Attachment 1 to Report 13.672

Finance REPORT

31 May 2013

GREATER WELLINGTON REGIONAL COUNCIL

COUNCIL SUMMARY

Overview

Overall at the operating surplus level, before transport improvements, the result for the council is positive by $11,917k relative to budget. When the transport improvement numbers are included then the financial results for the first eleven months were $2,090k favourable compared to budget. This is mainly due to reduced expenditure in public transport and increases in investment returns. The forecast remains favourable to budget as per last quarter.

Council Financial Performance

Year to date

Greater Wellington achieved an operating surplus of $5,051k (budget, a deficit of $6,866k) for the eleven months to 31 May, an $11,917k favourable result. This result excludes revenue and expenditure for public transport capital improvement projects and revaluations. Including these amounts, Greater Wellington made a deficit of $14,380 (budget, a deficit of $16,470k), a favourable variance of $2,090k.

Financial Summary

Greater Wellington Regional Council Summary income statement	Year to 31 May 2013 Actual $000s	Budget $000s	Variance $000s	Last Year $000s
Regional rates	82,591	82,712	(121)	78,121
Water supply levy	22,814	22,814	-	22,150
Other operating revenue	77,320	83,015	(5,695)	83,031
Total operating revenue	**182,725**	**188,541**	**(5,816)**	**183,302**
Operational expenditure	(177,674)	(195,407)	17,733	(180,388)
Operating surplus/(deficit) before transport improvements	**5,051**	**(6,866)**	**11,917**	**2,914**
Operating (deficit) from transport improvements	(15,383)	(23,949)	8,566	(9,028)
Operating surplus/(deficit) before non-operational items	**(10,332)**	**(30,815)**	**20,483**	**(6,114)**
Non-operational movements	(4,048)	14,345	(18,393)	(6,169)
Operating surplus/(deficit)	**(14,380)**	**(16,470)**	**2,090**	**(12,283)**

greater WELLINGTON
REGIONAL COUNCIL
Te Pane Matua Taiao

Financial Summary by Group

Greater Wellington Regional Council Summary income statement by Group	Year to 31 May 2013 Actual $000s	 Budget $000s	 Variance $000s	 Last Year $000s
Operational Groups				
Catchment Management	3,405	2,785	620	3,967
Environmental Management	(260)	388	(648)	214
Forestry	(211)	50	(261)	52
Regional Parks	214	(160)	374	(202)
Public Transport	1,923	(2,649)	4,572	806
Total rates funded operational surplus / (deficit)	**5,071**	**414**	**4,657**	**4,837**
Corporate				
Strategy & Community Engagement	892	(224)	1,116	1,117
Finance and Support	(1,203)	(1,353)	150	241
Other corporate activities	1,427	114	1,313	402
Investment Management	11,949	8,744	3,205	8,698
Business unit rates contribution	(10,406)	(10,406)	-	(9,565)
Total rates funded operating surplus / (deficit)	**7,730**	**(2,711)**	**10,441**	**5,730**
Water	(3,116)	(4,394)	1,278	(2,816)
Total rates & levy funded operating surplus / (deficit)	**4,614**	**(7,105)**	**11,719**	**2,914**
Public Transport - improvements	(14,946)	(23,710)	8,764	(9,028)
Operating surplus/(deficit) before non-operational items	**(10,332)**	**(30,815)**	**20,483**	**(6,114)**
Non-operational movements				
Revaluation of debt and stadium advance	-	-	-	-
Revaluation of forestry	-	-	-	-
Forestry cost of goods sold	(493)	(510)	17	(1,545)
EMU investment - GW Rail	(2)	14,855	(14,857)	-
Non-operational movements	(4,048)	14,345	(18,393)	(6,169)
Total Council surplus / (deficit)	**(14,380)**	**(16,470)**	**2,090**	**(12,283)**

Forecast to 30 June 2013

Greater Wellington is forecasting an operating surplus of 2,211k (budget, a deficit of $5,448k) for the year to 30 June 2013. This forecast excludes revenue and expenditure for public transport capital improvement projects and revaluations. Including these amounts, Greater Wellington is forecasting a deficit of $2,002k (budget, a deficit of $11,821k).

