
REPORT 1

**2013/14 QUARTERLY REPORT: QUARTER TWO
(1 OCTOBER – 31 DECEMBER 2013)**

1. Purpose of report

This report outlines progress towards the delivery of the 2013/14 Annual Plan as at 31 December 2013.

2. Recommendations

Officers recommend that the Environment Committee:

1. *Note the information.*

3. Background

The quarterly report informs councillors of progress against the annual plan, and also ensures the annual report does not contain any unexpected and significant variances from performance. Responsibility for the Quarterly Report falls within the purview of the Governance, Finance and Planning Committee. At elected members' request, the Report is provided to subject-area committees for consideration of any matters that relate to their role to "monitor and [maintain] oversight of projects and programmes within area[s] of responsibility" (Terms of Reference and Delegations for the 2013/16 Triennium).

4. Discussion

2013/14 Quarterly Report: Quarter Two results

The attached Quarterly Report (Appendix 1 and 2) outlines the Council's progress against planned, or budgeted performance for:

- Income
- Operational expenditure
- Capital expenditure
- Service Delivery (KPI performance)
- Compliance with Treasury Policy
- Key programmes.

Significant variances are explained, by activity group, in Appendix 2 of the Quarterly Report. This quarterly report explains negative variances greater than 10%, and favourable variances of greater than 20%.

Details relating to significant projects are highlighted, by relevant committee, on pages 2-4 (Key Programmes).

5. Conclusion

The attached Quarterly Report outlines performance for 1 October – 31 December 2013. Weather events and earthquakes have affected performance in a number of areas; officers will continue to monitor the Council's progress and provide a further report in Quarter Three on the implications of timing delays to its year-end position.

Contact Officer: *Martin Rodgers; Manager, Research, Consultation and Planning*

SUPPORTING INFORMATION

1) Strategic fit / Strategic outcome

This report outlines progress against the planned projects, spending and service levels indicated in the Annual Plan.

2) LTP/Annual Plan reference and long term financial impact

This report outlines progress against the planned projects, spending and service levels indicated in the Annual Plan.

3) Treaty of Waitangi considerations

Not applicable

4) Decision-making

This is not a significant decision. The report provides a result and a process for delivery of the council's quarterly performance.

5) Consultation

a) General consultation

Not applicable

b) Consultation with Maori

Not applicable

6) Legal implications

Not applicable. This report outlines progress towards the Annual Plan and Annual Report, which are legislative requirements.

7) Consistency with existing policy

Not applicable



APPENDIX 1: QUARTERLY REPORT

1 OCTOBER – 31 DECEMBER 2013

PERFORMANCE SUMMARY: BY ACTIVITY AREA

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1. GOVERNANCE

Pārongo ā-Tāone

We want to involve people and maintain their confidence in our decision-making.

We have an obligation to ensure the views of Māori and mana whenua are heard.

WHAT WE DO

- City governance and engagement
- Civic information
- City archives
- Māori and mana whenua partnerships.

HIGHLIGHTS OF THIS QUARTER

- Adopted the 2014/15 Draft Annual Plan for consultation with the public
- Decided to lift the incomes of 450 of our lowest-paid employees to a living wage rate
- Conducted the triennial elections; the 2013 election saw an increase in turnout over 2010 (from 39.54% to 41.43%). Wellington City was the only large metropolitan council to record an increase in voter turnout. Record number of 1569 special votes issued and 1128 returned.
- Held the inauguration of the new Council and Community Boards
- Completed induction and training of the new Council
- Adopted and implemented a new governance structure for the Council
- Appointed and trained District Licensing Committee members
- Continued to appraise, arrange and describe the backlog of records held at City Archives to increase accessibility for staff and the public
- Supported over 80,391 customers in phone, email and text fix-it interactions through the Contact Centre
- Continued planning for Matariki with a meeting hosted by mana whenua and Council
- Hosted approximately 100 newcomers at He Kāinga Hou – A New Home: In the Footsteps of Kupe, at Te Kura Kaupapa Māori o Ngā Mokopuna (in conjunction with the kura whānau and mana whenua)

SIGNIFICANT VARIANCES TO PERFORMANCE¹:

SERVICE DELIVERY

Measure	Actual	Target	Var	Explanation
Council, committee and subcommittee reports that are made available to the public 5 days prior to the meeting (%)	48%	80%	(40%)	This result was due to the implementation of the new governance structure and the early adoption of the Draft Annual Plan.

NET OPERATING EXPENDITURE

Description	YTD			Full Year	
	Act	Bud	Var	Forecast	Bud
	\$000's	\$000's	\$000's	\$000's	\$000's
1.1 Governance, Information & Engagement	8,501	8,718	218	16,074	16,359
1.2 Māori Engagement (Mana Whenua)	170	195	25	225	225
TOTAL	8,670	8,913	243	16,299	16,584
Variance explanation: Under budget due to timing of expenditure on Smart Energy Capital and the Home Energy Saver programmes and savings on organisational overhead allocations.					

¹ Areas where performance varied from budgeted expectations by more than 10%.



CAPITAL EXPENDITURE

Description	YTD			Full Year	
	Act	Bud	Var	Forecast	Bud
	\$000's	\$000's	\$000's	\$000's	\$000's
1.1 Governance, Information & Engagement	4	64	61	4	110
1.2 Māori Engagement (Mana Whenua)	0	0	0	0	0
TOTAL	4	64	61	4	110
Variance explanation: No significant variance					



2. ENVIRONMENT

Taiao

We aim to protect and enhance Wellington's natural environment.

WHAT WE DO

- Gardens, beaches and green open spaces
- Waste reduction and energy conservation
- Water
- Wastewater
- Stormwater
- Conservation attractions.

HIGHLIGHTS OF THIS QUARTER

- Completed Spring Festival and held the Truby King Park 'The Secret Garden' Open Day
- Completed repiling work on the Halfway House and began general restoration work on the exterior of the house
- Awarded Green Flag accreditation for Oruaiti Reserve (world wide recognition of excellence)
- Supported a number of summer scholars from Victoria University of Wellington with internships. Students are researching a variety of subjects, from the relationship between pests and pipes, utilising open space tracks as commuter links, and valuing Wellington Botanical Gardens
- Completed and forwarded the first draft of the Wellington Town Belt Bill to Parliamentary Counsel Office for their review. A final draft will be presented to Council for approval to consult in March 2014
- Supported 7 projects with \$22,000 through the Our Living City Fund, including a partnership with Conservation Volunteers to support bird life in and around the Town Belt; and students from Victoria University Society for Conservation Biology will continue their efforts to improve native species in the Kumototo Forest
- Demolished six small reservoirs that did not meet health and safety standards and were surplus to requirements
- Completed seismic strengthening upgrades on the Johnsonville (No1) reservoir
- Re-opened Tasman Street after the completion of the stormwater upgrade
- Displayed the Aquarius water conservation education tool to over 1000 students and adults at Raroa School, resulting in increased awareness of the value of tap water and a greater understanding of how to conserve water
- Resolved some major leak issues in Tawa as part of the ongoing leak detection programme. This has resulted in a saving of approximately 16% (200 m³) per day of water.

