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Performance Report for year ended 30 June 2014

1. Purpose

To receive the summary financial and performance report for year ending 30 June 2014.

2. Background

This report enables a review of performance of Council activities. In terms of process going forward, the Strategy and Policy Committee will receive the full reporting package. In addition, the Risk and Assurance Committee and Natural Resource Management Committee – Natural Resource Management Committee will receive the activities that are specifically the responsibilities of those Committees.

3. Group Overview – Performance Report for year ending 30 June 2014

The full Performance Report by Group follows. The Group Overviews are provided here together with the consolidated financial results.

3.1 Catchment Management

Overall the Group had a very busy year, achieving the majority of Annual Plan objectives for 2013/14.

A number of flood protection projects were deferred due to re-prioritisation of resources. A start was made on developing the Te Kāuru Upper Ruamahanga FMP with the appointment of a subcommittee and completion of phase 1 investigations. There was a delay progressing development of the Waiohine FMP following the local committee's decision to consider another stopbank design option. Work also progressed on development of the Pinehaven and Waiwhetu FMP. Considerable resources were applied to developing the Flood Protection Asset Management Plan. Flood Protection were granted approval to purchase land to progress implementation of the Hutt River FMP. Initial investigations were completed for the Hutt City Centre section stopbank upgrade.

A major piece of work successfully completed included the Forestry Cutting Rights sale. This sale has enabled Council to retire all forestry debt. The Akura Conservation Centre's nursery expansion and compound upgrade progressed well, although capital investments required exceeded original estimates. A successful 2013 winter planting programme in the Wairarapa hill country was concluded. Good progress was made developing Land Environment Plans for a number of dairy farms around Wairarapa Moana, Mangatarere River and Otaki River catchments.

The Regional Pest Management Strategy was successfully implemented. The programmed review of the Strategy was deferred due to the delay producing the National Policy Direction by Ministry for Primary Industries (MPI). BioWorks successfully completed its TbFree NZ programme, but parts of the Possum / Predator Control Programme were deferred until 2014/15 due to lower than expected possum densities in the affected areas.

The Biodiversity Department completed a restructure during the year, following a review of all the major work programmes. The Key Native Ecosystem programme was successfully implemented.

3.2 Environment Management

This quarter marks the close of a very busy financial year for the Environment Group.

The development of the draft Regional Plan through the work of Te Upoko Taiao - Natural Resource Management Committee is approaching a key milestone with the draft due to be released in September. We have been working hard to pull the entire document together including the introduction, the visual look and feel of the Plan, and of course the policy content. While the draft will be a major milestone in itself, it will mark the start of another intensive period of community engagement, and in particular some pretty focussed conversations around key issues such as stock access, significant sites, and section 32 analyses.

In conjunction with this, we have made excellent progress with the ongoing evolution of the first of our Whaitua in the Ruamahanga. The committee continued to meet and workshop last quarter, elected a Chairman (Peter Gawith), and is now starting to move into some of the meaty discussions that will mark its work over the next 18 months. Importantly, we also agreed with Council in the last quarter that the Porirua Whaitua would be the next to commence, as opposed to the Hutt/Wellington Whaitua. There are good reasons for this, and we have already started to pull key officers together from all Councils and Ngati Toa with a view to getting the Porirua Whaitua Committee established before the end of the year. We will continue to ‘socialise’ the Hutt/Wellington Whaitua, however, even while establishing Porirua and hopefully will have this up and running mid to late 2015. Conversations with both the Ministry for Primary Industries and Ministry for the Environment around our Plan and Whaitua process have been ongoing during the quarter, and we hope to secure some substantial investment from these agencies in the next few weeks to assist with our work programme.

The Regional Natural Hazards Management Strategy is becoming an increasingly important and large piece of work for us as well, with tenders being advertised in April for help in preparing the strategy. Kāpiti Coast District Council also agreed to join this piece of work during the quarter, so it is now very much an integrated regional project.

Work in Environmental Regulation continued to be dominated by Roads of National Significance (RONS) with Board of Inquiry processes concluding, and our key focus now moving into monitoring and implementation. The formation of a RONS team within Environmental Regulation, the cost of which is cost recoverable from the NZTA, was completed during the quarter. There has been a lot of quite intense discussion with NZTA and Wellington Gateway Partnership in the last quarter as financial close for Transmission Gully drew closer. While we have successfully managed this, we are planning some high level meetings in the next few weeks to ensure a successful transition in our relationships into the implementation phase post financial close. Overall, we have processed more consents, undertaken more compliance inspections and managed almost double the amount of appeal proceedings in this financial year than the last.

The Science Department continues to direct a huge amount of its focus on providing information for the Plan and Whaitua process. A key component of this work will be the modelling options that are used in the limit setting process. The Manager has led one modelling ‘mosh pit’ exercise already, and another is planned where expert modellers are looking to define the models that will be best applied in the Whaitua process for land use/water interactions. Getting this right is critical, and we have essentially taken a collaborative approach to identifying and implementing the most applicable models for individual Whaitua. The new look State of the Environment Summary was also widely circulated during the quarter. This document is a major step forward in the way we are looking to communicate science effectively and has been very well received.

The Harbours Department successfully made the move to the Meridian Building and are now happily operating out of there. The much vexed process of getting the Port and Harbour Safety Management System ‘approval’ took another twist during the quarter with Maritime New Zealand looking to establish a MNZ led, but Regional Council facilitated, auditing process in place to undertake the eight or so outstanding audits across the country. This is still a work in progress some three years after we completed and lodged our SMS with Maritime New Zealand. The review of our Port and Harbour Risk Assessment continued in quarter, in conjunction with CentrePort.

A major milestone for the Parks Department in the last quarter was the formal Council approval for the compensation and mitigation package negotiated with the NZTA around the impacts of Transmission Gully Motorway on Belmont and Battle Hill Regional Parks. This was the result of extensive discussions and negotiations over an 18-24 month period and represented what we thought was an extremely good outcome for Council. Funding was also secured from NZTA for the cycleway through QEP in the last quarter, again, another extremely good outcome. The Nature Central Project, which has potential benefits for Parks around QEP and Whareroa in particular, has been re-energised in the last quarter and we are hopeful that the lease, and ultimately management arrangements around QEP can be enhanced in the coming months.

Both the Parks and Harbours Departments have been working extremely hard on their Asset Management Plan during the quarter, including the asset revaluation process. This has been a major undertaking consistent with the direction the organisation is taking to increase its asset management information. Sue has had to contract in an extra resource to ensure that the asset revaluation process was completed.

Finally, we received formal sign off for our latest funding application with the Irrigation Acceleration Fund (IAF) this quarter and have guaranteed funding for the Wairarapa Water Use Project until the end of the prefeasibility phase. The Governance Group has been an excellent addition to the WWUP process and is providing huge value, as is the increasingly strong relationship with MPI as we move into a number of key decision points for the project, prior to year end. The coming quarter will be a critical period for this project.

