QUARTERLY REPORT

QUARTER 1 (1 JULY-30 SEPTEMBER 2013)

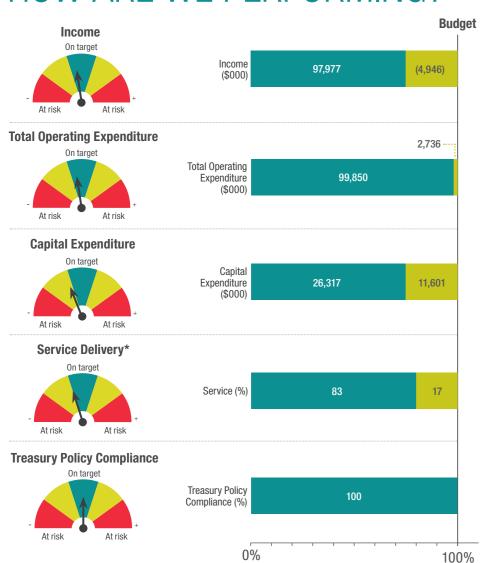
This report summarises the Council's progress towards fulfilling the intentions outlined in the 2013/14 Annual Plan. This report highlights quarterly performance against:

- Income
- Total Operating Expenditure
- Capital Expenditure
- Service Delivery (KPI performance)
- Treasury Policy compliance.

Areas where there is a risk to or significant variance from budgeted expectations are discussed in the performance summaries for each of the Council's seven activity areas.

Overall, Wellington City Council progress this quarter met expectations and is on track to meet year-end targets. Exceptions this quarter were primarily due to timing delays in capital projects.

HOW ARE WE PERFORMING?



*Note that the figures for service performance only include key performance indicators (KPI) that are measured on a monthly or quarterly basis. Annual KPIs will be incorporated at year-end (30 June 2014).

FINANCIAL SNAPSHOT

STATEMENT OF FINANCIAL PERFORMANCE

The Council's consolidated financial performance for the period 1 July 2013 to 30 September 2013 is presented below.

Positive numbers in the financial statements indicate a favourable variance from budget and negative numbers (represented by brackets) indicate an unfavourable variance from budget.

	YTD			Full \	/ear
	Actual 2014 \$000	Budget 2014 \$000	Variance 2014 \$000	Forecast 2014 \$000	Budget 2014 \$000
Rates Income	61,607	61,408	199	247,884	247,884
Other Income	880	793	87	13,070	13,070
Lease Income	8,455	8,172	283	32,912	32,912
Interest Income	0	2	(2)	10	10
Income from Activities	26,522	31,298	(4,776)	124,271	125,487
Development Contributions	513	1,250	(737)	5,000	5,000
Total Income	97,977	102,924	(4,946)	423,147	424,363
Personnel Expenditure	22,808	22,389	(419)	89,355	88,412
General Expenses	49,069	51,709	2,640	180,721	186,213
Financing Expenditure	5,121	5,491	370	21,924	21,964
Depreciation & Loss/Gain on Sale	22,852	22,997	145	95,204	92,108
Total Expenditure	99,850	102,587	2,736	387,204	388,697
Net Operating Surplus/(Deficit)*	(1,873)	338	(2,210)	35,943	35,666

Note: *The majority of the Full Year Budget Net Operating Surplus is due to funding received from the Crown to fund capital expenditure projects. External funding for capital expenditure is recorded in financial statements as income but the capital expenditure is not.

The year-to-date net operating deficit of \$1.873m is \$2.210m worse than the budgeted surplus of \$0.338m. This unfavourable variance is attributable to a combination of factors as outlined below.

Income

Year-to-date total income is under budget by \$4.946m:

- Lease income is ahead of budget by \$0.283m due to increased Housing rental income (higher occupancy rates and reduced void times).
- Income from Activities is \$4.776m under budget due to: Lower New Zealand Transport Agency funding because of delays in the planned capital roading programme (\$1.843m); lower funding for the Housing Upgrade Programme due to delays (\$1.427m); and shortfalls in our income from parking enforcement, building compliance and user fees and charges.
- Development Contributions are \$0.737m less than budgeted, due to timing differences.