SIGNIFICANT VARIANCES TO PERFORMANCE¹:

SERVICE DELIVERY

Measure	Actual	Target	Var	Variance Explanation
Kerbside recycling collected (tonnes)	5,923	6,901	(14%)	This result is due to contaminated recycling being left at kerbside. In these circumstances, we continue to remind the homeowners of their obligations of what to include / exclude.
Freshwater - sites (%) within acceptable faecal coliform counts	81%	95%	(14%)	Investigations have been continuing in four areas: Johnsonville; Karori; Belmont Gully; and Cumming Parks. We have found some faults in the private and public network in these areas. Some of them have been fixed and the remaining are being addressed.
Bathing beaches (%) - compliance with Ministry of Environment guidelines (green status)	81%	95%	(15%)	This result can largely be attributed to heavy rainfall events that coincided with testing/sampling days. Weather events combined with other environmental factors resulted in some non-compliance with the Ministry's guidelines.

NET OPERATING EXPENDITURE

Description	YTD		Var	Full Year	
	Act	Bud		Forecast	Bud
	\$000's	\$000's	\$000's	\$000's	\$000's
2.1 Gardens, Beaches and Open Space	13,920	13,637	(283)	26,966	27,255
2.2 Waste Reduction & Energy Conservation	(408)	612	1,021	39	450
2.3 Water	18,826	19,389	563	38,138	38,700
2.4 Wastewater	19,106	19,709	603	38,863	39,268
2.5 Stormwater	8,744	9,136	391	17,525	18,090
2.6 Conservation Attraction	2,938	2,889	(48)	5,967	5,779
TOTAL	63,124	65,372	2,247	127,499	129,542

Variance explanation: Under budget due to: higher than budgeted volumes of rubbish bag sales, savings on landfill operation contract and depreciation costs; lower Bulk Water charge from Greater Wellington Regional Council and less expenditure on reactive maintenance; lower volumes of sludge disposal at landfills; lower electricity costs at treatment plants and a delay in the CCTV monitoring programme; savings in insurance costs; and savings in the Roading Corridor contract.

CAPITAL EXPENDITURE

Description	YTD		Var	Full Year	
	Act	Bud		Forecast	Bud
	\$000's	\$000's	\$000's	\$000's	\$000's
2.1 Gardens, Beaches and Open Space	1,119	1,918	798	3,254	3,554
2.2 Waste Reduction & Energy Conservation	167	389	223	385	2,007
2.3 Water	5,780	5,789	9	12,103	12,578
2.4 Waste Water	2,351	3,442	1,091	8,242	8,242
2.5 Stormwater	1,810	1,786	(24)	5,220	5,220
2.6 Conservation Attractions	380	1,402	1,022	2,586	3,070
TOTAL	11,607	14,726	3,119	31,791	34,671

Variance explanation: Under budget mainly due to timing changes. These include changes to the schedule for: beautification works at Alex Moore park and Grasslees reserve; minor works at the Botanic Garden and in coastal areas; and delays in the resource consent process for the Southern Landfill stage 4 extension.



3. ECONOMIC DEVELOPMENT

Mauri mahi, mauri ora; mauri noho, mauri mate

“Industry begets prosperity (security); idleness begets poverty (insecurity)”

WHAT WE DO

- City promotions and business support

HIGHLIGHTS OF THIS QUARTER

- Destination Wellington continued to undertake business, international student, talent and investment campaigns and lead generation activities (See Key Programmes). Highlights included:
 - 130 leads generated from international student campaigns in Asia
 - 2 direct foreign investment deals resulted of activities between NZ Venture Investment Fund and Taiwan businesses.
 - Lead generation is growing as a result of earlier business attraction, film and screen campaigns
- Adopted a growth agenda to grow the value of the local economy and transform the way the Council provides services.

SIGNIFICANT VARIANCES IN PERFORMANCE¹:

SERVICE DELIVERY

No significant variance.

NET OPERATING EXPENDITURE

Description	YTD			Full Year	
	Act \$000's	Bud \$000's	Var \$000's	Forecast \$000's	Bud \$000's
3.1 City Promoion & Business Support	9,967	9,593	(374)	18,626	18,894
TOTAL	9,967	9,593	(374)	18,626	18,894
Variance explanation: over budget due to timing of event support payments.					

CAPITAL EXPENDITURE

Outcome Description	YTD			Full Year	
	Act \$000's	Bud \$000's	Var \$000's	Forecast \$000's	Bud \$000's
3.1 City Promotion & Business Support	2,048	1,835	(213)	4,295	4,295
TOTAL	2,048	1,835	(213)	4,295	4,295
Variance explanation: over budget as Venues renewals programme was slightly ahead of schedule.					



4. CULTURAL WELLBEING

“He Kuru te toiora ahurea tangata”

“A person’s cultural wellbeing is precious; the value of a human being and the contribution each makes to the wellbeing of the group.”

WHAT WE DO

- Arts and cultural activities

HIGHLIGHTS OF THIS QUARTER

- Opened a new Courtenay Place Park light box exhibition and supported seven temporary public art projects including *Kumutoto Stream* by Kedron Parker and *The High Point* by Lucy Orbell (via the Public Art Fund)
- Acquired five artworks for the City Art Collection by Wellington artists Sheyne Tuffery, Gary Peters and Brendon Wilkinson
- Delivered three exhibitions at Toi Pōneke
- Facilitated a Pilot Dance Residency at Toi Pōneke in partnership with Muted Crane Productions’ Java Dance and Biped Productions
- Selected the 2014 Whitireia NZ Artist in Residence (a joint effort between Toi Pōneke and Whitireia NZ)
- Completed the Mt Cook mural project in partnership with local residents and artist Xoe Hall. Completed and launched Paint Up, comprising 2 large-scale murals by Berhampore and Newtown Schools in collaboration with professional artists
- Concluded the WARE artist in residence programme (a WCC and Asia NZ Foundation partnership) - renowned Chinese artist Li Xiaofei exhibited at Toi Pōneke Gallery while resident here in Wellington. John Lake was resident at Red Gate Gallery, Beijing and exhibited work at 2 locations there, made many contacts and is planning to go back later this year (2014)
- Completed stage one of consultation for the Toi Pōneke Review
- Wellington joined the World Tourism City Federation
- Facilitated a delegation of Wellington residents to China with the support of the Wellington Xiamen Association
- Delivered the Diwali Festival, Sky Show and Capital Christmas including the Santa Parade
- Supported 22 projects with \$91,765 through the Arts and Culture Fund. These included Arts Access Aotearoa, who will be building more capacity in the arts sector for audio description; and Barbarian Productions, the Shakespeare Globe Centre, and The Young and Hungry Arts Trust who work with young practitioners to develop their work, creating new shows and developing their skills as actors, directors and producers.



