



Report 09.150
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Committee Council
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Financial report for the eight months ending 28 February 2009

1. Purpose

To present the financial report for the eight months ending 28 February 2009.

2. Significance of the decision

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

3. Background

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

4. Financial Performance

4.1 Year to date Operating Result

Operating revenue was \$118,153,000, (budget \$117,462,000), the main variances to budget are:

- Additional revenue from New Zealand Transport Agency (NZTA) to fund Super Gold Card, \$1,700,000
- Higher subsidy rates from NZTA in respect of Transport Policy projects, \$500,000
- Lower revenue from NZTA due to the lower oil price reducing payments for the diesel bus contracts, \$930,000.

Operating expenditure was \$113,701,000 (budget \$116,678,000), the main variances to budget are:

- The lower oil price reducing the amounts paid in respect of the diesel bus contracts, \$1,860,000
- Lower interest rates, \$89,000
- Lower harvest volumes in Forestry, \$843,000
- Phasing of actual expenditure compared with budget

- Additional expenditure on Super Gold Card (fully funded by NZTA), \$1,700,000
- Lower operating costs in Water, \$900,000.

As a result, the operating surplus for the eight months ended 28 February 2009 was \$4,452,000 compared with the budget surplus of \$784,000.

This result excludes grants to fund public transport capital expenditure, debt revaluations and forestry cost of goods sold. Including these amounts the Council's deficit was \$8,742,000 (budget \$14,031,000).

Wellington Regional Council				
Summary Income Statement - Revenue				
For the eight months ended 28 February 2009				
Total operating revenue \$(000)'s	Year to date			
	Last Year	Actual	Budget	Variance
Transport Policy and Strategy	1,858	2,787	2,262	525
Public Transport	47,700	53,676	53,107	569
Total Transport	49,558	56,463	55,369	1,094
Environment	7,959	8,554	8,651	(97)
Catchment Management	17,214	16,998	16,209	789
Forestry	3,685	3,107	4,544	(1,437)
Regional Parks	4,319	4,329	4,223	106
Corporate	1,492	1,483	1,410	73
WRS	2,733	2,897	3,002	(105)
Finance, IT & Support Services	4,710	5,111	4,956	155
Investment in Democracy	3,093	3,153	3,150	3
Rates funded divisional operating revenue	94,763	102,095	101,514	581
Investment Management	3,541	3,586	3,307	279
Business Unit Rates Contribution	(5,828)	(5,539)	(5,539)	-
Rates funded operating revenue	92,476	100,142	99,282	860
Water Group	17,981	18,011	18,180	(169)
Rates & levy funded operating revenue	110,457	118,153	117,462	691
Non-Operational movements				
Revaluation of debt and stadium advance	(171)	(177)	(177)	-
Revaluation of forestry	-	-	-	-
EMU Investment - GW Rail	-	-	-	-
Public Transport - Capex / Investment	9,580	24,351	33,660	(9,309)
Total Council revenue	119,866	142,327	150,945	(8,618)

Wellington Regional Council
 Summary Income Statement - Expenditure
 For the eight months ended 28 February 2009

Total operating expenditure \$(000)'s	Year to date			
	Last Year	Actual	Budget	Variance
Transport Policy and Strategy	1,690	2,450	2,366	(84)
Public Transport	47,255	51,247	52,977	1,730
Total Transport	48,945	53,697	55,343	1,646
Environment	7,942	8,666	8,458	(208)
Catchment Management	14,882	14,551	14,266	(285)
Forestry	4,524	4,603	5,446	843
Regional Parks	3,997	4,423	4,141	(282)
Corporate	1,373	1,092	1,385	293
WRS	2,598	3,374	3,201	(173)
Finance, IT & Support Services	3,875	4,256	4,566	310
Investment in Democracy	3,221	3,075	3,098	23
Rates funded divisional operating expenditure	91,357	97,737	99,904	2,167
Investment Management	(2,469)	(2,325)	(2,414)	(89)
Business Unit Rates Contribution	-	1	-	(1)
Rates funded operating expenditure	88,888	95,413	97,490	2,077
Water Group	17,274	18,288	19,188	900
Rates & levy funded operating expenditure	106,162	113,701	116,678	2,977
Non-Operational movements				
Revaluation of debt and stadium advance	-	-	-	-
Forestry cost of goods sold	805	585	1,156	571
EMU Investment - GW Rail	-	(8)	(1,090)	(1,082)
Public Transport - Capex / Investment	13,513	36,791	48,232	11,441
Total Council expenditure	120,480	151,069	164,976	13,907