Expenditure

Year-to-date total expenditure is under budget by \$2.736 million:

- Personnel Expenditure is \$0.419m over budget due to timing differences in budgeted expenditure.
- General Expenses are under budget by \$2.640m largely due to timing differences in our programme expenditure budget of \$186.2m.
- Financing Expenditure is under budget by \$0.370m due to lower levels of borrowings and delays in the capital programme.
- Depreciation is also under budget by \$0.145m due to lower capital expenditure in 2012/13 than budgeted.

NET OPERATING EXPENDITURE

Net Operating Expenditure	YTD			Full Year	
by Strategy Area	Actual 2014 \$000	Budget 2014 \$000	Variance 2014 \$000	Forecast 2014 \$000	Budget 2014 \$000
Governance	3,922	4,427	505	16,345	16,584
Environment	32,070	33,771	1,701	127,454	129,542
Economic Development	5,976	6,125	149	19,314	18,894
Cultural Wellbeing	5,743	6,509	766	16,339	16,349
Social and Recreation	10,717	9,582	(1,136)	32,897	32,664
Urban Development	4,395	3,855	(540)	16,093	16,163
Transport	4,912	5,489	577	22,333	21,419
Total Strategy Area	67,736	69,759	2,022	250,775	251,615
Council	(65,864)	(70,096)	(4,233)	(286,718)	(287,281)
Total	1,873	(338)	(2,210)	(35,943)	(35,666)

CAPITAL EXPENDITURE APPENDIX 1

Capital Expenditure by		YTD			Full Year	
Strategy Area	Actual 2014 \$000	Budget 2014 \$000	Variance 2014 \$000	Forecast 2014 \$000	Budget 2014 \$000	
Governance	4	0	(4)	110	110	
Environment	4,417	5,732	1,315	34,420	34,420	
Economic Development	1,382	1,592	210	4,295	4,295	
Cultural Wellbeing	0	6	6	26	26	
Social and Recreation	7,982	11,591	3,609	49,268	51,768	
Urban Development	5,901	6,982	1,081	29,183	28,983	
Transport	2,915	5,266	2,351	32,808	33,391	
Total Strategy Area	22,600	31,169	8,569	150,110	152,994	
Council	3,717	6,749	3,032	19,468	19,468	
Total	26,317	37,918	11,601	169,578	172,462	

STATEMENT OF BORROWINGS

Total committed borrowing facilities as at the end of September are \$450m, providing headroom of \$124.5m. Our liquidity ratio is at 119% compared to the policy minimum of 110%.

	YTD 30 Sep 2013 \$000	30 June 2013 \$000
Facilities at start of year	429,000	411,000
New/matured facilities (net)	21,000	18,000
Facilities at end of period	450,000	429,000
Borrowings at start of year	341,000	337,760
Change in core borrowing + (-)	8,585	3,240
Repayment of loans + (-)		
Change in working capital requirement + (-)	(24,085)	-
Net borrowings at end of period	325,500	341,000
Plus unutilised facilities	124,500	88,000
Total borrowing facilities available	450,000	429,000

Note: 'Borrowing facilities' excludes \$5m of uncommitted funding lines. Facilities do not include short term commercial paper or deposits

TREASURY POLICY COMPLIANCE

At 30 September 2013, all of the core policy compliance requirements were achieved as shown as below

Prudential Treasury Limits

Prudential limits	Policy limit (%)	Actual (%)	Compliance
Borrowings as a % of equity	<10	5.0	Yes
Borrowings as a % of income	<150	76.7	Yes
Net interest as a % of annual rates income	<20	8.4	Yes

Notes: Equity is based on the 2013/14 annual plan. Net interest is actual. Annual Rates and Income are based on 2013/14 annual plan.

Interest rate risk control limits (interest rate exposure)	Policy limit (%)	Actual (%)	Compliance
Fixed interest proportion	50-95	84	Yes
Broken down: 0-3 year bucket	20-60	20	Yes
Broken down: 3-5 year bucket	20-60	28	Yes
Broken down: 5–10 year bucket	20-60	52	Yes

Liquidity/funding risk (access to funds)	Policy limit (%)	Actual (%)	Compliance
Liquidity/funding risk (access to funds)	>110	119	Yes
Broken down: 0-3 year bucket	20-60	60	Yes
Broken down: 3-5 year bucket	20-60	20	Yes
Broken down: 5–10 year bucket	15-60	20	Yes

Note: 'Liquidity' is defined as: Current borrowings + committed loan facilities divided by 12 month peak borrowings (for the purposes of measuring liquidity short dated Commercial Paper is excluded).