SIGNIFICANT VARIANCES IN PERFORMANCE¹:

SERVICE DELIVERY

No Significant Variance.

NET OPERATING EXPENDITURE

Description	YTD			Full Year	
	Act	Bud	Var	Forecast	Bud
	\$000's	\$000's	\$000's	\$000's	\$000's
4.1 Galleries and Museums	8,888	8,909	21	16,356	16,349
TOTAL	8,888	8,909	21	16,356	16,349
No significant variance					

CAPITAL EXPENDITURE

Outcome Description	YTD			Full Year	
	Act	Bud	Var	Forecast	Bud
	\$000's	\$000's	\$000's	\$000's	\$000's
4.1 Galleries and Museums	0	13	13	26	26
TOTAL	0	13	13	26	26
No significant variance					



5. SOCIAL AND RECREATION

Whāia ngā mahi a te rēhia

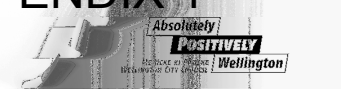
“Engage in the pursuit of pleasure”

WHAT WE DO

- Recreation promotion and support
- Community support
- Public health and safety.

HIGHLIGHTS OF THIS QUARTER

- Distributed funding to seven sports organisations through the Sport Talent Development Programme
- Hosted several events:
 - ASB Sports Centre – National Judo Championships; Series 2 of National Futsal League; LePenina Pasifika netball and volleyball tournament; Wellington Primary School Eastern Zone miniball tournament; Wellington Intermediate School basketball tournament; Wellington College Sport Junior volleyball tournament; and New Zealand Basketball Academy training camps
 - Wellington Regional Aquatic Centre – Asia Pacific Diving Championships and NZ Under 14 Waterpolo Championships
- Commenced planning work on the drainage upgrade for Nairnville Park sportsfield
- Commenced development work on Seaforth Memorial Garden at Karori Cemetery
- Increased customer borrowings of e-books in 2013 (from 47583 to 85034)
- Held 12 evening family story times, with 517 people, across all libraries in December
- Installed water tanks at schools for use by the community in an emergency (in partnership with the Ministry of Education).
- Assisted the police with a crime prevention programme, which highlighted ways to prevent burglaries from homes and cars
- Developed an online resource to assist community-run community centres (in partnership with Wellington Community Law)
- Tried a community composting scheme (Urban Agriculture Programme)
- Developed a place-based programme of activities responding to emerging issues, such as graffiti clean ups and community garden initiatives
- Managed and mitigated risks and issues as part of a transition programme for the new alcohol law changes (December 18)
- Undertook seismic strengthening at the Whare Ahuru (Northland) housing units
- Held the official launch of Newtown Park Apartments
- Installed access to digital TV at over 650 social housing units (Going Digital Project)
- Awarded the Australasian Housing Institute (AHI) Award 2013 for Excellence in Social Housing, and a range of architecture, social housing and paint awards for Central Park and Newtown Park Apartments
- Appointed a District Licensing Committee of community members to determine all Council alcohol licensing decisions from 20 December 2013
- Implemented all Sale and Supply of Alcohol Act 2012 regulatory changes in accordance with Ministry of Justice requirements.



SIGNIFICANT VARIANCES IN PERFORMANCE¹:

SERVICE DELIVERY

Measure	Actual	Target	Var	Variance Explanation
Visits to facilities: ASB centre (peak)	185,965	249,234	(25%)	This result did not meet target due to lower bookings on Friday evenings and Sundays. Programme development is in a growth stage at this time.
ASB Centre Courts utilisation (peak)	46%	61%	(25%)	Peak utilisation was below target as programme development was still occurring, but in a growth phase.
Occupancy rates (%) of Wellington City Council Community Centres and Halls	33%	60%	(45%)	There has been a change to the methodology for calculating occupancy rates, which means we do not expect to be able to meet this target at year-end. The target will be reviewed in 2015/16 to align with the new methodology.
Dog control - complaints received (% of registered dogs)	3%	2%	(38%)	Dog complaints are slightly above target. There is no clear pattern to the complaints or any obvious concerning trend indicated by the types of complaints.
Percentage of planned inspections carried out for high risk (category 3) premises	40%	50%	(20%)	This measure has been affected by the priority given to the implementation of liquor legislation and the recruitment and training of new inspections staff.
Libraries website visitor sessions	1,143,031	600,000	91%	Increased awareness and usage of the Libraries' website has resulted in an exceptional result for this measure.
Percentage of inspections carried out for high risk premises (category 3) carried out during high trading hours.	58%	25%	131%	This result has increased due to reallocation of inspection resources to monitor liquor premises at peak trading. This is a proactive response to changes and expectations under new legislation, and is a new joint monitoring initiative with key partners NZ Police and Regional Public Health. It is anticipated that the Council will continue to exceed the target as a result of this approach.

NET OPERATING EXPENDITURE

Description	YTD			Full Year	
	Act	Bud	Var	Forecast	Bud
	\$000's	\$000's	\$000's	\$000's	\$000's
Recreation Promotion & Support	13,498	13,062	(436)	25,944	25,522
Community Support	2,992	(2,017)	(5,009)	2,704	(591)
Public Health and Safety	4,419	3,806	(613)	8,149	7,729
TOTAL	20,909	14,851	(6,058)	36,797	32,660
Variance explanation: Over budget due to decreased revenue, timing changes, and unbudgeted costs. This includes lower swimming pool revenue (mainly fitness centres and learn to swim programmes); increased sportfields costs from advancing renovation work; delayed timing of grant income recognition for the Housing Upgrade project; and unbudgeted costs to implement legislative changes in the Sale and Supply of Alcohol Act 2012.					

