

CITY OF GOTHENBURG
ANNUAL REPORT



2012



The Chairman of the City Executive Board summarises 2012

The goal we govern the City of Gothenburg by is to create a long-term sustainable city for everyone. This should be done in an open, effective and at the same time participating way. The children have a particular focus in Gothenburg. It is a matter of working for an integrated city, a city that is coherent. Making decisions to ensure social security, ecological sustainability and at the same time support and promote the city's industry and commerce and the growth of jobs in the city. It is a question of carrying out what is important for Gothenburg and its inhabitants today, while making sure it lasts for the future. In short that it is sustainable in the long term.

Prepare the organisation

To succeed in our assignment from our citizens and users and to manage the politically established goals, the organisation of the City of Gothenburg must be characterised by a "whole city" perspective. Gothenburg is one city, a city that provides prospects for sticking together and working together for sustainable development. We will work across borders and towards mutual goals.

One important condition for the city to be able to develop for the future is to review its organisation and to fashion it to suit the goals we strive towards. Work on a revision of the city's municipal companies continued in 2012 so that we have the right conditions in the years to come to chisel out concrete political proposals for the organisational structure we need to be properly equipped for the future. It is basically a matter of creating an appropriate company structure that to an even greater degree can focus on working for the political goals that the City Council has decided on.

The City also decided in 2012 on an idea for the city's 400th anniversary. Visions, themes and a number of symbolic projects have been prepared, all based on involved citizens' records and the seven perspective groups, comprising people with different competences, from widely varying parts of the Gothenburg community. They have all actively taken part in creating ideas. Now it is up to us as a city to manage these ideas in a good way and to include the proposals in City planning until the anniversary year 2021.

Gothenburg in the world

The world around us has also been marked by financial unrest in the past year. West Sweden has, however, come on well with a stable market situation. The Gothenburg region now has versatile industry and commerce com-

prising 750 different sectors. We have also continued our strategic work to develop Gothenburg as a destination and a culture and major events city. At the end of the year we could note that almost half of all the jobs generated in the country were generated in West Sweden. Despite this we have all too high unemployment, which we regard as highly unworthy for a growing knowledge region such as West Sweden. The challenge for the future concerns improving the matching of citizens that are now unemployed and could work to the recruiting we face in both private and public activities.

Investing for the future

In 2012 a development fund was established in the City of Gothenburg. The fund gives us as a city scope to implement early preventive initiatives, in the form of social investments for example, that provide a yield in the form of fewer social problems of a more serious nature further ahead.

The City has also established the independent Council for Integration and Social Community, which will provide the City management with recommendations to strengthen social solidarity in the city. In all it is a matter of investing in human capital and making the necessary investments and efforts to strengthen sustainability in Gothenburg.

A city that is growing

The City of Gothenburg has worked purposefully to be able to offer all those that want one a pre-school place for their child. In 2012 the goal of full cover in pre-school was achieved and 1,406 new pre-school places were completed during the year. In 2012 it was also guaranteed that there are pre-school places during inconvenient working hours in all parts of the city.



The Chairman of the City Executive Board, Annelie Hulthén, reflects on the past year.

Photo: Peter Svensson

Work on implementing the West Sweden Package continues and with this the city is building infrastructure for a long-term sustainable and growing region with Gothenburg as the hub. With the package it will be easier to get along, with better and more attractive public transport, more reliable transport for industry and a better environment. The organisation has also worked intensively on introducing a congestion charge system and the City Executive Board intends to follow and thoroughly evaluate the result of the system during the coming business year. During the year a study was also initiated on the tram route between the areas of Backa and the North River Bank.

During 2012 the City continued to work by a triple helix model and to support and promote the collaboration that exists in the city and the region. Some examples are the city's participation in Mistra Urban Futures and the city's various Science Parks.

A city that is growing by positive migration also makes great demands on housebuilding - during 2012 there were 2,110 new dwellings completed. By far the

greatest number were newly produced flats, but also about 200 private houses. The Building Committee completed plans during the year for 3,001 more dwellings.

In October the City Council decided to adopt the vision for the River City, a joint basis for further work on developing central parts of Gothenburg. Work will now start on the Frihamnen area with preparations for the 400th anniversary and the plan for an anniversary park. This major development work requires well-developed working models and new methods for urban development, as well as clear leadership. The City Executive Board will coordinate the work ahead.

Annelie 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. With the analysis there is an account that shows what activity the municipal tax revenue is used for. Then in the "financial positions" section an analysis is made of the City's financial commitments in the form of borrowing, among other things. The City's financial profile is then summarised, describing how the City's economy has developed in relation to other municipalities in Västra Götaland and Halland. 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's 30 or so committees and 20 or so Groups and companies in 2012 are shown. The block is divided into 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, labour market initiatives, building and housing, traffic, industry and tourism, culture and leisure, climate and the environment, diversity and integration, equal opportunity and finally, public health. 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.

Contents

6 Organisation of the City of Gothenburg

8 Members of the City Executive Board 2012

BLOCK 1 | ADMINISTRATION REPORT

11 Strategic analysis

The purpose of this section is to describe community development in Gothenburg from an outside world perspective.

16 Summarising financial analysis

A brief analysis is made here of the most important financial trends, both in the City and the combined accounts (the Group).

18 Follow-up of prioritised goals 2012

In this section the City Council's prioritised goals for 2012 are followed up.

23 Essential personnel conditions

A description of "essential personnel conditions" in the City of Gothenburg is given here.

26 Assessment of the future

Expectations of the future are discussed in the assessment of the future, based on concrete, known circumstances.

BLOCK 2 | ACTIVITIES OF THE CITY OF GOTHENBURG

29 Activities of the City of Gothenburg committees and companies

In this block, a description and analysis is made of the activities carried out during the past year by the City of Gothenburg committees and companies. The block is divided into a number of areas of activity.

BLOCK 3 | CITY OF GOTHENBURG – FINANCIAL ANALYSIS AND ACCOUNTS

57 Financial analysis of the City of Gothenburg

An in-depth financial analysis of the City of Gothenburg is made in this section.

62 Financial key ratios City of Gothenburg

On this page there are a number of financial key ratios for the City of Gothenburg.

63 What is 100 SEK of tax money used for?

Shown here is what a "hundred-krona-note" in municipal tax is used for in City activities. There is also an account of what receipts and expenses the City had in 2012.

64 Financial follow-up and risk handling

An account is given in this section of the City of Gothenburg's financial commitments in the form of borrowings.

66 Financial profile – a comparison with other municipalities

A brief 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, Funds Statement, Balance Sheet, notes and accounting principles.

80 Financial analysis of the committees

A brief analysis is given on two pages of the financial performance of the District Committees and other committees.

82 Operational and investment accounts

BLOCK 4 | COMBINED ACCOUNTS – FINANCIAL ANALYSIS AND ACCOUNTS

87 Financial analysis of the combined accounts

A financial analysis of the combined accounts is presented here.

92 Income Statement, Balance Sheet, Funds Statement, notes and internal transactions

99 Earnings and investment analysis of some large Groups and companies

On these pages an earnings and investment analysis is made of the financial position and development of some large Groups and companies.

103 Groups and companies in figures

104 Auditors' Report

The report of the auditors for 2012 is shown here.

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

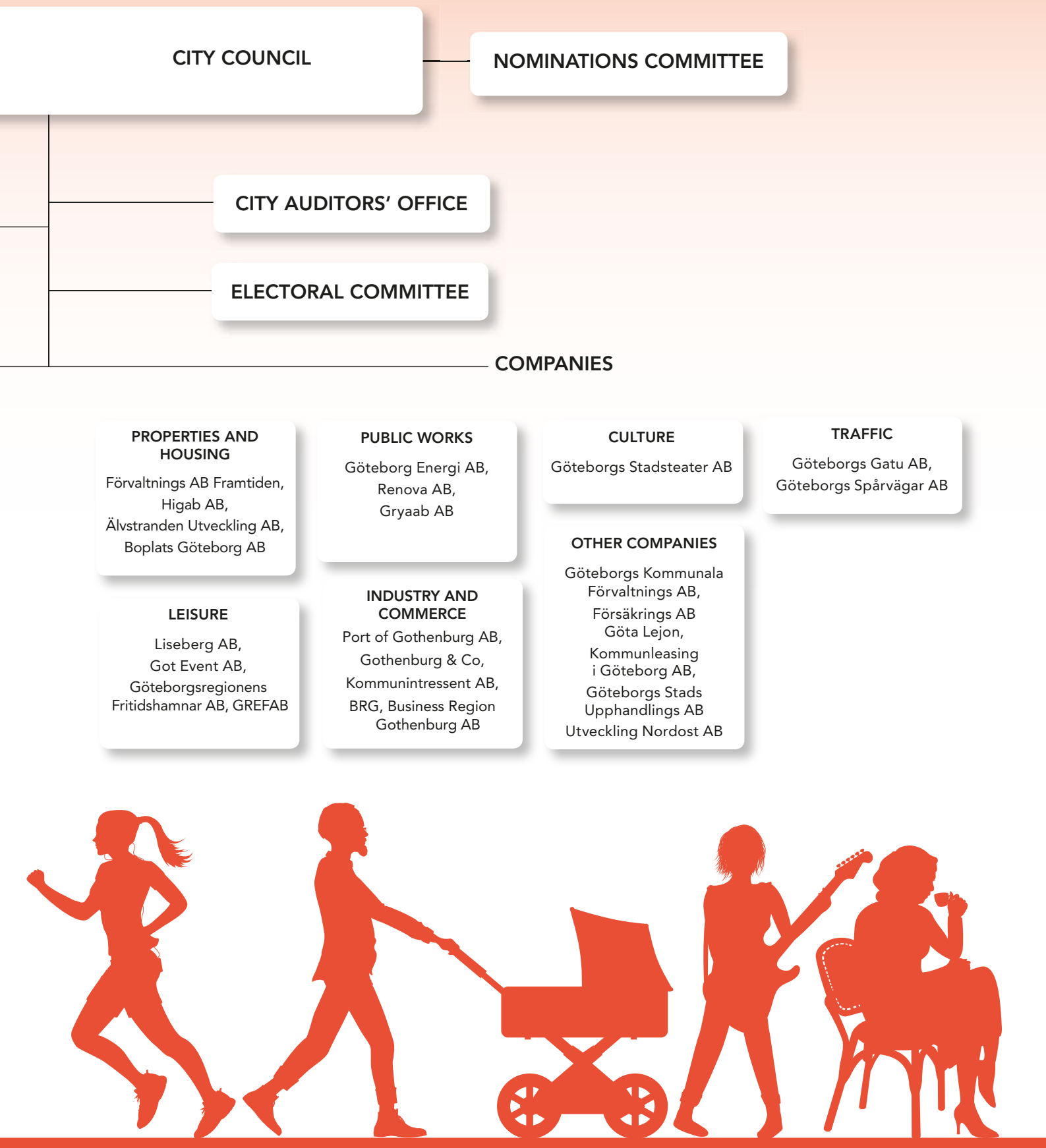
LAND AND HOUSING

Planning and Building Committee, Property Management Committee, Premises Office

JOINT STATUTORY AUTHORITIES

Greater Gothenburg Rescue Services, Stretered





City Executive Board 2012



Anneli Hulthén
(Soc. Dem.)
Chairman



Jonas Ransgård
(Mod.)
Vice-Chairman



Dario Espiga
(Soc. Dem.)
City councillor



Kristina Tharing
(Mod.)
City councillor



Kia Andreasson
(Green)
City councillor



Maria Rydén
(Mod.)
City councillor



Marina Johansson
(Soc. Dem.)
City councillor



Mats Pilhem
(Left)
City councillor



Helene Odenjung
(Lib.)
City councillor



Johan Nyhus
(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 development in Gothenburg from an outside world perspective.

16 Summarising financial analysis

A brief analysis is made here of the most important financial trends, both in the City and the combined accounts (the Group).

18 Follow-up of prioritised goals 2012

In this section the City Council's prioritised goals for 2012 are followed up.

23 Essential personnel conditions

A description of "essential personnel conditions" in the City of Gothenburg is given here.

26 Assessment of the future

Expectations of the future are discussed in the assessment of the future, based on concrete, known circumstances.





Strategic analysis

The year 2012 was characterised by financial unrest, both in Europe and in the USA and even in the growth markets. The Gothenburg region has despite this managed relatively well and maintained the level of employment. The city's population continues to rise, as also the level of education, although gender differences are increasing. The need for financial support from the community is falling, but certain groups are more vulnerable than previously. Environmentally the city faces great challenges to reduce fossil fuel dependency and has therefore tightened up the goals in the area.

In a globalised society, events in the outside world have consequences in the short and long term for the development of the Gothenburg community. How great the consequences are in the social, ecological and financial dimensions varies, as also for work in Gothenburg on a sustainable city for everyone.

Developments in the USA and China are of importance

The USA is a country that is important for the world economy, even though Sweden is not so dependent on exports there. In 2012 only just over 7 per cent of export value went to North America, while Europe accounted for almost 73 per cent of Swedish exports. How the USA manages as a country is, however, important and the constantly rising budget deficit and national debt are worrying. After the 2012 presidential election there is pressure on Obama to strengthen the labour market and the economy.

In China new leaders were appointed during the year. Xi Jinping is the new Secretary General of China's communist party and is expected to become the country's president in 2013. He represents continued but controlled economic development. China's role as the world's next largest economy, Geely's ownership of Volvo Cars and Gothenburg's exchanges with Shanghai, among others, makes it relevant to follow developments in the country.

The Euro crisis dominated 2012 as well

The Euro crisis extended over 2012 as well. Greece, Portugal, Spain and some other EU countries have been marked by a crisis of confidence with higher interest rates, poorer ability to pay and growing national debts. Demands for cut-backs and savings packages have entailed great tension between the countries' governments and their citizens. Tensions within the population have also increased. The crisis once again made things tough for the Swedish manufacturing industry and several companies had

to give their personnel notice. The Gothenburg region coped relatively well in 2012 and did not have at all as many redundancies as during the vehicle crisis of 2008. The Euro partly explains why the Swedish krona was strengthened during the year compared with other currencies. This makes exports expensive and leads to reduced demand and thereby greater difficulties for the Swedish companies.



In a globalised society, events in the outside world have consequences for the development of the Gothenburg community.

Many flee from war-torn areas

What started as part of the uproar in what became the Arab Spring of 2010 resulted in 2011-2012 in full-scale war in Syria with enormous human suffering. The UN stated at the end of 2012 that at least 60,000 people had been killed and a large number of people had fled to the neighbouring countries of Turkey, Jordan and Lebanon. In Gothenburg a rise was noticed during the year of Syrians that had fled their home country.

The Kyoto protocol was finally extended

In December 2012 the UN climate conference was held in Qatar. The Kyoto protocol, which regulates emissions of greenhouse gases, was after long negotiations extended until 2020. No new goals to limit emissions were adopted. Instead earlier goals apply to reduce emissions in the countries by a total of 5.2 per cent by 2020. The EU has as a goal in its new strategy, EU 2020, to reduce emissions of greenhouse gases by 20 per cent. This can be compared with Sweden's objective of a 40 per cent reduction by 2020. The focus is on a fossil-independent transport sector, renewable energy and greater energy efficiency.

The City's ambitions are also high. By the Mayor Agreement of 2009 the City has pledged to go even further than the EU goals with regard to reducing carbon dioxide emissions. In connection with the City Council budget for 2013 the City decided to raise the level of ambition for the environmental goal of limited climate influence, from 30 per cent to 40 per cent by 2020. This assumes that the consumption of fossil fuels and methane leakage fall annually by five per cent. The long-term goal is that in 2050 Gothenburg will have a sustainable, fair emission level for carbon dioxide.

DEVELOPMENTS IN GOTHENBURG

Gothenburg's development should be sustainable, socially, ecologically and financially. The city is growing and sustainable growth is central. In 2012 a great deal happened for the city to develop for the future, among other things the West Sweden Package, the River City and work on Gothenburg's 400th anniversary in 2021.

5,700 more inhabitants in Gothenburg

Urbanisation is strong in Sweden and the population of the big cities is rising sharply. Developments in Gothenburg were, however, considerably weaker in 2012 than in Stockholm and Malmö. It has been so by and large for the whole of the 2000s. In the past twelve years the population of Stockholm and Malmö has risen by about 20 per cent, while Gothenburg's growth is under 15 per cent.

The population of Gothenburg at the turn of the year was 526,000, a rise of 5,700 during 2012. This is a slightly lower population growth than in recent years.

The numbers born rose somewhat during the year compared with the big decline in 2011.

Gothenburg's age structure changes slowly as a whole. There are, however, some groups that have risen more in 2012 and will continue to increase. This applies above all to children of compulsory school age and younger retired people.

In 2012 a rise in next-of-kin immigration was expected, but this was delayed and is now expected to come in 2013 and 2014 instead.

Strong year despite market decline

2012 was initially a relatively strong year for the Gothenburg region, bearing in mind the market deterioration in the outside world. The optimism that characterised the first half of the year changed in the latter half of the year to more cautious strains.

The Gothenburg region's companies had relatively high expectations of the economic situation in the autumn of 2012. In the spring trade barometer from the Västra Götaland Region they thought there would be a rise from -5 to +15, which is the upper limit for a normal market situation. This, however, was frustrated when the autumn came and the value weakened instead to -21. The atmosphere in the autumn of 2012 is therefore among the more dismal during the 2000s. It should not, however, be regarded as a recession, since that first occurs first at a value of -40.

When the same companies now make a forecast for the spring of 2013, the result is identical with the present situation, i.e. -21. The companies see neither any marked improvement nor deterioration in the immediate future.

