heavy Maint/Overhauls	106,478.00
A62	Rebudget 17/18:SW & SE Cars - Heavy Maint/Overhauls	77,643.00
A63	Rebudget 17/18:M1 Retrofit - Contingency	91,494.00
A64	Rebudget 17/18:Matangi 2 Driver Simulator	42,123.00
A65	Rebudget 17/18:Matangi 2 Contingency.	15,887.00
A66	Rebudget 17/18:Park and Ride Development	12,856.00
A67	Rebudget 17/18:Capex Interim Bus Ticketing Solution	32,613.00
B1	Additional expenditure transferred from Public Transport Reserve	3,938,899.00
B2	Additional Manager approved overspend in Sustainable transport	-66,422.00
B3	Additional expenditure out of the Data and Analysis reserve	-364,759.00
B4	Funding surplus transferred to the Possum Predator Rate Reserve	13,268.00
B5	Funding deficit for the year transferred from the Shingle Reserve	-3,890.00
B6	Funding surplus for the year transferred to the Gladstone scheme	583.00
B7	Funding surplus for the year transferred to the River Lower Taueru scheme	429.00
B8	Additional maintenance expenditure on River Lower Whangaehu scheme	-422.00
B9	Funding surplus for the year transferred to the Mt Bruce scheme	5,488.00
B10	Funding deficit for the year transferred from the Wairarapa Workshop reserve	-8,598.00
B11	Additional expenditure transferred from WREMO (TA contributions) reserve	-54,077.00
B12	Harbours vehicle replacement	-21,000.00
B13	Environment vehicle replacement	-100,000.00
B14	Additional expenditure for flood damage repair transferred funded from Kapiti Coast Reserve	-271,290.00
B15	Additional expenditure transferred from Porirua City Rate Reserve	-550.00
B16	Additional expenditure transferred from Wellington City Rate Reserve	-489.00
B17	Additional expenditure transferred from Grow Wellington Reserve	-167,000.00
B18	Operational savings retained for future ICT capital projects	163,576.00



Report **17.415**

Date 19 October 2017
File CCAB-22-269

Committee **Finance, Risk and Assurance Committee**
Author **Mark Ford, Manager, Strategic Finance**

Summary of Financial Statements for the three months to 30 September 2017

1. Purpose

For the Finance, Risk and Assurance Committee to receive the summary performance report for the three months to 30 September 2017 and also an updated full year forecast to 30 June 2017.

2. Background

This report provides a review of the financial performance of Council activities ([Attachment 1](#)).

Overall the Council is in a favourable financial position against budget for the year-to-date position and currently marginally over budget for the full year forecast.

2.1 Full Year Forecast

The first full year forecast of the year shows an operating deficit that is currently **\$0.3m unfavourable to budget**. This is driven by additional costs for alternate water source and the water quality project, offset primarily by timing on trolley bus decommissioning costs and higher rail fare revenue due to patronage growth.

Capital expenditure is forecast to be **\$0.9m favourable to budget** due to the timing on RiverLink property acquisitions, off-set by additional Waterloo water quality related expenditure.

2.2 Year to 30 September 2017

The year to date operating position is **\$2.7m favourable to budget** due to the timing of activity across all groups, primarily Public Transport.

Capital expenditure is **\$10m favourable to budget** primarily due to timing on Public Transport related projects.

3. Communication

There is no communication required.

4. Consideration of Climate Change

The matters addressed in this report have been considered by officers in accordance with the process set out in the GWRC Climate Change Consideration Guide.

4.1 Mitigation assessment

Mitigation assessments are concerned with the effect of the matter on the climate (i.e. the greenhouse gas emissions generated or removed from the atmosphere as a consequence of the matter) and the actions taken to reduce, neutralise or enhance that effect.

Officers have considered the effect of the matters on the climate. Officers consider that the matters will have no effect.

Officers note that the matter does not affect the Council's interests in the Emissions Trading Scheme (ETS) and/or the Permanent Forest Sink Initiative (PFSI).

4.2 Adaptation assessment

Adaptation assessments relate to the impacts of climate change (e.g. sea level rise or an increase in extreme weather events), and the actions taken to address or avoid those impacts.

Officers have considered the impacts of climate change in relation to the matters. Officers recommend that climate change has no bearing on the matters.

5. The decision-making process and significance

No decision is being sought in this report.

5.1 Engagement

Engagement on this matter is unnecessary.

6. Recommendations

That the Committee:

1. *Receives the report.*
2. *Notes the content of the report.*

Report prepared by:

Mark Ford
Manager, Strategic Finance

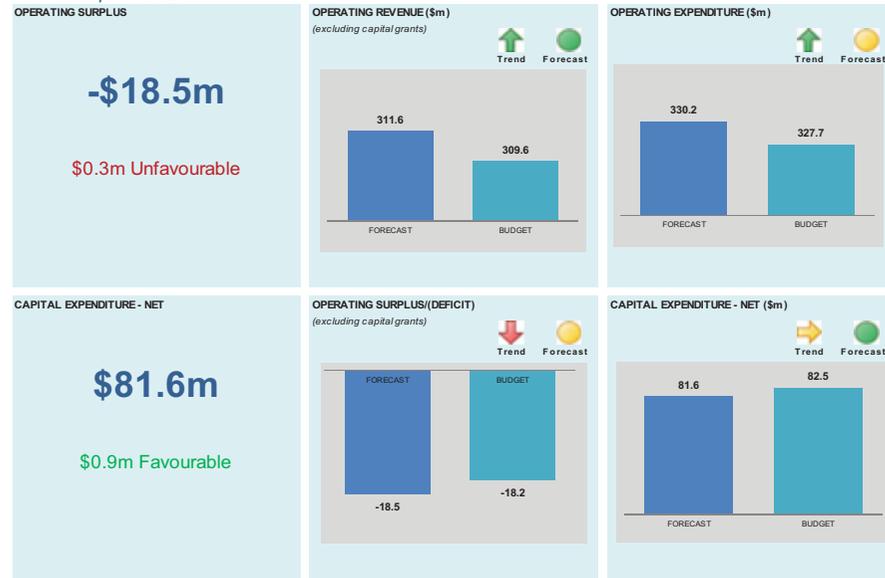
Report approved by:

Dave Humm
General Manager Corporate
Services / CFO

Attachment 1: Financial Summary

Cross Council Overview Financial Summary – Full Year Forecast

As at 30 September 2017



Council Summary

Forecast operating deficit (before capital grants) is **\$0.3m unfavourable** to budget. The variance is primarily related to the additional costs for alternate water source and water quality project offset by Public Transport – timing on trolley bus decommissioning, higher fare revenue due to patronage growth, and PT transition costs.

