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

As at 31 January 2016

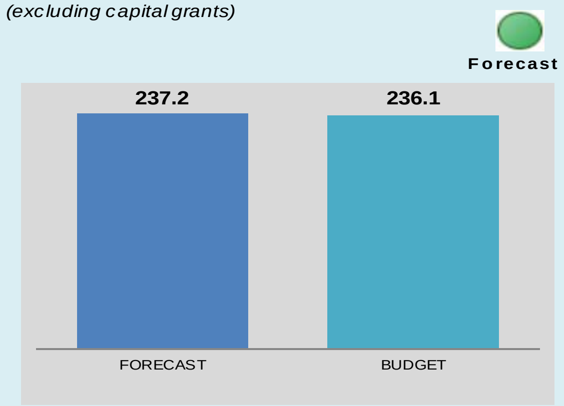
Favourable
Unfavourable

OPERATING EXPENDITURE

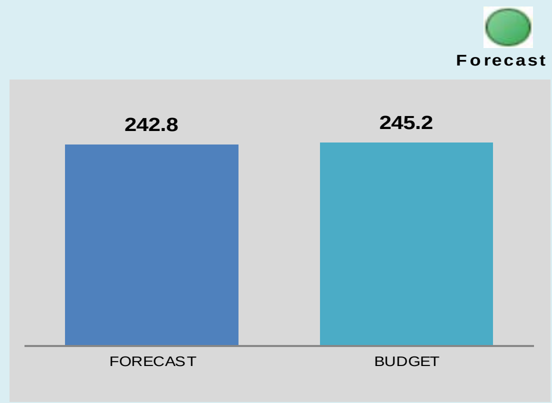
$242.8m

$2.5m Favourable

OPERATING REVENUE ($m)
(excluding capital grants)



OPERATING EXPENDITURE ($m)

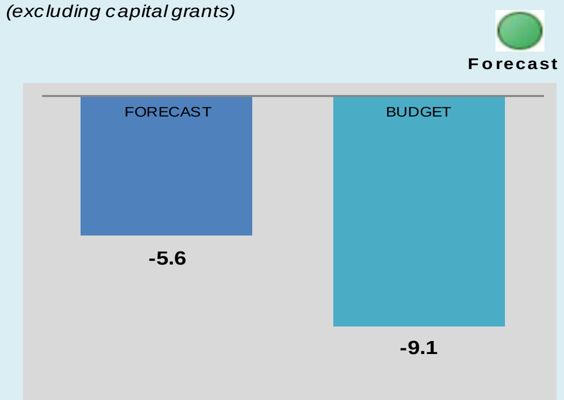


CAPITAL EXPENDITURE - NET

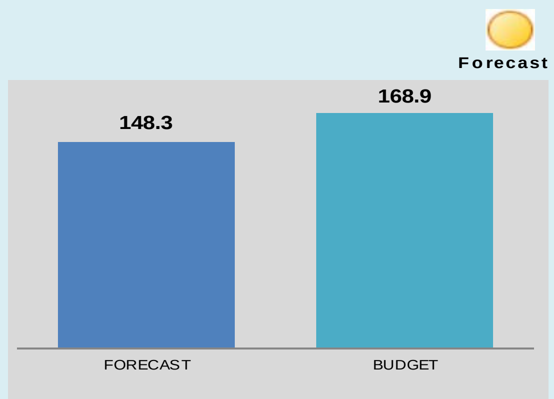
$148.3m

$20.5m Favourable

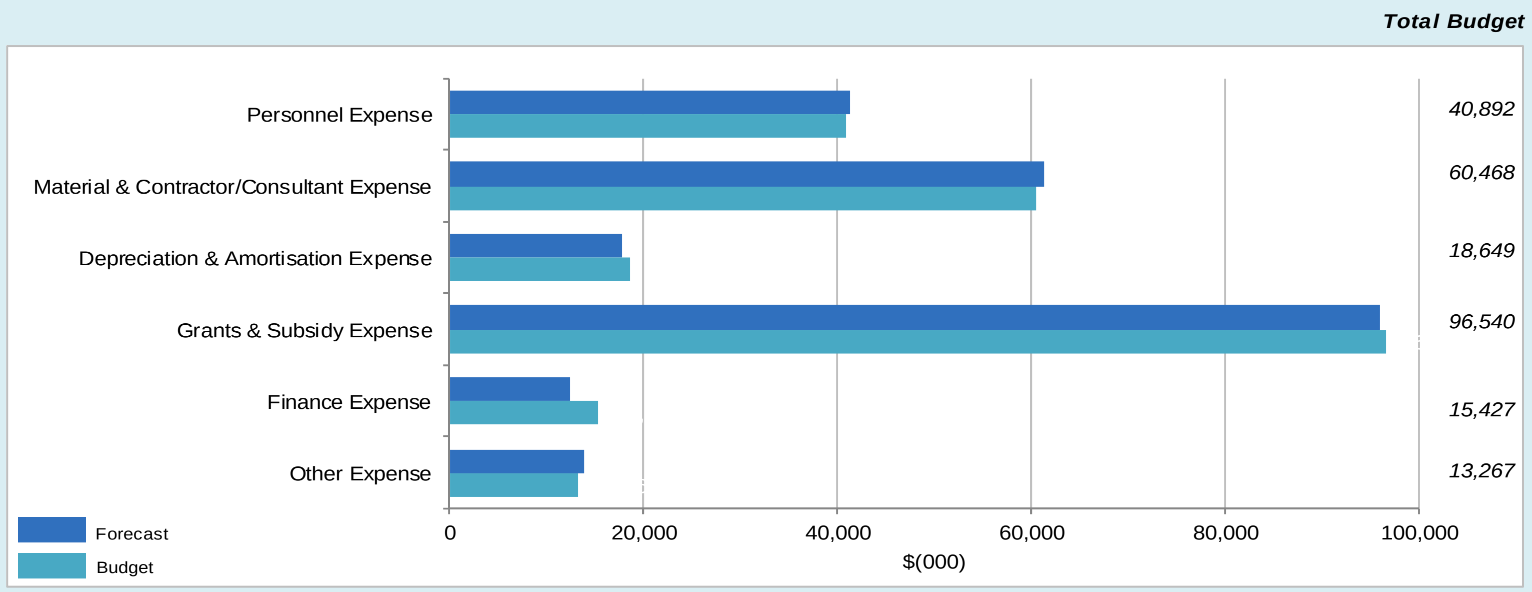
OPERATING SURPLUS/(DEFICIT)
(excluding capital grants)



