



Report 09.301
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Committee Council
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Financial report for the eleven months ended 31 May 2009

1. Purpose

To present the financial report for the eleven months ending 31 May 2009.

2. Significance of the decision

The matters for decision in this report do not trigger the significance policy of the Council or otherwise trigger section 76(3) (b) of the Local Government Act 2002.

3. Background

Financial statements are prepared and presented to management for review each month. A detailed report is given to Council each quarter. In the intervening months, reports to Council are done by exception.

4. Financial Performance

4.1 Year to date Operating Result

Operating revenue was \$164,422,000, (budget \$161,401,000), the main variances to budget are:

- Additional revenue from New Zealand Transport Agency (NZTA) to fund Super Gold Card, \$2,899,000
- Lower revenue from NZTA due to the lower oil price reducing payments on the diesel bus contracts, \$1,630,000
- Unbudgeted revenue for the Waiwhetu cleanup, \$500,000
- Reduced forestry revenue from a lower harvest than budgeted , \$1,353,000
- Increased funding from NZTA and higher internal revenue in Transport Policy, \$707,000.

Excluding Transport and Water, operating expenditure was \$61,295,000 (budget \$61,845,000), the main variances to budget are:

- Lower interest rates, \$295,000
- Lower harvest volumes in Forestry reducing expenditure, \$774,000
- Unbudgeted expenditure on the Waiwhetu cleanup, \$500,000
- Repairs for flood damage, \$300,000
- Lower staff costs in Finance and IT due to staff vacancies, lower depreciation and reduced finance costs, \$570,000.

Operating expenditure for Transport was \$75,127,000 (budget \$76,209,000), the main variances are:

- Additional expenditure on Super Gold Card (fully funded by NZTA), \$2,899,000
- Lower oil prices and a stronger NZ dollar reducing the amounts paid under the diesel bus contracts, \$1,630,000
- Higher internal costs in Transport Policy, \$225,000.

Operating expenditure in Water is below budget by \$937,000, due to savings in power, chemicals finance costs and depreciation.

As a result, the operating surplus for the eleven months ended 31 May 2009 was \$5,968,000, compared with the budget surplus of \$86,000.

This result excludes grants to fund public transport capital expenditure, debt revaluations and forestry cost of goods sold. Including these amounts the Council's deficit was \$10,174,000 (budget \$17,414,000).

Wellington Regional Council				
Summary income statement - revenue				
For the eleven months ended 31 May 2009				
Total operating revenue	Year to date: \$000s			
	Last Year	Actual	Budget	Variance
Environment	10,938	12,166	11,901	265
Catchment management	24,310	22,822	22,082	740
Forestry	4,963	4,895	6,248	(1,353)
Regional parks	5,969	5,989	5,822	167
Corporate	2,052	2,046	1,939	107
WRS	3,862	4,070	4,102	(32)
Finance, IT & support services	6,496	7,082	6,815	267
Investment in democracy	4,253	4,335	4,331	4
Rates funded operating revenue	62,843	63,405	63,240	165
Transport policy and strategy	2,578	3,849	3,142	707
Public transport	66,940	74,792	73,094	1,698
Transport rate funded operating revenue	69,518	78,641	76,236	2,405
Investment management	4,924	4,873	4,543	330
Business unit rates contribution	(8,014)	(7,616)	(7,616)	-
Total rates funded operating revenue	129,271	139,303	136,403	2,900
Water group	24,808	25,119	24,998	121
Total rates & levy funded operating revenue	154,079	164,422	161,401	3,021
Non-operational movements				
Revaluation of debt and stadium advance	(171)	(265)	(265)	-
Public transport - capex / investment	12,214	44,412	60,399	(15,987)
Total council revenue	166,122	208,569	221,535	(12,966)

Wellington Regional Council
Summary income statement - expenditure
For the eleven months ended 31 May 2009