The Gothenburg region drives the rise in the level of employment

The number employed in Sweden rose by 30,000 during the third quarter of 2012 compared with the same quarter the year before. Almost half of this rise in employment can be attributed to the Gothenburg region. The number of people employed here rose by 14,000 to 488,100. There was thus a rise of 3 per cent for the Gothenburg region, which can be compared with just over 1 per cent for the Stockholm region, half a per cent for the whole of Sweden and +/- 0 for Skåne.

Despite the market decline, the labour market has been relatively stable in the Gothenburg region. Growth in employment has been strong and unemployment has been lower in Gothenburg than in the country as a whole.

Unemployment rising slowly

Unemployment in the Gothenburg region rose by 0.2 percentage points to 7.5 per cent in October 2012, which means over 35,100 people unemployed, 2,000 more than the same month in 2011. When the autumn came the fall in unemployment that normally arises was not seen, which is a sign that the labour market is weakening.

The number in the Gothenburg region born abroad that are without jobs continues to be at a high level.



Business slackened in the Port of Gothenburg in 2012, but rail transport to the Port of Gothenburg continues to grow.

Photo: Peter Svensson

In total there are more than 15,000 people born abroad that are unemployed, equivalent to 18.7 per cent of the labour force. The corresponding proportion for the whole country is 20.3 per cent. Among young people too there are more and more without work. Over 8,000 young people between 18 and 24 years old were unemployed in October 2012, which gives 15.2 per cent unemployment. This is a level under that of national youth unemployment of 18.6 per cent.

A wave of redundancy notices, but mainly in the rest of Sweden

Sweden suffered large redundancy notice figures in the autumn of 2012, but the Gothenburg region did not suffer to the same extent. Here for the whole of 2012 an average of 450 people a month have been given notice, which is a fairly normal level for the 2000s. Compared with 2011, however, it is an increase of about 200 people, though it is important to point out that several companies in the region have chosen to terminate contracts with people employed for a fixed period via recruitment companies. These people are not part of the redundancy statistics, but if the recruitment companies do not find new jobs for them, they will eventually appear in the unemployment statistics.

The Port sees early signs of market changes

Business slowed in the Port of Gothenburg in 2012, but it was far from a similar situation to 2009. Europe trade was sluggish, but had been so for a longer time without any dramatic change. Trade with Asia has also declined.

Transport by rail to the Port of Gothenburg continues to grow. During the year came the government's announcement that the expansion of the port railway line

to double tracks is being put forward and is estimated to be complete by 2015.

Volvo Cars reduced production and personnel in 2012, which can be seen clearly in the number of cars handled in the port in 2012. Despite this Volvo announced that they are making one of the largest industrial investments ever in Sweden, 11 billion dollars, half of which in Sweden up to 2015. The money will among other things be used for a new car body factory in Torslanda.

Our lifestyle affects the environment

The result of much improved efficiency is wiped out by greater consumption and demands for a higher living standard. More energy efficient housing is met by demands for greater living area, more efficient car engines with demands for better performance and so on. In Gothenburg we consume about 2.5 to 3 times as many resources per person as are available in the world. It cannot last in a longer perspective.

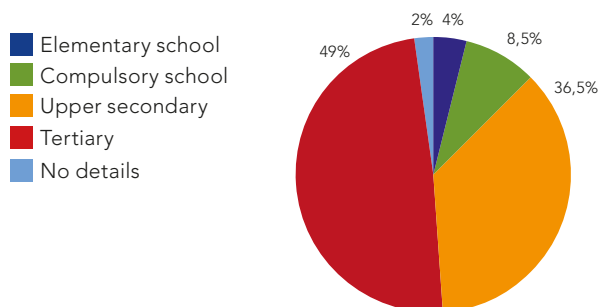
What is left over should be made use of

Our consumption generates waste that reflects consumption patterns and behaviour. Even though the total amount of waste per person in Gothenburg has been slightly less in recent years than for the country as a whole, it is important for it to be handled correctly, sorted at source and reused or recycled to as great an extent as possible. The amount of mixed waste/residual waste incinerated was 5 per cent less than the year before. This is partly attributed to 18 per cent more sorting of food waste. All sorted food waste is utilised as biogas and the nutritious content is returned to productive land. Sorting of food waste must continue to rise to be converted to biogas and nutritious sludge, as well as being incinerated for district heating and electric energy.

The educational level in Gothenburg is rising

Half the people in Gothenburg of 25–64 years of age have tertiary education. Two per cent also have post-graduate studies. One third have studied for 3 years or more. The women are highly educated to a greater extent, 52 per cent have tertiary education, compared with the men's 46 per cent. In the past three years the education gap between young women and men has grown.

Level of education in Gothenburg



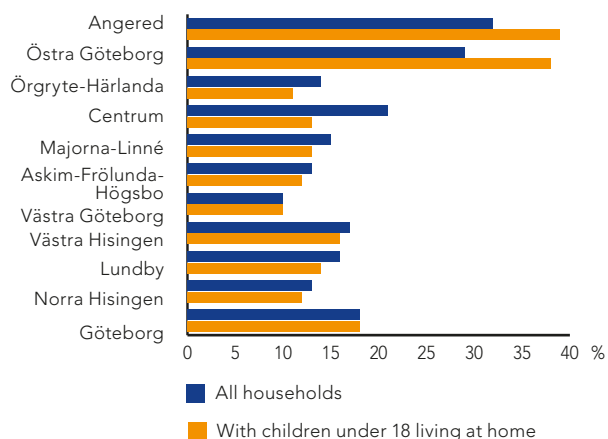
In comparisons between the big cities, developments continue along the same lines as earlier. Of the people of Stockholm, 55 per cent have tertiary education and in Malmö 46 per cent.

Dependency on financial support from the community is falling – but not for all

Payments from the social security systems (unemployment benefit, activity support, sick pay and income support) continue to fall per inhabitant in Gothenburg, from 21,657 SEK in 2010 to 19,980 SEK in 2011 and in September 2012 to 19,972 SEK.

In 2012 there were 20,300 households on income support in Gothenburg and this is the same level as the year before. It is worrying that in the group under 25 years of age the number of households with income support is rising. The proportion of long-term receivers of income support is also rising. Almost half of all households with income support have had support for more than 10 months.

Households with a disposable income under 60 % of the average in Gothenburg, 2010

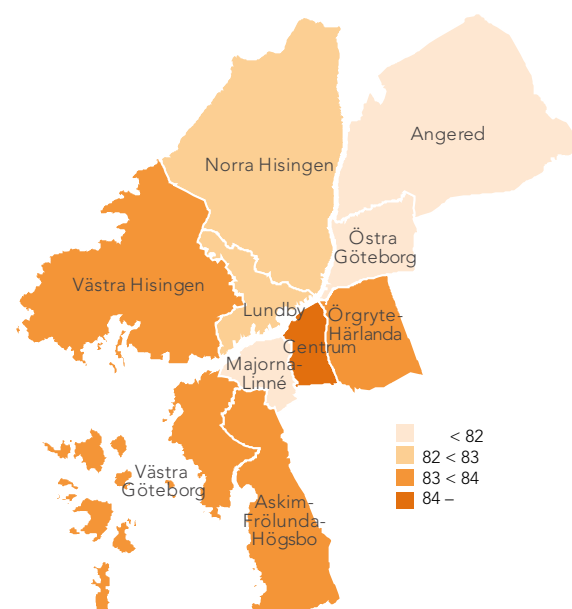


Children that live in financially vulnerable homes

The interest in children that are financially vulnerable is great, so also in the city. 11 per cent of all children under five live in households with income support and this has been at the same level for the past three years. This corresponds to almost 10,000 children and of these about 5,300 children live in families with long-term benefit dependency.

By the EU definition, those with an income under 60 per cent of the median income in the country risk falling into poverty. 18 per cent of the households in Gothenburg have a disposable income under 60 per cent of the Gothenburg median. The diagram shows a variation of 10–32 per cent between the districts.

Average length of life 2006–2010, women



Health inequality on the rise

Generally speaking the health of the population is better than ever, according to the Health on Equal Terms survey, but this does not apply to everyone. People in Gothenburg with higher education and large incomes are healthiest. Women have poorer health than men and among the women, those with a foreign background are least well. The proportion in poor health is double so high among people born outside Sweden and among people with a weak financial situation. Class differences in health are great and show a tendency to increase. The differences are not evened out with increased age, but those that arose earlier in life tend to remain.

In Gothenburg 96 per cent of those in districts with strong resources are satisfied with life and 82 per cent in the weaker districts. Three of four regard their dental health as good or very good, but there are great social differences. With regard to good health, impaired men-

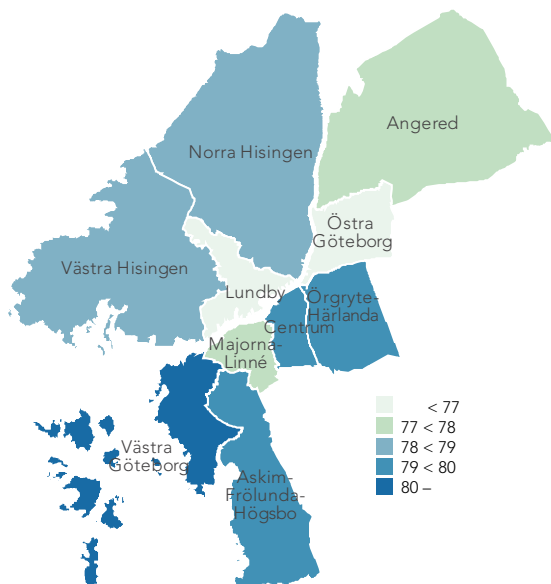


tal health, insecurity, obesity, physical inactivity, smoking and risky alcohol habits, there are great differences between being born in Sweden and being born abroad, as also the lack of a cash margin. There is a strong connection between mental well-being and socioeconomic factors.

The average length of life has risen and girls born today can expect to live for almost 83 years. Boys do probably not live so long, but are expected to be 78 years old. There are variations between the districts.

The maps below show the expected length of life at birth, according to Statistics Sweden, spread over gender and district. The women seem to live longest in Centrum, while the men grow oldest in West Gothenburg.

Average length of life 2006–2010, men



Major investments in infrastructure

Gothenburg is an important growth hub for the whole of West Sweden. There is potential for the local labour market region to grow further and the development of infrastructure and continued housebuilding are two important conditions for this.

During the year the West Sweden Package – a 17-year long social structure – gained attention. It will be easier to get to places, better and more attractive public transport, more reliable transport for industry and commerce, a better environment and extended commuting opportunities for all who want to live, work or study in different places in West Sweden. Investments in traffic took place in 2012 in connection with the introduction of congestion charges in 2013.

Despite these efforts, there are capacity problems in the road and rail networks that can put the opportunities for Gothenburg and the region to grow at risk, socio-economically and population-wise.

The upgraded E45 and the double tracks between Gothenburg and Trollhättan were opened in 2012 and give scope for more commuter traffic, more high-speed trains and goods trains. Shorter travel times on the stretch provide new prospects for people to live outside the core of the Gothenburg region. The municipalities along the Göta River valley gain new growth opportunities.

Longer commuting to work has been more common among men for a long time. Shorter travel times may provide greater opportunities for women to have a greater geographical area to look for and choose jobs. However, travel is often split between the genders because of a split labour market, where women gain to a lesser extent from commuting.

There is still much commuting in to Gothenburg to work. The proportion of employed people in Gothenburg that commute out rose slightly between 2008 and 2010 (18.3–19.3 per cent). The closest municipalities in the Gothenburg region, Stockholm, Borås, Trollhättan and Varberg are the largest "receiver municipalities".

High-speed train expansion brought forward

The government gave the go-ahead for investments in high-speed train expansion between Borås and Gothenburg and between Stockholm and Linköping, but it will be some time before construction can start. The section between Mölnlycke/Landvetter/Bollebygd can start around 2020. A rail plan and local plans have to be prepared first. Further ahead it is planned to join the two lines to one Götaland line for high-speed trains between Gothenburg and Stockholm, but the decision has not yet been formally taken. Between 9 and 10 million people travel annually between Gothenburg and Borås. The stretch is the same to a kilometre as between Helsingborg and Malmö, but people in West Sweden spend three hours a week more on commuting than people in Skåne do.

The future is created now – some challenges

Gothenburg faces a number of challenges to creating sustainable development where all three dimensions develop positively. It is a matter of generating sustainable urban development with good accessibility in an environmentally sustainable way. There is a lot of work on this in progress and the result can be seen already. It is also a question of reducing segregation and increasing people's opportunities for self-sufficiency and a good housing environment. This is adversely affected in economically difficult times and when few dwellings are built. Ambitions are high though and work on such things as the River City is designed for the city to include everyone. When a city grows vigorously, not only investments in infrastructure are required, but also initiatives in welfare. This will be an economic balancing act for the city in the time ahead.

Summarising financial analysis

The City of Gothenburg reported positive earnings of 669 MSEK in 2012. Included in the earnings are non-recurrent costs affecting comparability of 73 MSEK. If the non-recurrent items are excluded, earnings totalled 596 MSEK. The same measure of earnings in 2011 was 1,197 MSEK. This means that current operating earnings for the City weakened by 601 MSEK between 2011 and 2012. The explanation was mainly that the cost of activities rose faster than the City's tax revenue.

The year's investments, not including land development, came to 2,102 MSEK, a rise of 664 MSEK compared with 2011. The degree of self-financing of the investments was 69 per cent. This meant that two thirds of the investments during the year could be financed by tax revenue.

The City of Gothenburg Group reported earnings of 2,934 MSEK. Compared with 2011 this was an improvement of almost 2.2 billion SEK, mainly due to a capital gain of 1.3 billion SEK from the sale of companies in Gothenburg Port Operation AB.

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.

in 2012. This means that current operating earnings for the City, excluding non-recurrent items affecting comparability, weakened by 601 MSEK between 2011 and 2012. The most important explanation for this is that the cost of activities rose faster than the City's tax revenue.

THE MUNICIPAL CITY OF GOTHENBURG

Costs rising faster than receipts

Tax revenue rose in 2012 by 3.3 per cent, which was about the same rate of rise as in 2011. In the past five years, apart from 2010, the City has had a 3-4 per cent rate of rise.

The trend in costs was sharply curbed in 2009 and 2010. In 2010 it came to a historically low 0.6 per cent. Since then the cost of personnel and services has risen, resulting in a considerable trend in costs in 2011 and 2012 of 5.2 per cent and 6.3 per cent respectively. The explanation for this was that during these two years the City was in a planned expansion phase.

Satisfactory financial earnings

The City's earnings for 2012 totalled 669 MSEK, an improvement of 258 MSEK compared with 2011.

However, included in the earnings for 2011 and 2012 were a number of non-recurrent receipts and costs affecting comparability. In 2011 the City reported net non-recurrent costs affecting comparability of -786 MSEK, compared with non-recurrent costs affecting comparability of 73 MSEK in 2012.

If the non-recurrent costs above are excluded, earnings totalled 1,197 MSEK in 2011 and 596 MSEK

City of Gothenburg in figures

MSEK	2010	2011	2012
Gross costs *	29,848	30,513	30,663
Total assets	38,984	39,968	42,483
Net earnings for the year	229	411	669
Net earnings for the year, not inc. items affecting comparability	1,479	1,197	596
Volume of investments	1,360	1,438	2,102

* Gross costs fell by about 1 billion SEK in 2012 compared with 2011, since responsibility for public transport was transferred to the Västra Götaland region by means of a tax levy exchange.

If net earnings for the year are related to tax revenue, the City reported earnings of 2.8 per cent for 2012. Excluding the non-recurrent items affecting comparability of 73 MSEK, the same key figure was 2.5 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 1.9 per cent. If items affecting comparability are excluded, the figure is 3.4 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.

Investments totalled 2.1 billion SEK

The total volume of investments by the City of Gothenburg in 2012, excluding land development, was 2,102 MSEK, a rise of 664 MSEK or over 45 per cent compared with 2011.

In relation to the City's gross costs, investments rose by 2 percentage points, from 5 per cent to 7 per cent, between 2011 and 2012. The average for Swedish municipalities has been around 5 per cent in recent years.

City of Gothenburg / key financial ratios

	2010	2011	2012
Earnings and capacity			
Net earnings for the year / tax revenue	1.0 %	1.7 %	2.8 %
Net earnings for the year excl. items affecting comparability / tax revenue	6.4 %	5.0 %	2.5 %
Degree of self-financing of investments	73 %	82 %	69 %
Equity-assets ratio	18.8 %	19.4 %	19.8 %
Risk and control			
Acid-test ratio	109 %	129 %	108 %
Net financial assets (MSEK)	-3,533	-3,173	-4,228
Municipal tax rate (SEK)	21.55	21.55	21.12*

*The reduction in Gothenburg in 2012 is solely explained by a tax levy exchange with the Västra Götaland region to change the responsible authority for public transport.

Marginally improved equity-assets ratio

The City's official equity-assets ratio according to the Balance Sheet has remained fairly constant in recent years, though there was a slight rise from 18.8 per cent in 2010 to 19.8 per cent in 2012. An important criterion for good financial management is that the equity-assets ratio does not weaken over a longer period, but develops favourably. This then means that the City is less indebted and enhances its financial manoeuvrability for the future.

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 40 per cent in 2012, the same as in 2011. The average municipal equity-assets ratio in Sweden is about 50 per cent.

Balance requirement met

The City meets the statutory balance requirement in 2012 as well, with earnings not including capital gains of 586 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 2012. The larger Groups reported the following earnings after financial items:

Förvaltnings AB Framtiden reported earnings of 197 MSEK for 2012 compared with 118 MSEK for 2011.

Göteborgs Energi AB reported earnings of 512 MSEK for 2012 compared with 438 MSEK for 2011.

Göteborg Port Holding AB reported earnings of 1,523 MSEK for 2012 compared with 117 MSEK for 2011, mainly due to the sale of companies.

Liseberg AB reported an outcome of 74 MSEK for 2012 compared with 78 MSEK for 2011.