CAPITAL EXPENDITURE - NET ($m)



OPERATING EXPENDITURE - Full Year by Category $(000)



Key Highlights

- *Operating Revenue: $1.1m Favourable*
  Grants & Subsidies revenue is forecasted to be $0.6m favourable to budget reflecting additional NZTA subsidy revenue expected during the year.

  Finance revenue is forecasted to be $0.3m favourable to budget, largely reflecting the prefunding of debt and additional interest earned from investments during the year.

- *Operating Expenditure $2.5m Favourable*
  Financing costs are forecast to be $2.9m 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.

  Personnel costs are currently forecast to be $0.5m unfavourable to budget largely reflecting changing resource requirements to support some key GW work programmes.

  Materials and Contractor are forecast to be $0.8m unfavourable to budget largely reflecting the formation and regional initiatives funding for Wellington Water ($0.8m), and additional Environment consulting resource ($0.5m) to support RONS and consents which are recovered via revenue. Partially offsetting this Catchment is $0.5m below budget due to savings in Land Management work programmes.

  Depreciation and amortisation costs are forecast to be $0.9m favourable to budget largely due to Water Supply $0.6m from slower than planned asset captalisation and the transfer of vehicles to Wellington Water Limited that were budgeted to be depreciated in Council.

  Finance expenses are forecast to be $2.9m favourable to budget largely due to lower interest rates and slower growth debt.

- *Capital Expenditure $20.5m Favourable*
  Public Transport is forecast to be $16.1m 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 $4.4m favourable to budget reflecting delays and re-prioritisation of the capex work programme for Waiohine, Otaki & Waikanae.

Cross Council Overview | Financial Summary – Year to Date 31 January 2016

Favourable
Unfavourable

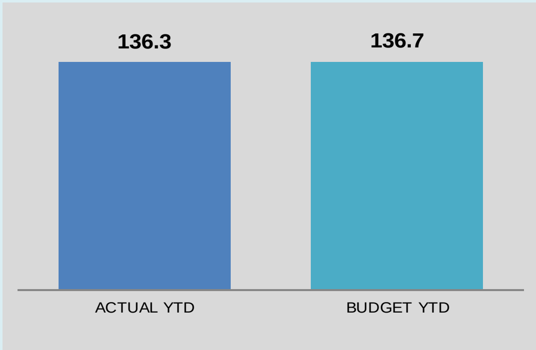
OPERATING EXPENDITURE

$136.7m

$8.0m Favourable YTD

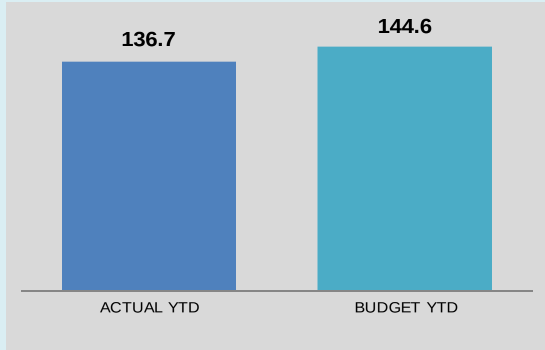
OPERATING REVENUE ($m)
(excluding capital grants)

YTD



OPERATING EXPENDITURE ($m)