Wellington Regional Council
 Summary Income Statement - Operating Surplus \ (Deficit)
 For the eight months ended 28 February 2009

OPERATING SURPLUS / (DEFICIT) \$(000)'s	Year to date			
	Last Year	Actual	Budget	Variance
Transport Policy and Strategy	168	337	(104)	441
Public Transport	445	2,429	130	2,299
Total Transport	613	2,766	26	2,740
Environment	17	(112)	193	(305)
Catchment Management	2,332	2,447	1,943	504
Forestry	(839)	(1,496)	(902)	(594)
Regional Parks	322	(94)	82	(176)
Corporate	119	391	25	366
WRS	135	(477)	(199)	(278)
Finance, IT & Support Services	835	855	390	465
Investment in Democracy	(128)	78	52	26
Rates funded divisional operating surplus / (deficit)	3,406	4,358	1,610	2,748
Investment Management	6,010	5,911	5,721	190
Business Unit Rates Contribution	(5,828)	(5,540)	(5,539)	(1)
Rates funded operating surplus / (deficit)	3,588	4,729	1,792	2,937
Water Group	707	(277)	(1,008)	731
Rates & levy funded operating surplus / (deficit)	4,295	4,452	784	3,668
Non-Operational movements				
Revaluation of Debt and Stadium Advance	(171)	(177)	(177)	-
Revaluation Forestry - Revaluation	-	-	-	-
Forestry cost of goods sold	(805)	(585)	(1,156)	571
EMU Investment - GW Rail	-	8	1,090	(1,082)
Public Transport - Capex / Investment	(3,933)	(12,440)	(14,572)	2,132
Total Council surplus / (deficit)	(614)	(8,742)	(14,031)	5,289

4.2 Income Statement

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

4.3 Funding Statement

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

4.4 Balance Sheet

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

5. Forecast to 30 June 2009

The operating forecast to 30 June 2009 is for an operating surplus of \$1,278,000, compared with the previous forecast surplus of \$1,368,000 (budget deficit \$1,911,000).

Wellington Regional Council				
Summary Income Statement - Operating Surplus \ (Deficit)				
For the year ending 30 June 2009				
OPERATING SURPLUS / (DEFICIT) \$(000)'s	Full Year			
	Last Year	Forecast	Budget	Variance
Transport Policy and Strategy	202	296	(74)	370
Public Transport	46	2,757	40	2,717
Total Transport	248	3,053	(34)	3,087
Environment	(207)	(560)	(223)	(337)
Catchment Management	3,566	2,461	3,007	(546)
Forestry	(1,488)	(1,902)	(1,358)	(544)
Regional Parks	(208)	(722)	(653)	(69)
Corporate	(25)	(136)	(66)	(70)
WRS	250	(500)	(500)	-
Finance, IT & Support Services	691	522	298	224
Investment in Democracy	(75)	43	77	(34)
Rates funded divisional operating surplus / (deficit)	2,752	2,259	548	1,711
Investment Management	9,970	8,429	7,312	1,117
Business Unit Rates Contribution	(8,742)	(8,308)	(8,308)	-
Rates funded operating surplus / (deficit)	3,980	2,380	(448)	2,828
Water Group	1,223	(1,102)	(1,463)	361
Rates & levy funded operating surplus / (deficit)	5,203	1,278	(1,911)	3,189
Non-Operational movements				
Revaluation of Debt and Stadium Advance	5,460	1,503	2,103	(600)
Revaluation Forestry	(3,125)	2,643	2,643	-
Forestry cost of goods sold	(1,268)	(1,485)	(1,734)	249
EMU Investment - GW Rail	306	2,183	2,183	-
Public Transport - Capex / Investment	(9,118)	(15,598)	(15,001)	(597)
Total Council surplus / (deficit)	(2,542)	(9,476)	(11,717)	2,241

