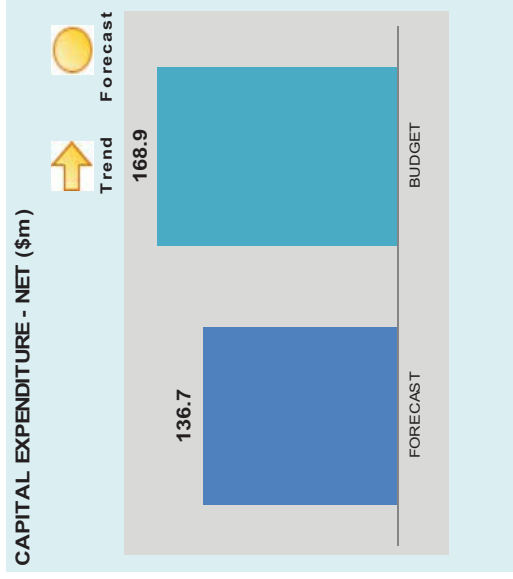
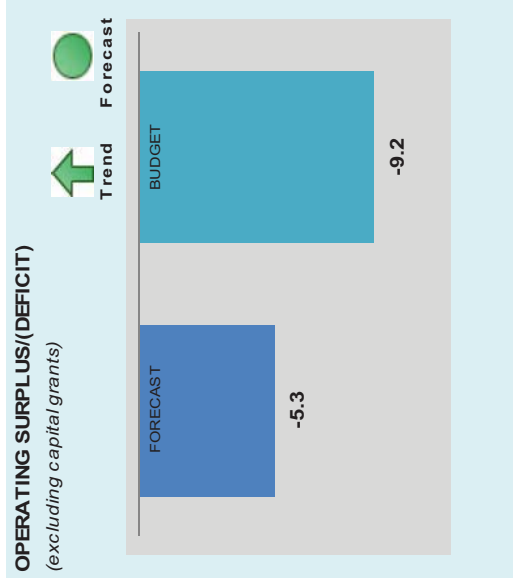
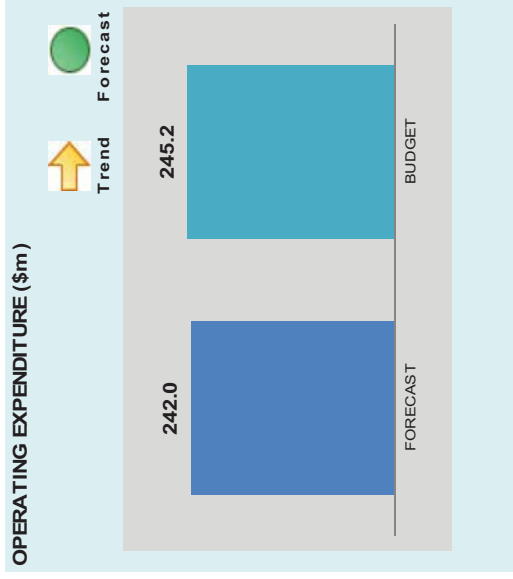
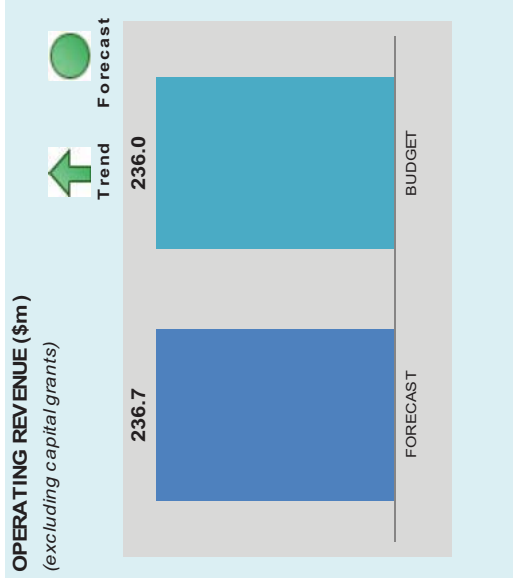
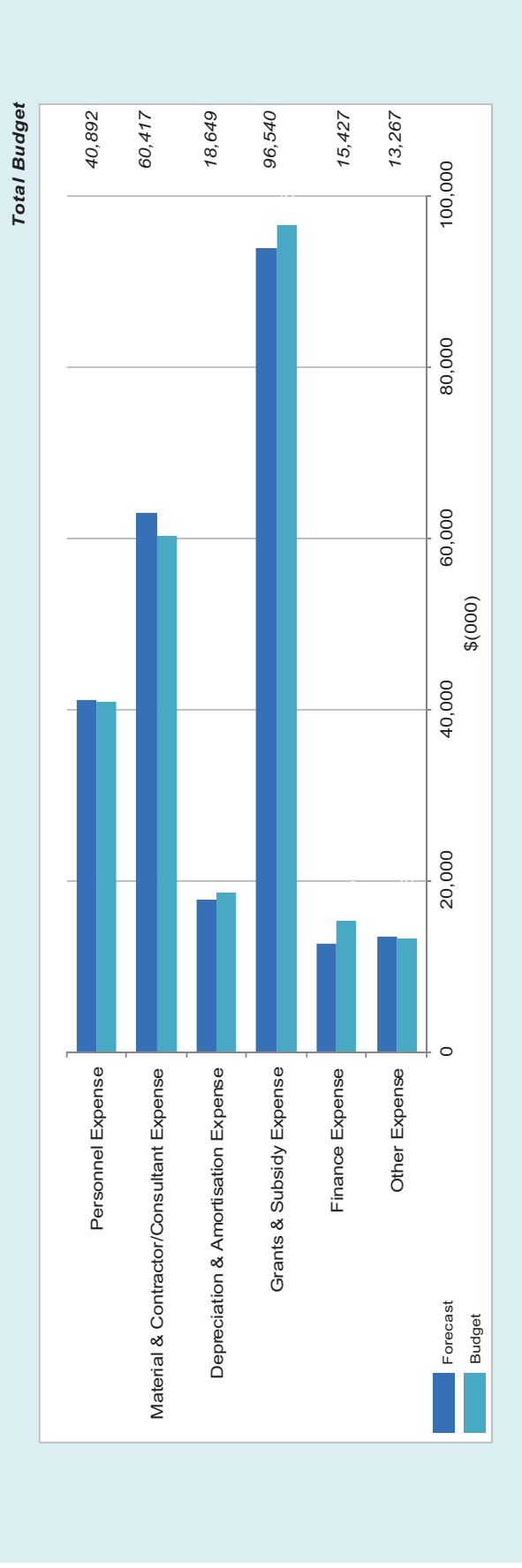


