



CITY OF GOTHENBURG  
ANNUAL REPORT



2011



# The Chairman of the City Executive Board summarises 2011

One important premise for us, with regard to taking responsibility for a city and its development, is to understand the importance of being able to see several perspectives at the same time. Governing Gothenburg may mean developing industry and commerce and promoting job creation, while at the same time working to improve the availability of organic and locally produced school food for our children. Maintaining Gothenburg's position as a leading major events city and at the same time implementing the Western Sweden infrastructure package. Or building more pre-school places and at the same time making the decisions required to strengthen openness and the City's internal control. It is a matter of carrying out what is important for Gothenburg and its inhabitants today, but at the same time ensuring that it is sustainable for the future.

## **The whole city perspective**

Our motto is that the organisation of the City of Gothenburg is characterised by a "whole city" perspective. Gothenburg is one city, a city that is given prospects of sticking together and working together for sustainable development. Several decisions and activities in 2011 have a particular quality of this "whole city" perspective. Among other things, the city began work during the year with a focus on the city's 400th anniversary, which takes place in 2021. An organisation has been prepared with the task of forming a plan for the jubilee and the approach to it. This process has involved people with various competences, from widely differing parts of the City of Gothenburg and the Gothenburg community, who have all actively taken part in the creation of ideas. We think that this method of working may be a model for the future.

## **Stable economy despite financial unrest**

Despite a financially unsettled outside world, characterised by major elements of anxiety and uncertainty, Gothenburg managed to retain a good economic situation in 2011. It is a matter of following the financial fluctuations and forecasts to an ever greater extent and alongside this having the ability to maintain stability when faced with the financial decisions required. We can see that the major reorganisation effected in the district committees in 2010 has required resources, but we think that the organisation will be in tune during 2012.

As a consequence of the strong international focus of Gothenburg's industry and commerce, we were hit harder by the financial crisis than the rest of the country, though the recovery was then stronger in Gothenburg, until last summer when the market situation levelled off. Total unemployment of over nine per cent is still somewhat higher than for the whole country. However, youth unemployment in Gothenburg is only three quarters of the national average. Our purposeful initiatives in the

visitors and events business have contributed to making the labour market for young people a little stronger here than in other places.

## **Cooperation over borders**

We know that cities that have the ability to develop good cross-border collaboration between the public sector, industry and commerce, academic and association activities, are capable of much more with regard to the development of a city. In 2011 the city continued working by the triple helix model, supporting and promoting the collaboration that exists in the city and the region. Some examples from 2011 are the city's participation in Mistra Urban Futures and the city's various Science Parks.

A further example of cooperation is what the city does together with trade unions and educational organisers to ensure community care training is of the highest quality and that the employers get personnel with the right competence. This cooperation resulted in Gothenburg being the first major city to be certified for a Community Care College in June 2011.

## **A growing city**

The city is growing and we have now passed 520,000 inhabitants. More and more families with children choose to stay on, even in the central parts of the city. This places great demands on housebuilding. A total of about 2,800 dwellings were being built in Gothenburg at the end of 2011. There is some uncertainty as to whether the currently uncertain market situation and financial anxiety will affect the desire to build in the time ahead. The number of dwellings completed in 2011 totals 1,702, slightly lower than the defined goal. It may be worth mentioning in this context that in 2011 the city composed a common building process, with tools and a common document database as a support for companies and departments. The purpose is for the building processes in the city to occur



**Reflections on the past year.** The Chairman of the City Executive Board, Anneli Hulthén, looks back on 2011.

Photo: Peter Svenson

in a unified and similar manner.

At the beginning of June 2011 the world came to Gothenburg to see, feel and be there to influence how we want to build, plan and develop the city's central parts for the future. The Central River City project then held a large international workshop with representatives from Europe and the USA.

### **The child perspective to prevail**

The child perspective is the perspective that permeates all decisions taken in the city and during the past year work on the child perspective has been further developed, particularly with regard to urban development. The number of children in pre-school is growing and in 2011 about 1,500 places were completed and the forecast for 2012 is a further 1,500 places. This development requires the city to be able to implement a smooth conversion of premises and utilisation of resources.

In 2011 we took the first step to prepare a social investment fund for Gothenburg and also formed a council for integration and social solidarity. It will be very exciting to see the results of these initiatives. Work on Gothenburg's new City Library has progressed and in Södra Hamngatan the library opened its first branch in 2011 in conjunction with the major reconstruction. A very popular place for the city's younger inhabitants to visit is the Plikta playground. In 2011 the city repaired, extended

and transformed Plikta into Gothenburg's first excursion playground, capable of attracting both old and young for play, motion and meetings.

### **Adapt the organisation to the goals**

One important condition to enable development of the city for the future is to revise its organisation and design it to suit the goals we strive towards. In 2011 the city therefore started a review of the municipal companies for the purpose of evaluating which municipal activities are suitable to run in company form or departmental. Also included in the assignment is to take into consideration new Swedish legislation and future EU directives.

In 2011 the city also worked intensively to implement an action plan to strengthen internal control and openness in the City of Gothenburg. There should be no doubts about the City's ethical rules and attitudes to work and assignments and the ability to handle tax revenue.

Anneli Hulthén (Soc. Dem.), Chairman  
Gothenburg City Executive Board

# How to read the City of Gothenburg Annual Report

The City of Gothenburg Annual Report is submitted by the City Executive Board to the City Council. It is also intended for external stakeholders in the form of lenders, suppliers and other public authorities. The Annual Report is produced by the City Management Office for the City Executive Board.

By way of introduction in the Annual Report, the Chairman of the City Executive Board, Anneli Hulthén, makes summarising comments on the past year. The City's organisation and the members of the City Executive Board are also shown. The City of Gothenburg Annual Report is then divided into four major blocks:

## **BLOCK 1**

### **Administration Report**

The first block contains the Administration Report, which according to the Municipal Accounting Act is to be included in the Annual Report. It comprises a summary of the Annual Report with a focus on essential parts of the City's economy and activities. The City of Gothenburg Administration Report opens with a strategic analysis and a summarised financial analysis of the City and the combined accounts. A follow-up of the City Council's prioritised goals is also presented. A personnel economy report is also made in the Administration Report. In conclusion, an assessment of the future is made, illustrating the opportunities and risks of the City of Gothenburg on the basis of known conditions.

## **BLOCK 3**

### **Municipal City of Gothenburg – financial analysis and accounts**

The block opens with an in-depth financial analysis of the City's accounts. By the municipal City of Gothenburg is meant the committees and the financial administration. Then in the "financial positions" section an analysis is made of the City of Gothenburg's major financial commitments in the form of borrowing, among other things. The City's financial profile is then summarised. The section is followed by the City's financial statements, notes and accounting principles. Finally, the block gives a brief description of the financial results of the district committees and other committees, followed by the City's operational and investment accounts.

## **BLOCK 2**

### **Activities of the City of Gothenburg**

In this block parts of the activities conducted by the City of Gothenburg committees and companies in 2009 are shown. The block is divided into the following areas of activity: education, individual and family care, people with functional impairment, elderly care and home medical care, urban development, climate and the environment, public health, culture and leisure, diversity and integration, equal opportunity and finally, organisation development and exercise of public authority. In each area, important events and trends are described from different perspectives. Each area concludes with a brief assessment of the future.

## **BLOCK 4**

### **Combined accounts – financial analysis and accounts**

Group accounts are called combined accounts in the municipal sector. First in this block is shown a financial analysis of the combined accounts. This is followed by financial statements and notes. After this a summary is made of a number of earnings and investment analyses of some of the larger Groups and companies in the City of Gothenburg. Finally, all the larger Groups and companies are shown in tabular form, where earnings, total assets and various key ratios are presented for each individual Group or company.

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# Organisation of the City of Gothenburg

CITY COUNCIL

CITY EXECUTIVE  
BOARDDELEGATIONS  
CITY OFFICE

## COMMITTEES

### DISTRICT COMMITTEES

Pre-school, compulsory school, social services, community care, local cultural affairs and leisure

### PUBLIC WORKS

Eco-cycle Committee, Gothenburg Water

### EDUCATION

Education Committee, Adult Education Committee

### TRAFFIC

Special Transport Committee, Road Traffic Committee

### CULTURE

Cultural Affairs Committee

### ENVIRONMENT

Environmental Committee

### LEISURE

Sports and Associations Committee, Parks and Landscape Committee, Keiller's Park Board

### OTHER COMMITTEES

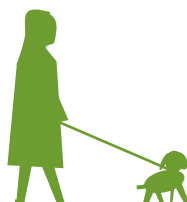
Archives Committee, Consumer Committee, Committee for Intraservice, Chief Guardians' Committee, Social Welfare Resource Committee

### LAND AND HOUSING

Planning and Building Committee, Property Management Committee, Supply of Premises Committee, Premises Office, Committee for MedicHus

### JOINT STATUTORY AUTHORITIES

Greater Gothenburg Rescue Services, Stretered





**CITY COUNCIL**

**NOMINATIONS COMMITTEE**

**CITY AUDITORS' OFFICE**

**ELECTORAL COMMITTEE**

**COMPANIES**

**PROPERTIES AND  
HOUSING**

Förvaltnings AB Framtiden,  
Hantverks- och Industrihus  
i Göteborg AB, HIGAB,  
Älvstranden Utveckling AB,  
Boplatz Göteborg AB

**PUBLIC WORKS**

Göteborg Energi AB,  
Renova AB,  
Gryaab AB

**CULTURE**

Göteborgs Stadsteater AB

**TRAFFIC**

Göteborgs Gatu AB,  
Göteborgs Spårvägar AB

**OTHER COMPANIES**

Göteborgs Kommunala  
Förvaltnings AB,  
Försäkrings AB  
Göta Lejon,  
Kommunleasing  
i Göteborg AB,  
Göteborgs Stads  
Upphandlings AB

**LEISURE**

Liseberg AB,  
Got Event AB,  
Göteborgsregionens  
Fritidshamnar AB, GREFAB

**INDUSTRY AND  
COMMERCE**

Port of Gothenburg AB,  
Gothenburg & Co,  
Kommuntressent AB,  
BRG, Business Region  
Gothenburg AB



# City Executive Board



Anneli Hulthén  
(Soc. Dem.),  
Chairman



Jonas Ransgård  
(Mod.),  
Vice-Chairman



Owe Nilsson  
(Soc. Dem.)  
City Councillor



Kristina Tharing  
(Mod.)  
City Councillor



Kia Andreasson  
(Green)  
City Councillor



Maria Rydén  
(Mod.)  
City Councillor



Dario Espiga  
(Soc. Dem.)  
City Councillor



Mats Pilhem  
(Left)  
City Councillor



Helene Odenjung  
(Lib.)  
City Councillor



Marina Johansson  
(Soc. Dem.)  
City Councillor



Martin Wannholt  
(Mod.)  
City Councillor



Thomas Martinsson  
(Green)  
City Councillor



David Lega  
(Chr. Dem.)  
City Councillor



Mats Arnsmar  
(Soc. Dem.)  
Deputy City Councillor



Hampus Magnusson  
(Mod.)  
Deputy City Councillor



Anna Johansson  
(Soc. Dem.)  
Deputy City Councillor



Ann Catrine Fogelgren  
(Lib.)  
Deputy City Councillor



Robert Hammarstrand  
(Soc. Dem.)  
Deputy City Councillor





# 1

## ADMINISTRATION REPORT



According to Chapter 4 of the Municipal Accounting Act, the City should prepare an Administration Report for the Annual Report. It should be a summary of the Annual Report, with a focus on essential parts of the City's economy and activities.



## ADMINISTRATION REPORT

### 11 Strategic analysis

The purpose of this section is to describe community developments in Gothenburg and the region from an outside world perspective.

### 14 Summarising financial analysis

The summarising financial analysis emphasises the most important financial trends, in the City, some larger individual companies and the combined accounts (the Group).

### 16 Follow-up of prioritised goals 2011

An important part of the government of the City of Gothenburg consists of the 19 prioritised goals that the City Council has specified in the budget. A follow-up of these goals is presented here.

### 19 Personnel

The Administration Report should describe "essential personnel conditions". This section focuses on City staff from a number of aspects.

### 22 Assessment of the future

In this section expectations of the future are reported and discussed, on the basis of concrete, known conditions.





# Strategic analysis

The year 2011 started with strong growth and a strong belief in the future of the economy, but developments were curbed by renewed international financial anxiety, despite which growth and employment rose during the year. The population of Gothenburg grew, their health improved and the greater environmental impact that usually follows increased growth seems fortunately enough to be to some extent absent.

## The national debt crisis curbed the recovery from the financial crisis

Recovery after the financial crisis of 2008-2009 began cautiously at the end of 2009 and accelerated during 2010, when Sweden experienced a record strong trend in growth. At the start of 2011 the recovery weakened somewhat, both globally and in Sweden. The National Institute of Economic Research (NIER) economic tendency survey, which summarises the mood of the Swedish economy, reached a peak in February and during the whole spring lay considerably over the historical average, which meant continued strong growth and a strong belief in the future of the economy.

During the summer the recovery rapidly lost headway, owing to the financial turbulence caused by the southern European debt crisis, political and financial crisis for the euro and a budget row in the USA. Falling stock markets and rising uncertainty about continued developments curbed both global trade and domestic demand. However, there was further growth in the Swedish GDP even during the late summer, due mainly to strong exports of industrial goods to the growth economies that were not affected to the same extent as the OECD area. During the autumn the NIER economic tendency survey fell and in December it lay clearly under the average, which means that Swedish growth was weaker than normal.

## The Gothenburg region coped relatively well

The market situation in the Gothenburg region was strong in the spring, +29 on a scale from -100 to +100 in the Västra Götaland Region's business index. The companies then assessed future prospects as good and the forecast for the autumn was that the index would rise further, to a level corresponding to a boom. Instead, the summer's renewed anxieties in the outside world curbed the market trend and the business index stood at +1 during the autumn, which indicates a normal market situation. The index retreated for all sectors during the year, but building activities and commissioned work still have a good market and it is only the food and retail sectors that that expect redundancies during the spring of 2012.

Industry in the Gothenburg is very export oriented and reduced international demand had clear effects during 2011 and may be expected to have greater effect during 2012. Exports to the worst hit euro countries are, however, relatively low and higher to the growth economies, so the Gothenburg region got off comparatively lightly.

In the Västra Götaland Region's forecast for the spring of 2012, the index is expected to fall just under zero, in other words more companies expect a poor market situation than those expecting a good one.

### Business Index

	Spring	Autumn	Spring	Autumn
	10	10	11	11
Gothenburg region	+3	+19	+29	+1
Manufacturing industry	-8	+15	+22	-10
Vehicle industry	-46	+18	+30	-11
Building sector	-11	+15	+40	+21

Source: Västra Götaland Region

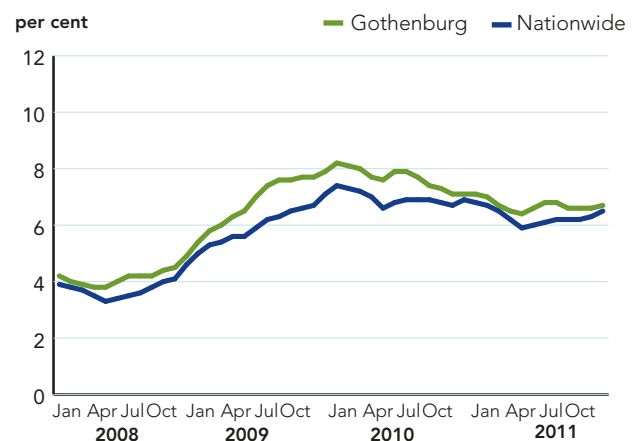
## The recovery of the labour market continued

The Gothenburg region and the Stockholm region have been the motors in the rise in employment in the country during the economic recovery of recent years.

In 2011 employment continued to rise and unemployment to fall, but at an ever slower rate, owing to the deterioration in the market during the autumn. The number of unemployed and those in labour market policy programmes declined by 1,200 people in Gothenburg to 23,600 in 2011, compared with a reduction of 2,500 people in 2010.

Expected further deterioration in the market situation during the start of 2012 will probably lead to unemployment again rising in the year to come.

### Unemployment in Gothenburg and nationwide Jan 2008–Dec 2011



Source: Employment Exchange

### Shortage of competence despite reduced demand for labour

During the strong recovery in 2010 and the spring of 2011 recruiting problems for companies grew in the county with regard to labour with high competence.

Despite the fall in demand for labour in the autumn of 2011, these recruiting problems continued to increase. There is primarily a shortage of graduate engineers, software and systems developers and similar key competences in industrial and building activities, among others.

Every year, Gothenburg's local labour market gets additional highly educated labour because more people with a university education move in than out. This is a condition for maintaining and strengthening regional competitiveness. In the light of the companies' recruiting problems, it is ominous that this addition has declined sharply during the 2000s, from about 1,000 people a year during the first half to under 100 in 2010. There were even more people with at least a three-year technical university education moving out than moving in during 2009 and 2010.

### Many moving in to Gothenburg...

In 2011 the generation change on the Swedish labour market reached its peak; the largest age group of those born in the 40s reached 65 years of age and the largest age group of the baby boom of the 90s reached 21 years of age. The generation change means that Sweden, in parallel with an aging population, is paradoxically enough also experiencing rejuvenation of the labour force. Some imbalances will arise on the labour market, especially in the health care sector and in schools and childcare, where those born in the 40s are overrepresented.

In Gothenburg, just as in other university and large towns, the effects of the generation change and the aging population will be less marked because of the great replenishment of young adults through migration. In 2011 the city's migration exchange with the rest of the country resulted in the largest addition since 2001.

### ...but fewer births

The number of births has risen each year during the 2000s, in Gothenburg and in Sweden, which to a large extent is due to a resumption of childbearing that was postponed during the 90s, when the proportion of women studying at university rose sharply. In 2011 this trend was broken, as the number of children born fell slightly and we have probably now "caught up" and will see declining childbirth in 2012 as well.

The increased addition through migration offset the reduced number of children born and the rise in population in 2011 of 6,600 people was slightly higher than in 2010. At the end of 2011 there were over 520,000 people in Gothenburg.

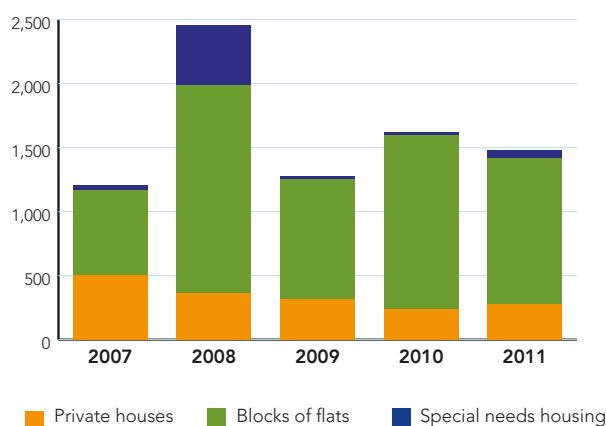
### More housebuilding – mainly tenant-owner

In 2011, 1,700 dwellings were completed in Gothenburg, of which 1,500 through new building. The distribution of housing between private houses and flats was about the same in new buildings as in the city's housing stock (ap-

proximately 20 % private houses and 80 % flats). Of the new flats, 60 per cent were tenant-owner, compared with 30 per cent in the existing housing stock. The number of dwellings completed was slightly lower than in 2010, which to a large extent is due to considerably fewer buildings being started during the crisis years of 2008-2009. In 2011, 2,300 dwellings were started, which is more than in 2010 and almost double that of 2009.

The need for flats is still great – during the year the number of people registered at Boplat Göteborg rose by almost 20,000 to 126,000. Of these, 50,000 people lacked a contract of their own.

Completed dwellings 2007–2011



Special housing covers student housing, elderly accommodation and special needs housing. Source: Property Management Office

### Some increase in traffic but with less environmental impact

A greater number of journeys is the reverse side of the population rise and rise in employment. The rise in traffic was, however, relatively small in 2011, the number of journeys by car rose marginally while the number of journeys by public transport rose by 10 per cent. In Gothenburg the proportion of public transport is 31 per cent of all journeys during weekdays. Journeys by car account for 47 per cent, by bike for 9 per cent and on foot for 14 per cent. Travel by car still dominates, but the proportion of environmental cars rises every year. At the end of 2011 the proportion of private cars classed as environmental was over 18 per cent in Gothenburg. Among newly registered cars, the proportion was 43 per cent. Corresponding figures for the whole country were 11 and 38 per cent respectively. In all, the environmental impact of Gothenburg traffic declined slightly in 2011, owing to the effect of energy efficient vehicles being greater than the effect of the rise in traffic.

### The amount of waste declines despite increased consumption

The amount of household waste has for a long time followed the market situation, when consumption rises the amount of waste rises. During the recession



of 2008/2009, household consumption fell and with it the amount of mixed waste/residual waste. In 2010 and 2011 consumption rose again, while the amount of waste continued to fall. This may be a gratifying break of the trend in the connection between growth and the amount of waste.

### **Good health, but unevenly spread**

The Västra Götaland Region orders every fourth year a larger sample of the annual national questionnaire survey Health on Equal Terms, which means that the results can be broken down to a municipal and district level. According to this survey, 73 per cent of the people of Gothenburg felt in 2011 that they had good or very good health, a rise of over 3 percentage points compared with 2007. The women regard their health as slightly poorer than the men, but they have grown closer during the period. The central districts of Gothenburg lay at the top among the

Västra Götaland Region municipalities, while Angered lay at the bottom.

There is a strong connection between socio-economic status and state of health. People born abroad and people with limited education have on average poorer self-estimated health and higher values for more or less all risk factors. In north-eastern Gothenburg there was the highest proportion of self-estimated bad health, mental trouble, daily smoking and sedentary spare time. A relatively higher proportion had also refrained from seeking care despite the need.

One risk factor that flouts the socio-economic proportion is the proportion that has risky alcohol habits, where the Centrum and Majorna-Linné districts were by far the highest in the Västra Götaland Region. Approximately every fourth respondent of 16-84 years of age here had risky alcohol habits, double the proportion in the region as a whole.



**Feel well.** A large number of the people of Gothenburg, 73 per cent, feel they are in good or very good health.



# Summarising financial analysis

The City of Gothenburg reported positive earnings of 411 MSEK in 2011. Included in the earnings are non-recurrent costs affecting comparability of 786 MSEK, the greater part of which are attributable to infrastructure ventures.

If the non-recurrent items of 786 MSEK are excluded, earnings totalled 1,197 MSEK. The same measure of earnings in 2010 was 1,479 MSEK. This meant that current operating earnings for the City weakened by 282 MSEK between 2010 and 2011. The explanation was mainly that committee costs rose faster than the City's tax revenue.

The year's investments came to 1,438 MSEK, an increase of 78 MSEK compared with 2010. The degree of self-financing of the investments was 82 per cent. This meant that most of the investments during the year could be financed by tax revenue. The remaining 18 per cent was financed to a large extent by sales income from developments. The City's equity-assets ratio was unchanged at 19% for the third year running.

The City of Gothenburg Group reported earnings of 752 MSEK. The equity-assets ratio remained at 26 per cent.

The financial analysis reported on the following two pages should be seen as a summary of the financial development and position of the City and the City of Gothenburg Group (combined accounts). More in-depth analyses are found in block three and four further on in the Annual Report.

## THE CITY OF GOTHENBURG

### Trend in taxes and net costs

Tax revenue rose in 2011 by 3.6 per cent. Compared with 2010 this was a weakening by 2.5 percentage points, which is mainly explained by the temporary business cycle support allocated to the municipalities in 2010 no longer remaining in 2011.

The City's net cost of activities rose from historically low 0.6 per cent in 2010 to 5.2 per cent in 2011. After having curbed the trend in costs sharply in 2009 and the first half of 2010, the trend turned during the autumn of 2010. Since then the trend in costs and the trend in personnel volume have risen and resulted in a considerable rise in net costs in 2011. The explanation for this is that the City is in a planned expansion phase.

### Good financial earnings for the City

The City's earnings amounted to 411 MSEK in 2011, which compared with 2010 was an improvement of 182 MSEK.

However, included in the earnings for 2010 and 2011 were large non-recurrent costs affecting comparability totalling almost two billion for co-financing of infrastructure costs, mostly in the Western Sweden package.

If these non-recurrent costs are excluded, earnings

in 2010 totalled 1,479 MSEK and in 2011 were 1,197 MSEK. This meant that current operating earnings for the City, excluding non-recurrent items affecting comparability, weakened by 282 MSEK between 2010 and 2011. The most important explanation for this was that the cost of activities rose for the first time in several years faster than the City's tax revenue.

If the year's earnings are related to tax revenue, the City reported earnings in 2011 of 1.7 per cent. If the non-recurrent items affecting comparability of 786 MSEK are excluded, the same key figure is 5.0 per cent.

In general, a result between 2 and 3 per cent is usually regarded as good financial management, since such a result gives scope for financing the greater part of a normal municipal investment volume by taxes over a longer period. Gothenburg has shown an average for the past five years of 2.3 per cent. If items affecting comparability are excluded, the figure is 4.1 per cent. This means that the City may be considered to have met the requirements made by the Local Government Act for good financial management.

### City of Gothenburg in figures

MSEK	2009	2010	2011
Gross costs*	28,224	29,848	30,513
Total assets	38,350	38,984	39,967
Net earnings for the year	552	229	411
Net earnings for the year, not including items affecting comparability	279	1,479	1,197
Volume of investments	1,444	1,360	1,438

\* This includes all costs except financial expenses.



### Investments totalled 1.4 billion SEK

The total volume of investments by the City of Gothenburg in 2011 was 1,438 MSEK, a somewhat higher volume compared with 2010. In relation to the City's gross costs, the City invested 5 per cent in 2011, which is an average volume in relation to the country as a whole. The degree of self-financing in 2011 came to 82 per cent. This meant that of an investment volume of 1,438 MSEK, 1,179 MSEK could be financed by tax revenue. The remaining 259 MSEK was largely financed by sales receipts from developments. Consequently, this means that the City's long-term manoeuvrability remained unchanged in 2011.

### City of Gothenburg / key financial ratios

per cent	2009	2010	2011
<b>Earnings and capacity</b>			
Net earnings for the year / tax revenue	2.5 %	1.0 %	1.7 %
Net earnings for the year excl. items affecting comparability / tax revenue	1.3 %	6.4 %	5.0 %
Degree of self-financing of investments	88 %	73 %	82 %
Equity-assets ratio	19 %	19 %	19 %
<b>Risk and control</b>			
Acid-test ratio	93 %	109 %	129 %
Net financial assets (MSEK)	-4,658	-3,533	-3,173
Balance requirement result (MSEK)	211	94	252
Municipal tax rate (SEK)	21.30	21.55	21.55

### Unchanged equity-assets ratio

The City's equity-assets ratio remained unchanged between 2010 and 2011, at 19 per cent for both years. For the third year running the City's equity-assets ratio remained unchanged.

The City of Gothenburg's equity-assets ratio is, however, affected to some extent by the City's re-lending to cover the companies' borrowing needs. If re-lending is excluded from the Balance Sheet, the equity-assets ratio was 41 per cent in 2011, the same as in 2010. It is this equity-assets ratio that should be used when comparing with most other municipalities in Sweden. The average here in Sweden is about 50-55 per cent.

### Balance requirement met

The City meets the statutory balance requirement in 2011 as well, with earnings not including capital gains of 252 MSEK. The City has since the start in 2000 met the balance requirement every year.

*There is a more in-depth financial analysis of the City in block 3 on pages 57-61.*

### City of Gothenburg Groups and companies

The City of Gothenburg Groups and companies reported differing trends in earnings in 2011. The larger Groups reported the following earnings after financial items:

- **Förvaltnings AB Framtiden** reported earnings of 118 MSEK for 2011 compared with 118 MSEK for 2010.
- **Göteborgs Energi AB** reported earnings of 438 MSEK for 2011 compared with 819 MSEK for 2010.
- **Gothenburg Port Holding AB** reported earnings of 117 MSEK for 2011 compared with 118 MSEK for 2010.
- **Liseberg AB** reported an outcome of 78 MSEK for 2011 compared with 65 MSEK for 2010.

### Earnings after financial items

MSEK	2009	2010	2011
Förvaltnings AB Framtiden	220	118	118
Göteborgs Energi AB	616	819	438
Göteborg Port Holding AB	37	118	117
Liseberg AB	72	65	78

### Combined accounts – the Group

The City of Gothenburg Group reported annual earnings of 752 MSEK for 2011. This was an improvement of 114 MSEK compared with 2010. This was attributable only to the City.

The Group invested almost 5.9 billion SEK in 2011. This was an increase of 0.3 billion compared with 2010, attributable to both the city and the company sector.

The equity-assets ratio was 26 per cent, which is the same level as the previous year.






### Combined accounts in figures

MSEK	2009	2010	2011
Receipts	46,139	47,757	48,930
Total assets	72,224	73,452	75,295
Earnings after financial items	1,069	929	898
Net earnings for the year	805	638	752
Volume of investments	5,757	5,623	5,895
Equity-assets ratio	25 %	26 %	26 %








*A more detailed description of the economy of the Group / combined accounts is given in block 4 on pages 87-91.*

# Prioritised goals

In the budget for 2011 the City Council has stipulated 19 prioritised goals within the framework of the City's control model. In this section a brief summarised follow-up of the goals in respect of goal achievement is made. The follow-up of each goal in more detail can then be found in different parts of the Annual Report, where each goal is placed in contexts that are relevant, linked to the strategic areas stated in the City Council's budget for 2011.




DIMENSION	PRIORITISED GOALS 2011	GOAL ACHIEVEMENT AND ANALYSIS	
<b>The ecological dimension</b>	The environment in Gothenburg will be improved by reducing car traffic in favour of those travelling by public transport and bicycle.	In 2011 car traffic rose by 0.3 per cent. It is encouraging that travel by public transport rose more, about 10 per cent and journeys by bike rose by 1 per cent.	 Some
	Electrical efficiency will rise.	Many assess electrical efficiency to have risen through their own efforts. Consumption of electricity is unchanged for some activities or has risen because of extended or changed activities. There is no overall picture as yet, but it is followed up by the Energy Efficiency Strategy (EES). New goals have been proposed for further reduction in the use of energy on the City's premises and housing by 2014 and 2020 respectively. An energy plan needs priority and continued political support for the work is required.	 Some
	Consumption of fossil fuels will decline.	Emissions from energy plants declined as a result of milder winter weather. Several technical and structural development projects are in progress. Most people consider that their own activities are moving in the right direction, but there is no unified follow-up of the goal. New goals are proposed in the energy efficiency strategy for the City's transports by 2014 and 2020 respectively. The climate impact of traffic fell slightly, an effect of more efficient vehicles, despite greater traffic. 25% renewable fuel is used in the City's car fleet and 93% are environmental vehicles. There are environmental and ethical requirements in the City's blanket agreement for fuel. Requirements for work machinery and other transport services are also needed. Observance of the travel policy needs to be improved.	 Viss
	The proportion of environmental meals served by the City will rise.	The goal for the period has been achieved. All districts have greatly increased their proportion of organic food, the average being 21.9 %. Some have reached further. More companies than earlier prioritise the goal. Several departments do not think it concerns them. The procurement company will only procure organic meat and processed meats, bananas, coffee and tea, where applicable also ethically marked, which improves the prospects for a greater proportion of organic food in the city. The proportion of organic milk in the districts is now about 90 %, which shows the importance of joint strategic decisions.	 Good
	Resource management in Gothenburg will improve.	A new waste plan for the region and the City of Gothenburg has been adopted with resource management goals. Various activities are in progress, but as yet it is difficult to assess the overall effect. The amount of residual waste from households fell in 2011 too. Sorting of food waste now accounts for 28 per cent. The Ecocycle Committee, as process owner, has prepared a plan that facilitates work on the goal for the City's activities and states the direction of further work.	 Some



DIMENSION	PRIORITISED GOALS 2011	GOAL ACHIEVEMENT AND ANALYSIS
The financial dimension	Many people are looking for housing, so 2,000 new dwellings will be built in 2011.	<p>The number of completed dwellings was about 1,700. At the end of the year a large number of buildings were in progress and willingness to build was good. In the year to come, however, it is more uncertain how the market situation and financial anxiety will affect the prospects of achieving the stipulated housing goal.</p>  <p>Some</p>
	Integration – as expressed in the scorecard for integration – will increase.	<p>The scorecard for integration covers housing, greater employment, access to education for the young, diversity in recruitment and equal service. The results show both positive and negative changes. A more mixed city at an area level is positive. With regard to greater employment, it has become more difficult for people with a foreign background to get into the labour market. Regarding access to education for the young, there are somewhat fewer children taking part in mother tongue tuition and a relatively small proportion of newly arrived upper secondary pupils have after two years moved on to national programmes. The proportion of managers in the City of Gothenburg with a foreign background rose in 2011. The user survey shows that the parents of children in pre-school are generally very satisfied with the staff's treatment, regardless of background.</p>  <p>Some</p>
The social dimension	The proportion of guaranteed equal opportunity activities in committees and companies will increase.	<p>Many good initiatives have been started and more and more active equal opportunity work is conducted in the city. This applies to both personnel policy work and work with a focus on the services supplied. Most of the organisations that started equal opportunity work earlier have continued the development. The districts have employed development leaders with responsibility for the development of equal opportunity and recruitment diversity work.</p>  <p>Some</p>
	Children need social training in an educational environment, so there will be full needs cover in pre-school and each District Committee will offer children a place in a home day-care nursery.	<p>In 2011 over 1,500 places were completed and the forecast for 2012 is about a further 1,500 places, i.e. about 3,000 places in 2011-2012. At the end of the year, over 27,000 children were enrolled in pre-school and home day-care, a rise of 4 per cent compared with the end of 2010. About 15.8 per cent of the children are enrolled in independent pre-schools and home day-care. The number of children in home day-care has risen slightly ( from 589 to 604).</p>  <p>Some</p>
	Young people need a good foundation of knowledge, so the proportion of pupils with pass grades will increase.	<p>The result for 2011 shows that the proportion of pupils reaching the goals in all subjects in the municipal compulsory schools fell from 72.5 per cent in 2010 to 70 per cent in 2011. In the independent compulsory schools in Gothenburg the proportion of pupils achieving the goals in all subjects rose from 78.3 per cent to 84.4 per cent. Totally for all pupils in Gothenburg the proportion fell from 73.7 per cent in 2010 to 73.4 per cent in 2011.</p>  <p>None</p>
	Children and young people need security and a good work environment at school, so mobbing will decline.	<p>Despite greater efforts, greater attention and a forceful set of rules, it still happens that children and young people feel offended in their pre-school or school, but thankfully it is uncommon. More than 90 per cent of the children and pupils in the City of Gothenburg's pre-schools, day recreation centres and schools feel secure and enjoy their daily environment.</p>  <p>Some</p>
	Elderly people in Gothenburg in the City's special accommodation need security and influence over their life situation, so the influence of the elderly over their everyday life will increase.	<p>Implementation plans for individualised care are tools that are described. User surveys show a marginal rise in satisfaction with regard to influence. Six district committees consider they have achieved the goal, the others state some goal achievement. A process leader has given support to all the districts within the scope of the salutogenic development work. Some have worked more systematically on "de-institutionalisation" of elderly accommodation.</p>  <p>Some</p>

DIMENSION	PRIORITISED GOALS 2011	GOAL ACHIEVEMENT AND ANALYSIS
<b>The social dimension</b>	Opportunities for the elderly to be outdoors and take part in social activities will increase.	<p>In the user surveys the elderly show greater satisfaction with activities in elderly accommodation. Satisfaction with the opportunity to come outdoors is unchanged. The district committee changes are estimated to have affected the prospects temporarily, mainly in home-help services. Three district committees, the Social Resource Committee and 8 other departments/companies think they have good goal achievement. When choice and support have been individualised visits to meeting points have in some cases declined. Financial factors in the activities have entailed cutbacks, which in time may have adverse effects.</p> <p> Some</p>
	Many people with mental impairment lack work and housing today, so the number of fully adapted dwellings and the opportunity of meaningful employment will increase.	<p>The number of fully adapted dwellings rose during the year, both in housing with special service and ordinary housing with housing support. There are greater opportunities to offer employment in community centres/meeting points, through housing support and in collaboration with coordination associations, employment exchanges and the national insurance office. Despite the rise there is still not enough housing and employment opportunities for all needs to be satisfied.</p> <p> Good</p>
	The proportion of young people in Gothenburg that are involved in club activities and become leaders will rise.	<p>The proportion of children and young people of 7-26 years of age involved in clubs fell by 3 per cent for boys (83%) and 7 per cent for girls (64%). The proportion of children in the most active club ages is low at present. Young people are attracted by other forms of involvement, a trend that is becoming increasingly clear.</p> <p> None</p>
	Children need cultural stimulation and opportunities for their own creations, so all children and young people in Gothenburg between 6-19 years of age, apart from ordinary teaching, will be offered a place in the activities of the arts and music school.	<p>In the measurement of 2011-10-15 a total of 7,408 pupils aged 6-19 took part in the activities of the arts and music school. This is an increase of 605 pupils over the previous year. All the district committees had at the time of the measurement pupils on a waiting list. A total of 606 could not have their requests met, 356 girls and 250 boys.</p> <p> None</p>
<b>Personnel</b>	The normal form of employment in Gothenburg is full-time and permanent employment, so there will be no involuntary part-time employees.	<p>The assessment is that the goal will be achieved within a few years, mainly because of a new, joint way of working in the staffing area. A central action plan has been prepared to achieve the goal.</p> <p> Some</p>
	The proportion of working hours done by hourly paid people will fall.	<p>The proportion done by hourly paid people is more or less unchanged for the city in total, but it has fallen in those activities and units where active work to change is in progress. The work to change has been adversely affected by major changes in the district committee organisation.</p> <p> None</p>
	Recruitment to the City's activities will at all levels contribute to a better reflection of the population structure in Gothenburg.	<p>The recruiting done promotes the trend towards greater ethnic diversity among the employees, but gender and age distribution has not changed appreciably. Among managers there is a more even distribution between women and men, but ethnic diversity among managers is considerably lower than among employees.</p> <p> Some</p>

**Goal achievement Causal relationship**

	Good	Development in the right direction / Strong trend/if there are measures – clear increase
	Some	Development in the right direction / Weak trend/if there are measures – increase
	None	Development in the wrong direction / No or weak trend/if there are measures – no increase or decrease





# Essential personnel conditions

2011 entailed major changes for many members of staff and managers, as 20 district committees became 10 and a new premises department was formed. The changes provided many opportunities to seek new assignments. As many as 560 managers were recruited during the year, a third of them to their first managerial assignment. Organisational changes have entailed strains on activities and working environment. Different cultures are to be moulded into a joint one. Values and attitudes have been topical issues in the City's work for greater openness and equal service.