3.3 Public Transport

Particular highlights for the Public Transport Group for the year were:

The Regional Public Transport Plan (PT Plan) was adopted in June. The PT Plan sets the blueprint for continuing to improve public transport in the region in the medium to long term and brings together the Wellington Bus Review, Fare Structure Review, Regional Rail Plan, and PTOM unit design into one document. It includes the decision on the future bus fleet for Wellington city.

The decision not to increase fares, as originally proposed in the 2014 fare review, following favourable financial results in the 2013/14 year (increased rail fare revenue and reduced expenditure).

The significant progress made in the development of the Public Transport Operating Model (PTOM). The New Zealand Transport Agency approved the Transport Procurement Strategy and the Rail Procurement Procedure.

The Real Time Information (RTI) project was completed with the installation of RTI display signs on Wellington's Golden Mile and handover of operational responsibility by the project team.

The infrastructure renewal programme for the year was completed. Rail improvements included the refurbishment of Waterloo Station roof, repairs to a number of station buildings, completion of a concept design for Upper Hutt station, the installation of a region wide rail fibre optic network and commencement of monitoring at the new CCTV rail monitoring centre, and development of additional car parks at Porirua station. Bus improvements included installation of 6 new bus shelters and 15 replacement bus shelters, the roll-out of a new anti-graffiti laminate on bus shelter glass panels, and commencement of the upgrade of the Bunny Street bus interchange in Hutt City.

The full year patronage increases of 1.58% in bus and 2.54% in rail. We are hopeful that this trend will continue as the travelling public take advantage of all the improvements made over the last few years.

3.4 Water Supply

The past year has been one of challenge but also one of considerable success for the Water Supply Group. The delivery of high-quality water continues in conjunction with the completion of a number of improvement projects, initiation of a significant collaborative project plus the unique challenges that preparing for integration has brought.

The last quarter has been focused on a number of compliance aspects. Particular emphasis has been on the work required to update the Asset Management Plan. This has now been completed and we are pleased to have met the target of having an updated Asset Management Plan by 30 June 2014.

The Water Supply Plans (formerly known as Public Health Risk Management Plans) have been completed and submitted to the Drinking Water Assessor for approval. Positive feedback has been received on the simplicity and usability of the new plans.

Operationally this quarter has been a challenge with the continuation of the high Geosmin levels in the Te Marua Lakes, specifically Lake 2. The decision was made to drain Lake 2 which occurred in May. The Geosmin levels are now insignificant in Lake 1.

Lake 2 will remain empty until around October this year. There is some investigation work being carried out on the liner, this could potentially lead to a review of the professional design.

The current Lakes Draining Procedure is under review following a close environmental impact occurrence. The heavy rainfall in late June stirred up sediment at the bottom of the lake. Under normal conditions there would be no risk of discolouring the river, but in this instance the scour valve was open for another operational purpose. Work was carried out to understand the impact which fortunately was not significant. We were able to provide sufficient evidence to the Environment Protection Team that the incident was managed and investigated thoroughly.

Workloads have been intense, with a number of the Management Team staff being involved in merger discussions covering various topics.

3.5 Strategy & Community Engagement

The Strategy and Community Engagement Group has completed or progressed some significant projects over the 2013/14 year. The most significant milestone was the completion of the Public Transport Spine Study and the adoption by the Regional Transport Committee of bus rapid transit as the future public transport mode for the spine through Wellington City.

The progression of the Parangarahu Lakes Management Plan was also a significant project. This is the first co-governance plan prepared in partnership with a post-settlement Iwi. Te Roopu Tiaki will consider feedback on the plan ahead of final adoption by the Port Nicholson Block Settlement Trust and the Council.

The Sustainable Transport team ran a number of successful active transport promotions during the year. It also continued road skills training for adults (bikes and motorbikes) and through the schools programmes. Two of the members of that team were also appointed to the Government's Cycling Safety Panel. The expert panel was set up in response to the findings of a coronial review of cycling safety in New Zealand, released in November last year by Coroner Gordon Matenga. Our Let's Carpool programme was extended to more regions.

The Te Hunga Whiriwhiri team continued the rollout of Māori language and other Māori training to GWRC. Team members also continued supporting GWRC projects such as the whaitua and catchment management activities.

The Strategic Planning (Data and Analysis) team have been very busy providing transport modelling support to various transport projects, including Roads of National Significance projects and public transport planning projects (including the Regional Public Transport Plan). Members of the team also gave expert evidence at the Basin Bridge Board of Inquiry hearing.

The Transport Planning team also gave expert evidence to the Board of Inquiry. As well as assisting the Hearing Committee and Regional Transport Committee on their decisions on the PT Spine Study process, the team also progressed the development of the Regional Land Transport Plan, which now incorporates the regional land transport programme.

The Strategic Planning team continued collaborative work with other councils and agencies, including the Wellington Regional Strategy work, the climate change work and the scoping of a regional spatial plan for the Mayoral Forum.

3.6 Corporate

People and Capability

The key highlights for the 2013/14 year were:

<u>Democratic Services</u>

- Completion of the Council's 2013 triennial elections, the first New Zealand regional council elections conducted under the Single Transferable Vote electoral system
- Managing Council transition, including induction and administrative arrangements for new Councillors

- Proving advice to the Council regarding its governance (committee, subcommittee and advisory group) arrangements for the 2013-16 triennium
- Implementing the Remuneration Authority's new arrangements for Councillor remuneration
- Managing governance arrangements in the post-earthquake period and prior to the availability of facilities at Shed 39
- Coordinating the fit-out of the Shed 39 Council Chamber and committee room
- Providing input into significant Council decision-making processes, e.g. the sale of forestry cutting rights, the water integration proposal, and the finalisation of the Regional Public Transport Plan

Human Resources

- Developing and running an organisational engagement survey to compliment the Gallup engagement survey
- Managing the Gallup engagement survey
- Running interactive workshops focusing on building personal resilience
- Conducting the 2012/13 salary review process
- Managing the project to integrate GWRC's bulk water supply group to Capacity

Health and Safety

- Undertaking the GWRC Health and Safety Gap Analysis Project to review the organisation's health and safety policies, practices and culture
- Reviewing and updating health and safety policies and procedures
- Undertaking the bi-annual ACC Work Safety Management Practices (WSMP) audit, achieved tertiary status
- Undertaking an organisational review of quad bikes
- Running health and safety workshops for the Executive Leadership Team and councillors
- Managing the project to implement a new health and safety information management system
- Providing advice to the organisation and Council on the Health and Safety Reform Bill
- Running 27 workshops briefing staff on health and safety and the Health and Safety Reform Bill
- Reaching the finals of the 2014 Gold Awards, Workplace Health and Safety Category

Property

- Managing the strengthening and refurbishment of Shed 39
- Managing the relocation of staff immediately after the July earthquakes to various locations around the region
- Relocating staff to Shed 39 over many months

- Clearing all furniture and contents from the Regional Council Centre

WREMO

- Guiding the region through its most significant series of earthquakes since 1942
- Developing the new WREMO website
- Developing and distributing the "It's Easy" guides designed to promote household preparedness, connected neighbours and continuity planning for businesses
- Implementing the Blue Lines (tsumani planning) project in Kilbirnie, Rongotai and Lyall Bay
- Conducting EOC training across the region
- WREMO's facebook page has the largest following in the world for an Emergency management Office by capita
- Recipient of the Energy Globe Foundation award for sustainability for the CDEM Group's 200 litre water tank initiative
- Recipient of the International Association of Emergency Managers (IAEM) Oceania award for the CDEM Group Volunteer programme

Finance and Support

The year has seen a number of significant challenges especially with the string of earthquakes resulting in both an initial and then final move out of the RCC. Whilst this was extremely disruptive, the ICT infrastructure remained operational and core services remained in place.