Total operating expenditure	Year to date: \$000s			
	Last Year	Actual	Budget	Variance
Environment	11,083	12,119	11,896	223
Catchment management	21,380	20,075	19,367	708
Forestry	7,490	6,718	7,492	(774)
Regional parks	5,591	6,104	6,199	(95)
Corporate	1,842	1,811	1,956	(145)
WRS	3,253	4,509	4,340	169
Finance, IT & support services	5,362	5,763	6,333	(570)
Investment in democracy	4,325	4,196	4,260	(64)
Rates funded operating expenditure	60,326	61,295	61,843	(548)
Transport policy and strategy	2,338	3,424	3,199	225
Public transport	66,586	71,703	73,010	(1,307)
Transport rates funded operating expenditure	68,924	75,127	76,209	(1,082)
Investment management	(3,373)	(3,420)	(3,125)	(295)
Business unit rates contribution	-	1	-	1
Total rates funded operating expenditure	125,877	133,003	134,927	(1,924)
Water group	23,805	25,451	26,388	(937)
Total rates & levy funded operating expenditure	149,682	158,454	161,315	(2,861)
Non-operational movements				
Forestry cost of goods sold	2	1,000	1,589	(589)
EMU investment - GW Rail	8	(8)	(1,635)	1,627
Public transport - capex / investment	18,989	59,297	77,680	(18,383)
Total council expenditure	168,681	218,743	238,949	(20,206)

Wellington Regional Council
Summary income statement - operating surplus / (deficit)
For the eleven months ended 31 May 2009

OPERATING SURPLUS / (DEFICIT)	Year to date: \$000s			
	Last Year	Actual	Budget	Variance
Environment	(145)	47	5	42
Catchment management	2,930	2,747	2,715	32
Forestry	(2,527)	(1,823)	(1,244)	(579)
Regional parks	378	(115)	(377)	262
Corporate	210	235	(17)	252
WRS	609	(439)	(238)	(201)
Finance, IT & support services	1,134	1,319	482	837
Investment in democracy	(72)	139	71	68
Rates funded operating surplus / (deficit)	2,517	2,110	1,397	713
Transport policy and strategy	240	425	(57)	482
Public transport	354	3,089	84	3,005
Transport rates funded operating surplus / (deficit)	594	3,514	27	3,487
Investment management	8,297	8,293	7,668	625
Business unit rates contribution	(8,014)	(7,617)	(7,616)	(1)
Total rates funded operating surplus / (deficit)	3,394	6,300	1,476	4,824
Water group	1,003	(332)	(1,390)	1,058
Total rates & levy funded operating surplus / (deficit)	4,397	5,968	86	5,882
Non-operational movements				
Revaluation of debt and stadium advance	(171)	(265)	(265)	-
Revaluation of forestry	-	-	-	-
Forestry cost of goods sold	(2)	(1,000)	(1,589)	589
EMU investment - GW Rail	(8)	8	1,635	(1,627)
Public transport - capex / investment	(6,775)	(14,885)	(17,281)	2,396
Total council surplus / (deficit)	(2,559)	(10,174)	(17,414)	7,240

4.2 Income Statement

The Income Statement is included as **Attachment 1**.

4.3 Funding Statement

The Funding Statement is included as **Attachment 2**.

4.4 Balance Sheet

The Balance Sheet is included as **Attachment 3**.

5. Forecast to 30 June 2009

The forecast to 30 June 2009 is for an operating surplus of \$2,714,000, compared with the previous forecast of \$2,707,000 (budget deficit \$1,911,000).

Wellington Regional Council				
Summary income statement - operating surplus / (deficit)				
For the year ending 30 June 2009				
OPERATING SURPLUS / (DEFICIT)	Full Year: \$000s			
	Last Year	Forecast	Budget	Variance
Environment	(207)	(316)	(223)	(93)
Catchment management	3,566	2,922	3,007	(85)
Forestry	(1,488)	(1,922)	(1,358)	(564)
Regional parks	(208)	(683)	(653)	(30)
Corporate	(25)	(136)	(66)	(70)
WRS	250	(500)	(500)	-
Finance, IT & support services	691	865	298	567
Investment in democracy	(75)	43	77	(34)
Rates funded operating surplus / (deficit)	2,504	273	582	(309)
Transport policy and strategy	202	424	(74)	498
Public transport	46	2,425	40	2,385
Transport rates funded operating surplus / (deficit)	248	2,849	(34)	2,883
Investment management	9,970	8,540	7,312	1,228
Business unit rates contribution	(8,742)	(8,308)	(8,308)	-
Total rates funded operating surplus / (deficit)	3,980	3,354	(448)	3,802
Water group	1,223	(640)	(1,463)	823
Total rates & levy funded operating surplus / (deficit)	5,203	2,714	(1,911)	4,625
Non-operational movements				
Revaluation of debt and stadium advance	5,460	4,565	2,103	2,462
Revaluation of forestry	(3,125)	2,643	2,643	-
Forestry cost of goods sold	(1,268)	(1,485)	(1,734)	249
EMU investment - GW Rail	306	1,224	2,183	(959)
Public transport - capex / investment	(9,118)	(14,116)	(15,001)	885
Total council surplus / (deficit)	(2,542)	(4,455)	(11,717)	7,262