## One large employer with many members of staff

The number of employees in December was 40,700 (48,400 inc. companies). The number of employees in the committees in December rose by over 700, while those in the companies fell by 90. The normal form of employment in the City of Gothenburg is full-time permanent employment. In the committees, 64 per cent of all employees have this form of employment (companies 71 per cent). The other 36 per cent have part-time employment, substitute or the equivalent, or are hourly paid. The proportion of full-time permanent employees rose from 82 to 84 per cent compared with December 2010.

### Employees in December 2011 – gender and form of employment (committees) dec 2011

	Women	Men	Total	Change comp with previous year
<b>No. of employees, total</b>	<b>32,295</b>	<b>8,426</b>	<b>40,721</b>	<b>725</b>
Permanent staff	25,029	6,116	31,145	286
– Of which proportion of full-time staff	82 %	89 %	83 %	
Time limited staff	2,318	756	3,074	89
Hourly paid	4,948	1,554	6,502	350

## More work full-time

The prioritised goal – that there will be no involuntary part-time – was partly met during the year. In the year's follow-up 356 members of staff were involuntarily part-time employed. The proportion of hourly paid has, on the other hand, not declined, but coordinated development work is in progress. Since 2010 a pilot scheme "New ways of working in the staffing area" has been in progress. In 2011 the personnel and labour market sub-committee made a decision on a central action plan for greater goal achievement and development of personnel quality. All the district administrations have prepared local action plans. A new collective agreement has been signed with the Local Government Union. The agreement, which applies from 2011-12-01, is a condition for the implementation of the new way of working to continue in accordance with the local action plans.

## Rise in hours worked

The volume of personnel in Gothenburg's committees and companies totalled 41,300 full-time equivalents for the whole of 2011. In the committees, the volume of personnel rose by almost 700 full-time equivalents. One reason is the expansion in pre-schools, where there is a rise of 345 full-time equivalents. In the departmental committees the volume of personnel rose by over 250, which among other things is due to the transfer of activities from Göteborgs Gatugatu AB. The volume of personnel in the City's wholly and partly owned companies fell by about 360, which to a large extent is due to changes in Göteborgs Spårvägar AB and Göteborgs Gatugatu AB.

## The City is an attractive employer

In the region there is great competition for certain occupational groups, such as pre-school teachers, engineers, technicians, nurses and social welfare officers. During the year the City has been successful in attracting applicants from these groups and 400 pre-school teachers and almost 100 engineers have been employed. A total of over 6,500 recruitments in 2011 led to employment in the City. This is 1,500 more than the previous year. During the latter part of the year recruitment to permanent employment rose sharply.

## Mobility has increased

Mobility in the regional labour market increased during the year and is reflected in greater personnel turnover in the City. In 2011 personnel turnover was 6.6 per cent, which is a rise of over one percentage point compared with 2010. Internal mobility also increased during the year. In connection with the establishment and staffing of the new district administrations, opportunities were generated for development and new duties for many members of staff. Internal mobility is 9.1 per cent and this is a rise of over two percentage points compared with 2010.

## Recruitment should reflect the people of Gothenburg

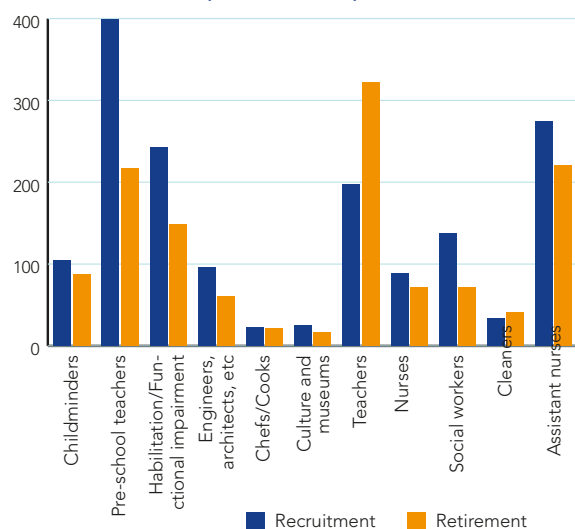
The prioritised goal means that the composition of personnel, on the basis of the Discrimination Act, will better reflect the population structure. The grounds for discrimi-

nation that can be followed up via key ratios are gender, age and born abroad.

Recruitment made during the year promoted developments towards greater ethnic diversity among the employees. Members of staff born abroad comprise just under 20 per cent, which corresponds to the population composition, but the dominance of women in the City's activities and the average age among City employees (46.6 years) has not noticeably changed.

Among managers there is a more equal distribution between women and men. The proportion of managers born abroad is only just over 6 per cent. It should be noted, however, that this is a rise of one percentage point compared with 2010. The average age among managers is high, 50.7 years and has not changed noticeably, despite many new managers being recruited during the year.

## Recruitment and retirement among some occupational groups



## Sick leave rising again

Total sick leave for the departments, which has fallen since 2002, rose from 6.3 per cent in 2010 to 6.5 per cent. Both short-term and long-term sick leave are rising slightly for women, except that exceeding one year.

## Sick leave as a percentage – gender and age (committees)

	Women	Men	Total	Change comp with previous year
–29	6.0	4.0	5.6	0.7
30–49	6.8	3.7	6.2	0.1
50–	7.7	4.6	7.0	0.2
<b>Total</b>	<b>7.1</b>	<b>4.1</b>	<b>6.5</b>	<b>0.2</b>
of which 1–14 days	2.4	1.7	2.3	0.2

## Many new managers

The new district committee organisation and the new property organisation implemented during the year marked the City's activities in many different ways.

Among other things, manager turnover rose sharply when a new managerial level was introduced in the new districts. A total of 560 managers were recruited, of whom 470 in the district committee sector. This means that almost every other manager in the districts got a new assignment. Most of the managers were recruited internally and many members of staff have thereby had an opportunity to make a career. At the same time, the extensive manager turnover has affected management and control, since it takes time for the organisation to settle in. In comparison it may be mentioned that in a "normal" year about 200 new managers are recruited.

## Structure of managers

	No. of managers	Proportion women	Proportion men	Average age	Proportion born abroad
District committees	1,030	80.5 %	19.5 %	50.5	6.6 %
Departmental committees	474	50.2 %	49.8 %	50.8	5.2 %
<b>Total</b>	<b>1,504</b>	<b>70.9 %</b>	<b>29.1 %</b>	<b>50.7</b>	<b>6.2 %</b>

## Job experience and substitutes give opportunities for the young

There is a broad choice of trainee posts in the City that among other things make it easier for young people to gain a foothold in the labour market. The City also cooperates with upper secondary schools, universities and colleges in the region and has for several years conducted active marketing work to generate interest among the young to apply for study courses that lead to employment in the City. In 2011 a total of 1,200 young people under 25 years of age were employed, of whom 990 in time limited employment, mostly in the nursing and community care sector. Many young people work as substitutes while they are studying.

## More work after 65 years of age

Retirement on a pension rises every year, while more and more work after reaching 65 years of age. A total of 700 employees retired on a pension during the year and almost every third retiree was over 65 years old. The time for retirement varies very sharply, however, between different occupational groups. For example, every other engineer works after 65 years of age, but only every seventh pre-school teacher. The highest proportion of those that retire before 65 (not inc. negotiated pensions) is found among nurses and childminders.

## Better check on equal opportunity

In 2011 the City introduced the Jämix (equal opportunity index) tool as a way of measuring equal opportunity and equal opportunity work from an employer perspective. All the departments and several companies took part. Some of the results for the key ratios included show major challenges, not only for the City. The most unequal result was for the key ratio that measures gender



distribution in the City's occupational groups. The gender divided labour market is clearly shown in the City in that only three of the 30 larger occupational groups in the departments have an even gender distribution. Another key ratio where gender differences are clear is that for long sick leave, where women are still overrepresented.

### Equal and competitive salaries

Salary formation is a strategic tool for the City's supply of competence, by means of its influence on the possibility of recruiting and retaining staff, but also by evening out differences between men's and women's salaries.

In 2011 average salaries in the City rose by 2.3 per cent as a consequence of the salary review, which is on a level with the labour market as a whole. The average salary has risen beyond that by 0.4 per cent as an effect of market influence on salaries in certain occupational groups in the infrastructure area and new assignments as a result of the reorganisation in the City. In total the average salary has therefore risen by 2.7 per cent.

Taking the above into consideration, the year's salary review has meant that women's proportion of men's average salary has fallen marginally, but still remains at 91 per cent. As a whole the majority of the City's larger occupational groups reach the salary policy goal levels for median 2011, though there are still differences between the departments and for some groups further measures are required.

As regards the spread of salaries and thereby the prospects of salary enhancement over time on a level with other sectors in the community, further salary related changes are required.

### Developed staff questionnaire

After one year's interruption a staff survey was held among most of the City's employees. The survey covered staff in all ten district administrations, twenty departmental administrations and ten companies. In 2010 an extensive revision was made of the contents and questions in the staff questionnaire. A new national index for municipalities and county councils that measures staff involvement, SMI (Sustainable Staff Involvement) has been added. The City of Gothenburg is among the first municipalities in the country to use the new index.

The result of the year's staff survey indicates great involvement among managers and staff in the City. The City has a total SMI of 74 in the year's survey. It appears from the questionnaire results that there are areas for development in working environment and competence enhancement. Compared with the previous staff survey in 2009, the Satisfied Staff Index has fallen by four units to 53. The result has probably been affected by the major organisational changes made. Despite reduced satisfaction, half of the members of staff are, gratifyingly enough, proud of working in the City and can recommend the City as an employer.

### Attitudes

A common attitude is the City of Gothenburg's pledge to the people of Gothenburg to proceed on the basis of their needs and rights and to improve and develop equal service to the inhabitants. Over 3,300 employees, including 1,200 managers, took part during the year in various workshops to work with and objectify the City's attitude and improve treatment in their respective activities.

### Attractive employer every day

Appearing as an attractive employer is no isolated event, but rather a matter of every day, 220 working days a year. Both prospective and existing members of staff request meaningful jobs, an opportunity to influence and an opportunity to seek new challenges in an internal labour market.

During the year the Employer Branding project developed support in the form of more attractive advertisement templates, improved information on the web, revised personnel processes, citywide introduction material and fair and exhibition material. The purpose of the project has been to facilitate the overall efforts of the organisation to be regarded to an even greater extent as an attractive employer, both within and outside the organisation.

## Jag har mod att göra Göteborg till en världsstad

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# Assessment of the future

“Making predictions is difficult, especially about the future” is a subtle and apposite quote by Alice Roosevelt Longworth. Making predictions about the prospects for municipal activities involves difficulties about what line to take on forceful, short-term and globally dependent market fluctuations, but also in planning for activities that change as a consequence of more predictable factors such as the demographic trend.

As we have experienced in recent years, the challenge is to parry short-term changes in financing conditions by planning for long-term sustainable development that can meet the changes required to take care of future demands on the welfare assignment. A long-term set of problems that slowly but surely creeps ever closer as the demographic pressure increases, but also expectations of the welfare content.

The forceful market fluctuations of recent years and thereby the difficulties in forecasting financing conditions for the City have been hard to handle. Although forecasts of the market trend all over the world are at the time of writing cautiously optimistic, there still remains anxiety and the risk of a considerably more adverse economic trend and financial problems in the world outside. This entails a continued need to follow developments carefully in the time ahead as well and to be prepared to handle and parry any deterioration in conditions.

## Report on more stable planning assumptions of concern

In 2011 a report was presented with proposals for how to create more stable planning assumptions for the municipalities in times of forceful market fluctuations. The report also refers to the problems of the municipalities' actions during market fluctuations, which risk being procyclical, i.e. reinforcing a rise or fall in the market situation in an undesirable manner from a socioeconomic perspective. The report's proposals have aroused both positive and negative reactions and as yet the report has not resulted in proposals for decisions on change.

## Challenge to maintain economic balance

The City of Gothenburg has come through the financial turbulence of recent years without creating a situation with financial imbalances. In both 2011 and 2012 the financial margins are good and can accommodate a considerable trend in costs. However, the trend in costs in 2011 and 2012 is all too high from a long-term sustainable perspective and should therefore be curbed by 2013. The City faces the challenge ahead to maintain financial balance as the demographic pressure rises and the great volume of investments lead to greater operating costs.

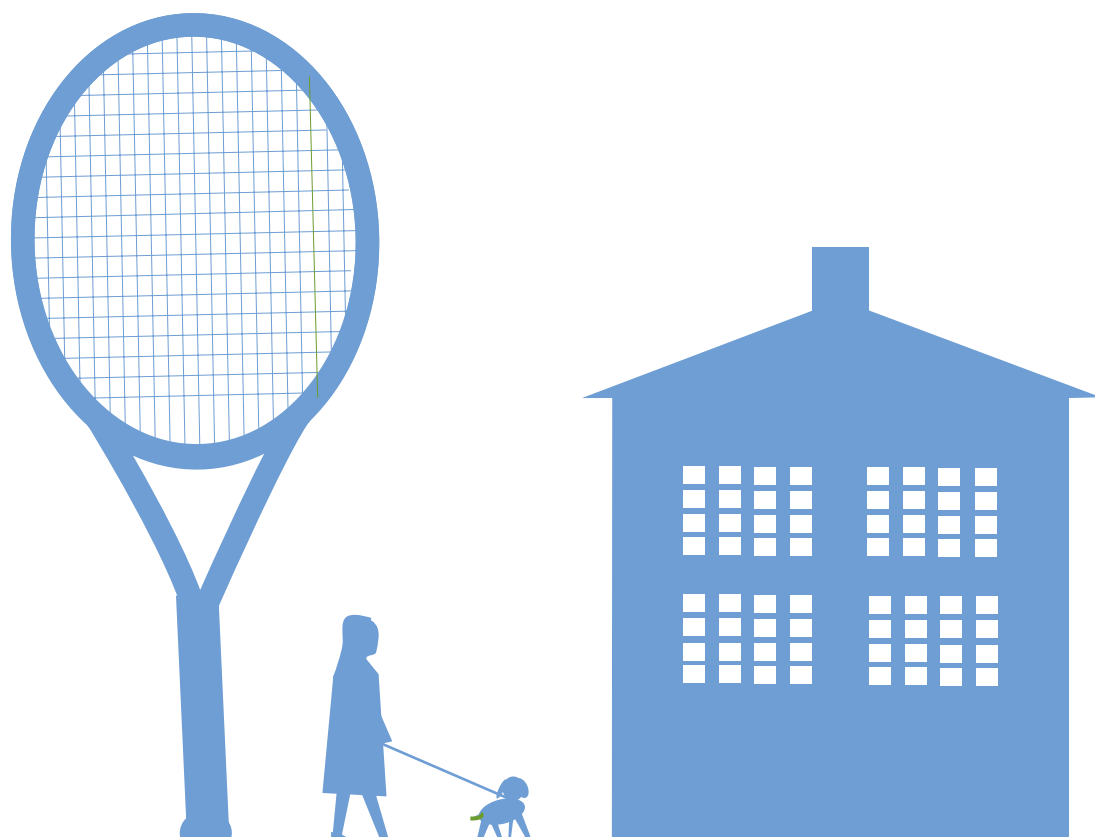
## The long-term issue of financing of future welfare becomes increasingly immediate

The challenge for the whole municipal sector consists of handling both short-term global conditions and the long-term issues of the extent and financing of welfare services on account of the changes in socioeconomic and demographic developments ahead.

Future challenges concerning, among other things, the demographic trend and the financing of future welfare creep gradually closer. It is not just the demographic pressure that is increasing, but also expectations of the content of the welfare assignment. It is becoming increasingly urgent to find solutions to these issues. What we do today paves the way for the future.



**Balance.** The City of Gothenburg has managed to keep within the financial framework, despite an unstable market.



## 2 ACTIVITIES OF THE CITY OF GOTHENBURG >>

In this block parts of the activities conducted in 2011 by the 30 or so committees and 20 or so Groups and companies of the City of Gothenburg are presented. The block is divided among the following areas of activity, taken from the City Council budget: Education, individual and family care, people with functional impairment, elderly care and home medical care, urban development, climate and the environment, public health, culture and leisure, diversity and integration, equal opportunity, labour market initiatives and finally, organisational development and exercise of public authority. In each area, important events and trends are described from various perspectives.





## ACTIVITIES OF THE CITY OF GOTHENBURG

### 25 **A sustainable Gothenburg – the three dimensions**

The City Council has decided that Gothenburg's will be characterised by sustainability in the three dimensions, the financial, the ecological and the social.

### 27 **Education**

The education sector covers all school forms; pre-school, compulsory school, compulsory special needs school, upper secondary school, upper secondary special needs school and adult education.

### 32 **Individual and family care**

Individual and family care includes financial assistance, care and support for adults, children and families and preventive and supportive work.

### 34 **People with functional impairment**

The functional impairment area covers initiatives for people with functional impairment, such as housing with special service, personal assistance, housing support, occupational/daily activities and escort services.

### 36 **Elderly care and home medical care**

Elderly care and home medical care cover home-help services, preventive efforts, day activities, elderly accommodation and municipal health and medical care in ordinary and special accommodation.

### 38 **Urban development**

The concept of urban development is wide and covers many areas: matters of industry and commerce, physical planning, house-building, infrastructure and public transport. In its implementation, financial, environmental and social aspects should be observed.

### 43 **Climate and the environment**

Activities in energy, waste and sewage collaborate locally, regionally and internationally in order to mould important community functions into long-term sustainable development.

### 47 **Public health**

All municipal activities in Gothenburg should be permeated by a public health perspective and salutogenic thinking. In order to improve the health situation effectively for the people of Gothenburg, public health work is based on local involvement.

### 48 **Culture and leisure**

Gothenburg has strengthened its profile as a major events city with cultural initiatives. The objective is also substantial club activities and efforts to promote equal opportunity, integration and public health.

### 51 **Diversity and integration**

Gothenburg should be a city for everyone. Human rights are the starting point for the City's work on diversity and integration. It is long-term work that requires stamina and constantly ongoing work to think in new ways and question ingrained patterns and thinking in order to achieve the goals.

### 52 **Equal opportunity**

The goal for Swedish equal opportunity policy is for women and men to have the same power to form society and their own lives. Partial goals that state the direction are: an equal distribution of power and influence, financial equality, an even distribution of unpaid housework and community care and that men's violence towards women ceases. The City of Gothenburg will develop as an example and pioneer in equal opportunity.

### 53 **Labour market initiatives**

Labour market initiatives cover employment measures for the unemployed that the City carries out itself or in collaboration with the employment exchange or other players.

### 54 **Organisational development and exercise of public authority**

A brief description is given here of the two areas, as defined in the budget, of organisation development and the exercise of public authority.





# A sustainable Gothenburg – the three dimensions

The Gothenburg City Council sees the development of the Gothenburg community in three dimensions: the social, the ecological and the financial. Only by regarding developments from a holistic perspective is it possible to speak about long-term sustainable development.

The three dimensions are intimately linked. If financial growth is not ecologically sustainable, the latter will be reversed. At the same time a favourable economy is a condition for good, stable social circumstances.

## The ecological dimension

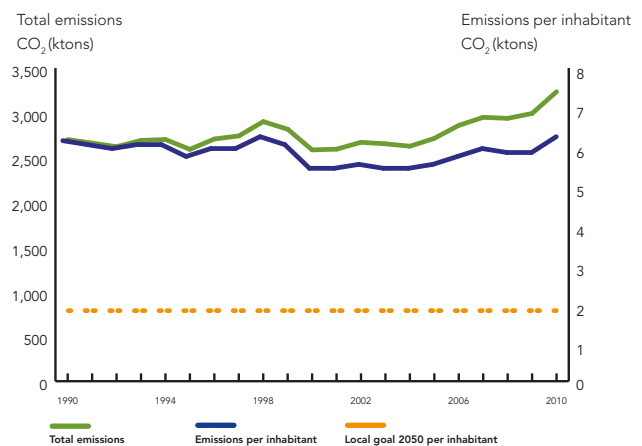
With the local environmental quality goals, the City Council has established a clear image of the goals Gothenburg needs for sustainable development with responsibility for coming generations, from an environmental perspective. The environment report of 2010, which follows up the goals and gives an overall picture of the state of affairs, shows that extensive efforts are required in the City's activities for the goals to be achieved and that active work has to be done to include industry, commerce and citizens in the necessary process of adjustment.

The ecological footprint is too big and means that two more earths would be needed for everyone to live as we do. Limiting the climate impact of our emissions of carbon dioxide and greenhouse gases is therefore a great challenge, as it to a great degree affects the way of life, consumption, use of energy and transport.

During the year the City prepared an energy efficiency strategy. The work has indicated both a need and opportunities for greater collaboration. Housing from the 60s and 70s is for example from an energy point of view in great need of renovation, but the financial prospects are poor. From a social aspect there may also be a need for repairs and with coordination opportunities improve.

The importance of our lifestyle and consumption has been illustrated in a distinguished way in the Live Life project, which was concluded during the year. The project's challenge was to live sustainably and climate smart with maintained or improved quality of life. The families that took part showed that climate emissions could be reduced by 30 per cent in one year. The challenge of waste in the project also won a prize at the annual Recycling Gala.

Gothenburg as a hub in a growing region entails considerable challenges if the adverse environmental effects are not to be in the majority. Both centrally and near water, as in the Central River City, a large measure of new thinking is required to overcome the effects of climate impact and high water level.



Source: Environment Report 2010

## The financial dimension

An attractive region attracts companies and people that want to move there. As more people see a region's development potential, the attractiveness grows. People with varying backgrounds tend to move to a growing metropolitan region, from different countries and with different qualifications. This together generates a diversity that is positive for the city's development.

Gothenburg grows for every year that passes. This is partly due to many moving in, both from Sweden and the rest of the world. In 2011 the population of the city rose by over 6,600 and there are now more than 520,000 people living here. A large part of those moving in are young people who move to Gothenburg to study or work. Young people contribute to industry and commerce by attracting companies and creative business and also by being active consumers of shopping, entertainment and cultural events.

New housing creates space for the city to grow further and facilitates finding housing for those that already live here. In 2011, 1,702 dwellings were added to the housing market and more were started than in the previous year. The City is planning to build on large areas in the Central River City and here work is done from the vision of an area that will be inclusive, green and dynamic.

Gothenburg is the centre of the Gothenburg region, a large part of those living in the region have their



workplace there. This means that many people commute to work. A strong, vital region profits by people being able to live in the region and easily get to their workplace with the help of good infrastructure. Commuting from Trollhättan and Borås is increasing and the labour market is becoming all the more integrated in that direction. For commuting to be environmentally sustainable, it is important to develop travel by public transport.

Gothenburg has a tradition of large companies in industry, but there are companies here in biomedicine, logistics, design and fashion, environmentally technology and many other sectors. Together with colleges and universities in the region, a breeding ground for positive business development is created. Having many companies in different sectors that address different markets is important to the region, so as to be affected as little as possible when market changes occur rapidly.

### The social dimension

Gothenburg is a city where the children's welfare has a central place. The most important tasks are to give all children and young people a secure childhood and good prospects of developing into independent individuals. Children's needs for social training in an educational environment through full needs cover in pre-school has not, however, been fully achieved, but over 1,500 places had been completed by the end of the year.

The districts continue their long-term health focused initiatives for children, adolescents and parents; there are now decisions on four new family centres in Gothenburg.

The assistance of children and adolescents in social planning found new forms during the year, above all in physical and social planning, where the city's various players developed new joint tools, complete with a web-based knowledge bank.

The city's public areas and playgrounds were extended during the year with new physical meeting places, rebuilding of squares and playgrounds. New green areas with allotments have been added. The young people of Tynnered got summer jobs by refurbishing an old herb garden at Bergskristallen, which now functions as a meeting place. The "Plikta" playground in Slottsskogen Park was newly opened in October and is now a playground available to everyone.

Your own home is a social right for everyone and the goal is to achieve a coherent city with social balance and greater integration. This is done by a mixture of forms of tenure and supplementary building in different parts of the city. 1,702 dwellings were completed during the year and 700 of these are tenant-owner.

Accessible housing in the existing stock enhances opportunities for the elderly to stay on at home and people with functional impairment to get integrated housing of their own. Work is in progress in the property management office, in collaboration with the property owners, on an inventory and accessibility marking of the flats. A special work group is focusing on the homeless and families with children that are threatened with eviction; reports will come during the spring.

During the year, the dialogue with citizens took concrete forms out in the districts, in the departments and in the companies, to be able to catch the voices of the citizens in the light of new political decisions.



**Responsible for playgrounds.** General Manager Jakob Andréasson and City Gardener Helena Bjarnegård have been responsible for the development of Plikta, which is Gothenburg's first excursion site.

Photo: Hanna Källberg

# Education

In 2011 a new Education Act was introduced, with new curricula, a new grading scale and a new programme structure for upper secondary school. For governing bodies, headteachers, pre-school managers, teachers and other occupational groups in school, this has meant extensive implementation work during the past year.

The education sector covers all school forms from pre-school to adult education, under both municipal and private management. This means that the activities directly concern over 100,000 of the people of Gothenburg, from children to adults.

## SCHOOL DEVELOPMENT

### Implementation of new control documents

A new Education Act was introduced from 1 July 2011, with new curricula and other regulations, entailing major consequences for the education sector. A large number of training courses have been held for governing bodies, headteachers, pre-school managers and other occupational groups in the education sector. There will be a great need for training and support in the new control system in the years to come, with grades, assessment, systematic quality work and other things. The small independent governing bodies have extra great needs, since their boards are renewed every year. Among municipal governing bodies, one district committee has had an initial presentation of the new control system from the Center for School Development (CfS). It is important for the governing bodies to be well informed of the new control system, as they have great responsibility. The responsibility of headteachers and pre-school managers is strengthened in that they have clearer responsibility for the internal work of the unit.

### Teacher certification and introduction period

In October 2011 a project management was appointed for coordination of the City's ongoing qualifications inventory and preparation and testing of digital support for qualifications registration, in the light of the new requirements made in the Education Act. The departmental survey of degrees was supplemented in the late autumn with details of tuition, in order to identify greater differences in qualifications and clarify strategic needs for training. The survey showed that there are very great qualification deficits that must be attended to before 2015. Joint recommendations were also worked out during the autumn to create equivalence and a good reception for introduction year employees.

### Special needs schools national conference

Where are we going? was the theme for the special needs

schools National Conference 2011. The City of Gothenburg upper secondary special needs school acted as host and about 1,100 people from the whole of Sweden arrived to take part.

The first part was devoted to the theme of foetal diagnostics and the right to life. Then various perspectives were given of work in special needs schools, with participants from the Department for Education, the National Agency for Education, the Special Education Schools Authority and a parent with children in special needs school. In summary it may be said that the conference as a whole put several difficult issues in focus that lack definite answers. The follow-up among the participants showed that both content and arrangement were appreciated.

### Newly arrived children and young people

The newly arrived pupils are children and young people that have immigrated to Sweden, do not speak Swedish and have started or are about to start school. These pupils have a right to a special introduction. The usual criticism is that the introduction centres too much on gaps in knowledge instead of finding out what knowledge the pupils have with them. There is increasing focus on how the introduction can be improved. The Introduction School in East Gothenburg and the Welcome in Gunnared have been there for several years. The Introduction School is a school that teaches newly arrived pupils from the whole of Gothenburg. The Welcome caters for residents in Gunnared and is a preparation for starting school. The pupil's educational background and other requirements for school work are surveyed, compiled and handed to the school where the pupil is to be taught. In 2011 West Gothenburg and Askim-Frölunda-Högsbo opened another Welcome. However, most of the newly arrived pupils start directly at a school in their residential area. This school is then responsible for both introduction into the Swedish school system and a survey of the pupil's previous knowledge.

Several districts, the Education Committee and also CfS emphasise the value of stimulating an intercultural attitude. CfS has also arranged study visits to Canada, among other places, in which several politicians and officials in the education area took part. Immigrants to Canada achieve considerably higher study results than immigrants to Sweden, which makes an exchange and comparisons between the different countries particularly interesting.



## PRE-SCHOOL – COMPULSORY SCHOOL

### Expansion of pre-school – availability of places

In collaboration with departmental administrations concerned, the City Management Office developed new work forms in 2011 for the preparation of pre-school places. The supply of premises process covers over 6,000 pre-school places during the period 2011-2015. Long-term orders for pre-school places from the district committees to the Premises Office may result in the city now approaching the goal of full needs cover. Over 1,500 places were completed during the year and the forecast for 2012 is about a further 1,500 places.

### Competence enhancement for childminders

In 2011 commissioned courses for day-care attendants were held, specialising in pre-school. The goal for the courses was, on the basis of the revised curriculum for pre-school, to give the day-care attendants specialised knowledge of children's learning, approach and attitudes to children. The contents of the courses comprised lectures, group discussions, literature seminars, theme work, creative forms of expression and study visits. The training continues during 2012.

### Childminder initiative

In 2011 there was a selective development resource to establish home day-care nurseries in each district. A working team planned and carried out various activities during the year, such as a common introduction programme for new childminders and competence enhancement for all childminders.

A joint folder directed to guardians was prepared and the team also looked over the contents of the City of Gothenburg home page, so that the information about home day-care nurseries would be more easily accessible.

### How satisfied were the parents with pre-school?

The City of Gothenburg has since 2000, with just a few exceptions, held a survey annually directed to parents with children in pre-school activities. The Satisfied Customer Index (SCI) for 2011 was 72. In the previous measurement in 2009, SCI was 74. Treatment, Security and Contentment were the quality areas that the parents were most satisfied with. Participation/influence and Pre-school Environment were the quality areas parents were least satisfied with.

### Pre-school - key figures

Net costs rose by 8.6 per cent during the year, which to a large extent can be explained by the continued expansion of places in pre-school. The majority are in the municipal sector, but even in independent activities the number has risen.

The number of places produced in 2011 was about 1,500, while the number of children in pre-school rose by over 1,000, of whom 750 in municipal and 250 in independent activities. That the number of children placed in reality only corresponds to about 50 per cent

of the places produced is mainly explained by many one-year olds being placed and therefore not all places in a group or section being filled. In addition, a certain number of places have been used for measures to raise quality, such as smaller groups of children.

Demand rose by 0.8 percentage points to 85.2, which corresponds to about a further 250 children in the activities.

### Pre-school – key figures

	2009	2010	2011
Net cost (MSEK)	-2,479	-2,629	-2,856
Trend in net costs (%)	4.6	6.0	8.6
No. of children in pre-school	24,861 *	25,887 *	26,902 *
Proportion in municipal pre-school	84.8	84.3	84.0
Proportion in independent pre-school	15.2	15.7	16.0
Demand as a percentage of population 1-5 years of age	84.5	84.4	85.2

\*Average March/October

### How did compulsory school pupils enjoy school?

In 2011 the City of Gothenburg, together with twelve of the Gothenburg region's thirteen municipalities, carried out a questionnaire survey in compulsory school and upper secondary school. The pupils had to express an opinion on statements in the question areas of Contentment and Security, Participation and Influence, School Environment, Knowledge and Learning and finally Treatment. For the area of Contentment and Security, 96 per cent of the pupils in year two in Gothenburg schools answered that it is wholly or partly correct that they feel content and secure. The figure is the same as the average for the Gothenburg region's municipalities.

In year five, 91 per cent answered that it is wholly or partly correct that they feel content and secure. The average for the Gothenburg region was 92 per cent.

In year eight, 90 per cent of the pupils in Gothenburg schools answered that it is wholly or partly correct that they feel content and secure. The average for the Gothenburg region was 91 per cent.



**At ease.** The great majority of compulsory school pupils feel secure at school.





### Pupils with complete grades in year 9

Proportion of pupils (%) achieving goals in all subjects

		2009	2010	2011
All governing bodies	All	73.9	73.7	73.4
	Girls	77	75	76
	Boys	71	72	71
Municipal schools	All	71.5	72.5	70
	Girls	74	74	72
	Boys	69	71	68
Fristående skolor	All	83.8	78.3	84.4
	Girls	86	80	87
	Boys	82	77	82
Malmö – all governing bodies	All	64.8	63	64.5
Stockholm – all governing bodies	All	78.2	76.5	78.5
Riket – all governing bodies	All	77	76.6	77.3

### Knowledge results in year 9

The total number of pupils in year 9 was 4,756, of whom 25 per cent went to independent compulsory schools. It can be ascertained that the municipal schools have declining knowledge results compared with the previous year and that the independent schools have improved knowledge results. The difference between boys and girls is greater compared with 2010.

Nationally and in the other big cities, Malmö and Stockholm, knowledge results have improved over 2010.

### Compulsory school and special needs school – key figures

Net costs rose by 3.3 per cent during the year, which among other things is explained by price and salary rises and more pupils.

### Compulsory school and special needs school – key figures

	2009	2010	2011
Net costs (MSEK)	-4,365	-4,337	-4,479
Trend in net costs (%)	2.5	-0.6	3.3
No. of pupils in compulsory school	47,112 *	47,067 *	47,482 *
Proportion in municipal schools	81.8 *	80.6 *	79.8 *
Proportion in school in another municipality	1.0	1.0	1.0
Proportion in independent schools	17.8	18.4	19.2
No. of pupils in special needs schools	625 *	597 *	556 *
– of whom individually integrated	154	129	108
No. of children in recreational activities	15,890 *	16,519 *	17,057 *
Proportion in municipal day recreation centres	86.2	86.1	86.4
Proportion in independent day recreation centres	13.8	13.9	13.6
Demand as a percentage of population 6-9 years of age	79.1	80	79.6

\*Average March/October

After falling for a number of years, the pupil base rose in number by over 400 in 2011. It is above all in the younger school years that there are more children.

The number of children in day recreation activities continues to rise and was over 500 more during the year. Demand fell slightly to 79.6 per cent. However, demand varied very sharply between the district committees. Angered (60.8 per cent) and East Gothenburg (61.8 per cent) had the lowest demand. Örgryte-Härlanda (89.4 per cent) and Majorna-Linné (90.0 per cent) had the greatest demand.

### Future challenges

The requirement for schools to improve the pupils' prospects to achieve the goals for their education must come into focus more. Systematic quality work based on the pupils needs to be improved, with the headteacher and teachers having tools and methods that allow analysis of results to lead to improved ways of working. The school's management organisation needs to concentrate on the school's assignment and enquire clearly whether the individual school is working systematically. The role of headteacher and teachers needs to be reinforced so that the assignment is in focus.

The work of cataloguing teachers' qualifications has shown that Gothenburg, like other municipalities, faces great challenges. The City needs to create strategies for how to guarantee all pupils qualified, competent teachers.

Increasing attention is being paid to the school's learning environment. A new ICT plan is being prepared, where learning and good prospects for it are in focus. Schools need to provoke analysis and new thinking, where today's and tomorrow's opportunities for learning have to be stimulated. Learning should govern the need for development instead of being governed by new technical factors.

The ongoing work of expanding pre-school needs to continue. Active district committees and management forums, with the departments concerned, have been shown to concentrate forces in the city.

Pressure on the city's day recreation centres is rising, as the number of children of these ages rises. Activities need to be revealed in a better way, as the time before and after the school day is important to all children. Good analyses that provide a basis for the right measures are needed.

## UPPER SECONDARY AND ADULT EDUCATION

### Great changes in upper secondary school

2011 was a year characterised by very great changes in upper secondary school. The greatest reforms are a new Education Act, a new programme structure for upper secondary school, a new grades scale, new qualification requirements for upper secondary school and reforms in compulsory school that also affect upper secondary school. On account of the new rules concerning teacher certification, a qualification survey was also made during the year.

The new organisation with five areas, three upper secondary areas, adult education and upper secondary special needs school, came into full force on 1 January 2011. Organisational changes mean new forms of work in various respects and this process has developed well.

### How did upper secondary pupils choose?

During the period 2008–2010 the proportion applying first-hand for vocational programmes fell by about one percentage point per year. For applications to upper secondary school in 2011, the downward trend was reinforced, as the proportion applying first-hand for vocational programmes totalled 28 per cent, a fall of 10 percentage points compared with 2010. The proportion of pupils applying for programmes that prepare for higher education was 72 per cent. One explanation may be the new upper secondary school, which among other things entails pupils in vocational programmes spending more time on specific programme subjects and not automatically becoming eligible for higher education.

The social science programme is still the most popular national programme for young people in Gothenburg, over 24 per cent applied for this programme. Of the programmes preparing for ensuing studies, the engineering programme increased most, from 2.9 per cent in 2010 to 7.2 per cent in 2011. Of the vocational programmes, the electrical and energy programme and the commerce and administration programme declined most.

### How did things go for upper secondary pupils?

The average grade for pupils in all of Gothenburg's upper secondary schools was 14.6 points, more or less unchanged from previous years.

For pupils in the City of Gothenburg's own upper secondary schools, the average grade was 14.1 points, unchanged from previous years. The average values of final grades for women, 14.5 and for men, 13.5 are also unchanged.

The proportion of pupils at the municipal upper secondary schools that gained final grades after four years fell from 71 per cent to 67 per cent, while the proportion eligible for higher education, 86 per cent, was unchanged from the previous year.

### Initiatives to raise the level of knowledge

In 2011 the Zero Vision project started at three units, Lindholmen Technical Upper Secondary School, Bräcke Upper Secondary School and Burgården Education Centre. The project is a development of earlier initiatives and the objective is that all pupils admitted to the programmes concerned should complete their upper secondary education with a result of at least grade E in all courses and thereby gain an upper secondary certificate in three years. Central parts of the work are methods development, competence enhancement, learning styles and coaching attitudes. Knowledge and experience from this project will in various ways be spread in the municipal upper secondary schools.

### How content were upper secondary pupils at school?

In Gothenburg's upper secondary schools, 89 per cent of the pupils in year two answered that it is wholly or partly correct that they feel content and secure. The average for the Gothenburg region's upper secondary schools was 90 per cent.

### Upper secondary education - key figures

Net costs rose slightly during the year, which among other things is explained by adjustment costs in the education department still being high.

The number of pupils at upper secondary school fell by almost 300 in 2011. The number of places in the municipal upper secondary schools fell by 660, while the number of places at independent upper secondary schools rose by 190. The complement at the City's own upper secondary schools was 96 per cent.

#### Upper secondary education – key figures

	2009	2010	2011
Net costs (MSEK)	–1,441	–1,433	–1,445
Trend in net costs (%)	–0.1	–0.5	0.7
Gothenburg pupils in upper secondary school	17,527	17,431	17,132 *
Proportion in municipal schools	54	51	49
Proportion in school in another municipality	10	10	10
Proportion in independent schools	36	39	41
Gothenburg pupils in upper secondary special needs schools	406	404	400 *

\* Average February/October

### Vocational College, a form of education in demand

There were about 1,350 places in vocational college and higher vocational education. The students' results were very good, 91 per cent of the students had jobs after completed education and 96 per cent of these in the field intended by the education. In 2011 the education department applied to the Agency for Higher Vocational Education for 35 courses. Competition for places in a programme was hard in the country and only 29 per cent of applications submitted could be granted. For the education department, 54 per cent of the applications were granted. The numbers educated will therefore decline in the autumn term 2012.