FY Forecast by Business Group

- Operating Revenue: \$2.1m favourable**

Public Transport is forecast to be **\$0.9m lower** than budget, which mainly reflects lower NZTA grants received due to lower than anticipated operating expenditure (\$2.8m). This is offset by higher patronage driven rail fare revenue (\$0.6m) and super gold revenue (\$1.3m).

Catchment is forecast to be **\$0.3m unfavourable** to budget reflecting reduced rent revenue due to timing of RiverLink property acquisition.

Environment is forecast to be **\$0.3m favourable** to budget reflecting additional revenue from RONS consenting activities (\$0.5m) partially offset by lower Water Wairarapa MPI contributions (\$0.2m).

Strategy is forecast to be **\$0.8m favourable** to budget which reflects additional stakeholder contributions to support Regional Infrastructure Resilience Business case.

Investment Management is forecast to be **\$0.5m favourable** to budget which reflects additional interest earned from the pre-funding of debt.

- Operating Expenditure \$2.4m Unfavourable**

Public Transport is forecast to be **\$3.1m lower** than budget reflecting a timing difference on trolley bus decommissioning (\$3.5m) due to moving the decommissioning timeline out 4 months and timing on PT transformation costs (\$0.6m) offset by super gold costs (\$0.9m). Net super gold revenue and costs are neutral.

Catchment is forecast to be **\$0.1m favourable** to budget reflecting finance related costs for timing of RiverLink property acquisition.

Environment is forecast to be **\$0.1m unfavourable** to budget due to additional RONS consenting activities (\$0.5m) partially offset by lower Water Wairarapa costs (\$0.1m) and NRP costs due to timing of hearings (\$0.2m).

Strategy is forecast to be **\$0.9m unfavourable** to budget which reflects additional expenditures to support Regional Infrastructure Resilience Business case.

Corporate Services is forecast to be **\$0.2m unfavourable** to budget due to additional long term planning resource and ERP pre-capitalisation phase costs.

Investment Management is forecast to be **\$0.3m unfavourable** to budget due reflecting the additional funding costs of pre-funding council debt.

Water Supply is forecast to be **\$4.1m unfavourable** to budget due reflecting the additional costs for alternate water source (\$3.0m) and Water Quality project (\$1.7m) and depreciation (\$0.3m). This is partially offset by savings in power, rates and other operating costs (\$1m).

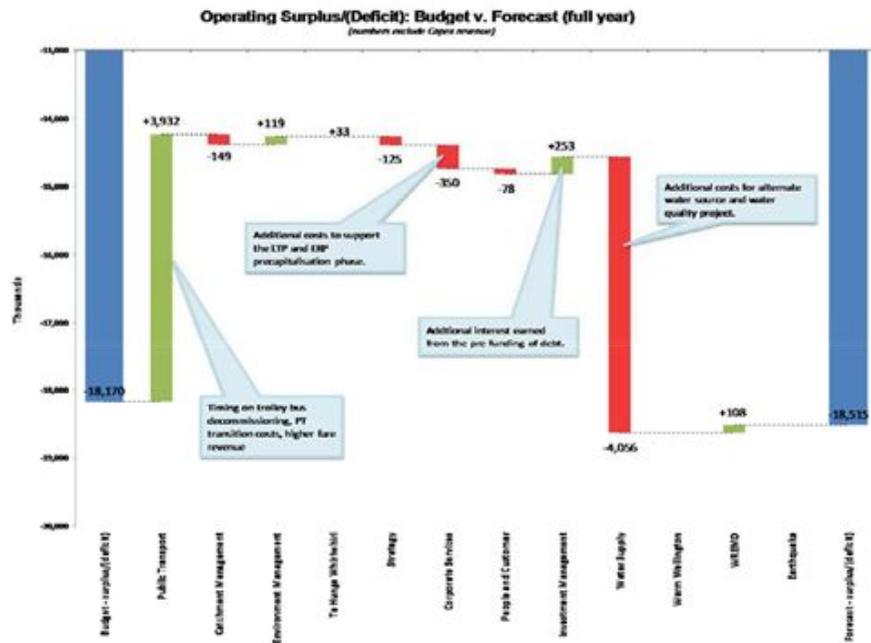
- Capital Expenditure \$0.9m Favourable**

Public Transport is **\$0.4m unfavourable** to budget due to increase bus hub and bus on-board infrastructure for buses offset by integrated fares and ticketing costs which will be treated as operating expenditure in the current year.

Catchment is forecast to be **\$2.7m favourable** to budget due timing on RiverLink property acquisitions reflecting lower volume of commercial purchases and a holding preference of residential owners. Pinehaven implementation expenditure expectation has reduced by \$0.4m due to a programme revision by Wellington Water.

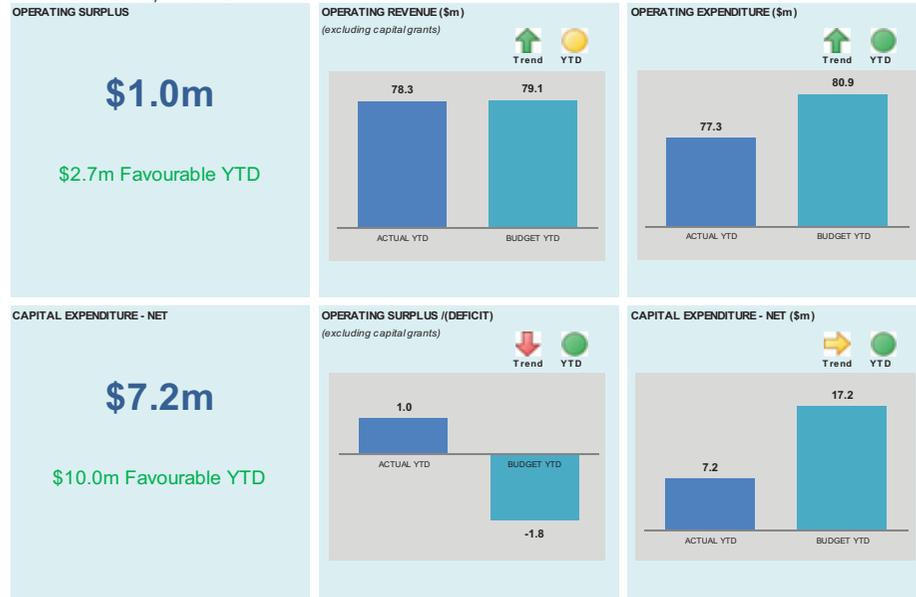
Water Supply is forecast to be **\$2.3m unfavourable** to budget due additional Water Quality spend of \$6.4m, partially offset by alternate water supply \$2.7m (moving from capex to opex) and other savings from re-prioritisation of the program.