CAPITAL EXPENDITURE

Description	YTD			Full Year	
	Act	Bud	Var	Forecast	Bud
	\$000's	\$000's	\$000's	\$000's	\$000's
Recreation Promotion & Support	2,339	4,650	2,311	8,471	11,267
Community Support	14,713	22,706	7,993	35,734	39,384
Public Health and Safety	419	463	44	866	866
TOTAL	17,471	27,820	10,349	45,071	51,517
Variance explanation: Under budget mainly due to timing changes with: the upgrade of the Keith Spry Pool; the new synthetic turf at Alex Moore Park; the Housing Upgrade project; and renewal of housing assets.					



6. URBAN DEVELOPMENT

“Ka mate kāinga tahi, ka ora kainga rua”

We want to involve people and maintain their confidence in our decision-making.

We have an obligation to ensure the views of Māori and mana whenua are heard.

WHAT WE DO

- Urban planning and policy
- Building & development control.

HIGHLIGHTS OF THIS QUARTER

- Closed the Town Hall for Earthquake strengthening and progressed decommissioning works
- Completed strengthening of Tawa Library
- Undertook tender planning for Portico deconstruction
- Finalised a contract with the Christchurch City Council to assist with the processing of building consents.

SIGNIFICANT VARIANCES IN PERFORMANCE¹:

SERVICE DELIVERY

Measure	Actual	Target	Var	Variance Explanation
Initial assessments of earthquake-prone buildings completed	202	320	(37%)	The 2013 Wellington Earthquakes (July/August) have diverted engineering resource temporarily; engineers are now in a position to re-focus on this work, and believe that this target can be achieved by year end.

NET OPERATING EXPENDITURE

Description	YTD			Full Year	
	Act	Bud	Var	Forecast	Bud
	\$000's	\$000's	\$000's	\$000's	\$000's
6.1 Urban Planning and Policy	3,529	3,632	103	7,081	7,254
6.2 Building & Development Control	5,495	4,279	(1,216)	9,556	8,910
TOTAL	9,024	7,911	(1,113)	16,638	16,163
Variance explanation: Over budget due to costs relating to the demolition of the lift shaft in Luke's Lane. These costs are expected to be recovered. Building consent revenue is also under budget.					

CAPITAL EXPENDITURE

Description	YTD			Full Year	
	Act	Bud	Var	Forecast	Bud
	\$000's	\$000's	\$000's	\$000's	\$000's
6.1 Urban Planning and Policy	5,485	5,543	58	13,322	15,127
6.2 Building & Development Control	2,874	4,076	1,202	13,856	13,856
TOTAL	8,359	9,619	1,260	27,178	28,983
Variance explanation: Under budget due to delays in Urban Design projects and timing changes with earthquake strengthening. Timing issues with Clyde Quay, Laneways and Tinakori projects were offset by approved overspend on Shed 6 earthquake strengthening. It is expected that funding will need to be carried forward for Laneways phase 2, Parliamentary precinct and possible changes to the Waterfront development programme.					



7. TRANSPORT

“He ihu waka, he ihu whenua”
 “A canoe bow, a headland”

WHAT WE DO

- Transport
- Parking.

HIGHLIGHTS OF THIS QUARTER

- Completed design option report for Hataitai Bus Tunnel and agreed on preferred option for strengthening
- Undertook a detailed scheme assessment for Johnsonville jointly with NZTA following its qualified funding approval. This comprises a package of transport investments in the Johnsonville transport network to deal with current and projected requirements for the area.
- Committed \$4.3 million to cycling infrastructure as part of the 2014/15 Draft Annual Plan
- Completed initial options investigation for the proposed cycle route between Island Bay and the CBD
- Conducted consultation on the Public Transport Spine Study
- Decided to bring parking services in-house
- Closed the Request for Proposal for parking enforcement and back office ticket processing on 21 October
- Installed EFTPOS at the Clifton car park facility as a method of payment, which is proving to be a popular option.

SIGNIFICANT VARIANCES IN PERFORMANCE¹:

SERVICE DELIVERY

Measure	Actual	Target	Var	Variance Explanation
Quarry - legislative compliance	Not-Achieved	Achieved	(100%)	There was an environmental breach under resource consent to the quality of water discharged to the stream. This is considered a minor issue by the Regional Council and no formal enforcement action has been taken. Work is being done to remedy the issue.
Vehicle Network - Requests for service response rate - (urgent within 2 hours)	81%	100%	(19%)	This target was not met as the June storm and July earthquake have required resources to be directed to a higher volume of urgent response work.
Vehicle Network - Requests for service response rate - (non-urgent within 15 days)	88%	100%	(12%)	This target was not met as the June storm and July earthquake have required resources to be directed to a higher volume of urgent response work.
Cable car passenger numbers	424,034	516,400	(18%)	Patronage has improved in this quarter, but continues to be behind target. Usage has been negatively impacted from Quarter One due to construction-related breakdowns compounded by a mild winter. Improved bus routes and availability of Snapper continue to have a negative impact on student usage.

NET OPERATING EXPENDITURE

Description	YTD			Full Year	
	Act \$000's	Bud \$000's	Var \$000's	Forecast \$000's	Bud \$000's
7.1 Transport	17,901	18,807	906	36,273	37,057
7.2 Parking	(8,056)	(8,021)	35	(14,352)	(15,638)
TOTAL	9,845	10,786	941	21,920	21,419

Variance explanation: Under budget due to timing delays resulting from the June storm event, savings on electricity costs for the streetlight network, and lower than budgeted income from parking enforcement. Lower parking enforcement revenue is currently being offset by



higher parking meter revenue and lower enforcement operating costs.

CAPITAL EXPENDITURE

Description	YTD			Full Year	
	Act \$000's	Bud \$000's	Var \$000's	Forecast \$000's	Bud \$000's
7.1 Transport	10,783	15,370	4,586	32,691	33,391
7.2 Parking	0	0	0	1	1
TOTAL	10,783	15,370	4,587	32,691	33,391
<p>Variance explanation: Under budget due to timing delays resulting from the June storm event, and delays on the Karori wall, rubbish bin trial and Hataitai bus tunnel upgrade projects.</p>					

QUARTERLY REPORT

QUARTER 2 (1 OCTOBER–31 DECEMBER 2013)

This report summarises the Council's progress in the second quarter of 2013/14 towards fulfilling the intentions outlined in the Annual Plan.