Earnings after financial items for some of the larger Groups

MSEK	2010	2011	2012
Förvaltnings AB Framtiden	118	118	197
Göteborg Energi AB	819	438	512
Göteborg Port Holding AB	118	117	1,523
Liseberg AB	65	78	74

Combined accounts – the Group

The City of Gothenburg Group reported net earnings for 2012 of 2,934 MSEK. This was an improvement of almost 2.2 billion SEK compared with 2011, mainly due to a capital gain of 1.3 billion SEK from the sale of companies in Gothenburg Port Operation AB.

The Group invested 6.9 billion SEK in 2012. This was an increase of 1.1 billion compared with 2011, attributable to both the company and the municipal sector.

The equity-assets ratio was 29 per cent, a rise of three per cent compared with the previous year.

Combined accounts in figures

MSEK	2010	2011	2012
Receipts	47,757	48,930	47,201
Total assets	73,452	75,295	78,096
Earnings after financial items	929	898	2,802
Net earnings for the year	638	752	2,934
Volume of investments	5,623	5,876	6,948
Equity-assets ratio	26 %	26 %	29 %

A more detailed description of the economy of the Group / combined accounts is given in block 4 on page 85.

Prioritised goals 2012

In the budget for 2012, the City Council has stipulated 24 prioritised goals. 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 2012.

Summarised follow-up of goals

Goal achievement varied between the different goals. For a number of goals it cannot be definitely stated whether goal achievement increased or not. There may be several different reasons for this, such as the goals being complex or the lack of measurements from previous years because the goals were new.

What is clear on the other hand is that the goals were highly prioritised, at least by the committees. A large number of activities were carried out for the purpose of gaining higher goal achievement.

One pleasing example is that Gothenburg attained full needs cover in pre-school in 2012. Other goals that were achieved or where developments moved in the right direction were:

- That the availability of housing, work and meaningful occupation rose for people with functional impairment
- That resource management in waste handling in Gothenburg rose
- That littering in Gothenburg declined
- That the proportion of managers born outside Scandinavia rose and that departments and companies were successful in generating equal opportunity in management groups
- That irrelevant salary differences between women and men continued to decline

For other goals, developments were not so positive. The proportion of pupils with Pass grades fell in compulsory schools. Another example is that despite a rise in the number of places at Arts school, the waiting list increased sharply.

Early preventive and rehabilitating efforts will increase for children, young people and adults with misuse problems

Cooperation between districts and the social welfare resource department has generated a clearer structure for preventive work and led to greater knowledge of successful programmes and methods.

Various attempts have been made in the city to raise the presence of adults in school, to give attention to pupils with a high rate of absence from school and to strengthen preventive field work.

For adult misusers, preventive work is increasing with the help of rehabilitating initiatives and is followed up systematically. It has been noticed that the shortage of housing makes the work of rehabilitation more difficult.

To attain greater goal achievement, the sectors need to continue to focus on and identify groups that risk being alienated and to continue to develop coordination between different instances. Conditions for joint planning and collective action need to be strengthened by establishing structures, routines and ways of acting.

The proportion of young people in Gothenburg involved in club activities will rise

Young people's spare time habits have changed in the past five-ten years from club activities to more spontaneous ones and loose-knit networks. For several years the proportion of children and young people active in clubs in Gothenburg has fallen. In 2012 the trend turned from downward to weakly upward. This was probably above all due to an increase in the number of children in the most club active ages. Over 60 per cent were active in clubs. There were a large number of activities in the city and in clubs to attract children to try club activities or start a club themselves for what interests them.

Full needs cover in pre-school

Full needs cover was attained in 2012. A total of 1,406 places were made ready during the year.

To maintain full needs cover it is important to survey continually the future need for pre-school places and to continue cooperation between City departments to find suitable premises and sites.

The proportion of pupils with Pass grades will rise

In 2012 both the municipal and independent compulsory schools in Gothenburg had declining knowledge results in year nine. In the municipal compulsory schools, the proportion of pupils with Pass grades in all subjects fell by two percentage points and totalled 68 per cent. It was the boys that accounted for the fall, while the girls' results were unchanged. Results in the independent schools fell by four percentage points to 80.3. The results were unchanged nationally.



The proportion eligible for higher education fell slightly, both in the municipal (85.6 per cent) and the independent upper secondary schools (90.7 per cent). The proportion of pupils at the municipal upper secondary schools in Gothenburg that gained final grades after four years rose by two percentage points to 69 per cent, while the proportion with final grades after four years at the independent upper secondary schools was unchanged, 82.8 per cent.

The proportion of pupils participating in subject teaching in their mother tongue of at least mathematics and English will rise

The follow-up in 2012 showed that few pupils were given subject teaching in another mother tongue than Swedish, in both compulsory and upper secondary school. No comparison with previous years can be made, as it is the first year the goal is followed up.

The City's follow-up, like the schools inspectorate's supervision, showed that many schools did not satisfy statutory requirements to give study guidance in the pupil's mother tongue.

To attain higher goal achievement, surveys are needed of the subject competence of multilingual teachers and the pupils' interest in and need of subject teaching or study guidance in their mother tongue.

The number of pre-schools and schools that have access to gender-sensitive teachers and hbtq-competent personnel will rise

In most of the districts there is gender trained personnel in pre-school and compulsory school, though there were only a few that had teachers with a specific task of supporting gender-sensitive and hbtq work. The education department started work in 2012 on surveying the availability of gender-sensitive teachers and hbtq-competent personnel. The goal was introduced in 2012 and can therefore not be related to results from previous years.

The proportion of pre-schools and schools with environmental certification/diploma will rise

2012 was the first year when systematic environmental work was followed up in pre-schools and schools. Goal achievement was measured by the number of pre-schools and schools that had systematic environmental work. The definition of systematic environmental work was they had environmental certification/-diploma based on some certification model, such as the Green Flag environmental diploma, a School for Sustainable Development award or a district diploma. 113 of the city's pre-schools and 60 schools conducted systematic environmental work. Results were reported as a comparison between the past two school years. There has been a rise in both activities.

The follow-up also showed that many processes were started to involve children and young people in environmental issues. The initial position differed greatly in the districts.

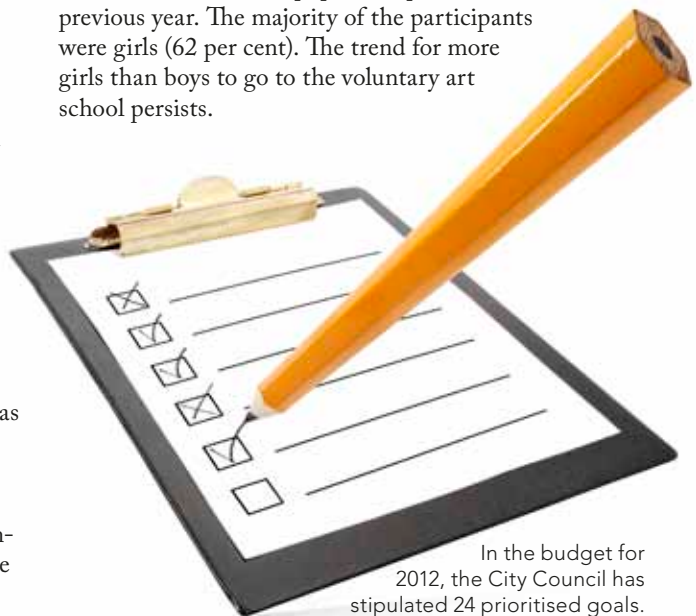
The influence of the elderly over their everyday lives will rise

Work has been done in the city to raise the influence of the elderly over their everyday lives in various ways. Several of the district committees describe how they have developed a forum where the elderly have an opportunity to influence. For example, programmes for open meeting points have been changed to make them more attractive for both sexes. One tool for increasing the influence and participation of the elderly is the work on implementation plans, where it appears what initiatives are included, the goal for these, how the initiative will be done and when a follow-up will occur. Four district committees state that they have attained the objective and the rest report goal achievement to some extent. Several of the departmental committees and the companies have worked actively to raise accessibility for the elderly in housing, public transport and the outdoor environment. The elderly are active visitors to cultural events and the cultural affairs committee has developed its range of choices for the target group. There has also been a rise in the number of senior citizens that work out at the city's facilities.

The City's user survey for 2012 shows that elderly people's satisfaction by the quality measure of influence has fallen, both for elderly accommodation and home-help services. There are great differences between the various elderly accommodation units. On a scale from 1 to 100, satisfaction varies between 65 and 92. In the home-help service the response frequency was very low, only 41 per cent answered the questionnaire.

All children and young people in Gothenburg between 6 and 19 years of age will, apart from regular tuition, be offered a place in the activities of the Arts and Music School

In the measurement of October 2012 a total of 7,621 pupils aged 6-19 years took part in the art school's activities, a rise of 213 pupils compared with the previous year. The majority of the participants were girls (62 per cent). The trend for more girls than boys to go to the voluntary art school persists.



More places were produced in total during the autumn term of 2012 than in the previous year, but greater demand and more generous application criteria meant that the waiting list almost doubled compared with the same period the previous year. All the district committees had at the time of the measurement in October more than 50 pupils on a waiting list and the total list held 1,109 pupils.

Integration – as expressed in the balanced scorecard for integration – will increase

The scorecard for integration covers five strategic areas.

Children and young people will attain the knowledge goals: City activities are working to develop the reception of newly arrived pupils in both pre-school/compulsory school and upper secondary school. Reception units have been established in some districts and more are on the way. Upper secondary pupils are given an integrated language introduction where a thorough follow-up of the pupil's study plan and school success is made.

More employment: The follow-up shows that slightly more long-term dependent on income support have started work or studies. Several selective measures were taken during the year by both the employment exchange and the City. The number that got jobs after completed studies in adult education and SFI has risen, 45 per cent after adult school and 36 per cent after SFI studies.

Equal treatment: Measurement results for 2012 show no great changes compared with 2011. As regards pre-school, parents are generally very satisfied with treatment from the staff. This also applies to the functional impairment area. For home-help services, opinions vary more among inhabitants in different districts.

Opportunity for choice in housing: Regard is paid to mixed forms of tenure in connection with land allocation and efforts have been made to create more meeting places for all inhabitants. Work started during the year to refurbish local squares in various parts of the city. The districts have done joint work to make use of young people's ideas, stimulate meetings between young people and collaboration between recreation centres in different districts. When the people of Gothenburg assess the urban environment in the city as a whole, the opinion is the same regardless of which district the inhabitants live in. On the other hand, there are great differences in how satisfied the inhabitants are with their opportunities for being able to choose which district they live in.

Greater diversity in the City's organisation: The proportion of managers with a foreign background has grown to 9.8 per cent, compared with 8.9 per cent in 2011. The trend has been positive for the past three years.

The proportion of equal opportunity secured activities in committees and companies will rise

The concept of equal opportunity securing is a new one that is interpreted in different ways and given different meanings. This complicates the assessment of goal achievement. Some departments have worked out their own models for equal opportunity securing, with partly

different contents. During 2013 a checklist will be prepared to clarify the concept. Most organisations have done work to equal opportunity secure parts of their activities.

The availability of housing, work and meaningful occupation will rise for people with functional impairment

During 2012 a total of 46 flats in housing with special service were completed. During the period 2004-2012 over 600 flats were built, almost doubling the number of flats in the same period. Despite this the need is not covered. According to the plan for the functional impairment area, it is assessed that a further 340 people will inquire after a flat in housing with special service by 2015. Planned expansion in the same period covers 300 flats. In 2012 "F100" provided housing for 42 people. F100 means that the municipal housing companies offer flats to people with functional impairment that despite extensive needs can manage to live in an ordinary flat with access to living support.

Opportunities for meaningful occupation and work are increasing. Work is in progress in the district administrations to generate meaningful occupation, relocated daily activities, trainee places and the chance of employment.

Electrical efficiency will rise

Several activities state that the consumption of electricity has fallen to a varying extent and demands have been made for the purchase of environmentally compatible electricity. Changed forms of heating and larger premises may, however, raise the consumption of electricity despite savings measures. At the same time as efficiency drives are carried out, the frequency of installation of electrical equipment in buildings is rising, which raises the use of electricity. The strategy to make energy more efficient has its own set goals for the city's own housing, premises and transport. It is as yet difficult to see any trends from the first follow-up, while there is a great need in the property sector to make energy more efficient. The companies' yield requirements are one obstacle to more ambitious energy efficiency work. Financial calculation models need therefore to be developed, best done within the scope of the energy efficiency strategy and investments in energy measures to be given priority by the property managing companies and committees concerned. The difficulty of distinguishing between the consumption of electricity in the activity itself and in the property is one large obstacle to energy saving work.

A new energy plan will be integrated with the climate strategy initiated during the year. The City Council is expected to adopt the climate strategy with the energy plan in the spring of 2014.

The consumption of fossil fuels will decline

There were large emissions of carbon dioxide by the energy sector in 2010 but, according to the environment report, they fell slightly in 2011, partly due to milder



weather. Industrial emissions also fell in 2011, which is linked to the weather and a weaker market. Emission figures for 2012 are shown in the environment report to come. Vehicle traffic emissions in 2012 totalled about 800,000 tons, a slight reduction of hardly one per cent compared with 2011, but about the same level as emissions in 1990. Factors affecting were among others more fuel-efficient passenger cars and somewhat reduced traffic work. To enable traffic's share of emissions to be reduced to attain the City Council goal of 40 per cent by 2020, considerable measures are required in traffic and urban planning, among other things.

Environmental demands are made in all the City's procurement in the transport intensive areas. The proportion of renewable fuel is rising steadily.

The number of properties with fossil fuels as their main source of heating continues to decline.

Further reduced use of fossil fuels is included in both the climate strategy and the energy plan commenced during the year that the City Council is expected to adopt in the spring of 2014.

The proportion of environmental meals will rise

The proportion of environmental meals is rising in general, but varies between the districts. It is primarily the districts' meals that form a measure of goal achievement. The proportion for 2012 is 23.4 per cent. In several activities, purchases of organic food are given lower priority when the economy is strained. Some compensation is paid for the extra cost of organic food. Departments and companies that do not provide meals state that they to some extent inquire after and use organic and Fair-trade marked products at conferences and internal meetings. Several state that they have introduced guidelines or will do so.

In the City's food agreements there are now 980 organically marked products, a rise of 76 per cent. The new framework agreements cover only organic meat. The same applies to coffee and tea, with only organic and ethically marked products.

For the City to attain the goal of 50 per cent organic food at the end of 2014, clear internal guidelines and higher priority are required.

Resource management in waste handling in Gothenburg will improve

Waste handling shows a positive trend. Residual waste continues to decline and the sorting of food waste is rising. The amount of mixed/residual waste fell in 2012 by 5 per cent compared with 2011. The collection of food waste contributed to this, rising by 18 per cent, somewhat over the average rise to attain the 50 per cent goal in the waste plan for 2020. Weight tariffs in large parts of the city and every-other-week collection contribute to the positive results. All sorted food waste went to Renova's pre-treatment plant and after processing was transported to external plants for the production of biogas, 9.6 GWh and biofertiliser containing 74 tons of nitrogen and 10 tons of phosphor.



The amount of mixed/residual waste fell by 5 per cent in 2012, compared with 2011.

Photo: Jeanette Larsson

The proportion of coarse waste also fell, by 9 per cent and the number of visitors to the recycling centres rose by 2.5 per cent. The proportion of packaging, newspapers and food waste in the mixed waste is still high, however, about 30 per cent. The eco-cycle committee has prepared a plan for the prioritised goal for the City's activities, with clarification and guidance.

Other City activities have carried out a number of different activities for more sorting at source and reusing of things such as wood, stone chips, gravel and pulp, packaging and other waste, as well as special efforts to stimulate and facilitate handling by citizens.

Active process ownership, weight based tariffs and further efforts to increase sorting at source and reusing, both for the City's own activities and for the citizens, are important to continued good goal achievement.

The shortage of housing will decline, so about 2,500 dwellings will be built during the year

The number of dwellings completed in 2012 was 2,110. One reason is that the number of construction started dwellings fell during the recession and financial crisis from 2008 to 2010, which affected the 2012 result. The will to build among developers and builders also has an influence. The result is also explained by the number of plans decided on during the period 2008-2010. It takes a long time from a possible start for building planning to completed housing, in some cases three to four years, which makes it difficult to raise housing production in a short time.

The City's activities work intensively to see what else can be done to increase housebuilding. One key issue is to raise advanced planning and thereby opportunities for more land allocation. Housebuilding also needs to be seen in a regional perspective. It is important to survey the prospects of greater new production in relation to the long-term need for housebuilding in Gothenburg and the Gothenburg region.

The people of Gothenburg want a clean, secure city, so littering in Gothenburg will decline

Many efforts have been made to involve the people of Gothenburg in the fight against litter. The work has led to Gothenburg winning for the third year in a row first prize in Keep Sweden Clean, for the municipality that involves most citizens.

The year's litter measure showed a decline, 4.51 litter/m² compared with 5.75 litter/m² in 2011. Cigarette butts still account for the clearly largest share of litter items, as much as 64 per cent.

Car traffic will decline in favour of travel by public transport and bicycle

Methods of travel remained unchanged between 2011 and 2012. The proportion going by public transport was 25 per cent, by bicycle 6 per cent, on foot 24 per cent and by car 42 per cent. Car traffic declined in all sections except the municipal border section, where it rose by +0.5 per cent. Travel by public transport rose by 1 per cent, while travel by bicycle is unchanged.

The decline of car traffic in the city centre may be due to rises in parking fees in the central parts and to roads being rebuilt, which reduces accessibility for motorists and even for cyclists. There has also been economic unrest in the region, which may have affected the trend in car traffic.