Cross Council Overview | Financial Summary – Full Year Forecast to 30 June 2016

As at 30 April 2016



OPERATING EXPENDITURE - Full Year by Category \$(000)



Key Highlights

- Operating Revenue: \$0.7m Favourable**

Rates revenue is \$0.4m unfavourable to budget, reflecting lower than planned rates penalty income.

Finance revenue is forecasted to be \$1m favourable to budget, largely reflecting the prefunding of debt and additional interest earned from investments during the year.

- Operating Expenditure \$3.2m Favourable**

Finance costs are forecast to be \$2.8m favourable to budget which reflects both the lower cost of borrowing for Council and the slower than planned growth in debt during the year, due to timing of capital expenditure.

Materials and Contractor costs are forecast to be \$2.6m unfavourable to budget largely due to:

- Reassessment of the accounting treatment of WWUP investigation and feasibility costs to from capital to operating expenditure of \$2.3m
- Water Supply is \$1.6m unfavourable due to additional Wellington Water operating costs and the re-assessment of feasibility studies and cross harbour investigations (\$0.8m) to OPEX.
- PTOM costs being \$1.1m greater than initially estimated. This is partially offset by;
 - Favourable variance on timing of integrated fares and ticketing and bus rapid transit investigation \$1.2m.
 - Strategy is \$0.6m favourable as expenditure on strategy related work streams such as spatial planning and sustainable pathways are occurring later than anticipated.
 - Catchment is \$0.8m favourable reflecting timing in biodiversity work programmes and lower land management activity.

Grants and Subsidy expense are forecast to be \$2.5m favourable to budget. This is driven by bus & rail operating costs being below budget due to lower trolley bus overhead network maintenance, higher rail fare revenue and lower bus operating costs.

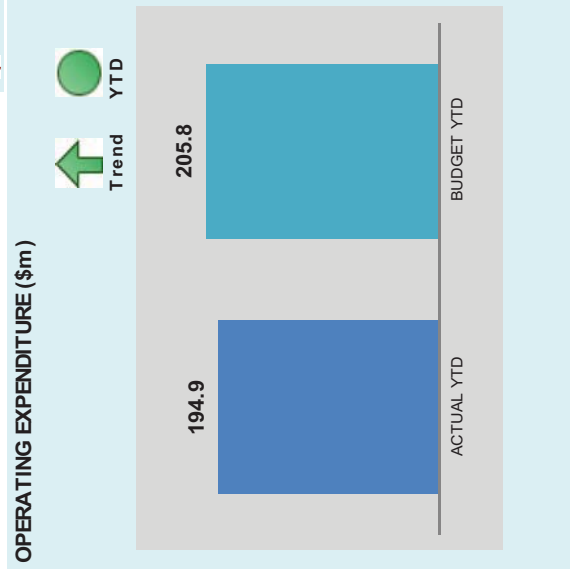
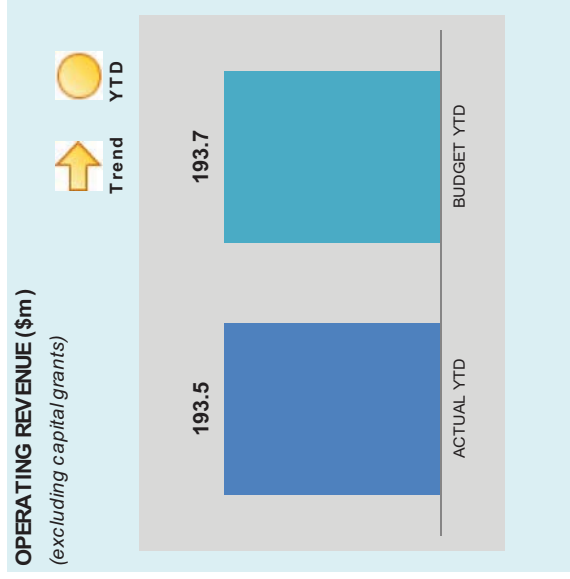
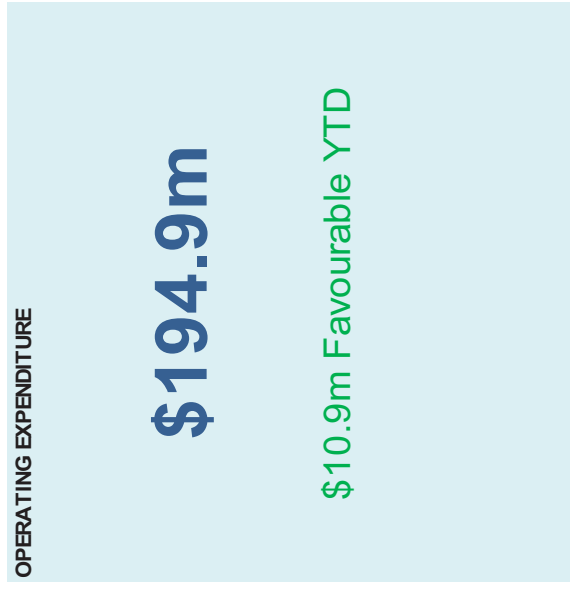
Depreciation and amortisation are forecast to be \$1.0m favourable to budget largely due to lower than expected depreciation from slower than planned capital expenditure in Water Supply, Public Transport and ICT.