YTD



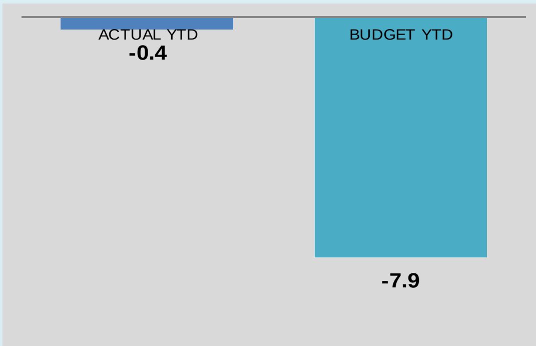
CAPITAL EXPENDITURE - NET

$74.2m

$30.8m Favourable YTD

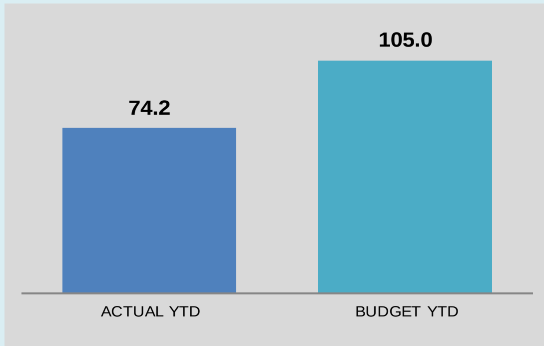
OPERATING SURPLUS /(DEFICIT)
(excluding capital grants)

YTD



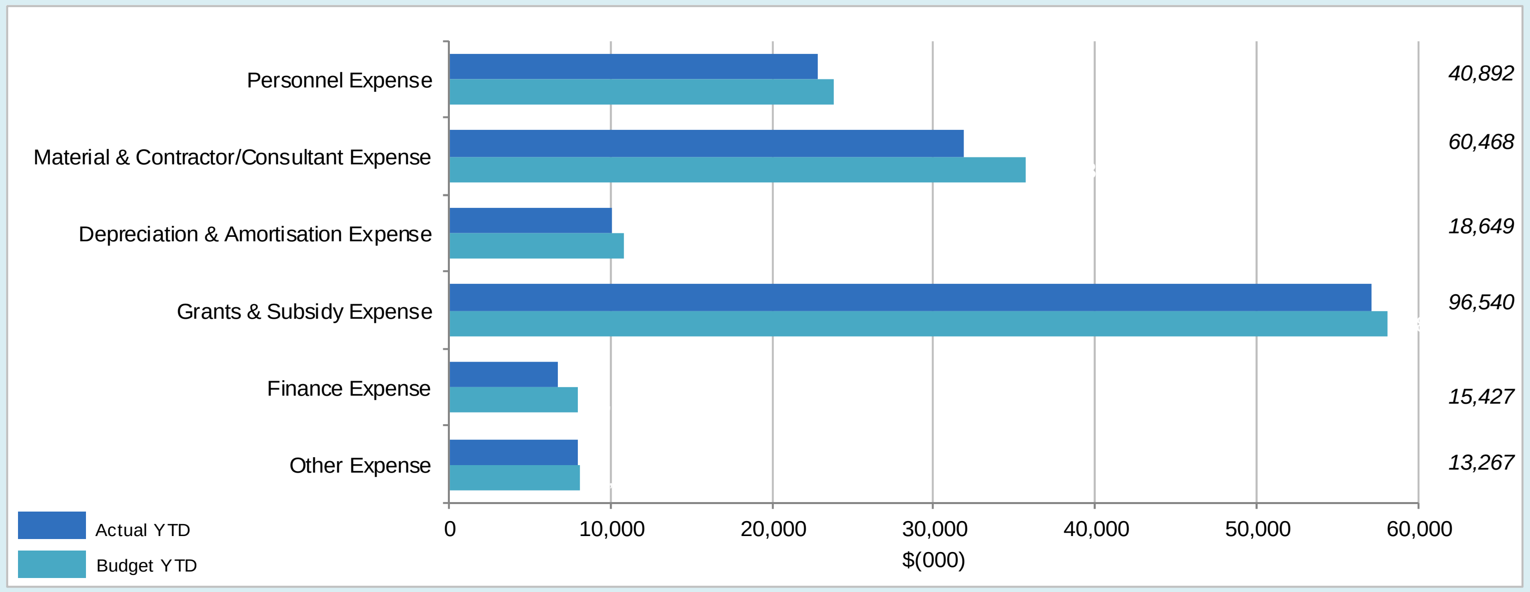
CAPITAL EXPENDITURE - NET ($m)

YTD



OPERATING EXPENDITURE - YTD by Category $(000)

Total Budget



Key Highlights

- *Operating Revenue: $0.4m Unfavourable*
  Other revenue is $1.0m unfavourable to budget year to date largely reflecting some timing of user charges and reductions of some revenue streams such as Akura nursery and Land Management due to the rural downturn.

  Finance revenue is $0.7m favourable to budget, this largely reflects the prefunding of debt and additional interest earned from investing.

  Grants and subsidy revenue is $0.6m unfavourable to budget year to date as subsidies paid by NZTA have been lower due to delays in some programmes in Public Transport and Strategy, meaning lower claimable costs at this stage in the year.

  Rates revenue is $0.4m favourable to budget year to date, largely reflecting additional rates penalty revenue earned during the year.

- *Operating Expenditure $8.0m Favourable*
  Materials and Contractor costs are $3.9m favourable to budget largely due to Public Transport's integrated fares and ticketing and Bus Rapid Transit occurring later than planned, resulting in a $1.9m favourable variance. Strategy is $0.6m favourable as expenditure on strategy related work streams such as spatial planning and sustainable pathways are occurring later than anticipated. Warm Wellington is $0.6m favourable reflecting lower than planned application volumes and installation costs.