### Continual admissions in adult education

In order to improve availability, an experiment was carried out in the autumn of 2011 with continual admissions by an organiser. The results were generally positive, which led to the adult education department deciding to implement continual admissions in 2012. This means there will be nine admission periods during the year and never more than five weeks between the start of courses.

### Adult education - key figures

The net cost of adult education fell during the year, which is mainly explained by government grants in vocational adult education being higher than expected, which led to reduced demand for municipally financed vocational education.

Apart from the places shown in the table above, about 1,500 places in upper secondary vocational education were offered to people in Gothenburg within the scope of the collaboration agreement in GR and through financing by special government grants.

Adult education has also offered courses to people made redundant in the vehicle industry in 2010 and 2011. In 2011, 335 people took part in courses and a total of 526 people have taken part in educational initiatives within the scope of this project.

**Adult education – key figures**

	2009	2010	2011
Net costs (MSEK)	–373	–370	–348
Trend in net costs (%)	–6.5	–0.6	–6.1
No. of whole year places bought	10,571	10,751	10,504
– of which basic adult education	1,406	1,676	1,510
– of which upper secondary adult education	3,816	3,742	3,340
– of which Swedish for Immigrants (SFI)	5,164	5,240	5,582
Vocational College/Higher Vocational Education (HVE)	1,336	1,352	1,351

**Challenges for upper secondary and adult education**

The number of Gothenburg pupils in upper secondary school and upper secondary special needs school is expected to total 16,500 in 2013. This is a reduction of almost 600 compared with 2012, or over 1,000 compared with 2011. In the Gothenburg region the number of education alternatives is falling, but despite this there is a

surplus of places in upper secondary school. This entails a further need for adjustment in the City's upper secondary schools, while at the same time there should be preparation for some independent upper secondary school having financial problems and closing down.

In upper secondary special needs school, preparatory work is in progress for a new upper secondary special needs school reform planned to be introduced in 2013. Upper secondary special needs school will largely be adapted to the reformed upper secondary school. The pupils will have greater opportunities to choose programmes and cooperation with working life will be strengthened.

To enable adult education to support adults' needs for learning and the needs of working life in a good way, current school forms and supply governed education systems need to be developed. The objective of the future is to bring about a functioning structure that makes it possible to choose courses from different levels (adult education, vocational and other higher education) on the basis of the individual's needs and opportunities in the labour market. Particular attention should be paid to shortening the path for new arrivals to provide for themselves.



**Vocational training.** Lindholmen Upper Secondary Technical School.

Photo: Wonderbrand

# Individual and family care

Readiness to report cases of children who are badly treated has risen in recent years.  
 The cost of financial assistance (income support) evened out in 2011 at a high level.  
 The number of long-term dependent people rose for the third year running.

The task of the social services is to promote people's financial and social security, equality in living conditions and active participation in community life. Individual and family care is a part of social services and is characterised by the exercise of public authority in the areas of financial assistance and care/support for adults, children and families. In addition to the exercise of public authority, extensive preventive and supportive work is done in cooperation with other assistance players.

## Organisational changes characterised 2011

The work of the social services in the districts in 2011 was to a great degree characterised by the major reorganisation entailed by the district committee reform. A majority of the committees have undergone a merger of at least two districts. Underlying differences in culture and different work routines in processing have come to light and in many places required joint development work. Many members of staff have changed managers, colleagues and in some cases also duties. Areas of activity have been merged and new units have been created to reduce blinkered attitudes and instead create functioning wholes that make it easier for the clients to get the help they seek. A clear example of this is the integration of individual and family care and functional impairment services.

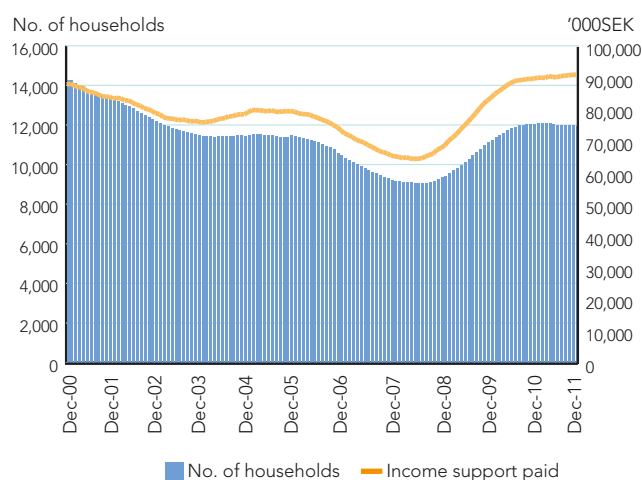
## Financial assistance remains at a high cost level in 2011

The cost level for financial assistance in 2011 remained stable at about the same level as in 2010. Net costs were 1,090 MSEK.

The average number of households per month fell slightly to just under 12,000. Instead assistance was paid for a slightly longer period.

It was above all the number of younger households (< 25 years old) that declined. On average there were barely 300 fewer young households every month. The number of these households among long-term dependents has fallen by 100. Some easing in the labour market was noted for those in the younger age groups that are closest to the labour market. Development Guarantee, the initiative of the employment exchange, gathered up many young people who would otherwise have been dependent on income support. There is, however, a risk of getting stuck in this scheme instead and larger numbers are placed in the Job and Development Guarantee after 15 months.

**Trend in financial assistance paid and number of households on assistance** (rolling 12-month average)



The number of people who became long-term dependent on income support continued to rise in 2011. About a further 400 people were registered as recipients of financial assistance for at least 10 of the year's 12 months. In all, the group comprised 9,800 individuals at the end of the year. Over 70 per cent of all financial assistance goes to the long-term dependent group.

The proportion of children in assistance households differed greatly between the districts, from about 5 per cent in the central parts of the city to almost 30 per cent in the north-eastern districts. The issue of child poverty has been treated in the districts by giving priority to initiatives for long-term dependants that have children.

## Placements outside the home rose in 2011

The net cost of institutional care and foster-home care rose by about 10 per cent for children and young people, compared with 2010. One contributory reason was that the number of reports about badly treated children rose to over 8,000 during the year. The problems concern child abuse, truancy, children badly treated in custodial disputes and various forms of care deficiency. Outpatient care for children and young people fell by 5 per cent.





### Some key figures

Population frame	2009	2010	2011
Net cost (MSEK)	-2,720	-2,849	-2,912
Trend in net costs (%)	8.4	4.8	2.3
Of which net cost:			
– children and young people	-899	-918	-972
– adults	-569	-582	-601
– income support	-1,004*	-1,094*	-1,090*

\* Not inc. introduction payments to refugees

### Greater use of drugs among young adults is worrying

Placement costs for adults rose by about 11 per cent compared with 2010 and it was above all compulsory care that increased. More young people with serious drug problems needed care for longer periods in an institution.

The district committees' costs for preventive misuse work fell in 2011.

### Continued attention to knowledge based work

Quality assurance work, a systematic follow-up of initiatives and development of collaboration between and within activities continued in 2011. The sectors have created meeting places for collaboration across the city, partly for work on strategic issues and partly on networks for managers and staff, which is expected to have effect from the perspective of equal treatment and for the efforts of the social services to be of good quality. Competence enhancement for operative managers in individual and family care and functional impairment services occurred during the year in the areas of: leading evidence based practice, user audit and the role of social services in community planning together with R&D West and the social resource department.

The sectors participated jointly in 2011 in a number

of research and development projects in order to take advantage of new forms of initiatives for children, young people and adults in their immediate environment. One example is the Family Check-up project, a research project in progress in five districts. Family Check-up is a working method for preventive work. In this way of working, parental support initiatives are formulated on the basis of the parents' assessment of their needs and difficulties. Apart from training, the families are also given support by phone 24 hours a day. The result will be evaluated by the research team in 2013, but even now positive results of the work are seen. Another example is SSPF, collaboration between social services, schools, police and free time. SSPF's overall goal is to prevent and minimise young people's criminality, drug misuse and other risky behaviour. Cooperation and communication between the different parties functioned well during the year and enabled more rapid action in individual cases to be achieved.

### Challenges for the future

At the end of the year there were 9,800 long-term dependent social welfare recipients. It is important for the district committees to be able to work actively so that these people can become self-supporting. This requires clear assignments and priorities from the committees.

Preparation is required for new legislation. There will be new rules from July 2012 for relatives immigrating. The changed set of rules is expected to involve a greater workload and costs for financial assistance. The forecast reduction in these costs in 2012 will probably not be realised.

Changes in legislation concerning children and young people and misuse care have been announced and if carried out are expected to have effects on activities.

The City Council's decision in February 2011 on the rights of women without papers to emergency housing needs to be analysed more and worked into a new local action plan in 2012 for violence in close relationships.

To increase equal treatment across the city and to be able to make more certain analyses, it is important to continue to develop work on IT based follow-up and quality assurance of activities.

Evidence based outpatient care for children, young people and adults needs priority in order to generate alternatives. Observing children's vulnerability and women's specific care needs are important development areas.



**Support round the clock.** Family Check-up is a research project that will improve initiatives for children, young people and adults in their local environment. The families taking part are given training and have telephone support 24 hours a day.

# People with functional impairment

Working life – is it accessible to people with functional impairment? Maintenance through activity benefits or sickness benefits presupposes that you lack the ability to work, but many people with functional impairment both can and want to work. It is important for the City, in recruiting new members of staff, to make use of people with functional impairment and their competence. The City of Gothenburg will in the future be an attractive employer for everyone.

The district committees are responsible for people with functional impairment receiving support and service in everyday life. This is a part of the task of the social services. Assistance is given under the Social Services Act (SoL) and the Support and Service Act (LSS). Housing with special service, personal assistance or housing support in an ordinary flat, escort services and occupation/daily activities are examples of support and service for people with functional impairment.

## New district organisation gives scope for development

Going from 20 districts to 10 has meant improved opportunities for equal treatment across the city. In the sector for individual and family care–functional impairment, the integration has among other things had positive effects in the area of work/occupation. In the exercise of public authority it provides greater opportunities for equal treatment and a wider perspective. More has been described about organisational changes and integration between individual and family care and functional impairment services in the Individual and Family Care section.

## Competence

Medical care services and the municipalities in LGS (Management team for collaboration between medical services and the municipalities in Sahlgrenska University Hospital's geographical area) have in a joint project, West Competence, held a large number of training courses for personnel working with people that are intellectually impaired. Training courses have also been held by the City's psychiatric coordination team, with special focus on people with severe, complicated problems. The evaluations show good results and satisfaction, both from participants and their managers. The government project funds cease in 2012. There is a discussion in LGS about organising joint competence initiatives even after the end of the project time.

## Community Care College

The City of Gothenburg had its application during the year to be certified as a Community Care College (CCC) approved. CCC is formalised collaboration between instructors and employers in elderly care and functional impairment services to plan and offer the right courses with the right content and cover.

## Housing and meaningful occupation

One of the City Council's prioritised goals is for the amount of fully adapted housing and opportunities for meaningful occupation to increase for people with intellectual impairment. In 2011, 99 new flats in housing with special service (BmSS) were completed. 48 of these concern housing for people with intellectual impairment. A total of 174 people had offers of housing during the year (in new housing or in vacant flats in existing housing). 122 have accepted the offer.

In 2011, 30 people got housing through "F100". F100 means that the municipal housing companies offer flats to people with functional impairment who, despite extensive needs, manage to live in an ordinary flat with access to housing support. The working method was made permanent in 2011 as part of the property Management Committee's social housing assignment. Further development of housing support is in progress and in 2012 an extension in the number of flats is planned by the housing companies.

In the district administrations further development is in progress to generate opportunities for meaningful occupation, relocated daily activities, trainee places and opportunities for employment in close cooperation with the employment exchange, social insurance agency, coordination unions and local companies. The work has been developed internally as well through collaboration within the sector and a broader choice of activities to prepare for work and alternative forms of employment have been created. The role of housing support has changed and been extended to giving active support for activities and meaningful occupation. In 2011 the social resource administration's work on the goal was compiled in an action plan with 20 improvement areas that will lead to greater opportunities for meaningful occupation.

## Cost increase 2011 – a break in the trend

From 2005 to 2008 a rise in net costs of 7 - 12 per cent annually was reported, in 2009 the rise was 4.3 per cent and in 2010, 2.2 per cent. In 2011 the rise in costs was 7 per cent, thus back to the higher level of 2005-2008. The rises are partly explained by salary rises and a planned expansion of housing with special service. In addition, the districts report greater costs for several people with major care needs and a rise in housing solutions purchased for people





with intellectual impairment. Another cost raising factor is assessed by some districts to be the great turnover in social welfare officers and managers in connection with the reorganisation, which has led to poorer cost control.

#### Some key figures

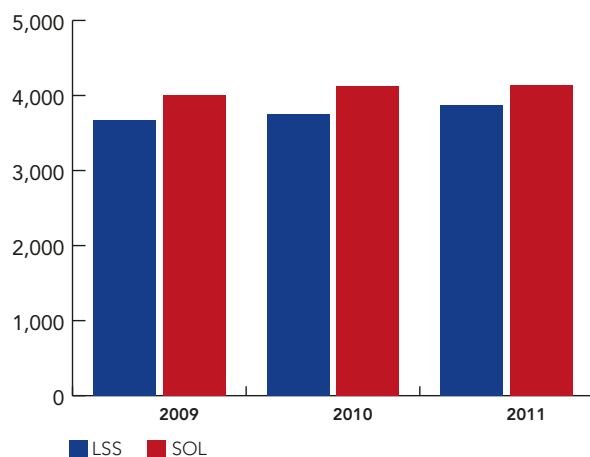
	2009	2010	2011
Net cost (MSEK)	-2,414 *	-2,467 *	-2,640 *
Trend in net costs (%)	4.3	2.2	7.0
Change in personnel volume (%)	4.6	0.2	2.6

\*inc. home medical care for people under 65 years of age

#### People with assistance under LSS and SoL

The number of people with assistance under LSS rose by 3.1 per cent, a rise of 117 people. The number of people with assistance under SoL rose by 0.2 per cent, equivalent to 10 people. Costs for LSS rose by 7.7 per cent and for SoL by 1.8 per cent.

#### People with assistance under LSS and SoL



#### Shortage of housing

During the period 2004–2011 almost 600 flats in housing with special service were built. Despite there now being nearly 1,200 flats, the need is not covered. According to the plan for the functional impairment area, a further 350 flats are needed within three years to cover the need, which is fewer than earlier estimates. In the assessment, regard has also been paid to the effects of further development of housing support in ordinary housing. Planned expansion for 2012–2014 covers 340 flats. The point at which the availability of housing with special service is in balance with the need has been moved back to 2014.



"You and I are a little mixed." With the camera as a tool, Kulturlabbet has explored the various guises of love.

Photo: Kulturlabbet

# Elderly care and home medical care

Elderly care issues appeared on newspaper posters during the year and on the political agenda. In Gothenburg, elderly care during the past year was characterised by organisational changes in the city, further demands for financial adjustment and creative new thinking.

The District Committees are responsible for elderly care and home medical care, each for its own population. Home medical care covers all ages. About one fifth of home medical care patients are under 65 years of age.

## Rearrangement, coordination and consensus

The major change at the end of the year, when 20 district committees became 10, has affected activities in several ways. Recruitment of managers at middle and unit level has in some cases taken a longer time and most important has been to make sure that basic work functioned. At the same time, when the previous administrations have been merged and new people have worked together, it has provided opportunities for new thinking and development. Issues of coordination and consensus across the whole city have been raised and it has proved possible to act coordinatedly in matters where this has not previously occurred.

## Elderly care on newspaper posters

Nursing and care of the elderly was given much space in the media during the year, often with unfavourable descriptions. Elderly accommodation has recently come into focus, above all under other management, mainly activities run by risk capital companies, though also activities under municipal management have been in question.

## The elderly are quite satisfied

It is important to find out the older people's opinion of elderly care. User surveys were made during the year, both locally in the city and nationally. In both it can be stated that the users are relatively satisfied. It can, however, be stated that the big cities have poorer results than the average in the national survey.

## Salutogenic elderly care

Personnel in the City's elderly care have for several years worked to make the activities salutogenic (health promoting) and match the catchwords intelligibility, manageability and meaningfulness. A citywide project manager, financed by government stimulation funds, gave support during the year, particularly to development initiatives in elderly accommodation.

## Camp activities for seniors

"For God's sake don't change anything! I feel reborn," wrote one of the participants in the pilot scheme, where seniors over 75 and seniors that care for close relatives

were offered an opportunity to "enjoy everyday life under simple, pleasant forms". The social resource department held 24 camp periods for seniors during the year at the City's campsites along the coast. The camps are used by schoolchildren and young adults at weekends and in school holidays, but can be used during the week for other groups.



**Meaningful leisure time.** Senior citizens are offered a trip to a camp as part of the work of promoting health.

Photo: Thomas Eriksen

## The Gothenburg model in home-help services

"The Gothenburg model is good, because now you can get help with small matters" thought one user of home-help in a district. It was also an objective of the new way of working, introduced in the autumn of 2010. Those that get help of a service nature from home-help services now have an opportunity to choose what is to be done in the set time. You can for example choose to have company on a walk instead of cleaning, or get help to defrost the freezer instead of cleaning one of the rooms. A measurement made during the spring showed that it is relatively few that actively make "other choices". New users, however, make more choices



than those there since earlier.

Financial conditions have affected development work in general and also the introduction of the Gothenburg model, despite the estimated cost rises being compensated. Among other things, the performance of has sometimes been split up, with particular, different people for washing, purchases and cleaning.

### Special organisation for advanced home medical care

To meet the need for care at home in cases of severe illness, the districts organised in 2011 the home medical care given to people with severe illnesses into four units in the city. The work is conducted in close cooperation with doctors at Sahlgrenska University Hospital.

### Joint elderly accommodation plan

The reduced number of district administrations has made it easier to plan together. One clear result of this is that for the first time it has been possible to prepare a joint plan for elderly accommodation activities in the city. The plan, which also contains a vision/strategy for the future, has been determined by all the district committees. A number of areas are identified in the plan that require further joint development work.

### Housing and technology for the elderly

Municipal and private players collaborate in the development of housing, the housing market and technical matters for the elderly. An action plan has been prepared under the leadership of the Property Management Committee. A large part of the joint work is done within the scope of the "Jolly Good for the Elderly" project. Housing fairs for the elderly were held during the year, both centrally for the whole city at BoPlats Gothenburg and in some individual districts. In a supplement to Göteborgs-Posten addressed to "seniors", BoPlats Gothenburg, in cooperation with Senior Gothenburg, informed about comfortable housing, accessibility marked flats and technology that facilitates.

### Elderly care – some key figures

Population frame	2009	2010	2011
Net cost elderly care (MSEK)	-3,620*	-3,649*	-3,757*
Trend in net costs elderly care (%)	-0.1	0.8	3.0
Net cost home medical care (MSEK)	-269**	-268**	-304**
Trend in net costs home medical care (%)	7.2	-0.4	13.8
People with home-help (average/month)	8,431	8,699	8,741
People in elderly accommodation inc. short-term (average/month)	5,041***	4,910***	4,726***
Liability for discharges, year places	10.3	11.7	7.8

\* Inc. home medical care for people over 65.

\*\* Home medical care all ages.

\*\*\* Over 80 additional places in Social Welfare Resource Committee activities for people over 65.

The net cost of elderly care including home medical care rose somewhat more than in most recent years, but not more than what may be expected from price and salary rises. The net rise in cost for home medical care is almost 14 per cent and according to the district committees responsible is due to greater need, higher auxiliary appliance costs and cost increases for advanced home medical care.

Liability for patients ready to be discharged is more or less back at the low level of 2006.

The districts have worked to improve opportunities for support in the home. The number of people in elderly accommodation and short-term places has declined in recent years, while there are more people with home-help and home medical care.

In December 2011 fewer were waiting for a place in elderly accommodation than in recent years. There were barely two hundred people. At the same time in 2010 there were more than three hundred people and at the corresponding time in 2009, almost four hundred. Of those waiting in December 2011, about a quarter had waited more than three months. As a rule they had had at least one offer and declined.

### Government financed pilot scheme

The City has received funds for a pilot scheme in collaboration between municipalities, hospitals and primary care in the LGS area. The scheme is called "ready for admission/discharge" and aims to introduce a way of working that leads to the elderly getting the care that is possible outside hospital and being admitted to hospital directly when there is such a need.

### Better employment terms

Elderly care is an activity that has traditionally used many substitutes and found it difficult to offer full-time employment. Development work is now in progress in the whole city to enable the prioritised goal of full-time posts for all personnel and a reduced need for hourly paid personnel to be achieved. Better personnel planning tools are an important ingredient in this work. The proportion of personnel with full-time employment has risen by 2.5 percentage points since the end of last year.

### Elderly care is a sector with a future!

The need of community care for the elderly will increase when the large group born in the 40s come in question in a few years. At the same time the part of the population of a working age will decline. It is then necessary for community care to be regarded as an attractive sector if it is to attract those looking for work and retain the personnel already there. Some activities to support this development have started, but more will be needed.

# Urban development

Despite financial anxiety and uncertainty around the world, there was a slight rise in container traffic in the Port of Gothenburg and as a place to visit Gothenburg did not lose headway. There was an unparalleled rise in public transport. Also in car traffic, though only a little. The number of dwellings ready for occupation fell slightly, however, but more dwellings than in previous years are under construction. The City of Gothenburg works long-term and purposefully for a socially sustainable city, but despite active measures housing segregation has increased lately.

Gothenburg has had a strong trend in recent years, with many moving in and more commuting, which makes demands on both the housing sector and the infrastructure. Extensive migration has in general led to a shortage of housing and pressure on the housing market, which in turn contributes to segregating mechanisms having greater effect. In all it involves a great challenge to cope with this in terms of sustainable development.

## The market slowed but no sudden halt

2011 was a strong year for the Gothenburg region – but now uncertainty is spreading as a result of the national financial crisis that has hit several European countries. Business Region Gothenburg collects every quarter a large amount of statistical data and analyses from various places in order to illustrate the position of the Gothenburg region. The optimism that marked the first half of the year turned during the latter half of the year to considerably more cautious notes. Growth in employment has, however, been strong. Unemployment has been lower in Gothenburg than in the country as a whole. The visiting trade has maintained its position with many guest nights.

Even though the coming year – as far as can be judged – will entail a dent in the upward trend, there are few that believe that the decline will be anywhere near what the Gothenburg region suffered three years ago.

## Lindholmen – where science meets business

At Lindholmen, Kuggen was opened with the two lower floors functioning as a meeting place for players from research, business and the community. Nearby lies Lindholmen Science Park, which was gradually filled with new tenants during the year, with a focus on the areas of Mobile Internet, Intelligent Vehicles and Modern Media and Design. A new hotel is now being built a few metres further away. The hotel in the old post office was completed during the year and opened in January 2012 with a great hullabaloo. Moreover, a third tower is now being built that will make Hotel Gothia at the Swedish Exhibition and Congress Centre Sweden's largest hotel.

## Tourism growing in all market situations

More guests than ever stayed the night in hotels in the

Gothenburg region in 2011. The result will most probably be that tourism shows growth for the 20th year in a row – the number of guest nights is estimated at almost 3.6 million. In the first half of the year the rise was 13 per cent, with major upswings in the non-Nordic markets. All hotels were in principle fully booked, with several major meetings during the autumn. Financial tourist turnover in the Gothenburg region was estimated at about 21 billion SEK in 2011 and this generated about 16,000 full-time equivalent jobs.

In December Christmas City Gothenburg was held for the eighth year running. The importance of Christmas City for the tourist trade grows stronger for every year and generates valuable receipts and job opportunities for Gothenburg.

In the autumn the city was appointed as Eco Tourism Destination 2011. The award is made annually by the Business Destinations newspaper and is based on how the city works with sustainability in tourism. Another award was that Gothenburg was appointed by the government as the Year's Food Land Capital 2012. The food, gastronomy and our clever chefs are things we have worked with for a long time to develop.

On the major events side in the summer, music was above all the order of the day. Several concerts and festivals were held in both parks and arenas. At Ullevi, Iron Maiden and Metallica played to crowded stands and in Slottsskogen Park the Azalea Valley was for the first time used as an arena for the festival "Where the action is" with bands such as Glasvegas and Coldplay. Way out West quickly sold out their two-day spell it was settled that Prince would be the main draw. The Gothenburg culture feast attracted 790,000 visitors. It was a successful event that offered over 1,000 programme items and a very good atmosphere.

## Container record in the port despite weak autumn

The Port of Gothenburg started 2011 with vigorous growth which, however, stopped short. In the autumn, imports and exports of several kinds of goods declined instead. Nevertheless, container traffic broke the volume record in 2011.





**New record.** Container traffic in the port rose in 2011.

A total of 887,000 20-foot containers were shipped via the Port of Gothenburg last year, which is a new volume record. The number of imported and exported cars rose by three per cent, while trailers on ferries (roro) fell by three per cent. In all about 11,000 ships called at the port during the year.

About 60 per cent of Sweden's imports and exports in containers go via the port of Gothenburg.

Goods train traffic also rose by one per cent in 2011. This means that the proportion of containers transported to or from the port by train instead of by lorry continues to be about 45 per cent. The system of train shuttles saved about 50,000 tons of carbon dioxide during the year.

1,699,000 passengers travelled via the Port of Gothenburg last year, a decline of two per cent. Cruise tourists are an exception, increasing instead from 52,700 to 62,000.

Oil and other kinds of energy fell by eleven per cent and ended at 20.4 million tons in 2011.

### Agreements concluded

In April, Logent Ports & Terminals AB took over the operation of the car terminal. In October an agreement was signed with APM Terminals Gothenburg Holding AB on a takeover of the container terminal. Port of Gothenburg AB has thereby gained two very good partners in cooperation with great know-how in their respective area, who together with the company will work for good growth in the goods hub of Gothenburg.

In October 2010 an agreement was signed with a new terminal operator in the Ro/ro terminal, a consortium between DFDS and Cobelfret. The affair requires approval from the EU competition unit before it comes into force.

### Housebuilding gave mixed goal achievement

The number of completed dwellings was 1,702, which is lower than the goal of 2,000 dwellings. At the end of the year, a large amount of building was in progress. Securing the supply of housing for particular groups that have difficulty in entering the market is an important matter. Great progress has been made here through broad collaboration.

Mixed forms of tenure and supplementary building in various parts of the city is an important objective to achieve a higher degree of social balance and greater integration, so enquiries that support the objective are given priority in land allocation. A land allocation competition for how the former Munkebäck Upper Secondary School site should be developed has given good results. In the assessment, great weight has been given to how the proposed building may attain social qualities.

Kvillebäcken is a new green district where 1,600 new flats are now being built. The vision is a living district where encounters between people are in focus and where the inhabitants can live climate smart. For the first time, a whole housing area is certified under Environmental Building, the environmental classification system. A competition for a Market Hall at Vågmästarplatsen was held, where the winning suggestion is a simple, robust building in yellow brick.

### Planning not as planned

The need for housing is still great. During the year, local development plans were adopted for about 1,900 dwellings. A large number of local plans were started during the year, so as to be able to increase the volume in the future. Creating a mixed city where so is possible has been in focus, as also making the plans flexible. The Central River City, Skeppsbron and Angered Square are some large projects planned for during the year. All the West Sweden package projects have of course required great resources.

### Physical planning – some key figures

	2009	2010	2011
No. of dwellings in adopted local development plans	3,300	1,130	1,900
No. of '000 sq m usable floor space in adopted local plans	170	265	485
No. of decisions on planning permission	3,706	*	3,500
No. of land surveys conducted	364	343	356

\* Data not available owing to change of system.



As a support in the work of planning future expansion areas, a comprehensive study has been started. It has been coordinated with the traffic strategy that has also been initiated.

The City also works actively to include social sustainability issues more clearly and systematically in community planning. In practice this means having a focus on the people in the urban environment. There are now several analysis tools – social impact analyses and child impact analyses, as well as a web-based knowledge portal – for support in the work.

### No serious danger of a landslide

It is generally known that large parts of Gothenburg are built on clay land. Several slips and slides have occurred over the years, of which the largest was in Tuve in 1977. An extensive inventory has now been made of the whole of Gothenburg, a so-called stability survey, to assess the current situation.

The survey has been in progress for three years, with samples taken and inspections made at places all round the city. An overall analysis was made first. From this appeared 670 built-up areas that have then been studied in detail. The conclusion is that at the present time there are no areas in Gothenburg where the data indicates an imminent danger of a landslide. However, there are some areas that are assessed to have very low safety. These lie mainly adjacent to waterways, primarily along the Göta River and tributaries such as Sävån, Lärjeån and Kvillebäcken.

### Central River City gives thought for the core

Central River City is a project that with the City Executive Board as a management team will over a period of two years prepare a vision and strategy for the region's core. It has been an eventful year and many ideas and thoughts have been mulled over.

During the spring, it was worked out with experts from the whole of Scandinavia that the River City should be inclusive, green and dynamic. In June, 80 national and international experts gathered in Gothenburg to contribute their knowledge. The result of the work of the ten teams was displayed in an exhibition at the City Library.

Almost 2,000 people of all ages have now in some way given their points of view on how the River City should be formed.

### Investment in development in the north-east

Utveckling Nordost AB is a newly formed municipal company with the task of being a meeting place for various players in the community who want to contribute to sustainable urban development in north-eastern Gothenburg. With support from the European regional development fund, about 123 MSEK is being invested in 2011–2013 to develop business, culture, urban environment and work on a vision and communication in the districts of Angered and East Gothenburg. In 2011 a survey was made of companies in north-eastern Gothenburg, as a basis for a more detailed picture of enterprise in the north-east and how it can be supported.

### From special transport to public transport

After the KOLLA project's conclusion, work continued in 2011 on inspection and rebuilding of further bus/tram stops and pedestrian zones. The goal to achieve 100 % low-floor in public transport has been made more difficult by the need to keep the oldest trams running. The old high-floor trams from the 1960s and 1970s are needed, together with the trams delivered in 2011, to cope with the introduction of congestion charges in 2013, when a sharp rise in travel is expected to occur.

#### Trend in travel by special transport – some key figures

'000s of journeys	2009	2010	2011
Special transport journeys	578	538	531
Flexline journeys (special transport passengers)	137	158	298

There are flexline buses in all districts and now everyone can travel by them, not only the elderly and functionally impaired. A continued transfer from special transport journeys to the flexlines and public transport has occurred. In 2011 journeys by flexline of those eligible for special transport rose by almost 3,700 per month compared with 2010. The main explanation for the rise is the removal of fares on flexlines for special transport passengers with a 65+ card.

### Sharp rise in travel by public transport

31 % of journeys are made by public transport, which is an increase compared with 2010. Although more people in Gothenburg choose to go by public transport, car travel does not decline. Each person makes more journeys now than a couple of decades ago, which means that the total number of trips by air, car, bus and rail traffic rises. There are also more of us in the region.

Travel by public transport has also picked up again after the recession and the number of journeys by public transport rose by as much as 10 % compared with the corresponding period the year before. Tram travel is the highest ever and rose by 11.2 %.

During the year the system with bikes for loan developed favourably. The expansion of cycle paths and cycle parking continued during the year. One essential factor that influences the choice of bicycle as a means of transport is, however, weather and wind. This may be an explanation for cycling not increasing despite the great investment.

#### Travel figures

	2009	2010	2011
Change in public transport (%)	0.9	3.2	10
Change in cycle traffic (%)	4.0	–9.0	1
Change in car traffic (%)	–1.7	1.3	0.3
Trams (millions of tram kms)	13.1	13.5	13.6
Buses (millions of journeys)	50	50	63

### West Sweden package rolls on

The great initiative to create the infrastructure of the future by means of the West Sweden package contin-



**Rise in travel.** The number of journeys by public transport rose in 2011 by as much as 10 per cent compared with the previous year.  
Photo: Klas Eriksson

ued. During the year the parties were able to sign the agreements that gave the go-ahead for the first 3 billion SEK. They are measures to increase public transport when congestion charges are introduced. Planning for the Västlänken train tunnel went on. Several streets in the city centre got bus lanes.

At the end of the year the Partihall Link was opened. Construction of the new road and railway to Trollhättan went on. The local plan for the Marieholm Tunnel, a 3.5 billion SEK project, was adopted.

### Cleaner city

For the second year running Gothenburg received the “Municipality of the Year” award from the Keep Sweden Clean foundation, which is given to the municipality whose inhabitants most clearly show their commitment against litter. The schools’ annual spring clean again beat the participant record, by about 57,000 children and young people who with property owners and companies in central Gothenburg focused on clearing away all ciga-

rette stubs. Stubs account for about 60 per cent of total litter in the city. The new Litter Act, which makes littering in streets, squares and parks liable to a fine has hitherto had no visible effect on the degree of litter.

### Meeting places for everyone

The Plikta excursion site was opened in October after six months’ rebuilding. Plikta is a meeting place for both young and old that attracts people from the whole city. The opening was attended by over 3,000 adults and children and the number of visitors to the playground has continued to be high after the opening.

Färjenäs Park has become a great asset, not only for West Eriksberg, but actually for the whole city. The superb playground attracts families with children and in the park there are plenty of pleasant places where you can have a picnic with a view over the water.

A number of new exercise yards for dogs have become new meeting places in the districts.

On the planning side, work has been in progress to



raise the quality of public places such as Kungssportsavenyn, Landala Square, Gamlestadstorget, Grönsakstorget and Rosenlund. Development of local squares was also in progress during the year, not least Selma Lagerlöf Square and Opalatorget, where supplementary buildings will give new life.

The great choice of activities at the Science Festival, Culture Feast and large parts of Christmas City is free and contains something for everyone. This makes it easier for people to meet around a common interest.

### **Citizen dialogue is central to urban development**

Urban development and construction should take place in close dialogue with the inhabitants. Children's needs and participation should in particular be improved. "Young River City", "Room for Young Culture" are examples where children and young people have taken part. Most of the City's departments and companies are partners in the work and many initiatives for dialogue were taken during the year. The processes are long-term and take a long time to implement. Examples of particular directions and initiatives are the Central River City project, the West Sweden package and the Urban Development Northeast Project.

### **Challenges and opportunities**

It is a great challenge for Gothenburg now to plan and expand for a long-term sustainable city. The environmental profile wanted for new buildings will mean that new houses are ecologically and energy-wise ever better. Planning lies well ahead in order to deal with the climate challenges. The low-lying central areas, which at the same time are the most expansive parts of the region, need to be secured against future rises in sea level. The traffic system needs to be reformed, where public transport takes the majority of future increases in traffic. If Gothenburg is to be a growing hub in the region, it is of utmost importance that resources for both tram and railway are extended.

The broad collaboration between the City, business, Gothenburg University and Chalmers University of Technology provides good prospects for developing the city. The greatest challenge lies in creating long-term prospects for social sustainability, where integration and good social conditions prevail in the whole city. Among other things, Mistra Urban Futures, a global centre for sustainable urban development in Gothenburg, gives opportunities for the City, together with research services, to develop new applied knowledge that supports sustainable urban development, both in the Gothenburg area and internationally.



**Something for everyone.** The Culture Feast has a broad choice of activities and functions as a meeting place for the people of Gothenburg.

Photo: Klas Eriksson



# Climate and the environment

Wind power is to be substantially expanded, more will fill up with biogas, Gothenburg will have a "climate neutral" port and an environment programme. These are some of the initiatives taken by the City of Gothenburg to be even more energy efficient and develop in an environmentally sustainable way.

The City's work has also attracted international attention. Apart from Göteborg Energi gaining a fine international award for its district-heating grid, the Delegation for Sustainable Cities has observed Gårdsten Housing's work to reduce the use of electricity. The delegation also supports six cutting-edge projects in Kvillebäcken, concerning among other things refuse collection and power-smart building.

## Greater focus on environmental work

The Environment and Climate Committee was given a leading, supporting and coordinating role during the year in work on the City's environmentally strategic issues. The committee will prepare action plans in the environment and climate field, among other things an environment programme, an energy plan, a climate strategy and a chemicals plan, as well as supporting and inspiring other departments and companies in their environment work. This leads to environmental issues gaining greater focus in the City. A first draft of the environment programme is expected to be ready in the summer of 2012.

## New environmental goals for children's health

A greater focus on environmental issues is also noticed in the local environment quality goals. One goal is called "Non-toxic Environment" and aims to reduce toxic substances in children's everyday life. Another goal adopted by the Council in 2011 is "Good Built-up Environment" and sets goals for such things as the indoor environment in pre-schools and schools and limits for noise in the vicinity of these buildings.

## Gothenburg's environmental work observed

Gårdsten Housing has displayed its work on "sustainable solutions" in Washington, within the scope of the Delegation for Sustainable Cities. Sun houses, wind power, individual energy measurements and collaboration with the tenants have aroused international interest.

Kvillebäcken is the first district in Gothenburg built according to the City's strict environmental requirements. The Delegation for Sustainable Cities supports six cutting-edge projects in the work, such as collection of refuse, power-smart buildings with white goods run on district heating, an environment shuttle across the river and bicycle closets.

Gothenburg was nominated to the Nordic Council of Ministers competition Nordic Energy Municipality 2011.

Gothenburg took part with Railport, the Port of Gothenburg's system of train shuttles that mean that 120,000 lorry transports are moved to the railway every year. Production of liquid biogas, which Lidköping Biogas does together with Göteborg Energi, was given a special honourable mention by the Nordic Council.

Göteborg Energi has received first prize in the International Energy Agency (I.E.A.) annual competition for its modernisation of the district-heating grid. It was the work of joining the energy flows in the city and how we managed to develop the district-heating system together with the customers that was rewarded.

The Port of Gothenburg was given the Energy Globe Award 2011 for its work of offering ships putting into port high voltage mains connections. The Stena Line ferries to Germany also got a new connection at the Majnabbe Terminal during the year. A total of eleven ships can now connect to the mains and every third ship calling at the Port of Gothenburg can shut off its diesel engines at the quay. This is unique in comparison with other major goods ports in the world.

The largest disc filter plant in the world, which Gryaab installed in 2010 at the Rya facility to clean the wastewater, continues to win fine awards. Most recently the Water Association's so-called Water Prize was awarded for the technology and even more awards for the architecture were received during the year.