The proportion at managerial level of those born outside Scandinavia and of women will rise

The proportion of managers born outside Scandinavia rises slightly every year. In the past two years the recruitment of managers has been very intensive and there it can also be seen that the number of managers born outside Scandinavia has risen more than in previous years. In 2012 the proportion was 4.6 per cent, compared with 3.1 per cent in 2010. Even though the trend is positive, it is still to be regarded as a low proportion. The highest proportion born outside Scandinavia is found in the schools sector and social services and in the district administrations in Angered and Askim-Frölunda-Högsbo. The lowest proportion is found in pre-school and in the technical activities.

In general it can be said that departments and companies have been successful in their work to create equal opportunity manager groups, with women sometimes even being over-represented. At an overall level the division among section managers (or the equivalent) is 72/28 per cent women and men respectively, which is close to the division among members of staff. The division among department and company managers is 45/55 per cent women and men respectively. There are, however, variations between different activities, sectors and departments and in some further initiatives are needed to bring about a change.

Irrelevant salary differences between women and men will decline

In a comparison of women's average salaries in October 2012 and October 2011, women's average salaries as a proportion of men's rose by 0.5 percentage points to 92.2 per cent.

The departments have made special efforts in women dominated occupational groups to reduce unreasonable salary differences. The central agreement for teachers entails a greater focus on these groups in relation to other groups. At the same time there has for market reasons been a need to focus on certain occupations/groups in the technical departments that are particularly exposed to competition, groups that in most cases have a higher proportion of men than the average for the City.

The majority of the City's larger occupational groups attain as a whole the salary policy median goal levels for 2012, though there are still differences between the departments and further measures are required for equal salaries for certain women dominated occupational groups in nursing, care and education.

The norm for the City of Gothenburg will be to offer all employees permanent full-time employment

All activities have made action plans for how the work on greater goal achievement should proceed. In the departments, 87 per cent of the permanent employees have full-time employment. In total the number of full-time permanent employees in the departments has risen by almost 1,700 compared with December 2011. The "New Work Methods in the Staffing Field" project has mainly worked in elderly care and functional impairment for the activities to offer all employees full-time employment and raise basic staffing. In elderly care, which started this work first, the proportion of permanent employees with full-time employment rose from 70 to 82 per cent in 2012.

Procurement of services with social consideration will rise

A small number of procurement agreements (11) are reported where demands for social consideration have been made. There is involvement by both departments and companies to achieve the goal. The work of making demands for social consideration is complicated. The sections are unaccustomed and knowledge of methods and routines is required.



Essential personnel conditions

The need for recruitment has been extensive during the year. The City has for several years worked to strengthen its trademark to appear as an attractive employer. In 2012 the City was successful in its recruitment of pre-school teachers, engineers, technicians and nurses, among others, despite stiff competition in the region. In the aftermath of the extensive reorganisation carried out in 2011, there has been great mobility among managers during the year.

During 2012 the focus in the personnel area was to prepare new introduction material, support activities in working out long-term competence supply plans, review managers' organisational assumptions and not least change the method of work in staffing. The personnel processes and tools prepared earlier have been developed and revised.

Hours worked rose

The volume of personnel in Gothenburg's departments and companies was 41,130 full-time equivalents for the whole of 2012. Personnel volume in the departments rose by 760 full-time equivalents. One reason is the expansion in pre-school, where the rise was 250 full-time equivalents. In the technical departments the volume of personnel rose by over 100. Personnel volume in the City's wholly and partly owned companies rose by 40 full-time equivalents.

A major employer with many members of staff

The number of employees in December totalled 41,210 (48,670 inc companies). In the departments the number of employees has risen by about 500, while falling in the companies by about 200. One prioritised issue for the City is to raise the proportion of full-time employees. In the departments, 87 per cent of the permanent employees are full-time (companies 98 per cent). The number of full-time permanent employees in the

departments had risen by almost 1,700 compared with December 2011. The rise refers mainly to elderly care.

Extensive recruitment need

A total of almost 8,000 recruitments were made for employment in the municipal City, a third of which were permanent employment. Altogether this is 1,500 more than in 2011. There has for several years been great competition in the region for certain occupational groups, such as engineers and technicians, pre-school teachers, nurses and social workers. During the year the City was very successful in attracting applicants in these groups and employed 425 pre-school teachers, 100 engineers and technicians and 90 nurses. The need for recruitment in these groups will continue to be great for several years ahead.

One of the City's standpoints is "We think in new ways – new thinking demands openness and scope for differences".

Photo: Ola Kjelbye



Many new managers

Mobility among managers was extensive in 2012, partly as a secondary effect of the great organisational changes in 2011. There was some recruitment for extended activities (mainly in pre-school and in the technical departments) and partly as replacement for managers that terminated their employment in the City. Retirement accounts for a third of those leaving. Regardless of the reason, a change of manager has a great influence on the organisation. A total of 300 managers were recruited during the year. Two of three managers were recruited internally, which indicates that there are good career and development opportunities for many members of staff.

Competence supply plans

Competence supply concerns attracting new members of staff, maintaining and developing the competence of existing staff, but also identifying and meeting needs for new competence. At an overall municipal level, competence supply plans for the next 5-7 years have been prepared for pre-school, elderly care and municipal health and medical care. A survey of qualifications in compulsory school is in progress, as a first step in preparing a long-term competence supply plan. For occupational groups affected by the West Sweden Package, various activities are in progress in cooperation with other players in the region to satisfy the need for competence.

New introduction material and many trainee places

It is important for new members of staff to get a good start and quickly become familiar with their new jobs. During the year, introduction material for the whole City was completed, illustrating the attitudes that should characterise work in all the City's activities. The material is designed so that it can be used for both external and internal recruitment and both new and existing members of staff should be able to use it to gain good knowledge of the City as an employer and service provider. The new material is a complement to the local and job-specific introduction. There are special introduction programmes for new managers. A good introduction is important if the City is to be and be regarded as an attractive employer.

In the City there are many different types of trainee places that among other things make it easier for young people to establish themselves in the labour market. The City cooperates with upper secondary schools, universities and colleges in the region. For several years the City has conducted marketing in many different arenas to generate interest among the young to apply for courses of education that can lead to work in the City.

Many change jobs within the City and some end their employment

The City has a large internal labour market and there are good opportunities for development and new duties for

many members of staff. During the year, 3,700 members of staff changed jobs within the City. Internal mobility is 12.1 per cent, about the same as in 2011.

During the year 2,500 members of staff ended their employment in the City. Personnel turnover is 6.5 per cent, which is also more or less the same as in 2011.

More work after 65

A total of 625 of the City's employees retired during the year. Every third person retiring was over 65, but the age of retirement varied sharply between different occupational groups and activities. Among childminders, cooks and cleaning staff, almost half retired before 65 and only a few worked until 67 years of age. Among tradesmen too there was a large proportion that retired before 65. The reverse applies for engineers, administrators and upper secondary school teachers, where half retired after 65 and few before 65. In the pre-school teacher group there has been a marked shift towards higher retirement age.

Staff involvement and health

The annual staff and manager questionnaire was held during the year. New for the year was that department and company managers had their own questionnaire.

The staff survey covered members of staff in all the departments and eight of the City's companies. Both the manager surveys covered all the managers in the City.

From the new national index that measures staff and manager involvement, SSI (Sustainable Staff Involvement), it appeared there was great involvement. SSI was unchanged compared with the previous year at 74 (maximum 100) for the whole City.

The City also uses another index that measures staff satisfaction, SI (Satisfaction Index). This index is at 53 (maximum 100) and is unchanged compared with the previous year for the City as a whole. There is, however, great variation in the two measures in the City's different organisations and activities.

Results from the staff questionnaires showed that, like the year before, there is room for improvement mainly in the areas concerning Work Environment and Health and Competence Enhancement. Work on the City's work environment needs to be strengthened. This applies particularly to certain parts of the activities in the district sector. The City has therefore centrally initiated further efforts to promote the work environment.

After falling for several years in the City, sick leave has now been rising slowly for some years. The rise is a few tenths of a per cent between the years. Gender differences are rising too, to the worse for women. Statistics from the National Insurance Office show a similar trend in the whole country.



On the way to equal opportunity workplaces

There is active equal opportunity work in the City of Gothenburg, from several aspects. The number of full-time staff is increasing and as this mainly concerns women dominated activities where part-time has been common, it means a step towards more equal opportunity. There is also continual work in the City to secure the recruitment process, so that recruitment to managerial and other posts gives equal opportunity and is not discriminating. Departments and companies also work to enable work, family and spare time to be combined and men are encouraged to take parental leave.

The City measures equal opportunity with the JÄMIX tool and the key figures included are also used as an aid to planning and follow-up of equal opportunity plans. In JÄMIX the departments have in total been assessed to have equal opportunity management groups and career opportunities, even though it varies between departments and companies, where one or other gender may be over-represented.

The gender divided labour market with a majority of women in the public sector is only changing slowly and then by previously men dominated occupations gaining an addition of women. There is no corresponding rise of men in women dominated occupations. Contributing to a change in this structure is a challenge for the City of Gothenburg too.

Equal and competitive salaries

The percentage rise in average staff salaries after the salary review of 2012 was in total 3.59 per cent. Salary rises for the year entailed real salary rises, as inflation is estimated at about one per cent. The average rise in salary costs was 3.16 per cent.

The salary agreements, but also the work of the departments for equal and competitive salaries, were the assumptions for the salary review. Particular efforts have been made for certain groups in nursing, care and education to reduce irrelevant salary differences. At the same time there was a need to focus on certain groups in the technical field, owing to salary competition in the surrounding labour market. Financial prospects of reducing irrelevant salary differences were provided by differentiated salary compensation in the City Council budget for 2012.

The level of salaries in the City of Gothenburg is mainly the same as for municipalities nationwide and comparable regions. Considering levels and the trend of salaries in the surrounding labour market, however, further measures for equal and competitive salaries are assessed to be urgent in order to secure competence supply for the City in the long term.

Personnel in the departments in figures 2012

	Women	Men	Total
Number of permanent employees	25,485	6,270	31,755
Number of time limited employees	2,541	866	3,407
Number of hourly paid	4,588	1,458	6,046
Proportion of permanent employees born abroad	21.5 %	19.9 %	21.2 %
Number of managers	1 190	460	1 650
Proportion of managers born abroad	6.5 %	7.6 %	6.8 %
Age structure among permanent employees			
proportion under 25 years	2 %	1 %	1 %
proportion 25–39	28 %	27 %	28 %
proportion 40–55	42 %	40 %	42 %
proportion over 55 years	29 %	32 %	29 %
External recruitment			
of which for permanent employment	2,271	619	2,890
of which for time limited employment	3,822	1,201	5,023
External leaving among permanent employees	1,627	403	2,030
of which with pension (inc. negotiated pension)	489	136	625
of which by own request	916	211	1,127
Personnel turnover			6.5 %
Internal mobility			12.1 %
Sick leave	7.4 %	4.3 %	6.8 %
over 60 days	3.9 %	2.0 %	3.5 %
Education background among permanent employees			
university education	50 %	51 %	50 %
tertiary education	6 %	11 %	7 %
upper secondary	36 %	34 %	34 %
compulsory school or primary education	8 %	4 %	9 %

Assessment of the future

Prospects for the City's different activities are both predictable and unpredictable at the same time. Certain factors develop at a rate that can be planned and are handled more for the long term, while other factors fluctuate sharply and make great demands on parrying and acting in a short perspective.

Making predictions about the prospects for municipal activities thus includes planning for an activity that changes as a result of long-term demographic changes and expectations of the content in welfare services, while at the same time sharp short-term market fluctuations coming from the world outside can rapidly change the prospects of financing municipal activities.

Major challenges await

The City faces major challenges in the time ahead. It concerns both coping with gradually increasing demographic pressure and the ambitions of core activities such as the particular initiatives in the West Sweden Package, development of the River City and the way forward to the 400th anniversary. Altogether this entails a greater need to focus on the long term.

Shrinking financial margins

The City has for a relatively long period of years managed to consolidate its economy and maintain good financial management. We have thereby a stable financial foundation to stand on in the face of the challenges that lie before us. In recent years, however, the City has found itself in a sharply expansive phase with a high trend in net costs and increasing volumes of investment. This means that the financial margins have gradually shrunk. For the next few years the pressure on costs is assessed to be still high, both because of the demographic trend and also as a result of greater government and own ambitions.

Rising investment needs and pressure of costs

The need for investment also seems to be still high in the time ahead. Apart from the need for investments linked to expansion, the city has considerable challenges to reinvest and maintain the large amount of existing premises and facilities that are already in place.

The challenge ahead will be to manage to deal with considerable pressure of costs and large investment needs within the scope of the financing trend that tax revenue can contribute to. The possibility of financing municipal activities via

tax revenue is influenced greatly in the short term by market fluctuations. Apart from market problems, there are also long-term structural problems linked to the tax revenue's long-term prospects as a financing base for the growing municipal welfare assignment. These are structural problems that entail challenges ahead for the whole municipal sector.

The challenge for the whole municipal sector consists of dealing with both the short-term outside world prospects and the long-term issues concerning the extent and financing of welfare services on account of changes in the socio-economic and demographic trend ahead. What we do today should prepare for the future.

New opportunity for the municipal sector to deal with market fluctuations

From 2013 the municipalities have gained greater opportunities through earnings equalisation reserves to parry and deal with vigorous market fluctuations. At the same time the Local Authority Act has been adjusted so that the requirement for the municipalities to prepare guidelines for good financial management have been clarified. This may contribute to the municipalities' prospects of making their financial strategies more long-term.



Pressure on costs is expected to remain high in the next few years.



2 ACTIVITIES OF THE CITY OF GOTHENBURG >>

In this block parts of the activities conducted in 2012 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, labour market initiatives, building and housing, traffic, industry and tourism, culture and leisure, climate and the environment, diversity and integration, equal opportunity and finally public health. In each area, important events and trends are described from various perspectives.



ACTIVITIES OF THE CITY OF GOTHENBURG

29 Education

The education sector covers all school activities such as pre-school, compulsory school, compulsory special needs school, upper secondary school, upper secondary special needs school and adult education.

34 Individual and family care

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

36 People with functional impairment

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

38 Elderly care and home medical care

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

40 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.

41 Building and housing

The area covers physical planning, land use, housebuilding and development of good housing environments in all parts of the city. Infrastructure and industrial matters are central adjacent areas. Planning and implementation will support the city's development in a sustainable way, both regarding the environment and socially and economically.

44 Traffic

Traffic is a broad area closely linked to urban development, industry and the environment. What transport needs there are will be satisfied in balance with the ecological, financial and social dimensions.

46 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.

48 Industry and tourism

Göteborg will have sustainable and differentiated industry that provides employment opportunities. The city will also be a sustainable major events and visitor city.

49 Climate and the environment

Activities in energy, waste and sewerage collaborate locally, regionally and internationally in order to form important social functions for long-term sustainable development.

52 Diversity and integration

Gothenburg will be a city for everyone. Human rights are the starting point for the City's work on diversity and integration. All the City's activities have the task of contributing to greater diversity and integration.

53 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.

54 Public health

All municipal activities in Gothenburg will be permeated by a public health perspective and salutogenic thinking.



Education

The year 2012 was characterised to a large degree by work on further implementation of new school reforms in the educational field, in the autumn of 2012 for example, grades were given in compulsory school year six for the first time. During the year the Schools Inspectorate examined all the city's compulsory and upper secondary schools, while the city's pre-schools were examined at an overall district level.

The education sector covers all school activities such as pre-school, compulsory school, compulsory special needs school, upper secondary school, upper secondary special needs school and adult education.

The Schools Inspectorate's examination

During the year the Schools Inspectorate conducted supervision of the City of Gothenburg. The supervision showed that the City needs to take a coordinated grasp of the conditions and processes in the activity that are of importance for knowledge results and the quality of education. This means among other things giving pupils special support as and to the extent needed, adapting teaching to the pupils' prospects and needs, improving work with newly arrived pupils and developing systematic quality work.

Systematic quality work

Shortcomings in systematic quality work have been given attention for several years and are included as one of the three strategic areas in the educational field, together with leadership qualifications and the compensatory assignment. The City of Gothenburg took measures in 2012 to improve systematic quality work in the school system. Joint working groups in pre-school and compulsory school were started and support material for both business plans and follow-up reports were created to have a common structure for systematic quality work. This work will comprise a basis for the implementation of systematic quality work at all levels in the whole organisation.

Intensive work has also been done in the education department. The basis of the work is a common view of what affects pupils' study results positively and an education that rests on a scientific foundation and proven experience. The goal of the Programme for quality development is to achieve better study result for all pupils. The work will contribute to all pupils being more successful and reaching further in their studies and it will also help to reduce the difference in results between high and low performing pupils and thereby reduce the gaps in a larger context.

The education department has prepared a number of common viewpoints where the most important factors for the pupils' study results are among others defined as:

- All pupils can attain the educational goals
- Good results are attained together

On the basis of the viewpoints stipulated, the education department has defined the most important critical success factors and what with the support of research and proven experience has positive effects and promotes goal achievement.

Pre-school – key figures

	2010	2011	2012
Net cost (MSEK)	-2,629	-2,856	-3,087
Trend in net costs (%)	6.0	8.6	8.1
Number of children in pre-school	25,887 *	26,902 *	28,112 *
Proportion in municipal pre-school	84.3	84.0	83.8
Proportion in independent pre-school	15.7	16.0	16.2
Demand as a percentage of population 1-5 years of age	84.4	85.2	86.9

*Average March/October.

Net costs rose by 8.1 per cent during the year, which can be explained by more children and further expansion of pre-school. The proportion of children in municipal and independent schools respectively is in principle unchanged compared with the previous year. Demand for childcare rose by 1.7 percentage points during the year to 86.9 per cent. West Gothenburg had the greatest demand at 90 per cent and Centrum had the lowest at 82 per cent.