- Capital Expenditure \$32.1m Favourable**

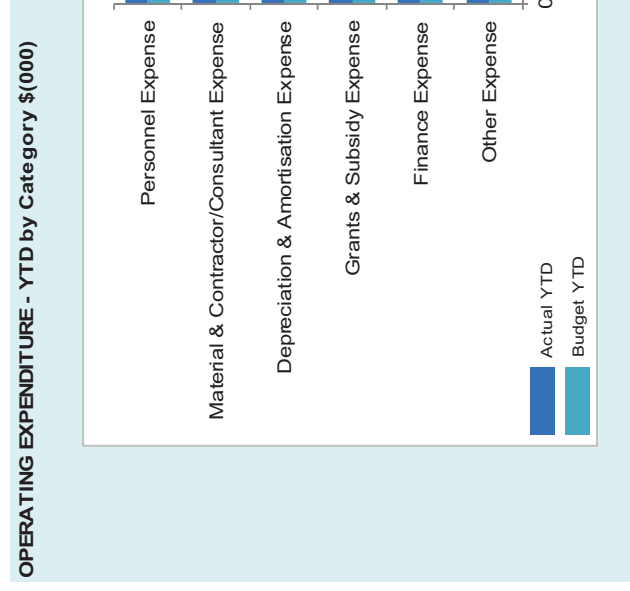
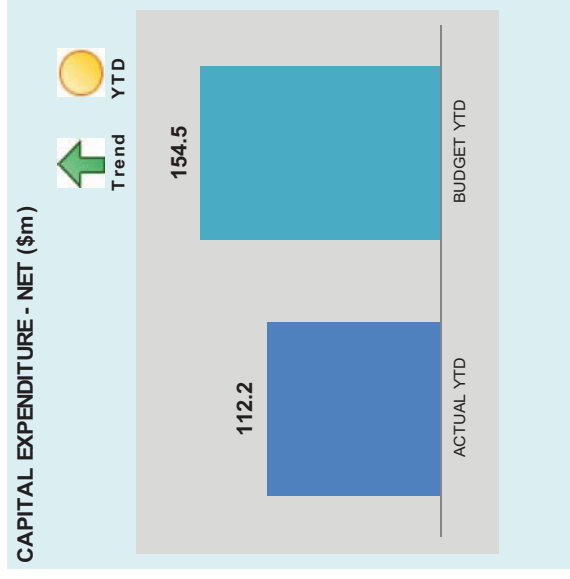
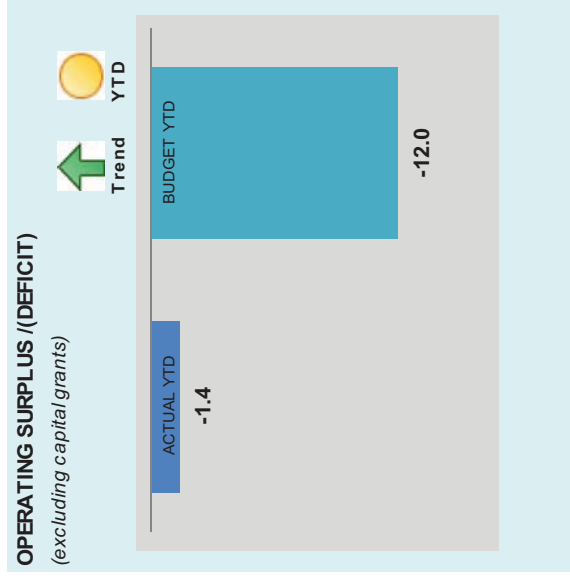
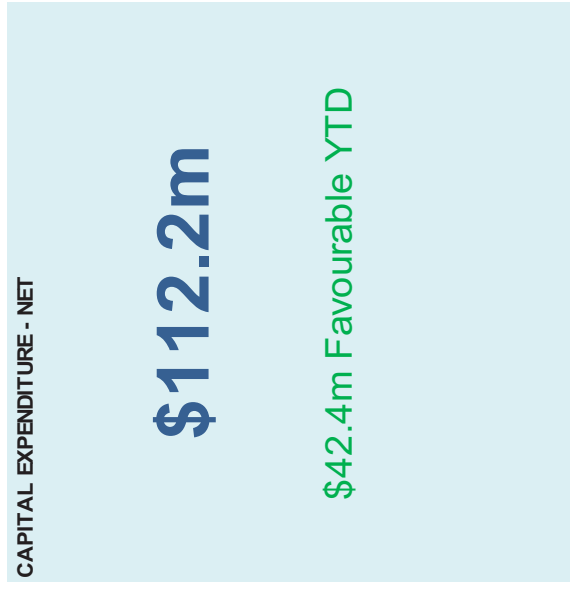
Public Transport is forecast to be \$23.1m favourable to budget largely reflecting changes to delivery schedules of Matangi trains, some of which will occur in 16/17.