Corporate Services is forecast to be **\$0.5m favourable** to budget reflecting timing on ICT projects.



Cross Council Overview Financial Summary

Year to Date 30 September 2017



Council Summary

Council Summary

Year to date operating deficit (before capital grants) is **\$2.7m favourable** to budget. The variance is primarily related to Public Transport – reflecting timing on Kiwi Rail network costs, payments to Transdev and transition costs, offset by lower NZTA grants.

YTD Business Group Commentary:

- Operating Revenue: **\$0.9m Unfavourable**

Public Transport is **\$1.7m unfavourable** to budget, largely reflecting lower NZTA grants (\$2m) as a result of the timing on associated expenditure, partially offset by higher fare revenue (\$0.4m) and contributions for national ticketing (\$0.3m).

Strategy is **\$0.6m favourable** to budget which reflects timing of NZTA grants on claimable costs for Sustainable Transport & Regional Transport Planning and contributions for Regional Infrastructure Resilience Business case.

Catchment is **\$0.3m unfavourable** to budget, which largely reflects lower activity for Akura and timing of predator control over winter.

Investment Management is **\$0.5m favourable** to budget which reflects additional interest earned from the prefunding of council debt.

- Operating Expenditure **\$3.6m Favourable**

Public Transport is **\$2.8m favourable** to budget reflecting timing on transformation related costs (\$0.7m), bus and ferry operating costs (\$1.0m) SuperGold (\$0.3m), and rail network costs (\$0.6m)

Catchment is **\$0.4m favourable** to budget reflecting timing on pest animal and plant control programmes due to unfavourable weather (\$0.2m) and timing on land management and riparian programmes (\$0.2m)

Environment is **\$0.3m favourable** to budget reflecting timing on NRP hearing costs (\$0.2m), and maintenance progress in Parks (\$0.2m) due to unfavourable weather, partially offset by greater costs to support consent activity (\$0.1m).

Strategy is **\$0.1m unfavourable** to budget reflecting costs for Regional Transport planning and Regional Infrastructure Resilience Business case, offset by several vacancies and timing of spent in relation to LTP and annual report.

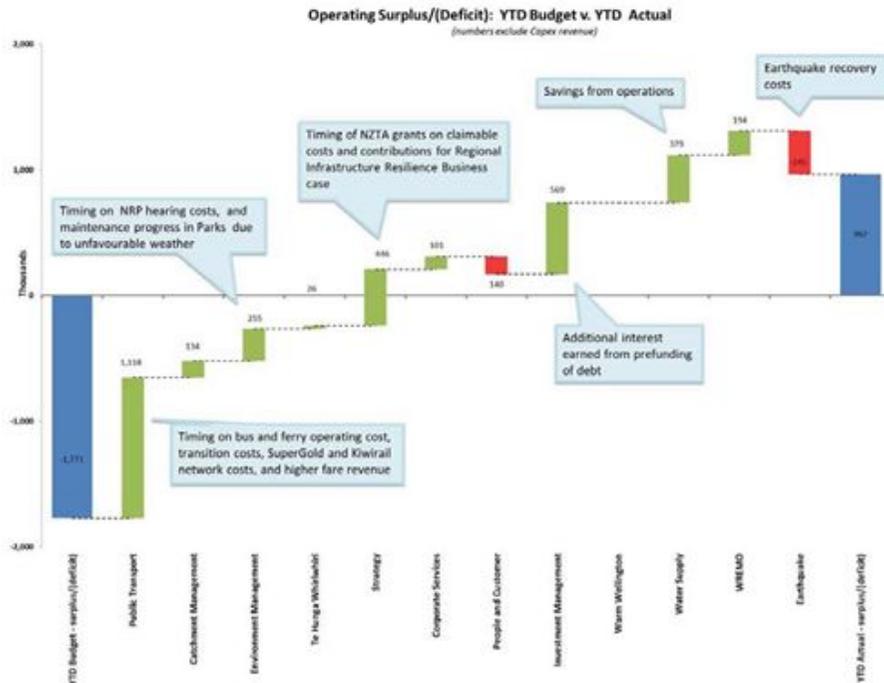
Water Supply is **\$0.4m favourable** to budget reflecting savings from operations.

Earthquake recovery costs to date are **\$0.2m**.

- Capital Expenditure **\$10m Favourable**

Public Transport is **\$9.1m favourable** to budget reflecting timing on Fares and Ticketing (\$2.2m), PT Transition (\$2.9m), train heavy maintenance (\$1.2m), Ava Bridge (\$0.6m), station and carpark upgrades (\$0.7m).

Catchment is **\$0.4m favourable** to budget due to the Pinehaven implementation programme revision and the timing of hearings for Resource Consent project.