Risk Management is now regularly discussed and considered an essential component of reviewing work programmes and activities. The council have positively commented on and approved the last iteration of the risk register and framework. Work continues on enhancing our process to meet best practice.

Despite the interruptions major and on-going ICT projects have continued, including the High Availability Wide Area Network (HAWAN) and the data manipulation to complete the region wide Light Detection and Ranging (LiDAR) GIS refresh. The final removal of servers to the Trentham data centre occurred and the communication networks transferred out of RCC to Shed 39. The rail fibre project continues to make good progress.

The 2013 annual audit placed some strain on the finance team, with earthquake interruption, new reporting tools and the asset revaluations of 2013 and 2014.

The role out of GPS units to all vehicles progressed with software rollout occurring in the first quarter of the next financial year. The pooling of Shed 39 pool vehicles has been agreed to enable better utilisation of the fleet.

Investment Management

Investment Management has seen rising interest rates. This has impacted on our investments which show higher than budgeted returns. The impact on our borrowings was limited, as most of our debt is fixed via swaps.

Debt has increased by $24.9 million since the beginning of the year, of which $22.6 million have been spent for the Matangi 2, Matangi retrofit and other Matangi projects. The future Matangi debt interest rate risk has been covered via swaps (converted to fixed rate debt) with 78% of the peak borrowings covered for an average term of about 5.3 years.

Warm Greater Wellington

The Warm Greater Wellington programme is progressing at a slower pace since the EECA grants were removed, but it still enables many to get insulation in a cost effective manner. Since the programme started 9,404 applications have been approved at a total cost of $18.8 million (including GST), with 8,616 of these completed at $17.1 million (including GST) of funds paid to local suppliers. For the year ended 30 June 2014, we have completed 1,396 installations at a cost of $2.8 million.

4. Council Financial Summary

The financial performance for the period ending 30 June 2014 are summarised here. These accounts are subject to Audit which gets underway on the 18th August.

4.1 Overview

Overall at the operating surplus level, before transport improvements is favourable by $5,466k relative to budget. When the transport improvement numbers and non-operational movements are included then the financial results for the year were $19,746k favourable compared to budget. This is mainly due to a significant increase in forestry valuations, reduced expenditure in public transport and good forestry returns being offset by a large increase in depreciation as a result of the 2013 water and parks revaluation.

4.2 Council Financial Performance

GWRC achieved an operating surplus of $984k (budget, a deficit of $4,482k) for the year ended 30 June, a $5,466k favourable result. This result excludes revenue and expenditure for public transport capital and improvement projects and the non-operational movements. Including these amounts, GWRC made a surplus of $23,116k (budget, a surplus of $3,370k), a favourable variance of $19,746k. Details by group follow in section 5.

Financial Summary

Summary Income Statement $(000)'s	Year ended 30 June 2014 Actual	Budget	Variance	Last Year
Regional Rates	93,080	91,304	1,776	90,114
Regional Water Supply Levies	25,635	25,635	-	24,890
Other Operating Revenue	94,155	89,877	4,278	91,925
Total Operating Revenue	**212,870**	**206,816**	**6,054**	**206,929**
Operational Costs	211,886	211,298	(588)	201,216
Operating Surplus / (Deficit) before Transport Improvements	**984**	**(4,482)**	**5,466**	**5,713**
Operating Surplus / (Deficit) from Transport Improvements	6,151	5,103	1,048	(18,129)
Operating Surplus before other movements	**7,135**	**621**	**6,514**	**(12,416)**
Non-operational movements	15,981	2,749	13,232	12,947
Operating Surplus / (Deficit)	**23,116**	**3,370**	**19,746**	**531**
Net fixed asset revaluations	**27,500**	**-**	**27,500**	**111,102**
Total council comprehensive income	**50,616**	**3,370**	**47,246**	**111,633**

Financial Summary by Group

Total operating surplus / (deficit) $(000)'s	Year ended 30 June 2014 Actual	Budget	Variance	Last Year
Catchment Management	3,058	2,595	463	2,975
Forestry	330	6	324	(268)
Environmental Management	(563)	(76)	(487)	(323)
Regional Parks	(633)	(283)	(350)	(301)
Wairarapa Water Use project	(78)	(12)	(66)	(5)
Public Transport	105	(2,598)	2,703	4,666
Strategy & Community Engagement	441	(299)	740	(1)
WRS	(39)	-	(39)	621
Other Corporate	(12)	(245)	233	100
Emergency Management	177	(264)	441	424
Finance and Support	(1,022)	(1,730)	708	(418)
Total operational surplus / (deficit)	**1,764**	**(2,906)**	**4,670**	**7,470**
Investment Management	12,524	12,053	471	12,856
Business unit rates contribution	(10,406)	(10,406)	-	(11,359)
Total rates funded operating surplus / (deficit)	**3,882**	**(1,259)**	**5,141**	**8,967**
Water Supply	(2,898)	(3,223)	325	(3,254)
Total rates & levy funded operating surplus / (deficit)	**984**	**(4,482)**	**5,466**	**5,713**
Non-operational movements				
Revaluation of interest rate swaps and stadium advance	3,868	735	3,133	4,712
Revaluation of forestry (ETS and Trees)	17,335	2,661	14,674	232
Forestry cost of goods sold	(682)	(647)	(35)	(530)
Additional depreciation from 2013 Water Revaluation	(3,200)	-	(3,200)	-
Additional depreciation from 2013 Parks Revaluation	(1,340)	-	(1,340)	1,100
Warm Greater Wellington	-	-	-	-
EMU investment - GW Rail	-	-	-	8,533
Public Transport net surplus / (deficit) on capital, improvement and investment projects	6,151	5,103	1,048	(18,129)
Total non-operational surplus / (deficit)	**22,132**	**7,852**	**14,280**	**(4,082)**
Total council surplus / (deficit)	**23,116**	**3,370**	**19,746**	**1,631**
Net fixed asset revaluations	**27,500**	**-**	**27,500**	**111,102**
Total council comprehensive income	**50,616**	**3,370**	**47,246**	**112,733**

4.3 Capital expenditure

Capital expenditure by Group

Capital expenditure is $2,452k below budget, year to date. This is due lower spend by Finance/ICT and the Public Transport improvement projects, which were slightly offset by increased spend in Catchment Management. Details by group follow in section 5.