Financial forecast

Greater Wellington Regional Council Summary income statement	Full Year Forecast $000s	 Budget $000s	 Variance $000s	 Last Year $000s
Regional rates	90,094	90,257	(163)	85,002
Water supply levy	24,888	24,888	-	24,164
Other operating revenue	86,993	94,274	(7,281)	98,589
Total operating revenue	**201,975**	**209,419**	**(7,444)**	**207,755**
Operational expenditure	(199,764)	(214,867)	15,103	(200,180)
Operating surplus/(deficit) before transport improvements	**2,211**	**(5,448)**	**7,659**	**7,575**
Operating (deficit) from transport improvements	(18,278)	(24,276)	5,998	(13,189)
Operating surplus/(deficit) before non-operational items	**(16,067)**	**(29,724)**	**13,657**	**(5,614)**
Non-operational movements	14,065	17,903	(3,817)	2,605
Operating surplus/(deficit)	**(2,002)**	**(11,821)**	**9,840**	**(3,009)**

Financial forecast by Group

Greater Wellington Regional Council Summary income statement by Group	Full Year Forecast $000s	 Budget $000s	 Variance $000s	 Last Year $000s
Operational Groups				
Catchment Management	3,340	3,048	292	3,885
Environmental Management	(406)	229	(635)	(13)
Forestry	(220)	63	(283)	472
Regional Parks	(184)	(234)	50	(266)
Public Transport	1,696	(2,999)	4,695	2,768
Total rates funded operational surplus / (deficit)	**4,226**	**107**	**4,119**	**6,846**
Corporate				
Strategy & Community Engagement	589	(266)	855	878
Finance and Support	(1,699)	(1,525)	(174)	(274)
Other corporate activities	319	48	271	328
Investment Management	13,798	12,348	1,450	13,761
Business unit rates contribution	(11,352)	(11,352)	-	(10,434)
Total rates funded operating surplus / (deficit)	**5,881**	**(640)**	**6,521**	**11,105**
Water	(3,670)	(4,808)	1,138	(3,530)
Total rates & levy funded operating surplus / (deficit)	**2,211**	**(5,448)**	**7,659**	**7,575**
Public Transport - improvements	(18,278)	(24,276)	5,998	(13,189)
Operating surplus/(deficit) before non-operational items	**(16,067)**	**(29,724)**	**13,657**	**(5,614)**
Non-operational movements				
Revaluation of debt and stadium advance	982	980	2	(3,515)
Revaluation of forestry	2,629	2,629	-	2,683
Forestry cost of goods sold	(557)	(561)	4	(521)
EMU investment - GW Rail	11,011	14,855	(3,823)	3,958
Non-operational movements	14,065	17,903	(3,817)	2,605
Total Council surplus / (deficit)	**(2,002)**	**(11,821)**	**9,840**	**(3,009)**

Capital expenditure

Capital expenditure by Group

Capital expenditure is $3,901k below budget, year to date. This is primarily due to projects in Water Supply being under spent due to timing of projects, offset by Catchment Management being ahead of budget. There are various unders and overs across the other business groups.

Details by Group are discussed later.

Greater Wellington Regional Council Capital expenditure by Group	Year to 31 May 2013 Actual $(000)'s	Budget $(000)'s	Variance $(000)'s	Last Year $(000)'s
Operational Groups				
Catchment Management	9,886	6,529	(3,357)	6,039
Environmental Management	578	1,297	719	782
Forestry	190	436	246	193
Regional Parks	676	707	31	305
Public Transport	842	1,863	1,021	2,288
Operational Groups capital expenditure	**12,172**	**10,832**	**(1,340)**	**9,607**
Corporate				
Strategy & Community Engagement	59	249	190	871
Finance and Support	1,926	940	(986)	253
Other corporate activities	97	-	(97)	178
Investment Management	288	-	(288)	487
Total rates funded capital expenditure	**14,542**	**12,021**	**(2,521)**	**11,396**
Water Supply	7,624	14,046	6,422	7,845
Total rates & levy funded capital expenditure	**22,166**	**26,067**	**3,901**	**19,241**

Capital expenditure forecast by Group

Capital expenditure is forecast to be $988k ahead of budget by year end. This is primarily due to a number of changes within the Catchment Management capital programme and changes within the Investment Management and Finance & Support capital programmes which are detailed by group.

Greater Wellington Regional Council Capital expenditure by Group	Full Year Forecast $(000)'s	 Budget $(000)'s	 Variance $(000)'s	 Last Year $(000)'s
Operational Groups				
Catchment Management	10,429	7,732	(2,697)	7,461
Environmental Management	866	1,030	164	666
Forestry	271	472	201	221
Regional Parks	863	813	(50)	426
Public Transport	1,439	1,991	552	(2,849)
Operational Groups capital expenditure	**13,868**	**12,038**	**(1,830)**	**5,925**
Corporate				
Strategy & Community Engagement	95	264	169	1,103
Finance and Support	2,443	1,915	(528)	421
Other corporate activities	62	62	-	305
Investment Management	752	100	(652)	496
Total rates funded capital expenditure	**17,220**	**14,379**	**(2,841)**	**8,250**
Water Supply	9,026	14,792	5,766	9,360
Total rates & levy funded capital expenditure	**26,246**	**29,171**	**2,925**	**17,610**