The major changes to the forecast are:

	\$'000' Increase (Decrease)
Previous forecast	1,368
Saving in staff and consulting costs in Transport Policy	100
Public Transport	(245)
Corporate	(70)
Finance, IT	28
Lower interest income in Investment Management	(237)
Lower operating costs in Water	312
Other	22
Latest forecast	<u>1,278</u>

6. Year to date capital expenditure

Actual capital expenditure for the period was \$7,623,000, below budget by \$2,182,000.

The main reasons for the variance are:

- Delay in the Beacon Hill upgrade
- Delay in bus shelter upgrades
- Various equipment upgrades in Catchment Management
- Asset Management project running behind schedule.

Wellington Regional Council				
Capital Expenditure				
For the eight months ended 28 February 2009				
Capital expenditure \$(000)'s	Year to date			
	Last Year	Actual	Budget	Variance
Transport Policy and Strategy	-	-	-	-
Public Transport	9	18	65	47
Public Transport Improvement Projects	89	66	209	143
Total Transport	98	84	274	190
Environment	91	378	628	250
Catchment Management	4,117	2,798	3,150	352
Forestry	138	237	250	13
Regional Parks	117	177	324	147
Corporate	52	76	-	(76)
WRS	-	-	-	-
Finance, IT & Support Services	114	1,247	1,973	726
Investment in Democracy	43	-	-	-
Rates funded divisional capital expenditure	4,770	4,997	6,599	1,602
Investment Management	8	23	240	217
Rates funded capital expenditure	4,778	5,020	6,839	1,819
Water Group	1,467	2,603	2,966	363
Rates & levy funded capital expenditure	6,245	7,623	9,805	2,182

7. Capital expenditure forecast to 30 June 2009

Capital expenditure is forecast at \$16,068,000 (budget \$19,942,000).

The variances to budget are due to:

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

Wellington Regional Council				
Capital Expenditure				
For the year ending 30 June 2009				
Capital expenditure				
\$(000)'s	Full Year			
	Last Year	Forecast	Budget	Variance
Transport Policy and Strategy	24	-	-	-
Public Transport	7	92	121	29
Public Transport Improvement Projects	1,007	532	2,059	1,527
Total Transport	1,038	624	2,180	1,556
Environment	487	1,137	1,557	420
Catchment Management	6,573	6,264	6,941	677
Forestry	278	364	364	-
Regional Parks	296	324	469	145
Corporate	-	55	55	-
WRS	-	-	-	-
Finance, IT & Support Services	546	2,518	2,788	270
Investment in Democracy	74	5	5	-
Rates funded divisional capital expenditure	9,292	11,291	14,359	3,068
Investment Management	39	20	400	380
Rates funded capital expenditure	9,331	11,311	14,759	3,448
Water Group	3,843	4,757	5,183	426
Rates & levy funded capital expenditure	13,174	16,068	19,942	3,874

8. Finance Costs

Year to date finance costs are \$3,365,000, compared with the budget of \$3,763,000. The favourable variance is due to the lower external debt position and lower interest rates.

9. Debt

Gross external debt for the Council at 28 February 2009 was \$85.7 million compared with \$73.9 million at 30 June 2008. Including WRC Holdings debt, external debt was \$129.7 million.

10. Communication

No communications are necessary.

11. Recommendations

That the Council:

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

Report prepared by:

Report approved by:

Chris Gray
Finance Manager

Barry Turfrey
Chief Financial Officer

Attachment 1: Council Income Statement

Attachment 2: Council Funding Statement

Attachment 3: Council Balance Sheet