



Report 09.110
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Committee Council
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Financial report for the seven months ending 31 January 2009

1. Purpose

To present the financial report for the seven months ending 31 January 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

The Council's operating surplus for the seven months ended 31 January 2009 was \$3,697,000 compared with the budget surplus of \$1,130,000. 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 \$8,780,000 (budget \$12,831,000).

Operating revenue, was \$102,987,000 compared with the budget of \$102,804,000.

Year to date operating expenditure was \$99,290,000, this is below budget by \$2,284,000.

The favourable variance in operating costs is due to:

- Lower oil prices reducing the amounts paid under diesel bus contract
- Lower interest rates
- Reduction in forestry due to lower prices and volumes
- Phasing of actual expenditure compared with budget.

Wellington Regional Council
Summary Income Statement - Revenue
For the seven months ended 31 January 2009

Total operating revenue \$(000)'s	Year to date			
	Last Year	Actual	Budget	Variance
Transport Policy and Strategy	1,620	2,356	1,952	404
Public Transport	41,682	46,630	46,448	182
Total Transport	43,302	48,986	48,400	586
Environment	6,918	7,501	7,575	(74)
Catchment Management	14,771	14,839	14,252	587
Forestry	3,254	2,660	3,976	(1,316)
Regional Parks	3,783	3,799	3,690	109
Corporate	1,324	1,302	1,234	68
WRS	2,392	2,543	2,627	(84)
Finance, IT & Support Services	4,134	4,495	4,337	158
Investment in Democracy	2,707	2,759	2,756	3
Rates funded divisional operating revenue	82,585	88,884	88,847	37
Investment Management	3,108	3,151	2,895	256
Business Unit Rates Contribution	(5,100)	(4,846)	(4,846)	-
Rates funded operating revenue	80,593	87,189	86,896	293
Water Group	15,764	15,798	15,908	(110)
Rates & levy funded operating revenue	96,357	102,987	102,804	183
Non-Operational movements				
Revaluation of debt and stadium advance	(171)	(177)	(177)	-
Revaluation of forestry	-	-	-	-
EMU Investment - GW Rail	-	-	-	-
Public Transport - Capex / Investment	8,761	20,812	28,297	(7,485)
Total Council revenue	104,947	123,622	130,924	(7,302)

Wellington Regional Council
Summary Income Statement - Expenditure
For the seven months ended 31 January 2009

Total operating expenditure \$(000)'s	Year to date			
	Last Year	Actual	Budget	Variance
Transport Policy and Strategy	1,364	2,055	2,013	(42)
Public Transport	41,303	44,377	46,306	1,929
Total Transport	42,667	46,432	48,319	1,887
Environment	6,913	7,562	7,312	(250)
Catchment Management	12,998	12,848	12,462	(386)
Forestry	4,023	3,965	4,765	800
Regional Parks	3,414	3,851	3,454	(397)
Corporate	1,175	1,042	1,211	169
WRS	1,911	3,054	2,813	(241)
Finance, IT & Support Services	3,467	3,661	3,995	334
Investment in Democracy	2,724	2,725	2,711	(14)
Rates funded divisional operating expenditure	79,292	85,140	87,042	1,902
Investment Management	(2,163)	(1,991)	(2,155)	(164)
Business Unit Rates Contribution	-	1	-	(1)
Rates funded operating expenditure	77,129	83,150	84,887	1,737
Water Group	15,003	16,140	16,787	647
Rates & levy funded operating expenditure	92,132	99,290	101,674	2,384
Non-Operational movements				
Revaluation of debt and stadium advance	-	-	-	-
Forestry cost of goods sold	710	446	1,011	565
EMU Investment - GW Rail	-	(8)	(1,090)	(1,082)
Public Transport - Capex / Investment	13,237	32,674	42,160	9,486
Total Council expenditure	106,079	132,402	143,755	11,353