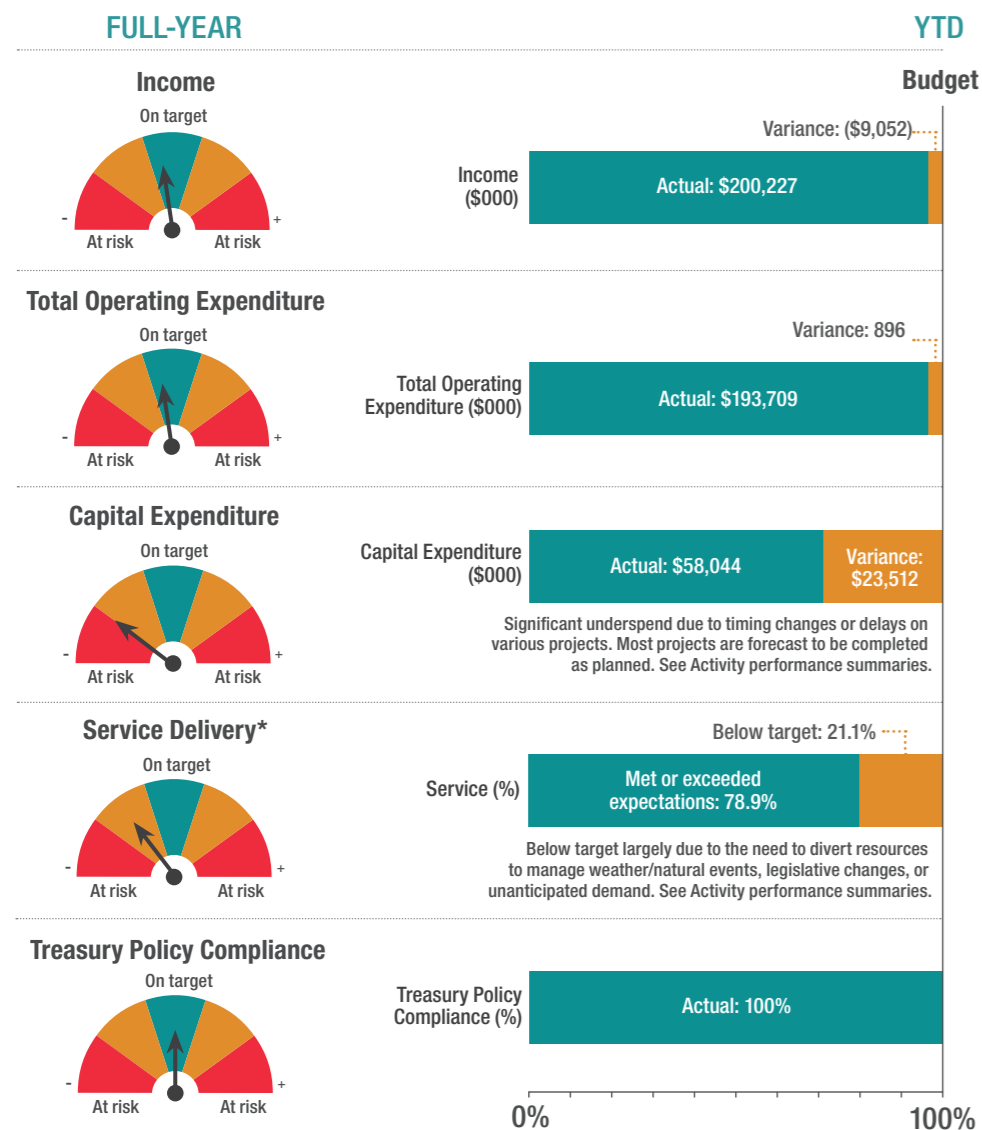
Quarterly performance is assessed against:

- Income
- Total Operating Expenditure
- Capital Expenditure
- Service Delivery (KPI performance)
- Treasury Policy compliance.

Areas where there is a risk to or significant variance from budgeted expectations are discussed in the performance summaries for each of the Council's seven activity areas.

Overall, Wellington City Council progress this quarter met expectations and is largely on track to meet year-end targets. The exceptions were largely due to delays in capital projects and unforeseen events (such as the July/August earthquakes and June storm) that affected the Council's ability to achieve KPIs.

HOW ARE WE PERFORMING?



* Note that the figures for service performance only include key performance indicators (KPI) that are measured on a monthly or quarterly basis. Annual KPIs will be incorporated at year-end (30 June 2014). In some areas, KPIs exceeded their targets by over 20%. These exceptional results are also outlined in the Activity performance summaries.

FINANCIAL SNAPSHOT

STATEMENT OF FINANCIAL PERFORMANCE

The Council's consolidated financial performance for the period 1 July 2013 to 31 December 2013 is presented in this section.

Positive numbers in the financial statements indicate a favourable variance from budget and negative numbers (represented by brackets) indicate an unfavourable variance from budget.

	YTD			Full Year	
	Actual 2014 \$000	Budget 2014 \$000	Variance 2014 \$000	Forecast 2014 \$000	Budget 2014 \$000
Rates Income	123,332	123,423	(91)	247,184	247,884
Other Income	1,859	1,586	273	13,642	13,070
Lease Income	16,980	16,480	500	33,133	32,912
Interest Income	0	5	(5)	16	10
Income from Activities	56,832	65,285	(8,453)	119,747	125,487
Development Contributions	1,224	2,500	(1,276)	5,000	5,000
Total Income	200,227	209,279	(9,052)	418,722	424,363
Personnel Expenditure	46,307	44,787	(1,520)	89,263	88,412
General Expenses	91,118	92,821	1,703	180,423	186,209
Financing Expenditure	10,224	10,982	758	21,844	21,964
Depreciation & Loss/Gain on Sale	46,060	46,015	(45)	94,530	92,108
Total Expenditure	193,709	194,605	896	386,060	388,693
Net Operating Surplus/(Deficit)*	6,518	14,674	(8,156)	32,662	35,670

Note: *The majority of the Full Year Budget Net Operating Surplus is due to funding received from the Crown to fund capital expenditure projects. External funding for capital expenditure is recorded in financial statements as income but the capital expenditure is not.

The year-to-date net operating surplus of \$6.518m is \$8.156m worse than the budgeted surplus of \$14.674m. This unfavourable variance is attributable to a combination of factors as outlined below.

INCOME

Year-to-date total income is under budget by \$9.052m:

- Lease income is ahead of budget by \$0.500m due to increased Housing rental income (higher occupancy rates and reduced void times).
- Income from Activities is \$8.453m under budget due to delays in both the roading and housing upgrade capital programmes resulting in lower funding from New Zealand Transport Agency (\$1.317m) and the Crown (\$5.149m) respectively; and shortfalls in our income from parking enforcement, building compliance and consenting activities, and other user fees and charges.
- Development Contributions are \$1.276m less than budget for the first six months, due to timing differences.