  Grants and Subsidy expense are $1.0m favourable to budget in Public Transport as the grant paid to Greater Wellington Rail has been lower as there have been lower rail operating costs during the year.

  Financing costs are $1.3m favourable to budget which reflects both lower interest rates and our slower than planned growth in debt from planned CAPEX.

- *Capital Expenditure $30.8m Favourable*
  Public Transport is $26.9m favourable to budget reflecting changes in the timing of the delivery of the Matangi trains and improvement projects.

  Catchment is $2.4m favourable to budget as some of the capex work programme has been delayed or reprioritised into 16/17 as noted above.

Cross Council Overview | Financial Summary by Group

Favourable
Unfavourable

Statement of Revenue and Expense

	MONTH				YEAR TO DATE				FULL YEAR		
$000	**Actual**	**Budget**	**Variance**	**%**	**Actual YTD**	**Budget YTD**	**Variance**	**%**	**Forecast**	**Total Budget**	**Variance**
OPERATING REVENUE											
Rates	8,832	8,833	0	0%	62,228	61,828	400	1%	105,998	105,998	0
Subsidies & Grants	6,167	5,793	374	6%	38,231	38,794	563	-1%	65,170	64,564	606
Other Revenue	4,181	4,637	456	-10%	32,839	33,881	1,042	-3%	58,389	58,200	189
Finance Revenue	388	305	83	27%	2,967	2,238	729	33%	7,625	7,354	271
REVENUE	**19,568**	**19,568**	**1**	**0%**	**136,265**	**136,741**	**476**	**0%**	**237,182**	**236,116**	**1,066**
OPERATING EXPENDITURE											
Personnel Expense	3,000	3,407	407	-12%	22,884	23,846	961	-4%	41,423	40,892	531
Material & Contractor/Consultant Expense	3,852	5,020	1,168	-23%	31,837	35,732	3,895	-11%	61,271	60,468	802
Depreciation & Amortisation Expense	1,451	1,554	103	-7%	10,135	10,878	743	-7%	17,765	18,649	884
Grants & Subsidy Expense	8,908	8,623	286	3%	57,090	58,116	1,026	-2%	95,937	96,540	603
Finance Expense	1,026	1,321	295	-22%	6,711	7,970	1,259	-16%	12,546	15,427	2,881
Other Expense	1,083	1,042	41	4%	8,016	8,103	87	-1%	13,816	13,302	514
TOTAL OPERATING EXPENDITURE	**19,320**	**20,966**	**1,646**	**-8%**	**136,673**	**144,645**	**7,972**	**-6%**	**242,758**	**245,279**	**2,521**
OPERATING SURPLUS/(DEFICIT)	**248**	**(1,399)**	**1,647**	**-118%**	**(408)**	**(7,905)**	**7,496**	**-95%**	**(5,576)**	**(9,163)**	**3,587**
Subsidies & Grants - Capex	**629**	**933**	**303**	**-33%**	**6,856**	**12,667**	**5,811**	**-46%**	**14,847**	**17,493**	**2,646**
SURPLUS/(DEFICIT)	**877**	**(466)**	**1,343**	**-288%**	**6,448**	**4,762**	**1,686**	**35%**	**9,270**	**8,329**	**941**