Catchment is forecast to be \$4.1m favourable to budget reflecting delays and re-prioritisation of the capex work.

Cross Council Overview | Financial Summary – Year to Date 30 April 2016



Favourable ↑
Unfavourable ↓



Key Highlights

- Operating Revenue: \$0.2m Unfavourable**

Finance revenue is \$1.0m favourable to budget, this largely reflects the prefunding of debt and additional interest earned from investing.

Grants and subsidy revenue is \$0.8m unfavourable to budget as a consequential result of lower incurred costs which NZTA subsidies are based on.

Rates revenue is \$0.3m unfavourable to budget, reflecting lower rates penalty income received during the year.

- Operating Expenditure \$10.9M Favourable**

Materials and Contractors expenditure is \$3.6m favourable to budget primarily due to:

- Public Transport expenditure is \$1.5m below budget primarily due to timing with integrated fares and ticketing investigation and bus rapid transit investigation.
- Catchment is \$1.3m favourable to budget largely reflecting timing of Pest Control and Biodiversity work programmes.
- Strategy is \$0.9m favourable as expenditure on spatial planning and sustainable pathways are occurring later than anticipated.

Partially offsetting this are higher PTOM costs, being \$0.5m greater than budget.

Grants and Subsidy expense is \$2.8m favourable to budget primarily due to higher rail fare revenue, lower bus costs and lower trolley bus overhead network costs.

Depreciation and amortisation is \$1.1m favourable to budget, largely due to lower depreciation from slower than planned capital expenditure in Water Supply, Public Transport and ICT.

Financing costs are \$2.3m favourable to budget which reflects both lower interest rates and our slower than planned growth in debt from planned CAPEX.

- Capital Expenditure \$42.4m Favourable**

Public Transport is \$34.2m favourable to budget reflecting changes in the timing of the delivery of the Matangi trains and improvement projects.

Catchment is \$6.2m favourable to budget due to timing on some of the capex work programme, some of which have been reprioritised into 16/17.

Cross Council Overview | Financial Summary by Group

Favourable
Unfavourable

Statement of Revenue and Expense

\$000	MONTH				YEAR TO DATE				FULL YEAR		
	Actual	Budget	Variance	%	Actual YTD	Budget YTD	Variance	%	Forecast	Total Budget	Variance
OPERATING REVENUE											
Rates	8,905	8,920	15	0%	88,865	89,201	336	0%	106,698	107,048	350
Subsidies & Grants	5,433	5,457	24	0%	53,745	54,590	845	-2%	64,630	64,564	66
Other Revenue	4,968	4,612	356	8%	46,796	46,784	13	0%	57,037	57,064	27
Finance Revenue	399	308	90	29%	4,121	3,155	966	31%	8,317	7,354	963
REVENUE	19,705	19,297	407	2%	193,527	193,730	202	0%	236,682	236,030	652
OPERATING EXPENDITURE											
Personnel Expense	3,182	3,407	225	-7%	32,953	34,065	1,112	-3%	41,226	40,892	333
Material & Contractor/Consultant Expense	5,263	4,897	366	7%	47,280	50,863	3,583	-7%	63,003	60,417	2,586
Depreciation & Amortisation Expense	1,457	1,554	97	-6%	14,483	15,541	1,058	-7%	17,724	18,649	925
Grants & Subsidy Expense	7,362	8,207	845	-10%	78,990	81,765	2,775	-3%	94,025	96,540	2,515
Finance Expense	1,141	1,527	386	-25%	10,038	12,292	2,254	-18%	12,594	15,427	2,833
Other Expense	1,075	1,042	33	3%	11,147	11,230	84	-1%	13,401	13,267	134
TOTAL EXPENDITURE	19,479	20,633	1,154	-6%	194,890	205,756	10,866	-5%	241,973	245,193	3,220
OPERATING SURPLUS/(DEFICIT)	226	(1,336)	1,562	-117%	(1,363)	(12,026)	10,663	-89%	(5,291)	(9,163)	3,872
Subsidies & Grants - Capex	913	972	58	-6%	10,588	15,553	4,965	-32%	13,974	17,493	3,519
SURPLUS/(DEFICIT)	1,139	(364)	1,503	-413%	9,225	3,527	5,698	162%	8,682	8,329	353

Statement of Revenue and Expense by Business Group -Year to Date

\$000	YEAR TO DATE				YEAR TO DATE				YEAR TO DATE			
	Operational Revenue				Operational Expenditure				Operational Surplus / (Deficit)			
Group	Actual YTD	Budget YTD	Variance	%	Actual YTD	Budget YTD	Variance	%	Actual YTD	Budget YTD	Variance	%
Public Transport	99,703	100,922	1,219	-1%	97,689	103,203	5,514	-5%	2,014	(2,280)	4,295	-188%
Catchment Management	28,105	28,190	85	0%	22,167	23,926	1,759	-7%	5,938	4,264	1,674	39%
Environment Management	16,736	16,289	447	3%	15,432	14,985	447	3%	1,304	1,304	0	0%
Regional Parks	5,962	5,642	320	6%	6,262	6,705	443	-7%	(300)	(1,063)	763	-72%
Te Hunga Whiriwhiri	754	754	0	0%	574	705	130	-18%	180	50	130	262%
Strategy	9,503	9,352	152	2%	9,215	10,605	1,390	-13%	288	(1,253)	1,541	-123%
Corporate Services	7,350	7,873	523	-7%	11,347	11,716	369	-3%	(3,997)	(3,843)	154	4%
People and Customer	2,485	2,450	35	1%	5,706	5,687	19	0%	(3,221)	(3,238)	17	-1%
Investment Management	(3,516)	(4,558)	1,041	-23%	(4,210)	(3,259)	952	29%	694	(1,299)	1,993	-153%
Water Supply	24,098	24,022	77	0%	28,360	28,690	330	-1%	(4,262)	(4,668)	406	-9%
Warm Wellington	2,348	2,794	447	-16%	2,348	2,794	446	-16%	0	0	0	-100%
TOTAL	193,527	193,730	202	0%	194,890	205,756	10,866	-5%	(1,363)	(12,026)	10,663	-89%