EXPENDITURE

Year-to-date total expenditure is under budget by \$0.896 million:

- Personnel Expenditure is \$1.520m over budget due to an increase in the annual leave accrual in the first six months and timing differences in other budgeted expenditure.
- General Expenses are \$1.703m under budget primarily due to timing variances.
- Financing Expenditure is under budget by \$0.758m due to lower levels of borrowings and delays in the capital programme in the first half of the year.

FULL YEAR FORECAST

- The forecast Net Operating Surplus for the year is currently \$3.0m less than budget. This is mainly due to forecast delays in the housing upgrade programme (\$3.65m), resulting in a delay in recognition of government grant income. Revenue from parking and libraries is also forecast to be less than budget. Forecast operating expenditure is also less than budget reducing the impact of the decreases in income. Note that the current forecast does not include \$3m expenditure for the Wellington Economic Initiatives Development Fund (WEID) not included in the 2013/14 Annual Plan, which Council has agreed to fund from reserves.

NET OPERATING EXPENDITURE

Net Operating Expenditure by Activity Area	YTD 2014			Full Year 2014	
	Actual \$000	Budget \$000	Variance \$000	Forecast \$000	Budget \$000
Governance	8,670	8,913	243	16,299	16,584
Environment	63,124	65,372	2,247	127,499	129,542
Economic Development	9,967	9,593	(374)	18,626	18,894
Cultural Wellbeing	8,888	8,909	21	16,356	16,349
Social and Recreation	20,909	14,851	(6,058)	36,797	32,660
Urban Development	9,024	7,911	(1,113)	16,638	16,163
Transport	9,845	10,786	941	21,920	21,419
Total Strategy Area	130,427	126,334	(4,093)	254,136	251,611
Council	(136,945)	(141,008)	(4,063)	(286,798)	(287,281)
Total	(6,518)	(14,674)	(8,156)	(32,662)	(35,670)

CAPITAL EXPENDITURE

Capital Expenditure by Activity Area	YTD 2014			Full Year 2014	
	Actual \$000	Budget \$000	Variance \$000	Forecast \$000	Budget \$000
Governance	4	64	61	4	110
Environment	11,607	14,726	3,119	31,791	34,671
Economic Development	2,048	1,835	(213)	4,295	4,295
Cultural Wellbeing	0	13	13	26	26
Social and Recreation	17,471	27,820	10,349	45,071	51,517
Urban Development	8,359	9,619	1,260	27,178	28,983
Transport	10,783	15,370	4,587	32,691	33,391
Total Strategy Area	50,273	69,448	19,175	141,056	152,994
Council	7,771	12,108	4,337	18,578	19,468
Total	58,044	81,556	23,512	159,635	172,462

STATEMENT OF BORROWINGS

Total committed borrowing facilities as at the end of December are \$452.5m providing headroom of \$124.0m. Our liquidity ratio is at 118% compared to the policy minimum of 110%.

	YTD 31 Dec 2013 \$000	30 June 2013 \$000
Facilities at start of year	429,000	411,000
New/matured facilities (net)	23,500	18,000
Facilities at end of period	452,500	429,000
Borrowings at start of year	341,000	337,760
Change in core borrowing + (-)	17,169	3,240
Repayment of loans + (-)		
Change in working capital requirement + (-)	(29,669)	-
Net borrowings at end of period	328,500	341,000
Plus unutilised facilities	124,000	88,000
Total borrowing facilities available	452,500	429,000

Note: 'Borrowing facilities' excludes \$5m of uncommitted funding lines. Facilities do not include short term commercial paper or deposits.

TREASURY POLICY COMPLIANCE

At 31 December 2013, all of the core policy compliance requirements were achieved as shown as below.

PRUDENTIAL TREASURY LIMITS

Prudential limits	Policy limit (%)	Actual (%)	Compliance
Borrowings as a % of equity	<10	5.0	Yes
Borrowings as a % of income	<150	77.4	Yes
Net interest as a % of annual rates income	<20	8.6	Yes

Notes: Equity is based on the 2013/14 annual plan. Net interest is actual. Annual Rates and Income are based on 2013/14 annual plan.

Interest rate risk control limits (interest rate exposure)	Policy limit (%)	Actual (%)	Compliance
Fixed interest proportion	50–95	85	Yes
Broken down: 0–3 year bucket	20–60	24	Yes
Broken down: 3–5 year bucket	20–60	27	Yes
Broken down: 5–10 year bucket	20–60	50	Yes

Liquidity/funding risk (access to funds)	Policy limit (%)	Actual (%)	Compliance
Liquidity/funding risk (access to funds)	>110	118	Yes
Broken down: 0–3 year bucket	20–60	57	Yes
Broken down: 3–5 year bucket	20–60	20	Yes
Broken down: 5–10 year bucket	15–60	23	Yes

Note: 'Liquidity' is defined as: Current borrowings + committed loan facilities divided by 12 month peak borrowings (for the purposes of measuring liquidity short dated Commercial Paper is excluded).