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

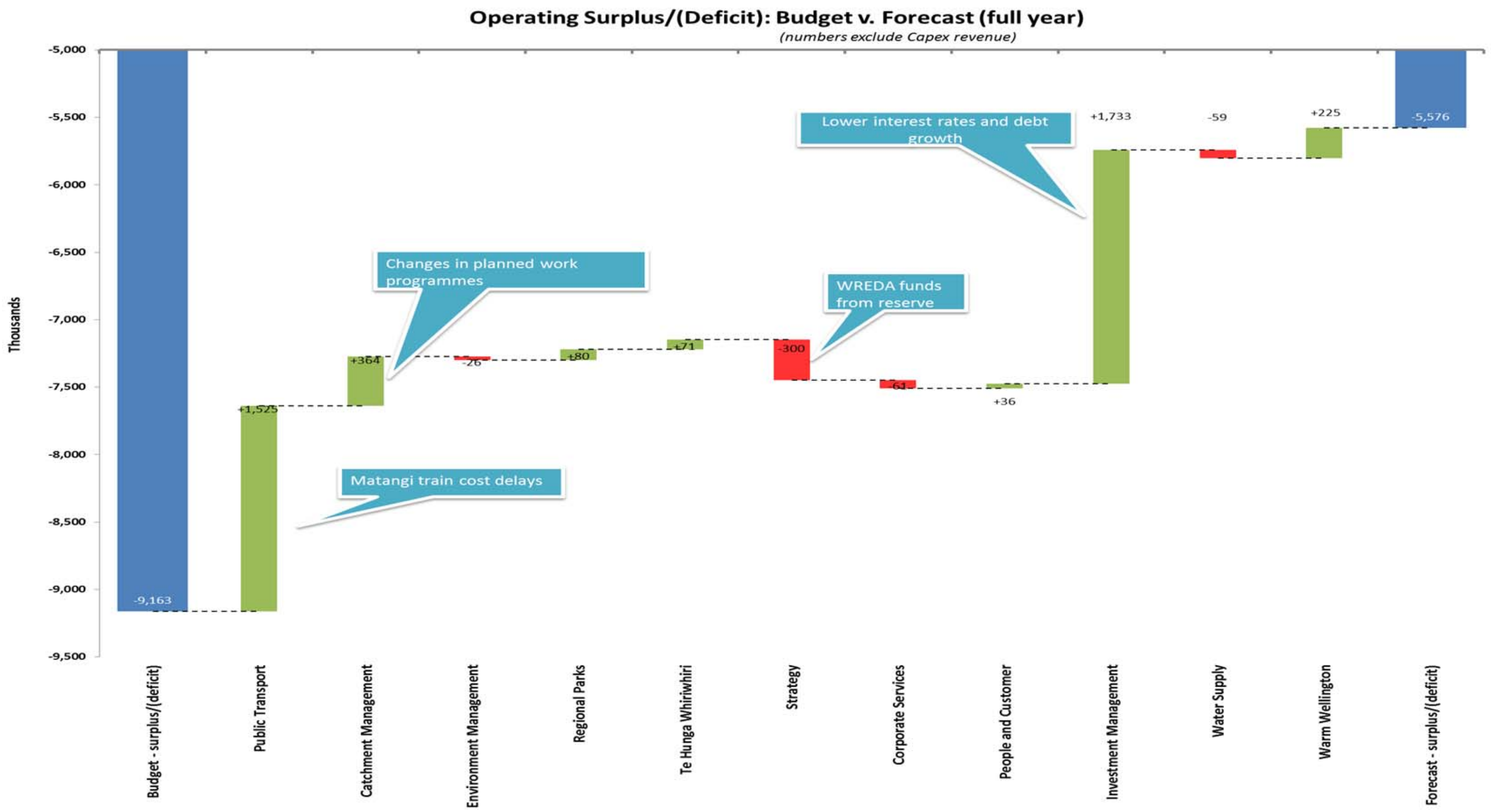
	YEAR TO DATE				YEAR TO DATE				YEAR TO DATE			
	Operational Revenue				**Operational Expenditure**				**Operational Surplus / (Deficit)**			
$000	**Actual YTD**	**Budget YTD**	**Variance**	**%**	**Actual YTD**	**Budget YTD**	**Variance**	**%**	**Actual YTD**	**Budget YTD**	**Variance**	**%**
Group												
Public Transport	70,807	71,227	420	-1%	69,232	73,567	4,335	-6%	1,575	(2,340)	3,915	-167%
Catchment Management	20,184	20,356	172	-1%	15,569	16,702	1,132	-7%	4,615	3,654	960	26%
Environment Management	11,540	11,402	138	1%	10,426	10,505	78	-1%	1,114	898	216	24%
Regional Parks	3,778	3,766	12	0%	4,016	4,418	402	-9%	(238)	(652)	414	-64%
Te Hunga Whiriwhiri	528	528	0	0%	312	493	181	-37%	216	35	181	521%
Strategy	6,393	6,546	153	-2%	6,337	7,428	1,091	-15%	56	(882)	939	-106%
Corporate Services	5,148	5,511	363	-7%	8,031	8,265	234	-3%	(2,883)	(2,754)	129	5%
People and Customer	1,773	1,715	59	3%	3,916	3,980	64	-2%	(2,143)	(2,265)	123	-5%
Investment Management	(2,400)	(3,101)	701	-23%	(2,709)	(3,094)	385	-12%	309	(7)	316	-4456%
Water Supply	16,914	16,835	79	0%	19,943	20,212	269	-1%	(3,030)	(3,377)	348	-10%
Warm Wellington	1,599	1,956	357	-18%	1,599	2,170	571	-26%	0	(214)	214	-100%
TOTAL	**136,265**	**136,741**	**476**	**0%**	**136,673**	**144,645**	**7,972**	**-6%**	**(408)**	**(7,905)**	**7,496**	**-95%**

Statement of Revenue and Expense by Business Group - Full Year

	FULL YEAR				FULL YEAR				FULL YEAR			
	Operational Revenue				**Operational Expenditure**				**Operational Surplus / (Deficit)**			
$000	**Forecast**	**Budget**	**Variance**	**%**	**Forecast**	**Budget**	**Variance**	**%**	**Forecast**	**Budget**	**Variance**	**%**
Group												
Public Transport	120,263	120,162	100	0%	120,559	121,983	1,424	-1%	(297)	(1,821)	1,525	-84%
Catchment Management	33,972	34,241	269	-1%	28,353	28,986	633	-2%	5,619	5,255	364	7%
Environment Management	20,107	19,521	586	3%	18,515	17,902	612	3%	1,592	1,618	26	-2%
Regional Parks	6,443	6,457	13	0%	7,695	7,789	94	-1%	(1,252)	(1,332)	80	-6%
Te Hunga Whiriwhiri	905	905	0	0%	774	846	71	-8%	131	60	71	119%
Strategy	11,222	11,222	0	0%	13,043	12,743	300	2%	(1,821)	(1,521)	300	20%
Corporate Services	9,472	9,447	25	0%	14,209	14,122	86	1%	(4,737)	(4,675)	61	1%
People and Customer	2,919	2,919	0	0%	6,790	6,826	36	-1%	(3,871)	(3,907)	36	-1%
Investment Management	(690)	(1,017)	327	-32%	(5,051)	(3,645)	1,406	39%	4,361	2,628	1,733	66%
Water Supply	29,215	28,905	310	1%	34,375	34,006	369	1%	(5,161)	(5,101)	59	1%
Warm Wellington	3,353	3,353	0	0%	3,495	3,720	225	-6%	(142)	(367)	225	-61%
TOTAL	**237,182**	**236,116**	**1,066**	**0%**	**242,758**	**245,279**	**2,521**	**-1%**	**(5,576)**	**(9,163)**	**3,587**	**-39%**