Total capital and transport investment and improvement expenditure $(000)'s	Year ended 30 June 2014 Actual	Budget	Variance	Last Year
Catchment Management	5,956	4,331	(1,625)	10,259
Forestry	240	404	164	214
Environmental Management	143	240	97	(1,185)
Regional Parks	212	892	680	837
Wairarapa Water Use project	627	750	123	597
Public Transport capital projects	1,866	1,946	80	2,314
Strategy & Community Engagement	228	269	41	85
Other Corporate	31	46	15	(11)
Emergency Management	(14)	-	14	137
Finance, ICT and Support	2,420	3,180	760	2,010
Total capital expenditure	**11,709**	**12,058**	**349**	**15,257**
Investment and property management	2,328	2,500	172	309
Total rates funded capital expenditure	**14,037**	**14,558**	**521**	**15,566**
Water Supply	10,069	9,981	(88)	9,776
Total rates & levy funded capital expenditure	**24,106**	**24,539**	**433**	**25,342**
Public Transport investment projects	28,041	30,060	2,019	39,018
Total council capital and transport investment expenditure	**52,147**	**54,599**	**2,452**	**64,360**

5. Council Financial Performance by Group

5.1 Catchment Management

Catchment Management				
Financial Summary	**Year ended 30 June 2014**			
$(000)'s	**Actual**	**Budget**	**Variance**	**Last Year**
Operating revenue	32,873	31,137	1,736	32,104
Operating expenditure	29,815	28,542	(1,273)	29,129
Operating surplus / (deficit)	**3,058**	**2,595**	**463**	**2,975**
Net fixed asset revaluation	-	-	-	-
Net capital expenditure	5,956	4,331	(1,625)	10,259

A favourable operating variance of $463k, comprising higher revenue of $1,736k and higher operating costs of $1,273k.

Operating revenue is higher than budget due mainly to:

- Additional BioWorks external revenue of $529k from DOC for the Project Kaka aerial operation and from TbFree NZ for Bovine Tb operations.
- Additional external revenue of $634k from MfE and landowners for the Wairarapa Moana Clean Up project.
- Additional grants and subsidies revenue of $145k from MPI for WRECI.
- Additional internal revenue of $476k for Wairarapa Moana, Parks aerial operations, monitoring and pest control work.

Operating expenditure was higher than budget due to:

- Additional materials expenditure of $167K and increased contractors expenditure of $340K in flood protection due to flood damage repairs, asset management, consent renewal and increased financial costs of $139k.
- Corresponding additional material, external contractor, and internal contractor expenditure in line with increased revenue identified above (i.e. BioWorks, Wairarapa Moana, Biosecurity).

Capital expenditure is $1,625k higher than budget, primarily due to:

- Flood Protection net capital expenditure was $1.2M above budget due to property purchases for the City Centre project and savings for Kapiti and Waiohine stopbank improvements
- Support net capital expenditure was $273K above budget due to costs associated with the Portacom buildings
- Vehicle acquisitions for the Group were $115K above budget due to timing of acquisitions and some mule 4WD acquisitions influenced by health & safety requirements for quad replacements.

5.2 Environmental Management

Environmental Management				
Financial Summary	**Year ended 30 June 2014**			
$(000)'s	**Actual**	**Budget**	**Variance**	**Last Year**
Operating revenue	15,467	14,384	1,083	13,541
Operating expenditure	16,030	14,460	(1,570)	13,864
Operating surplus / (deficit)	**(563)**	**(76)**	**(487)**	**(323)**
Net capital expenditure	143	240	(97)	(1,185)

Overall, an unfavourable operating variance of $487k, comprising higher revenue of $1,083k and higher expenditure of $1,570k.

Operating revenue is ahead of budget primarily due to:
- External income is $3,481k which is $933k more than budget of which $849k is for consent processing including additional on charging of consultants costs.

Operating expenditure was higher than budget due mainly to:
- Direct costs (personnel, materials and consultants) is $1,435k more than budget mainly due to $1,294k overspend in Regulation on staff and consultants costs; $348k over spend in Science offset by $175k underspend on consultants in Policy.
- Regulation net deficit is $555k, which is $576k worse than budget mainly due to unbudgeted consultants costs for consent processing, legal costs of enforcement actions, RONS projects and notified consents.
- Indirect costs are $134k more than budget due to an increase in doubtful debts provision in Regulation department.

Capital expenditure is $97k lower than budget, primarily due to:
- The $143k spend shown in the table above includes $100k for replacing monitoring equipment and $39k for the repainting Hallswell lighthouse.

5.3 Forestry

Forestry				
Financial Summary	**Year ended 30 June 2014**			
$(000)'s	**Actual**	**Budget**	**Variance**	**Last Year**
Operating revenue	11,199	9,145	2,054	8,383
Operating expenditure	10,869	9,139	(1,730)	8,651
Cash Operating surplus / (deficit)	**330**	**6**	**324**	**(268)**
Revaluation of forestry (ETS and Trees)	17,335	2,661	14,674	232
Forestry cost of goods sold	(682)	(647)	(35)	(530)
Operating surplus / (deficit)	**16,983**	**2,020**	**14,963**	**(566)**
Net fixed asset revaluation	-	-	-	-
Net capital expenditure	240	404	164	214

Overall, a favourable operating variance of $14,963k.

Operating surplus is ahead of budget primarily due to:

- Favourable external logging revenue due to higher log prices across all grades and larger volumes harvested. Associated logging costs were also above budget.
- There was also a significant increase in the valuation of forestry with a favourable variance of $14,674k.

Capital expenditure is $164k lower than budget, primarily due to:

- Savings on road development costs.
- Excellent progress was made on the disposal of cutting rights which is due to be finalised early in the next financial year.

5.4 Regional Parks

Regional Parks				
Financial Summary	**Year ended 30 June 2014**			
$(000)'s	**Actual**	**Budget**	**Variance**	**Last Year**
Operating revenue	6,501	5,879	622	5,818
Operating expenditure	7,134	6,162	(972)	6,119
Operational Surplus / (deficit) before other items	**(633)**	**(283)**	**(350)**	**(301)**
Additional depreciation from 2013 Parks Revaluation	(1,340)	-	(1,340)	1,100
Operational Surplus / (deficit)	**(1,973)**	**(283)**	**(1,690)**	**(1,401)**
Net fixed asset revaluation	25,316	-	25,316	-
Net capital expenditure	212	892	(680)	837

An unfavourable operating variance before other items of $350k, largely due to increased expenditure of $972k and increased revenue of $622k.