FINANCIAL PERFORMANCE BY GROUP

Catchment Management

Financial Summary	Year to 31 May 2013 Actual $000s	Budget $000s	Variance $000s	Last Year $000s		Full Year Forecast $000s	Budget $000s	Variance $000s	Last Year $000s
Operating revenue	29,148	29,708	(560)	26,591		31,786	32,440	(654)	29,981
Operating expenditure	25,743	26,923	1,180	22,624		28,446	29,392	946	26,096
Operating surplus / (deficit)	**3,405**	**2,785**	**620**	**3,967**		**3,340**	**3,048**	**292**	**3,885**
Net capital expenditure	10,076	6,965	(3,111)	6,232		10,700	8,204	(2,496)	7,682

Year to date

> A favourable operating variance of $620k, comprising lower revenue of $560k and lower operating costs of $1,180k.

Operating revenue is lower than budget due mainly to:

- Reduced AHB revenue of $676k for BioWorks due to delays in completing 2011/12 contracts and a reduced work programme for 2012/13.
- Reduced external revenue of $68k for Land Management due to reduced forestry consultations. There was also reduced grant revenue of $52k due to timing of Hill Country Erosion programmes.
- Reduced external revenue of $169k for Flood Protection due to reduced isolated works and lower gravel royalty revenue.
- Increased revenue of $92k from the Akura Conservation Centre offset the reduction in revenue.

Operating expenditure was lower than budget due to:

- Reduced materials expenditure of $330k as well as reduced contractor expenditure of $439k for Biosecurity due to the timing of RPMS works and predator control programmes.
- Reduced contractor expenditure of $220k due to the timing of various Biodiversity implementation and community engagement programmes

Capital expenditure is $3,111k higher than budget, primarily due to:

greater WELLINGTON REGIONAL COUNCIL Te Pane Matua Taiao

- Increased expenditure of $3,600k on the Boulcott/Hutt stopbank as the work programme has been brought forward from 2013/14.
- Reduced expenditure of $450k on Lower Waitohu as Maori Land Court easement application and discussions with Otaki and Porirua Trust Board for a partnership approach to stream management have slowed works.

Forecast to 30 June 2013

The forecast operating surplus is close to budget.

Operating revenue is forecast to be below budget due to:

- Reduced AHB revenue for BioWorks of $880k, partly offset by increased internal revenue of $385k. There are also further savings in expenditure related to change in work programmes.
- Reduced shingle royalty, isolated works and land lease revenue of $214k for Flood Protection.

Operating expenditure is also forecast to be below budget due to:

- Reduced contract expenditure for Flood Protection of $211k – this is related to less isolated works and Kapiti River maintenance.
- Reduced expenditure of $196k for Biodiversity (materials, internal charges and contractors) due to a reduced work programme.
- Reduced expenditure in Bioworks of $234k due to change in work programmes.

The forecast capital expenditure to June 2013 is expected to be $2,496k higher than budget due to:

- Additional expenditure of $350k for the development of the Ngaumutawa Road Depot;
- Brought forward expenditure of $3,800k for the Boulcott/Hutt stopbank;
- Reduced expenditure of $400k for the Chrystalls extended land purchase as the acquisition capex cost was accrued to the 2011/12 financial year;
- Reduced expenditure of $750k for Lower Waitohu due to landowner negotiations;

These are timing changes to projects with total costs still within LTP budget limits

Environmental Management

Financial Summary	Year to 31 May 2013					Full Year			
	Actual	Budget	Variance	Last Year		Forecast	Budget	Variance	Last Year
	$000s	$000s	$000s	$000s		$000s	$000s	$000s	$000s
Operating revenue	12,788	12,266	522	12,465		13,980	14,030	(50)	13,929
Operating expenditure	13,048	11,878	(1,170)	12,251		14,386	13,801	(585)	13,942
Operating surplus / (deficit)	**(260)**	**388**	**(648)**	**214**		**(406)**	**229**	**(635)**	**(13)**
Net capital expenditure	181	380	(199)	324		416	405	11	347

greater WELLINGTON REGIONAL COUNCIL Te Pane Matua Taiao

Year to date

Overall, an unfavourable operating variance of $648k, comprising higher revenue of $522k and higher expenditure of $1,170k.

Operating revenue is ahead of budget primarily due to:

- Timing difference for external funding for Wairarapa Water Use Project, $377k invoiced, budget all in June.
- The Restitution Fund being brought forward increasing revenue by $164k.

Operating expenditure was more than budget due mainly to:

- High spend on consultants for work on the Regional Plan in Policy department and unbudgeted consultants spend in Regulation for work on Roads of National Significance Hearings. Timing difference $492k spend on WWUP to date but the budget is all in June.