KEY PROGRAMMES

KEY PROGRAMMES		Q1 Actual (1 July–30 Sept 2013)	Q2 Actual (1 October–31 Dec 2013)	Q3 Planned (1 Jan–31 March 2014)	Q4 Planned (1 April–30 June 2014)
Committee	Programme	Milestones			
GOVERNANCE Ensure residents are kept informed about what the Council is doing, are able to have their say, and feel confident that their views count	ELECTION PROJECT	Election project	Election project completed – Wellington City was the only large metropolitan council to record an increase in voter turnout (from 39.54% in 2010 to 41.43% in 2013)		
	ANNUAL PLAN		Draft 2014/2015 Annual Plan adopted for consultation, featuring plans to: <ul style="list-style-type: none"> – Invest in cycling as a priority – Remove red tape to stimulate growth – Invest in growth centres 	Draft 2014/2105 Annual Plan consultation, including stalls at the: <ul style="list-style-type: none"> – Island Bay Festival – Sunday 16 February – Newtown Festival – Sunday 2 March – Kilbirnie Festival – Sunday 9 March 	2014/2015 Annual Plan adopted
ECONOMIC GROWTH AND ARTS Deliver sustainable long-term economic growth and increased employment; promote the city’s visitor attractions; deliver high-quality events; support the development of smart businesses in the city	DESTINATION WELLINGTON (in partnership with Grow Wellington and Positively Wellington Tourism)	Developed targeted promotional materials to attract overseas businesses and students to Wellington Attended key industry events (e.g. World Education Expo in Hanoi) to increase awareness of Wellington as an educational destination and Wellington’s share of international students	Developed a talent strategy to attract skilled migrants to Wellington and ran associated campaigns Ran screen industry attraction campaigns in the US Promoted Wellington at eight specialised business attraction conferences in Australia and UK Obtained 2 direct investments in Wellington business as a result of meetings with NZ Venture Investment Fund and Taiwan businesses Attended talent attraction campaigns in the UK Obtained 130 leads (international student agencies) to consider Wellington as an educational destination through attending international student campaigns	Run screen industry attraction campaigns in the US and Europe Promote Wellington at: Gamers Development conference in San Francisco; “AnimfxNZ” conference for the animation, games and visual effects industry IT talent attraction campaign in partnership with a private sector recruitment business Support international screen campaigns that promote the Wellington film industry Present Council’s proposed visual identity/logo to the Economic and Arts Committee	Launch digital portal to attract business, investment, skilled migrants, and students to Wellington Continue business attraction, student, talent and screen attraction campaigns and follow up activities
	BUSINESS IMPROVEMENT DISTRICT (BID)	A grant (\$33,000) was awarded to Enterprise Miramar Peninsula to establish a Business Improvement District (BID) in Miramar	Miramar BID established and included in 2014/15 Draft Annual Plan Council agreed to include a proposed \$80,000 targeted rate (to be collected from members of the BID) in the 2014/15 Draft Annual Plan	Continue to liaise with the Miramar community to embed BID	2014/15 Annual Plan adopted. Funding available from 1 July 2014
	EVENTS	Bledisloe Cup: All Blacks vs. Australia – 24 Aug WOW awards – 26 Sept to 6 Oct	Over 220,000 people attended a range of Wellington events this quarter, including: Semi Permanent Design Conference – 13 Oct FIFA World Cup Qualifier – 20 Nov	Sevens Wellington – 7 to 8 Feb New Zealand vs. India cricket test – 14 to 18 Feb Homegrown – 15 Feb NZ Festival – 21 Feb to 16 Mar National Master Hockey Championships – 2 to 8 Mar Caffeination: NZ Festival of Coffee – 22 to 23 Mar	Wellington Fashion Week – 3 Apr to 7 Apr AFL St Kilda vs. Brisbane – 25 Apr 2014 International Comedy Festival – 28 April to 18 May Wellington Jazz Festival on Cuba – 6 to 8 June
COMMUNITY, SPORTS AND RECREATION Build strong, safe, healthy communities for a better quality of life	HOUSING UPGRADE PROJECT	Arlington – indicative business case reviewed and approved by Councillors		Arlington – detailed business case to Councillors for approval	Arlington – project initiation
		Marshall Court – Resource Consent enabling works	Marshall Court – main construction underway. Due to an unanticipated resource consent hearing, this project is now scheduled to finish four months later, in December 2014		Marshall Court – construction
		Kotuku – Preliminary Design approved	Kotuku – design work underway	Kotuku – detailed design to be complete by March 2014	Kotuku – tender main construction contract
		Berkeley Dallard and Etona – construction. Slight delay in the project, but still largely on-track to be completed as planned			
	EVENTS	Bledisloe Cup Fanzone & Fantrail – 24 Aug	Diwali Festival – 27 Oct Sky Show – 9 Nov Capital Christmas – 15 Dec	Summer City programme – 1 Jan to 31 March Gardens Magic – 7 to 27 Jan Pasifika Festival – 18 Jan Bowl-a-rama – 29 Jan to 2 Feb Waitangi Day – 6 Feb	ANZAC Day – 25 Apr Matariki – 1 to 30 June

KEY PROGRAMMES

		Q1 Actual (1 July–30 Sept 2013)	Q2 Actual (1 October–31 Dec 2013)	Q3 Planned (1 Jan–31 March 2014)	Q4 Planned (1 April–30 June 2014)
Committee	Programme	Milestones			
COMMUNITY, SPORTS AND RECREATION Build strong, safe, healthy communities for a better quality of life	SOCIAL & RECREATION PROJECTS	Alex Moore Park – obtained resource consent, completed detailed design and finalised contracts	Alex Moore Park – tender awarded and construction commenced. Timing delays in beautification works; work is still well underway. The track will be completed by April as planned	Alex Moore Park – construction	Alex Moore Park – construction – completion expected April 2014
		Grasslees Reserve Upgrade – obtained resource consent and completed detailed design	Grasslees Reserve Upgrade – tender let and contract awarded. The upgrade was deliberately delayed to leave the park in a usable state for the Christmas Holiday, and the project is scheduled to resume mid-January. This project is still on-track to be completed by financial year end	Grasslees Reserve Upgrade – construction commenced	Grasslees Reserve Upgrade – construction completed
		Clyde Quay Boat Harbour/Public Space Improvements – pricing and contractor confirmed, Memorandum of Understanding in development	Clyde Quay Boat Harbour/Public Space Improvements – investigative works underway	Clyde Quay Boat Harbour/Public Space Improvements – Memorandum of Understanding to be presented to GFP Committee on 12 February. Results and reports from investigative studies received	Clyde Quay Boat Harbour/Public Space Improvements – no works scheduled
		Couch Grass Trial – Evans Bay Park confirmed as location; pricing and contractor confirmed	Couch Grass Trial – work commenced and completed	Couch Grass Trial – establishment & maintenance of grass cover	Couch Grass Trial – field available for use
		Keith Spry Pool – new pools under construction. Delays to work on Keith Spry Pool, however the overall programme is not affected			
ENVIRONMENT Ensure there are high quality outdoor areas for residents and visitors to enjoy, and the city's natural resources are sustainably managed through waste minimisation, energy efficiency and management of the three waters (drinking water, stormwater and wastewater)	NATURAL ENVIRONMENT	Our Capital Spaces – framework approved by Council on 28 Aug	Our Capital Spaces projects considered and approved for consultation as part of the 2014/15 Draft Annual Plan, including: – Increased investment in the Makara Peak Mountain Bike Park – Funding to implement the Open Space Access Plan (tracks and walkways) – Increased support for community planting and pest control – Funding to support the Project Halo partnership project, which supports backyard biodiversity in a buffer around Zealandia and pest control in the adjoining rural area	Our Capital Spaces – 2014/15 Draft Annual Plan consultation	Our Capital Spaces – projects funded, subject to consultation and Council adoption, as part of the 2014/15 Draft Annual Plan
		Our Living City: Two million trees – first planting in August on the Town Belt at Te Ahumairangi Hill Water Sensitive Urban Design (WSUD) – consultation began on the draft guide	Our Living City: Two million trees – first planting in August on the Town Belt at Te Ahumairangi Hill Story-sharing website created	Our Living City: Two million trees – first planting in August on the Town Belt at Te Ahumairangi Hill Our Living City website – public launch Island Bay sea wall options engagement and feasibility study Initiate engagement on sea level rise through Island Bay Festival	Our Living City: Two million trees – finalise our funding partners for 2014/15 Water Sensitive Urban Design (WSUD) – finalise guide
		Smart Energy Capital: Agreed Schoolgen partnership with Genesis Energy Extended investment in Warm Up New Zealand – Healthy Homes programme from \$40k to \$100k	Smart Energy Capital: Completed a solar energy project at the Karori Recreation Centre, which will help to reduce electricity costs Initiated a voluntary rental housing WoF field test in Wellington Published Climate Change Action Plan, which seeks to reduce greenhouse gas emissions by 30% (from 2001 levels) by 2020 Agreed funding partnership with Energy Management Association and corporate partners to develop an energy performance contract	Smart Energy Capital: Warrant of Fitness (WoF) – deliver and report on voluntary rental housing WoF field test in Wellington Final report on the greenhouse gas emissions inventory produced. Greenhouse gas projects for 2020 developed Smart Energy Innovation Challenge launch Agree partnership with EECA for NABERS and commercial energy efficiency Investigate financing options for commercial solar installation	Smart Energy Capital: Outline investment into the 2014/15 Smart Energy Capital Complete Smart Energy Innovation Challenge
	WATER	Seismic strengthening – work was undertaken on the Maldive, Maupuia and Linden Reservoirs	Seismic strengthening – work is being undertaken on the Maldive, Maupuia and Linden Reservoirs	Seismic strengthening – due for completion June 2014	
Firefighting – completed firefighting water main upgrades for 2013/14		Firefighting – installed emergency water tanks in Miramar and Newtown	Firefighting – installed emergency water tanks in Brooklyn		
		Capacity Infrastructure Services Ltd – Upper Hutt & Porirua City Councils joined Wellington & Hutt City Councils as shareholders of Capacity Infrastructure Services Ltd.			