All children got a place

During the autumn of 2012 all districts achieved the goal of full needs cover in pre-school. A pre-school place could for the most part be offered in the child's housing area, but sometimes the rule of offering a place somewhere else in the district was applied. In East Gothenburg, for example, demand was greater than supply in some areas, while the reverse applied in other areas. This meant that places offered did not always correspond with the parents' wishes. Several districts also had vacant places in the autumn. Despite this further expansion is needed, particularly in the areas where demand is greatest.

The City of Gothenburg was successful in 2012 in its recruitment of pre-school teachers. A total of almost

400 pre-school teachers were recruited, which was more than those that left their employment. Altogether this meant a net addition of 190 pre-school teachers. More than every third recruited pre-school teacher is entirely new to the profession.

The City also managed well in the recruitment of childminders. A joint advertising campaign during the year led to the City employing a further 12 childminders. In October 2012 there were 126 childminders in service, of which almost half in West Hisingen.

Compulsory and special needs compulsory school – key figures

	2010	2011	2012
Net cost (MSEK)	–4,337	–4,479	–4,700
Trend in net costs (%)	–0.6	3.3	4.9
No. of children in pre-school	47,067 *	47,482 *	48,288 *
Proportion in municipal pre-school	80.6 *	79.8 *	79.2 *
Proportion in other municipality's school	1.0	1.0	1.2
Proportion in independent pre-school	18.4	19.2	19.6
No. of children in special needs compulsory school	597 *	556 *	48 *
– of which individually integrated	129 *	108 *	77 *
No. of children at recreation centres	16,519 *	17,057 *	18,046 *
Proportion at municipal recreation centres	86.1	86.4	86.5
Proportion at independent recreation centres	13.9	13.6	13.5
Demand as a percentage of population 6–9 years of age	80	79.6	81.2

* Average March/October.

Net costs rose by 4.9 per cent during the year, explained among other things by price and salary rises and a greater number of pupils. It is above all the pupils of younger school age that are increasing in number, which also affects the recreation centres, where the number of children rose by almost 1,000 during the year. Demand for recreation centres rose by 81.2 per cent, but there was great variation between the districts. Angered had the lowest demand at 62 per cent and Majorna-Linné the highest at over 91 per cent.

The proportion of pupils that chose independent compulsory schools was 19.6 per cent. The Centrum district administration had the highest proportion of pupils in independent schools, 39 per cent and West Hisingen the lowest at 8.5 per cent.

The number of individually integrated pupils in special needs compulsory school fell noticeably in 2012 to 77 pupils. One explanation for this is that under the new Schools Act, autistic but not mentally impaired pupils are no longer in the target group for special needs compulsory school.

Government investment in compulsory school's youngest pupils

The government 3Rs initiative (read-write-count) from 2008 to 2012 was a selective government grant to the municipalities. The purpose of the grant was to stimulate municipalities and schools to strengthen work on pupils' basic skills. Pupils in years 1–3 who risked not attaining the school's goal were a prioritised group.

Det totala elevantalet i årskurs 9 uppgick till 4 752 elever varav 25 procent gick i fristående grundskolor.



The City of Gothenburg received a total of 66 MSEK during the four years in question. The grant has among other things been used to finance improvers who offered guidance to working teams and ran local networks, lectures and courses, as well as technical aids and software. The grant has also financed competence enhancement for all the City's p-3 teachers, a total of 800 teachers/year. Training has also been offered to a certain extent to teachers of compulsory school's upper years, about 400 teachers/year. Some competence enhancement has also been offered to headteachers. The result of the initiative, according to two local evaluations made by the Centre for School Development, is that teachers participating have understood the importance of focusing on subject content to clarify the purpose of each lesson and learning to see how planning, teaching, assessment and written reports are linked. The teachers have become better at seeing what difficulties mathematics, reading and writing can involve and dare try new methods and new material, which makes teaching more varied. The teachers have gained a freer relation to the textbook and use it more as a resource than as a controlling document. Evaluation also shows that the follow-up has become more systematised, the Education Agency's various diagnostic material is used and results are followed up in the classroom, the school and sometimes in the district.

Pupils with complete grades in year 9

The total number of pupils in year 9 was 4,752, of which 25 per cent went to independent schools. Both the municipal and the independent schools had receding knowledge results. The girls in municipal compulsory schools had unchanged results, while results for the other groups fell and the difference between boys and girls increased as a total in Gothenburg's schools. Results were unchanged nationally, while Malmö's improved and Stockholm's deteriorated.

Proportion of pupils (%) achieving goals in all subjects

		2010	2011	2012
All governing bodies	All	73.7	73.4	71.2
	Girls	75	76	75
	Boys	72	71	68
Municipal schools	All	72.5	70	68
	Girls	74	72	72
	Boys	71	68	65
Independent schools	All	78.3	84.4	80.3
	Girls	80	87	83
	Boys	77	82	78
Malmö – all governing bodies	All	63	64.5	65.3
Stockholm – all governing bodies	All	76.5	78.5	76.2
Sweden – all governing bodies	All	76.6	77.3	77.4

The Gothenburg City Executive Board has given attention to problems with schools that have low and falling results and gave the Centre for School Development instructions during the year to work for greater goal achievement with a number of schools concerned. The task entailed supporting and challenging the schools in how to develop the evaluation of results at an overall school level and put them in relation to the school's organisation, processes and teaching quality. This will lead to measures that are used actively and systematically as a tool for internal development.

In parallel with the City of Gothenburg's work, the government gave the Education Agency instructions to allocate resources to schools in districts marked by widespread alienation. The participating schools lie in districts included in the government's work on urban development, show low knowledge results and have a negative knowledge trend over time. The initiative focused on compulsory school's later years, primarily years 6-9.

Upper secondary schools – Knowledge results 2012

Municipality	Governing body	Average marks			Proportion of pupils eligible for university (%)			Proportion of pupils with final grades in 4 years (%)		
		2010	2011	2012	2010	2011	2012	2010	2011	2012
Gothenburg	All	14.5	14.6	14.4	88	89	88.2	75	74	74.9
Gothenburg	Independent	15.1	15.1	14.7	91	92	90.7	82	83	82.8
Gothenburg	Municipal	14	14.1	14	86	86	85.6	71	67	69
Malmö	All	14	13.9	14	84	82	83.4	69.8	66	69.5
Stockholm	All	14.9	15	14.8	88	88	88	73.8	74	74.7
Sweden	All	14	14.1	14	87	87	87	76	76	77

The results for Average Marks and proportion of Pupils Eligible for University fell slightly, both in the municipal and independent upper secondary schools. The proportion of pupils with final grades within 4 years rose slightly in the municipal upper secondary schools.

There is a great variation in results between upper secondary schools. The schools that mostly have programmes that prepare for university also have a larger proportion of pupils with final grades. One exception is the Auto Trade's Upper Secondary Technical School, MTG, where 96 per cent of all pupils in the past six years have final grades.

Reaching drop-outs in upper secondary school

Competence requirements in the labour market are rising, which means that people with only compulsory school education find it difficult to get lasting jobs. Counteracting drop-outs in upper secondary school is important, since the consequences are negative, both for the individual and society as a whole. The reasons for dropping out differ, which means that different measures and initiatives are required to counteract them.

For the autumn term of 2012 a new start was made of the joint follow-up responsibility in the city, i.e. the responsibility the City has for young people of 16-19 years of age that have not completed their upper secondary education. The work has been supplemented with initiatives via the "Plug in" project where the districts assist too with 20 per cent of an appointment per district in co-financing. The common goals for the school year were to contact 100 per cent, reach 90 per cent and survey 80 per cent of the young people in the age group that do not attend upper secondary education. A follow-up of the autumn's work showed that those responsible for the municipal follow-up had been in touch with 71 per cent of the young people in question for follow-up responsibility. This was a sharp rise compared with previous years and can be seen as a good result, as the activity in its current form is newly started.

Upper secondary education – key figures

	2010	2011	2012
Net cost (MSEK)	-1,433	-1,443	-1,478
Trend in net costs (%)	-0.5	0.7	2.4
Gothenburg pupils in upper secondary school	17,431	17,132	16,710 *
Proportion in municipal schools	51	49	49
Proportion in other municipality's school	10	10	10
Proportion in independent schools	39	41	41
Gothenburg pupils in upper secondary special needs schools	404	400	393 *

* Average February/October.

Net costs rose slightly during the year, which among other things is explained by further high reorganisation costs in the education department. The total number of

young people in Gothenburg studying at upper secondary school fell by over 400 in 2012. The number of Gothenburg pupils in municipal upper secondary schools fell by 340 and if pupils from other municipalities are included, the fall in the number of pupils was over 500.

A break in the trend occurred in 2012, when more year one pupils were admitted to the City of Gothenburg's upper secondary schools compared with 2011. The declining interest in vocational training continues. In the City of Gothenburg the proportion of pupils in vocational programmes was 32 per cent in 2012.

Adult education – key figures

	2010	2011	2012
Net cost (MSEK)	-370	-348	-368
Trend in net costs (%)	-0.6	-6.1	5.6
No. of whole year places bought	10,751	10,504	11,399
– of which basic adult education	1,676	1,510	2,009
– of which upper secondary adult education	3,742	3,340 *	3,165
– of which Swedish for Immigrants (Sfi)	5,240	5,582	6,162
Vocational College/Higher Vocational Education (HVE)	1,352	1,351	1,360

* In addition to these places, upper secondary adult education corresponding to 1,500 places was offered within the scope of collaboration agreements in the Gothenburg Region Association of Local Authorities and through financing by special government grants.

Adult education altered its activities in 2012 by changing to several more course starts and a shortened summer break. The objective has been to improve availability and meet the needs of citizens on the basis of individual demand.

Greater demand for Sfi courses in combination with certain teething problems in the changes made meant that costs rose more than expected. Adult education took a number of savings measures for the autumn, which led to a more limited choice of courses. The savings primarily affected upper secondary education.

Altogether the net cost of adult education rose during the year. The number of course places produced exceeded the 2011 level, as demand for Sfi and basic adult education rose compared with previous years. The number of places produced in upper secondary education fell.

Future challenges for the education field

In the new school legislation qualification requirements for teachers have been clarified and reinforced. Most teacher groups are covered by the requirement for teacher certification. For teachers to be qualified to conduct certain teaching, they are required to have certification for the school form in question, the school year and the subject. However, the law allows certain exceptions. The new qualification rules are being introduced gradually and the Education Agency is the authority that makes decisions on the certification of teachers. Special



Adult education changed its activities in 2012 by switching to considerably more course starts and a shortened summer break.

needs school is the school form with the poorest initial position, since the new requirements state that teachers teaching in special needs compulsory or upper secondary school should have subject qualifications for teaching in compulsory school and also have special educational training focusing on intellectual impairment.

Many municipal compulsory schools continue to have high knowledge results, but there are also several municipal schools with low results. Over the years a group of schools have emerged with very low results and this group continues to grow.

In the whole country, knowledge results are often very substandard in schools that lie in districts with widespread alienation. The risk of great differences in results between schools in Gothenburg may be that the school the pupil goes to is of decisive importance for the pupil's results. In pre-school there are similar problems, expressed by uneven quality in and between districts. One major challenge for the future is to improve equality among Gothenburg's pre-schools and schools.

Low numbers of pupils and an adverse financial trend are problems that will affect many upper secondary schools, both municipal and independent, in the next few years. The number of pupils in upper secondary school in the next three years will reach the lowest levels and then rise slightly from 2017.

A new reformed upper secondary special needs school comes into force from the autumn term of 2013. The

most important changes are that the upper secondary special needs national programmes are largely adapted to upper secondary school. There will be nine national programmes in upper secondary special needs school. The individual programme will remain, but the current division into vocational and activity training will be removed. The pupils will have greater opportunities to choose an educational programme.

In adult education, much indicates that demand for SfI training will continue to rise in 2013. This means that the choice and number of course places in municipal adult education may need to be further adjusted to attain an economy in balance.

Individual and family care

The number of reports of children that fare badly continues to rise, but the district administrations strive to find solutions for the child and the families in the local environment, which favours the child's future health and development. The shortage of housing is distressing and much work is devoted to changing the situation for the homeless and making the City's work more efficient. The proportion of households with long-term income support approaches 50 per cent, which is alarming.

Individual and family care is 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 authority, extensive preventive and supportive work is done in cooperation with other players and the civil community.

Vulnerable children and young people

"I know some may have had a tough time growing up in a foster-family and I feel it has not been so for me, but I feel more that I did well, a good childhood. Although it was trying between me and my foster-mother then for a time. But I still don't feel that I am a disaster child that ended up in the street. I feel I've managed quite well."

(Learn from foster-children)

Children that live in vulnerable situations do not have as good a health trend as other children. The number of reports of children that fare badly and children that are taken into compulsory care rose in 2012, but the number of children in homes for care of residents (HVB) fell slightly. The trend is for the administrations to replace HVB homes with foster-home care, which research shows is better for the young one, but also makes other demands on the foster-homes. Moreover, research shows that children

placed in foster-homes that have not left school with complete grades have a very high risk of developing ill health compared with other children. Then come other risk groups; children that live in families with long-term income support, placed children, children in long lasting custody disputes and children with functional impairment. The City has a strategic role in handling this challenge. The Social Services Act is very clear on this point.

The drug trend among the young in the city's districts needs to be given attention. One of the conclusions from the 2012 follow-up is that the target group of young people with extensive mixed misuse continues to rise. Earlier surveys in the City of Gothenburg show a connection between parents' use of drugs and young people's choice of drug. The family is otherwise

the factor that according to research best protects against misuse. There are large variations between the districts.

Several surveys have indicated the need for improved community support for children that for various reasons and in various respects are assessed to be more "vulnerable" than other children. When the parents' chances of supporting their children's development fall short or the children fare badly, this should be noticed by different instances in the community, such as pre-school, school, child health care and school health care.

All these instances can react to mobilise efforts in their own activities and in cooperation with others. Social services have overall responsibility for the children's welfare and a good example of good alliances is Frölunda Future, which is a collaboration forum with a focus on children and young people in and around Frölunda School.

The number of reports of children that fare badly is increasing. The district administrations endeavour to find solutions in the local environment.





The project canalises, mobilises and gathers force for joint activities from citizens, voluntary organisations, the sports movement, entrepreneurs and the public sector. The broad collaboration that has occurred has already resulted in increased communication and greater understanding of cause and effect. It has also given power in the district to realise that it is possible to change and improve the prospects of children and young people.

Vulnerable adults

Since 2008 the City has through government development funds worked to strengthen collaboration in the misuse area and to ensure quality. The government initiative ended in 2012, but the knowledge gained along the way needs to be secured and work on clarifying the responsibility of various responsible bodies needs to continue. Particular focus should be placed on women misusers and their needs. In 2012 the net cost of preventive work and the number of care days fell. Net costs for housing rose by 6 per cent or 26 MSEK in 2012. To improve availability for those that wish to change their misuse, the districts and the social welfare resource department have supplemented the preventive work with various service initiatives. Examples of such are the women's emergency shelter places for women misusers exposed to violence, the Centrum addiction team that works to reduce the number of misusers taken into care. There is a mixture of professional competences in the team, which is highly accessible and is a bridge-builder between the user and the administrator.

Shortage of housing a hinder

The shortage of housing and further rising demands from landlords risks driving up homelessness and exclusion from the housing market further. More and more people seek help from social services to resolve their housing issue. The net costs of the district committees for assistance for housing is rising steadily and in 2012 was over 510 MSEK. The management group for housing supply for special groups took the initiative in the autumn of 2011 to a combined grasp of the city's social housing work. A working group with representatives from the district administrations, social welfare resource department and the property management office presented a report in May 2012: "Right Housing" with an analysis and proposals for initial measures.

Individual and family care – key figures

Population frame	2010	2011	2012
Net cost (MSEK)	-2,849	-2,912	-3,035
Net trend in costs (%)	4.8	2.3	4.2
Of which net cost:			
– children and young people	-918	-972	-1,012
– adults	-582	-601	-627
– income support	-1,094 *	-1,090 *	-1,122
Miscellaneous	-255	-249	-274

* Not inc. introduction payments to refugees.

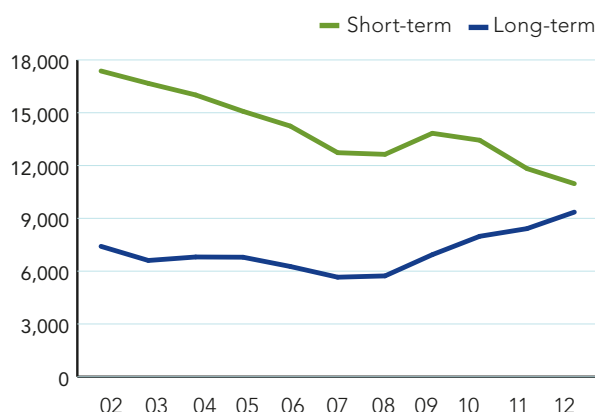
Financial assistance

The trend in costs for financial assistance has lain relatively still in the past three years, despite unemployment being high. The number of young people with income support fell during the same period, mostly due to many of them having had their financial relief in the form of activity support from the Employment Exchange youth guarantee, instead of income support from the City. In total the cost of income support in Gothenburg rose in 2012 by about 3 per cent to 1,122 MSEK.

The rise is on a level with the change in the national norm during the year.

On the other hand, the proportion of long-term dependent households (income support for at least 10 months a year) rose gradually from 2008 and approached 50 per cent in 2012.

Number of short-term and long-term households 2002–2012



A total of 10,663 adults were long-term dependent and had income support as a more or less permanent form of maintenance in 2012. The rise in costs could largely be explained by a rise in the proportion of long-term dependent benefit recipients. An average of about 6,900 children lived in these benefit households during the year.