Operating Revenue was higher than budget due to:

- Additional external income of $651k from logging activities in Belmont Park which is partly offset by lower grant revenue.

Operating expenditure was higher than budget due to:

- Corresponding consultants & contractors costs of increased Belmont logging as detailed above.
- Personnel costs are underspent by $45k partly due to a vacancies during the year and also due to staff charges to capital projects and other departments
- Material costs have been significantly lower than anticipated due to a review of all outstanding activity.
- Additional $1.34million of depreciation resulting from the revaluation of the Parks Infrastructure assets. During the revaluation assets amount to $420k were also written off. This depreciation was not in the budget as the revaluation was only calculated in June 2014 but applies for the whole year.

Capital expenditure was $680k below budget due primarily to:

- Parks have spent $850k on capital projects from a full year budget of $880k. The budget includes $300k for the QEP heritage project.
- This has been offset by asset disposal proceeds ($880k) relating to the transfer of land from Belmont and Battle Hill parks to NZTA for transmission gully. There was no profit or loss on sale as the transfer was done at market rates and the land had recently been revalued.
- Furthermore, four vehicles were replaced this year instead of next year due to high mileage and high workload.

5.5 Public Transport

Public Transport				
Financial Summary	**Year ended 30 June 2014**			
$(000)'s	**Actual**	**Budget**	**Variance**	**Last Year**
Operating revenue	98,374	101,142	(2,768)	101,051
Operating expenditure	98,269	103,740	5,471	96,385
Operating surplus / (deficit)	**105**	**(2,598)**	**2,703**	**4,666**

A favourable operating variance of $2,703k, comprising lower expenditure of $5,471k and reduced revenue of $2,768k.

Operating revenue was below budget due to:

- Grants and subsidies revenue was $3.3 million below budget which reflects the reduction in operational expenditure for the year.
- External revenue was $0.3 million above budget because of increased spending on rail investigations which are reimbursed by GWRL Limited.

Operating expenditure is below budget primarily due to:

- Rail contract costs were $3.6 million below budget. The results reported by TranzMetro show that fare revenue was above budget by $1.4 million and expenditure was below budget by $2.1 million for the year.
- Network operations and maintenance costs were $0.7 million below budget because of reduced platform, traction and signals maintenance, partly offset by increased track maintenance costs.
- Network incident costs were $0.8 million above budget. $1.0 million of work was completed to reinstate the Ngauranga to Petone seawall.
- Train maintenance expenditure was $0.4 million below budget, primarily because there was less unplanned maintenance. A robust plan maintenance programme has meant lower unplanned maintenance costs on the Ganz Mavag trains.
- Station expenditure was $1.9 million, which is $0.2 million above budget. Station cleaning and minor maintenance costs, costs associated with the EMU depot and carpark cleaning and maintenance costs were higher than planned.
- Carpark and station security expenditure was $1.7 million, which is $0.7 million above budget. The new security contract was $0.2 million above budget. In addition, $0.5 million of expenditure on the insurance related rail improvements capital project was reclassified as operating expenditure because we do not own the resulting asset.
- Diesel bus operations expenditure was $29.8 million which is $0.7 million below budget primarily because bus inflation payments for the year were lower than budgeted.
- Trolley bus operations expenditure was $8.7 million which is $0.4 million below budget. The cost of maintaining the overhead wire network was less than planned.

- Bus shelters & signage maintenance expenditure was $0.3 million above budget because of additional work to remove shelters, assist with graffiti removal and improve lighting.
- Projects and planning expenditure was $0.8 million below budget. The Integrated Ticketing Investigation was late commencing and expenditure has been minimal. This project has been re-budgeted to 2014/15.
- Public Transport Operating Model (PTOM) expenditure was $0.9 million which is $0.9 million below budget. A detailed expenditure projection has been completed which gives a better indication of when expenditure is likely to occur. The 2014/15 budget has been adjusted to reflect this.
- There have also been reduced expenditure in Administration expenditure and Bus Studies, Bus Shelter & Signage Maintenance.

5.6 Public Transport capital expenditure, improvement projects and investment additions

Improvement projects relate to capital works where the underlying asset will not be directly owned by GWRC, and therefore are treated as operational expenditure in these accounts (Trolley bus infrastructure renewals).

Investment additions relate to capital works where the underlying asset will be owned by our subsidiary, Greater Wellington Rail Limited (GWRL).

Capital projects are projects that improve (or create) assets owned by GWRC.

Public Transport capital, improvement and investment projects

Financial Summary	**Year ended 30 June 2014**			
$(000)'s	**Actual**	**Budget**	**Variance**	**Last Year**
Operating revenue	**16,629**	**17,063**	**(434)**	**20,889**
Improvement Projects (Opex)	2,882	6,218	3,336	1,213
Operating expenditure - Other	7,596	5,742	(1,854)	37,805
Total operating expenditure	**10,478**	**11,960**	**1,482**	**39,018**
Operating surplus / (deficit)	**6,151**	**5,103**	**1,048**	**(18,129)**
Public Transport capital projects	1,866	1,946	80	2,314
Public Transport investment projects	28,041	30,060	2,019	39,018
Capital and investment expenditure	**29,907**	**32,006**	**2,099**	**41,332**

Overall, a favourable operating variance of $1,048k due to reduced operating expenditure of $1,482k and reduced revenue of $434k.

Operating revenue was lower than budget due to:

- The Grant & Subsidies revenue was $1.8 million below budget, because of reductions in expenditure on improvement projects, capital expenditure and investments.
- This is offset by $1.4 million of non-cash revenue. This comprises bus stop assets that had originally been funded by GWRC which have now been

gifted back to us by Upper Hutt City Council, Kapiti Coast District Council and Porirua City Council.

Operating expenditure was lower than budget due to:

- Reduced finance costs of approximately $0.3 million because of reduction in expenditure on improvement projects, capital expenditure and investments.
- There was also an unfavourable variance of $1.56 million relating to the revaluation of the Crown loan. This loan is revalued each year as the loan gets closer to its contractual repayment date in 2016.
- Trolley bus infrastructure renewals were $3.3 million below budget. Necessary expenditure has been incurred on the wire renewal programme, however, the network wide fault protection safety expenditure is now mainly expected to occur in 2014/15.

Capital and investment expenditure is $2.1 million below budget because of:

This reduction in expenditure primarily relates to changes to the timing of projects expenditure including:

- New Matangi trains - $2.2 million below budget because of some changes to the timing of payments.
- Station renewals and upgrades - $0.3 million above budget. A small amount of additional work was able to be brought forward because of savings in other budgets.
- Insurance related rail improvements - $0.4 million below budget. All the intended work was completed. However at year end this expenditure was reviewed and $0.4 million was reclassified as operating expenditure because we will not own the resulting asset, e.g. the fibre optic connections to stations.
- Real time information - $0.5 million above budget. There were increased costs for Wellington CBD real time information display signs and CBD static signs. This increase was approved by Council in February 2014.
- Customer information system - $0.4 million below budget. It took more time to evaluate the tender bids and negotiate the contract then allowed in the original project plan. The project is now underway and is expected to be completed within the first half of the 2014/15 financial year.