KEY PROGRAMMES

Q1 Actual (1 July–30 Sept 2013)

Q2 Actual (1 October–31 Dec 2013)

Q3 Planned (1 Jan–31 March 2014)

Q4 Planned (1 April–30 June 2014)

Committee	Programme	Milestones				
TRANSPORT AND URBAN DEVELOPMENT Deliver a quality compact urban environment, and a safe, efficient and sustainable transport system	URBAN DEVELOPMENT	Memorial Park – tunnel construction underway (expected to be completed in December 2014)				
		Parliamentary Precinct – concept design	Parliamentary Precinct – concept design – detailed design commissioned	Parliamentary Precinct – detailed design	Parliamentary Precinct – construction begins	
		Lombard Lane – project initiated	Lombard Lane – concept design			
		Opera House Lane – in construction		Opera House Lane – construction completed		
	EARTHQUAKE RESILIENCE	Earthquake Strengthening Programme – Civic Square portico closed, preparation for deconstruction commences	Earthquake Strengthening Programme: Civic Square portico closed, preparation for deconstruction continued Town Hall closed for strengthening – initial decommissioning works carried out Tawa Library strengthening completed	Earthquake Strengthening Programme: Civic Square portico deconstruction Town Hall – assess final estimates for strengthening work Commence Thistle Hall strengthening (the Hall will be closed from end of February) Plan for Brooklyn Library, Clarrie Gibbons and Truby King House strengthening	Earthquake Strengthening Programme: Continue Civic Square portico deconstruction Complete strengthening and re-open Thistle Hall Complete Brooklyn Library, Clarrie Gibbons and Truby King House strengthening	
	WELLINGTON WATERFRONT	Shed 6 – Completion of temporary venue				
		Queens Wharf – completion of wharf strengthening				Queens Wharf – begin work to investigate feasibility of activities for this area (activities are yet to be determined)
		North Kumutoto Proposal – report/briefing on proposal		North Kumutoto Proposal – public consultation on proposal	North Kumutoto Proposal – recommendation to Transport & Urban Development Committee	
				Taranaki St Wharf – dive platform issues resolved		
				Frank Kitts Park playground – public input sought on the design	Frank Kitts Park playground – resource consent secured	
				Overseas Passenger Terminal – wharf, seawall and fender work	Overseas Passenger Terminal – undertake public space work including wharf upgrades, public toilet facilities and work on the seawall	
				Waitangi Precinct – undertake feasibility work for a proposed transition site		
		TRANSPORT	Public Transport Spine Study – public consultation on report and associated documentation closed on 30 Sep	Public Transport Spine Study – subcommittee undertook hearings on 26 Nov and 2 Dec then reported to Regional Transport Committee on 19 Dec	Public Transport Spine Study – partners determine positions on hearings subcommittee recommendations for Regional Transport Committee meeting in February	Public Transport Spine Study – business case for detailed investigation of preferred option to be completed with any additional funding required secured through the 2014/2015 Annual Plan process
	State Highway Projects – Council Submission on Basin Bridge project to ‘support in part’ and ‘grant with conditions’		State Highway Projects – review Basin Bridge submissions and finalised ‘expert’ evidence in support of Council submission	State Highway Projects – expert evidence delivered to Basin Bridge Board of Inquiry	State Highway Projects – engage with NZTA on detailed mitigation design	
	Cycling – Tawa Shared Pathway under construction		Cycling: Tawa Shared Pathway under construction Councillor workshop on cycling priorities	Cycling: Tawa Shared Pathway complete Island Bay to CBD options consultation with communities	Cycling – design construction Phase 1 of Island Bay to John Street	
Hataitai Bus Tunnel – seismic risk assessment	Hataitai Bus Tunnel – completed design option report for Hataitai Bus Tunnel and agreed on preferred option for strengthening		Hataitai Bus Tunnel – design and tender completed for strengthening options			
Johnsonville Roading Improvements – submitted joint funding application (WCC & NZTA’s Highways Network Operations Group) to NZTA’s Planning and Investment Group. Total cost of project \$10.5M with funding assistance sought at 54%	Johnsonville Roading Improvements – NZTA approval notified subject to further detailed scheme assessments – expected completion end of January		Johnsonville Roading Improvements – concept design to be completed. Detailed scheme design and associated tasks to be progressed	Johnsonville Roading Improvements – detailed design completed and approved. Specification and tender documents under preparation		