The national norm has been raised by about 1 per cent for 2013. There are no signs today that the national norm will be raised more for 2014 than what corresponds to inflation. Neither is there any indication that the labour market situation will improve in the near future. The trend towards even more long-term dependent households will remain, partly because an ever greater proportion of the unemployed have no allowance from the unemployment fund. It is therefore reasonable to expect greater demand for the City's income support in the coming year.

People with functional impairment

The year has been characterised by intensive work to attain an economy in balance, but also a focus on activity and competence enhancement. Achieving equal treatment, legal security and greater influence for the user has been given special priority. The City must offer a more varied and better choice of support and service as a necessary adjustment to the conditions of life in modern society.

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. Housing with special service, daily activities, escort services, living support and home-help are examples of initiatives under the Social Services Act and the Support and Service Act (LSS).

The user's influence

People receiving support and service because of functional impairment have a right to influence and to participate in the content and formation of the support. During the year training courses in social documentation and work on implementation plans were held in several districts and in the social welfare resource department's housing section. Implementation plans should always be drawn up when a person is given assistance such as home-help, living support, housing with special service or daily activities. The plan should be drawn up together with the user and/or relative or representative. The social documentation should be of high quality and available to the user. IT support for social documentation and implementation plans is being introduced in Gothenburg, which will facilitate equal treatment and legal security for the users.

A project with the task of preparing a platform for a common work method that ensures correct exercise of public authority in the functional impairment area was in progress in 2012 and will end during 2013. The purpose of the platform is that the exercise of authority should be the same, legally secure and of high quality in the whole city. Section managers for the exercise of authority have comprised a work group for the project. Special focus areas have been among others a common attitude, focus on the child perspective, studies of personal assistance and housing with special service.

Relatives

The districts have counsellors that give and coordinate support to relatives in the social services individual and family care and functional impairment section. The support given to relatives is both generally and individually formulated and is directed to relatives of all ages, even children.

Competence enhancement

Great efforts were devoted to training courses in 2012 in the functional impairment field. A common plan for the functional impairment area is prepared annually, includ-

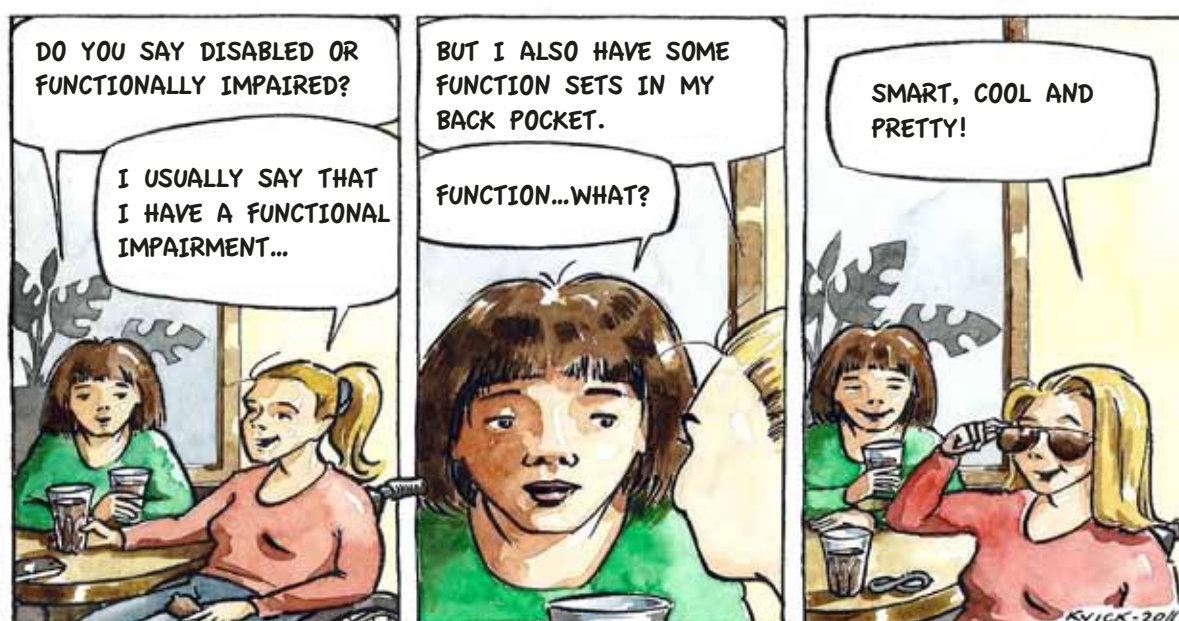


Illustration: Mattias Kvick



ing a common competence enhancement plan. The plan is based on a survey of training needs for basic personnel. For social workers and managers for the exercise of authority, the training courses have been held within the scope of the platform project. Personnel working with people that have mental impairment have attended training courses in the West Competence project. West Competence has been financed by government grants and carried out through the management group for collaboration, with common training courses for personnel from psychiatry, primary care and the municipalities.

Professional roles become clear and attractive

A change of title for basic personnel was carried out in 2012. The new titles are support assistant and support teacher. There were a great number of titles in the area previously, such as habilitation assistant, habilitation personnel, habilitation teacher, orderly, mental nursing assistant etc. A large proportion of personnel in the area have no basic training. The purpose of the new is to make the professional role clear, known and attractive. Basic training at upper secondary level is required to be employed as a support assistant, for support teachers supplementary vocational college training or the equivalent and special duties are required. Positive effects for the users are expected as the number of personnel with basic training and college education rises. Other municipalities within the Gothenburg region (GR) have also introduced the new titles, or are about to do so. The network of functional impairment managers in GR has for several years worked together to introduce new titles and higher competence requirements in the area. The GR network has also acted for uniform titles and common competence requirements at a national level. This joint work is planned to continue in 2013 with special focus on marketing and awaking interest in the occupational field.

Shortage of housing a hinder

There is a shortage of housing for people with functional impairment, both in housing with special service and in the ordinary housing market. In 2012 46 flats were completed in housing with special service. During the period 2004-2012 over 600 flats were built, almost doubling the number of flats in the same period. Despite this, the need has not been covered. In the plan for the functional impairment area it is assessed that a further 340 people will inquire after a flat in housing with special service by 2015. Planned expansion in the same period covers 300 flats. Expansion is not occurring at the desired rate. A large number of properties are delayed or interrupted because of appeals, long planning times, high production costs etc. To raise the rate of expansion, there has to be a greater number of properties under planning.

153 people were offered a flat during the year in housing with special service, 105 of whom accepted the offer. Mobility in existing housing with special service has risen slightly, which means that more people have housing that better meets their needs. In 2012, 42 got hous-

ing through "F100", a rise of more than 10 flats per year compared with the previous year. F100 means that the municipal housing companies offer flats to people with functional impairment that, despite extensive needs, manage to live in an ordinary flat with access to living support. There is a development towards greater mobility for those that already have housing with special service but who could live with less or adjusted support. One condition for this development to continue is that the supply of flats rises and that living support is developed.

More get assistance and costs rise

The number of people with assistance continued to rise in 2012, mainly those with assistance under LSS, with a rise of 4.8 per cent, entailing 187 people. The number of people with benefits under the Social Services Act (SOL) rose by 1.5 per cent, which corresponds to 60 people.

The high rise in costs from the previous year continued in 2012 as well. The rise in costs in 2012 was 6.7 per cent in total for functional impairment. The cost increases are partly due to salary rises and planned expansion of housing with special service, but also to more people gaining assistance. Many have extensive, complex needs.

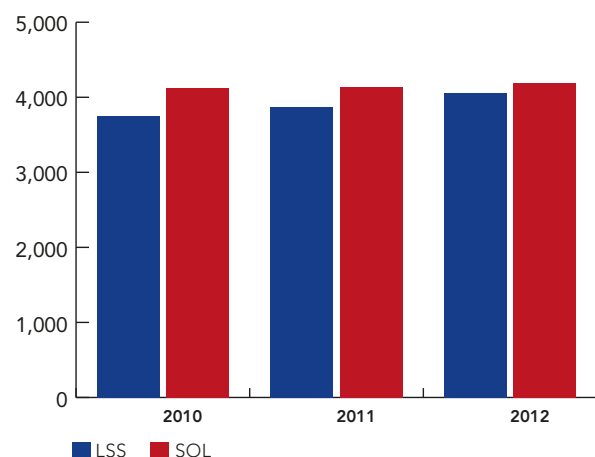
People with functional impairment

	2010	2011	2012
Net cost (MSEK)	-2,466 *	-2,640 *	-2,817 *
Trend in net costs (%)	2.2	7.0	6.7
Change in personnel volume (%)	0.2	2.6	3.9

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

The high rise in costs from the previous year continued in 2012 as well. The rise in costs in 2012 was 6.7 per cent in total for functional impairment. The cost increases are partly explained by salary rises and planned expansion of housing with special service, as well as more people being granted assistance.

Number of people with assistance under LSS and benefits under SOL



Elderly care and home medical care

Elderly care has been characterised by improvement and development work on the basis of legislation and quality, while at the same time activities have struggled with major financial difficulties and adverse publicity, above all for home-help services.

A change in activities has occurred where more and more elderly people have had extensive care and attention needs satisfied in their own homes instead of in hospital, elderly accommodation and short-term places. Developments have moved towards municipal health and medical care, in cooperation with primary care, having greater responsibility for a larger group of inhabitants. Advanced medical care is increasingly carried out in the home.

Opportunities of the elderly for influence

Through relations with personnel conditions for trust are created, so that the elderly can feel secure and be given an opportunity for influence. It is a matter of transferring "power" over the initiatives from the profession to the elderly. The districts have worked actively to change perspective by such things as documentation, continuity and reflection models. The so-called Gothenburg model, meaning that the elderly can have service initiatives granted at their disposal provides further opportunity of influence. Positive effects of the Gothenburg model for the elderly are that they are more seldom met by "you have no assistance for this and we may not do this". However, a follow-up of the model shows that it has not had sufficient focus.

Shortcomings in elderly care have been in focus

The quality of elderly care has gained attention, both nationally and locally. Open Comparisons in Home-help Services from Swedish Municipalities and County Councils and the National Board of Health and Welfare was given great attention in local media because Gothenburg, in comparison with other municipalities, had relatively low values. A large part of the documentation for Open Comparisons was obtained from the national user survey made every year. Despite the city's ranking in Open Comparisons, the user survey shows that the elderly are quite satisfied with the support and service they get.

To raise the quality of elderly care and make it clear to the elderly what they can expect from the municipal elderly care, dignity guarantees can be set up. During the year the City formulated three dignity guarantees:

- In the City of Gothenburg you have the right to arrange the time decided on for your service initiatives as you see fit
- In the City of Gothenburg you are informed of the right to apply for appropriate elderly accommodation in all districts and the right to change elderly accommodation if you so wish

- In the City of Gothenburg you have the right to support for relatives in the form of individually adjusted relief in the home, free of charge, after an assistance decision.

Implementation of the dignity guarantees started in 2012 and continues through 2013.

More live at home

The districts have worked on extensive attention and care initiatives in home-help and medical care services in the homes of the elderly. That the burden of care and attention in home-help is greater is seen in that the number of hours granted per elderly person is higher than in recent years. The number of flats in elderly accommodation and short-term places has fallen as a result of the change in activities by about 200 flats/places per year 2010-2012. Despite the fall the waiting list for elderly accommodation has not been so short for many years. Liability for discharged patients in hospital has fallen for the third year in a row.

Elderly care and home medical care

Population framework	2010	2011	2012
Net cost of elderly care (MSEK)	-3,649 *	-3,757 *	-3,894 *
Trend in net costs for elderly care (%)	0.8	3.0	3.7
Net cost of home medical care (MSEK)	-268 **	-304 **	-329 **
Trend in net costs for home medical care (%)	-0.4	13.8	8.2
People with home-help (average/month)	8,699	8,741	8,795
People in elderly accommodation inc short-term (average/month)	4,910 ***	4,739 ***	4,520 ***
Liability for discharges, year places	11.7	7.8	7.7

* 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.

As appears from the table the number of people with home-help services is rising and the number of flats in elderly accommodation and short-term places is falling. The trend in net costs for 2012 is slightly higher than what can be explained by the trend in prices and salaries.

Economic influence

All districts exceeded their financial framework in the area of elderly care and health and medical care. Work on attaining a budget in balance has taken much energy



from development work and preparations to meet future changes.

Care can be given in the home even with great needs for health and medical care

More and more people of all ages get health and medical care in their own homes. Every month in 2012 about 9,000 people had municipal health and medical care and of these about 15 per cent were people under 65 years of age. On average about 200 people were enrolled in the ASIH team (advanced medical care in the home).

Good care at the end of life

Hospice is a care alternative for the last period in life. In 2012 there was less need of care at hospice. This can be explained by the fact that if care is given in the home in a safe way with high quality and by few people and frequent contact with doctors, it is often what the individual wants.

Support to relatives

The districts have counsellors that are contact persons for relatives. An information brochure common to the city about support for relatives has been produced. Support given to relatives is both generally and individually formulated.

Homes of the elderly to be more accessible

One important aspect when elderly people remain in their homes is a good physical and social living environment. The pilot scheme Great for the Elderly submitted a final report of its assignment in December 2012. The result showed that collaboration between the elderly, community care services and the real estate business is a success factor in the renovation and maintenance of properties. In connection with mains renovation of small bathrooms from the 50s in Bankogatan, collaboration contributed to new solutions that cost no more than traditional ones, but were functional for both elderly and other tenants. It also led to measures such as improved accessibility in entrances, lifts and refuse rooms and to meeting places close by that support healthy ageing. The socio-economic calculations show that there are major socio-economic gains from implementing accessibility measures that promote staying on.

Introduction of technology in elderly care

Some pilot schemes were in progress in 2012 with the support of government stimulation funds. Nocturnal Peace was one of the pilot schemes, where a selection of elderly people were offered nocturnal surveillance by means of a camera in their home. Evaluation showed that most of those that tried it felt satisfied and secure with the service. Support for relatives and welfare technology are another example of a pilot scheme where a group of elderly people successfully tested Internet tablets for communication, which counteracted loneliness and strengthened self-esteem. The pilot scheme has also tested GPS alarms together with relatives and close friends and shown that these contribute to greater security, self-esteem and freedom. It now remains to learn from the experiments and implement the welfare technology as a supplement to other elderly care.

Freedom of choice under the Freedom of Choice Act has been analysed

With the support of government stimulation funds the City has analysed the prospects of introducing freedom of choice systems under the Freedom of Choice Act. The analysis has provided a basis for further political discussion and consideration.

Attractive employer

The objective in elderly care services is for all employees to be offered full-time employment and for the number of hourly paid to decline. A new working method has been introduced, entailing increased basic staffing being used to cover planned absence. The proportion of monthly employed full-time staff in elderly care rose from 2011 to 2012 from 70 to 82 per cent.

Care and attention an attractive sector with great opportunities for development

Elderly care and health and medical care face major changes and need more committed, skilled members of staff. Those already in the business must want to remain there and a number of new members of staff need to be recruited. There must be qualified personnel to employ, so collaboration within the city and between municipalities, the region and the university is central. The elderly population will increase in number and there is every reason to make use of the years to come to prepare the city.



Aqua zumba at Swimming Party for Senior Citizens, one of the activities within the scope of the EU Active Ageing Year 2012.

Photo: Leif Gustafsson

Labour market initiatives

Unemployment in Gothenburg rose in 2012 to a total of 25,013 people in December, according to Employment Exchange statistics.

Young people of 18- 24 years of age, people born abroad and those with functional impairment are particularly vulnerable. A common problem for these groups is often an insufficient educational background and limited occupational experience. At the same time examples from the city show that part of these unemployment problems can be remedied with training initiatives and individual matching to jobs.

The City's initiatives

The City's labour market initiatives display great variation in measures and great opportunities for individual adaptation, but also that access to the measures varies between the districts. One decisive success factor to counteract unemployment is the opportunity of training and matching to a job. The training elements and matching constitute a decisive effort, not least for people with inadequate schooling, which for example is confirmed by the adult education department reporting a greater proportion of people that have obtained work after completed studies. The possibility of employment in the City is another measure that provides better opportunities for self-sufficiency. One example of such an initiative is an "Intro-one-year", which replaced the occupation phase in 2012. By the measure, public sheltered employment, efforts have been started that will enable participants to obtain work in the open labour market. The follow-up of young people that drop out of upper secondary school also provides an opportunity for further initiatives by the labour market sections that may lead to further studies or work. During 2012 work was started on social procurement, which gives an opportunity for entry to the labour market for people assessed to be a long way from the labour market. In the labour market field the City has well-developed cooperation with the Employment Exchange, National Insurance Office and the coordination associations. Projects with the support of the European Social Fund, which provides opportunities for the development of new working methods, is another element of the City.

Future issues

One important future issue for the City is to reduce the proportion of people that are long-term dependent on income support as a result of unemployment, which can also lead to alienation. The needs of this group need

to be defined so as to be able to offer individual competence enhancement initiatives and opportunities for occupational experience. This assumes close cooperation in the City with the Employment Exchange and adult education.

In the group of young people aged 18-24 there is an increasing proportion that are long-term dependent on income support. Many efforts are also directed towards this target group. One important initiative to prevent youth unemployment is the follow-up of young people that drop out of upper secondary school. Among efforts directed towards these young people, apart from measures by the education department and the districts, is also the "Young in" project, a national project under the management of the Employment Exchange and "Plug-in", which is coordinated by Swedish Municipalities and County Councils.

The City works to establish ways to enable the prioritised groups to be employed by the City of Gothenburg. Current work to develop forms for social procurement comprises an important element in broadening the prospects of vulnerable groups of establishing themselves in the labour market. An additional element for vulnerable groups may be to include social considerations in land allocations as well, which for example London has done with great success. For people with functional impairment, the FunkA inquiry's official report "Lowered thresholds – open-minded" contains changes that may lead to greater opportunities to establish themselves in the labour market.