5.7 Strategy & Community Engagement

Strategy & Community Engagement				
Financial Summary	**Year ended 30 June 2014**			
$(000)'s	**Actual**	**Budget**	**Variance**	**Last Year**
Operating revenue	4,698	4,669	29	4,666
Operating expenditure	4,257	4,968	711	4,667
Operating surplus / (deficit)	**441**	**(299)**	**740**	**(1)**
Net capital expenditure	228	269	41	85

Overall, a favourable operating variance of $740k, comprising lower expenditure of $711k and increased revenue of $29k.

Operating revenue is in line with budget due to:
- Reduced grant revenue from NZTA due to lower expenditure on projects that receive funding. This has been offset by software licensing costs (Let's Carpool) on-charged to eight other Councils as well as WCC's contribution to the Spine Feasibility Study.

Operating expenditure was lower than budget due to:
- Reduced expenditure on consultants, materials and supplies due mainly to timing of the projects for e.g. PT Spine Study and Regional Land Transport Plan. Some projects have had delays.
- Reduced expenditure on Iwi Projects and GW capacity training of $100k to date.
- Reduced personnel costs due to vacancies amounting to $176k.
- Printing costs for the Annual Plan and Annual report were lower than accrued for at the previous year end.

5.8 WRS

WRS				
Financial Summary	**Year ended 30 June 2014**			
$(000)'s	**Actual**	**Budget**	**Variance**	**Last Year**
Operating revenue	4,631	4,631	-	4,668
Operating expenditure	4,670	4,631	(39)	4,047
Operating surplus / (deficit)	**(39)**	**-**	**(39)**	**621**

Overall, an unfavourable operating variance of $39k, comprising higher expenditure of $39k.

Operating expenditure was higher than budget due to:

- Reduced expenditure on consultants ($40k) due mainly to timing of payments to external parties.
- Increased grant expenditure paid to Grow Wellington which is $100,000 above budget. This has been drawn from their reserve which was established in 2012/13. Under the agreement to establish the WRC activity, GWRC is required to reserve any savings.

5.9 People and Capability

People and Capability				
Financial Summary	**Year ended 30 June 2014**			
$(000)'s	**Actual**	**Budget**	**Variance**	**Last Year**
Operating revenue	3,436	3,419	17	3,697
Operating expenditure	3,452	3,654	202	3,703
Operating surplus / (deficit)	**(16)**	**(235)**	**219**	**(6)**
Net capital expenditure	31	46	15	(11)

Overall, a favourable operating variance of $219k, comprising largely of lower expenditure of $202k.

Operating expenditure was lower than budget due to:

- Contractors and consultants are $105k less than budgeted. This is spread across all the departments and includes an allowance for costs arising out of the Local Government Elections.
- Materials are also $73k below budget. The main savings are in the Elected Members budget, where costs have reduced through the use of Ipads which has meant that there are savings in photocopying and courier costs.

5.10 Finance ICT and Support

Finance and Support				
Financial Summary	**Year ended 30 June 2014**			
$(000)'s	**Actual**	**Budget**	**Variance**	**Last Year**
Operating revenue	6,926	5,785	1,141	6,992
Operating expenditure	7,948	7,515	(433)	7,410
Operating surplus / (deficit)	**(1,022)**	**(1,730)**	**708**	**(418)**
Net capital expenditure	2,420	3,180	760	2,010

Overall, a favourable operating variance of $708k comprising higher revenue of $1,141k and higher expenditure of $433k.

Operating revenue was higher than budget due to:

- This is due to unbudgeted rates penalties being received.

Operating expenditure was higher than budget due to:

- Personnel costs are under budget as the Group looks to fill vacancies in ICT.
- The above savings have been offset by the early and hurried shift to Harbour Quays due to the earthquake have resulted in an additional $204k of property related expenditure including travel, storage, equipment hire and property services costs.
- Capital expenditure in the previous year has resulted in depreciation being lower than budgeted in the current year. There has also been an increase in the provision for doubtful debts.

Capital expenditure for the year is $760k less than budget primarily due to:

- The hummingbird document management system replacement or upgrade is underway, but shared service delays have meant that the majority of the project to be delivered in 2015.

5.11 Emergency Management

Emergency Management				
Financial Summary	**Year ended 30 June 2014**			
$(000)'s	**Actual**	**Budget**	**Variance**	**Last Year**
Operating revenue	2,932	2,823	109	3,207
Operating expenditure	2,755	3,087	332	2,783
Operating surplus / (deficit)	**177**	**(264)**	**441**	**424**
Net capital expenditure	(14)	-	14	137

Overall, a favourable operating variance of $441k comprising higher revenue of $109k and lower expenditure of $332k.

Operating revenue is higher than budget due to:

- Revenue is slightly above budget due to income deferred from the previous year.

Operating expenditure is lower than budget due to:

- Saving in personnel costs due to vacancies
- Lower planned activity arising from the earthquakes resulting in savings. All projects are under review resulting in delays to some project expenditure.

5.12 Warm Greater Wellington

Warm Greater Wellington				
Financial Summary	**Year ended 30 June 2014**			
$(000)'s	**Actual**	**Budget**	**Variance**	**Last Year**
Operating revenue	2,732	3,029	(297)	1,100
Operating expenditure	2,732	3,029	297	1,100
Operating surplus / (deficit)	**-**	**-**	**-**	**-**

Overall, a break-even position, comprising lower revenue of $297k and lower expenditure of $297k.

Operating revenue is lower than budget due to:

- Rates revenue is below budget as the rates are calculated on the actual outstanding advances at 30 June 2013 which were lower than budgeted. This was due to a lower cash level of advances provided in 2012/13 and a much larger than expected number of full repayments as houses sold and rates being set after the budgets were adopted.

Operating expenditure is lower than budget due to:

- The accounting treatment for this programme is that expenditure will match revenue as the programme progresses, resulting in a nil surplus / deficit. The costs of the programme are amortised back in line with the rates revenue.
- Only the ratepayers participating in the scheme fund this programme.