Wellington Regional Council				
Summary Income Statement - Operating Surplus \ (Deficit)				
For the seven months ended 31 January 2009				
OPERATING SURPLUS / (DEFICIT) \$(000)'s	Year to date			
	Last Year	Actual	Budget	Variance
Transport Policy and Strategy	256	301	(61)	362
Public Transport	379	2,253	142	2,111
Total Transport	635	2,554	81	2,473
Environment	5	(61)	263	(324)
Catchment Management	1,773	1,991	1,790	201
Forestry	(769)	(1,305)	(789)	(516)
Regional Parks	369	(52)	236	(288)
Corporate	149	260	23	237
WRS	481	(511)	(186)	(325)
Finance, IT & Support Services	667	834	342	492
Investment in Democracy	(17)	34	45	(11)
Rates funded divisional operating surplus / (deficit)	3,293	3,744	1,805	1,939
Investment Management	5,271	5,142	5,050	92
Business Unit Rates Contribution	(5,100)	(4,847)	(4,846)	(1)
Rates funded operating surplus / (deficit)	3,464	4,039	2,009	2,030
Water Group	761	(342)	(879)	537
Rates & levy funded operating surplus / (deficit)	4,225	3,697	1,130	2,567
Non-Operational movements				
Revaluation of Debt and Stadium Advance	(171)	(177)	(177)	-
Revaluation Forestry - Revaluation	-	-	-	-
Forestry cost of goods sold	(710)	(446)	(1,011)	565
EMU Investment - GW Rail	-	8	1,090	(1,082)
Public Transport - Capex / Investment	(4,476)	(11,862)	(13,863)	2,001
Total Council surplus / (deficit)	(1,132)	(8,780)	(12,831)	4,051

4.2 Income Statement

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

4.3 Funding Statement

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

4.4 Balance Sheet

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

5. Forecast to 30 June 2009

The forecast to 30 June 2009 remains unchanged from the December half year position, an operating surplus of \$1,368,000 (budget a deficit of \$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	196	(74)	270
Public Transport	46	3,002	40	2,962
Total Transport	248	3,198	(34)	3,232
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)	(66)	(66)	-
WRS	250	(500)	(500)	-
Finance, IT & Support Services	691	472	298	174
Investment in Democracy	(75)	43	77	(34)
Rates funded divisional operating surplus / (deficit)	2,752	2,424	548	1,876
Investment Management	9,970	8,666	7,312	1,354
Business Unit Rates Contribution	(8,742)	(8,308)	(8,308)	-
Rates funded operating surplus / (deficit)	3,980	2,782	(448)	3,230
Water Group	1,223	(1,414)	(1,463)	49
Rates & levy funded operating surplus / (deficit)	5,203	1,368	(1,911)	3,279
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)	(16,778)	(15,001)	(1,777)
Total Council surplus / (deficit)	(2,542)	(10,566)	(11,717)	1,151

6. Year to date capital expenditure

Capital expenditure for the period was \$6,159,000, below budget by \$2,123,000.

The main reasons for the variance are:

- Delay in the Beacon Hill upgrade
- Various equipment upgrades in Catchment Management
- Asset Management project delayed due to the availability of external resources.

Wellington Regional Council Capital Expenditure For the seven months ended 31 January 2009				
Capital expenditure \$(000)'s	Year to date			
	Last Year	Actual	Budget	Variance
Transport Policy and Strategy	-	-	-	-
Public Transport	9	24	57	33
Public Transport Improvement Projects	76	26	184	158
Total Transport	85	50	241	191
Environment	99	270	535	265
Catchment Management	3,694	1,995	2,440	445
Forestry	149	200	221	21
Regional Parks	71	147	290	143
Corporate	52	76	-	(76)
WRS	-	-	-	-
Finance, IT & Support Services	114	1,287	1,938	651
Investment in Democracy	26	-	-	-
Rates funded divisional capital expenditure	4,290	4,025	5,665	1,640
Investment Management	5	22	200	178
Rates funded capital expenditure	4,295	4,047	5,865	1,818
Water Group	1,121	2,112	2,417	305
Rates & levy funded capital expenditure	5,416	6,159	8,282	2,123

7. Capital expenditure forecast to 30 June 2009

Capital expenditure is forecast at \$16,334,000 (budget \$19,942,000), unchanged from the December half year position.

The variances to budget are due to:

- Real time information project will be completed in 2010/11
- Johnsonville transport interchange running behind schedule due to delay in the development of the shopping mall
- Savings in Strand Park upgrade.

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	121	121	-
Public Transport Improvement Projects	1,007	470	2,059	1,589
Total Transport	1,038	591	2,180	1,589
Environment	487	1,137	1,557	420
Catchment Management	6,573	6,064	6,941	877
Forestry	278	364	364	-
Regional Parks	296	303	469	166
Corporate	-	55	55	-
WRS	-	-	-	-
Finance, IT & Support Services	546	2,788	2,788	-
Investment in Democracy	74	5	5	-
Rates funded divisional capital expenditure	9,292	11,307	14,359	3,052
Investment Management	39	20	400	380
Rates funded capital expenditure	9,331	11,327	14,759	3,432
Water Group	3,843	5,007	5,183	176
Rates & levy funded capital expenditure	13,174	16,334	19,942	3,608

8. Finance Costs

Year to date finance costs are \$2,973,000, compared with the budget of \$3,250,000. The favourable variance is due to the lower external debt position.

9. Debt

Gross external debt at 31 January 2009 was \$101.8 million compared with \$73.9 million at 30 June 2008.

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