6. Year to date capital expenditure

Actual capital expenditure for the period was \$11,847,000, below budget by \$4,308,000.

The main reasons for the variance are:

- Delay in the Beacon Hill upgrade
- Delay in bus shelter upgrades
- Savings in the Strand Park stopbank project
- Asset Management project running behind schedule.

Wellington Regional Council				
Capital expenditure				
For the eleven months ended 31 May 2009				
Capital expenditure	Year to date: \$000s			
	Last Year	Actual	Budget	Variance
Environment	229	436	982	546
Catchment management	5,743	4,883	5,930	1,047
Forestry	246	314	335	21
Regional parks	263	275	434	159
Corporate	55	76	55	(21)
WRS	-	-	-	-
Finance, IT & support services	94	1,769	2,478	709
Investment in democracy	74	-	-	-
Rates funded capital expenditure	6,704	7,753	10,214	2,461
Transport policy and strategy	24	-	-	-
Public transport	948	386	968	582
Transport rates funded capital expenditure	972	386	968	582
Investment management	17	23	360	337
Total rates funded capital expenditure	7,693	8,162	11,542	3,380
Water group	2,593	3,685	4,613	928
Total rates & levy funded capital expenditure	10,286	11,847	16,155	4,308

7. Capital expenditure forecast to 30 June 2009

Capital expenditure is forecast at \$14,388,000 (budget \$19,942,000).

The variances to budget are due to:

- Real time information project will be rebudgeted and completed in 2010/11
- Savings in Strand Park upgrade
- Delay in Asset Management project
- Delay in the Beacon Hill upgrade
- Delay in the Johnsonville Mall redevelopment. The necessary station and platform work required for the introduction of the new Matangi trains at Johnsonville will be carried out under another project.

Wellington Regional Council
 Capital expenditure
 For the year ending 30 June 2009

Capital expenditure	Full Year: \$000s			
	Last Year	Forecast	Budget	Variance
Environment	487	637	1,557	920
Catchment management	6,573	5,501	6,941	1,440
Forestry	278	364	364	-
Regional parks	296	322	469	147
Corporate	-	80	55	(25)
WRS	-	-	-	-
Finance, IT & support services	546	2,218	2,788	570
Investment in democracy	74	5	5	-
Rates funded capital expenditure	8,254	9,127	12,179	3,052
Transport policy and strategy	24	-	-	-
Public transport	1,014	525	2,180	1,655
Transport rates funded capital expenditure	1,038	525	2,180	1,655
Investment management	39	-	400	400
Total rates funded capital expenditure	9,331	9,652	14,759	5,107
Water group	3,843	4,736	5,183	447
Total rates & levy funded capital expenditure	13,174	14,388	19,942	5,554

8. Finance Costs

Year to date finance costs are \$4,540,000, compared with the budget of \$5,369,000. The favourable variance is due to lower borrowings and interest rates.

9. Debt

Gross external debt for the Council at 31 May 2009 was \$88.8 million, compared with \$73.9 million at 30 June 2008. Including WRC Holdings debt, external debt was \$132.8 million.

10. Communication

No communications are necessary.

11. Recommendations

That the Council:

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

Report prepared by:

Report approved by:

Chris Gray
Finance Manager

Barry Turfrey
Chief Financial Officer

Attachment 1: Council Income Statement

Attachment 2: Council Funding Statement

Attachment 3: Council Balance Sheet