Train of Ideas was an exhibition train from Hamburg, which was the "Green Capital" in the EU in 2011. The train called at twenty or so cities in Europe to spread good ideas and came to Gothenburg in May. A hundred or so leading examples of sustainable urban development were presented, of which two from Gothenburg; GoB-iGas and Mobility Coaching. Gothenburg held a seminar on sustainable urban development in with the train stop.

Green Gothenburg is a form of cooperation between Göteborg Energi, Renova, Älvstranden Utveckling, Framtiden, Business Region Gothenburg and Gothen-

burg & Co to display their environmental competence. Study visits are arranged on the theme of environment and sustainable development, where the companies display their work and environmental know-how to both domestic and international companies and organisations interested in issues of energy, waste handling and housing and building.

### **The City challenges the climate**

Developing the city centrally and close to the river involves great challenges from both an environmental and climate point of view. Three different strategies are being tried in the Central River City project to cope with flooding and high water levels. The strategies are called attack, retreat or defence strategy. Attack means that constructions are erected in the water on pillars or as floating constructions. Retreat means withdrawal from the low-lying areas, which would mainly be park areas for recreation. The defence strategy means further walls and dyking and pumping out surface water. The climate also affects our systems for drinking water and drainage, due to a greater amount of and intensity in rainfall and a rising sea level. An extreme amount of basement flooding occurred during the year because of intensive rain. The long-term work to make the city's drainage system more robust has continued, as well as necessary adjustment measures to ensure good drinking water production, even in more extreme climate conditions.

### **Great investment in wind power**

Göteborg Energi has a goal of expanding wind power to 500 GWh by 2015. Wind power is in operation in five places today, of which two in Gothenburg. Production in 2011 is estimated at about 87 GWh.

At the end of 2011, Göteborg Energi erected Sweden's largest wind power turbine, "Big Glenn", at Risholmen, with a height of 145 metres. It has considerable production capacity, 15,000 MWh per year, equivalent to the needs of about 5,000-7,500 flats. The wind power turbine, which is known as Gothenburg Windlab, is with its cutting-edge technology also a development and test plant for renewable energy production together with Chalmers, SKF and General Electric.

Vindplats Gothenburg is a major future project for sea based wind power that Göteborg Energi is examining in Hakefjorden. Many questions and political responses remain, but the potential for production of wind power electricity in the area is assessed as considerable, 200 GWh or 40 per cent of all electricity in flats in Gothenburg.

Several smaller sun and wind projects are under development in the property sector for local production. In recent years solar cells have appeared at the Natural History Museum, on Universeum's roof, at Ullevi and on properties managed by Förvaltnings AB Framtiden and the Premises Department. In addition there are several larger solar collectors for heat extraction.

### **District heating has competition**

District heating tends no longer to be as competitive if compare with the electrically powered heat pumps.

Göteborg Energi has also joined a new method common to the sector for reporting environmental values for district heating and district cooling. Emissions themselves are unchanged, but the method means that district heating has poorer environmental values than earlier, because it uses energy of fossil origin. But as long as there are activities that provide usable waste heat, it is also important to make use of it.

### **Clear goals for greater energy efficiency**

Work on an energy efficiency strategy for the City's own transports and properties has been coordinated by the Environment and Climate Committee with the support of the Energy Authority. In the strategy, goals have been prepared for further reduction in the use of energy by 7 and 15 per cent respectively by 2014 and 2020 on premises and in housing, as well as further improvements in efficiency of the City's own transports by 3 and 7 per cent respectively by 2014 and 2020. A positive element in the work is also that consensus on energy issues among the parties concerned has increased, both for users and producers, which provides good prospects for work on a new energy plan. Firm support from the City's activities and forms to give priority to different initiatives will continue to be important elements in improving energy efficiency.

### **Firm collaboration for cleaner fuel**

The collaboration project Biogas West has been run since the end of 2011 by the Västra Götaland Region in collaboration with the Transport Agency and the County Administration. Business Region Gothenburg, Göteborg Energi and Renova are included in the work. The goal is for the production and use of biogas as a fuel to increase in the region by 25 times from 2010 until 2020. The GoB-iGas project, which Göteborg Energi is developing, is a part of this. It is a development project with a new gasification technique to produce biogas from forestry products. A first stage is expected to come into operation in 2013, with production of biogas three times as large as Gryaab's.

The main biogas production in Gothenburg takes place in cooperation between Göteborg Energi, Gryaab and Renova. Gryaab produces gas by digestion of sewage sludge that Göteborg Energi then upgrades to biogas. Gryaab's ongoing environmental work of covering a sludge silo will increase biogas production further. Sorted household waste from Renova has been utilised as biogas, produced outside the city. A new pre-processing plant has been built at Marieholm to produce a substrate from food waste that can be digested into biogas. Included in the plan was that digestion would be done at Gryaab, but this was prevented by exemption not being granted from special requirements to hygienise the slurry first.

Göteborg Energi collaborates in various ways with other players outside the city to produce renewable energy. In June Viken Biogas in Falköping was opened, making biogas from manure. In the spring of 2011, construction of a biogas plant in Skövde was started, with biological waste as a substrate. Göteborg Energi has also erected a tank station for liquid biogas for lorries and cooperates in a produc-





tion plant in Lidköping. Renova is one of the first to test driving heavy vehicles on liquid gas, which opens for more environment-friendly long distance transport.

The first electric hybrid refuse truck, which Renova has been involved in developing, has both a diesel engine and an electric motor, which reduces emissions by 33 per cent. A smaller lorry run entirely on electricity has also been tested for refuse collection in residential areas and in urban environments where there are many people.

Liquid natural gas, LNG, is a fossil fuel, but considerably cleaner than current ship's fuels. Through a new EU regulation of the sulphur content of ship's fuels, these will in the near future need to be replaced by less pollutant fuels. The Port of Gothenburg and Göteborg Energi are investigating the prospects of being able to provide LNG as a fuel to expanding shipping from a new depot in the port.

### Less climate impact

The Port of Gothenburg runs several projects in its area of activity to reduce the use of fossil energy. The Port of Gothenburg has among other things decided to be a "climate neutral company" and set up as a goal to bring about a "climate smart transport concept" with train shuttles, mains connection of ships at quay and investment in LNG. The Port of Gothenburg is also trying to stimulate the shipping companies to change to cleaner fuel by means of a so-called fuel exchange programme and there is also an opportunity for shippers and operators at the front to apply for financial support for their investments in climate improving measures. For this the Port of Gothenburg received the Sustainable Shipping Award 2011.

The City's properties have also come a long way in the energy area to reduce climate impact. 97 per cent of the heating need consists of district heating and 3 per cent of this is in the form of "Good Environmental Choice". The proportion of renewable fuels in the district-heating system rises continually, as also demand.

### Smart cities increase cooperation with industry

Smart Cities is an EU initiative to hasten the adjustment of society to achieve EU's goals in the climate area. The City of Gothenburg has in cooperation with Göteborg Energi applied for a grant for a proclamation on district heating, where the city already has considerable experience to share, but where there is also a large development potential. Everything indicates that Gothenburg will be a so-called lead partner in a much-headed project with a large number of leading European players. This can also generate other future opportunities for environmental collaboration projects with links to the Central River City as a demonstration area, the West Sweden package's financing, the task of international profiling, Clusters, 2021 etc.

### More to sort more refuse

A new regional waste plan extending to 2020 and a new waste plan for Gothenburg have been adopted by the City Council. Both strive for greater resource economy and action plans are being prepared by the Eco-cycle Committee. At least 50 per cent of food waste will be made use of, so as to utilise the plant nutrient. The

amount of residue refuse from households fell in 2011 as well. There has also been some increase in sorted food waste, about 1,000 tons, but much work remains to achieve the long-term goal. The degree of sorting is now 28 per cent of the total amount of 55,400 tons generated from households and business. Of the 13,200 tons of food waste collected, 65 per cent went to six different plants for production of biogas.

With 14-day collection and a weight based refuse tariff gradually being introduced in the city, as well as personal customer contacts, the collection of food waste will increase even more.

### Live Life shows the way

The collaboration project Sustainable Lifestyle with Live Life has demonstrated opportunities for greater sorting of refuse and how the amount of waste can be reduced. The families in Live Life reduced their food waste by a quarter on average and the amount of refuse buy as much. The best family reduced the amount of refuse by 60 per cent. If everyone lived like the two smartest families, the amount of refuse, newspapers and packages would be down to a fifth of current amounts of waste in Gothenburg.

### We feel happier in a cleaner city

Litter should end up where it belongs – in the litter bin. There are now 4,300 litter bins, half of which are the very visible "Gothenburg bins" that have been designed together with Chalmers.

A new recycling policy for litter bins was prepared during the year, focusing on reducing the number of disposable packages at major events. Some of the bins have for this very purpose also been fitted with special return pipes. A special environment station for four fractions for recycling has been produced and could be seen at the Gothia Cup and the Gothenburg Culture Feast..



Litter bins with container for deposit bottles and cans.

Litter bin at Harry Hjärnes plats.

Photo: Maria Börgeson

### **We protect endangered species**

The freshwater pearl mussel is perhaps not so generally familiar, but its future is threatened. Several of the City's departments have worked to save the endangered species where it still remains in the Lärjeån tributary. The river bottom has been raised with stone and natural gravel, which has increased the speed of the current. This favours both the pearl mussel and its host fish. The work has been designated as one of the best nature conservation projects in Europe and for this LIFE – Nature project the City, together with the Sport Fishermen, WWF and the County Administration has also received an EU award at a ceremony in Brussels.

To assess the protection value of different land areas, the City carries out annual ecological inventories, most recently of bats, moor frogs, hairlike pondweed, high-grade deciduous forest, fringes and marshes. The timid smooth snake was found in three places, 39 kinds of butterfly were found, of which five were red-listed and of 32 dragonfly species, one was found on the EU habitat directive list. All results are entered in the City's joint map office Nature, Culture and Sociotope, which provides planning support for building and exploitation.

### **Gothenburg became a Fairtrade City**

Gothenburg is the largest town in the country that is a Fairtrade City. Fairtrade Sweden gave the city its diploma in May 2011. The criteria make demands for ethical procurement, actively informing about the meaning of Fairtrade and ensuring that there is a certain choice of ethically marked products in shops, cafés and at work-places in Gothenburg. Work with Fairtrade has had a lot of attention, considering the short time that has passed since the city got its award and a total of 9,000 people

have taken part in the various arrangements. A special web site has been published that on fifty or so pages addresses private individuals with information on fair trade and what is under way in Gothenburg. Here shops and organisations can announce that they sell Fairtrade marked goods.

### **Sea and water are a joint responsibility**

The new state Sea and Water Authority, which has been placed in Gothenburg, started its activities after the summer of 2011. Prospects of cooperation between the City and the authority are good, through the mandate of the Environment and Climate Committee to coordinate the City's marine environment matters. Participation of the Swedish municipalities in the international environmental organisation KIMO is also coordinated by the committee and the 2012 annual meeting will be held in Gothenburg. Within the scope of the City's marine environment work, the occurrence of tributyltin in sediment from marinas and its biological impact on the little netted dog whelk has been examined, but also the occurrence of algae in hard bottom environments in the archipelago. The importance of the sea as a resource and environment has been conveyed to the government in various submissions, on marine planning and fishery conservation among other things.

In the long-term action plan for Gothenburg's water supply, Lake Mjörn and the gravel esker in Gråbo are important complements to the present raw water catchments and waterworks. Through a final decision by the Environmental Appeal Court, the interests of water supply have now won over gravel pit operations. Cooperation between the Gothenburg Region Association of Local Authorities, the City of Gothenburg and the Municipality of Lerum eventually to realise the regional drinking water complement thereby picks up speed again.



**The sea – an important resource.** The significance of marine planning and fishery conservation has been conveyed to the government.

Photo: Asbjörn Hanssen



# Public health

In Gothenburg public health work with a focus on the population continued in 2011. Good progress in public health is of concern to many figures in the community. Differences in education, income, occupation and lifestyle affect people's opportunities for a long, healthy life. Reducing the differences in health is a great challenge.

In Gothenburg good public health was a strategic part of the social dimension to achieve sustainable development of the community. Districts, departmental administrations and municipal companies made efforts in the area. The districts continued their long-term health promoting efforts for children, young people and their parents. Participation in parental support courses, lifestyle programmes and health adventures at school are some such examples. Setting up more family centres was another decision in 2011 – 4 new ones will be built in 2012. For the adult population there was access to health information and health promoting activities through such things as healththeques or health desks. Public health councils were established in the new districts. The public health perspective continued to be a strategic perspective in local town and community planning during the year. A special children's manual was prepared. The traffic safety work of the Road Traffic Office in the form of speed reducing measures in the past 20 years has reduced fatalities among pedestrians by 70 per cent and the Parks and Landscape Department's investments in local sports grounds and other things were other examples.

## The people of Gothenburg feel better, though still great differences between districts

The public health questionnaire "Health on equal terms" showed in 2011 that more people in Gothenburg state that they have good physical health (73 %) than they had in 2007 (70 %). There were still differences between and within districts. 7 of 10 in the north-eastern and Hisingen districts stated good health, while almost 8 of 10 stated good health in central and western districts. Improvements in self-estimated health were between 3 and 4 percentage points. In 2011 fewer than in 2007 state that their mental well-being was reduced – West Gothenburg declined most.

## Factors that affect the health of the population

Unemployment and lengthy illness affect people's living conditions and health. The proportion of unemployed aged 25-64 years fell in 2011, but youth unemployment remained high. Education gives a greater probability of gainful employment, providing for yourself and good health. In 2011 more pupils left compulsory school without final grades. The ill health rate continued to fall in 2011, but less for women than for men. Child poverty, i.e. children in households with long-term income support, is rising.

## Risk factors for ill health

	2009	2010	2011
Ill health rate	31.7 *	29.0	28.0
Unemployed aged 16-64 years (October measurement)	7.6	7.3	6.7
Level of education women	48.5 **	49.5 **	— **
Level of education men	43.5 **	44.2 **	— **

\* The ill health rate is a quotient where the numerator is the number of days paid (of sickness benefit, rehabilitation benefit and sickness and activity allowance) per person between 16 and 64 years of age during a 12-month period. The denominator is the number of people in the age groups concerned. Ill health rate women 32, men 24 Unemployed youth 16-24 years of age was 4,343 in 2011 (Oct)

\*\* tertiary education 20-64 years of age, proportion of population. No data for 2011.

## Long-term challenge to even out differences in health

In the past twenty-year period, differences between districts with very good living conditions and those with poor such have grown. Achieving an equal state of health in the city is a long-term challenge. In 2011 Gothenburg joined SKL's "Rally for social sustainability – reduce differences in health". Good, secure conditions in which to grow up for all children and young people, access to education, work and providing for themselves and also strategic public health work will be the focus to achieve sustainable development for the social dimension.

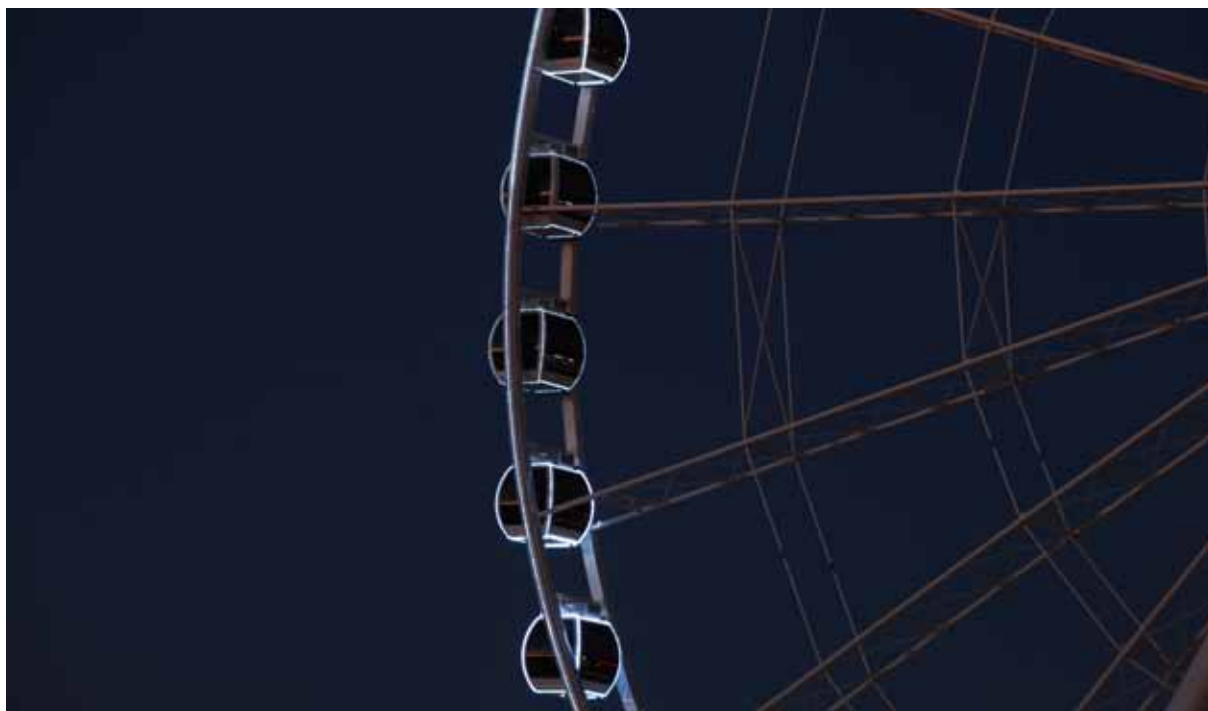
The differences between women and men with regard to tertiary education levels have increased during the whole of the 2000s. In 2001 the difference was 2.5 percentage points and in 2010 twice as much, 5 percentage points. One explanation is that more jobs where women dominate require higher education, such as nurses and. Pre-school teachers, while men are found to a larger extent in jobs in the construction and industrial sectors, which often have lower education requirements.



# Culture and leisure

Cultural activities took an increasing amount of space in the transformation of the Gothenburg community. Children and young people flocked to the optional Arts School, which had mounting growing pains as regards premises and resources.

Further leisure facilities were added, large and small, to the benefit of the health of the people of Gothenburg.



**On the move.** The Gothenburg Wheel is moved to the entrance to Liseberg.

Photo: Gösta Rydval

## Culture an active figure increasingly in demand

Together with others the Cultural Affairs Committee carried out many annual activities, some with very large crowds. The Culture Feast attracted about 790,000 visitors, a reduction of about 135,000 compared with the previous year. Culture Night drew 44,000 visitors to 150 programme items with 139 organisers. Many of the visitors were such that do not otherwise attend cultural events. The committee also organises the annual Citizen Ceremony, a festival for new Swedish citizens.

During the year the Cultural Affairs Committee signed the lease for Stora Teatern, where among other things the activities run by Pustervik Theatre are moving. The committee also decided to locate the Youth Arts Centre to Lagerhuset. Nineteen young people functioned as ambassadors during the year in a dialogue process with other young people to determine what the building/meeting place would contain.

The Cultural Affairs Committee and its department have taken an increasingly active role in the development of the city. The department is represented in both the management and project groups for the strategic urban development project "Central River City". It has

an important role in the planning and implementation of the city's 400th anniversary, among other things in the intended upgrading of the city's cultural institutions and measures to strengthen the image of Gothenburg as a culture and tourist city.

## With diversity and the public at the centre

The Gothenburg City Theatre strengthened its position as one of the country's leading city theatres. Backa Theatre for children and young people was an example to theatre groups with its process work with a participating audience. The City Theatre set up 14 new productions, 6 of which were newly written Swedish drama. Reservations rose from 72 to 79 per cent. The longstanding joint work with Parapanda Theatre Lab. from Dar es Salaam in Tanzania resulted in a joint production of Sophocles' *Antigone*. The performance, which was played in both the Kiswahili language and Swedish, opened in Dar es Salaam and then in Gothenburg.

## Creative School

Creative School is an annually recurring government initiative intended to strengthen collaboration between schools and professional cultural life. Total grants of 7.5 MSEK for



years 1-9 were approved for City of Gothenburg activities. Almost 4,000 workshops with practising were held.

### **Optional Arts School ever more popular**

At the autumn measurement, a total of 7,408 pupils aged 6-19 years took part in the Art School's activities, a rise from the previous year of over 600 pupils. The sharp rise was partly due to young people aged 16-19 years also being given the opportunity to continue at the Art School from 2011. The districts of West Gothenburg and Angered had most pupils aged 16-19 years enrolled. There has been great interest in most districts in the opportunity to continue in the Art School's activities.

The proportion of girls at the Art School was 62 per cent and boys 38 per cent, which means that the trend was maintained with more girls than boys at the optional Art School. It should, however, be noted that the difference in gender distribution was smaller among the 16-19 year-olds.

It could be ascertained that the requests of about 600 pupils could not be met at the time of the measurement in question, 356 girls and 250 boys. These pupils have stated three application alternatives and do not have a place in any other activity. One reason for the growing waiting list is that more upper secondary pupils than expected wished to continue in the Art School's activities.

In 2011 the Chief Executive Officer, on the instructions of the City Executive Board, made a decision on joint guidelines for the optional Art School. The purpose of the guidelines is among other things ensure equality between the districts.

### **Meaningful leisure occupation for everyone**

Grants from the Cultural Affairs Committee's development support and the State Inheritance Fund contributed to making possible the Art School's joint project El Sistema and An Art School for Everyone. The latter project will help to make the Art School accessible for children and young people with functional impairment. The project also made competence enhancement initiatives possible, where all the Art Schools took part.

Another project, Leisure for Everyone, financed by the State Inheritance Fund for the Passalen association, was run in the city. The purpose was to give children and young people with functional impairment access to ordinary leisure activities. The project provided knowledge for clubs and associations and City departments to put leisure for everyone into effect.

### **Support for club life**

Despite various efforts, the proportion of children and young people that are members of clubs fell during the year, girls by 7 per cent (64%) and boys by 3 per cent (83%). During the year Sjumila School's sports halls and the community centre that was part of the EU project "Growth Biskopsgården" were completed. An ice rink, an artificial grass pitch and a sports area were completed. Heden's bandy ground, upgraded to premier league standard, was transferred from Gais Bandy Club to municipal ownership. The Sports College's sports hall in the centre of the city was opened and supported sports at all levels evenings and weekends. The world's largest beach volleyball facility was opened and became a starting point for

the development of Kviberg's sports area.

Access to facilities is an important requirement for many clubs. Apart from facilities, the Sports and Associations Committee gave clubs support in the form of various grants totalling 78 MSEK. To raise interest in their activities, clubs held holiday activities, have-a-go activities and minor arrangements. In order to ensure the supply of leaders, leader training courses were held with about 350 young people. The Sports and Associations Committee has been delegated responsibility for grants to the Adult Education Associations and SISU (Sports Education Association). In 2011 nine education associations shared 29 MSEK. SISU got 2 MSEK.

Part of the Cultural Affairs Committee's assignment is to support fringe culture, so during the year the committee gave 52.5 MSEK in support to about 225 larger and smaller organisations and 93 stipends. Attendance for those that obtained activity support totalled 772,000, of which 119,000 children and young people. By means of 1.2 MSEK in support, the committee also made digitalisation of seven cinemas possible.

### **Leisure activities that address young girls – a development area of concern**

Leisure activities addressed to young girls became an increasingly important area to develop. Up to now, the boys have dominated youth activities, not least in the youth leisure schemes run by five districts. This was noticed and there were selective activities in dialogue with the girls. Ladies Night was held during the year at Radar 72 by the East Gothenburg District Committee with 178 girls, who were fetched and dropped off by bus to increase security.

### **Job opportunities for young unemployed**

During the year 29 unemployed young people were employed by associations for six months. Apart from their work in the association, the young people were given certain training and were able to assist at larger youth arrangements. Boys dominated, since there were more unemployed boys. For the second year the Cultural Affairs Committee arranged cultural summer jobs for young people, 94 of whom held 500 performances in streets and squares, to the delight of an audience of 30,000.

### **The Ferris wheel rolled on to Liseberg and the Way Out West musical event grew**

The Gothenburg Wheel, which has been in the centre of Gothenburg, rotated for the last time on New Year's Eve. The wheel will then be moved to the Liseberg entrance and be a new profile in the amusement park. Liseberg established itself as one of the leading and best attended amusement parks in Europe. The company's activities took further steps towards year-round activity, with among other things shows that drew full houses. In total over the whole year the number of guests at the park rose marginally.

The two-day festival Way Out West, a private arrangement in the city's parks, was attended by 32,000 people, a rise of 28 per cent. The event, which is environmentally certified, placed as one of the larger ones in Scandinavia. For 2012 the music festival will therefore be extended to three days.



**Guests/visitors '000**

	2009	2010	2011
Letting of sports facilities (pitches and halls, hours)	289	279	281
– of which sport halls	133	131	137
Guest nights at sports competitions	220	219	208
Swimming baths	1,076*	913	1,006
Ullevi	503	200	188
Scandinavium	679	649	633
Liseberg Amusement Park	3,100	2,881	2,900
– of which Christmas at Liseberg	552	495	432
City Theatre	125	110	135
– of which children and young people	23	21	28
Pustervik Theatre	80	94	93
Art Gallery	38	35	38
City Library	1,217	1,201	1,192
District libraries	2,979	2,888	2,982
Museum visits	648	605	649
– of which children	140	127	200
No. of pleasure boat berths let	7,241	7,287	7,143

\*Central baths and district baths.

**Public libraries and museums among the city's most important meeting places**

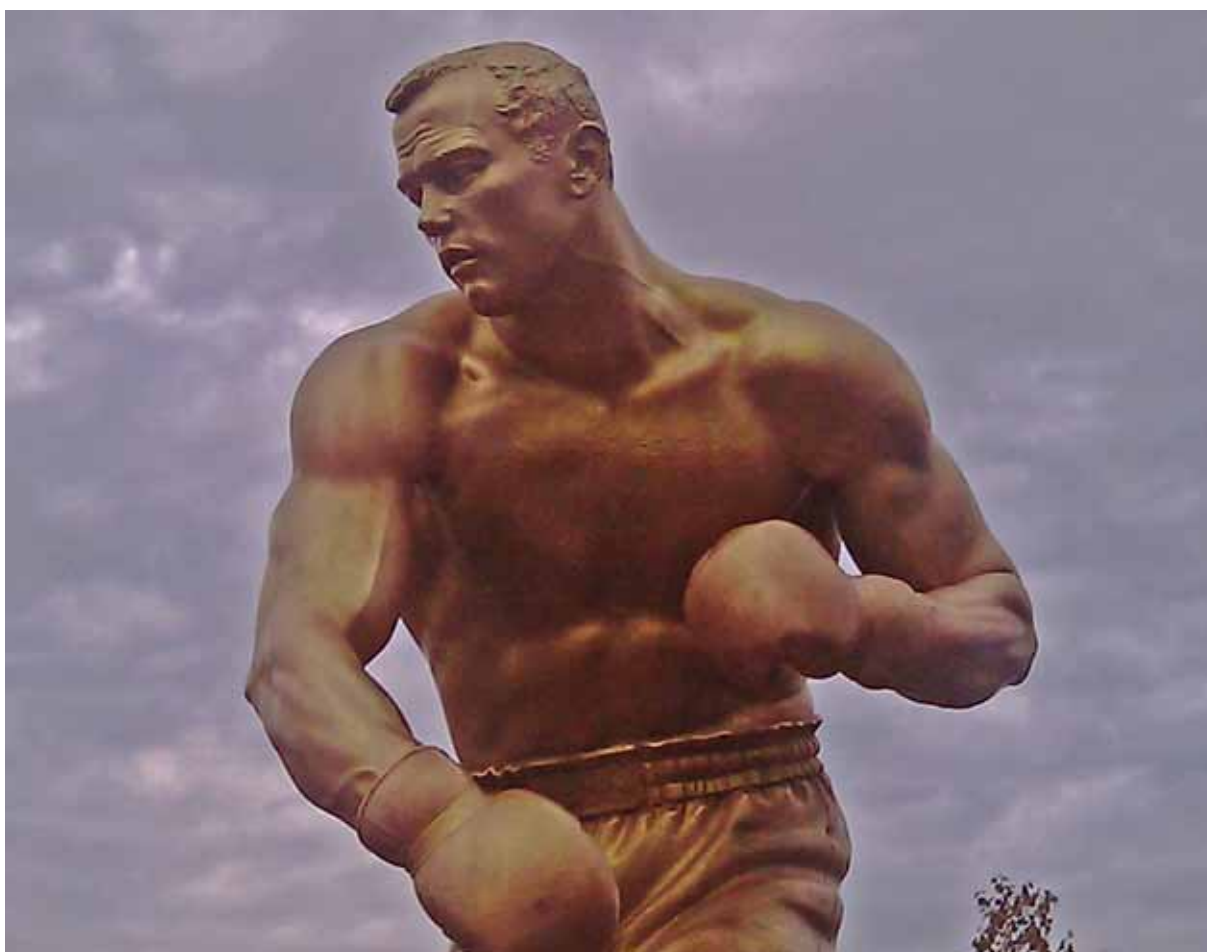
The public libraries, the City Library and the city's 23 district libraries, were still the best attended municipal activities. They reached broad groups of visitors and were therefore among the city's most cross-generation and integration promoting meeting places.

The Maritime Museum's newly renovated top floor was opened with new exhibitions at the beginning of the year. The changes have been successful, with a rise in attendance of about 30 per cent.

The Art Gallery has also had a considerable rise in attendance, about 10 per cent. The international initiative of exhibiting works by the Mexican artists Frida Kahlo and Diego Rivera and also the exhibition of works by the author of children's books and cartoonist Jan Lööf, contributed greatly to the rise.

It was also gratifying that the proportion of children among museum visitors rose. Thus at the Maritime Museum, half the visitors were children.

During the year the sculpture "Ingo – the Champ" was inaugurated. The statue is placed at Nya Ullevi and financed by funds from Charles Felix Lindberg's donation fund.



**The Champion.** The statue of "Ingo – the Champ" was unveiled during the year.

Photo: Björn Johansson



# Diversity and integration

The City of Gothenburg works consciously and consistently for greater diversity and integration, with the purpose of making Gothenburg a city for everyone. It is long-term work that requires stamina and constantly ongoing work to think in new ways and question ingrained patterns and ways of thinking, in order to achieve the goals. Human rights are the starting point for the City's work.

There are considerable geographical and social differences between the inhabitants of the city. Despite active work, the differences have grown in recent times. Equal opportunities for housing, work and education are a focus for the City's integration promoting work.

## **Inhabitants to be given equal service**

The City's departments and companies work long-term to promote attitudes that involve equal reception and non-discriminating treatment of immigrants, by both staff and managers. As support for the work, material providing knowledge of human rights and norm-critical thinking has been produced. A hundred or so employees took part in a training course during the year to apply the material in their organisations. Selective activities have also been held for the City's departmental managers.

## **Greater integration requires far-sightedness**

The City works consciously to bring about a mixture of housing in different parts of the city, so as to stimulate in this way social mobility and greater integration. Building to increase the variation in housing is in progress in Frölunda, Högsbo and Länsmansgården, among other places. A good housing environment is another important issue. The districts and the police have developed cooperation for the purpose of contributing to secure housing environments. Dialogue with the inhabitants is a condition for success in the work.

Newly arrived refugees and immigrants are given extra support to facilitate entry into working life and the community in general. A social introduction in the mother tongue and courses in the Swedish language with job experience are examples of initiatives the City has worked with successfully. The City also works to improve the reception of newly arrived children and young people in school, to provide good prospects for the children's learning and development.

The goal is for City employees to reflect the composition of the population at all levels. The proportion of managers with a foreign background increased during the year.

## **Council for integration and social solidarity formed**

The City of Gothenburg has formed an independent council for integration and social solidarity to assist in developing the City's work and provide the City management with recommendations and suggestions. The council has 16 members with broad experience and knowledge in various social sectors. The council is led by the Governor of Västra Götaland County. Initially the work focuses on four themes: "Policy & Perspective for Integration", "Housing & Civil Society", "Labour Market & Adult Education" and "Conditions in which children and adolescents grow up, with a special focus on school."

## **National minorities noticed more and more**

The City of Gothenburg works to emphasise and also to strengthen the rights of national minorities. This is partly done by the City's cultural institutions paying attention to the national minorities in their choice of programmes and publicly celebrating the minorities' national days. Work has also been started in collaboration with Romany groups to improve the situation of the Romanies in Gothenburg. The City of Gothenburg is now a Finnish administration area, which among other things means extended opportunities for access to service in Finnish with regard to childcare, mother tongue tuition, elderly care and information in Finnish.

The City has formed a council with representatives for the national minorities in Gothenburg.

## **The open city**

The hitherto largest and most successful HBTQ festival in Gothenburg was held with great participation by City activities. Many people in Gothenburg attended the arrangement and took part in the festival's seminars and debates.

## **Challenges**

Working for an open and tolerant city that assists in integration and social harmony makes demands on far-sightedness and stamina if the measures are to make a difference. It assumes coordination and close cooperation between City activities, authorities, business and civil society.

# Equal opportunity

The City of Gothenburg is really well on the road to developing into an example of and pioneer in equal opportunity. Through long-term efforts in work with equal opportunity integration, the quality of municipal service improves.

Specially skilled development leaders have been recruited to the districts to support work on equal opportunity and human rights. Among other things, a citywide scheme was started to train process administrators in matters concerning equal opportunity, gender, equal treatment, HBT etc. Seventeen departments and companies started the scheme, which continues in 2012.

## Municipal service surveyed and studied

The extensive training schemes held earlier have in many cases resulted in active, concrete work, both personnel policy work and work with a focus on the services carried out. As for example the City Theatre, which continues its longstanding equal opportunity work with a clear focus on both the artistic work and personnel policy. Other examples of initiatives that may be mentioned are:

- \* Gender perspective in the assessment criteria for cultural support.
- \* Even representation of lecturers is aimed at by Business Region Gothenburg and Majorna-Linné District Committee, among others
- \* The City Library makes gender conscious purchases of books and other media.
- \* The majority of districts have made surveys in pre-school, school, elderly care, social services, assistance assessment etc.
- \* Text and picture analyses of internal and external material and analyses of home pages have been made in many organisations, such as Gothenburg & Co and the Environment Department.
- \* The Lundby District Committee management has held learning seminars and the results have then been integrated into the administration's management and control work.
- \* The Education Department continues its educational initiatives with the aim of having the world's most equality conscious upper secondary education.
- \* The Property Management Office and the Sports & Associations Department have taken further steps by initiating studies of resource allocation on the basis of gender.

## Equal opportunity integrated planning and follow-up process

The work of equal opportunity integrating the City's planning and follow-up process, which was started in 2010, continued in 2011 as well. By means of systematically requesting gender divided statistics, impact as-

sessments and strategic initiatives, development towards equal opportunity integrated activities is supported. The Social Resource Department has taken a further step in the development work by integrating gender, age and ethnicity as a basis for control and decision.

In the autumn a research project was started that aims to develop work on measuring and following up the qualitative results and effects of equal opportunity work in the activities.

## Seven development projects share three million kronor

Sweden's Municipalities and County Councils granted funds in 2011 to seven activity projects through the Programme for Sustainable Equal Opportunity. In one project, four districts collaborate to ensure that elderly care services treat elderly men and women equally well and on an equal footing. Three districts are working out a method for equal opportunity integration of the citizen dialogues in the city. Gothenburg Parking AB is working to increase security in connection with multi-storey car parks. After holding an idea workshop for the public, bushes and trees have been pruned to increase perceived security.

The Sports and Associations Department started a study of investment grants in the autumn, with a focus on equal resource allocation. Another project that obtained funds was Got Event, which aims for equal opportunity in its major events activities. To achieve the goal, development work was started on the company's customer questionnaires, viewpoints on service, security, experiences and restaurant activities.



**Entertainment on equal terms.** Major events activities in the City of Gothenburg will afford equal opportunity.

Photo: Jorma Valkonen



# Labour market initiatives

In line with the City of Gothenburg's prioritised goals for 2011, labour market initiatives were focused on young people, immigrants and people with functional impairment. There was greater cooperation in the efforts of the district committees.

Unemployment in Gothenburg was high, counted as the number of people that were openly unemployed or in programmes. In all it was about 8.5 per cent at the end of the year. The Employment Exchange forecast for 2012 predicts a slight rise.

## Holiday jobs

Holiday jobs for upper secondary pupils totalled 1,340 with 48 per cent boys and 52 per cent girls, working for four weeks in different City activities. Of those with holiday jobs, 37 per cent were born abroad. Apart from jobs for upper secondary pupils, those in ninth year compulsory school also had various types of municipal holiday employment in the summer. 1,193 of these pupils had a job, of which 51 per cent girls and 49 per cent boys.

Research shows that young people that have had holiday jobs find it easier to settle down in the labour market later in life, so the initiative is particularly important.

## Upp!

After a tentative start in 2010 the project was in full operation for the whole of 2011. Working methods were gradually developed in such things as introduction, guiding and material for individual career planning. Activities were above all developed on the basis of the sequential research carried out, but the votes of the participants also influenced Upp!'s formulation.

A marked rise in the inflow of participants was noted in 2011, which was an effect of more goal-oriented work on marketing, as also closer cooperation with the district committees and the Employment Exchange, among others.

In the latter part of the autumn, critical opinions of Upp! appeared in the media. Shortcomings in Upp!'s work routines were revealed and the project was not considered to have fulfilled the expected results. Consequently the project was concluded prematurely.

The City Management Office has prepared a phase-out plan where commitments to participants in the project are completed, so that they are not affected by the phase-out unnecessarily.

## FUNCTIONAL IMPAIRMENT

### Public sheltered work (PSW) – team/individual

In 2011 there were 390 places for PSW, of which 190 were in work teams. Most of the individual places were in elderly care and pre-school/school. Five people left their PSW in 2011 for work in the ordinary labour market. A change in the activities is being made in 2012 for the purpose of increasing the throughput of people and giving more the opportunity to move on to other work.

### People with functional impairment – Trainee

Through the Trainee project, people with functional impairment obtained specific support to be able to be part of working life. The activities have been in progress since 2007. A full-time employed coach gave continual support to 55 people during the year, of which 61 per cent were women and 39 per cent men. Of these, 14 people gained employment in 2011.

### Job and development guarantee, Phase 3

During the year the Employment Exchange and the City of Gothenburg had an agreement concerning 200 places for people in Phase 3. 167 people got a chance for an occupation place in the City of Gothenburg. The work areas are dominated by pre-school/school and elderly care, but there are also places in, for example, the cultural affairs area, caretaking and Park and Landscape's green jobs.

### Challenges for the future

Collaboration with departments and companies in the labour market area needs to be developed and coordinated. Opportunities for getting municipal work should be improved for people with functional impairment and for young people.

It is troublesome that many young people do not complete upper secondary school.