Cross Council Overview Financial Summary ('000s)

Statement of Revenue and Expense by Business Group - Full Year

\$000	FULL YEAR				FULL YEAR				FULL YEAR			
	Operational Revenue				Operational Expenditure				Operational Surplus / (Deficit)			
Group	Forecast	Budget	Variance	%	Forecast	Budget	Variance	%	Forecast	Budget	Variance	%
Public Transport	185,675	184,825	850	0%	184,761	187,843	3,082	2%	914	(3,018)	3,932	130%
Catchment Management	37,792	38,051	259	1%	31,020	31,130	110	0%	6,772	6,921	149	2%
Environment Management	30,118	29,857	260	1%	29,267	29,126	141	0%	850	731	119	16%
Te Hunga Whiriwhiri	1,034	1,034	0	0%	1,026	1,026	0	0%	9	9	0	0%
Strategy	12,393	11,626	767	7%	13,796	12,904	892	7%	(1,403)	(1,278)	125	10%
Corporate Services	10,152	10,272	120	1%	18,240	18,010	230	1%	(8,088)	(7,738)	350	5%
People and Customer	2,365	2,415	50	2%	10,030	10,002	28	0%	(7,665)	(7,587)	78	1%
Investment Management	(7,097)	(7,619)	522	7%	(3,347)	(3,617)	269	7%	(3,750)	(4,003)	253	6%
Water Supply	32,170	32,170	0	0%	38,954	34,897	4,056	12%	(6,784)	(2,727)	4,056	149%
Warm Wellington	3,183	3,183	0	0%	3,180	3,180	0	0%	3	3	0	0%
WREMO	3,545	3,452	93	3%	3,230	3,245	15	0%	314	207	108	52%
Earthquake	312	312	0	0%	0	0	0	0%	312	312	0	0%
TOTAL	311,641	309,578	2,064	1%	330,157	327,747	2,409	1%	(18,515)	(18,170)	346	2%

Statement of Revenue and Expense by Business Group - Year to Date

\$000	YEAR TO DATE				YEAR TO DATE				YEAR TO DATE			
	Operational Revenue				Operational Expenditure				Operational Surplus / (Deficit)			
Group	Actual YTD	Budget YTD	Variance	%	Actual YTD	Budget YTD	Variance	%	Actual YTD	Budget YTD	Variance	%
Public Transport	45,371	47,025	1,654	4%	42,967	45,738	2,772	6%	2,405	1,287	1,118	87%
Catchment Management	9,902	10,199	297	3%	7,897	8,328	431	5%	2,005	1,871	134	7%
Environment Management	7,615	7,697	82	1%	6,820	7,157	337	5%	795	540	255	47%
Te Hunga Whiriwhiri	211	259	47	18%	184	256	73	28%	28	2	26	1177%
Strategy	3,453	2,882	570	20%	3,256	3,131	124	4%	197	(249)	446	179%
Corporate Services	2,635	2,568	67	3%	4,351	4,385	34	1%	(1,716)	(1,817)	101	6%
People and Customer	591	604	12	2%	2,591	2,463	127	5%	(1,999)	(1,860)	140	8%
Investment Management	(1,455)	(1,907)	452	24%	(1,096)	(978)	118	12%	(360)	(929)	569	61%
Water Supply	8,054	8,042	11	0%	8,421	8,788	368	4%	(367)	(746)	379	51%
Warm Wellington	904	796	109	14%	904	795	108	14%	1	0	0	111%
WREMO	972	863	109	13%	726	812	85	10%	246	51	194	378%
Earthquake	0	78	78	100%	267	0	267	100%	(267)	78	345	442%
TOTAL	78,254	79,106	852	1%	77,287	80,877	3,590	4%	967	(1,771)	2,738	155%

Statement of Revenue and Expense

\$000	YEAR TO DATE				FULL YEAR			
	Actual YTD	Budget YTD	Variance	%	Forecast	Total Budget	Variance	%
OPERATING REVENUE								
Rates	30,471	30,190	281	1%	120,780	120,780	0	0%
Subsidies & Grants	15,333	18,084	2,751	15%	70,743	71,500	757	1%
Other Revenue	31,267	30,073	1,194	4%	116,553	114,255	2,298	2%
Finance Revenue	1,183	759	424	56%	3,565	3,043	522	17%
TOTAL REVENUE	78,254	79,106	852	1%	311,641	309,578	2,064	1%
OPERATING EXPENDITURE								
Personnel	11,369	11,490	120	1%	46,217	46,244	27	0%
Material & Contractor/Consultant	16,701	18,389	1,688	9%	76,710	69,603	7,107	10%
Depreciation & Amortisation	4,490	4,473	17	0%	18,194	17,894	300	2%
Grants & Subsidy	35,388	36,966	1,578	4%	151,492	156,669	5,177	3%
Finance Cost	4,663	4,782	119	2%	19,816	19,686	130	1%
Other Expense	4,676	4,776	101	2%	17,728	17,651	76	0%
TOTAL EXPENDITURE	77,287	80,877	3,590	4%	330,157	327,747	2,409	1%
OPERATING SURPLUS/(DEFICIT)	967	(1,771)	2,738	155%	(18,515)	(18,170)	346	2%
Subsidies & Grants - Capex	2,507	4,963	2,456	49%	23,106	25,053	1,947	-8%
Fair Value Movement	0	0	0	0%	9,250	9,250	0	0%
SURPLUS/(DEFICIT)	3,474	3,192	282	9%	13,840	16,133	2,292	14%