Building and housing

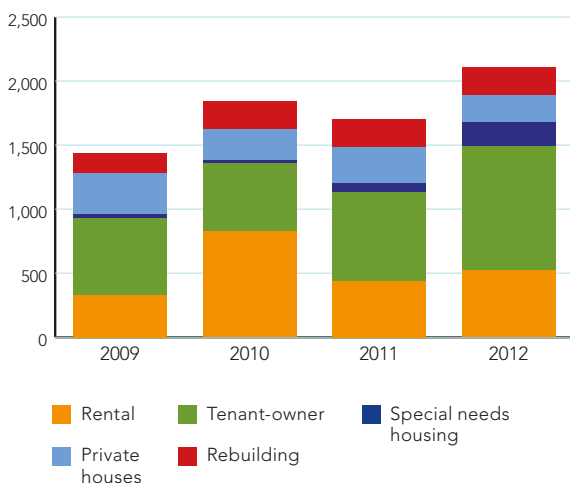
The European recession was hardly noticed in the Gothenburg building sector in 2012. Over 2,000 new dwellings were made ready for occupation during the year. Despite extensive measures to achieve a greater degree of social balance and more integration in the long term, segregation has in recent years been intensified, both in Gothenburg and in other larger cities.

Gothenburg has expanded sharply in recent years, with large numbers moving in and more commuting, which makes demands on both the housing sector and the infrastructure. Extensive migration to the city has led to a shortage of housing and increasing pressure on the housing market, which in turn contributes to aggravating the effect of segregationist mechanisms. All in all it entails a great challenge to cope with this under the concept of sustainable development.

Housebuilding rose slightly

Owing to the recession and financial crisis, the number of dwellings under construction fell from 2008 to 2010, affecting the number of completed dwellings in 2012, when 2,110 dwellings were completed, which is lower than the goal of 2,500 new dwellings. Since the time from a possible start for building planning to completed dwelling is long, it is not possible to raise housing production in a short time.

Housebuilding 2009–2012



At the end of the year, construction of about 2,900 dwellings was in progress, which is a rise compared with the situation a year earlier. The majority of these are found in the districts of Lundby and Askim-Frölunda-Högsbo. Among those completed in 2012, 37 per cent

are rentals. Of the housing in progress, 50 per cent is tenant-owner contracts. Freehold private houses comprise 10 per cent of those completed and 8 per cent of those in progress.

Mixed forms of tenure and supplementary building in various parts of the city are an important objective in achieving a higher degree of social balance and greater integration. Construction to supplement existing buildings is in progress in Frölunda, Högsbo and Tynnered, among other places.

Kvillebäcken is a new green district where 2,000 new flats are now being built. The vision is a living district the meeting of people is in focus and where the inhabitants can live climate-smart. For the first time a whole housing estate is certified under the environmental classification system Environmental Building. Now a Market Hall is also being built that will be filled with 10–12 shops with exciting and varied contents.

Ensuring the supply of housing for immigrant groups that have particular difficulty in getting into the housing market is a strategically important issue for the City. In broad collaboration the City has initiated work to meet the housing needs of these groups in the long term.

Coordinated physical planning in progress

Some years ago the City Council adopted a new general plan. Work now continues in detail for the Mölndal river valley and Torsviken, among other places. For future general planning the City has worked on expansion planning, where opportunities for housebuilding in various parts of the city are examined. This is done in close collaboration with the preparation of a traffic strategy and green planning work. In the autumn work was also started on preparing a new noise policy.

There is still a great need for housing and work is in progress to raise planning readiness. The goal in 2012 was for there to be 3,500 dwellings in the plans started and 2,500–3,000 in adopted plans. This has been achieved with interest, thanks to the adoption of some large local development plans (in some cases a City Council decision remains); Skeppsbron, Torpagatan, Stora Torp, North of Uggleådal and a Neighbourhood Centre at the Brottkärr intersection. Creating a mixed city where possible has been in focus, as also making the plans flexible.

Physical planning – key figures

	2010	2011	2012
No. of dwellings in approved/ adopted local development plans	1,130	1,900	3,001
No. of '000 sq m usable floor space in adopted local plans	265	485	370
No. of decisions on planning permission	*	3,500	3,531
No. of land surveys conducted	343	356	320

* Data not available owing to change of system.

On several occasions the new tool for social impact analyses and child impact analyses has been used with the plans. The method has also been presented in international contexts, such as the World Urban Forum in Naples.

The River City vision will now be implemented

The Central River City provides a fantastic opportunity for Gothenburg to strengthen its city centre and join the city across the river both physically and socially. The process of developing the area passed a milestone during the year in that the Central River City vision work is complete. The City's committees and boards have now been given the operative responsibility for implementing the vision and the strategies. Collaboration with research, in among others Mistra Urban Futures, has been a natural part of the vision work and is so in the implementation too.

The vision pays heed to four main features:

- The River City will open itself to the world, be dynamic and including.
- The city will be joined across the river, both physically and socially. Segregation will be counteracted and social solidarity supported.
- Gothenburg will be a verdant city that allows the water – with meeting places and activities – to be an asset for everyone.
- The River City will strengthen the city centre. The mixed city will have several hubs easily reached via good communications.

In central parts of Gothenburg, attractive areas will in the time ahead grow near the water. The guiding light is for everyone in Gothenburg to have access to the river in some way.

Renewal work in progress in the north-east

Development North-east – Sweden's largest EU project in urban development- is an ongoing venture for greater attractive power and more job opportunities in north-east Gothenburg. Altogether 123 MSEK is being invested in Angered and East Gothenburg in 2011–2013. So far in the project Hammarkullen tram stop has been rebuilt and had art installed and work on renewing Hammar Park has started. Residents of Hammarkullen, both adults and children, have taken part and come with suggestions for how the park can be renewed. When the refurbishment is carried out, young people in the area

will be offered jobs or job experience in the work on Hammar Park. The renewal and refurbishment of the Blå Stället community centre has also been started. Two Business Centres – one in Angered and one in Bergsjön – will give advice to entrepreneurs that want to start business activities.

Socially mixed occupation in focus

The great challenge for both Gothenburg and other big cities is to develop the City's strategies for integration and social solidarity. A much noted report was initiated by the City on the theme of "Socially mixed occupation in Gothenburg - a review of knowledge of housing for low income earners and socially mixed occupation in Europe, and the prospects of finding new tools in Gothenburg". One result of the discussion that followed was that the City can now move on to investigate more closely what opportunities there are to support living in various parts of the city, for those that have small financial resources.

Discussion of the city's development is intensive

Broad work has been initiated on conducting a dialogue on the city's dynamic development. A large number of public seminars have been held as a series of "Gothenburg Live" debates, where different thematic issues and problems in the formation of the future Gothenburg have been brought up. The "My City" web portal was launched during the year, where the public can explore the city in 3D and post contributions on how the city should be built. Several national and international conferences on the theme of sustainable urban development were held in Gothenburg during the year, such as Arena Sustainable City by arrangement of the Delegation for Sustainable Cities and Mistra Urban Futures, and the 56th world congress by arrangement of IFHP – International Federation for Housing and Planning.

The River Room (Älvrummet) down by the Opera is one of the city's arenas for discussion on sustainable urban development. Älvrummet had 86,000 visitors in 2012 and 413 booked groups attended the exhibition. Well attended debate evenings, soup lunches and exhibitions of suggestions and plans are arranged in Älvrummet.

In all districts, dialogues with inhabitants on med urban development are in progress. It may concern both limited projects on the refurbishment of schools, playgrounds and sports grounds and more extensive transformation processes for local squares, parks and district centres. The views of both children and adults are minded in further work on local plans. These have among other things been observed in the development of Selma Lagerlöfs Square, Kärra Centrum and Opal-torget.

Built and rebuilt with quality

Lindholmen has gained a new landmark by an exciting building – Kuggen. In a difficult but important place in the centre of a growing Lindholmen, Kuggen forms a



physical link between education, research and industry. With obvious authority it becomes through its mere form the district's natural centre.

Pagoden in Gullbergsvass is a quality reconstruction. The building has long been a character in the city, but for many years stood empty and deserted. Now it has gained new life. By an almost surgical encroachment into the structure of the building, an elongated light well has been created. This light well forms an open link with the building and at the same time solves the problem of the building's measurements and volume, which otherwise had given an all too dark core.

More accessible and more beautiful city

A progress report concerning inventory work on easily remedied obstacles was prepared during the year. The next step is to prepare action plans. The entire need for measures can then be recognised and also spread among those responsible, property owners and tenants.

Stocktaking and accessibility marking of housing will also occur regularly. The municipal housing companies have a routine for the stocktaking and accessibility marking of their flats, partly by advertising in Boplat Göteborg. The private property owners have now started to assist with accessibility details of their flats. Tenant-owner associations have also shown involvement in the matter.

Policies for City Floors and City Furniture were completed in 2012. The first-mentioned refers to surfacing and how it should meet requirements for accessibility and traffic safety and decoration. The City Furniture policy will guide how public furniture such as sofas, waste paper baskets and bicycle stands are designed, placed and coloured.

Meeting places for all ages

This year a 25-metre broad concrete puck was inaugurated at Röda Sten. It is the new skating area, ready to be occupied by the city's skateboard riders. The design has been produced in cooperation with two members of the Gothenburg Skateboard Association. There are more skating areas all round Gothenburg, the biggest being the Action Park at Burgården.

One new meeting place is the renovated playground at Svarte Mosse in Biskopsgården. It blends into the scenery, as it was the way the children wanted it. Children from Sjumila School were included in the planning work from start to finish. The result is a playground and meeting place full of implements in natural materials, with functions that associate with the surrounding countryside. At the same time the playground is adapted to be accessible.

Another example of a meeting place is the new elderly accommodation in Sahlstedtgatan on Hisingen. There are several areas on the ground floor that are open to the public. The residents can also go there with their friends and relatives, look at art, enjoy the calm in one of the inner courtyards or take a bite of food in the restaurant. Outside the building there is an outdoor gym and a boule pitch.

The Science Festival, the Culture Feast and large parts of Christmas City are free of charge and in their choice of activities there is something for everyone. This makes it easy for people in different parts of the city to meet around a common interest.

Challenges and opportunities

There is now a great challenge for Gothenburg to expand a long-term sustainable city. A vision of the future Gothenburg has been made clearer by several decisions during the year. Planning to cope with the climate challenges is far advanced. The low lying central areas, which are at the same time the most expansive parts of the region, need to be secured against future rises in sea level. New buildings will be ever better ecologically and energy-wise. Completed and future infrastructure investments are a central part in the expansion of the city.

The city needs to be linked together even more, both physically and socially. The greatest challenge lies in creating conditions for socially mixed occupation in various parts of the city, which aids integration and social solidarity.

The initiatives taken on broad collaboration, well-functioning industry and an outstanding university and college environment provide good prospects of meeting the city's great and complex challenges and good development in the long run.



There are several skating areas all round Gothenburg, the largest being the Action Park at Burgården.

Photo: Jeanette Larsson

Traffic

Planning and measures linked to the West Sweden Package were in focus during the year. More travel by public transport, more cycle and car traffic is slightly down. Traffic is affected by ongoing rebuilding and traffic reorganisation.

The West Sweden Package runs on

West Sweden is growing and Gothenburg is an important growth hub for the whole of West Sweden. The road and rail network is inadequate for the present day and it will be even more difficult to get around if nothing is done. The west Sweden package comprises a major investment to create the infrastructure system of the future. There were intensive preparations during the year for the introduction of congestion charges on 1 January 2013. Work was done on state roads, municipal streets and on the railway. The measures are intended to improve accessibility for buses and bicycles and access

to commuter parking in the region. Moreover, railway platforms have been extended to make room for longer trains and measures have been taken to improve traffic safety and reduce noise where the flow of traffic may rise on the introduction of congestion charges.

The cost of constructing the congestion charge system is estimated to be lower than budgeted. The cost forecast is at present about 600 MSEK, to be compared with a budget of 950 MSEK.

The routing of public transport has changed since 9 December. During December bus traffic had above all some initial problems. After measures taken and less traffic from the start of congestion charges, it works well.

In order for regular car commuters to discover the advantages of public transport, 250,000 of them were offered a free two-week trial season ticket. The objective is for 12,000 car commuters to become new public transport customers.

Planning for the West Sweden Package is in progress by the Transport Office (Trafikverket), which is planning the tunnel and the City of Gothenburg, which is making local plans for the station locations, among other things.

The Marieholm Tunnel and Marieholm Bridge local plan is expected to be decided by the City Council in the spring of 2013. Construction of the bridge and tunnel will according to plan start later in 2013.

The new Göta River bridge has been given the name Hisingsbron and will lie east of the existing bridge. Hisingsbron will have a free height of 13 metres and therefore be lower than the present bridge. A design competition for the exact formation of the bridge will be advertised in the spring of 2013.

Work on the West Sweden Package remains well within the financial scope set by an agreement. Work is in progress to prepare an agreement in 2013 for block 2 of the West Sweden Package.

Travel by public transport rising

Travel by public transport in West Sweden continues to rise, the largest influx of new passengers being for rail traffic, which rose by 22 per cent. Travel by Gothenburg public transport rose by 1 per cent between 2011 and 2012. Since 2008 public transport in Gothenburg has increased by 28 per cent. Tram travel shows a slight decline.



Travel by public transport in West Sweden continues to grow, with rail traffic gaining the greatest influx of new passengers. Photo: Jeanette Larsson

Division of means of travel in Gothenburg 2012

Car	42 %
Public transport	25 %
Bicycle	6 %
On foot	24 %

The general trend in car traffic shows a slight decline of 0.4 per cent between 2011 and 2012. Despite the decline, traffic across municipal borders rose by 0.5 per cent. The trend of less traffic in the city centre continues. This is among other things a consequence of rebuilding and reorganisation of traffic, but fees for and access to parking places also have an effect.

Västra Götaland Region sole owner of public transport

From 1 January 2012 the responsibility for public transport is entirely transferred to the regional public transport authority in the Västra Götaland Region. The role of the City of Gothenburg has changed from having had full responsibility and power of decision to assisting in the long-term strategic discussions that occur in the sub-regional public transport councils. On instruction from the VGR, the City is still responsible for tram traffic.

At the end of the year 64 of 65 trams of the new type M32 were delivered. It has not been possible to put all the new trams into service, but there have been sufficient trams available in total to maintain planned traffic. Procurement of new trams is planned during 2013.

Bicycle initiatives

Several efforts have been made to increase the amount of cycling. The proportion of people in Gothenburg that cycle is relatively constant from year to year. About 105,000 trips by bike are made every day, corresponding to about six per cent of all travel in one day. In Gothenburg there is a bicycle network of about 770 kms, which is longer than both Stockholm's and Malmö's networks. Several new cycle paths were added during the year and efforts have been made for information and services, bicycle pumps and service.

The bike loan system Styr&Ställ (Ride&Leave) is very successful and the number of loans rose by about 9 per cent between 2011 and 2012. In 2013 the system will be extended by a further 20 or so stations.

More Port of Gothenburg rail shuttles

Transport by rail to the Port of Gothenburg continues to grow. The number of containers transported to and from the port rose during the year by ten per cent. The rise comes mainly from greater volumes on the east coast and the newly opened shuttle to Sundsvall. There is now a total of 26 rail shuttles in the system.

In September 2012 came the announcement in the government's budget bill that the port railway line to the Port of Gothenburg can be expanded with double tracks in 2014 or 2015 – four years earlier than in the original plan. The port railway line is in many ways Sweden's artery – a stoppage would have major consequences for

import and export companies in the whole country. The expansion covers double tracks for the greater part of the line and a new railway bridge, Marieholm Bridge, over the River Göta. The Port of Gothenburg, AB Volvo, the Västra Götaland Region, the City of Gothenburg and the EU have contributed a total of 365 million SEK.

From special transport to public transport

Accessibility in public transport improved during the year. The goal of attaining 100 per cent low-floor in public transport has been made more difficult because of the need to continue running the oldest trams. In 2012 work continued on making bus/tram stops and footpaths more accessible.

There are flexline buses in all districts, certain lines also run on Saturdays. Flexline travel by special transport passengers continues to rise.

Trend in travel by Special Transport

'000s of journeys	2010	2011	2012
Special transport journeys	538	531	527
Flexline journeys (special transport passengers)	158	208	236

New rail routing for faster and more environment-friendly travel

A new railway and road between Trollhättan and Gothenburg was opened in December, leading to shorter travel times for passengers on the route. The government has indicated that it is important to build a competitive railway line on the Gothenburg–Borås route, construction of the first stage is preliminarily estimated to start in 2020. The City is assisting in the EU project COINCO (Corridor of Innovation and Cooperation) also named "The Scandinavian 8 million City". The project studies among other things what environmental benefits an expansion of the railbound transport systems would bring in the Oslo–Gothenburg–Malmö–Copenhagen corridor.

Gothenburg is growing and developing

More and more people choose to move to Gothenburg and more west Swedes have started to commute to another municipality to work. When more want to live and work in Gothenburg, it means greater demand for capacity in the road, rail and public transport system. To cope with the climate and environment challenge, demands will be made on new thinking in both urban planning and technical developments. Planning and building in built-up areas is complex, so collaboration between different players is important. In 2013 the effects of congestion charges will be noticed. Traffic is generally estimated to fall by about 10–15 per cent and accessibility and air quality are expected to be better. Through a public initiative, signatures were submitted in February 2013 with demands for a referendum on congestion charges.

Culture and leisure

Leisure for everyone put a focus on the skills of personnel and clubs to be able to meet children and young people with functional impairment in a good way. The city's young people gained more meeting places and greater opportunities to develop their creative talents.

Children and young people in Gothenburg were satisfied with their leisure situation, although this varied between the districts. There was a clear connection between great satisfaction with their leisure time and an active club life. This appeared from the questionnaire Children's and young people's leisure time in Gothenburg held in the autumn of 2012. To make it possible for all children and young people to try out and take part in various activities, most of the choices were free of charge or had a low fee.