# Exercise of public authority and organisational development

In an organisation of the City of Gothenburg's size, constant development of the organisation is required to adapt to prevailing conditions. Parts of the changes are justified on the basis of efficiency or a changed assignment, others from a wish to make the organisation clearer and more unified.

When 2011 started, Gothenburg's organisational chart was redrawn and this affected district administrations, departmental administrations and companies.

## **The districts are now ten in number**

On 1 January 2011 Gothenburg's new district organisation came into force. All districts were affected by the organisational changes in that the organisation of the districts is now the same. The idea is that fewer districts will make it easier to coordinate activities and that larger districts will lead to more financial security. This will in turn give conditions for greater efficiency, which will be of benefit to the inhabitants, through for example better service.

## **Water and sewage organisation changes**

In the autumn of 2011 the City Executive Board made a preliminary decision on a merger of the Eco-cycle Committee and Gothenburg Water. The purpose is to improve conditions for the handling of water and sewage matters in the City of Gothenburg in the short and long term. The final decision on the organisational change is expected to be taken before the summer of 2012.

## **The Premises Department is newly formed**

At the beginning of 2011 MedicHus, the Supply of Premises Department and parts of the Premises Office joined forces and now form the Premises Department, which manages, adapts and builds premises and accommodation for city of Gothenburg activities. The department is one of Sweden's largest managers of public premises, with responsibility for over two million square metres.

## **Port of Gothenburg AB has changed**

The new company structure in the port Group was established in 2011. Two of the three newly formed terminal companies have been transferred to external terminal operators. The ro-ro terminal, Älvsborg Ro/ro AB, will be run by DFDS and C.Ports via a joint company as soon as the deal has been approved by the EU competition authorities. A decision is expected at the beginning of 2012. The car terminal has since April 2011 been run by the logistics company Logent AB. The container terminal is the third and last terminal to be transferred to an external operator. Since 4 January 2012 the terminal has been run by APM Terminals Gothenburg AB.

## **Public transport transferred to the region**

The Västra Götaland Region has taken over as regional traffic authority. This means that, after transfer of the tax levy, they will handle all public transport in the region, even tram traffic. In 2012 the Road Traffic Committee will continue to be the purchaser of tram traffic with GS Spårvagn AB as provider, although the cost responsibility is transferred to VGR. By 2013 a new agreement has to be signed, where VGR gives the City of Gothenburg the assignment of running tram traffic. The City of Gothenburg continues to own the infrastructure for tram traffic, but financing in the form of capital costs or leasing costs lies with VGR/Västrafik AB.

## **Exercise of public authority shall be impartial and fair**

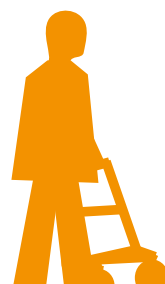
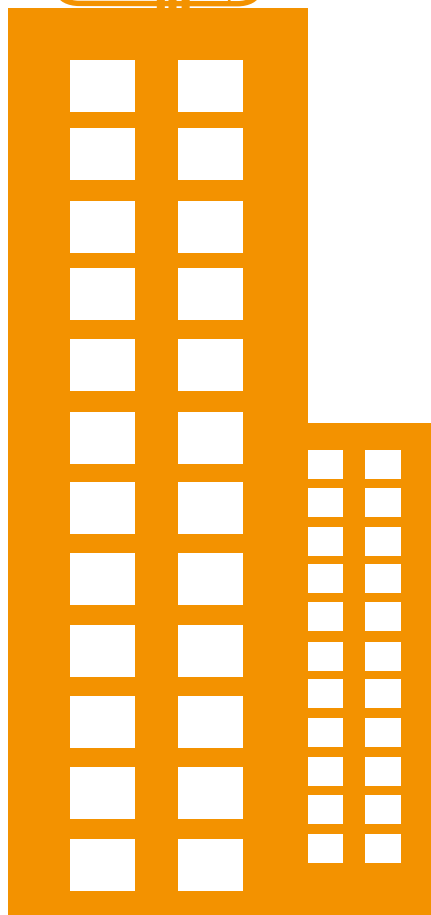
The exercise of public authority means a number of different things for the private individual. Decisions can be both onerous and favourable. In the exercise of public authority area, the City Council budget particularly emphasises the right to fair and impartial treatment, the principle of equal treatment and intelligible formulation of decisions and data. All the City's activities pursue the exercise of public authority in various forms.

## **Intensive work**

The work of securing the focus of the budget was intensified during the year, primarily in the district committees. Common data systems and handbooks improve the prospects of more legally secure documentation and follow-up and developments in standard practice in each area is studied carefully by the various activities. In addition, official inquiries are scrutinised through systems for internal control.

## **Greater uniformity to the advantage of many**

The district committee reform, with a reduced number of districts, has affected the exercise of public authority in the city and made it more uniform, partly through common platforms and extended networks. Ongoing work to standardise and the processes in the city and make them the same are to advantage for the activity, the staff and private individuals in Gothenburg.



# 3

## MUNICIPAL CITY OF GOTHENBURG FINANCIAL ANALYSIS AND ACCOUNTS



By the municipal City of Gothenburg is meant the committees and the financial administration, in principle the tax financed activities. In this block the City's financial position and development are analysed from a number of perspectives. The statutory accounting statements with supplementary information are also found here.



# MUNICIPAL CITY OF GOTHENBURG

## FINANCIAL ANALYSIS AND ACCOUNTS

### 57 Financial analysis of the City of Gothenburg

A special financial analysis model is used to analyse the City of Gothenburg. Trends and overall perspectives are important elements of it. The analysis should make it possible to assess whether the organisation's control of the inflow and outflow of cash in the short and long term is kept at a level that allows good business quality.

### 62 Financial key ratios – the City

A number of financial key ratios are shown here over a five-year period. The municipal tax rate is also found here.

### 63 What is the tax money used for?

Shown here is how a hundred kronor in municipal tax is used for activities in the City. There is also an account of what receipts and expenses the City had in 2011.

### 64 Financial positions

The City of Gothenburg has major financial commitments because of substantial borrowing for the City's own needs, but also to cover the needs of the companies. In this section various risks concerning the City's commitments are shown, among other things.

### 66 Financial profile of the City of Gothenburg

An analysis is made here with the help of a financial profile of how the City of Gothenburg has developed financially in recent years in relation to other municipalities in Västra Götaland County.

### 68 The City's Income Statement, Balance Sheet and Funds Statement

The City's financial statements are shown here on three pages.

### 71 Notes – the City

Notes to the City's Income Statement, Balance Sheet and Funds Statement are shown in this section.

### 76 Accounting principles applied

An important part in living up to the task of accountancy, to comprise relevant assessment and decision data, is that different accounting principles are shown in an open, informative way.

### 80 District Committees – financial results

The District Committees' financial results for the year are analysed.

### 81 Departmental committees – financial results

A short analysis of the financial results of larger departmental committees is shown here.

### 82 Operational and investment accounts

Operational and investment accounts that by law are to be found in the Annual Report. These statements enable a reconciliation between the adopted annual budget and the actual results.





# Financial analysis of the City of Gothenburg

The City of Gothenburg reported positive earnings of 411 MSEK for 2011. Included in the earnings were non-recurrent costs affecting comparability of 786 MSEK, mostly attributable to infrastructure investments.

If the non-recurrent costs are excluded, earnings were 1,197 MSEK. By the same measure, earnings in 2010 were 1,479 MSEK. This means that the current operating earnings of the City weakened by 282 MSEK between 2010 and 2011. The explanation was mainly that the committees' costs rose faster than the City's tax revenue.

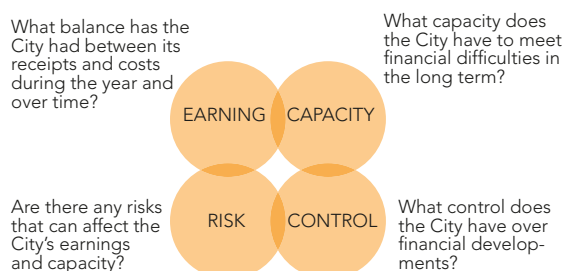
The year's investments totalled 1,438 MSEK, a rise of 78 MSEK compared with 2010. The degree of self-financing of investments was 82 per cent. This means that most of the investments during the year could be financed by tax revenue. The remaining 18 per cent was mostly financed by income from sales of land for development.

In this section an in-depth financial analysis is made of the municipal City of Gothenburg, by which is meant the committees and central municipal items, i.e. the tax financed activities.

## Model for financial analysis

In order to survey and analyse the earnings, trends and position of the City of Gothenburg, a special financial analysis model is used, based on four important financial aspects: financial results, trend in capacity, risk conditions and control of financial developments. The objective is to identify any financial opportunities and problems on this basis and thereby try to clarify whether the City has good financial management, as prescribed in the Local Government Act.

### The RK model: Four aspects of financial assessment



## EARNINGS AND CAPACITY

### Trend in taxes and net costs

Change in per cent	2009	2010	2011
Trend in tax revenue	2.5	6.1	3.6
Trend in net costs	3.2	0.6	5.2

Tax revenue rose by 3.6 per cent in 2011. Compared with 2010 this was a weakening by 2.5 percentage points, which is mainly explained by the government's temporary business cycle support allocated to the municipalities in 2010 no longer remaining in 2011.

The City's net cost of activities rose from an historically low 0.6 per cent in 2010 to 5.2 per cent in 2011. After having curbed the trend in costs sharply in 2009 and the first half of 2010, the trend turned in the autumn of 2010. Since then the trends in costs and in volume of personnel have risen and resulted in a considerable rise in net costs in 2011. The explanation for this is that the City is in a planned phase of expansion.

### Net earnings for the year and items affecting comparability

	2009	2010	2011
Net earnings for the year (MSEK)	552	229	411
Net earnings for the year in relation to tax revenue and municipal financial equalisation (%)	2.5	1.0	1.7
Net earnings for the year less items affecting comparability (MSEK)	279	1,479	1,197
Net earnings for the year less items affecting comparability in relation to tax revenue and municipal financial equalisation (%)	1.3	6.4	5.0

The City's earnings for 2011 totalled 411 MSEK, which was an improvement of 182 MSEK compared with 2010.

Included in the earnings for 2010 and 2011, however, were large non-recurrent costs affecting comparability totalling two billion, most of which concerned co-financing of infrastructure costs. If these non-recurrent costs are excluded, earnings for 2010 were 1,479 MSEK and for 2011 were 1,197 MSEK. This means that the current operating earnings of the City, not including items affecting





comparability, weakened by 282 MSEK between 2010 and 2011. The most important explanations for this were that the cost of activities, for the first time in many years, rose faster than the City's tax revenue.

If the year's earnings are related to tax revenue, the City reported earnings of 1.7 per cent in 2011. If the non-recurrent costs affecting comparability of 786 MSEK are excluded, the same key figure was 5.0 per cent.

Earnings of about 2 per cent are generally regarded as good financial management, since such a result gives scope for financing the greater part of a normal municipal investment volume by taxes over a longer period. Gothenburg has shown an average for the past five years of 2.3 per cent. If items affecting comparability are excluded, the figure is 4.1 per cent. This means that the City may be considered to have met the requirements made by the Local Government Act for good financial management.

The City also meets the statutory balance requirement in 2011 with earnings not including capital gains of 252 MSEK. Since the start in 2000, the City has met the balance requirement every year.

#### Proportion of running costs (current cost proportion of tax revenue and municipal financial equalisation)

Per cent	2009	2010	2011
Receipts and costs of activities (net)	95.6	90.3	90.9
Depreciation	3.3	3.3	3.2
<b>Proportion of running costs before items affecting comparability and net financial items</b>	<b>98.9</b>	<b>93.6</b>	<b>94.1</b>
Net financial items	-0.2	0.0	0.9
<b>Proportion of running costs after net financial items</b>	<b>98.7</b>	<b>93.6</b>	<b>95.0</b>
Items affecting comparability (net)	-1.3	5.4	3.3
<b>Proportion of running costs</b>	<b>97.4</b>	<b>99.0</b>	<b>98.3</b>

A basic condition for achieving and maintaining good economic management is that the balance between current receipts and costs is good. An in-depth measure of this balance is the proportion of running costs, which means that all current costs including net financial items are related to tax revenue including municipal financial equalisation. If a proportion of running costs under 100 per cent is shown, the City has a positive balance between current costs and receipts. Generally speaking, a proportion of running costs of 97-98 per cent is usually regarded as good financial management, since most municipalities then manage to finance their reinvestments and necessary new investments over a longer period of time.

When the running costs of the City of Gothenburg are analysed, it appears that the net figure for the receipts and costs of activities in 2011 took 90.9 per cent of tax revenue, a rise of 0.6 percentage points compared with 2010.

In addition, depreciation took 3.2 per cent, which was marginally lower than the previous year. Depreciation is the City's accrued cost of investments.

Net financial items were 0.9 per cent, which meant

that financial costs were greater than financial receipts in 2011. This was weaker than the previous year, when financial receipts and financial costs were the same. The weakening in 2011 was explained by greater indebtedness.

This means that the City's net costs and net financial items, not including non-recurrent items affecting comparability, took 95.0 per cent of tax revenue. Compared with 2010 this was a weakening of 1.4 percentage points, mainly explained by a sharp rise in the trend in costs.

The proportion of non-recurrent items affecting comparability to tax revenue was 3.3 per cent in 2011, compared with 5.4 per cent in 2010.

In total the City's costs took 98.3 per cent of tax revenue in 2011. This was an improvement of 0.7 percentage points compared with 2010, which is solely explained by the costs affecting comparability declining from 1,250 MSEK in 2010 to 786 MSEK in 2011.

#### The year's investments

	2009	2010	2011
Volume of investments (MSEK)	1,444	1,360	1,438
Volume of investments / gross costs (%)	5	5	5
Investments / depreciation (%)	202	177	187

The total volume of investments by the City of Gothenburg in 2011 was 1,438 MSEK, which was a slightly higher volume than in 2010. In relation to its gross costs the City invested 5 per cent in 2011, which is an average volume in relation to the country as a whole.

#### Degree of self-financing of investments

Per cent	2009	2010	2011
Degree of self-financing of investments	88	73	82

The degree of self-financing of investments measures how great a proportion of investments can be financed by the tax revenue that remains when current operations have been financed. 100 per cent means that the City can self-finance all the investments made during the year, which in turn means that the City does not need to borrow for investments and that the City's long-term financial manoeuvrability is strengthened.

The degree of self-financing in 2011 was 82 per cent. This meant that of an investment volume of 1,438 MSEK, 1,179 MSEK was financed by tax revenue. The remaining 259 MSEK was largely financed by income from sales for land development. This in turn meant that the City's long-term manoeuvrability could be kept unchanged in 2011.



## RISK – CONTROL

### Liquidity from a risk perspective

Per cent	2009	2010	2011
Acid-test ratio	93	109	129

The acid-test ratio is a measure of the City's short-term readiness to pay. An unchanged or rising acid-test ratio in combination with an unchanged or improved equity-assets ratio is a sign that the City's total financial manoeuvrability has been strengthened.

The City's acid-test ratio has improved in recent years. At the end of 2011 it was a strong 129 per cent, though this was not a fair value for the current average acid-test ratio during the year. It was on average somewhat lower during the year.

As with the equity-assets ratio, the City's liquidity is affected by further lending to the municipal companies. In principle, however, it can be stated that, from a risk perspective, the City has in recent years had an acid-test ratio level where the City, in a short and medium term financial perspective, does not need to take drastic measures to meet financial payment peaks.

### Equity-assets ratio as per the Balance Sheet

Per cent	2009	2010	2011
Equity-assets ratio	19	19	19
Change in assets	9	2	3
Change in equity	9	3	6
Equity-assets ratio not including borrowing for company needs	40	41	41

The equity-assets ratio is a measure of the City's long-term financial manoeuvrability. It shows how large a part of the City's assets has been financed by tax revenue. The higher the equity-assets ratio, the stronger the City's long-term financial manoeuvrability.

The City's official equity-assets ratio as per the Balance Sheet remained unchanged between 2010 and 2011, at 19 per cent for both years. It was the fourth year running that the City's equity-assets ratio did not improve.

The equity-assets ratio of the City of Gothenburg is, however, to some extent affected by the City's re-lending to cover the companies' borrowing needs. If re-lending is excluded from the balance sheet, the equity-assets ratio was 41 per cent in 2011, the same as in 2010. It is this equity-assets ratio that should be used when comparing with most other municipalities in Sweden. The average for Sweden is about 50-55 per cent.

### Equity-assets ratio including all pension commitments

Per cent	2009	2010	2011
Equity-assets ratio inc. all pension commitments and employer's contribution	-10	-8	-10

Another measure of the equity-assets ratio increasingly used when municipalities are compared is the inclusion of the municipality's pension commitments older than 1998 and outside the Balance Sheet. If this were done for the City of Gothenburg, the equity-assets ratio would be -10 per cent, compared with -8 per cent in 2010. The weakening by 2 percentage points was solely attributable to a sharp rise between 2010 and 2011 of pension commitments older than 1998. The main explanation for this was a changed discount rate. The average among Swedish municipalities for the above-mentioned measure of the equity-assets ratio is about 5-7 per cent.

### Debt-equity ratio

Per cent	2009	2010	2011
Total debt-equity ratio	81	81	81
– of which degree of provision	5	8	9
– of which short-term debt-equity ratio	30	27	20
– of which long-term debt-equity ratio	47	46	52

Of the City's total assets, 81 per cent have been financed by loan capital. This is usually called the debt-equity ratio and is the opposite of the equity-assets ratio. Of the 81 per cent, 52 per cent comprises long-term interest-bearing debts. In recent years, however, these have comprised a smaller and smaller part of the total indebtedness, which has been positive for the City's net financial items. In 2011 there was a break in the trend, as the City's own long-term debts rose for the first time in several years.

### Net financial assets

MSEK	2009	2010	2011
Net financial assets	-4,658	-3,533	-3,173

Included in the financial net assets measure are all financial assets and liabilities in the balance sheet that the City expects to convert in the next 10-20 years, namely financial fixed assets, current assets and current and long-term liabilities. The measure is important since it reflects financial manoeuvrability, which lies somewhere between the short-term liquidity measures and the long-term equity-assets measure. The measure also eliminates the effects of the City's borrowing on behalf of the companies, the so-called internal bank, which gives a fairer picture of



the City's financial manoeuvrability.

Net financial assets improved in 2011 by 360 MSEK. They totalled -3 173 MSEK at the end of the year, which meant that the City's debts exceeded the City's liquid funds and receivables. This, however, is not unusual among Swedish municipalities.

The financial net assets measure has grown increasingly strong in the past three years. A large part of the improvement is, however, of a temporary nature, as the City's payments in the years ahead for the West Sweden package and other infrastructure investments will weaken net financial assets by at least 1.5 billion SEK.

### Pension commitments

MSEK	2009	2010	2011
Charge part, invested by employees	428	452	472
Long-term pension provisions	1,146	1,169	1,332
Contingent liability earlier pension scheme	8,812	8,474	9,354
<b>Pension commitments</b>	<b>10,386</b>	<b>10,095</b>	<b>11,158</b>
<b>Special employer's contribution</b>	<b>2,520</b>	<b>2,449</b>	<b>2,707</b>
<b>Pension commitments and special employer's contribution</b>	<b>12,906</b>	<b>12,544</b>	<b>13,865</b>

The City's total pension commitments in 2011, including employer's contributions, were 13.9 billion SEK, of which 11.6 billion concerns commitments older than 1998. This part of the pension commitments is not shown in the Balance Sheet, under municipal accounting legislation, but is entered as a contingent liability.

The City's pension costs including employer's contribution totalled 1,365 MSEK in 2011, a rise of 298 MSEK compared with 2010. Included in the costs for 2011 were among other things pension payments of 382 MSEK from the pension obligation in the contingent liability, fee determined pensions saving schemes of 477 MSEK and provisions of 64 MSEK for the benefit determined retirement pension scheme (FÅP). In addition there is an employer's contribution of 266 MSEK.

With regard to the rise in pension provisions of 202 MSEK including employer's contribution, 150 MSEK derives from a changed discount rate. As the long-term government bond rates are at historically low levels and are assessed to continue to be so for a longer period, a decision was made by the National Committee to lower the discount rate by 0.75 percentage points.

For pensions older than 1998 that are shown as a contingent liability, the changed discount rate entails a rise of 812 MSEK including employer's contribution. If this change is excluded, the contingent liability rose by 282 MSEK.

Redemption of pension obligations in the contingent liability totalling 680 MSEK were made in 2001 and 2002, though this only has a marginal effect in a comparison with other municipalities.

### Local income tax

In 2011 local income tax in Gothenburg was in total 32.00 per cent of municipally taxable earned income. Primary municipal tax was 21.55 per cent, while the county council tax to the Västra Götaland Region was 10.45 per cent.

In the thirteen municipalities in the Gothenburg Region (GR) the primary municipal tax rate varied in 2011 from 20.49 per cent in Partille to 22.80 per cent in Lilla Edet. With its 21.55 per cent, Gothenburg had the seventh lowest tax among the GR municipalities. Since 2009 the local tax rate in the GR municipalities has risen by about 0.05 SEK.

### Budget performance

Compared with budget the City reported a surplus of 411 MSEK, as the City had budgeted zero earnings for 2011. Of the surplus, 159 MSEK is due to capital gains in connection with sales, while the remaining part of the surplus, 252 MSEK, is attributable to current activities.

The deviation was itself small, but considering that earnings have been charged with items affecting comparability totalling 786 MSEK, the budget deviation in current activities is in reality considerably greater. The explanations for the deviation in activities do certainly comprise both negative and positive deviations in relation to what was budgeted, but the most important explanations for the positive deviation from budget in 2011 were the trend in tax revenue during the year and that central municipal provisions to meet such things as the committees' use of equity and increased income support did not need to be made use of.

Assessments of the City's financing prospects in the budget were made at a time marked by great forecasting uncertainty with regard to the market trend and the trend in tax revenue was underestimated in the budget assumptions.

### Forecast accuracy and budget compliance

Good forecast accuracy means that the City has good prospects of adjusting to changed conditions during the year. A forecast deviation of 1 per cent of total costs constitutes good forecast accuracy. Budget compliance is another measure of the City's financial control. Budget deviation should theoretically be as close to zero as possible.

On account of the sharp fluctuations in global economic prospects, assessments of the economic situation in 2011 were still difficult, though not in the same way as when the financial crisis was at its worst. The City could therefore as early as the spring ascertain that the underlying margins in 2011 would allow a high trend in costs and even opportunities to make some central provisions for future commitments. The forecasts for the City's economy have therefore been relatively stable, above all during the second half of 2011 and the forecast accuracy may thereby be regarded as very good in prevailing circumstances.

Combined committee earnings in the final accounts ex-



ceeded budget, but complied well with the forecast made in October. There were, however, forecast deviations for individual committees.

### **Summarising comments**

The City of Gothenburg has in the past two years reported good levels of earnings, not including non-recurrent items affecting comparability.

The explanation for this was that in 2010 the trend in costs was sharply reduced as a result of the financial crisis and forecasts of sharply falling tax revenue. The outcome, however, was otherwise. The combined effects of the City raising the tax rate by 0.25 SEK, the government providing the municipal sector with temporary business cycle support and a surprising improvement in the market situation resulted in strong financial earnings in 2010.

Despite a high trend in the cost of activities in 2011, the City was able to maintain relatively strong earnings, thanks to a stable trend in financing. However, there was a weakening of almost 300 MSEK between 2010 and 2011, since the cost of activities rose faster than the City's tax revenue.

This development is expected to continue in 2012 as well. According to the forecasts, the trend in costs will be almost twice as high as the trend in financing, with financial margins shrinking further as a consequence. The development is in line with the ambitions of the City Council budget for 2012 and occurs within the scope of economic balance in 2012. This is, however, not sustainable in the long term from 2013 and onward, so the trend in costs must be curbed in order to be contained within the forecast trend in financing.



# Financial key ratios – the City

	Annual Accounts 2007	Annual Accounts 2008	Annual Accounts 2009	Annual Accounts 2010	Annual Accounts 2011
<b>EARNINGS - CAPACITY</b>					
Trend in tax revenue	6.3 %	3.7 %	2.5 %	6.1 %	3.6 %
Trend in net costs not inc. items affecting comparability	7.1 %	7.8 %	3.2 %	0.6 %	5.2 %
Proportion of running costs	95.3 %	98.7 %	97.4 %	99.0 %	98.3 %
of which receipts and costs for activities (net)	91.0 %	94.7 %	95.6 %	90.3 %	90.9 %
of which planned depreciation	3.0 %	3.0 %	3.3 %	3.3 %	3.2 %
of which net financial items	0.3 %	0.3 %	-0.2 %	0.0 %	0.9 %
of which non-recurrent items affecting comparability	1.0 %	0.7 %	-1.3 %	5.4 %	3.3 %
Net earnings for the year / tax revenue and mun. fin. equalisation	4.8 %	1.3 %	2.5 %	1.0 %	1.7 %
Net earnings for the year not inc. comp. items / tax revenue and municipal financial equalisation	5.8 %	2.0 %	1.3 %	6.4 %	5.0 %
Degree of self-financing of the year's investments	110 %	50 %	88 %	73 %	82 %
Investments / gross costs	6 %	7 %	5 %	5 %	5 %
Investments / depreciation	236 %	286 %	202 %	177 %	187 %
Equity-assets ratio as per Balance Sheet	19 %	19 %	19 %	19 %	19 %
Equity-assets ratio inc. all pension commitments	-13 %	-12 %	-10 %	-8 %	-10 %
Total debt-equity ratio and degree of provision	81 %	81 %	81 %	81 %	81 %
of which degree of provision	5 %	5 %	5 %	8 %	9 %
of which short-term debt-equity ratio	24 %	27 %	30 %	27 %	20 %
of which long-term debt-equity ratio	52 %	49 %	46 %	46 %	52 %
Primary municipal rate of tax	21.55	21.30	21.30	21.55	21.55
<b>RISK AND CONTROL</b>					
Acid-test ratio	76%	72%	93%	109 %	129 %
Net financial assets (MSEK)	-4,178	-4,655	-4,658	-3,533	-3,173
Net borrowings (MSEK)	-2,954	-3,358	-2,112	-1,549	-1,929

## DEFINITIONS

### PROPORTION OF RUNNING COSTS

= Running costs as a % of tax revenue and municipal financial equalisation

**DEGREE OF SELF-FINANCING OF INVESTMENTS** = (Earnings before extraordinary items + depreciation) / net investments

**ACID-TEST RATIO** = (Current receivables + current investments + cash and bank) / current liabilities

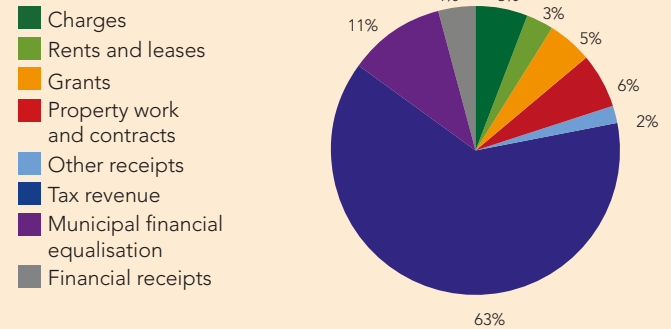
**NET FINANCIAL ASSETS** = (Financial fixed assets + current assets) - (current + long-term liabilities)



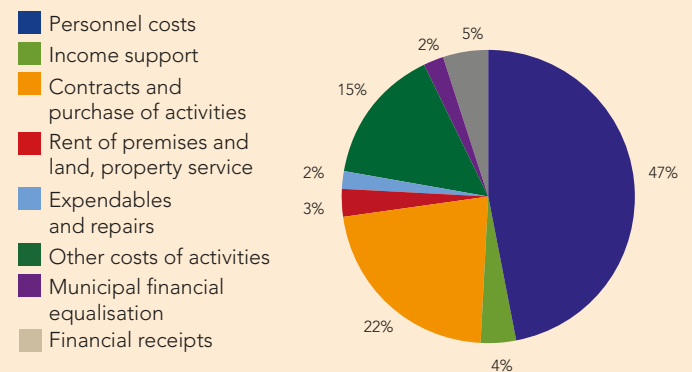
# What is the tax money used for?

	SEK
<b>Politics and audit</b>	<b>1</b>
<b>Culture and leisure</b>	<b>4</b>
of which cultural activities	2
of which leisure activities	2
<b>Education</b>	<b>40</b>
of which pre-school activities and childcare	14
of which compulsory school inc. pre-school class	18
of which special needs school	1
of which upper secondary school	6
of which adult education	1
<b>Community care</b>	<b>46</b>
of which community care and initiatives under the Social Services Act and HSL	21
of which initiatives under LSS and LASS	10
of which misuser care for adults	2
of which child and adolescent care, total	5
of which financial assistance	6
<b>Labour market and refugee reception</b>	<b>1</b>
<b>Infrastructure, protection</b>	<b>5</b>
of which streets, roads and parking	2
of which rescue services	2
<b>Business activities inc. communications</b>	<b>3</b>

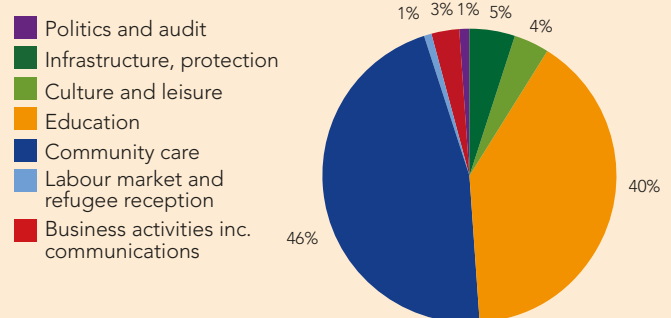
City receipts 2011



City costs 2011



100-kronor note



# Financial positions

External borrowing for the City and companies was 37.4 billion SEK at the end of 2011, a rise of 0.4 billion compared with 2010. The average remaining term of total external borrowings at the end of the year was 2.62 years and the average fixed interest period was 3.20 years.

The City's net borrowings rose by 380 million to 1.9 billion as of 31 December.

Credit ratings have been maintained at a continued very high level. The credit rating from Moody's has since 2006 been the highest possible, Aaa and from Standard & Poor's since 2007 the next highest, AA+. Both ratings have a stable outlook.

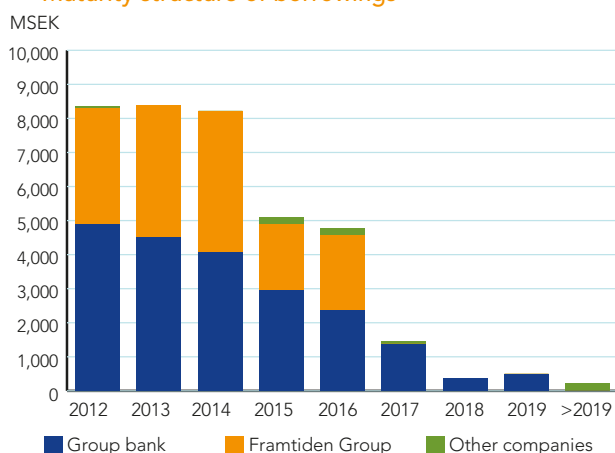
## Finance policy for the City of Gothenburg

The City's finance policy, which is decided by the City Council, determines guidelines and risk limits for the financial activities of the City and its wholly owned companies. The risks that are regulated are among others the financing risk, interest risk and counterpart risk. All guidelines in the finance policy were satisfied at the end of the year.

## Borrowing

The City's and the companies' external borrowings were 37.4 billion SEK at the end of the year, a rise of 0.4 billion compared with 2010. The average remaining term of total borrowings at the end of the year was 2.62 years and the average fixed interest period was 3.20 years. Total borrowings are divided among borrowing via the Finance Unit (21.0 billion), the Framtiden Group (15.6 billion) and loans raised by the companies outside the internal bank (0.8 billion). The self-financed activities' part of the debt, net borrowings, totalled 1.9 billion SEK, about 5.1 per cent of total borrowings.

## Maturity structure of borrowings



## High credit rating

The credit rating institutes Moody's and Standard &

Poor's confirmed the City's strong credit rating during the year. The City's credit rating from Moody's has since 2006 been the highest possible, Aaa, and from Standard & Poor's since 2007 the next highest, AA+. Both ratings have a stable outlook.

The rating grades make it easier for the City to have access to the Swedish and international capital market. Factors emphasised as positive in the analyses are predictability in the financial trend, a dynamic local economy with a stable outlook, firm financial control with flexibility in the budget in relation to the outside world and good liquidity readiness. Among the risks mentioned are major investments in both the company and the committee sectors that affect the degree of indebtedness.

## Net borrowings

The City's net borrowings are defined as the internal bank's borrowings less re-lending to the companies less liquidity temporarily invested on the market. At the end of 2011 net borrowings totalled 1.9 billion SEK, a rise from 2010 of about 0.4 billion. The rise in net borrowings is largely due to adjustment of the final settlement of municipal tax funds for 2009.

No payments for the West Sweden package were made in 2011. This will mainly occur in 2012 and 2013. The amount totals 1.7 billion SEK and will probably affect net borrowings.

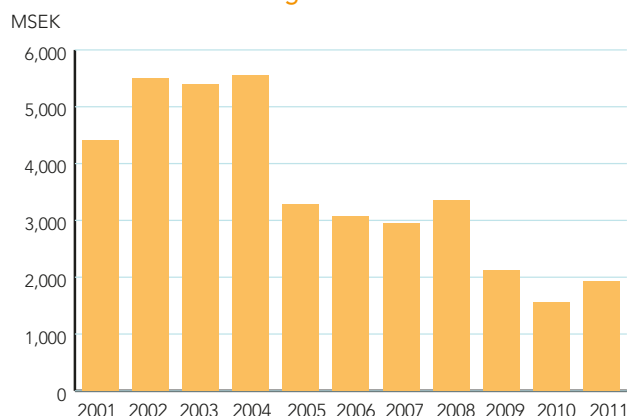
There is still a large difference in price between loans with long and short maturities.

Interest expenses for the net borrowings totalled 75.1 MSEK and are charged to taxes. The rise is due to rising interest rates and greater net borrowings. The average rate of interest on the borrowings during the year was 3.66 per cent, including the cost of an interest rate ceiling.

Net borrowings are protected against rises in interest rates by interest rate ceilings and interest swaps. The strike levels for the interest rate ceilings vary between 2.50 per cent and 4.00 per cent. The levels for fixed interest swaps are between 2.16 per cent and 2.90 per cent. The average fixed interest period should be in the interval of 2–5 years. The average fixed interest period at the end of the year was 3.95 years.



Trend in net borrowings 2001–2011



### Counterpart risk

The City is exposed through derivative agreements to some risk that a counterpart cannot fulfil his obligations. Counterparts are both Swedish and international banks. Calculated on the volume of business, 24 per cent of the counterpart risk was with no lower than AA rated counterparts and 100 per cent of the risk was with no lower than A2 rated counterparts. The proportion of AA rated counterparts is due to continued downgrading in the bank sector.

### The City's guarantee commitments

In certain cases the City stands surety for loans to the municipally owned companies, but also for other external activities.

The City's total guarantee commitment for loans as of 2011-12-31 was 1,578 MSEK, which is a reduction of 298 MSEK in relation to 2010. The reduction can mainly be attributed to the City's own companies. Surety for clubs and associations rose by 32 MSEK during the year. The Sports and Associations Committee's surety framework amounted to 250 MSEK.

In addition to guaranteeing loans, the City also stands surety for the pension commitments of certain municipal companies, joint authorities and foundations that are not safeguarded by other pension solutions. The total guarantee commitment for pensions at the end of the year was 814 MSEK, a rise of 78 MSEK in relation to 2010.

The City of Gothenburg did not honour any guarantee commitments in 2011.

### The City's total guarantee commitment for loans

Purpose (MSEK)	2009	2010	2011
Other City companies	1,204	1,134	776
Private houses, tenant-owner associations	12	10	8
Foundations	586	576	606
Clubs and associations	138	154	186
Others	3	2	2
<b>Total</b>	<b>1,943</b>	<b>1,876</b>	<b>1,578</b>





# Financial profile – comparison with others

One important dimension with regard to governing a municipality is to compare with other municipalities. One tool for financial comparison is the financial profile prepared by Municipal Research in West Sweden. In this section the profile is used to compare Gothenburg with other municipalities in Västra Götaland County. The period analysed is 2008-2010, since the profile for 2011 will not be available until after the summer.

## What is the financial profile?

The financial profile, which is found at the bottom of the next page, is constructed as a polar diagram. Unlike the traditional financial analysis in the Annual Report, which mainly describes developments over time, the financial profile focuses on analysing where a municipality or a county council stands financially and how developments have turned out in relation to other municipalities/county councils in a defined sample. In the case of the City of Gothenburg the comparison is made in relation to the other municipalities in Västra Götaland County.

The profile contains eight key figures, shown on eight axes. They are prepared for all the individual municipalities included in the group studied. The key figures are then graded in accordance with the normal distribution graph on a scale of 1 to 5, where 5 is the highest grade and 1 the lowest grade. This means there is a concentration of values round 3 points.

The profile also contains four axes that provide a combined assessment of four important financial perspectives for a municipality or a county council. Each perspective/axis is the sum of the four key figures that lie closest to the axis. This means that each key figure in the financial profile is included in two perspectives. All four key figures have equal weight in the assessment.

In the analysis below the most important key figures are treated first. It concludes with a summary assessment of the City of Gothenburg's financial position and trend, compared with the municipalities in Västra Götaland and Halland County.

## Earnings before extraordinary items

A basic requirement to achieve and maintain good financial management is that the balance between current receipts and costs is good. One measure of the balance between current receipts and costs is earnings before extraordinary items. This result contains all the City's current costs and receipts and in relation to the cost of activities should be around 2% over a longer period of time in order to enable the City to retain its short-term and long-term readiness to act.

For the key figure "earnings before extraordinary items in relation to the gross cost of activities", Gothenburg re-

ported improved earnings between 2008 and 2010 of 4.3 percentage points, from 1.0% to 5.3%. The corresponding average change for the municipalities in Västra Götaland and Halland was an improvement of 1.3 percentage points, from 0.7% to 2.0%. In 2010, however, Gothenburg had a large non-recurrent cost of 1.2 billion SEK for the West Sweden package. This has been entered as an extraordinary cost so as not to disturb the comparison of earnings with the other municipalities in the counties.

In 2010 Gothenburg had the seventh strongest earnings in the counties. This gave a 4 in the financial profile, which was an improvement compared with 2008 and 2009, when the City had 3s.

## Degree of self-financing of investments

When current operations have been financed, such a large proportion of tax revenue should remain that the greater part of investments can be financed by tax revenue. This is measured by the key figure "degree of self-financing of investments". If a value of 100% or more is shown for the key figure, it means that the City can self-finance all investments made during the year. This then strengthens the City's financial manoeuvrability. Everything over 100% can be used to repay the City's debts and/or strengthen liquidity.