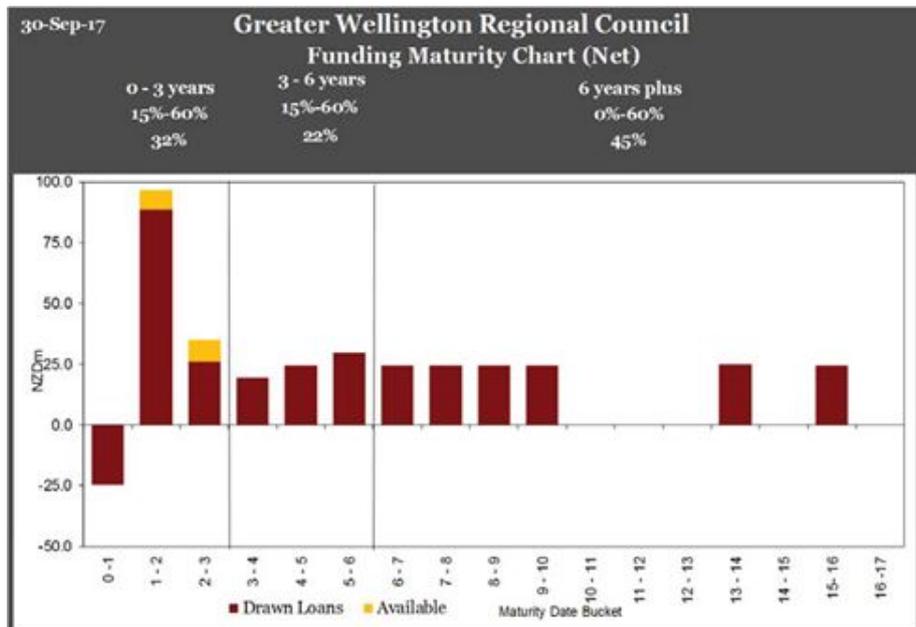
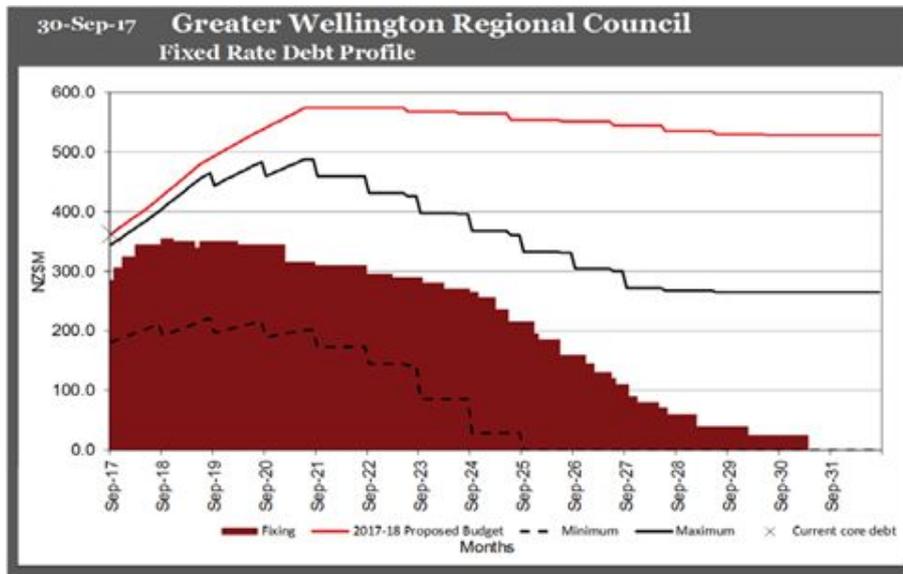
Net Capital Expenditure by Business Group

\$000	YEAR TO DATE				FULL YEAR			
	Actual YTD	Budget YTD	Variance	%	Forecast	Total Budget	Variance	%
Public Transport (incl investment)	518	9,639	9,121	95%	37,730	37,350	380	1%
Catchment Management	2,699	3,144	445	14%	19,002	21,652	2,650	12%
Environment Management	575	620	45	7%	5,119	5,119	0	0%
Strategy	36	30	6	18%	284	634	350	55%
Corporate Services	288	310	22	7%	3,470	4,003	533	13%
People and Customer	0	0	0	0%	197	197	0	0%
Investment Management	16	200	184	92%	660	660	0	0%
Water Supply	3,052	3,215	163	5%	15,177	12,918	2,259	17%
Earthquake 2016	0	0	0	100%	0	0	0	0%
TOTAL	7,184	17,160	9,976	58%	81,638	82,532	894	1%

COMPLIANCE WITH TREASURY RISK MANAGEMENT POLICY

**Summary Treasury Report
As at 30 September 2017**

Total Council Limit Compliance Analysis				Compliant		Compliant	
				Yes	No	Yes	No
				actual %		actual %	
Debt Interest Rate Policy Parameters							
Current	50% - 95%		✓	83%		✓	
year 1	45% - 95%		✓	88%			
year 2	40% - 90%		✓	79%			
year 3	35% - 85%		✓	75%			
year 4	30% - 80%		✓	68%			
year 5	25% - 75%		✓	69%			
year 6	15% - 70%		✓	73%			
year 7	5% - 65%		✓	72%			
year 8	0% - 60%		✓	65%			
year 9	0% - 55%		✓	53%			
year 10	0% - 50%		✓	40%			
year 11	0% - 45%		✓	22%			
year 12	0% - 40%		✓	15%			
year 13	0% - 35%		✓	9%			
year 14	0% - 30%		✓	0%			
year 15	0% - 25%		✓	0%			
The maturity of total external debt less liquid financial investments to fall within the following timebands							
0 - 3 years	15% - 60%		✓	32%			
3 - 5 years	15% - 60%		✓	22%			
> 5 years	10% - 60%		✓	46%			
Countersparty credit exposure with New Zealand registered banks which have a credit rating of at least A-, long term, and A2 short term						✓	
Other countersparty exposure within policy limits						✓	
Maximum countersparty exposure with a NZ registered bank is within \$86 million limit						✓	
The repricing of liquid financial investments are to occur within the following timebands							
	0 - 1 year	40% - 100%				✓	96%
	1 - 3 years	0% - 60%				✓	0%
	3 - 5 years	0% - 40%				✓	4%
	5 - 10 years	0% - 20%				✓	0%
Core Council External Borrowing Limits - Ratios							
Net interest / Total Revenue < 20%						✓	4.7%
Net Debt / Total Revenue < 250%						✓	74.0%
Net interest / Annual rates and levies < 30%						✓	9.4%
Liquidity > 110%						✓	120%





Report 17.421
Date 17 October 2017
File CCAB-22-272

Committee Finance Risk and Assurance Committee
Author Mike Timmer, Treasurer

Approach to managing fraud risk

1. Purpose

To provide the Committee with an update on fraud in terms of policy, processes and risk management around fraud and related issues.

2. Background

GWRC recognises the importance of protecting the organisation, its operations, its employees, and its assets, from the consequences of fraudulent or corrupt activity.

The adverse publicity surrounding fraud or corruption perpetrated upon GWRC is a key risk element for maintaining GWRC's credibility and reputation. Accordingly, GWRC has a framework of policies to facilitate the development of controls to prevent and detect fraud at the Council.