Forecast to 30 June 2013

Environment is forecasting an operating deficit of $406k which is $635k worse than budget mainly due to $200k unbudgeted spend on Roads of national Significance projects, $280k additional spend on the Regional Plan, and $100k additional depreciation compared to budget for the Wairarapa Water model.

Forestry

Financial Summary	Year to 31 May 2013					Full Year			
	Actual	Budget	Variance	Last Year		Forecast	Budget	Variance	Last Year
	$000s	$000s	$000s	$000s		$000s	$000s	$000s	$000s
Operating revenue	7,531	8,189	(658)	7,628		8,286	9,007	(721)	8,784
Operating expenditure	7,742	8,139	(397)	7,575		8,506	8,944	(438)	8,312
Operating surplus / (deficit) before cost of goods sold	(211)	50	(261)	52		(220)	63	(283)	472
Cost of goods sold*	493	510	17	1,545		535	561	26	521
Operating surplus / (deficit) before valuation	(704)	(460)	(244)	(1,493)		(755)	(498)	(257)	(49)
Forestry valuation	-	-	-	-		2,629	2,629	-	2,683
Operating surplus / (deficit)	(704)	(460)	(244)	(1,493)		1,874	2,131	(257)	2,634
Net capital expenditure	190	436	246	193		271	472	201	221

Year to date

An unfavourable operating variance of $261k, prior to cost of goods sold due to:

- Plantation Forestry harvested tonnages being below expectations and the actual price per tonne received being well below budget.
- Costs for both Plantation and Reserve are all on a per tonne harvested so below budget.

greater WELLINGTON
REGIONAL COUNCIL
Te Pane Matua Taiao

Forecast to 30 June 2013

The forecast is $283k below budget due to lower revenue, a result of lower than expected volumes and reduced prices.

Regional Parks

Financial Summary	Year to 31 May 2013 Actual $000s	Budget $000s	Variance $000s	Last Year $000s		Full Year Forecast $000s	Budget $000s	Variance $000s	Last Year $000s
Operating revenue	5,372	5,126	246	5,435		5,791	5,591	200	5,990
Operating expenditure	5,158	5,286	128	5,637		5,975	5,825	(150)	6,256
Operating surplus / (deficit)	**214**	**(160)**	**374**	**(202)**		**(184)**	**(234)**	**50**	**(266)**
Net capital expenditure	676	707	31	305		863	813	(50)	426

Year to date

A favourable operating variance of $374k, due to increased revenue of $246k and lower expenditure of $128k.

Operating Revenue was higher than budget due to:

- External contributions to repair work of $73k.
- Increased camping and visitor fees due to higher visitor numbers.

Operating expenditure is slightly lower than budget due to:

- Reduced personnel costs due to time charged to capital projects and vacancies within the Group.

Capital expenditure was $31k below budget due primarily to:

- The timing of capital works in the parks.

Forecast to 30 June 2013

The forecast operating deficit is $50k less than budget due to savings in personnel costs.

Public Transport

Financial Summary	Year to 31 May 2013 Actual $000s	Budget $000s	Variance $000s	Last Year $000s		Full Year Forecast $000s	Budget $000s	Variance $000s	Last Year $000s
Operating revenue	87,577	92,691	(5,114)	86,804		95,997	101,187	(5,190)	94,292
Operating expenditure	85,654	95,340	9,686	85,999		94,301	104,185	9,884	91,524
Operating surplus / (deficit)	**1,923**	**(2,649)**	**4,572**	**805**		**1,696**	**(2,998)**	**4,694**	**2,768**
Net capital expenditure	20	22	2	17		42	22	(20)	(5,153)

greater WELLINGTON
REGIONAL COUNCIL
Te Pane Matua Taiao

Year to date

A favourable operating variance of $4,572k, comprising lower expenditure of $9,686k and reduced revenue of $5,114k.

Operating revenue was $5,114k below budget due to:

- Grants and subsidies revenue was $5,600k below budget which reflects the reduction in operational expenditure for the year.
- External revenue was $300k above budget because of spending on rail studies projects that are now being reimbursed through GWRL.

Operating expenditure is $9,686k below budget primarily due to:

- Reduced rail contract expenditure of $4,900k because of increased fare revenue and savings in rail operating costs.
- Increased network renewals expenditure of $200k reflecting a slight change to timing of renewal expenditure and reduced incident expenditure.
- Reduced leases and rates expenditure of $200k because the Wellington Station lease was lower than budgeted.
- Reduced train maintenance expenditure of $500k which is expected to reverse by year end.
- Reduced rail insurance expenditure of $900k. Premiums are lower than those anticipated when the budget was set.
- Reduced diesel bus operations expenditure of $1,000k - contractual inflation payments have been lower than expected.
- Reduced Projects and Planning expenditure of $300k because the majority of the electronic ticketing investigation budget will be rebudgeted to 2013/14.
- Reduced rail studies and PTOM expenditure of $2,300k. Timing of some rail contracting expenditure is now likely to occur later than originally planned – this expenditure is likely to occur between now and the expiry of current contracts in June 2016.