The average degree of self-financing for the municipalities in the counties was 98% in 2008-2010. The average degree of self-financing for Gothenburg in the same period was 104%, which means that Gothenburg had an average degree of self-financing in comparison with the county average, seen over the whole period.

With regard to the degree of self-financing of investments, Gothenburg improved its points in the financial profile from a 2 in 2008 and 2009 to a 4 in 2010.

## Tax rate

The City of Gothenburg raised its tax rate in 2010 by 0.25 SEK to 21.55 SEK. This was 0.17 SEK lower than the average tax rate among the municipalities in Västra Götaland and Halland, which was 21.72 SEK in 2010. This gave the City a 3 in the financial profile, a weakening compared with 2009, when the City had a 4. The average tax rate in the counties rose during the period,



from 21.60 SEK to 21.72 SEK.

### Acid-test ratio

The acid-test ratio is a measure of the City's short-term readiness to pay. An unchanged or rising acid-test ratio in combination with an unchanged or improved equity-assets ratio is a sign that the City's total financial manoeuvrability has been strengthened.

In 2008 Gothenburg's acid-test ratio was 72%. It improved in 2009 to 93% and in 2010 it improved further to 109%. The average acid-test ratio among the municipalities in the counties was 70%, 77% and 78% for the years in question, in total an improvement of 8 percentage points. This should be compared with Gothenburg's improvement of 37 percentage points and means that the trend in and level of liquidity in Gothenburg during the period was stronger than the average among the municipalities in the counties.

The Gothenburg trend in liquidity meant that the City improved its position in the financial profile during the period from a 3 to a 4 for the key figure acid-test ratio.

### Equity-assets ratio inc. pension provisions and employer's contribution memoranda

The equity-assets ratio is a measure of the City's long-term financial manoeuvrability. It shows how large a part of the City's assets has been financed by tax revenue. The higher the equity-assets ratio, the less the indebtedness of the City.

Gothenburg reported an equity-assets ratio in 2010 that was weaker than the average in the counties. The equity-assets ratio including all pension obligations and special employer's contribution was -8% compared with an average of 8%.

During the period Gothenburg showed the same positive trend as the average among the municipalities in the counties. Gothenburg improved its equity-assets ratio by 4 percentage points, from -12% to -8%, while the average equity-assets ratio in the counties improved by 5 percentage points, from 3% to 8%. One important explanation for the improvement was reduced commitments for the pension obligations older than 1998, which lie outside the Balance Sheet.

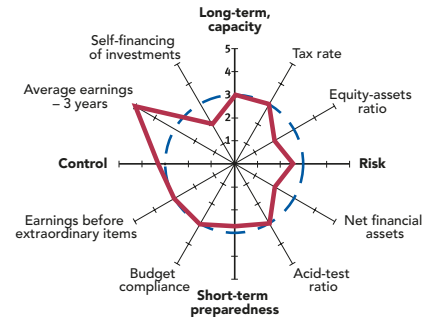
In the financial profile the points for the equity-assets ratio were a 2 for the whole of the period examined.

### Final comments

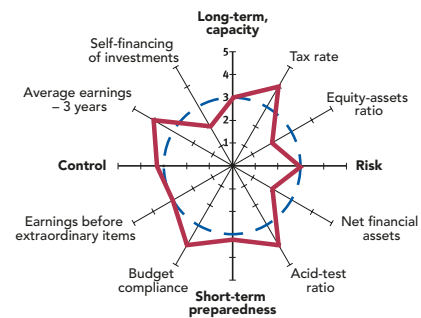
In summary it can be stated that the City of Gothenburg had a financial profile in 2010 that was stronger than the average from an earnings or control perspective. On the other hand, the City's risk condition was still somewhat weaker than average, since the equity-assets ratio gave a 2. However, a clear tendency in development for Gothenburg is that the City's earnings in the past ten years have improved the risk condition perspective. If the trend continues, Gothenburg will in a couple of years have a similar starting position as the average in the counties, from a risk perspective.

... in relation to Västra Götaland County

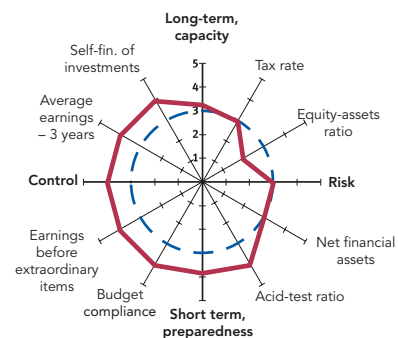
2008



2009



2010



# Income Statement – the City

Amounts in MSEK	2009	2010	2011
Operating income note 1	6,664	6,940	7,171
Operating expenses note 2	-27,510	-27,828	-28,957
Operating items affecting comparability note 3	—	-1,250	-786
Depreciation and write-downs note 4	-714	-770	-770
<b>Net cost of activities</b>	<b>-21,560</b>	<b>-22,908</b>	<b>-23,342</b>
Tax revenue note 5	19,437	19,888	20,438
Municipal financial equalisation etc note 5	2,366	3,239	3,529
Financial receipts note 6	980	833	1,404
Financial expenses note 6	-944	-823	-1,618
Financial items affecting comparability	273	—	—
<b>Earnings before extraordinary items</b>	<b>552</b>	<b>229</b>	<b>411</b>
Extraordinary receipts	—	—	—
Extraordinary expenses	—	—	—
<b>NET EARNINGS FOR THE YEAR</b>	<b>552</b>	<b>229</b>	<b>411</b>

Balance requirement analysis*	2009	2010	2011
Reported net earnings for the year from the Income Statement	552	229	411
Earnings from sales of fixed assets	-341	-135	-159
Adjustment items special reasons as per Local Government Act	—	—	—
<b>Balance requirement earnings</b>	<b>211</b>	<b>94</b>	<b>252</b>

\* According to the requirements of the Local Government Act (Chapter 8) for financial balance, municipalities' receipts should be greater than their costs. If costs for a certain accounting year exceed receipts, the negative earnings should be settled during the following three years. Capital gains from sales of fixed assets may not be included in earnings when reconciling the balance requirement.



# Balance Sheet – the City

Amounts in MSEK	2009	2010	2011
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
Intangible fixed assets	5	5	4
Tangible fixed assets note 4	13,515	13,851	14,645
Financial fixed assets note 7	14,112	13,475	14,771
<b>Total fixed assets</b>	<b>27,632</b>	<b>27,331</b>	<b>29,420</b>
<b>CURRENT ASSETS</b>			
Stores and stocks	16	17	18
Current receivables note 8	9,527	11,154	10,328
Cash and bank	1,175	482	201
<b>Total current assets</b>	<b>10,718</b>	<b>11,653</b>	<b>10,547</b>
<b>TOTAL ASSETS</b>	<b>38,350</b>	<b>38,984</b>	<b>39,967</b>
<b>EQUITY, PROVISIONS AND LIABILITIES</b>			
<b>EQUITY note 9</b>	<b>7,114</b>	<b>7,343</b>	<b>7,754</b>
of which net earnings for the year	552	229	411
<b>PROVISIONS</b>			
Provisions for pensions and similar obligations note 10	1,435	1,462	1,658
Other provisions note 11	313	1,518	2,064
<b>Total provisions</b>	<b>1,748</b>	<b>2,980</b>	<b>3,772</b>
<b>LIABILITIES</b>			
Long-term liabilities note 12	18,008	17,955	20,339
Current liabilities note 13	11,480	10,706	8,152
<b>Total liabilities</b>	<b>29,488</b>	<b>28,661</b>	<b>28,491</b>
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>	<b>38,350</b>	<b>38,984</b>	<b>39,967</b>
<b>PLEDGED ASSETS AND CONTINGENT LIABILITIES</b>			
Sureties given note 14	2,694	2,612	2,391
Contingent pension commitments note 15	8,880	8,522	9,400
Special employer's contribution note 16	2,153	2,067	2,281
Future leasing expenses note 17	1,311	1,350	1,562
Capital cover guarantee note 18	400	400	400



# Cash Flow Statement – the City

Amounts in MSEK	2009	2010	2011
<b>CURRENT ACTIVITIES</b>			
Net earnings for the year	552	229	411
Adjustment for items not affecting liquidity (see below for items)	859	2,137	1,436
<b>Funds from activities before change in working capital</b>	<b>1,411</b>	<b>2,366</b>	<b>1,847</b>
Increase (-) / decrease (+) current receivables	-3,290	-1,627	826
Increase (-) / decrease (+) stores and stocks	0	-1	-1
Increase (+) / decrease (-) current liabilities	1,899	-774	-2,554
<b>Cash flow from current activities</b>	<b>-1,391</b>	<b>-2,402</b>	<b>-1,729</b>
<b>INVESTMENT ACTIVITIES</b>			
Sales of intangible fixed assets	1	-	1
Investments in tangible fixed assets	-1,923	-1,586	-2,010
Sales of tangible fixed assets	147	213	303
Investment income	461	266	317
<b>Cash flow from investment activities</b>	<b>-1,314</b>	<b>-1,107</b>	<b>-1,389</b>
<b>FINANCING ACTIVITIES</b>			
Newly raised loans	4,355	3,703	5,636
Repayment of long-term liabilities	-3,726	-3,756	-3,252
Increase (-) / decrease (+) long-term receivables	,1,265	637	-1,296
Reduction in provisions due to payments	-100	-134	-98
<b>Cash flow from financing activities</b>	<b>1,794</b>	<b>450</b>	<b>990</b>
<b>Cash flow for the year</b>	<b>500</b>	<b>-693</b>	<b>-281</b>
<b>Liquid funds at year opening</b>	<b>675</b>	<b>1,175</b>	<b>482</b>
<b>Liquid funds at year close</b>	<b>1,175</b>	<b>482</b>	<b>201</b>
<b>Specification of items not affecting liquidity (MSEK)</b>			
Adjustment for depreciation and write-downs	714	770	770
Adjustment for provisions made	67	1,340	564
Adjustment for provisions made - pensions	78	27	275
Adjustment for other items not affecting liquidity and capital gains/losses	0	0	-173
<b>Total items not affecting liquidity</b>	<b>859</b>	<b>2,137</b>	<b>1,436</b>



# Notes – the City

Notes are additional data showing detailed information about various lines in the financial statements: Income Statement, Balance Sheet and Cash Flow Statement.

The City of Gothenburg's notes have been formulated to conform as far as possible with the information requirements stated in the recommendations of the Municipal Accounting Standards Council.

The notes on pages 71–75 should be used together with the "Accounting principles applied" section on pages 76–79. In this section the accounting principles applied by the City of Gothenburg and the combined accounts are shown.

Note 4, found below on this page, is a combined note where acquisition value, depreciation, write-downs and discards are given for the City's tangible fixed assets in the Balance Sheet. This means that the note also applies to the "Depreciation and write-downs" line.

## 1. Operating income

MSEK	2010	2011
Charges	1,959	2,003
Rentals and leases	1,103	1,118
Government grants	1,440	869
EU grants	38	75
Other grants	237	761
Sales activities and contract work	1,749	1,844
Other receipts	414	501
<b>Total operating income</b>	<b>6,940</b>	<b>7,171</b>

## 2. Operating expenses

MSEK	2010	2011
Personnel costs	–14,328	–14,831
Income support	–1,218	–1,182
Rent of premises and land, property service	–866	–882
Contract work and purchased activities	–6,389	–6,957
Fuel energy water and sewerage costs	–443	–419
Expendable material and repairs	–796	–792
Leasing expenses	–421	–509
Other operating expenses	–3,367	–3,385
<b>Total operating expenses</b>	<b>–27,828</b>	<b>–28,957</b>

## 3. Items affecting comparability

MSEK	2010	2011
<b>Costs *</b>		
West Sweden package	–1,250	–
Indexing West Sweden package	–	–54
Land benefits including indexing	–	–417
Port Railway Line	–	–165
Changed discount rate	–	–1 50
<b>Total costs affecting comparability</b>	<b>–1,250</b>	<b>–786</b>

\* Items affecting comparability are explained in more detail in the accounting principles section. See also under note 11, provisions.

## 4. Properties, fixed assets, machinery and equipment

MSEK	Buildings, land, land improvements, land reserve	Properties for activities	Properties for business activities	Public properties	Other properties	New facilities in progress	Machinery, equip, tech facilities, vehicles, art	Total
Acquisition value	439	11,934	2,713	4,783	1,640	871	1,733	24,113
Acc write-downs /depreciation	–71	–4,242	–1,608	–2,694	–283	0	–1,345	–10,243
<b>Book value b/f</b>	<b>367</b>	<b>7,692</b>	<b>1,105</b>	<b>2,090</b>	<b>1,357</b>	<b>871</b>	<b>387</b>	<b>13,870</b>
Year's net acquisitions	6	433	103	101	194	794	31	1,661
Year's depreciation	–4	–433	–63	–152	–24	0	–65	–740
Year's write-downs	0	–26	0	–2	0	0	–1	–30
Year's discards *	–4	–16	–4	5	–111	–21	–1	–152
Reclassifying / transfers	–7	288	0	179	–32	–396	1	34
<b>Book value c/f</b>	<b>359</b>	<b>7,939</b>	<b>1,142</b>	<b>2,220</b>	<b>1,384</b>	<b>1,249</b>	<b>352</b>	<b>14,645</b>

\* Reclassification refers to assets that have been moved between types of asset. Differences may arise in the accounts above, as not all types of asset are included in the statement.

## 5. Tax revenue, municipal financial equalisation etc

MSEK	2010	2011
<b>Municipal tax revenue</b>		
Preliminary tax revenue	19,644	19,992
Final settlement (adjustment previous year)*	13	373
Preliminary final settlement *	231	73
<b>Total municipal tax revenue</b>	<b>19,888</b>	<b>20,438</b>
<b>Municipal financial equalisation etc **</b>		
Income equalisation	2,097	2,405
Cost equalisation	-172	-87
Settlement grant/charge	130	525
LSS equalisation***	-4	4
Municipal property charge	694	682
General government grants	494	—
<b>Total munic financial equalisation etc</b>	<b>3,239</b>	<b>3,529</b>
<b>Total tax and munic finan equalisation</b>	<b>23,127</b>	<b>23,967</b>

\* The final settlement for 2010 amounted to 144 SEK per inhabitant and the preliminary settlement for 2011 is forecast at 277 SEK per inhabitant.

\*\* The City's own tax capability for the tax year 2010 was 102 per cent of the average tax capability in the country.

\*\*\* Act concerning equalisation of costs for support and service to certain functionally impaired persons.

## 6. Financial receipts and expenses

MSEK	2010	2011
<b>Financial receipts</b>		
Dividends	16	67
Interest receipts from subsidiaries	530	841
External interest receipts	272	489
Other financial receipts	15	7
<b>Total financial receipts</b>	<b>833</b>	<b>1,404</b>
<b>Financial expenses</b>		
Interest expenses to subsidiaries	-72	-239
External interest expenses	-742	-1,297
Other financial expenses	-9	-82
<b>Total financial expenses</b>	<b>-823</b>	<b>-1,618</b>
<b>Net financial items</b>	<b>10</b>	<b>-214</b>

## 7. Financial fixed assets

MSEK	2010	2011
<b>Shares and participations</b>		
<b>Wholly owned subsidiaries (100%)</b>		
Göteborgs Kommunala Förvaltnings AB	500	500
Förvaltnings AB Framtiden	1	1
Älvstranden Utveckling AB	500	500
Gothenburg & Co Kommuntressent AB	0	0
<b>Total wholly owned subsidiaries</b>	<b>1,001</b>	<b>1,001</b>
<b>Partly owned companies</b>		
Renova AB (84%)	96	96
Göteborgsregion. Fritidshamn AB (80%)	1	1
Gryaab AB (71,4%)	6	6
Johanneberg Science Park AB (46%)	1	1
Lindholmen Science Park AB (14,9%)	0	0
Gothenburg Technical College AB (49%)	0	0
City Airport in Gothenburg AB (20%)	0	0
Boplats Gothenburg AB (40%)	0	0
<b>Total partly owned companies</b>	<b>104</b>	<b>104</b>
<b>Joint statutory authorities</b>		
The Stretered Property (57%)	2	2
Rescue Services Greater Gothenburg (74%)	0	0
<b>Total joint statutory authorities</b>	<b>2</b>	<b>2</b>
<b>Long-term receivables Group companies</b>		
Long-term receivables Group companies	12,319	13,615
<b>Total long-term receivables Group companies</b>	<b>12,319</b>	<b>13,615</b>
<b>Other participation rights</b>		
Basic fund capital and tenant-owner contracts	18	18
<b>Total other participation rights</b>	<b>18</b>	<b>18</b>
<b>Other companies</b>		
Kommentus	0	0
Västrafik AB (15%)	31	31
<b>Total other companies</b>	<b>31</b>	<b>31</b>
<b>Total financial fixed assets</b>	<b>13,475</b>	<b>14,771</b>



### Göteborgs Kommunala Förvaltnings AB

- AB Kärra Centrum
- Hantverks- och Industrihus i Göteborg AB (HIGAB)
- Liseberg AB
- Got Event AB
- Göteborgs Stads Upphandlings AB
- Göteborg Energi AB
- Kommunleasing i Göteborg AB
- Försäkrings AB Göta Lejon
- Göteborgs Gatub AB
- Göteborgs Stadsteater AB
- BRG, Business Region Göteborg AB
- Utveckling Nordost AB
- Fastighets AB Göta Lejon
- Förvaltnings AB Bältespännaren
- Göteborgs Stads Data AB
- Göteborg Port Holding AB
- Miljöfordon i Göteborg AB
- Göteborgs Spårvägar AB

### Förvaltnings AB Framtiden

- Bostads AB Poseidon
- Göteborgs stads bostadsaktiebolag
- Familjebostäder i Göteborg AB
- Gårdstensbostäder AB
- AB HjällboBostaden
- Göteborgs Egnahems AB
- Göteborgs Stads Parkerings AB
- Förvaltnings AB GöteborgsLokaler
- Idrotts- och Kulturcentrum Scandinavium i Göteborg AB
- AB Göteborgs Tomträttskassa
- Störningsjouren i Göteborg AB
- AB Göteborgshem
- Framtiden Housing Finance No 6 AB (publ)
- Rysåsen Fastighets AB

### Älvstranden Utveckling AB

- Norra Älvstranden Utveckling AB
- Södra Älvstranden Utveckling AB

### Renova AB

- Kungälv's Transporttjänst AB
- Fastighets AB Rödingen

### Göteborg & Co Kommuntressent AB

- Göteborg & Co Träffpunkt AB (50%)

### 8. Current receivables

MSEK	2010	2011
Current receivables Group companies	8,904	7,350
Accounts receivable	426	399
Prepaid expenses/accrued income	1,136	1,726
Receivables from the government	313	424
Other receivables	375	429
<b>Total current receivables</b>	<b>11,154</b>	<b>10,328</b>

### 9. Equity

MSEK	2010	2011
Equity b/f	7,114	7,343
Net earnings for the year	229	411
<b>Equity c/f</b>	<b>7,343</b>	<b>7,754</b>

### 10. Provisions for pensions and similar obligations

MSEK	2010	2011
<b>Provisions for pension</b>		
Provision b/f	1,435	1,462
New obligations during the year	94	238
– of which Newly earned pensions	71	73
– of which Interest and base amount indexation	22	44
– of which Change in actuarial bases	–1	117
– of which Pensions to survivors	6	7
– of which Miscellaneous	–4	–3
Payments for the year	–72	–80
<b>Total provisions for pensions</b>	<b>1,457</b>	<b>1,620</b>
Change in special employer's contributions for the year	5	38
<b>Total provisions for pensions and special employer's contributions</b>	<b>1,462</b>	<b>1,658</b>



## 11. Other provisions

MSEK	2010	2011
<b>Provision for restoration of landfill *</b>		
Reported value at start of year	25	34
Provisions for the period	10	5
Provisions utilised	-1	-1
Unused amounts reversed	—	—
<b>Provisions c/f</b>	<b>34</b>	<b>38</b>
<b>Provision for West Sweden package **</b>		
Reported value at start of year	—	1,250
Provisions for the period	1,250	54
Provisions utilised	—	—
Unused amounts reversed	—	—
<b>Provisions c/f</b>	<b>1,250</b>	<b>1,304</b>
<b>Provision for land use ***</b>		
Reported value at start of year	—	—
Provisions for the period	—	417
Provisions utilised	—	—
Unused amounts reversed	—	—
<b>Provisions c/f</b>	<b>—</b>	<b>417</b>
<b>Provision for Port Railway Line ****</b>		
Reported value at start of year	—	—
Provisions for the period	—	165
Provisions utilised	—	—
Unused amounts reversed	—	—
<b>Provisions c/f</b>	<b>—</b>	<b>165</b>
<b>Provision for other infrastructure measures *****</b>		
Reported value at start of year	238	197
Provisions for the period	1	—
Provisions utilised	-42	-9
Unused amounts reversed	—	-90
<b>Provisions c/f</b>	<b>197</b>	<b>98</b>
<b>Other provisions *****</b>		
Reported value at start of year	50	37
Provisions for the period	6	17
Provisions utilised	-19	-8
Unused amounts reversed	—	-4
<b>Provisions c/f</b>	<b>37</b>	<b>42</b>
<b>Total balance b/f</b>	<b>313</b>	<b>1,518</b>
Total provisions for the period	1,267	658
Total utilised	-62	-18
Total unused amounts reversed	—	-94
<b>Total balance c/f</b>	<b>1,518</b>	<b>2,064</b>

\* The Eco-cycle Committee is responsible for measures to protect the environment at closed landfills within the City of Gothenburg. The provision refers to a total of 17 closed landfills, of which the provision for Brudaremossen is about 50 per cent. Brudaremossen lies in the Delsjö Lakes water protection area and some of the other closed landfills also lie in areas of great natural value. At some of the landfills there is a risk that private drinking water intakes may be affected. A new analysis and estimate of the Brudaremossen provision was made in 2010, showing among other things that the preventive measures taken have appreciably reduced the risks. Improvement work is currently in progress at all landfills. As there is uncertainty about future costs, a new provision was made in 2011. Apart from the funds utilised, further measures have been taken at Brudaremossen for 1 (1) MSEK and at other landfills for 1 (1) MSEK.

\*\* In 2010 the City concluded an agreement on co-financing of infrastructure measures as part of the West Sweden package. It is a matter of 1,304 MSEK in total, of which 1,250 MSEK has been entered as a cost in the Income Statement and booked as a provision in the Balance Sheet. The amount was index adjusted up by 54 MSEK in 2011.

\*\*\*\* Concerns land use in connection with the West Sweden package. The amount is index adjusted up by 17 MSEK.

\*\*\*\* Agreement concerning bringing forward and co-financing the Port Railway Line.

\*\*\*\*\* Refers to remaining commitments for the Göta Tunnel and moving forward of certain investments to improve public transport in parts of the City of Gothenburg, 96 (104) MSEK.

\*\*\*\*\* Other provisions refer to expected damages, unsettled investment grants to associations and foundations, remaining minor provisions for reorganisation and adjustment work in the IT area in the City of Gothenburg.

## 12. Long-term liabilities

MSEK	2010	2011
Debts to banks, credit institutes etc	17,869	20,259
Other long-term liabilities	86	80
<b>Total long-term liabilities</b>	<b>17,955</b>	<b>20,339</b>

## 13. Current liabilities

MSEK	2010	2011
Debts to banks, credit institutes etc	3,190	767
Accounts payable	1,518	1,722
Accrued expenses/ deferred income	2,535	3,251
Personnel taxes	210	210
Debts to the government	278	—
Other current liabilities Group companies	1,948	1,757
Other current liabilities	1,027	445
<b>Total current liabilities</b>	<b>10,706</b>	<b>8,152</b>



#### 14. Guarantees

MSEK	2010	2011
<i>(Refers to loans and pension commitments)</i>		
Port of Gothenburg AB	1,404	1,152
Göteborg Energi AB	101	38
Other companies	333	367
<b>Total guarantees Group companies</b>	<b>1,838</b>	<b>1,557</b>
<b>Other guarantees</b>		
Private houses – government home loans	10	8
Foundations	576	606
Associations	154	186
Miscellaneous	34	34
<b>Total guarantees external</b>	<b>774</b>	<b>834</b>
<b>Total guarantees</b>	<b>2,612</b>	<b>2,391</b>

#### 15. Pension obligations

MSEK	2010	2011
Pension obligations PA-KL active	4,837	4,914
Pension obligations PA-KL retired	3,218	3,994
Pension obligations annuity	419	446
<b>Total pension obligations PA-KL</b>	<b>8,474</b>	<b>9,354</b>
Pension obligations managers' agreements*	42	38
Guarantee commitments FPG/PRI	—	—
Other pension obligations **	6	8
<b>Total pension obligations</b>	<b>8,522</b>	<b>9,400</b>

\* Pension obligations managers' agreements concern officials.

\*\* Other pension obligations mainly concern elected politicians.

Redemption of pension obligations in contingent liabilities of 420 MSEK was made in 2001 and of 260 MSEK in 2002, a total of 680 MSEK. The City of Gothenburg's surplus funds in the insurance policy were 1 (2) MSEK as of 2011-12-31. The degree of updating for the City of Gothenburg was 100 (97) per cent as of 2011-12-31.

#### 16. Special employer's contributions

MSEK	2010	2011
Special employer's contributions	2 067	2 281
<b>Total pension obligations and special employer's contributions</b>	<b>10 589</b>	<b>11 681</b>

#### 17. Future leasing expenses

MSEK	2010	2011
<b>Operational leasing agreements</b>		
Future minimum leasing fees (payments to leaser)		
- within one year	257	327
- later than one year but within five years	645	575
- later than five years	448	660
<b>Total leasing expenses</b>	<b>1,350</b>	<b>1,562</b>

#### 18. Capital cover guarantee

MSEK	2010	2011
Capital cover guarantee *	400	400
<b>Total capital cover guarantee</b>	<b>400</b>	<b>400</b>

\* Capital cover guarantee of no more than 400 MSEK concerning Göteborgs Kommunala Förvaltnings AB.

# Accounting principles

One important part of fulfilling the task of accounting, to constitute a basis for relevant assessments and decisions, is that the various accounting principles are shown in an open and informative manner. In this section the accounting principles used by the City of Gothenburg, in both the accounting units municipal city and combined accounts, are described.

Municipal accounting is regulated by the Local Authorities Act, Chapter 8 and the Municipal Accounting Act. In addition the Municipal Accounting Standards Council (RKR) gives recommendations for accounting in the municipal sector.

## GENERAL

### Deviations from current recommendations

The City of Gothenburg follows the recommendations issued by the Municipal Accounting Standards Council, except for certain parts of the following recommendations: RKR 10.2 Provisions and Contingent Liabilities, RKR 13.1 Accounting of Rental/Leasing Agreements, RKR 18 Receipts from Charges, Grants and Sales and RKR 8.2 Combined Accounts. A detailed description of the deviations is given under each heading.

### Changed accounting principles

From 2011, the City of Gothenburg applies RKR 16.2 Accounting of Cash Flows in the municipal accounting. Certain simplifications have had to be made in calculating comparative figures for 2009 and 2010 for accounting of cash flows from investment activities.

In the combined accounts, RKR 16.2 Accounting of Cash Flows is not applied. Work is in progress to adapt the cash flow analysis to a possible introduction in 2012.

## INCOME STATEMENT

### Accounting of tax revenue

The City's reported tax revenue consists of preliminary tax payments credited to the City during the year, a forecast for the final settlement and the difference between the final assessment and the reported tax revenue for the previous year.

The preliminary final settlement for tax revenue is based on SKL's December forecast, in accordance with recommendation RKR 4.2 Accounting of Tax Revenue.

### Other receipts

Utility and connection charges are entered as receipts when supply of the connection is started. The charges for

2011 total 18 (26) MSEK. The charges for 2011 in the combined accounts total 107 MSEK (113). Connection charges are reported from 2012 as deferred income among long-term liabilities and accrued over the period of use of the facility. This is adjusted in the combined accounts.

Investment grants and payments for street construction reduced the book value in 2011. From 2013, payments for street construction and investment grants will be handled in the same way as connection charges.

Thus the City of Gothenburg does not yet comply with RKR 18 Receipts from Charges, Grants and Sales with regard to the accounting of connection charges, payments for street construction and investment grants.

### Items affecting comparability

Items affecting comparability are shown separately on their own line in the Income Statement. In the annual accounts of the City of Gothenburg there are almost always a number of items affecting comparability. For an item to be regarded as affecting comparability, the item must amount to a considerable sum and be of such a kind that it is not expected to occur often or regularly.

For 2011, items affecting comparability comprise land use including indexing in the West Sweden package of 417 MSEK, index adjustment for provisions made earlier in the West Sweden package of 54 MSEK, a changed discount rate on pension liabilities of 150 MSEK and a provision for the Port Railway Line of 165 MSEK.

In the combined accounts there is a further 85 MSEK for the Port Railway Line from Port of Gothenburg AB.

### Loan expenses in connection with investments

According to recommendation no. 15 from RKR, loan expenses in connection with investments can be reported by both the main rule and the alternative rule. The main rule means that the loan expenses are charged to earnings and the alternative rule means that the loan expenses, under certain conditions, may be charged to the acquisition cost. In line with the trend in general practice in Sweden in recent years, the City has gradually switched to accounting loan expenses for investments under the alternative rule. This means that the values for the past few years are not comparable, as two different methods



have been applied.

In 2011 the City's committees capitalised loan expenses of about 10 (9) MSEK. In the combined accounts, loan expenses of 21 (32) MSEK have been capitalised.

### Leasing

According to a decision by the City Council, the City's investments in movable property from 2007 are financed by leasing, with the municipal company Kommunleasing i Göteborg AB as the leasing company.

According to RKR 13.1 Accounting of Rental/Leasing Agreements, financial leasing of fixed assets is shown as a fixed asset and the debt to the lessor is shown in the Balance Sheet. Since the current value of financial leasing agreements comprises a smaller part in relation to the value of total assets, all leasing agreements are shown as rental agreements.

Thus the City of Gothenburg does not comply with RKR 13.1 Accounting of Rental/Leasing Agreements with regard to reporting of financial leasing objects (fixed assets and liabilities in the Balance Sheet).

Leasing agreements signed before 2003 and leasing agreements with a term of three years or less are regarded, in accordance with RKR 13.1 Accounting of Rental/Leasing Agreements, as operational agreements and shown as rental agreements.

## BALANCE SHEET

### Intangible fixed assets

Intangible fixed assets are shown at acquisition cost less depreciation according to plan and any write-downs.

In the combined accounts, intangible fixed assets consist among other things of goodwill. Goodwill is the amount by which the acquisition value exceeds the actual value of the Group's share of net assets acquired, or alternatively the assets and liabilities at the time of acquisition. Depreciation of goodwill is made at 5–20 per cent annually. Goodwill attributable to Kungälv Transporttjänst AB is written off at 20 per cent per year. Goodwill attributable to Falbygdens Energi AB, Ale Energi AB, Göteborg Energi Din El AB and Lerum District Heating AB is written off at 10 per cent per year. Goodwill attributable to FordonsGas Sverige AB is written off at 5 per cent per year. In all cases the investments are regarded as strategic.

### Tangible fixed assets

An asset is regarded as a fixed asset if its life exceeds three years and the acquisition cost exceeds half a base amount, not including VAT. Fixed assets are valued at acquisition cost with an addition for value raising investments and deduction for planned depreciation and write-downs, if any. Investment grants received reduce the acquisition cost.

Agreements entered into on grants made by the government or other legal person for investments in fixed assets that the City of Gothenburg is not going to own

or have recourse to, are shown as a cost in the Income Statement and a provision in the Balance Sheet when the agreement is concluded.

Depreciation of tangible fixed assets is normally made for the estimated period of use, with linear depreciation based on the acquisition cost, not including any residual value. Depreciation is made from the time the investment is put to use.

A review of the period of use is made if there are circumstances that make it necessary, such as changes in activities, technical innovations etc. The period of use of assets is not normally reviewed if the depreciation time is 10 years or less.

No depreciation is made of assets in the form of land, art and work in progress.

Depreciation periods	Year
Expenses b/f for development work and similar work	5
Land improvements	20–50
Buildings	20–50
Kiosks, pavilions, barracks	10
Machinery, technical facilities and equipment	5–10
Staff computers and IT equipment	3

### Development properties

Development properties are shown as tangible fixed assets. Work is in progress to look over the reporting and classification of development properties. The work is expected to be complete in 2012.

### Financial assets and liabilities

Financial assets and liabilities are generally shown as long-term items. Reclassification to a current item occurs when repayment is made or when the financial item is not extended.

### Pensions

The City's pension liability is accounted for under the statutory "mixed model", which means that all pensions earned before 1998 under earlier pension schemes are not entered as a provision, but shown as a contingent liability. Expected future special employer's contributions are also shown as a memorandum item. Payments concerning pension benefits earned before 1998 are shown as a cost in the Income Statement. Pension benefits earned in pension schemes from 1998 onwards are shown as a cost in the Income Statement and a provision in the Balance Sheet. A special employer's contribution of 24.26 per cent of pension provisions made is also reserved under provisions.

The discount rate was lowered by 0.75 percentage points from 2011. The Board of Sweden's Municipalities and County Councils recommended its members in 2007 to calculate the municipal pension liability according to guidelines for the calculation of pension liability, RIPS 07. According to RIPS 07, pension liability is defined as the current value of future pension payments pledged.



Since payments occur far ahead in time, the current value of the liability should be calculated. A current value liability will be higher the lower the interest rate is and vice versa. A lower discount rate means that the pension liability increases, which it has done in 2011 in connection with the reduction.

Redemption of pension obligations in contingent liabilities totalling 680 MSEK has been made (420 MSEK in 2001 and 260 MSEK in 2002).

The degree of updating of the pensions was 100% in 2011.

### Provisions

A provision is a liability that is uncertain with regard to the time of maturity or the amount.

Provisions for landfills have been entered at amounts assessed to be necessary to settle the obligation on the balance sheet day. The amount is based on a projection made in 2010. The calculation is then continually updated.

Landfills in the City of Gothenburg have no current value estimate and the change in the provision is shown directly in the Income Statement instead of as a contingent liability. Thus the City of Gothenburg does not in these sections comply with RKR 10.2 Provisions and Contingent Liabilities.

## MEMORANDUM ITEMS

Memorandum items is an accounting concept that means that pledged assets and contingent liabilities are not included as liabilities or provisions in the Balance Sheet, but are shown directly under.

### Contingent liabilities

Possible commitments where there is uncertainty as to the size of the sum and/or degree of discharge are shown as contingent liabilities. Under contingent liabilities are found the City's guarantee commitments and the part of pension commitments older than 1998.

## COMBINED ACCOUNTS

### General

The combined accounts are prepared in accordance with RKR 8.2 Combined Accounts, with certain deviations as regards RKR 16.2 Accounting of Cash Flows.

The City of Gothenburg conducts extensive activities, primarily through wholly or partly owned limited companies, though also through joint statutory authori-

ties where the City, directly or indirectly has more than half the votes or in some other way has considerable influence.

Companies whose activities are of insignificant scope for the combined accounts are excepted. The companies excepted are City Airport in Gothenburg AB and Gothenburg Technical College.

The Financial Accounting Standards Council and the Accounting Standards Board give recommendations, instructions and statements for the companies' accounting. For joint statutory authorities, the Municipal Accounting Act applies with attached recommendations.

Differences in accounting principles between the companies and the City may occur because different recommendations are applied for the City and the companies respectively. This is among other things the case for leasing and accounting of projects in progress. In the combined accounts, effects of importance arising from differences in accounting principles for companies and City are adjusted on the basis of municipal accounting principles.

### Consolidation principles

The combined accounts are prepared in accordance with the acquisition method, which means that the parent company indirectly acquires the subsidiary's assets and liabilities, valued at actual value. In the combined Balance Sheet, the parent company's book value of its share in the subsidiary is eliminated against the acquired share of the subsidiary's equity. In the combined accounts equity, therefore, is only that part of the subsidiaries' equity that has been added after the acquisition, together with the parent company's equity. The minority share of net earnings for the year is shown in the Income Statement. The minority share in the subsidiary's capital is shown as a separate item in the Balance Sheet. Subsidiaries disposed of are included in the earnings until the point of disposal. On acquisition of a subsidiary, earnings are included from the time of acquisition.

The final accounts of the Group are used as a basis for consolidation of the combined accounts. Internal dealings and internal profits of importance have been eliminated.

### Associated companies

Associated companies are shown in accordance with the equity method. Companies that are not subsidiaries, but where there is a long-term direct or indirect holding of at least 20 per cent and not more than 50 per cent (usually the share of voting power), are shown as associated companies. The parent company's shares in associated companies are shown at acquisition value. In the combined accounts, shares in associated companies are shown at acquisition

value adjusted by the Group's share of the associated company's equity and 73.7 per cent of untaxed reserves. In the combined Income Statement, the share of the associated company's earnings before tax is included as income. The share of the associated company's tax is shown as a tax expense in the combined Income Statement.

### Untaxed reserves

Untaxed reserves in individual companies are divided into an equity part, shown as restricted equity, and a deferred tax liability part. In partly owned joint statutory authorities and subsidiaries, external participants/shareholders' shares of equity and untaxed reserves are

shown as a minority interest. In the Income Statement the minority share of earnings after tax is shown.

### Deduction limit interest expenses

In June 2008 the Tax Authority proposed certain changes in legislation to the Finance Department concerning a deduction limit for interest within a so-called community of interests. The new rules were introduced from 2009. There is a risk that the new rules may be applied to the GKF and Älvstranden Groups. The risk for 2011 is 37 MSEK, based on present interest expenses. In connection with the companies' tax returns for 2011, this will appear as an open claim.



**Open and informative.** An important part in living up to the task of accountancy is that different accounting principles are shown in an open and informative way.

# District Committees – financial performance

The activities of the district committees during the year were marked by the rearrangement involved in merging twenty district committees into ten. The reorganisation meant above all that many managers were given new assignments. This led to greater uncertainty in the organisation to start with, but also generated new thinking and greater collaboration.

Gothenburg is from 2011 divided into 10 district committees. The committees' activities are almost entirely financed by City grants. City grants to the district committees, which are based on the size and composition of the population in each district, finance the district's net costs for pre-school, compulsory school, elderly care, services for people with functional impairment, income support etc.

In addition, a special City grant is paid for a number of resource committee assignments, where the committee often has responsibility for meeting the needs of several districts or the whole city.