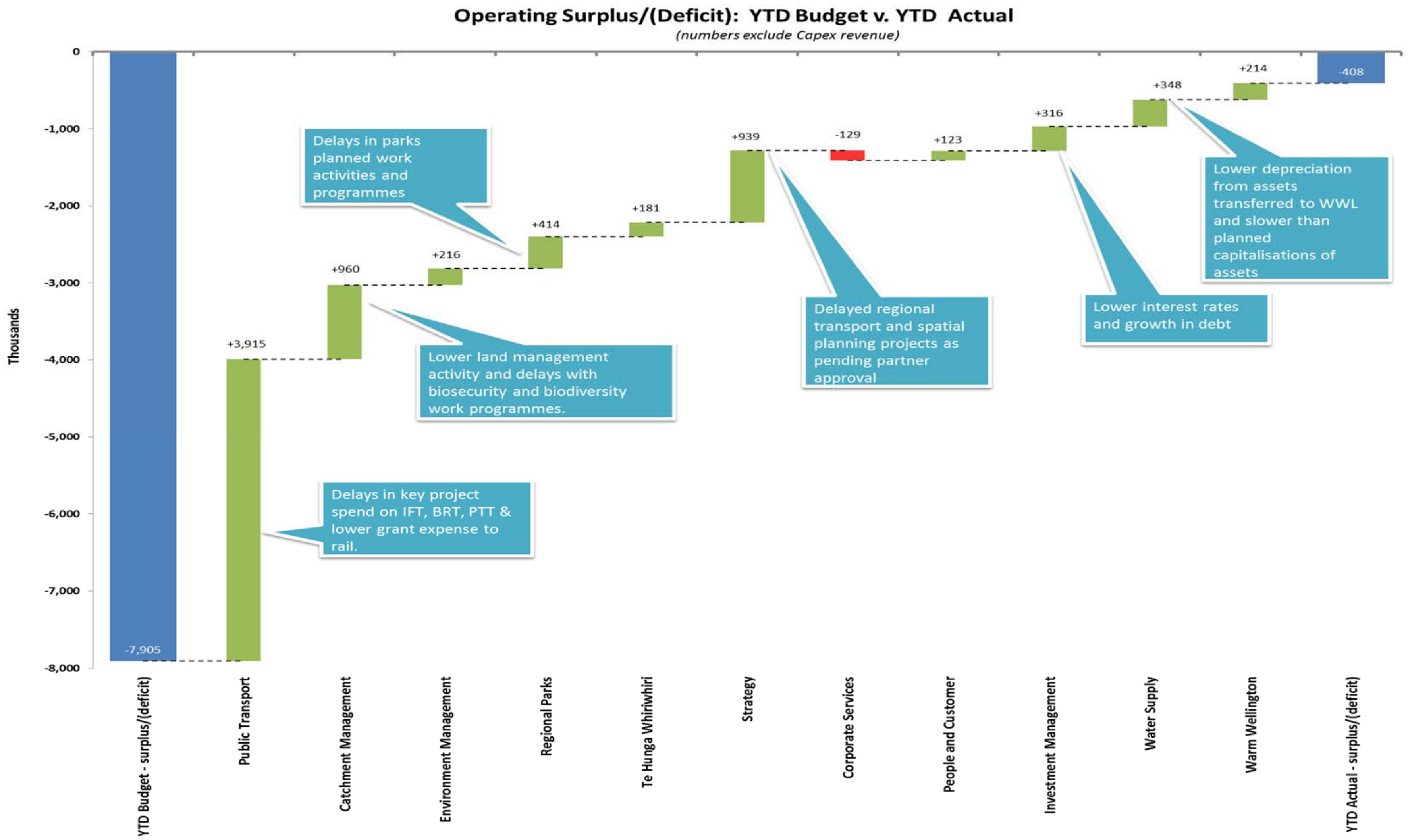
Net Capital Expenditure by Business Group

	YEAR TO DATE				FULL YEAR			
$000	**Actual YTD**	**Budget YTD**	**Variance**	**%**	**Forecast**	**Total Budget**	**Variance**	**%**
Group								
Public Transport (incl investment projects)	67,218	94,112	26,894	-29%	130,220	146,353	16,133	-11%
Catchment Management	2,580	4,963	2,383	-48%	6,322	10,728	4,406	-41%
Environment Management	653	611	43	7%	2,241	1,506	735	49%
Regional Parks	1,451	2,036	586	-29%	3,392	3,394	2	0%
Strategy	70	181	112	-62%	345	345	0	0%
Corporate Services	892	1,348	457	-34%	2,397	2,835	438	-15%
People and Customer	57	70	13	-19%	70	70	0	0%
Water Supply	1,250	1,642	392	-24%	3,356	3,634	278	-8%
TOTAL	**74,170**	**104,963**	**30,794**	**-29%**	**148,342**	**168,865**	**20,522**	**-12%**