Policy/Guideline	Purpose	Relationship to fraud risk
Fraud	Outlines the Council's approach to fraud detection, prevention and response	
Protected Disclosures	Provides information and internal procedure for employees of the Council who wish to report serious wrongdoing within the organisation	Encouraging fraud to be reported
Code of conduct	Expectations of employees in terms of their behaviour	Dealing with property, use of information, compliance with policies and procedures

Credit card	Use of credit cards and process around this	Cards subject to normal purchasing controls, private use of cards prohibited
Entertainment & Hospitality	Procurement of food, control of expenditures, public scrutiny test, FBT considerations, what no acceptable expenditures	Outlines appropriate, expenditure, authorisation process, private benefit considerations
Sensitive Expenditures (staff members)	Travel, entertainment, disposal of GWRC assets to staff, gifts and invitations, Koha, GWRC property for personal use, no staff purchases via GWRC, gift register	Parameters of authorisation and reasonableness of expenditures, limits on private benefits
Vehicle use policy	Operational rules around vehicle use both Council and private, driver responsibilities, Vehicle purchase and disposal guidelines, E-ROAD GPS units.	Outlines appropriate use of Council vehicles and fleet card process.

3. Comment

The principal policies for the detection and prevention of fraud are the Fraud Policy and Protected Disclosures Policy.

3.1 Fraud Policy

The purpose of the Fraud Policy is to:

- a. Clearly state the position with respect to fraud and corruption - *GWRC maintains the highest standards when it comes to matters of integrity. Concealment of fraud is not tolerated*
- b. Impose a duty on employees to report a suspicion of fraud or corruption - *suspected fraud or corruption must be reported to a General Manager or CFO, or CEO*
- c. Provide protection to those who report suspected fraudulent or corrupt activity - *fraudulent or corrupt activity falls within the definition of serious wrongdoing and is covered by GWRC Protected Disclosure Policy*
- d. Ensure a consistent response to reports of suspected fraudulent or corrupt activity - *the CEO has the primary responsibility for investigating all*

fraudulent and corrupt activities and a process around this is set out in the policy

- e. Outline consequences for fraudulent or corrupt activity - *the process is set out in the Policy as to the consequences of fraud. Essentially they are referred to the Police or the serious Fraud office.*

All policies are regularly reviewed, enabling them to be brought up to best practice on a regular basis, taking into account organisational change, change in technology and processes, and lessons learned about how well the policy is working. A regular review also enables amendments to be made from learnings of past events, be they internal or externally sourced. The fraud policy is currently being reviewed.

3.2 Protected Disclosures Policy

The Fraud policy works in tandem with the Protected Disclosures Policy, which provides information and internal procedures for employees of GWRC who wish to report serious wrongdoing within the organisation.

The policy is based on the Protected Disclosures Act 2000, which facilitates and protects employees who wish to disclose serious wrongdoing within their organisation, also known as “whistleblowing”. The Act requires that should an employee disclose such information, there is an internal procedure to deal with it and that no civil, criminal or disciplinary proceedings can be taken against an employee for whistleblowing about serious wrong doing. The policy was last reviewed and updated in June 2017.

3.3 Prevention and Occurrence of Fraud

From time to time fraud occurs around the country, be it at DHBs, councils or government departments.

When these occur, the owners of the policies review the cases concerned, to determine if there is any learning and if our systems need to be altered, or our policies updated, to reflect changes necessary to avoid such a fraud occurring at this Council.

We have generally found our systems to be robust (as evidenced by Audit New Zealand’s comments on our controls and other external reports from time to time). However, minor changes have been undertaken from time to time to enhance our internal controls. Additionally, the Finance department is currently reviewing its processes under the new Business Assurance framework previously discussed with FRAC, with the assistance of PwC. The review aims to improve the Finance processes from a customer experience, and enhance process controls to lower the risk of error and fraud.

Council has had two reported cases of fraud in recent times. One involved a taxi driver using his spouse’s and friend’s mobility cards in 2010 to obtain funds without completing the actual trips. The offender was apprehended, Police notified, and repatriations made by him. Our processes were audited at a later date by NZTA, after a similar fraud at another council, and we received a

positive report and held out as an example for the sector. A policy on Total Mobility fraud is currently in process of being completed.

Recently in Wellington Water a staff member diverted company purchases for their own benefit. This was reported to this Committee in 2016. The staff member was dismissed, and the case put in the hands of the Police.

The occurrence of known fraud has been rare and are have been dealt with swiftly and given high levels importance. When a fraud occurs, or has occurred an investigation amongst other processes is undertaken to ascertain why the fraud has occurred and how our internal controls have responded.

The point of this is to ascertain any weaknesses, and if necessary update the policy or change processes to avoid this happening again.

3.4 Treatment of Fraud Risk

Fraud is recorded as a risk in the risk register as follows:

Loss of Council funds due to fraud – *Defalcation of Council resources by staff members.*

The risk is scored “Low Risk” for both inherent risk and residual risk (after controls are in place), with the controls lessening the consequences or impact from a fraud. The controls include:

- Insurance in place
- Internal Accounting controls
- Treasury Policy
- Accounting – external & internal audit

Council has in place a Crime Insurance Policy which is renewed annually. It has cover up to a maximum annual pay-out of \$10 million with various extensions or limits depending on the type of fraud.

4. Communication

There is no communication required.

5. Consideration of Climate Change

The matters addressed in this report have been considered by officers in accordance with the process set out in the GWRC Climate Change Consideration Guide.

5.1 Mitigation assessment

Mitigation assessments are concerned with the effect of the matter on the climate (i.e. the greenhouse gas emissions generated or removed from the atmosphere as a consequence of the matter) and the actions taken to reduce, neutralise or enhance that effect.

Officers have considered the effect of the matters on the climate. Officers consider that the matters will have no effect.

Officers note that the matter does not affect the Council's interests in the Emissions Trading Scheme (ETS) and/or the Permanent Forest Sink Initiative (PFSI).

5.2 Adaptation assessment

Adaptation assessments relate to the impacts of climate change (e.g. sea level rise or an increase in extreme weather events), and the actions taken to address or avoid those impacts.

Officers have considered the impacts of climate change in relation to the matters. Officers recommend that climate change has no bearing on the matters.

6. The decision-making process and significance

No decision is being sought in this report.

6.1 Engagement

Engagement on this matter is unnecessary.