Forecast to 30 June 2013

The overall forecast surplus of $1,696k is $4,694k better than budget. This is due to lower revenue and expenditure.

Operating revenue is forecast to be $5,190k below budget due to:

- Lower grants and subsidies revenue of $5,700k because of a reduction in expenditure.
- Increased external revenue of $400k related to spending on rail studies projects which are now reimbursed through GWRL.

Operating expenditure is forecast to be $9,884k below budget due to:

- Rail contract expenditure forecast to be $5,400k below budget because of increased fare revenue and savings in rail operating costs.
- Reduced insurance premiums of $1,000k.

- Diesel bus contract expenditure is forecast to be $1,000k below budget because contractual inflation payment have been lower than expected.
- Projects and Planning expenditure forecast to be $400k below budget. The majority of the electronic ticketing investigation budget will be rebudgeted to 2013/14.
- Rail studies and PTOM expenditure is expected to be $2,700k below budget. Timing of some rail contracting expenditure is now likely to occur later than originally planned – this expenditure is likely to occur between now and the expiry of current contracts in June 2016.
- Increased administrative expenditure of $600k is offset by increased external and internal revenue.

Public Transport improvement projects

Improvement projects relate to capital works where the underlying asset will not be directly owned by the Council, and therefore are treated as operational expenditure in these accounts. This is predominately rail rolling stock and stations owned by Greater Wellington Rail Limited, or track and signal renewal work owned by KiwiRail. Real time information and bus shelters are capital items owned by the Council.

Financial Summary	Year to 31 May 2013					Full Year			
	Actual $000s	Budget $000s	Variance $000s	Last Year $000s		Forecast $000s	Budget $000s	Variance $000s	Last Year $000s
Operating revenue	21,637	22,807	(1,170)	99,584		24,949	23,998	951	115,928
Operating expenditure	36,583	46,517	9,934	108,612		43,228	48,275	5,047	129,117
Operating surplus / (deficit)	**(14,946)**	**(23,710)**	**8,764**	**(9,028)**		**(18,279)**	**(24,277)**	**5,998**	**(13,189)**
External debt revaluation gains /(loss)	-	-	-	-		-	-	-	(1,337)
Operating surplus / (deficit)	**(14,946)**	**(23,710)**	**8,764**	**(9,028)**		**(18,279)**	**(24,277)**	**5,998**	**(14,526)**
Net capital expenditure	842	1,863	1,021	2,288		1,439	1,991	552	(2,849)

Year to date

Overall, a favourable operating variance of $8,764k due mainly to reduced operating expenditure.

Operating expenditure was $9,934k lower than budget due to:

- Reduced Matangi 1 expenditure of $2,400k reflecting some changes to the timing of payments.
- Timing of station renewals and upgrades has seen lower than expected expenditure of $1,400k.
- No expenditure to date on Porirua station car park – a variance of $1,500k.
- Reduced Trolley bus infrastructure renewals expenditure of $3,600k. $3,532k of capital expenditure has been rebudgeted to 2013/14. Wellington Cable Car Ltd are still formulating a business case for a new safety upgrade to the network.

Capital expenditure is $1,021k less than budget mainly due to:

- Timing of payments related to RTI.

- Reduced expenditure on customer information systems because it was rebudgeted to 2013/14.
- Reduced expenditure on Wellington Review Interchanges because it was rebudgeted to 2013/14.

Forecast to 30 June 2013

The forecast operating surplus is $5,998k ahead of budget. This is mainly due to:

- A reduction in the forecast for Matangi 1 by $1,200k.
- An increase in the expected expenditure for Matangi 2 by $900k.
- A reduction in expenditure related to Trolley Bus infrastructure of $3,300k. Wellington Cable Car Ltd are still formulating a business case for a new safety upgrade to the network.
- A reduction in Wellington Depot and Stabling expenditure of $1,100 as this work is now expected to be completed in 2013/14.
- Reduced expenditure on customer information systems because it was rebudgeted to 2013/14.
- Reduced expenditure on Wellington Review Interchanges because it was rebudgeted to 2013/14.

Strategy & Community Engagement

Financial Summary	Year to 31 May 2013					Full Year			
	Actual $000s	Budget $000s	Variance $000s	Last Year $000s		Forecast $000s	Budget $000s	Variance $000s	Last Year $000s
Operating revenue	8,361	8,452	(91)	9,288		9,475	9,243	232	10,742
Operating expenditure	7,469	8,676	1,207	8,171		8,886	9,509	623	9,864
Operating surplus / (deficit)	**892**	**(224)**	**1,116**	**1,117**		**589**	**(266)**	**855**	**878**
Net capital expenditure	59	249	190	871		95	264	169	1,103

Year to date

Overall, a favourable operating variance of $1,116k, comprising lower expenditure of $1,207k and reduced revenue of $91k.