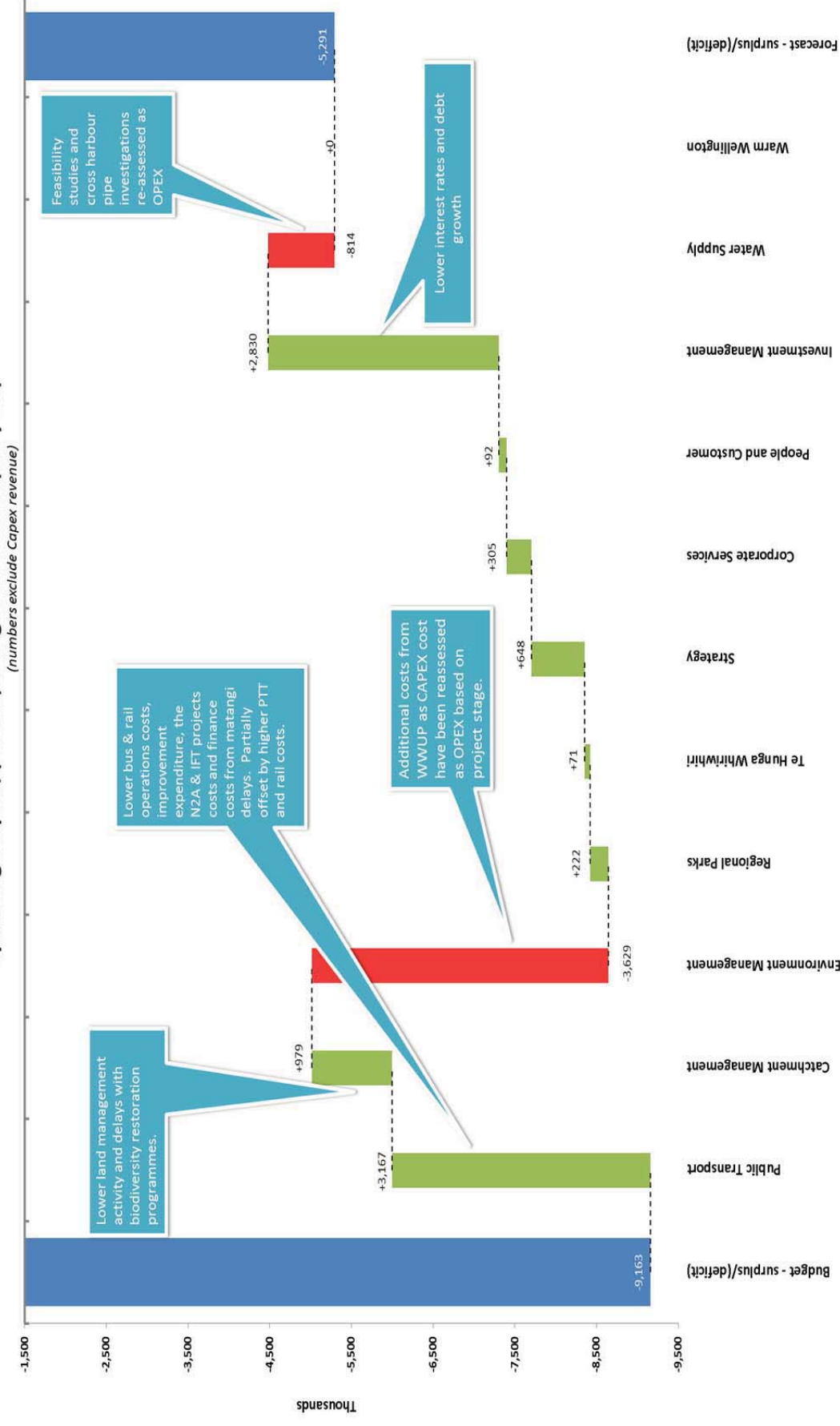
Statement of Revenue and Expense by Business Group - Full Year

\$000	FULL YEAR				FULL YEAR				FULL YEAR			
	Operational Revenue				Operational Expenditure				Operational Surplus / (Deficit)			
Group	Forecast	Budget	Variance	%	Forecast	Budget	Variance	%	Forecast	Budget	Variance	%
Public Transport	119,452	120,162	710	-1%	118,107	121,983	3,877	-3%	1,346	(1,821)	3,167	-174%
Catchment Management	33,959	33,927	32	0%	27,696	28,644	947	-3%	6,263	5,284	979	19%
Environment Management	20,606	19,521	1,085	6%	22,617	17,902	4,714	26%	(2,011)	1,618	3,629	-224%
Regional Parks	6,813	6,771	42	1%	7,951	8,131	180	-2%	(1,139)	(1,361)	222	-16%
Te Hunga Whiriwhiri	905	905	0	0%	774	846	71	-8%	131	60	71	119%
Strategy	10,995	11,222	227	-2%	11,867	12,743	875	-7%	(873)	(1,521)	648	-43%
Corporate Services	9,062	9,447	385	-4%	13,397	14,087	690	-5%	(4,335)	(4,640)	305	-7%
People and Customer	2,919	2,919	0	0%	6,734	6,826	92	-1%	(3,815)	(3,907)	92	-2%
Investment Management	(46)	(1,103)	1,057	-96%	(5,103)	(3,329)	1,774	53%	5,057	2,226	2,831	127%
Water Supply	29,115	28,905	210	1%	35,030	34,006	1,024	3%	(5,915)	(5,101)	814	16%
Warm Wellington	2,902	3,353	451	-13%	2,902	3,353	451	-13%	0	0	0	-100%
TOTAL	236,682	236,030	652	0%	241,973	245,193	3,220	-1%	(5,291)	(9,163)	3,872	-42%