## Financial performance

### Net earnings 2011

Committee (MSEK)	Net cost	City grants	Net earnings for the year
District Committees' population frame	-17,024	17,044	20
Resource committee assignments	-167	168	1
<b>Total DCs</b>	<b>-17,191</b>	<b>17,212</b>	<b>21</b>

The difference between the City grants and net costs is the committees' earnings. A committee can finance a deficit by using a surplus from previous years.

For 2011 there were four committees, East Gothenburg, Centrum, Majorna-Linné and West Gothenburg that reported deficits.

### Personnel volume now rising again

In the autumn of 2010 the economic situation improved and the committees began to increase the number of employees again. This trend continued in 2011, above all in pre-school.

### Trend in costs and personnel volume for the population frame

Change in per cent	2009	2010	2011
Net cost	3.8	2.1	4.4
Salary cost	3.2	1.9	3.2
Personnel volume, no. of hours worked	-0.8	-0.4	1.7

### Focus on higher quality in pre-school

In line with developments during the whole of the 2000s, pre-school and functional impairment activities have had the sharpest rise in costs. In the case of pre-school, it is because the number of children in the activities rose by over a thousand, but also because of a focus on higher quality in the activities.

### Change in net costs per activity

Change in per cent	2009	2010	2011
Pre-school	4.6	6.0	8.6
Compulsory and special needs school and schoolchildren's care	2.5	-0.6	3.3
Elderly care	-0.1	0.8	3.0
Individual and family care, not inc. income support	1.3	2.3	3.9
Functional impairment	4.3	2.2	7.0

After two years with more moderate cost rises, costs in the functional impairment area rose sharply once again. It is both a matter of more people with assistance and a greater cost per person. For the years to come it is important to analyse the underlying reasons for the trend.

### Assessment of the future

After a turbulent year of putting a new organisation in place, it is hopefully time to start reaping the gains of the changes. We think the new organisation will contribute to better coordination to resolve the challenges we face. We also think the clearer assignment of the committees in community planning gives the district committees a stronger role in the development of Gothenburg.



# Departmental committees – financial performance

The City of Gothenburg has over 20 departmental committees. These reported costs of 13 billion SEK for 2011. The costs were chiefly financed by internal and external receipts of 9.2 billion SEK. The remaining 3.8 billion SEK was financed directly via City grants. In this section some of the larger committees are analysed.

The departmental committees reported earnings of 0.6 MSEK for 2011, a deterioration of 66.5 MSEK compared with 2010. Budget deviation for 2011 was 35.5 MSEK, half the figure for the year before. A deficit was budgeted, but at the end of the year earnings were near zero. The equity of the departmental committees at the end of the year totalled 494 MSEK.

## Eco-cycle Committee

The Eco-cycle Committee is the responsible body for and purchaser of municipal water and sewerage supplies and refuse handling. The activities get no City grants, but are financed by tariffs. The year's earnings of 5.5 MSEK were 21.5 MSEK higher than budget and 10.5 MSEK lower than earnings the previous year. The improvement over budget is primarily attributable to lower costs for refuse contractors. A reduction in variable user receipts for water and sewerage is compensated by the repayment of a receipt charge to the owner municipalities from Gryaab AB.

### Eco-cycle Committee – earnings and equity

MSEK	2009	2010	2011
<b>Earnings</b>			
Water supply	-4	5	-2
Refuse handling	17	10	6
Recycling	0	1	1
Total Eco-cycle Committee	13	16	5
<b>Equity, closing balance</b>			
Water supply	9	15	12
Refuse handling	58	67	73
Recycling	1	2	4
Total Eco-cycle Committee	68	84	89

## Property Management Committee

The Property Management Committee is the City's land and housing policy body. The committee reported earnings of 2.4 MSEK (12), which was 2.4 MSEK better than budget. The improvement for the current year is due, among other things, to a surplus in the cost of heating, electricity and water, as well as unbudgeted payments.

## Special Transport Committee

The main task of the Special Transport Committee is to be responsible for the granting of permits and provision of special transport travel. The committee reported earnings of 0.8 MSEK (-1.5), which was 2.1 MSEK better than budget. The committee obtained an additional allocation of 10 MSEK during the year to finance travel for people that only have special transport as a travel alternative. With the additional allocation the committee has been able to increase services, enabling it to meet budget, despite 31,000 more journeys than originally budgeted. The number of journeys fell in 2011 by 6,600 to 531,000 journeys.

## Road Traffic Committee

The main task of the Road Traffic Committee is to meet the transport needs of citizens and of industry and commerce. The committee reported earnings of -22 MSEK (-10). Included in the earnings is a write-down of 32 MSEK for the Tetra radio system, for which the Road Traffic Committee has sought compensation. If this is eliminated from earnings, the outcome is over 6 MSEK, which is due to a milder winter than what was budgeted for.

## Education Committee

The Education Committee is responsible for the City's upper secondary schools, upper secondary special needs school and municipal adult education. The committee reports earnings for the whole of 2011 of -3.9 MSEK. This was 6.9 MSEK better than budget. The improvement can mainly be attributed to lower IT costs and too highly budgeted prices for purchased pupil places. The committee still has great costs for extensive readjustment work.

## Supervision and upkeep, repairs and planned maintenance by the departmental committees

The follow-up of the City's fixed assets by the departmental committees showed that total accrued costs as of 31 December were 1,340 MSEK, which is 11 per cent higher than the previous year. It appears from the follow-up that it is planned maintenance that accounts for the largest rise, 27% compared with last year, which is an effort in the right direction to secure the value of the City's assets.

# Operational accounts – the City

MSEK	Receipts	Costs	Net costs	City grants	Net earnings for the year	Equity c/f
<b>DISTRICT COMMITTEES</b>						
Angered	260.4	-2,569.3	-2,309.0	2,336.3	27.3	97.3
Askim Frölunda Högsbo	521.1	-2,455.0	-1,934.0	1,955.2	21.3	71.3
Centrum	383.2	-1,628.4	-1,245.2	1,231.9	-13.3	26.7
Lundby	322.6	-1,457.3	-1,134.7	1,141.1	6.3	46.3
Majorna Linné	451.8	-2,083.2	-1,631.4	1,620.0	-11.4	38.6
Norra Hisingen	394.2	-2,015.8	-1,621.6	1,633.1	11.5	61.5
Västra Göteborg	364.8	-2,142.6	-1,777.8	1,771.6	-6.2	43.8
Västra Hisingen	310.3	-2,155.8	-1,845.4	1,846.7	1.3	56.3
Örgryte Härlanda	323.5	-1,928.1	-1,604.5	1,604.6	0.1	50.1
East Gothenburg	267.0	-2,187.5	-1,920.6	1,903.9	-16.7	43.3
Resource committee assignments	50.1	-217.3	-167.1	167.8	0.6	29.1
<b>TOTAL DISTRICT COMMITTEES</b>	<b>3,649.1</b>	<b>-20,840.4</b>	<b>-17,191.3</b>	<b>17,212.1</b>	<b>20.7</b>	<b>564.2</b>
<b>DEPARTMENTAL COMMITTEES WITH SPECIAL FOCUS</b>						
Planning and Building Committee	118.0	-207.5	-89.5	94.2	4.7	34.7
Property Management Committee	382.0	-417.2	-35.2	37.6	2.4	52.4
Special Transport Committee	135.9	-326.8	-190.9	191.7	0.8	28.6
Sports and Associations Committee	113.8	-399.1	-285.3	286.9	1.6	18.6
City Management	354.3	-783.2	-428.9	430.6	1.7	13.7
Consumer Committee	2.8	-22.3	-19.5	19.8	0.3	1.8
Cultural Affairs Committee	108.7	-369.5	-260.8	264.9	4.0	9.5
Supply of Premises Committee	2,275.9	-2,225.2	50.7	-56.4	-5.7	44.3
Environmental Committee	56.9	-98.8	-41.9	44.4	2.5	11.1
Committee for Intraservice	366.5	-366.5	0	0	0	0
Parks and Landscape Committee	431.3	-590.4	-159.1	156.9	-2.2	6.1
Social Welfare Resource Committee	416.3	-802.0	-385.6	397.6	11.9	41.9
Road Traffic Committee	1,367.9	-1,875.5	-507.7	485.4	-22.3	-4.9
Education Committee	703.9	-2,148.8	-1,444.9	1,441.0	-3.9	53.5
Electoral Committee	3.3	-11.9	-8.6	1.3	-7.3	-5.8
Adult Education Committee	75.8	-424.0	-348.2	362.9	14.7	68.6
Chief Guardians Committee	1.2	-14.9	-13.8	14.2	0.4	4.6
<b>DEPARTMENTAL COMMITTEES WITH ACTIVITIES FINANCED BY TARIFFS</b>						
Committee for Gothenburg Water	533.1	-544.0	-10.9	0	-10.9	22.4
Eco-cycle Committee	1,028.8	-1,023.3	5.5	0	5.5	89.5

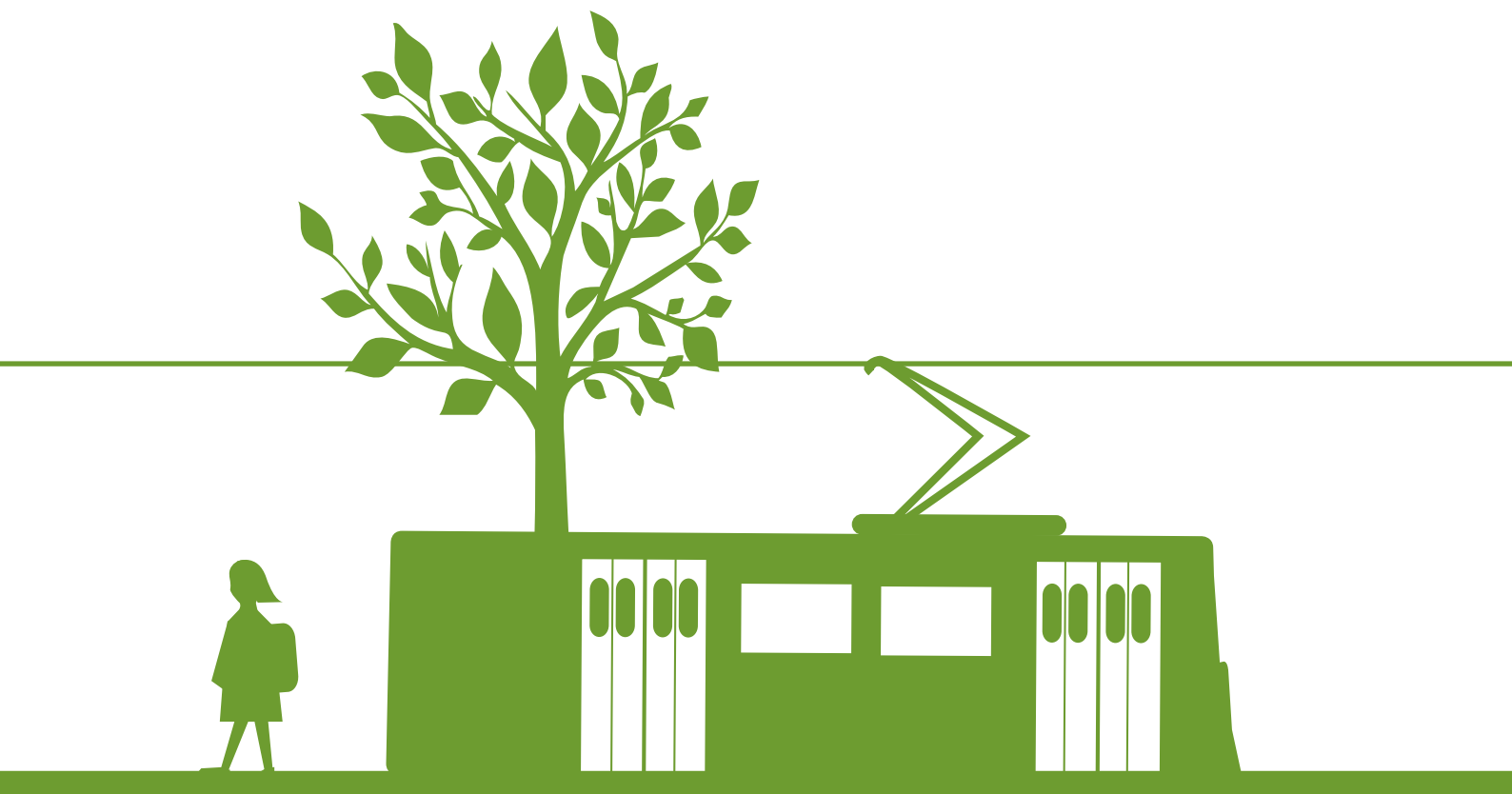




MSEK	Receipts	Costs	Net costs	City grants	Net earnings for the year	Equity c/f
<b>OTHER DEPARTMENTAL COMMITTEES AND ALLOCATIONS</b>						
Archives Committee	39.3	-54.8	-15.4	15.2	-0.2	0.5
Business Region Gothenburg AB	0	-9.5	-9.5	9.5	0	0
Prop. Man. Committee transfer payments	0	-50.2	-50.2	52.5	2.3	2.3
GBG Co Träffpunkt AB	0	-92.9	-92.9	92.9	0	0
Sports and Associations Committee: Adult Education Associations	0	-31.2	-31.2	31.2	0	0
Keiller's Park	0	-0.6	0.6	0.6	0	0.1
Auditors' Office	4.6	-31.4	-26.8	26.8	0	1.5
Rescue Services Greater Gothenburg	0	-287.4	-287.4	287.4	0	0
Safe Beautiful City	2.5	-50.9	-48.4	48.4	0	0
Chief Guardians Committee Fees	2.4	-14.3	-11.9	12.2	0.3	-1.3
<b>TOTAL DEPARTMENTAL COMMITTEES</b>	<b>8,525.2</b>	<b>-13,274.1</b>	<b>-4,748.9</b>	<b>4,749.5</b>	<b>0.6</b>	<b>493.8</b>
<b>TOTAL COMMITTEES</b>	<b>12,174.1</b>	<b>-34,113.3</b>	<b>-21,940.3</b>	<b>21,961.6</b>	<b>21.3</b>	<b>1,058.0</b>
Central municipal items	24,349.5	-1,998.0	22,351.5	-21,961.6	389.9	6,696.3
<b>TOTAL THE CITY</b>	<b>36,522.5</b>	<b>-36,111.3</b>	<b>411.2</b>	<b>0</b>	<b>411.2</b>	<b>7,754.3</b>
<b>JOINT STATUTORY AUTHORITIES</b>						
Stretered Property	11.6	-0.8	10.8	—	10.8	14.7
Rescue Services Greater Gothenburg	585.3	-556.8	28.5	—	1.8	94.4
Acquisition company Göteborgs kommunalförbund	—	—	—	—	-0.5	—
Minority interest	—	—	—	—	-5.1	-32.0
<b>TOTAL JOINT STATUTORY AUTHORITIES</b>	<b>596.9</b>	<b>-557.6</b>	<b>39.3</b>	<b>—</b>	<b>7.0</b>	<b>77.1</b>

# Investment accounts

MSEK	Property Management Commit- tee	Premises Office	Parks and Landscape Commit- tee	Sports and Ass. Commit- tee	Road Traffic Commit- tee	Commit- tee for Goth- enburg Water	Total
<b>INVESTMENTS</b>							
Expenses / purchases	59	949	73	42	239	182	1,544
<b>Total investment expenses</b>	<b>59</b>	<b>949</b>	<b>73</b>	<b>42</b>	<b>239</b>	<b>182</b>	<b>1,544</b>
Grants, government and EU	-11	—	—	—	-61	—	-72
Income, other	-2	-3	-1	—	-22	—	-28
Income, sales	-6	—	—	—	—	—	-6
<b>Total investment income</b>	<b>-19</b>	<b>-3</b>	<b>-1</b>	<b>—</b>	<b>-83</b>	<b>—</b>	<b>-106</b>
<b>Total investments net</b>	<b>40</b>	<b>946</b>	<b>72</b>	<b>42</b>	<b>156</b>	<b>182</b>	<b>1,438</b>
<b>DEVELOPMENT</b>							
Expenses / purchases	199	—	5	—	224	37	465
<b>Total development expenses</b>	<b>199</b>	<b>—</b>	<b>5</b>	<b>—</b>	<b>224</b>	<b>37</b>	<b>465</b>
Income, other	-45	—	—	—	-172	—	-217
Income, sales	-297	—	—	—	0	—	-297
<b>Total development income</b>	<b>-342</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>-172</b>	<b>—</b>	<b>-514</b>
<b>Total development net</b>	<b>-143</b>	<b>—</b>	<b>5</b>	<b>—</b>	<b>52</b>	<b>37</b>	<b>-49</b>
<b>Total investments and development net</b>	<b>-103</b>	<b>946</b>	<b>77</b>	<b>42</b>	<b>208</b>	<b>219</b>	<b>1,389</b>



# 4

## COMBINED ACCOUNTS

### **Financial analysis and accounts**



In the municipal sector, Group accounts are called combined accounts. In this block the financial position and development of the combined accounts are analysed from a number of perspectives. The statutory financial statements and additional information are also found here.



# COMBINED ACCOUNTS

## Financial analysis and accounts

### 87 Financial analysis of the combined accounts

A financial analysis of the combined accounts is made in this section. Important elements of it are trends and an overall perspective. The analysis should allow an assessment of the organisation's control of how cash inflows and outflows in the short and long term are kept at a level that permits qualitatively good activities.

### 92 Income Statement, Funds Statement, Balance Sheet

The financial statements of the combined accounts are shown here.

### 95 Notes – combined accounts

Notes to the financial statements are found here.

### 98 Internal transactions

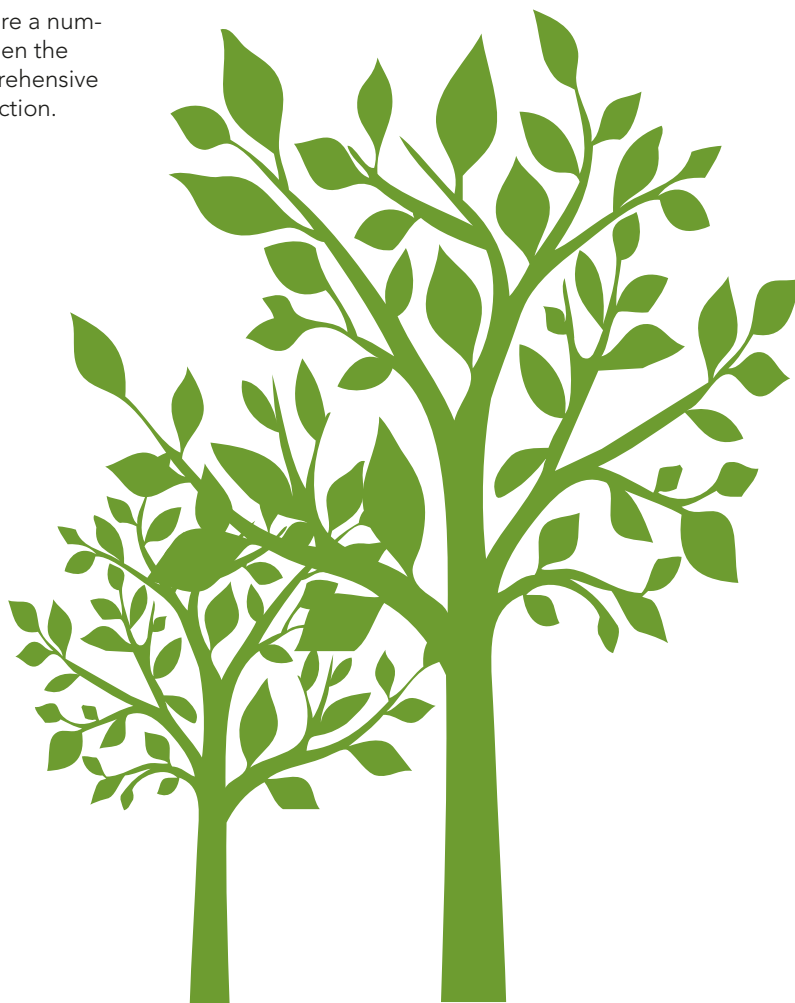
In the combined accounts there are a number of internal transactions between the various accounting units. A comprehensive report of these is shown in this section.

### 99 Earnings and investment analysis of some larger Groups and companies

On this page a brief earnings and investment analysis is given of seven larger Groups. These are Göteborgs Kommunala Förvaltnings AB (GKF), Göteborg Energi AB, Port of Gothenburg AB, Liseberg AB, Älvstranden utvecklings AB, Förvaltnings AB Framtiden and Göteborgs Spårvägar.

### 103 Groups and companies in figures

A number of financial key figures are shown in tabular form for each Group or company. They refer to operating income, earnings after financial items, net earnings for the year, investments, total assets, equity and the equity-assets ratio.





# Financial analysis of the combined accounts

The combined accounts (the City of Gothenburg Group) reported total earnings for the year of 752 MSEK, an improvement of 114 MSEK compared with 2010.

Included in the earnings was a cost affecting comparability of 871 MSEK (1,250), mostly attributable to infrastructure investments. Excluding this item, earnings were 1.6 billion, a weakening of 0.3 billion compared with the previous year. Most of the weakening was attributable to the municipal sector.

The volume of investments in 2011 rose by four per cent, from 5.6 billion SEK in 2010 to 5.9 billion SEK in 2011.

Long-term financial manoeuvrability in the form of the equity-assets ratio was 26 per cent at the end of 2011, the same level as the previous year.

## Description of the financial model

In order to survey and analyse the earnings, trends and position for the combined accounts, or Group accounts, as they are called in the private sector, a special financial analysis model is used, based on four important financial aspects: financial results, trend in capacity, risk conditions and control of financial developments. These four aspects, labelled earnings – capacity and risk – control, comprise the cornerstones of the model.

The objective is to identify any financial opportunities and problems on this basis and thereby try to clarify whether the City has good financial management, as prescribed in the Local Government Act.

## Turnover rose by 1.6 billion

The City of Gothenburg Group reported receipts of almost 49 billion SEK in 2011, of which tax revenue was almost 23 billion SEK. Receipts rose by 1.1 billion SEK compared with 2010, attributable only to the City.

City receipts rose by over 1.6 billion SEK or 3.6 per cent, though this was a lower rate of rise than in the previous year, when the rate of rise was 6.1 per cent. The main explanation was the temporary business cycle support allocated to the municipalities in 2010, which no longer remained in 2011.

In the company sector, receipts fell by almost 2% compared with the previous year, with Göteborg Energi accounting for the largest reduction as a result of warmer weather and lower production volumes of district heating, among other things.

## Net turnover for City and companies

MSEK	2009	2010	2011
<b>Net turnover</b>	<b>46,139</b>	<b>47,757</b>	<b>48,930</b>
of which the City	29,720	30,900	32,541
of which companies	19,113	19,822	19,518

## Net earnings strengthened by over 100 MSEK

Net earnings for the year totalled 752 MSEK, of which the City contributed with 411 MSEK and the municipal companies with 366 MSEK. Compared with the previous year, earnings rose by 114 MSEK, entirely attributable to the City.

The companies' earnings totalled 366 MSEK, a decline of 76 MSEK compared with 2010. Earnings for 2011 after net financial items fell, mainly as a result of lower operating income and greater financial expenses in several companies. Göteborg Energi AB was the company that contributed most to the positive earnings of the company sector. Förvaltnings AB Framtiden, Älvstranden Utveckling AB, Gothenburg Port Holding AB and Liseberg AB may be mentioned as other contributors to the positive earnings. Älvstranden Utveckling AB's improved earnings are mainly due to capital gains arising from the sale of properties.

## Earnings for City and companies

MSEK	2009	2010	2011
<b>Earnings after financial items</b>	<b>1,069</b>	<b>929</b>	<b>898</b>
of which the City	552	229	411
of which companies	808	733	506
<b>Net earnings for the year</b>	<b>805</b>	<b>638</b>	<b>752</b>
of which the City	552	229	411
of which companies	616	442	366





Income Statement for the City, joint statutory authorities and companies

	Operating income inc. tax revenue	Operating expenses inc. depreciation	Net operat- ing expenses	Net finan- cial items inc. tax revenue	Earnings after net financial items	Taxes	Net earnings for the year
<b>MSEK</b>							
<b>The City</b>	<b>7,171</b>	<b>-30,513</b>	<b>-23,342</b>	<b>23,753</b>	<b>411</b>		<b>411</b>
<b>Joint Statutory Authorities</b>	<b>597</b>	<b>-558</b>	<b>39</b>	<b>-27</b>	<b>12</b>	<b>-5</b>	<b>7</b>
<b>Companies</b>	<b>19,367</b>	<b>-17,652</b>	<b>1,715</b>	<b>-1,209</b>	<b>506</b>	<b>-140</b>	<b>366</b>
of which							
Göteborg Energi AB	7,687	-7,078	609	-171	438	-129	309
Förvaltnings AB Framtiden	5,221	-4,576	645	-527	118	-30	88
Göteborg Port Holding AB	1,696	-1,507	189	-72	117	-34	83
Renova AB	1,263	-1,206	57	-39	18	-6	12
Liseberg AB	962	-879	83	-5	78	-22	56
Hantverks- och Industrihus i Gbg AB	650	-562	88	-109	-21	5	-15
Älvstranden Utveckling AB	420	-297	123	19	142	-12	130
Other companies	3,135	-3,385	-250	350	100	-193	-93
Eliminations companies	-1,667	1,838	171	-655	-484	280	-204
<b>Group eliminations</b>	<b>-2,709</b>	<b>2,767</b>	<b>58</b>	<b>-89</b>	<b>-31</b>	<b>-2</b>	<b>-33</b>
<b>Total the Group 2011</b>	<b>24,426</b>	<b>-45,956</b>	<b>-21,529</b>	<b>22,428</b>	<b>898</b>	<b>-147</b>	<b>752</b>
Total the Group 2010	24,297	-45,522	-21,225	22,154	929	-291	638

### Weaker earnings if items affecting comparability are eliminated

Included in the earnings for 2010 and 2011 were, however, large non-recurrent items affecting comparability totalling 2.1 billion SEK, mainly for the co-financing of infrastructure investments, of which the West Sweden package comprises the largest item.

If costs affecting comparability in 2011 are excluded, earnings totalled 1,623 MSEK. By the same measure, earnings in 2010 were 1,888 MSEK. This means that net earnings for the year, excluding items affecting comparability, weakened by almost 0.3 billion SEK between 2010 and 2011, of which the City accounted for the greater part. The most important explanation for the City's weaker earnings was that the cost of activities, for the first time in several years, rose more than the City's tax revenue.

### Increase in investments

The volume of investments rose during the year by 5 per cent, from 5.6 billion SEK in 2010 to 5.9 billion SEK in 2011. The rise was attributable to both the City and the companies, though the greatest rise was in the company sector.

Of the company sector's investment volume of almost 4.5 billion, the greatest part, 74 %, was in new investments of various kinds.

Förvaltnings AB Framtiden and Göteborg Energi AB accounted for an investment volume of 3.2 billion, which is 70% of the total volume of investments. This consisted of new production and rebuilding of housing and investments in wind power turbines and biogas plants.

Other companies with a large volume of investments were Kommunleasing Göteborg AB, Port of Gothenburg AB and Hantverks- och Industrihus i Göteborg AB, which

together made investments of almost 1 billion SEK.

The Group invested 14 per cent of gross costs in 2011, of which the City's share was 5 per cent.

### Investments per City and companies

<b>MSEK</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>Volume of investments (MSEK)</b>	<b>5,757</b>	<b>5,623</b>	<b>5,876</b>
of which companies	4,709	4,291	4,469
of which the City	1,444	1,360	1,438
<b>Volume of investments / gross costs</b>	<b>14 %</b>	<b>13 %</b>	<b>14 %</b>
of which the City	5 %	5 %	5 %
of which companies	31 %	28 %	30 %
<b>Investments / depreciation</b>	<b>189 %</b>	<b>158 %</b>	<b>159 %</b>
of which the City	202 %	174 %	187 %
of which companies	207 %	176 %	172 %

### Degree of self-financing of investments

The financing of investments with own funds was 78 per cent in 2011, a reduction compared with the previous year. On the other hand, there was a higher degree of self-financing of investments in the City, but a reduction in the company sector.

### Degree of financing of investments

<b>MSEK</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>Degree of financing of investments</b>	<b>71 %</b>	<b>80 %</b>	<b>78 %</b>
of which the City	88 %	74 %	82 %
of which companies	65 %	74 %	70 %



### Total assets of 75.3 billion SEK

Total assets were 75.3 billion SEK, of which the City accounted for 40 billion and the companies for 60 billion. In the company sector, Förvaltnings AB Framtiden and Göteborg Energi accounted for the greater part of the assets.

The Groups and companies in the property business accounted for 59 per cent of the company sector's total assets.

### Some key figures from the Balance Sheet

MSEK	2009	2010	2011
<b>Total assets</b>	<b>72,224</b>	<b>73,452</b>	<b>75,295</b>
of which the City	38,350	38,984	39,967
of which companies	59,649	60,790	60,018
<b>Return on equity</b>	<b>4.4 %</b>	<b>3.4 %</b>	<b>3.9 %</b>
of which the City	7.8 %	3.1 %	5.3 %
of which companies	4.3 %	3.2 %	2.8 %
<b>Return on total capital</b>	<b>3.4 %</b>	<b>3.0 %</b>	<b>3.9 %</b>
of which the City	3.9 %	2.7 %	5.1 %
of which companies	3.2 %	3.0 %	3.1 %

Return on equity and total capital are examples of measures of profitability that describe earnings in relation to capital input. The size depends on the business and the risk taken. Comparisons can often be made over time within each line of business.

Both return on equity and on total capital for the Group have lain between 3–4 per cent in the past three-year period. Return on equity has fallen in the past three years, mainly in the City.

It is important in this context to point out that these measures should only be seen as indicators over time, as these key figures are not used in the control of combined accounts.

### Equity-assets ratio unchanged

The equity-assets ratio is a measure of long-term financial manoeuvrability. In 2011 the equity-assets ratio was 26 per cent, the same level as the previous year.

There is no general level for how high the equity-assets ratio should be for a Group of the size of the City of Gothenburg. A high equity-assets ratio means that there is greater manoeuvrability, as also an ability to handle fluctuations in the trend of earnings.

However, it is even more important that the various Groups and companies included in the combined accounts have a good equity-assets ratio. Otherwise there is a risk that the City as owner will have to contribute funds if the companies have financial difficulties. Most of the City of Gothenburg's companies report good equity-asset ratio levels and in many of the companies the equity-assets ratio has risen or remained unchanged in recent years.

### Equity-assets ratio

Per cent	2009	2010	2011
Equity-assets ratio as per Balance Sheet (mixed model)	25	26	26
Equity-assets ratio incl. pension obligations older than 1998 (fully funded model)	10	11	10

### Reduced indebtedness

The total degree of indebtedness was 74 per cent, the same as the previous year. This is positive for the Group's net financial items, while reduced indebtedness meant reduced financial risk for the Group.

The degree of indebtedness for 2011 was mainly due to an increase in long-term liabilities and provisions, while the short-term degree of indebtedness fell. In the company sector, long-term liabilities rose to the same degree that current liabilities fell, as a result of increased financing of investments via long-term liabilities.

The greater degree of provisions was mainly due to larger provisions in the City. In 2011, provisions rose by 0.7 billion SEK. This rise was mainly due to provisions for co-financing of infrastructure investments in the City, as for example the West Sweden package.

### Degree of indebtedness

Per cent	2009	2010	2011
<b>Total degree of indebtedness</b>	<b>75 %</b>	<b>74 %</b>	<b>74 %</b>
of which degree of provision	9 %	11 %	12 %
of which short-term degree of indebtedness	21 %	25 %	20 %
of which long-term degree of indebtedness	45 %	38 %	42 %
of which the City	81 %	81 %	81 %
of which companies	77 %	78 %	79 %

### Liquidity improved

Short-term manoeuvrability in the form of the acid-test ratio rose by 8 per cent compared with the previous year and now lies at 43 per cent. The rise is mainly due to an increase in long-term borrowing during the year, both in the City and in the company sector. Some of this has added to liquidity.

The City functions as an internal bank for most of the City's companies. In recent years the City has kept its acid-test ratio at such a level that the City, in a short and medium term financial perspective, does not need to take drastic measures to meet financial payments.

### Net financial assets weakened

Included in the net financial assets measure are all the financial assets and liabilities in the Balance Sheet that the City expects to turn over in a period of 10–20 years, namely financial fixed assets, current assets and current and long-term liabilities. The measure is important, since it reflects the financial readiness to act, which lies somewhere between the short-term liquidity measures and the long-term equity-assets measure.

Net financial assets weakened between 2010 and 2011 by 0.2 billion, from –39 billion to –39.2 billion SEK.

The foremost explanation for this was that a certain part of the rise in assets was financed by a greater degree of indebtedness in the form of long-term liabilities, while at the same time current liabilities fell.

One part of net financial assets is the City's borrowings, totalling almost 2 billion SEK. This is the part the City has used to loan finance its fixed assets. The City's part of this weakened in 2011 and will weaken further



in the next few years, as the City's payments in the coming years for the West Sweden package and other infrastructure investments will weaken net borrowings by at least 1.5 billion SEK. In 2011, however, no payments were made.

## Net financial assets

MSEK	2009	2010	2011
Net financial assets	-39,674	-38,985	-39,163
of which the City	-4,658	-3,533	-3,173
of which companies	-32,246	-33,305	-34,811

## Pension commitments totalled almost 15 billion

The total pension commitments of the City of Gothenburg Group are 14.8 billion SEK, a rise of about 1.5 billion compared with the previous year. It was mainly in the City that pension commitments rose, owing to a change in the discount rate of -0.75 % in 2011. Of the total pension commitments, 11.6 billion referred to commitments for pensions and special employer's contributions older than 1998. These commitments are not shown as a provision in the Balance Sheet, but as a contingent liability, in accordance with municipal accounting legislation. The year's rise for these commitments as a result of the reduced discount rate totalled 0.8 billion SEK.

## Balance Sheet for the City, joint statutory authorities and companies

MSEK	Fixed assets	Current assets	Total assets	Equity	Provisions	Long-term liabilities	Current liabilities	Total equity and liabilities
<b>The City</b>	<b>29,420</b>	<b>10,547</b>	<b>39,967</b>	<b>7,754</b>	<b>3,722</b>	<b>20,339</b>	<b>8,152</b>	<b>39,967</b>
<b>Joint Statutory Authorities</b>	<b>219</b>	<b>385</b>	<b>604</b>	<b>112</b>	<b>371</b>		<b>121</b>	<b>604</b>
<b>Companies</b>	<b>53,923</b>	<b>6,095</b>	<b>60,018</b>	<b>12,850</b>	<b>5,282</b>	<b>25,882</b>	<b>16,004</b>	<b>60,018</b>
Förvaltnings AB Framtiden	26,352	608	26,960	8,176	1,679	10,854	6,251	26,960
Göteborg Energi AB	11,612	2,394	14,006	4,616	1,811	4,304	3,274	14,006
Hantverks- och Industrihus i Göteborg AB	4,258	162	4,420	486	132	2,061	1,741	4,420
Älvstranden Utveckling AB	4,094	255	4,349	455	472	3,185	237	4,349
Göteborg Port Holding AB (Port of Gothenburg AB)	2,579	796	3,375	335	675	1,574	791	3,375
Renova AB	1,795	357	2,152	372	213	1,216	351	2,152
Liseberg AB	819	237	1,056	658	49	31	318	1,056
Other companies	3,106	2,138	5,244	-1,753	514	2,659	3,826	5,244
Eliminations companies	-692	-852	-1,544	-495	-263	-2	-784	-1,544
<b>Eliminations the Group</b>	<b>-15,082</b>	<b>-10,212</b>	<b>-25,294</b>	<b>-1,205</b>	<b>152</b>	<b>-14,444</b>	<b>-9,493</b>	<b>-25,294</b>
<b>Total the Group 2011</b>	<b>68,480</b>	<b>6,815</b>	<b>75,295</b>	<b>19,511</b>	<b>9,223</b>	<b>31,777</b>	<b>14,784</b>	<b>75,295</b>
<b>Total the Group 2010</b>	<b>66,636</b>	<b>6,816</b>	<b>73,452</b>	<b>18,792</b>	<b>8,227</b>	<b>27,989</b>	<b>18,444</b>	<b>73,452</b>

## Summarising comments

The City and the large municipal Groups have, despite the financial turbulence in the outside world, reported stable levels of earnings in recent years. This is true for 2011 as well.

The relatively robust level of earnings in the larger Groups has in turn given the opportunity to retain a relatively high level of investment, mostly financed with own funds. This has in turn led to the equity-assets ratio in the Group rising, although the rate of rise has slackened in

the past two years.

It is, however, important to point out that even though the City of Gothenburg Group showed positive earnings of 752 MSEK in 2011, there are risks with individual Groups and companies that do not always appear clearly in combined accounts. In the section "Analysis of larger Groups and companies" on pages 99-102 supplementary financial analyses are therefore made of individual Groups and companies from an earnings and investment perspective.