Operating revenue is lower than budget due to:

- Reduced grant revenue from NZTA due to lower expenditure on projects that receive funding.

Operating expenditure was lower than budget due to:

- Reduced expenditure in Transport Planning of $209k that relates to the timing of payments to consultants in relation to the PT Spine Study.
- Reduced expenditure on Iwi Projects and GW capacity training of $120k to date.
- Lower grant expenditure to Grow Wellington of $106k, this is only a timing issue.
- Lower project expenditure for the WRS Office of $148k a result of change in planned activity for the year.

- Reduced personnel costs due to vacancies in various departments during the year.
- Lower expenditure related to Annual Plan costs - $45k below budget – this is a timing issue.

Forecast to 30 June 2013

The forecast operating surplus is $855k better than budget due to:

- Reduced iwi capacity payments of $34k. Only six iwi are receiving payments rather the seven that were planned for. Also reduced is expenditure related to GW Capacity training costs of $35k.
- Reduction in WRS committee fees of $35k and project costs of $171k.
- Reduction in the grant payable to Grow Wellington of $250k.
- Reduced consultants cost for RLTS of $56k.
- Reduction in Parks Planning expenditure of $40k with some projects costs now falling due in 2013/14.
- Increased revenue of $232k from NZTA following approval of the Model Application and Analysis project.

Finance and Support

Financial Summary	Year to 31 May 2013					Full Year			
	Actual $000s	Budget $000s	Variance $000s	Last Year $000s		Forecast $000s	Budget $000s	Variance $000s	Last Year $000s
Operating revenue	5,465	5,203	262	7,346		5,914	5,661	253	7,807
Operating expenditure	6,668	6,556	(112)	7,105		7,613	7,186	(427)	8,081
Operating surplus / (deficit)	**(1,203)**	**(1,353)**	**150**	**241**		**(1,699)**	**(1,525)**	**(174)**	**(274)**
Net capital expenditure	1,926	940	(986)	253		2,443	1,915	(528)	421

Year to date

Overall, a favourable operating variance of $150k comprising higher revenue of $262k and higher expenditure of $112k.

Operating revenue is higher than budget due to rates penalties being higher than expected.

Capital expenditure is higher than budget due to chnages in the ITC projects including:

- The High availability network project which has was originally just a Water project and is now an joint ITC project. Forecast spend for this is $984k with Water covering 60% and the ITC reserve the remaining 40%.
- A region wide Light Detection and Ranging (LiDAR) flyover in conjunction with all the regions TLAs to refresh the GIS data was undertaken, $900k. This was originally budgeted just as a fly-by for GIS aerial maps. External revenue is being recovered with the ITC reserve covering the increase.
- The PC upgrade was reduced to just the software during 2012/13, with $700k rebudgeted to 2013/14.

Forecast to 30 June 2013

Capital expenditure for the year is forecast to be $528k greater than budget due to bringing several projects forward from 2013/14 including:

- Data storage increases driving the need for a new backup system $200k.
- GIS upgrade scope was increased to include copyright ownership of the LiDAR data and photography. This project is a regional initiative with funding recovered from the territorial authorities and GWRC's increased share is loan funded and recovered from the ITC reserve.
- Resilience in the connectivity of the council's wide area network for the Water Group and GWRC corporate has seen an increase to $984k from $800k. The loan funded costs are shared by the Water Group, and the ITC reserve. In the future this project may be extended to cover the data needs of the Public Transport network.
- Offsetting these increases was a lower spend on the PC upgrade by $700k which is being rebudgetd to 2013/14.

People and Capability

Financial Summary	Year to 31 May 2013					Full Year			
	Actual $000s	Budget $000s	Variance $000s	Last Year $000s		Forecast $000s	Budget $000s	Variance $000s	Last Year $000s
Operating revenue	3,390	3,392	(2)	5,576		3,702	3,702	-	6,088
Operating expenditure	2,942	3,322	380	5,405		3,473	3,664	191	5,981
Operating surplus / (deficit)	**448**	**70**	**378**	**171**		**229**	**38**	**191**	**107**
Net capital expenditure	96	-	(96)	149		62	62	-	275

Year to date

Overall, a favourable operating variance of $378k as a result of lower expenditure due to:

- Savings in the consultant's budget due to successful negotiation of the collective agreement.
- Saving in personnel costs due to vacancies within the Group.