5.13 Investment Management

Investment Management				
Financial Summary	**Year ended 30 June 2014**			
$(000)'s	**Actual**	**Budget**	**Variance**	**Last Year**
Revenue	9,342	7,660	1,682	7,988
Internal Interest Recovery	14,141	14,770	(629)	14,531
Operating revenue	**23,483**	**22,430**	**1,053**	**22,519**
Expenditure	10,015	9,546	(469)	8,659
Internal Reserve Costs	943	831	(112)	1,004
Operating expenditure	**10,958**	**10,377**	**(581)**	**9,663**
Operating surplus / (deficit)	**12,525**	**12,053**	**472**	**12,856**
Net capital expenditure	2,328	2,500	172	309

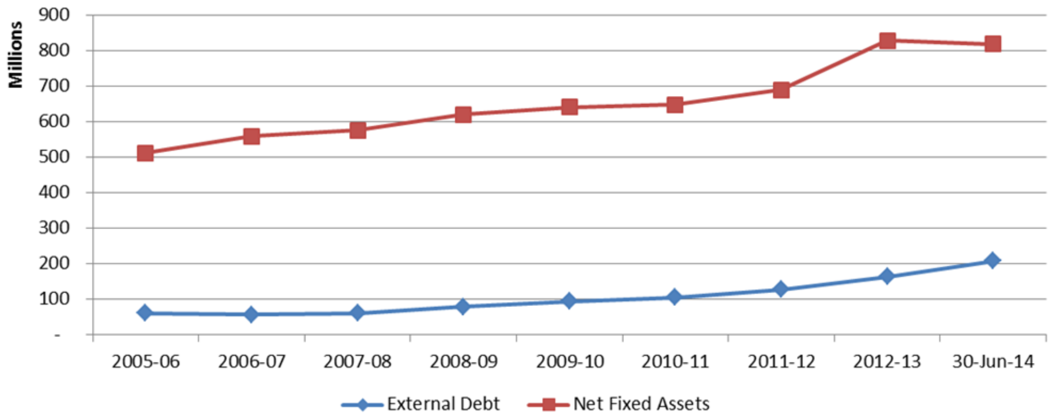
Overall, a favourable variance of $472k compared with budget.

This is due to:

- Investment Revenue is favourable to budget due to $1.36m higher money market interest, mainly due to higher interest on money market investments and the prefunding of debt, as well as $90,000 higher guarantee fee for CentrePort's debt. We also received a $266k unbudgeted subvention payment from Pringle House which relates to the last financial year. This is offset by lower interest revenue from internal loans due to the bulk of capex spending taking place late in the year.
- Total direct expenditure (personnel, consultants and materials) is $151k favourable to budget, mainly due to recovering $323k higher insurance expenditure than charged to the business. The recovered amount of was invested as MDBI property contingency fund. This is offset by $218k higher expenditure for contractors and consultants, mainly emanating from moving costs relating to shed 39, offset by $48k of lower other costs.
- Total indirect expenditure is $732k unfavourable to budget. External finance costs are the main contributor at $666k unfavourable to budget. This is made up of interest expenditure on external debt being $623k above budget, mainly as a result of prefunding of debt.
- Internal Reserve Investment costs where Treasury pays the business interest on its reserve funds were $112,000 unfavourable to budget due to the reserve opening balance and transfers to reserves being higher than budgeted.

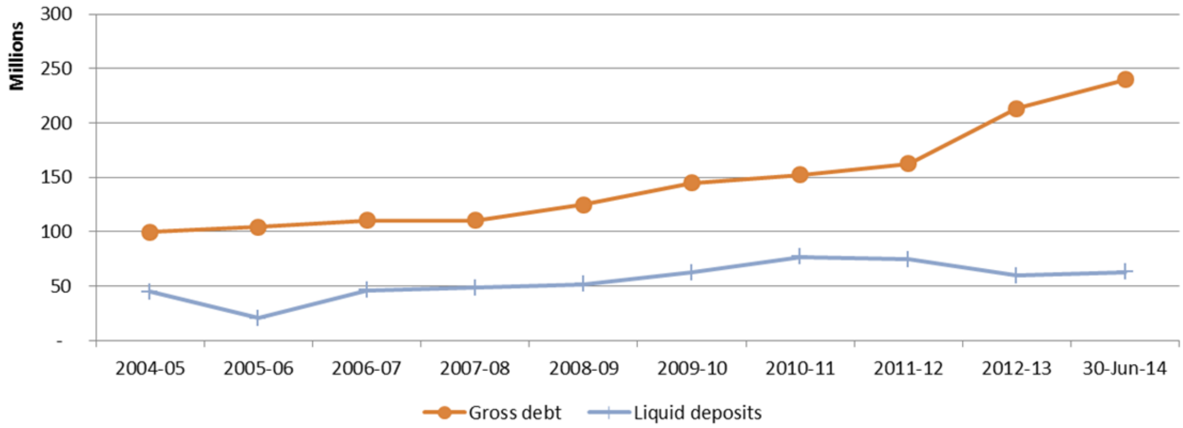
  Capital expenditure is $2.33 million for the year of which $2.26 million relate to shed 39. Total Capex is $172k below budget and is mainly due to an overall lower Capex spend for shed 39.

External Debt and Assets



- External Debt has been growing at a slower rate than assets due to the 30 June 2013 asset revaluation.

External Debt and Cash investments



- External Debt including WRC Holdings has increased by $24.9million to $245.6million with capital expenditure for the Matangi 1 and 2 projects being the main reason.

5.14 Water Supply

Water Supply				
Financial Summary	**Year ended 30 June 2014**			
$(000)'s	**Actual**	**Budget**	**Variance**	**Last Year**
Operating revenue	27,154	26,571	583	26,719
Operating expenditure	30,052	29,794	(258)	29,973
Operational Surplus / (deficit) before other items	**(2,898)**	**(3,223)**	**325**	**(3,254)**
Additional depreciation from 2013 Water Revaluation	3,200	-	(3,200)	-
Operational Surplus / (deficit)	**(6,098)**	**(3,223)**	**(2,875)**	**(3,254)**
Net fixed asset revaluation	-	-	-	-
Net capital expenditure	10,069	9,981	(88)	9,776

Overall a favourable operating variance of $325k compared to budget before the additional depreciation resulting from the 30 June 2013 asset revaluation.

Operating revenue was $583k higher than budget due to:

- Investment revenue being $284k better than budget and forecasted to be $146k better than budget at year end. We continue to earn better than budget interest rates on our Asset Rehabilitation Fund. The annual capital contribution to the fund is also higher than originally budgeted, which generates additional above budget income.
- The external revenue ($300k) was unbudgeted cost recoveries from other councils for work undertaken on their behalf. There are corresponding

equal costs coded against appropriate cost lines so this extra revenue does not represent a surplus.

Operating expenditure was $258k higher than budget due to:

- Resource costing recoveries for the full year were $607k below budget due to the deferral of 2013/14 projects and additional planning required before projects are approved.
- Materials and supplies spend is $514k under budget due to timing of payments and savings due to budgeted cost increases not occurring.
- Finance costs are $259k under budget. These savings are likely to continue as the budget was based on the Kaitoke land deal having been finalised in August. Loss on disposal of assets are $279k worse than budget. We budgeted for a gain of $52k on disposal of vehicles. The losses are the remaining asset values of replaced assets.

As a result of the large increase in asset values from the previous years' valuation which was completed after the depreciation budgets were set for this year, depreciation is $3.2m over budget at year end.

Depreciation is not a cash or performance item, so we have separated this large adjustment out to enable a more meaningful comparison with the operating budget.