## The following units are included in the 2010 combined accounts

<b>CITY OF GOTHENBURG</b> Operating income 31 138 MSEK Assets 39 967 MSEK Earnings 411 MSEK	<b>FÖRVALTNINGS AB FRAMTIDEN</b> Operating income 5 221 MSEK Assets 26 960 MSEK Earnings 88 MSEK 13 subsidiaries	<b>GÖTEBORG ENERGI AB</b> Operating income 7 687 MSEK Assets 14 006 MSEK Earnings 309 MSEK 14 subsidiaries
<b>JOINT STATUTORY AUTHORITY RESCUE SERVICES GREATER GOTHENBURG</b> Operating income 585 MSEK Assets 506 MSEK Earnings 2 MSEK	<b>GÖTEBORG PORT HOLDING AB</b> Operating income 1 696 MSEK Assets 3 375 MSEK Earnings 83 MSEK 2 subsidiaries	<b>LISEBERG AB</b> Operating income 962 MSEK Assets 1 056 MSEK Earnings 56 MSEK 3 subsidiaries
<b>HIGAB</b> Operating income 650 MSEK Assets 4 420 MSEK Earnings –15 MSEK 4 subsidiaries	<b>ÄLVSTRANDEN UTVECKLING AB</b> Operating income 420 MSEK Assets 4 348 MSEK Earnings 130 MSEK 2 subsidiaries	<b>GÖTEBORGS SPÅRVÄGAR AB</b> Operating income 1 474 MSEK Assets 741 MSEK Earnings –11 MSEK 3 subsidiaries
<b>RENOVA AB</b> Operating income 1 263 MSEK Assets 2 152 MSEK Earnings 12 MSEK 3 subsidiaries	<b>KOMMUNLEASING I GÖTEBORG AB</b> Operating income 379 MSEK Assets 2 364 MSEK Earnings –112 MSEK	<b>GÖTEBORGS GATU AB</b> Operating income 259 MSEK Assets 377 MSEK Earnings 17 MSEK
<b>GRYAAB AB</b> Operating income 278 MSEK Assets 1 434 MSEK Earnings 0 MSEK	<b>GÖTEBORG &amp; CO KOMMUNINTRESSENT AB</b> Operating income 235 MSEK Assets 87 MSEK Earnings 1 MSEK 1 subsidiaries	<b>FÖRSÄKRINGS AB GÖTA LEJON</b> Operating income 98 MSEK Assets 251 MSEK Earnings 6 MSEK 1 subsidiaries
<b>GOT EVENT AB</b> Operating income 157 MSEK Assets 117 MSEK Earnings –91 MSEK 1 subsidiaries	<b>BUSINESS REGION GÖTEBORG AB</b> Operating income 99 MSEK Assets 117 MSEK Earnings –28 MSEK	<b>GÖTEBORGS STADS UPPHANDLINGS AB</b> Operating income 40 MSEK Assets 29 MSEK Earnings 3 MSEK
<b>GÖTEBORGSREGIONENS FRITIDSHAMNAR AB</b> Operating income 46 MSEK Assets 105 MSEK Earnings 0 MSEK	<b>GÖTEBORGS STADSTEATER AB</b> Operating income 60 MSEK Assets 60 MSEK Earnings –67 MSEK	<b>BOPLATS GÖTEBORG AB</b> Operating income 9 MSEK Assets 8 MSEK Earnings 0 MSEK

# Income Statement – combined accounts

<b>Amounts in MSEK</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Operating income note 19	23,950	24,297	24,427
Operating expenses note 20, 31	–40,671	–40,721	–41,388
Items affecting comparability note 21	0	–1,250	–871
Depreciation and write-downs note 22	–3,041	–3,550	–3,697
<b>Net cost of operations</b>	<b>–19,762</b>	<b>–21,224</b>	<b>–21,529</b>
Tax revenue note 5 *	19,437	19,888	20,437
Municipal financial equalisation etc note 5	2,366	3,239	3,529
Financial receipts note 23	386	333	537
Financial expenses	–1,358	–1,307	–2,076
<b>Earnings before extraordinary items</b>	<b>1,069</b>	<b>929</b>	<b>898</b>
Current and deferred tax	–231	–273	–136
Minority share	–33	–18	–10
<b>Net earnings for the year</b>	<b>805</b>	<b>638</b>	<b>752</b>

\* Certain notes are found under the City's notes on pages 71-75.





# Balance Sheet – combined accounts

Amounts in MSEK	2009	2010	2011
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
Intangible fixed assets note 22	639	645	611
Tangible fixed assets note 22	63,722	65,358	67,287
Financial fixed assets note 24	560	633	582
<b>Total fixed assets</b>	<b>64,921</b>	<b>66,636</b>	<b>68,480</b>
<b>CURRENT ASSETS</b>			
Stores and stocks	346	381	458
Current receivables note 25	4,875	5,195	5,474
Short-term investments	205	198	190
Cash and bank	1,877	1,042	693
<b>Total current assets</b>	<b>7,303</b>	<b>6,816</b>	<b>6,815</b>
<b>TOTAL ASSETS</b>	<b>72,224</b>	<b>73,452</b>	<b>75,295</b>
<b>EQUITY, PROVISIONS AND LIABILITIES</b>			
<b>EQUITY note 26</b>	<b>17,879</b>	<b>18,517</b>	<b>19,273</b>
of which net earnings for the year	805	638	752
<b>MINORITY INTEREST</b>	<b>282</b>	<b>275</b>	<b>239</b>
<b>PROVISIONS</b>			
Provisions for pensions and similar obligations note 27	2,613	2,649	2,947
Deferred tax liability	3,160	3,295	3,351
Other provisions note 28	753	2,282	2,925
<b>Total provisions</b>	<b>6,526</b>	<b>8,226</b>	<b>9,223</b>
<b>LIABILITIES</b>			
Long-term liabilities note 29	32,330	27,989	31,777
Current liabilities note 30	15,207	18,445	14,783
<b>Total liabilities</b>	<b>47,537</b>	<b>46,434</b>	<b>46,560</b>
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>	<b>72,224</b>	<b>73,452</b>	<b>75,295</b>
<b>Pledged assets and contingent liabilities note 32</b>	<b>14,489</b>	<b>13,740</b>	<b>12,870</b>
<b>Equity-assets ratio</b>	<b>25 %</b>	<b>26 %</b>	<b>26 %</b>

# Cash Flow Analysis – combined accounts

Amounts in MSEK	2009	2010	2011
<b>CURRENT OPERATIONS</b>			
Earnings after financial items	1,069	929	898
Reversal of depreciation and write-downs	3,041	3,550	3,697
Current tax paid	-53	-162	-141
Adjustment items current operations (See specification below)	35	1,565	960
<b>Total liquid funds from operations</b>	<b>4,092</b>	<b>5,882</b>	<b>5,414</b>
<b>NET INVESTMENTS inc sales</b>			
Intangible fixed assets	-300	-158	-79
Tangible fixed assets	-5,198	-5,035	-5,513
Shares and participation rights	-182	10	0
<b>Total net investments</b>	<b>-5,680</b>	<b>-5,183</b>	<b>-5,592</b>
<b>FINANCING</b>			
Increase (-) / decrease (+) long-term receivables	285	-83	51
Increase (+) / decrease (-) long-term liabilities	782	-4,341	3,788
<b>Total financing</b>	<b>1,067</b>	<b>-4,424</b>	<b>3,839</b>
<b>CHANGE IN TIED UP CAPITAL</b>			
Increase (-) / decrease (+) stores and stocks	53	-35	-77
Increase (-) / decrease (+) current receivables	-342	-313	-271
Increase (+) / decrease (-) current liabilities	884	3,238	-3,662
<b>Total change in tied up capital</b>	<b>595</b>	<b>2,890</b>	<b>-4,010</b>
<b>CHANGE IN CASH AND BANK (LIQUID FUNDS)</b>	<b>74</b>	<b>-835</b>	<b>-349</b>

Specification for Cash Flow Analysis	2009	2010	2011
Items not affecting liquidity			
Change in pension provisions etc	138	36	298
Change in other provisions	-97	1 529	643
Adjustment for other items not affecting liquidity	-6	1	19
<b>Total items not affecting liquidity</b>	<b>35</b>	<b>1 566</b>	<b>960</b>



# Notes – combined accounts

## 19. Operating income

MSEK	2010	2011
Charges	8,428	8,091
Rents and leases	6,421	6,948
Grants	2,179	2,202
Other receipts	7,269	7,186
<b>Total operating income</b>	<b>24,297</b>	<b>24,427</b>

## 20. Operating expenses

MSEK	2010	2011
Income support	-1,218	-1,182
Personnel expenses	-19,068	-19,489
Cost of premises	-1,049	-1,006
Other operating expenses	-19,386	-19,711
<b>Total operating expenses</b>	<b>-40,721</b>	<b>-41,388</b>

## 21. Items affecting comparability

MSEK	2010	2011
Port Railway line	—	-250
Changed discount rate	—	-150
Land benefits including indexing	—	-471
West Sweden package	-1,250	—
<b>Total costs affecting comparability</b>	<b>-1,250</b>	<b>-871</b>
<b>Total items affecting comparability</b>	<b>-1,250</b>	<b>-871</b>

## 22. Properties, facilities, machinery and equipment

MSEK	Goodwill	Other intangible assets.	Buildings and land	New facilities in progress	Machinery and technical facilities	Other equipment	Total
Acquisition value	538	803	67,386	2,779	20,201	9,067	100,775
Acc write-ups	—	—	3,866	—	7	0	3,873
Acc depreciation	-307	-331	-22,524	—	-8,973	-4,670	-36,805
Acc write-downs	-54	-4	-1,370	-41	-204	-166	-1,840
<b>Book value b/f</b>	<b>176</b>	<b>469</b>	<b>47,358</b>	<b>2,738</b>	<b>11,031</b>	<b>4,231</b>	<b>66,003</b>
<b>Year's net investments</b>	<b>0</b>	<b>78</b>	<b>1,063</b>	<b>2,606</b>	<b>161</b>	<b>1,968</b>	<b>5,876</b>
<b>Year's depreciation</b>	<b>-28</b>	<b>-85</b>	<b>-1,888</b>	<b>—</b>	<b>-819</b>	<b>-646</b>	<b>-3,466</b>
<b>Year's reversed write-downs</b>	<b>—</b>	<b>—</b>	<b>60</b>	<b>—</b>	<b>—</b>	<b>12</b>	<b>72</b>
<b>Year's write-downs</b>	<b>—</b>	<b>—</b>	<b>-129</b>	<b>—</b>	<b>-104</b>	<b>-70</b>	<b>-303</b>
<b>Year's discards</b>	<b>—</b>	<b>—</b>	<b>-196</b>	<b>19</b>	<b>-47</b>	<b>-81</b>	<b>-305</b>
<b>Reclassification /transfers</b>	<b>—</b>	<b>2</b>	<b>2,004</b>	<b>-2,291</b>	<b>1,318</b>	<b>-1,012</b>	<b>21</b>
<b>Book value c/f</b>	<b>148</b>	<b>463</b>	<b>48,272</b>	<b>3,072</b>	<b>11,541</b>	<b>4,402</b>	<b>67,898</b>



### 23. Financial receipts and expenses

MSEK	2010	2011
<b>Financial receipts</b>		
Interest receipts	279	491
Earnings from shares and participation rights	26	15
Other financial receipts	28	31
<b>Total financial receipts</b>	<b>333</b>	<b>537</b>
<b>Financial expenses</b>		
Interest expenses	-1,294	-1,945
Earnings from shares and participation rights	—	-41
Other financial expenses	-13	-90
<b>Total financial expenses</b>	<b>-1,307</b>	<b>-2,076</b>
<b>Net financial items</b>	<b>-974</b>	<b>-1,539</b>

### 24. Financial fixed assets

MSEK	2010	2011
Shares and participation rights	177	189
Deferred tax claim	5	5
Other long-term receivables	451	388
<b>Total financial fixed assets</b>	<b>633</b>	<b>582</b>
<b>Shares and participation rights</b>		
<b>Associated companies</b>	<b>Book value</b>	<b>Book value</b>
Lerum Fjärrvärme AB	44	48
FordonsGas Sverige AB	40	40
Other companies	36	44
<b>Total associated companies</b>	<b>120</b>	<b>132</b>
<b>Other companies</b>		
Västtrafik AB	31	31
Lerum Energi AB	23	23
Other companies	3	3
<b>Total other companies</b>	<b>57</b>	<b>57</b>
<b>Total shares and participation rights</b>	<b>177</b>	<b>189</b>

### 25. Current receivables

MSEK	2010	2011
Accounts receivable	1,591	1,444
Prepaid expenses/accrued income	2,595	2,750
Receivables from the government	463	637
Other receivables	546	643
<b>Total current receivables</b>	<b>5,195</b>	<b>5,474</b>

### 26. Equity

MSEK	2010	2011
Equity b/f	17,879	18,517
Other adjustments	—	4
Net earnings for the year	638	752
<b>Equity c/f</b>	<b>18,517</b>	<b>19,273</b>

### 27. Pensions

MSEK	2010	2011
<b>a) The Group</b>		
Benefit determined retirement pensions	2,571	2,883
Negotiated pensions, fixed-term pensions	78	64
<b>Total pensions</b>	<b>2,649</b>	<b>2,947</b>
<b>b) Change in provisions over the year</b>		
At start of year	2,613	2,649
Additional provisions	145	409
Amounts utilised	-96	-121
Reversed unused amounts	-2	0
Reclassification	-11	10
<b>Total change in provisions</b>	<b>2,649</b>	<b>2,947</b>



## 28. Other provisions

MSEK	2010	2011
<b>a) The Group</b>		
West Sweden package	1,250	1,720
Nat. Road Admin. public transport	104	96
Göta thoroughfare	93	2
Restoration of landfills (Eco-cycle)	34	38
Provision future commitments (Älvstranden)	157	150
Sale of Västra Eriksberg (Älvstranden)	93	81
Restoration of dredging landfill	0	25
Write-down of project (Higab)	100	123
Restoration of landfills (Renova)	59	39
Commitment in concession agreement (Port of Gbg)	60	51
New port approach to outer harbours (Port of Gbg)	56	65
Actuarial provision (Gbg Hamn)	28	3
Restructuring of city gas grid in Gbg	25	0
Loss contract (Gbg Spårvägar)	37	50
Provision for restructuring	24	67
Provision for restructuring (Gatub)	16	9
Guarantee commitments	60	78
Provision Port Railway Line	—	250
Future environmental measures	17	29
Artificial grass fields (Kommunleasing)	5	—
Miscellaneous	64	49
<b>Total other provisions</b>	<b>2,282</b>	<b>2,925</b>
<b>b) Change in other provisions over the year</b>		
At start of year	753	2,282
Additional provisions	1,696	918
Amounts utilised	-124	-54
Reversed unused amounts /reclass.	-4	-2
Dissolution	-39	-99
Reclassification	—	-120
<b>Total change in other provisions</b>	<b>2,282</b>	<b>2,925</b>

## 29. Long-term liabilities

MSEK	2010	2011
Debts to banks, credit institutes etc	27,874	31,589
Overdraft	113	186
Other long-term liabilities	2	2
<b>Total long-term liabilities</b>	<b>27,989</b>	<b>31,777</b>

## 30. Current liabilities

MSEK	2010	2011
Debts to banks, credit institutes etc	8,717	5,324
Accounts payable	2,674	2,819
Personnel taxes	246	254
Debts to the government	380	70
Other current liabilities	1,337	571
Accrued expenses/deferred income	5,091	5,745
<b>Total current liabilities</b>	<b>18,445</b>	<b>14,783</b>

## 31. Leasing costs

MSEK	2010	2011
Year's paid leasing fees	201	186
Agreed future leasing		
Time of maturity within one year	148	157
Time of maturity two to five years	252	249
Time of maturity later than five years	72	72

## 32. Pledged assets and contingent liabilities

MSEK	2010	2011
<b>Guarantees</b>		
Private houses – government housing loans	10	8
Foundations	576	606
Associations	154	186
Miscellaneous	34	34
<b>Total guarantees</b>	<b>774</b>	<b>834</b>
<b>Pension obligations</b>		
Pension obligations PA-KL active	4,837	4,914
Pension obligations PA-KL retired	3,218	4,177
Pension obligations annuity	419	446
<b>Total pension obligations PA-KL</b>	<b>8,474</b>	<b>9,537</b>
Pension obligations managers' agreements	42	38
Guarantee commitments	6	7
FPG/PRI	31	23
<b>Total pension obligations</b>	<b>8,553</b>	<b>9,605</b>
Special employer's contributions	2,069	2,281
<b>Total pension obligations and special employer's contributions</b>	<b>10,622</b>	<b>11,886</b>
<b>Other contingent liabilities</b>	<b>351</b>	<b>662</b>
<b>Pledged assets</b>	<b>13,763</b>	<b>12,870</b>

\* Göteborg Energi AB has bank guarantees for considerable sums.



# Internal transactions

Included in the City of Gothenburg Group are the City, the municipal companies and the joint statutory authorities. A large number of transactions occur between the various units in the City of Gothenburg Group. The tables below give a picture of these transactions.

Extensive internal sales occur within the City of Gothenburg Group by the Göteborg Energi Group of district heating and electricity to other units in the City of Gothenburg. The Eco-cycle Office also has extensive internal sales to other units. Following a decision by the City Council, the City's investments in movable property should be financed by leasing, with the municipal company Kommunleasing i

Göteborg AB as leaser. This involves a large number of transactions with other companies, committees and joint statutory authorities.

Most of the borrowing consists of transactions with the Finance Department, which constitutes the internal bank function in the City of Gothenburg. The Finance Department has guarantee commitments to the City companies. The City stands surety for loans and for certain pension obligations.

Göteborgs Kommunala Förvaltnings AB has paid dividends to the City of 29 MSEK and Förvaltnings AB Framtiden has paid dividends to the City of 38 MSEK.

## Sales

MSEK	Companies	The City	Joint Statutory Authorities	Total
<b>Seller</b>				
Companies	—	2,579	15	2,594
The City	457	—	14	471
Joint Statutory Authorities	7	0	—	7
<b>Total</b>	<b>464</b>	<b>2,579</b>	<b>29</b>	<b>3,072</b>

## Interest

MSEK	Companies	The City	Joint Statutory Authorities	Total
<b>Interest</b>				
Companies	—	239	0	239
The City	841	—	0	841
Joint Statutory Authorities	0	6	—	6
<b>Total</b>	<b>841</b>	<b>245</b>	<b>0</b>	<b>1,086</b>

## Lending

MSEK	Companies	The City	Joint Statutory Authorities	Total
<b>Lender</b>				
Companies	—	1,770	0	1,770
The City	20,898	—	0	20,898
Joint Statutory Authorities	0	311	—	311
<b>Total</b>	<b>20,898</b>	<b>2,081</b>	<b>0</b>	<b>22,979</b>

## Surety

MSEK	Companies	The City	Joint Statutory Authorities	Total
<b>Issuer</b>				
Companies	—	0	0	0
The City	1,430	—	127	1,557
Joint Statutory Authorities	0	0	—	0
<b>Total</b>	<b>1,430</b>	<b>0</b>	<b>127</b>	<b>1,557</b>

## Group contributions and shareholders' contributions received/paid by GKF AB in 2011:

Company (MSEK)	Paid shareholder's contribution	Received Group contribution from	Paid Group contribution to
Göteborg Energi AB	—	187	70
Gothenburg Port Holding AB	79	138	—
HIGAB	11	50	—
Liseberg AB	41	62	—
Göteborgs Stads Upphandlings AB	—	4	—
Got Event AB	—	—	127
Business Region Gothenburg AB	—	—	32
Göteborgs Stadsteater AB	—	—	91
Kommunleasing i Göteborg AB	38	—	100
<b>Total</b>	<b>169</b>	<b>441</b>	<b>420</b>



# Analysis of larger Groups and companies

The City of Gothenburg has a number of wholly and partly owned Groups and companies. The operating income of these was 19.4 billion SEK (19.7). The largest Groups are Förvaltnings AB Framtiden, which consists of the municipal housing companies and Göteborgs Kommunala Förvaltnings AB, with among others Göteborg Energi AB and Gothenburg Port Holding AB. Earnings after financial items for the City's Groups and companies was 506 MSEK (733) and combined investments were 4.5 billion SEK (4.3).

Amounts in brackets refer to last year's outcome.

## The GKF Group

Göteborgs Kommunala Förvaltnings AB has since 1996 been the parent company of one of the City of Gothenburg's wholly owned Groups, the GKF Group. Included in the Group are 18 directly owned subsidiaries and five dormant subsidiaries. The largest companies in the Group are Göteborg Energi AB, Gothenburg Port Holding AB, Göteborgs Spårvägar AB, Handels- och Industrihus i Göteborg AB (HIGAB) and Liseberg AB. The main purpose of the Group is to create financial coordination between the companies in the Group. The Group reported operating income of 12,838 MSEK (13,515) and earnings of 238 MSEK (517). The Group's equity-assets ratio was 18.6% (18.3).

## Göteborg Energi AB \*

Göteborg Energi AB is the parent company of a Group with products in electricity and mains supply, district heating, cooling, natural gas, biogas, gas grid, energy services and data and telecommunications. The Group's earnings after financial items were 438 MSEK (819). Earnings for 2011 were not at the same level as in recent record years. Availability of the production facilities was good. Warmer weather and lower production volumes, above all of district heating, explain a large part of the fall in earnings in 2011, but non-recurrent costs such as write-downs and provisions have also affected earnings adversely. The competitiveness of the Rya power and heating plant declined when electricity prices fell more than natural gas prices. The Group's net turnover was 7,412 MSEK (7,791), of which almost half came from district heating. The Group is making and planning major investments in biogas and wind power for adjustment to renewable energy production. These investments will be important for the Group's prospects of long-term profitability. During the year the Energy Markets Inspectorate announced a decision on maximum permitted receipts limits for mains supply. The decision entails reductions

in relation to the limits the Göteborg Energi Group has applied for. This involves a risk of poorer supply security and less scope for investments in new and existing mains supplies. A report concerning "third party access in the district heating systems" was circulated for comment during the autumn of 2011. If the proposals are carried through they will have considerable consequences, both financial and in production, for Göteborg Energi's district heating operations.

## Gothenburg Port Holding AB

The City Council decided in 2009 on a new structure for port operations by dividing them up between a port authority and terminal activities. A new company structure was established in 2010, with the parent company Gothenburg Port Holding AB as owner of Port of Gothenburg AB and Gothenburg Port Operation AB. Terminal activities have since been conducted in three separate companies under Göteborg Port Operation AB.

## Port of Gothenburg AB \*

The Group's earnings after financial items were 85 MSEK (144) and operating income was 683 MSEK (752). Through the restructuring, Port of Gothenburg AB has got a partly changed role, where parts of the new assignment are to meet requirements for a well functioning infrastructure, market the port of Gothenburg as an important goods hub in northern Europe and carry out its role of port authority. A large part of the deterioration in earnings is due to the provision of 85 MSEK that the company made during the year for co-financing of the port railway line.

## Gothenburg Port Operation AB

Earnings in the Port Operation Group were 65 MSEK (38) and operating income was 1,349 MSEK (1,296). The improvement in earnings is largely due to greater efficiency in operations and increased volumes compared with the previous year, though the trend in volumes slackened during the second half of the year. In October 2010 an



agreement was signed for the sale of Älvsborg Ro/ro AB to a subsidiary owned by DFDS/ Cobelfret, with takeover planned for 1 January 2011. The takeover has been delayed because the buyer has not yet obtained approval from the EU Commission. In February an agreement was signed for the sale of Gothenburg Car Terminal AB, which was implemented in April. In October the transfer of Skandia Container Terminal AB to APM Terminals Gothenburg Holding AB was signed. The deal was effected in January 2012 and involved a capital gain of about 1,400 MSEK.

### **Göteborgs Spårvägar AB**

Operating income fell by 9 per cent to 1,474 MSEK (1,629). The Group reported earnings of 2 MSEK (-47). The Group's subsidiary GS Buss AB reported earnings of -58 MSEK (-98). In 2011 Västtrafik effected a procurement concerning bus services in East Gothenburg. GS Buss AB was allocated the Centrum part, covering about 50 buses. The company's assessment is that profitability in the new agreement is considerably better than in the old one. In 2012 Västtrafik will procure bus services for Hisingen. The company intends to submit a tender for the services. The subsidiary GS Spårvagn AB runs its operations by order of the City in accordance with an agreement. The company reported earnings of 34 MSEK (21). Earnings for GS Trafikantservice AB were 17 MSEK (21). Several of the company's operations have been the object of procurement during the year. The company has won some and lost others, such as ticket inspection.

### **Higab**

The Group reported operating income of 650 MSEK (621). Earnings after financial items were -21 MSEK (-75). During the year the Group made a provision of 123 MSEK for future write-down needs in the indoor market, Stora Saluhallen. Intensive work was done during the year to find new activities for Stora Theatre. During the summer a new rental agreement was signed and at the beginning of 2012 new activities started at Stora Theatre. The rental dispute with SAMI that had gone on since 2006 came to an end when the parties reached agreement at the end of the year.

### **Liseberg AB**

The Group's operating income rose by 6 per cent to 963 MSEK (904). Earnings after financial items were 78 MSEK (65). The pre-season in the amusement park went better than the previous year. The high season did well and had about as many visitors as the previous year. The year's Christmas at Liseberg was hard hit by the bad weather and had fewer visitors than the previous year. In total the park had 2.9 million visitors in 2011, the same level as the year before. Hotel, camping and restaurant operations showed good earnings in 2011.

### **Göteborgs Gatu AB**

From 1 January 2011 comprises only the business area Technical Service. The company reported an operating

income of 259 MSEK (470). The reduction is mainly connected with the transfer of operations in the business areas Parking and Contract Work. Earnings after financial items were 24 MSEK (22). Included in the earnings are items of a non-recurrent nature, such as capital gains of 29 MSEK from the transfer of operations and increased costs of 18 MSEK for pensions in the company.

### **Kommunleasing i Göteborg AB (KLAB)**

The company's operating income increased to 379 MSEK (374). Earnings after financial items were -63 MSEK (-73). Of the 403 buses that KLAB acquired from Göteborgs Spårvägar AB in 2009, about 230 buses remain in service in East Gothenburg and Hisingen. The other buses have been gradually disposed of. On the basis of sales made and valuations of the remaining buses, a write-down totalling 99 MSEK was made in 2010. Based on a newly made valuation, further write-downs of 70 MSEK were made in the 2011 annual accounts.

### **Förvaltnings AB Framtiden**

The Group's operating income rose by 5.9 per cent to 5,096 MSEK. The company is the parent company of the municipal housing companies. The Group manages a total of over 70,000 flats. Earnings after financial items were 118 MSEK (220). Earnings have been favourably affected by reversed write-downs and reduced property costs as a result of the mild weather at the end of the year. The cost of planned maintenance was 719 MSEK (673) and for extended maintenance the cost was 376 MSEK (377). In all, the Group supplied 226 new tenancy rights and 72 freehold dwellings in 2011.

### **Renova AB**

The company's operating income rose by 5 per cent to 1,263 MSEK (1,196). Earnings after financial items were 18 MSEK (31). The company's receipts for current operations deviate positively and comprise among other things rises in receipts for electricity and heating. Renova has in general handled greater amounts of waste, both in relation to budget for 2011 and outcome in 2010. On the cost side, depreciation and interest rose considerably compared with previous years. This is mainly due to major investments, among other things in the Sävenäs plant, were completed during the year. The company also completed a pre-treatment plant for food waste at Marieholm. Additional costs for this handling not budgeted totalled 12 MSEK. The company perceives greater competition, regarding both transport and treatment and thereby sharp pressure on prices.

### **Älvstranden Utveckling AB**

Älvstranden Utveckling AB is the parent company in the Älvstrand Group. In the Group are Norra Älvstranden Utveckling AB and Södra Älvstranden Utveckling AB. The company has the task of developing the areas around the River Göta that are of importance for favourable urban development. In 2011 a total of 227 flats were completed in West Eriksberg and in Sannegården, of



which 63 are rented flats. Through consortiums, the so-called Älvstrand model, 1,230 dwellings were started on the River Bank during the same period, of which 496 are rented flats. The Group has properties comprising 77 buildings with a rentable area of 376,000 sq m. Rental vacancies at the end of the year were 17.6 % (17.0). In 2011 the rentable area was reduced by the sale of three housing properties and one office property. Earnings after net financial items were 143 MSEK (71). Earnings for the year include capital gains of 47 MSEK from the sale of properties. Operating earnings were 177 MSEK, the same level as the year before (178). Rent receipts for property management totalled 360 MSEK (349) and the Group's investments totalled 98 MSEK (373).

### **Gryaab AB**

Gryaab AB is a company owned by the municipalities of Ale, Göteborg, Härryda, Kungälv, Lerum, Mölndal and Partille. The company takes care of wastewater for drainage and treatment from the municipalities connected. Lerum Municipality is not yet connected, but plans to connect during the spring of 2012. Gryaab AB's earnings after financial items were -15 MSEK in 2011, which meant that the company's untaxed reserves fell by approximately the same amount. The Board of the company has decided that the untaxed reserves should be reduced. In 2011 Gryaab AB was able to reduce the planned fees charged to the owner municipalities by about 9 MSEK, as the company reported better earnings than budgeted.

### **Göteborg & Co Träffpunkt AB**

The company has the task of marketing and assisting in the development of Gothenburg as a tourist, meetings and major events city. The company's operating income was 235 MSEK (217), an increase of 8 per cent. Turnover exceeded the budgeted level. The main reason for the deviation is that receipts were reported for the Quality Fair, which is only held every other year and where 2011 was such a year. Earnings after financial items totalled 4 MSEK (1). The company is owned to 50 per cent by the City and 50 per cent by the business sector.

\* Göteborg Energi AB's and Port of Gothenburg AB's annual reports are prepared applying RR29 in the Group accounts. Deviations occur therefore from values in the combined accounts.

### **Investments 2011**

The companies' investments for the period from January - December totalled 4,471 MSEK, which is 179 MSEK higher than in the corresponding period the year before. Six companies have total investments for the period in excess of 100 MSEK. The proportion of new investments in total investments is 74 % and replacement investments comprise 26 %. A summary of the companies' investment budgets for 2012 shows that the investments may well lie at a total level of about 4,800 MSEK. The companies that budget for investment expenditure of about 1,000

MSEK and upwards are Förvaltnings AB Framtiden and Göteborg Energi AB.

**Förvaltnings AB Framtiden's** investment expenditure totalled 1,806 MSEK (1,311) for the year, compared with 1,700 MSEK in budgeted investments. Of the total investment expenditure, 544 MSEK (463) comprised investments for new production of housing, 592 MSEK (599) concerned rebuilding and 670 MSEK (250) was for acquisitions and other investments. The single largest ongoing project in the Group is the Venus quarter in Gårda, where total investments are estimated at 889 MSEK (865), of which 836 MSEK has been used hitherto. Other larger ongoing projects are construction work on Riksdalersgatan, in Lövgärdet and at Dockhuset.

**The Göteborg Energi Group's** investments for the year totalled 1,355 MSEK (1269), which is 145 MSEK lower than the budgeted volume of investments and 86 MSEK higher than for the year before. Of the total investment expenditure, 83 % was for new investments and 17 % for reinvestments. The major ongoing projects mainly concern investments in the GoBiGas project stage 1, rebuilding and extension of the Head Office at Rantorget and wind power turbines at Arendal. The wind power project in Töftedalsfjället was completed during the year. The GoBiGas project stage 1 concerns a demonstration plant for the production of biogas through the gasification of bio-fuel from forest products; the project has obtained a grant from the Energy Authority.

**Higab's** investment level for the whole year of 2012 MSEK (181) was marginally lower than budgeted. The single largest ongoing project during the year was the new swimming baths and ice-rink in Angered. The project has a project forecast of 370 MSEK, of which 133 MSEK was capitalised during the year. The baths and ice-rink are planned to be completed in the first quarter of 2013. Another larger ongoing project is the rebuilding and extension of the City Library, where the investment forecast totals 240 MSEK and 17 MSEK has been used hitherto. The City Library is planned to be completed in 2013.

**Älvstranden Utveckling AB's** investments totalled 98 MSEK (373) for 2011. The budgeted level for the year was 278 MSEK. The deviation is mainly explained by a delayed start to the construction of the car park at Lindholmen, no neighbourhood construction at Kvillebäcken and delays in the expansion of infrastructure at Stora Torp. Among other large ongoing investment projects may be mentioned investments in infrastructure at West Eriksberg, inner Sannegården and East Kvillebäcken. The car park at Lindholmen, where the project forecast totals 82 MSEK, of which 30 MSEK was used in 2011, is planned to be completed in the third quarter of 2012.

**Gryaab AB** reduced its investments for the year compared with the year before, 60 MSEK against 86 MSEK.



A large project completed during the year was the Tunnel Lerum project, with a project forecast of 380 MSEK, of which Gryaab's financing totalled 187 MSEK. An ongoing project for a budgeted 40 MSEK is an investment in a sludge silo, where the purpose of the investment is to reduce leakage of methane gas. Plans for the years to come include investments in a new compost plant, an operational centre and upgrading of the sludge plant in Syrhåla.

**Port of Gothenburg AB's** investments during the year totalled 269 MSEK (115). The investments cover several smaller projects where upgrading of terminal areas and

new quays in the container terminal, as well as new loading arms at berth 501/511 are the largest. Investment plans for the years to come are more extensive than in recent years and include investments in catheads, new crane tracks, railway tracks in the car terminal and major investments in Skarvik Harbour.

**Kommunleasing i Göteborg AB's** investments consist of investments in leasing assets. These leasing assets are then leased to activities within the City of Gothenburg. The assets consist mainly of buses, trams, computer equipment and other types of vehicles.

#### Total investments in companies

MSEK	Final accounts 2010 year	Budget whole 2011	Final accounts 2011
Förvaltnings AB Framtiden	1,311	1,700	1,806
Göteborg Energi AB	1,269	1,280	1,355
Älvstranden Utveckling AB	373	278	98
Kommunleasing i Göteborg AB	361	277	448
Renova AB	354	350	115
HIGAB. Hantverks- och industrihus i Göteborg AB	181	216	202
Port of Gothenburg AB	115	258	269
Liseberg AB	108	98	71
Gryaab AB	86	24	60
Göteborgs Gatu AB	72	69	88
Göteborg Port Holding AB	23	22	33
GREFAB	17	16	16
Göteborgs Spårvägar AB	14	41	14
Got Event AB	9	12	18
Göteborgs Stadsteater AB	8	13	4
Försäkrings AB Göta Lejon	4	3	8
Göteborg & Co AB	1	0	0
BRG AB	1	0	0
Göteborgs Upphandlings AB	0	0	0
Boplat i Göteborg AB	0	2	0
Eliminations	-15	0	-136
<b>Total</b>	<b>4,292</b>	<b>4,659</b>	<b>4,469</b>





# Groups and companies in figures

MSEK	Operating income	Earnings after fin. items	Net earnings for the year	Total assets	Equity	Equity -assets ratio*	The year's investments
Förvaltnings AB Framtiden	5,221	118	88	26,960	8,171	30 %	1,806
Göteborgs Energi AB	7,687	438	309	14,006	4,515	32 %	1,355
Göteborgs Spårvägar AB	1,474	2	-11	741	362	49 %	14
Göteborg Port Holding AB	1,696	117	83	3,375	335	10 %	302
Renova AB	1,263	18	12	2,152	372	17 %	115
Liseberg AB	962	78	56	1,056	658	62 %	71
Hantverks- och Industrihus i Göteborg AB	650	-21	-15	4,420	486	11 %	202
Göteborgs Gatubelägg AB	259	24	17	377	89	24 %	88
Älvstranden Utveckling AB	420	142	130	4,348	455	10 %	98
Kommunleasing i Göteborg AB	379	-63	-112	2,364	3	0 %	448
Gryaab AB	278	-15	0	1,434	9	1 %	60
Göteborg & Co Kommunintressent AB	235	4	1	87	11	13 %	0
Got Event AB	157	-128	-91	117	37	32 %	18
BRG Business Region Göteborg AB	99	-37	-28	117	52	44 %	0
Försäkrings AB Göta Lejon	98	8	6	251	72	29 %	8
Göteborgs Stadsteater AB	60	-91	-67	60	20	33 %	4
Göteborgsregionens Fritidshamn AB (GREFAB)	46	-1	0	105	12	12 %	16
Göteborgs Stads Upphandlings AB	40	5	3	29	17	56 %	0
Boplat Göteborg AB	9	0	0	8	3	43 %	0
Göteborgs Kommunala Förvaltnings AB, GKF AB	0	152	126	4,501	1,932	43 %	0
GKF Group, dormant companies	0	0	0	5	5	0 %	0

# Auditors' Report

## AUDITORS' REPORT FOR 2011

concerning the City of Gothenburg Executive Board and Committees and the combined annual accounts Municipal City of Gothenburg reg. no. 212000-1355

We, the auditors for the Executive Board and Committees of the City of Gothenburg (the Municipal City), are appointed by the Gothenburg City Council.

The Executive Board and Committees are responsible for activities being conducted in a purposeful and financially satisfactory manner, for the accounts and the report being true and fair and for the adequacy of the internal control.

Our responsibility is to express an opinion on the accounts, the activities and the control system on the basis of our audit. We also assess whether the annual accounts are compatible with the financial goals and the goals of the activities decided by the City Council.

By means of lay auditors appointed to companies and subsidiaries wholly owned by the City of Gothenburg, the activities and internal control of these companies have also been examined.

The audit has been performed in accordance with the Local Government Act and generally accepted auditing standards in municipal activities. The examination has been carried out with the focus and to the extent required to provide reasonable grounds for assessment and examination of liability.

The results of the examination of the City Executive Board and Committees are shown in the audit memoranda and audit accounts submitted to the Board and the Committees. The results of the examination of the companies are shown in a corresponding way in the audit reports and audit accounts submitted to each company. The examination has also covered the combined accounts for the City of Gothenburg (the City and the companies). The year's examination is summarised in our annual statement, which has been submitted to the City Council.

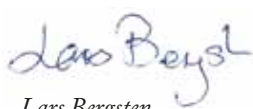
We consider that the annual accounts are in all essentials true and fair.

We assess that the results according to the Annual Report are consistent with the financial and operative goals determined by the City Council.

We recommend that the City Council grant the members of the Board and the Committees discharge from liability for the financial year 2011.

We recommend that the Annual Report of 2011 for the City of Gothenburg be approved.

*Gothenburg, 14 March 2012*



*Lars Bergsten*



*Eshag Kia*



*Carina Henriksson Johansson*



*Claes-Göran Lans*



*Monica von Martens*



*Bo Forsäng*



*Kågan Karlsson*



*Bengt Bivall*



*Elisabet Olin*



*Inger Peterson*



*Annbrith Svensson*



*Lars Svensson*



*Sven R Andersson*



*Lars-Gunnar Landin*

*Peggy Svensson*



*Jan Lindblom*



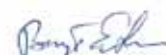
*Vivi-Ann Nilsson*



*Torbjörn Rigemar*



*Sven Jellbo*



*Bengt Eriksson*



*Gerhard Annvik*



*Eva Åsman Sand*

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## In Brief

	2009	2010	2011
Population 31/12			
Primary municipal tax rate (%)	507,330 21.30	513,726 21.55	520,354 21.55
<b>Net earnings for the year (MSEK)</b>			
The City			
The companies	552	229	411
Combined accounts	616	442	366
	805 *	638 *	752 *
<b>Investments (MSEK)</b>			
The City			
Combined accounts	1,444	1,360	1,438
	5,757 *	5,623 *	5,895 *
<b>Receipts (MSEK)</b>			
The City	29,720	30,900	32,542
Combined accounts	46,139 *	47,757 *	48,930 *
<b>Total assets (MSEK)</b>			
The City	38,350	38,984	39,968
Combined accounts	72,224 *	73,452 *	75,295 *
<b>Equity-assets ratio</b>			
The City	19	19	19
Combined accounts	25 *	26 *	26 *

\* Group accounts are called combined accounts in the municipal sector.

If there are any questions about the annual Report, please contact the City Office Group Accounts group +46 31 368 02 17. [www.goteborg.se](http://www.goteborg.se)

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Göteborgs  
Stad

STADSKANSLIET  
KÖPMANSGATAN 20  
SE 404 82 GÖTEBORG  
SWEDEN  
TEL +46 31 368 00 00