Net Capital Expenditure by Business Group

\$000	YEAR TO DATE				FULL YEAR			
	Actual YTD	Budget YTD	Variance	%	Forecast	Total Budget	Variance	%
Public Transport (incl investment projects)	101,975	136,105	34,130	-25%	123,273	146,353	23,080	-16%
Catchment Management	3,624	9,830	6,206	-63%	6,664	10,728	4,065	-38%
Environment Management	857	797	60	7%	(1,048)	1,506	2,554	-170%
Regional Parks	1,826	2,851	1,024	-36%	2,684	3,394	710	-21%
Strategy	46	246	201	-81%	85	345	260	-75%
Corporate Services	1,054	1,845	791	-43%	1,740	2,835	1,095	-39%
People and Customer	98	70	28	40%	70	70	0	0%
Investment Management	38	0	38	0%	(38)	0	38	0%
Water Supply	2,645	2,781	136	-5%	3,307	3,634	327	-9%
TOTAL	112,164	154,526	42,362	-27%	136,736	168,865	32,128	-19%

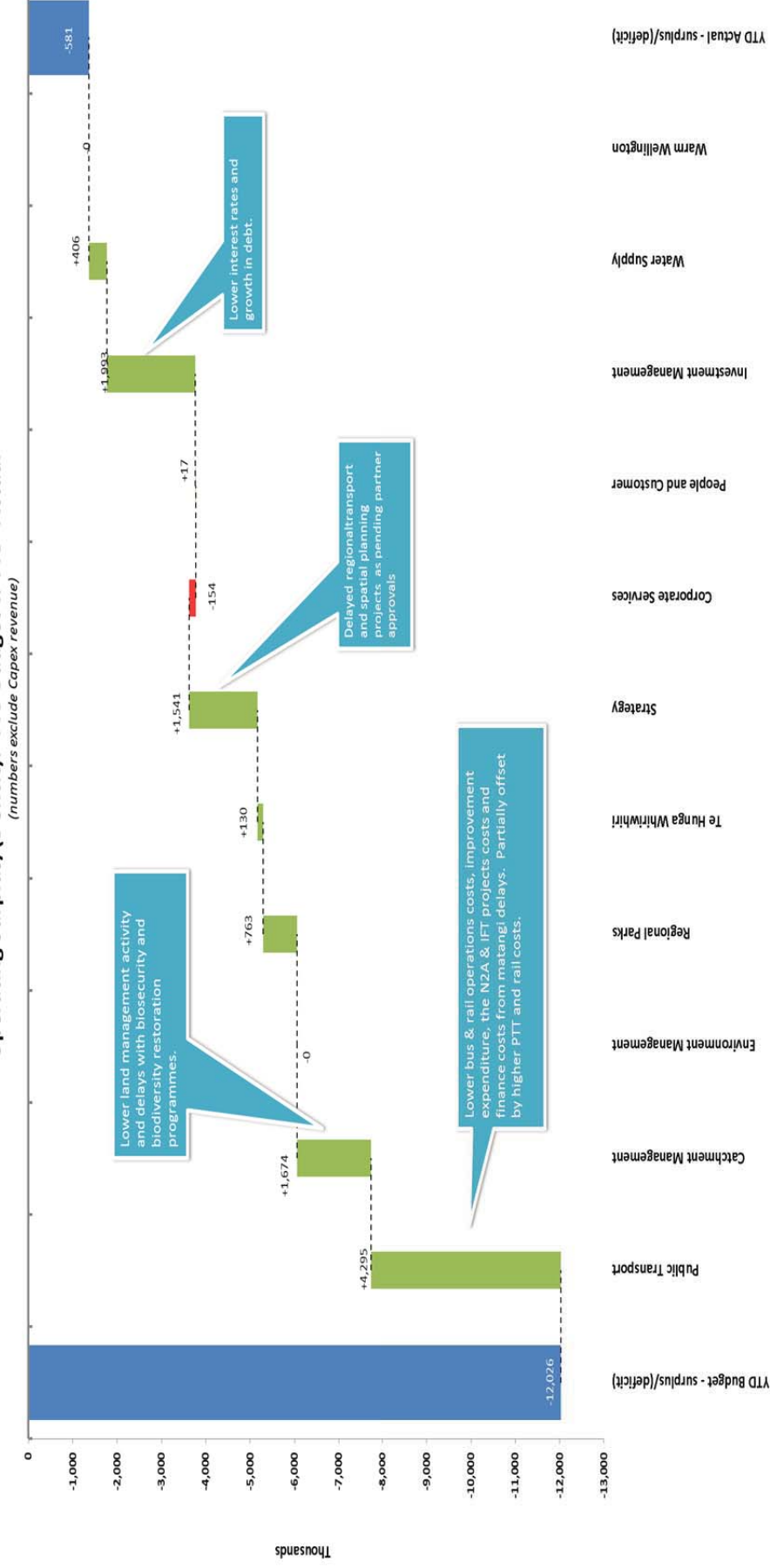
Operating Surplus/(Deficit): Budget v. Forecast (full year)