Forecast to 30 June 2013

Forecast savings reflect a lower estimate of personnel expenditure for the 2012/13 year.

greater WELLINGTON
REGIONAL COUNCIL
Te Pane Matua Taiao

Investment Management

Financial Summary	Year to 31 May 2013					Full Year			
	Actual $000s	Budget $000s	Variance $000s	Last Year $000s		Forecast $000s	Budget $000s	Variance $000s	Last Year $000s
Operating revenue	6,608	3,043	-	5,186		8,623	7,497	-	2,634
Operating expenditure	(5,341)	(5,701)	(360)	(3,512)		(5,175)	(4,851)	324	(11,127)
Operating surplus / (deficit)	**11,949**	**8,744**	**3,205**	**8,698**		**13,798**	**12,348**	**1,450**	**13,761**
Net capital expenditure	288	-	(288)	487		752	100	(652)	496

Year to date

Overall, a favourable variance of $3,205k compared with budget. This is due to:

- Investment revenue being higher then budget. The main contributors are $1,000k from higher interest on money market investments, $2,000k from subvention revenue from CentrePort, as well as $151k higher interest earned from liquid financial deposit.
- Lower interest recovery of $347k from internal debt as there is less capital expenditure by operational Groups.
- Capital expenditure is $259k above budget. Of this $158k relates to the green star certification process based on the plans for the new Masterton office. The remainder is related to the move to Shed 39.

Forecast to 30 June 2013

The operating surplus is forecast to be $13,798k, which is $1,450k higher than the budget surplus of $12,348k. The main reason for this is decrease since the previous forecast is due to:

- The expectation is not to declare dividends prior to 30 June 2013 from the WRC Holding s Group. This change is as a result of accounting standards requirement to confirm an exact amount prior to year end when it is our practice to transfer 100% of cash surplus. This amount will be worked out after year end and will be recorded by way of note to the accounts for 2012/13.
- The forecasted capital expenditure is $652k above budget which is mainly related to the move to shed 39.

Investment management – Non operational movements

Financial Summary	Year to 31 May 2013					Full Year			
	Actual $000s	Budget $000s	Variance $000s	Last Year $000s		Forecast $000s	Budget $000s	Variance $000s	Last Year $000s
Investment - GW Rail	(2)	14,855	(14,857)	-		11,011	14,855	(3,844)	3,958
Valuation Movements	-	-	-	-		-	-	-	-
Operating surplus / (deficit)	**(2)**	**14,855**	**(14,857)**	**-**		**11,011**	**14,855**	**(3,844)**	**3,958**

Year to date – Matangi investment

The year to date variance is due to a timing difference of when the GWR share call will take place. This is not expected to happen till later in the year when the bulk of the payments for Matangi 1 will have been made.

Water

Financial Summary	Year to 31 May 2013 Actual $000s	Budget $000s	Variance $000s	Last Year $000s		Full Year Forecast $000s	Budget $000s	Variance $000s	Last Year $000s
Operating revenue	24,052	25,115	(1,063)	25,118		26,274	27,638	(1,364)	28,001
Operating expenditure	27,168	29,509	2,341	27,934		29,944	32,446	2,502	31,531
Operating surplus / (deficit)	**(3,116)**	**(4,394)**	**1,278**	**2,816**		**(3,670)**	**(4,808)**	**1,138**	**(3,530)**
Net capital expenditure	7,624	14,046	6,422	7,845		9,026	14,792	5,766	9,360

Year to date

Overall a favourable operating variance of $1,278k compared to budget.

Operating revenue is lower than budget due to a change in methodology of internal charging staff time to projects. Rather than recording internal revenue the costs will be directly charged using resource costing.

Operating expenditure was $2,341k lower than budget due to:

- Finance costs are lower than budget due to the opening actual debt being lower than budgeted debt.
- A reduction in internal charges due to a change in the way these are charged as mentioned above.
- Variance in resource costing because actual recoveries from capital projects are running well ahead of budget.

Capital expenditure is $6,422k under budget due to the timing of the capital works programme and the delay in the land purchase at Kaitoke for lake 3. In addition there have been approximately $500k savings against budget on the Te Marua lakes and the Point Howard main replacement projects.

Forecast to 30 June 2013

The forecast operating deficit is $1,138k better than budget. This is due to lower interest costs and a greater percentage of work being carried out on capital projects than compared to budget.

Finance costs

Finance Costs	Year to 31 May 2013 Actual $000s	Budget $000s	Variance $000s	Last Year $000s		Full Year Forecast $000s	Budget $000s	Variance $000s	Last Year $000s
	7,237	7,132	(105)	6,644		7,936	8,173	237	7,233

Year to date

Overall finance costs are in line with budget.

Forecast to 30 June 2013

Finance costs are forecast to be $237k favourable to budget due to reduced capital expenditure, which will in turn reduce internal borrowing.