KEY PROGRAMMES	Q1 (1 July–30 Sept 2013)	Q2 (1 October–31 Dec 2013)	Q3 (1 Jan-31 March 2014)	Q4 (1 April–30 June 2014)
URBAN DEVELOPMENT	Memorial Park – tunnel construction underway (expected to be completed in Dec 2014) Greening of Taranaki St – feasibility studies/concept design		Memorial Park – tunnel construction underway	
Foster a compact, vibrant, attractive and safe city that is easy to navigate		nct – concept design	Parliamentary precinct – detailed design	Parliamentary precinct – construction begins
is easy to navigate	Lombard Lane – project initiated		Lombard Lane – concept design	
	Opera House Lane in construction		ne construction completed	
EARTHQUAKE RESILIENCE Help make the city safer	Earthquake Strengthening Programme – Civic Square P	ortico Closed, preparation for deconstruction commences Town Hall closed for strengthening – contract for strengthening will be signed		construction strengthening work underway
and more resilient in a major earthquake event		Tawa Library strengthening completed	Thistle Hall strengthening completed (the Hall will be closed during this quarter)	
GOVERNANCE	Election project	Election project completed		
Engage and maintain people's confidence in decision-making		Draft 2014/15 Annual Plan finalised	Draft 2014/15 Annual Plan consultation	2014/15 Annual Plan adopted
ECONOMIC DEVELOPMENT Contribute to the city's economic	Destination Wellington: Developed targeted promotional materials to attract overseas businesses and students to Wellington Attended key industry events (e.g. World Education Expo in Hanoi) to increase awareness of Wellington as an educational destination and Wellington's share of international students	Develop a talent attraction strategy for Wellington Run in-market screen attra In partnership with the Dominion Post, roll-out a series of one-page ads to promote 'smart business' in Wellington	Digital portal to attract business, investment, skilled migrants, and students to Wellington will go live	Further features of the digital portal rolled out
wellbeing and prosperity	A grant (\$33,000) was awarded to Enterprise Miramar Peninsula to establish a Business Improvement District (BID) in Miramar Events –	Diwali Festival – 27 Oct	Summer City programme including Pasifika Festival (18 Jan) & Waitangi Day (6 Feb)	ANZAC Day – 25 Apr
	Bledisloe Cup: All Blacks vs Australia – 24 Aug WOW Awards: 26 Sept to 6 Oct	Sky Show – 9 Nov FIFA World Cup Qualifier – 20 Nov Capital Christmas – 15 Dec	NZ Festival – 21 Feb to 16 Mar Wellington 7s – 7 to 8 Feb	AFL Game – 25 Apr
			Overseas Passenger Terminal – Wharf, Seawall and Fender work	Overseas Passenger Terminal –undertake public space work including wharf upgrades, public toilet facilities and work on the seawall
				Waitangi precinct – undertake feasibility work for a proposed transition site
WELLINGTON WATERFRONT Enhance enjoyment of the city and contribute to our 'sense of place'	Shed 6 – completion of temporary venue		Frank Kitts Park playground – public input sought on the design	Frank Kitts Park playground – resource consent secured
	Queens Wharf – completion of wharf strengthening			Queens wharf – begin work to investigate feasibility of activities for this area (the activities are yet to be determined)
			Taranaki St Wharf – dive platform issues resolved	
		Report / briefing on North Kumutoto proposal	Public consultation on North Kumutoto proposal	