Key Highlights for: FY Budget to FY Forecast

- **Public Transport \$3.2m Favourable** largely due to lower expenditure for diesel bus, trolley bus and rail operations, savings in improvement expenditure (primarily trolley bus OH network renewals), reduced financial costs (driven by timing of delivery of Matangi trains) and timing of the N2A and Integrated Fares and Ticketing programmes. Partially offsetting these are increased PTOM costs due increased resource requirement.
- **Environment \$3.6m Unfavourable** largely due to the re-assessment of WWUP investigation and feasibility work as OPEX instead of CAPEX.
- **Investment Management \$2.8m Favourable** largely due to lower than planned funding costs from lower interest rates and slower than planned growth in debt.
- **Catchment \$1.0m Favourable** largely due to savings in Land management from reduced activity and timing of biodiversity, pest control and flood protection maintenance programmes, and lower financial costs due to delayed flood protection capital works. Partially offsetting this is the anticipated \$0.2m gain on sale for part of the Akura Nursery land will now occur in 16/17.
- **Water Supply \$0.8m Unfavourable** largely due to the re-assessment of feasibility studies and cross harbour pipe investigations as OPEX rather than CAPEX.

Operating Surplus/(Deficit): YTD Budget v. YTD Actual



Key Highlights for: YTD Budget to YTD Actual

- **Public Transport \$4.3m Favourable** largely due to savings in expenditure for diesel bus, trolley bus and rail operations, savings in improvement expenditure, reduced financial costs arising from timing of delivery with the Matangi trains, reduced expenditure on IFT and the N2A investigations. Offsetting these are increased PTOM and PT Transformation costs because of increased resourcing requirement.
- **Catchment \$1.7m Favourable** largely reflecting lower land management activity from the rural downturn and slower than planned expenditure on Biosecurity and Biodiversity work programmes.
- **Strategy \$1.5m Favourable** largely reflecting slower than planned expenditure on regional transport initiatives and spatial planning due to delays in project initiation with partners.
- **Investment Management \$2.0m Favourable** largely due to lower than planned funding costs from lower interest rates and slower than planned growth in debt.

Funding Impact Statement

\$000	YTD 30 April 2016			Year Ended 30 June 2016		
	Actual	Budget	Variance	Forecast	Budget	Variance
OPERATING REVENUE						
Target Rates	57,897	57,891	6	69,476	69,476	0
General Rate	30,969	31,310	341	37,222	37,572	350
Water Supply Levies	23,003	23,003	0	27,604	27,604	0
Warm Greater Wellington Rates	2,348	2,794	446	2,902	3,353	451
Grants & Subsidises Revenue	64,333	70,143	5,810	78,603	82,056	3,453
Other Operating Revenue	25,565	24,142	1,423	34,848	33,461	1,387
TOTAL REVENUE	204,115	209,283	5,168	250,655	253,522	2,867
OPERATING EXPENDITURE						
Operational Costs	105,862	111,699	5,837	135,354	133,226	2,128
Grant & Subsidises Expenditure	78,990	81,765	2,775	94,025	96,540	2,515
Finance Costs	10,038	12,292	2,254	12,594	15,427	2,833
TOTAL OPERATING EXPENDITURE	194,890	205,756	10,866	241,973	245,193	3,220
OPERATING SURPLUS (DEFICIT)	9,225	3,527	5,697	8,682	8,329	353
Add Back Non Cash Items	14,302	15,581	1,279	16,890	17,738	848
CASH OPERATING SURPLUS (DEFICIT)	23,527	19,108	4,418	25,572	26,067	(495)
Less:						
Net capital expenditure	13,552	24,237	10,685	17,776	29,241	11,465
Debt movements	(115,125)	(139,174)	24,049	(121,540)	(151,752)	30,212
Investment movements	108,103	108,685	582	124,396	145,039	20,643
Working capital movements	16,997	25,360	8,363	4,940	3,539	1,401
TOTAL	-	-	-	-	-	-