FUNDING IMPACT STATEMENT

Greater Wellington Regional Council	Year to 31 May 2013			Full Year		
Funding impact statement	Actual	Budget	Last Year	Forecast	Budget	Last Year
	$000s	$000s	$000s	$000s	$000s	$000s
Operarting revenue						
Regional rates	82,591	82,712	78,121	90,094	90,257	85,002
Water supply levy	22,814	22,814	22,150	24,888	24,888	24,164
Government subsidies	41,403	48,837	46,990	47,710	53,502	52,748
Other operating revenue	35,917	34,178	36,041	39,283	40,772	45,841
Total operating revenue	**182,725**	**188,541**	**183,302**	**201,975**	**209,419**	**207,755**
Operarting expenditure						
Operational expenditure	(84,292)	(70,306)	(83,071)	(77,022)	(79,529)	(77,787)
Operational grants and subsidies expenditure	(72,034)	(66,010)	(76,528)	(70,025)	(73,159)	(78,091)
Other operating expenditure	(21,348)	(59,091)	(20,789)	(52,717)	(62,179)	(44,302)
Total operating expenditure	**(177,674)**	**(195,407)**	**(180,388)**	**(199,764)**	**(214,867)**	**(200,180)**
Operating surplus/(deficit) before transport improvements	**5,051**	**(6,866)**	**2,914**	**2,211**	**(5,448)**	**7,575**
Transport improvement revenue	21,185	22,357	99,584	24,949	23,998	115,928
Transport improvement expenditure	(36,568)	(46,306)	(108,612)	(43,227)	(48,274)	(129,117)
Operating (deficit) from transport improvements	**(15,383)**	**(23,949)**	**(9,028)**	**(18,278)**	**(24,276)**	**(13,189)**
Operating surplus/(deficit) before unrealised items	**(10,332)**	**(30,815)**	**(6,114)**	**(16,067)**	**(29,724)**	**(5,614)**
Unrealised revaluation gains/(losses)	-	-	-	3,610	3,610	(5,705)
Adjust for Forestry Revaluation	-	-	-			
Adjust for Forest COGS	(493)	(510)	(1,545)	(556)	(561)	(521)
Adjust for Warm Welly	(3,553)	-	(4,624)	-	-	-
Grants for EMU Purchase	(2)	14,855	-	11,011	14,855	3,958
Adjustments for non entered entires and rounding					(1)	(4)
Non operational movements	(4,048)	14,345	(6,169)	14,065	17,903	2,605
Operating surplus/(deficit)	**(14,380)**	**(16,470)**	**(12,283)**	**(2,002)**	**(11,821)**	**(3,009)**
Add Back Non Cash Items	(12,098)	(12,095)	(12,625)	(9,333)	(9,623)	(18,476)
Cash operating surplus/(deficit)	**(2,282)**	**(4,376)**	**341**	**7,354**	**(2,197)**	**10,591**
Less:						
Net capital expenditure	(22,164)	(26,066)	(19,263)	(30,158)	(29,170)	(17,631)
Debt movements	55,294	38,911	41,447	35,692	47,890	21,035
Other movements	(30,848)	(8,469)	(22,525)	(12,888)	(16,523)	(13,995)
Net Funding Surplus(Deficit)	**0**	**0**	**0**	**0**	**0**	**0**

BALANCE SHEET

Greater Wellington Regional Council Balance Sheet	May 2013 Actual $(000)'s	June 2013 Budget $(000)'s	June 2012 Actual $(000)'s
Bank	8	7	7
Receivables	6,076	14,318	18,138
Accrued Revenue and Prepayments	23,353	26,334	20,206
Inventory	2,806	2,759	2,733
Total Current Assets	32,243	43,418	41,084
Other Investments	91,450	85,845	76,593
Forestry Investments	21,832	14,834	22,064
Derived Financial Instruments	(8,341)	(7,623)	(8,446)
Investment in Subsidaries	59,981	80,142	59,981
Total Investments	164,924	173,198	150,192
Fixed Asset at cost or valuation	764,916	765,449	751,461
less Accumulated Depreciation	(71,171)	(73,903)	(61,022)
Net Fixed Assets	693,745	691,546	690,439
Capital Works In Progess	21,982	2,829	14,449
Non Current Assets	880,651	867,573	855,080
Total Assets	**912,894**	**910,991**	**896,164**
less:			
Current Liabilities	18,912	49,922	61,878
Non Current Liabilities	192,368	202,247	118,293
Total Liabilities	**211,280**	**252,169**	**180,171**
Net Assets	**701,614**	**658,822**	**715,993**
Total Retained Earnings	342,243	337,873	358,601
Asset Revaluation Reserves	334,232	303,567	334,232
Other Reserves	25,139	17,382	23,160
Total Ratepayer Funds	**701,614**	**658,822**	**715,993**

greater WELLINGTON
REGIONAL COUNCIL
Te Pane Matua Taiao