7. Recommendations

That the Committee:

- 1. Receives the report.*
- 2. Notes the content of the report.*

Report prepared by:

Mike Timmer
Treasurer

Report approved by:

Dave Humm
GM Corporate Services/CFO



Report 2017.409
Date 19 October 2017
File CCAB-22-266

Committee Finance, Risk and Assurance Committee
Author Mike Ward, Acting Health & Safety Manager

Health and safety update

1. Purpose

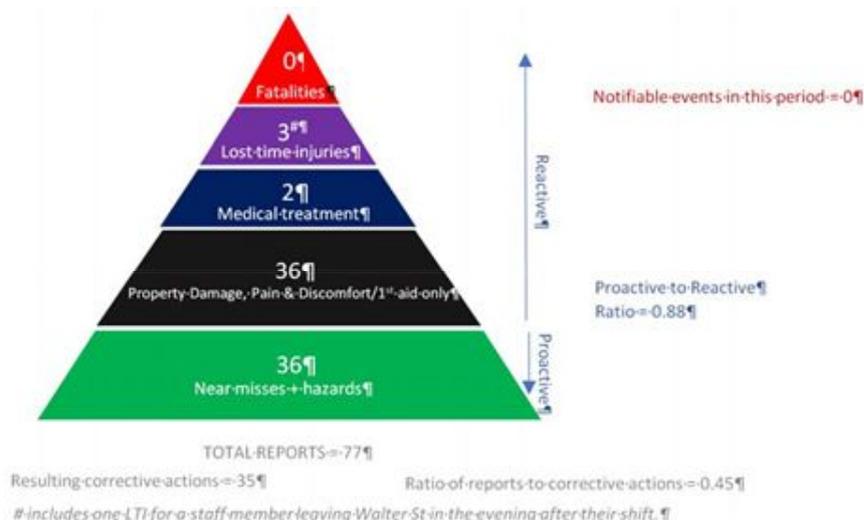
To inform the Finance, Risk and Assurance Committee on the health and safety performance of the organisation and activity associated with our critical risk areas.

2. Background

The full Greater Wellington Regional Council (GWRC) Organisational Performance Report contains an overview of the organisation’s health and safety management against key metrics during the first quarter. This is currently being drafted and it will be presented to the Council in the near future. This report contains some of the first quarter’s activity and performance that has been established so far, as well as an update on other key initiatives and activities undertaken by the Health and Safety Team.

3. Understanding our health and safety risks

During the first quarter of this financial year, a total of 77 health and safety related events were recorded in KESAW (Keeping Employees Safe at Work). The diagram below is a breakdown of these events by outcome.



The following table shows these events against the risk classification, as recorded by the staff member reporting them.

Risk classification	Number of events	% of total events
Extreme	2	2%
High	14	18%
Medium	27	35%
Low	38	49%
Total	77	

Further analysis shows that out of the 77 events recorded in KESAW, 56 of these related to one or more of the organisational critical risk categories. These are detailed in the table below.

		Risk classification				Total	% of Events
		Extreme	High	Medium	Low		
Risk category	Animals/People	0	2	0	2	2	2%
	Contractors/Other 3 rd Parties	0	2	1	1	6	8%
	Hazardous substances	0	0	0	1	1	1%
	Lone/remote working	0	1	0	0	1	1%
	Physical works	0	2	5	6	13	17%
	Transportation	2	5	5	9	21	27%
	Work related health	0	0	0	0	0	0%
	Environment/Water Work	0	0	8	3	11	14%

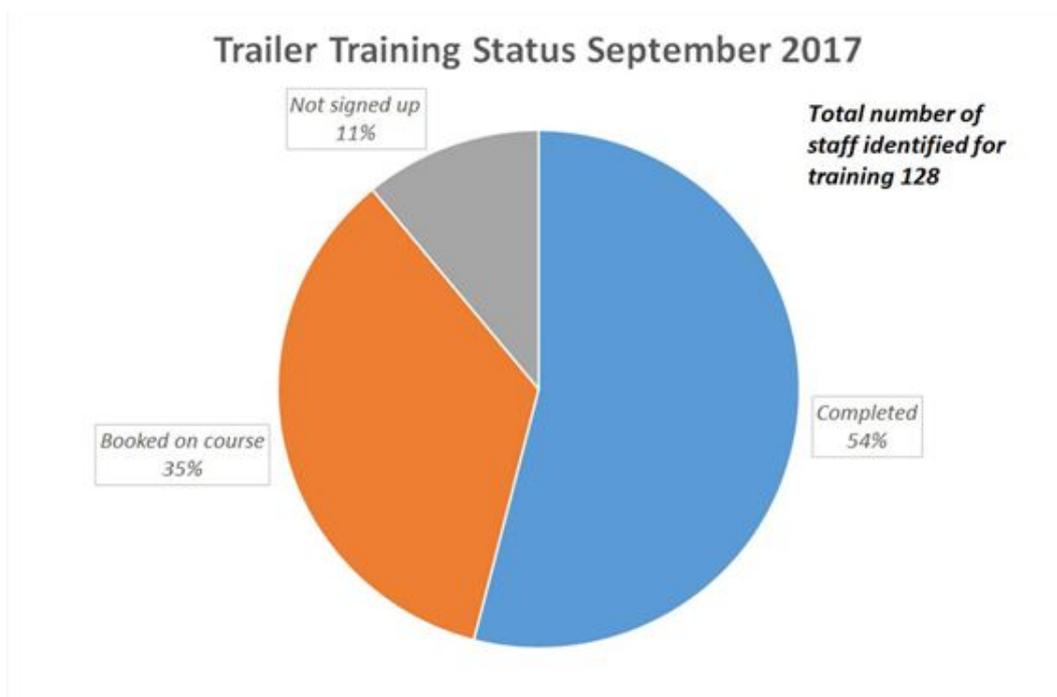
4. Health and safety critical risk initiatives.

The following section provides a brief update on initiatives and activities associated with several of GWRC's identified critical risk areas over this quarter, or planned for the second quarter.

4.1 Transportation

4.1.1 Trailer Use Training

The trailer use training project is progressing well and is receiving very positive feedback from attendees. Over 50% of the identified staff target group have completed the training so far. It is expected that all staff in the target group will have completed this training by the end of the second quarter.



4.1.2 LUV (Light Utility Vehicle) Training

From the findings of the two recent LUV event learning reviews, we have been working with a training provider to develop tailored refresher training for staff. This is scheduled to be delivered to staff late November, once lambing has finished and the training venues dry out.