Key Highlights for: FY Budget to FY Forecast

- *Public Transport $1.5M Favourable* largely due to lower than planned interest costs from delays with the Matangi trains and lower grant costs to GWRL as rail operation costs have been lower.
- *Investment Management $1.7M Favourable* largely due to lower than planned funding costs from lower interest rates and slower than planned growth in debt.
- *Strategy $0.3M Unfavourable* largely due to the additional drawdown by WREDA of funds from the WRS reserve.
- Catchment $0.4M Favourable largely due to changes in the planned work program for Land Management and delays with Porirua Harbour restoration improvements for Biodiversity.



Key Highlights for: YTD Budget to YTD Actual

- *Public Transport $3.9M Favourable* largely due to slower than planned expenditure on key projects such as Integrated Fares & Ticketing, Bus Rapid Transit, and lower finance costs of $1.4m from slower than planned capital expenditure on the Matangi trains.
- Catchment $1.0M Favourable largely reflecting lower land management activity ($0.5M) from the rural down and slower than planned expenditure on Biosecurity and Biodiversity work programmes.
- Strategy $0.9M Favourable largely reflecting slower than planned expenditure on regional transport initiatives and spatial planning due to delays in project initiation with partners.

Funding Impact Statement

	YTD 31 January 2016			Year Ended 30 June 2016		
$000	**Actual**	**Budget**	**Variance**	**Forecast**	**Budget**	**Variance**
OPERATING REVENUE						
Target Rates	40,528	40,524	4	69,476	69,476	0
General Rate	21,700	21,304	396	36,522	36,522	0
Water Supply Levies	16,102	16,102	0	27,604	27,604	0
Warm Greater Wellington Rates	1,599	1,956	357	3,353	3,353	0
Grants & Subsidises Revenue	45,087	51,461	6,374	80,016	82,056	2,040
Other Operating Revenue	18,105	18,060	45	35,457	34,596	861
TOTAL REVENUE	**143,121**	**149,407**	**6,286**	**252,428**	**253,607**	**1,179**
OPERATING EXPENDITURE						
Operational Costs	72,872	78,559	5,687	134,275	133,276	999
Grant & Subsidises Expenditure	57,090	58,116	1,026	95,937	96,540	603
Finance Costs	6,711	7,970	1,259	12,946	15,427	2,481
TOTAL OPERATING EXPENDITURE	**136,673**	**144,645**	**7,972**	**243,158**	**245,243**	**2,085**
OPERATING SURPLUS (DEFICIT)	**6,448**	**4,762**	**1,686**	**9,270**	**8,364**	**906**
Add Back Non Cash Items	10,065	10,919	854	16,980	17,738	758
CASH OPERATING SURPLUS (DEFICIT)	**16,513**	**15,681**		**26,250**	**26,102**	**148**
Less:						
Net capital expenditure	9,608	15,343	5,735	22,910	29,241	6,331
Debt movements	(78,681)	(92,608)	13,927	(131,361)	(151,752)	20,391
Investment movements	76,071	72,458	3,613	131,164	145,039	13,875
Working capital movements	(23,511)	(10,874)	12,637	(48,963)	(48,630)	333
TOTAL	-	-	-	-	-	-

Balance Sheet

	Jan-16	Jun-16	Jun-15
$000	**Actual**	**Budget**	**Actual**
ASSETS			
Bank	7,025	29,145	6,225
Receivables	13,979	13,872	10,799
Accrued Revenue and Prepayments	30,263	15,614	28,187
Inventory	2,965	3,112	3,120
Other Investments	99,487	59,107	87,253
Derivative Financial Instruments	(18,868)	0	(18,610)
Investment in Subsidiaries	170,285	361,961	120,285
Fixed Assets	903,632	946,166	894,525
Accummulated Depreciation	(68,845)	(79,568)	(52,272)
Asset Under Construction	31,807	13,139	24,798
TOTAL ASSETS	**1,171,730**	**1,362,548**	**1,104,310**
LIABILITIES			
Current Liabilities	21,565	33,195	38,184
Non-current liabilities	280,707	350,312	202,267
TOTAL LIABILITIES	**302,272**	**383,507**	**240,451**
NET ASSETS	**869,458**	**979,041**	**863,859**
EQUITY			
Retained Earning	365,649	482,563	358,963
Asset Revaluation Reserves	478,751	476,087	478,751
Other Reserves	25,058	20,391	26,145
TOTAL EQUITY	**869,458**	**979,041**	**863,859**