	Q1 (1 July–30 Sept 2013)	Q2 (1 October–31 Dec 2013)	Q3 (1 Jan–31 March 2014)	Q4 (1 April–30 June APPEN
	Arlington – Councillors reviewed indicative business case, and gave approval to proceed		Arlington – detailed Business Case to Councillors for approval	Arlington – tender for consultation
HOUSING UPGRADE PROJECT	Marshall Court – Resource Consent enabling works	Marshall Court – main construction contract starts 23 October ¹	Marshal	III Court – construction
Provide affordable housing to those in need	Kotuku – Preliminary Design approved	Kotuku – initial design to be completed by December 2013	Kotuku – detailed design to be complete by March 2014	Kotuku – tender main construction
		Berkeley Dallard and Etona construction		Berkeley Dallard and Etona construction – complete August 2014
	Alex Moore Park – resource consent gained, detailed design completed and contracts finalised	Tender let and construction commenced	Construction completed	
SOCIAL & RECREATION	Grasslees Reserve Upgrade – resource consent gained and detailed design completed	Tender let	Construction commenced	Construction completed
PROJECTS Encourage and enable people	Clyde Quay Public Space Improvements – pricing and contractor confirmed. MOU in development	Work programme underway	MOU to be agreed. Results and reports from studies received	
of all ages to engage to live active, healthy lifestyles	Couch Grass Trial – Evans Bay Park confirmed as location. Pricing and contractor confirmed	Work to start – early Nov	Field back in use	
		Keith Spry Pool – new pools under construction		Existing facilities close for further construction work. New complex opening Feb 2015
	Our Capital Spaces – framework approved by Council on 28 Aug		Components funded as part of the 2014/15 draft and	nual plan
	Our Living City – To	wo million trees – first planting in August on the Town E	elt at Te Ahumairangi Hill	Two million trees – finalise our funding partners for 2014/15
NATURAL ENVIRONMENT	Our Living City – Water Sensitive Urban Design (WSUD) – consultation began on the draft guide	Finalise WSUD guide and investigate options in Taranaki and Newtown catchments	Our Living City website – public launch	
Promote a culture that values the environment and encourages	Smart Energy Capital:	Complete installation of a 5kW solar PV array on the Karori Recreation Centre		Smart Energy Capital – outline investment into the 2014/15 Smart Energy Capital
sustainable behaviour	Agreed Schoolgen partnership with Genesis Energy	Warrant of Fitness (WoF) – deliver a vol	untary rental housing WoF field test in Wellington	
	Extended investment in Warm Up New Zealand – Healthy Homes programme from \$40k to \$100k	Final report on the greenhou and Greenhouse gas pi	se gas emissions inventory produced, ojections for 2020 developed	
		Climate Change Action Plan published		
	Seismic strength	ening work is being undertaken on the Maldive, Maupui	a and Linden Reservoirs	Due for completion June 2014
WATER Ensure Wellingtonians have	Firefighting water main upgrades were completed for 2013/14	Emergency water tanks to be installed in Miramar, Newtown and Brooklyn		
access to high-quality water		Upper Hutt & Porirua City Councils join Wellington & Hutt City Councils as shareholders of Capacity Infrastructure Services Ltd		
	Public Transport Spine Study – public consultation on report and associated documentation closed on 30 Sept	Subcommittee undertakes hearings on 26 Nov and 2 Dec then reports to Regional Transport Committee on 19 Dec	Partners determine positions on hearings subcommittee recommendations for Regiona Transport Committee meeting in February	al
TRANSPORT	State Highway Projects – Council Submission on Basin Bridge project to 'support in part' and 'grant with conditions'	Review Basin Bridge submissions and finalise 'expert' evidence in support of Council submission	Expert evidence delivered to Basin Bridge Board of Inquiry	Engage with NZTA on detailed mitigation design
Enable people and goods to	Cycling – Tawa Shared I	Pathway under construction	Tawa Shared Pathway completed	
move through the city safely and efficiently		Councillor workshop on cycling priorities	Island Bay to CBD options consultation with communities	Design construction Phase 1 of Island Bay to John Street
	Hataitai Bus Tunnel – Seismic risk assessment	Evaluation of assessment completed	Design and tender co	ompleted for strengthening options
	Johnsonville Roading Improvements – submitted joint funding application (WCC & NZTA's Highways Network Operations Group) to NZTA's Planning and Investment Group. Total cost of project \$10.1M with funding assistance sought at 54%	NZTA approval notified subject to some matters of detail to be completed. Start design work	Concept design and design report completed. Detailed scheme design and associated tasks progressed	Detail design completed and approved. Specification and tender documents under preparation