4.1.3 Review of on-road driver training

We are working with our current on-road driver training provider and an online driver training provider, to complete a review and comparison of classroom and practical driving training. We are investigating whether our current on-road training could be complemented with available online training opportunities. We are working with several staff members to gather feedback regarding appropriateness and how the training can work best together.

The objective of this pilot is to establish the best way to get a better reach for staff to access and complete driver training, while also ensuring the training remains relevant to the GWRC vehicle fleet and use.

4.2 Physical Works

4.2.1 Tree Work Training

Nine Parks staff from the initial group undertaking the Primary ITO Certificate in Horticulture (Arboriculture) have completed their various qualifications and will be receiving their Level 2, or higher, certificates this quarter.

Completing this training has helped Parks understand the spread of skills, knowledge and confidence across their staff, and how to get the best from this to ensure safe and productive work.

4.2.2 Work in Confined Spaces Refresher training

A refresher course for Confined Space Safety has been arranged. As part of the preparation, we have reconfirmed the areas of GWRC work that can be exposed to confined space situations and established their current training status (e.g. what training they have received, who the provider was, and any feedback on this training).

It is hoped that we will identify the specific training provider that we want to deliver this training for GWRC in the future. We want to get a shared understanding with staff and the training provider as to areas of specific focus relating to GWRC Confined Spaces Work risk context.

4.3 People and Animals

4.3.1 Thriving Under Fire training

All Parks staff are looking to complete the Thriving Under Fire – Dealing with Difficult People training. This was another recommendation from the recent LUV incident learning reviews. The objective of this training is to help staff better understand their own and others' emotional response to situations. It covers strategies and techniques to help staff better respond to these situations and help to ensure good decision-making by our staff.

4.4 Lone and/or Remote Work

An initial workshop is scheduled for the end of October to review the organisation's management of the risks associated with lone and/or remote working. The objectives of this workshop include:

- Establishing the context of the lone and/or remote working risk across our diverse range of work activities and situations
- Confirming the systems, practices and tools currently in use at GWRC, including their strengths and weaknesses
- Establishing what new emerging technology is available and how this may be of use to GWRC
- Establishing a road map for future activities to improve the methods and consistency of how this risk is managed across the organisation.

5. Extreme and High Risk Events, including Lost Time Injuries

The following is a summary of the significant reported events and the associated activity over the first quarter.

5.1 Vehicle struck from behind and rolled

A Parks staff member was driving on SH58 to Battle Hill when a car coming in the opposite direction clipped a turning vehicle, causing the car coming from the opposite direction to spin and roll. The staff member was slowing and pulling to the left to avoid the car and debris when it was struck from behind by a following ute, thereby causing the staff member's vehicle to spin and roll several times.

The staff member was able to walk away from the accident, suffering minor whiplash and delayed concussion which resulted in several days off work. While the staff member was not at fault, the incident will be reviewed to identify what we can learn and improve for the future, particularly in relation to what and how additional items are carried in and on our vehicles.

5.2 Spider bite

A Flood Protection Riverhand was bitten by a spider on the back of their neck while working on trees along a river. The Riverhand experienced either a secondary infection or a delayed adverse reaction to the spider bite and sought medical attention. This resulted in several days off work, for recovery.

5.3 Staff member trips and falls leaving Walter St building

A staff member from the Contact Centre in Walter Street tripped on an unmarked judder bar in an alleyway outside the Walter Street building, whilst running to catch a bus after finishing their evening shift. The staff member suffered an injured wrist and loosened teeth, so took several days off work as a result of their injuries.

Contact Centre staff have been briefed on the safe routes for exiting the building after hours. Facilities are working to identify who is responsible for the alleyway and checking whether the offending judder bar can be made more visible e.g. yellow paint.

5.4 Light Utility Vehicle (LUV) Incidents

As previously reported to Council, there were two serious incidents involving LUVs this quarter which had potential for serious injury. Fortunately, only a minor injury was suffered in one of the incidents. From the findings of the incident learning reviews, we are looking to provide targeted refresher training to staff that operate LUVs, and also the Thriving Under Fire training for Parks staff. There is also work planned to formalise a Standard Operating Procedure for GWRC LUV use.

5.5 Pedestrian, cyclist and car interaction at CentrePort

There have been several near miss incidents involving cars and either pedestrians or cyclists in the non-operational areas of CentrePort. Those involved were able to be identified and spoken to, including CentrePort staff.

We continue to work with CentrePort to improve the road markings and signage associated with traffic and pedestrian movement around the non-operational port areas that GWRC interfaces with.

5.6 Walter Street under-desk cabling

With the extension of the lease at the Walter Street office, ICT engaged a contractor to review and reroute all of the under-desk power and network cabling in the main office area on Level 2. This has significantly reduced the clutter and tangle of cables under desks, reducing concerns that have been raised by staff about the potential risk that the previous temporary set-up presented.

6. Communication

There is no communication required.

7. Consideration of Climate Change

The matters addressed in this report have been considered by officers in accordance with the process set out in the GWRC Climate Change Consideration Guide.

7.1 Mitigation assessment

Mitigation assessments are concerned with the effect of the matter on the climate (i.e. the greenhouse gas emissions generated or removed from the atmosphere as a consequence of the matter) and the actions taken to reduce, neutralise or enhance that effect.

Officers have considered the effect of the matters on the climate. Officers consider that the matters will have no effect.

Officers note that the matter does not affect the Council's interests in the Emissions Trading Scheme (ETS) and/or the Permanent Forest Sink Initiative (PFSI).

7.2 Adaptation assessment

Adaptation assessments relate to the impacts of climate change (e.g. sea level rise or an increase in extreme weather events), and the actions taken to address or avoid those impacts.

Officers have considered the impacts of climate change in relation to the matters. Officers recommend that climate change has no bearing on the matters.

8. The decision-making process and significance

No decision is being sought in this report.

8.1 Engagement

Engagement on this matter is unnecessary.

9. Recommendations

That the Committee:

1. *Receives the report.*
2. *Notes the content of the report.*

Report prepared by:

Mike Ward
Acting Health & Safety
Manager

Report approved by:

Lucy Matheson
General Manager, People and
Customer