Compliance with Treasury Risk Management Policy

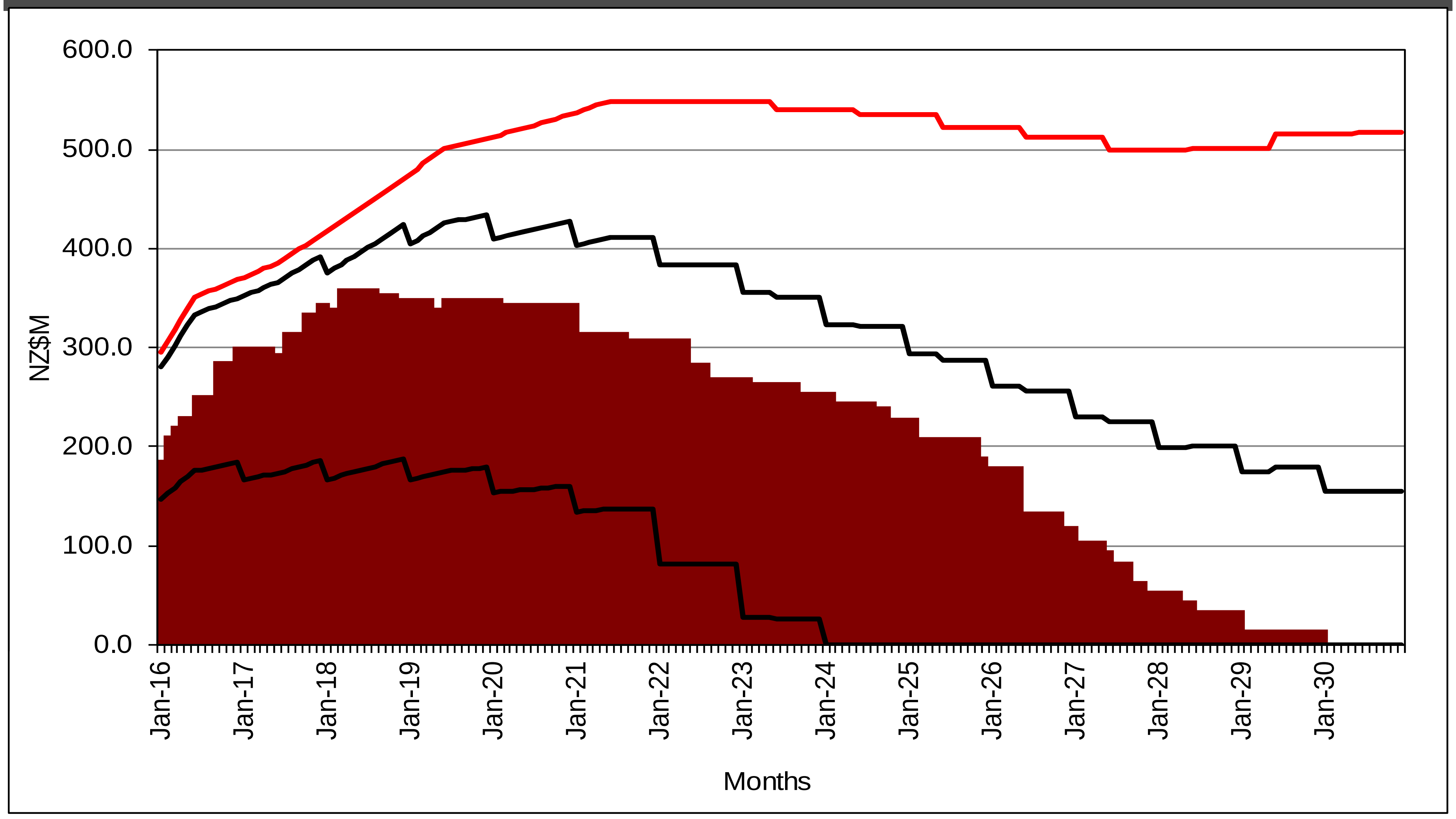
As at 31 January 2016

Total Council Limit Compliance Analysis		Compliant Yes	Compliant No	actual %
Debt Interest Rate Policy Parameters				
Current	50% - 95%	✓		63%
year 1	45% - 95%	✓		81%
year 2	40% - 90%	✓		83%
year 3	35% - 85%	✓		74%
year 4	30% - 80%	✓		68%
year 5	25% - 75%	✓		64%
year 6	15% - 70%	✓		57%
year 7	5% - 65%	✓		49%
year 8	0% - 60%	✓		47%
year 9	0% - 55%	✓		43%
year 10	0% - 50%	✓		35%
year 11	0% - 45%	✓		23%
year 12	0% - 40%	✓		11%
year 13	0% - 35%	✓		7%
year 14	0% - 30%	✓		3%
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%	✓		26%
3 - 5 years	15% - 60%	✓		27%
> 5 years	10% - 60%	✓		47%

		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 counterparty exposure within policy limits		✓		
Maximum counterparty 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%		✓		2.8%
Net Debt / Total Revenue < 250%		✓		74.7%
Net interest / Annual rates and levies < 30%		✓		4.9%
Liquidity > 110%		✓		134%

31-Jan-16 **Greater Wellington Regional Council**

Fixed Rate Debt Profile



31-Jan-16

Greater Wellington Regional Council

Committed Loan/Stock/Facilities $379m
12 month debt forecast $370.9m
Current Core Debt $266m

Policy Liquidity Ratio >= 110%
Current Liquidity Ratio 134%

0 - 3 years	3 - 5 years	5 years plus
15%-60%	15%-60%	10%-60%
46%	20%	34%