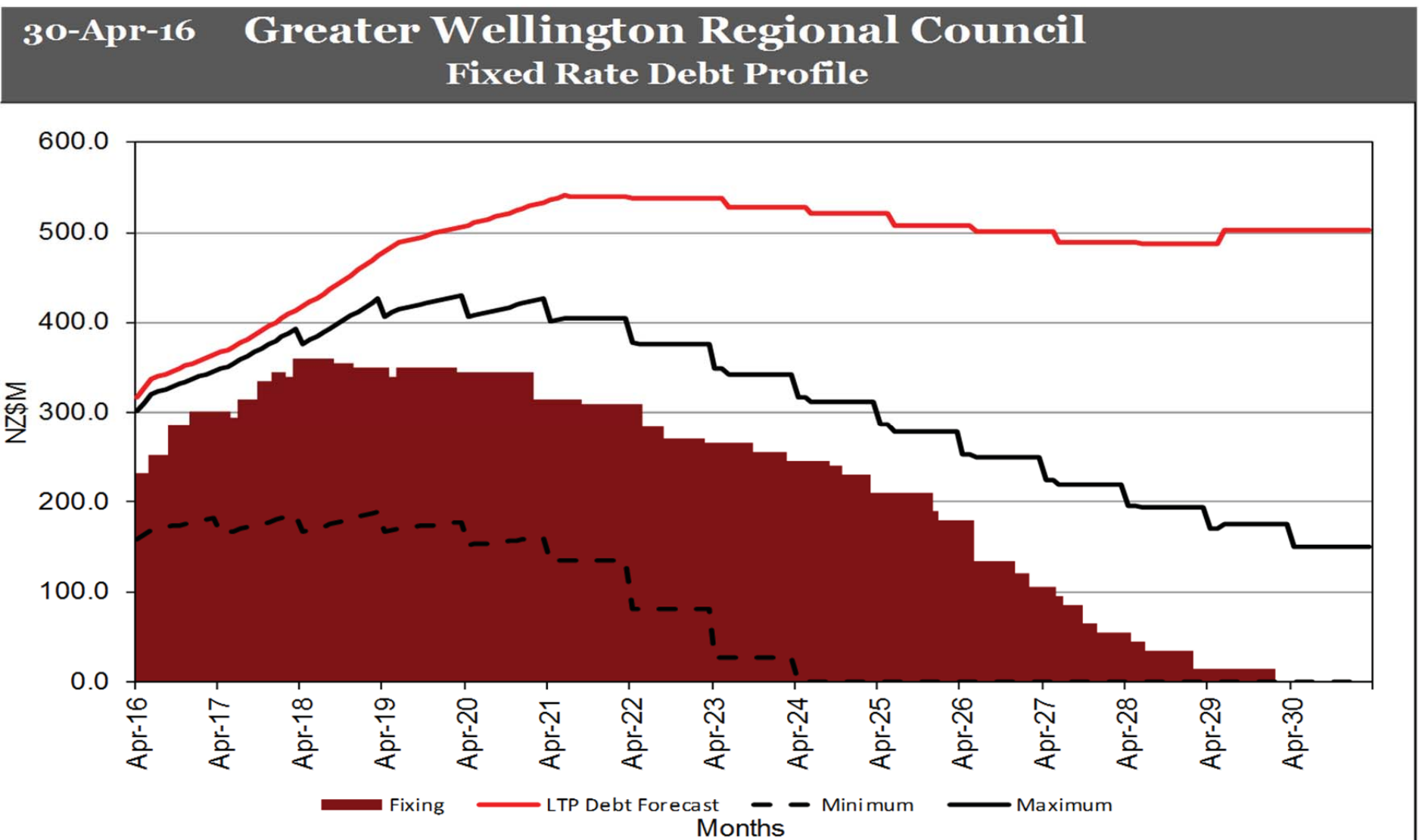
Balance Sheet

\$000	Apr-16	Jun-16	Jun-15
	Actual	Budget	Actual
ASSETS			
Bank	(2,158)	29,145	6,225
Receivables	11,905	13,872	10,799
Accrued Revenue and Prepayments	28,949	15,614	28,187
Inventory	3,041	3,112	3,120
Other Investments	116,494	59,107	87,253
Derivative Financial Instruments	(18,843)	0	(18,610)
Investment in Subsidiaries	195,285	361,961	120,285
Fixed Assets	904,073	946,166	894,525
Accumulated Depreciation	(72,900)	(79,568)	(52,272)
Asset Under Construction	35,129	13,139	24,798
TOTAL ASSETS	1,200,974	1,362,548	1,104,310
LIABILITIES			
Current Liabilities	10,649	33,195	38,184
Non-current liabilities	317,151	350,312	202,267
TOTAL LIABILITIES	327,799	383,507	240,451
NET ASSETS	869,458	979,041	863,859
EQUITY			
Retained Earning	366,104	482,563	358,963
Asset Revaluation Reserves	477,256	476,087	478,751
Other Reserves	26,098	20,391	26,145
TOTAL EQUITY	869,458	979,041	863,859

Compliance with Treasury Risk Management Policy

As at 30 April 2016

Total Council Limit Compliance Analysis				Compliant						Compliant					
				Yes	No	actual %						Yes	No	actual %	
Debt Interest Rate Policy Parameters								Countreparty credit exposure with New Zealand registered banks which have a credit rating of at least A-, long term, and A2 short term				✓			
Current	50% - 95%			✓		73%	Other counterparty exposure within policy limits				✓				
year 1	45% - 95%			✓		82%	Maximum counterparty exposure with a NZ registered bank is within \$80 million limit				✓				
year 2	40% - 90%			✓		86%	The repricing of liquid financial investments are to occur within the following timebands								
year 3	35% - 85%			✓		73%	0 -1 year	40% - 100%	✓	73%					
year 4	30% - 80%			✓		68%	1 - 3 years	0% - 60%	✓	27%					
year 5	25% - 75%			✓		59%	3 - 5 years	0% - 40%	✓	0%					
year 6	15% - 70%			✓		58%	5 -10 years	0% - 20%	✓	0%					
year 7	5% - 65%			✓		49%	Core Council External Borrowing Limits - Ratios								
year 8	0% - 60%			✓		46%	Net interest / Total Revenue < 20%				✓		3.1%		
year 9	0% - 55%			✓		40%	Net Debt / Total Revenue < 250%				✓		88.2%		
year 10	0% - 50%			✓		35%	Net interest / Annual rates and levies < 30%				✓		5.4%		
year 11	0% - 45%			✓		21%	Liquidity > 110%				✓		122%		
year 12	0% - 40%			✓		11%									
year 13	0% - 35%			✓		3%									
year 14	0% - 30%			✓		0%									
year 15	0% - 25%			✓		0%									
The maturity of total external debt less liquid financial investments to fall within the following timebands															
0 - 3 years	15% - 60%			✓		25%									
3 - 5 years	15% - 60%			✓		19%									
> 5 years	10% - 60%			✓		57%									



30-Apr-16

Greater Wellington Regional Council Funding Maturity Chart (Net)

0 - 3 years
15%-60%
25%

3 - 5 years
15%-60%
19%

5 years plus
10%-60%
57%