Capital expenditure for the year is in line with budget.

5.15 Funding Impact Statement

Greater Wellington Regional Council

Funding Impact Statement

Funding Impact Statement $(000)'s	Year ended 30 June 2014 Actual	Budget	Variance	Last Year
Targeted Rates	62,828	62,828	-	61,536
General Rate	30,252	28,476	1,776	28,578
Regional Rates	**93,080**	**91,304**	**1,776**	**90,114**
Regional Water Supply Levies	25,635	25,635	-	24,890
Warm Greater Wellington Rates	1,713	3,029	(1,316)	1,095
Grants and Subsidies Revenue	47,388	52,111	(4,723)	51,203
Other Operating Revenue	45,054	34,737	10,317	39,627
Total Operating Revenue	**212,870**	**206,816**	**6,054**	**206,929**
Operational Costs	121,944	116,015	(5,929)	119,838
Grants and Subsidies Expenditure	80,518	86,532	6,014	73,453
Finance Costs	9,424	8,751	(673)	7,925
Total Operating Expenditure	**211,886**	**211,298**	**(588)**	**201,216**
Operating Surplus / (Deficit) before Transport Improvements	**984**	**(4,482)**	**5,466**	**5,713**
Transport Improvement revenue	16,629	17,063	(434)	20,889
Transport Improvement expenditure	(10,478)	(11,960)	1,482	(39,018)
Operating Surplus / (Deficit) fromTransport Improvements	**6,151**	**5,103**	**1,048**	**(18,129)**
Operating Surplus before other movements	**7,135**	**621**	**6,514**	**(12,416)**
Revaluation of interest rate swaps and stadium advance	3,868	735	3,133	4,712
Revaluation of Transport Interest free debt	-	-	-	-
Revaluation of forestry (ETS and Trees)	17,335	2,661	14,674	232
Forestry cost of goods sold	(682)	(647)	(35)	(530)
Additional depreciation from 2013 Water Revaluation	(3,200)	-	3,200	-
Additional depreciation from 2013 Parks Revaluation	(1,340)	-	1,340	-
Warm Greater Wellington	-	-	-	-
EMU investment - GW Rail	-	-	-	8,533
Total other movements	**15,981**	**2,749**	**22,312**	**12,947**
Operating Surplus / (Deficit)	**23,116**	**3,370**	**19,746**	**531**
Add Back Non Cash Items	2,457	10,719	(8,262)	13,740
Cash operating surplus/(deficit)	**25,573**	**14,089**	**11,484**	**14,271**
Less:				
Net capital expenditure	25,152	24,202	950	26,776
Debt movements	(28,928)	(46,297)	17,369	(34,427)
Investment movements	31,517	32,548	(1,031)	(6,238)
Working capital movements	(53,314)	(24,542)	(28,772)	(382)
Net Funding Surplus / (Deficit)	**-**	**-**	**-**	**-**

5.16 Balance Sheet

Greater Wellington Regional Council

Balance Sheet

$(000)'s	June 2014 Actual	June 2014 Budget	June 2013 Actual
Bank	8	9,205	8,335
Receivables	15,628	18,138	12,362
Accrued Revenue and Prepayments	29,876	30,071	24,176
Inventory	3,113	2,733	3,002
Total Current Assets	48,625	60,147	47,875
Other Investments	65,383	64,685	62,003
Forestry Investments	38,778	24,079	23,377
Derivative Financial Instruments	(135)	(5,397)	(4,492)
Investment in Subsidiaries	96,845	98,575	68,514
Total Investments	200,871	181,942	149,402
Fixed Asset at cost or valuation	885,070	854,577	861,225
less Accumulated Depreciation	(48,319)	(84,327)	(32,001)
Net Fixed Assets	836,751	770,250	829,224
Capital Works In Progess	11,618	3,553	756
Non Current Assets	1,049,240	955,745	979,382
Total Assets	**1,097,865**	**1,015,892**	**1,027,257**
less:			
Current Liabilities	48,169	31,099	21,298
Non Current Liabilities	196,347	209,101	178,332
Total Liabilities	**244,516**	**240,200**	**199,630**
Net Assets	**853,349**	**775,692**	**827,627**
Total Retained Earnings	375,599	377,039	352,832
Asset Revaluation Reserves	451,744	379,020	449,304
Other Reserves	26,006	19,633	25,491
Total Ratepayer Funds	**853,349**	**775,692**	**827,627**

5.17 Compliance with Treasury Risk Management

Total Council Limit Compliance Analysis		Compliant Yes	Compliant No	actual %
The fixed net interest rate debt and swaps are to be between 40% and 95% of the total forecasted debt in 12 month time - expired policy			✓	123%
The maturity of fixed rate debt is within the following timebands - expired policy				
1 - 3 years	15% - 60%	✓		23%
3 - 5 years	15% - 60%	✓		24%
> 5 years	0% - 60%	✓		52%
Debt Interest Rate Policy Parameters - new policy 1)				
Current	50% - 95%	✓		85%
year 1	45% - 95%	✓		69%
year 2	40% - 90%	✓		54%
year 3	35% - 85%	✓		49%
year 4	30% - 80%	✓		35%
year 5	25% - 75%		✓	24%
year 6	15% - 70%	✓		18%
year 7	5% - 65%	✓		12%
year 8	0% - 60%	✓		8%
year 9	0% - 55%	✓		3%
year 10	0% - 50%	✓		3%
year 11 onwards	0% - 25%	✓		0%
1) compliance with new policy is not required until 31.12.14				
The maturity of total external debt less liquid financial investments to fall within the following timebands				
0 - 3 years	15% - 60%	✓		41%
3 - 5 years	15% - 60%	✓		38%
> 5 years	10% - 60%	✓		21%

		Compliant Yes	Compliant No	actual %
Countreparty credit exposure with New Zealand registerd banks which have a credit rating of at least A-, long term, and A2 short term		✓		
Other countreparty exposure within policy limits		✓		
Maximum countreparty exposure with a NZ registered bank is within $80 million limit		✓		
The repricing of liquid financial investments are to occur within the following timebands				
0 -1 year	40% - 100%	✓		100%
1 - 3 years	0% - 60%	✓		0%
3 - 5 years	0% - 40%	✓		0%
5 -10 years	0% - 20%	✓		0%
Core Council External Borrowing Limits - Ratios				
Net interest / Total Revenue < 20%		✓		2.3%
Net Debt / Total Revenue < 250%		✓		58.7%
Net interest / Annual rates and levies < 30%		✓		4.7%
Liquidity > 110%		✓		133%
Note : Diesel Hedging is not in place				

6. The decision making process and significance

No decision is being sought in this report.

7. Recommendations

That the Committee:

1. ***Receives** the report.*

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

Report prepared by:	Report approved by:
Mike Timmer Treasurer/Acting Chief Financial Officer	**David Benham** Chief Executive Officer