There was a focus during the year on efforts to enable children and young people with various kinds of functional impairment to take part in leisure time activities, sports, art school or visits to recreation centres. Personnel and clubs were given training to be able to meet the young people better. Old, inaccessible recreation centres were and are a problem that needs to be attended to. One good example is the renovated Stenhuset in Majorna, which was opened during the year and is now entirely adapted for accessibility. Leisure activities in the building were also the first with hbtq certification. New sports facilities are built for accessibility and also with technology approaching that of passive houses for reduced energy consumption.

Child culture year

Child culture year 2012 was arranged together with 60 or so different players and contained everything from competence enhancement for personnel to festivals for children and families. Backa Theatre for children and young people strengthened its position as the leading theatre in the country for children and young people through its interactive work with audiences, both in the production and during performances. Backa Theatre was invited at the end of the year to take part in Nordic Cool, the Scandinavian culture week in Washington, at the beginning of 2013.

Alfons Åberg moved to Gothenburg

Alfons Åberg House, a new community centre for small children, was opened in October by Crown Princess Victoria and Prince Daniel. Children have an opportunity to develop here through play, learning and cultural experiences in the world of fairy tales. Apart from being an asset for the children of Gothenburg, the idea is for the activities to be an attractive destination for tourists and visitors to the city. The City of Gothenburg and the family of Gunilla Bergström, the author, have formed a

foundation. Five larger companies have also contributed 2 MSEK each in sponsor support.

Community centre for, by and with the young

Frilagret, a community centre for the young, opened in August with a group of new ambassadors who will ensure that codetermination by the young permeates the activities. Arena 29, another creative cultural meeting place for young people between 16 and 20, was opened during the year. Activities are governed by the young people's own initiatives. Here anyone can start a project and find an outlet for their creativity through access to premises for theatre, dance and concerts. Arena 29 also has a café, studio, rehearsal premises and meeting rooms. For the third year in a row Culture Summer Jobs was arranged for 82 young people who had the task of spreading dance, music, new circus and theatre to the city's streets and squares.

150 MSEK in support of clubs and fringe culture with a focus on an even gender division

More or less all the district committees conducted a review of club support in order to direct more support to greater diversity, equal opportunity and offsetting negative norm formation. One result was that girls/women could benefit from at least 50 per cent of the club support. The district committees and the Sports and Associations Committee's club grant for activities, facilities and selective initiatives for children and young people totalled 98.9 MSEK. Fringe culture was given cultural support of 56 MSEK, divided among 283 organisations and 105 private scholarship holders.

The City Library at Götaplatsen was closed in March for rebuilding. This meant increased pressure on neighbouring district libraries. The museums have increasingly grown to be meeting places, partly through the establishment of the Miini "niche library" at Röhsska Museum and Dynamo and Global at the City Museum, which function as support libraries together with "City Library 300 square" during rebuilding of the old city library.

Major events put Gothenburg on the map

Stora Theatre was the scene of a guest performance during the year and started to shape its activities. A new ticket and information centre for fringe culture was started in the theatre foyer. The year's Dance & Theatre Festival offered 40 performances from 15 coun-



Backa Theatre's performance of "Utopia".

Photo: Ola Kjellbye

tries. Other major events were the Culture Feast with 1,350,000 visitors, Culture Night, Summer Entertainment and the Citizenship Ceremony.

Music marked many of the year's events. The MTV gala at Götaplatsen reached 550 million TV viewers all over the world. 170,000 saw Madonna and Bruce Springsteen at Ullevi. Metaltown had their ten-year anniversary and the Way Out West music festival was extended from two to three days and with a strong artist troop had "full house" for the sixth year in a row. Outside the Ullevi arena the Summerburst event was held with 30,000 visitors in two days. The "Super Match" in football between FC Barcelona and Manchester United drew a crowd of 48,000 to a partly rebuilt Ullevi.

Kviberg went from vision to realisation

Housing and a pre-school were built in the Kviberg area. Adjacent to the housing is a large sports and leisure area that links together several districts. Business related to sports will be established here. Vision Kviberg is a collaboration project between the City, building companies, clubs and small firms. The big multi-sport facility, to be built under private management, will hold a school focusing on football, a ski centre, sports halls etc and construction started in the autumn. At the same time the City is planning for a new entrance with a meeting place, parking and an activity area.

Future prospects

Gothenburg has been and is a major events city. Vision work is required to meet the future and a decision on a new arena strategy and an events area where different trends in taste can meet.

Further work on accessibility to the City's activities and meeting places is necessary if all children and young people are to be able to practise leisure activities and enrich their lives, as well as training for City personnel, clubs and organisers. For old people that cannot go to cultural events, culture will have to go to the citizens. A review and inventory of access to cultural events is therefore in progress for older people that have difficulty in attending the general range of cultural events.

Guests/visitors, '000s

	2010	2011	2012
Letting of sports facilities (pitches and halls, hours)	279	281	277
– of which sports halls	131	137	140
Guest nights at sports competitions	219	208	224
Swimming baths	913	1,006	1,023
Ullevi	200	188	358
Scandinavium	649	633	680
Liseberg Amusement Park	2,881	2,900	2,800
– of which Christmas at Liseberg	495	432	472
City Theatre	110	114	112
– of which children and young people	19	21	13
Art Gallery	35	38	35
City Library	1,201	1,192	498, *
District libraries	2,888	2,982	2,993
Museum visits	605	649	762
– of which children	127	200	216
No. of pleasure boat berths let	7,287	7,143	7,219

* Open Jan-March. ** Including visits to temporary libraries.

Industry and tourism

The City is concentrating on improving and facilitating for entrepreneurs. The goal is to improve the industrial climate in Gothenburg. Combined strategic work on tourism and major events has allowed Gothenburg to position itself as a major events destination.

During the prevailing market situation Gothenburg was put to the test, just like the rest of Europe. However, the city coped relatively well in 2012 with new business and employment rising, as also port volumes and tourism.

A new business pilot to support the companies

Companies in the Gothenburg region are growing more than the national average, the region has a lot of new business and many qualified investments/ establishments are made – but the business climate in Gothenburg is ranked lowest of all the big city regions. To remedy this a business pilot was inaugurated in December at Business Region Gothenburg to support small and medium-sized companies in their contacts with the City.

Work to support companies in the north-east

In Utveckling i Nordost AB, UNO (Development in the North-east) work is in progress to create more jobs, more networking and setups in north-eastern Gothenburg. To attain the goals, UNO works to support people that want to start a company, strengthen the existing businessmen and business associations and to generate networks. A mentorship programme was initiated during the year, a women's business network was started and efforts were devoted to Somalian entrepreneurs. BRG has also built up two small-business centres.

The creative trades are growing

ADA, a meeting place for design and market communication, works with the creative trades in West Sweden. They create conditions for the region to retain and attract new players in the creative trades. In 2012 a website was launched to attract international creators to Gothenburg, in collaboration with industry and the university. In UNO a culture incubator has been started up that resulted in six new companies.

Container record in the port

The Port of Gothenburg extended its total market share to 60 per cent and container traffic beat the record. It is mainly the railway in combination with transoceanic calls that have moved volumes. Ro/ro volumes, which are primarily flows within Europe, only fell by 4 per cent for the whole year. Volvo Cars reduced production and personnel in 2012, which is clearly seen in the number of cars handled in the port during 2012, reduced by 31 per cent.

Strategic work for more visiting

Tourism in Gothenburg showed growth in 2012 for the 21st year in a row. The number of guest nights in the Gothenburg region rose by about 3 per cent and totalled over 3.6 million. The opening of the new Clarion Hotel Post at Drottningtorget in January contributed to a further rise in 2012. Gothenburg's many sports competitions also generate 224,000 guest nights, which in many cases are spent in schools. In 2012 these rose by 8 per cent.

Gothenburg is now the country's third largest cruise destination, after Stockholm and Visby. In 2012 there were calls by 69 cruise ships with 83,000 passengers to Gothenburg, a rise of 32 per cent compared with 2011.

Astra Tech World Congress on dental implants, one of the largest company events in Europe in 2012, was held in Gothenburg. 3,000 dental care specialists from 48 countries took part. Gothenburg was one of 15 cities that wanted to have the congress. The high level of research in Gothenburg was a strongly contributory reason for the city to win the event.

Challenges for improved business

The City's work to improve the business climate has only just started. In 2013 the City will work on improvements to facilitate for businessmen. The hotel capacity in the city will continue to rise, with a new hotel at Lindholmen in 2013 and Gothia Towers' third tower in 2014/2015. Combined strategic work to canvass major events, meetings and other events will fill the new rooms.



Climate and the environment

With a new joint environment programme the City will muster strength to be able to attain its environmental quality goals. Waste is not wasted, it generates more energy and biogas instead and now more people will have the opportunity to grow their own and the city will be even greener.

The environment does not keep quiet

The twelve local environmental quality goals that the City Council has laid down express the City's ambition of an ecologically sustainable city. The environment report presented before the summer showed that most of the local environmental quality goals are difficult to achieve without considerable effort.

This applies particularly to the goals of limited climate impact, fresh air, a non-toxic environment, a sea in balance and a good built-up environment and the City needs to muster strength on this.

Combined environmental work

The Environment and Climate Committee has a clear leading role in strategic environment work. During the year the committee coordinated work to prepare a joint environment programme for the city. The programme contains over 200 proposals for measures that the City itself can decide on and which can contribute to attaining the environmental quality goals. In the autumn they were circulated for consideration and a decision can be expected in 2013. Implementation and entrenchment of the environment programme will be decisive for what results are achieved.

Work was also started in the autumn on a Climate Strategy as a complement to the environment programme. A new energy plan will also be prepared and integrated with the climate strategy, as they have many features in common. The climate strategy, which aims at the climate goal for 2050 and the energy plan will be of great strategic importance and both are expected to be adopted during the spring of 2014.

Gothenburg at the cutting edge

The Port of Gothenburg wants to stimulate the use of low-sulphur fuel in the port area with a system that gives financial compensation to ships that change to low-sulphur fuel, while ships with more than 0.5 per cent sulphur in the fuel pay a fee, which in turn is reinvested in environmental initiatives for shipping. Six shipping companies with a total of 43 ships have now joined the system.

Smart Cities is an EU initiative to run and support greater efforts on a local level for a lean and fossil-free society. The City of Gothenburg participates in projects in all categories announced in 2012. The largest of them, where Gothenburg is the lead partner, is Celsius, which is about finding solutions to make use of waste heat in Europe. The potential for making use of waste heat in Europe is enormous,

but there is no infrastructure. The project, which is in the final negotiation phase, is research based and has a broad composition with many partners in cooperation in the five cities of London, Genoa, Rotterdam, Cologne and Gothenburg. There has been great interest from all the partners and it was natural for Gothenburg, with its knowledge of district heating networks and making use of waste heat, to lead the project.

Business run environmental development (AMU) creates opportunities

AMU in Business Region Gothenburg (BRG) identifies and initiates demo and development projects for new sustainable technology and solutions for urban environments that contribute to knowledge enhancement and profile the Gothenburg region as leading in the environmental field. Green Gothenburg, which AMU is responsible for, has been linked together with a national visit handling system as part of the Swedish environmental technology strategy.

At the Delegation for Sustainable Cities' final conference, Green Gothenburg coordinated study tours for about 300 participants. In September "Biogas Highway" was held with 13 countries taking part in the seminar, meetings and a number of study tours. Sustainability Day was held in November (270 participants) with the ambition to be West Sweden's largest meeting place for sustainable business opportunities.

The chemical industry cluster (Green Chemicals) attracted great attention with increased collaboration between a large number of players for the sustainable chemicals vision for 2030. Two major initiatives over several years have been approved: The Forest Chemicals project from Vinnova in cooperation with the forest industry cluster Processum; Chemicals Regions for Resource Efficiency, in cooperation with five other regions in Europe. BRG is the host for the chemicals industry cluster, which has been important for the cluster's credibility and development.

The demo project (Hyperbus, BiMe trucks, ClimateSmartCityDistribution) contributes to the profiling of the Gothenburg region as green/sustainable and to investments in sustainable development. In the Climp programme investments totalled 238 MSEK and grants of over 54 MSEK were obtained.

New fuels for less sulphur from ships

The sulphur directive, to be introduced in 2015, means a

change from the present 1 per cent sulphur content in ship fuel to 0.1 per cent sulphur. This entails great challenges for shipping and a need for cleaner fuels.

LNG - liquid natural gas - is an alternative with great environmental gains. Emissions of sulphur and particles fall to almost zero, nitrogen emissions by 85-90 per cent and the net effect of reduced greenhouse gases by 15-20 per cent. The Port of Rotterdam and Port of Gothenburg AB have therefore concluded a cooperation agreement that allows bunkering of LNG in both ports. A new LNG terminal needs to be set up in the port and environmental examination of this is in progress. Port of Gothenburg AB also takes part with Stena in a project with methanol as an alternative ship fuel.

Solkartan (Sun Map) shows the house roof's electricity potential

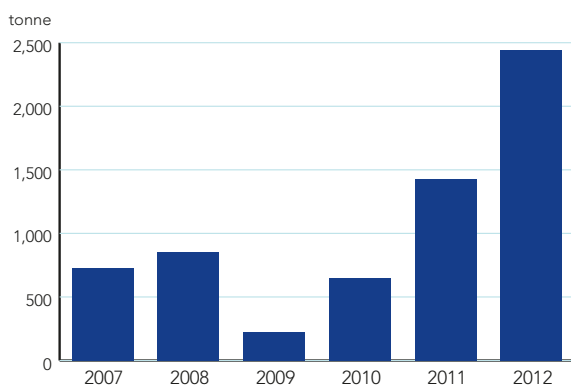
In March Göteborg Energi AB launched a new web tool, Solkartan, which makes it easy for all house owners in Gothenburg to see what potential there is to produce their own electricity with the help of solar cells on the roof. Solar cells on the roof have become increasingly common to obtain environment friendly electricity. The difficulty has been to decide how suitable different roofs are for electricity production. Göteborg Energi AB has with Gothenburg University developed the tool, which shows potential sun radiation on the roof under real conditions.

Less waste in the wrong place

The amount of litter in Gothenburg has halved since 2009. The latest measurement found 4.51 of litter/ m². The most common litter is still cigarette stubs, 64 per cent.

There is a clear improvement as regards ordinary waste too. The amount of refuse/residual waste that is incinerated has fallen by 5 per cent. It is the increased collection of food waste by 18 per cent that has strongly contributed to the positive trend. This is 32 per cent of the potential amount of food waste from households and activities and indicates that the goal of 50 per cent set up for 2020 can be attained, provided there is a continued high degree of sorting. Biogas is produced from all the food waste and the nutrients are returned to the ground.

Rise in amount of food waste collected



Visits to the recycling centres have also risen, by 2.5 per cent, as also the amount per person of hazardous waste collected.

Almost the whole city, 8 of 10 districts, has now introduced weight-based refuse tariffs, as three more were added during the year.

More heat and electricity from waste with an "all time high" at Sävenäs

Renova's waste-to-energy power and heating plant achieved an "all time high" for the whole of 2012 with more tons of incinerated waste and greater electricity and heat production than ever before. About 540,000 tons of waste was converted to 1,700 GWh of energy, which was more than budgeted. Most of it was for district heating, but also electric energy, almost 275,000 MWh, also more than expected.

With a new method and the equipment for flue-gas cleaning installed during the year, emissions of nitrogen oxides will fall by a further 20-30 per cent.

Slurry plant for food waste is in operation

Renova's new pre-treatment plant for food waste was commissioned at the start of the year. 20,500 tons of food waste is processed to slurry that is transported in tank trailers to nearby biogas plants, where the digestion residue is also returned to agriculture. The pre-treatment plant is an important bit of the puzzle for the sorting of food waste for biogas to increase to such an extent that the A2020 goal can be achieved.

Efforts for sustainable energy continue

The first step towards a gasification plant for biogas from forest products, GoBiGas1, continued during the year. In December 2012 the next step, GoBiGas2, was approved as one of about twenty selected European projects, with 58.8 million euro in support from the EU's NER 300 programme. The grant assumes a decision on GoBiGas 2 after GoBiGas 1 has been evaluated. GoBiGas 2 would mean a considerable addition of biogas totalling 1 TWh.

Sweden's largest wind turbine, Gothenburg Wind Lab, 145m high and good for 1,500 MWh per year, was inaugurated at Risholmen at the start of the year. In the autumn of 2012, Göteborg Energi also decided to start the process with an environmental examination of the wind turbine park Vindplats Gothenburg in the harbour entrance. The wind turbine park can be an important supplement to increase the share of renewable electric energy.

More wastewater cleaned at Ryaverket and more biogas can be produced

About 136 million cubic metres of water were treated at Ryaverket in 2012. Despite the high flow of water, cleaning results were clearly better than expected. Lerum and Gråbo were joined up in April with wastewater from 15,430 people.

By covering a sludge silo a further 80 tons or so of methane gas, which previously leaked out to the atmosphere, will be made use of as biogas equivalent to about 1 GWh.



With a new joint environmental programme the city will be even greener. Photo: Jeanette Larsson

The project was in progress during the year and is estimated to finish in 2013.

Sweden's commitments under the "Baltic Sea Action Plan" probably entail demands for more separation of nitrogen. Gryaab has therefore already worked out a proposal for a future process with improved cleaning. A decision on planning and investment will be made in 2013.

During the year Gryaab also produced 7,200 tons of sludge that has been approved for agricultural use under REVAQ certification. About 3,300 tons were successfully spread on arable land in the autumn of 2012, the rest is planned to be spread during the spring of 2013.

Better air

The levels of pollution were generally quite low during the year, with the exception of Gårda, an area with heavy traffic. Gothenburg has met the environmental quality norm for particles since 2006, partly by spreading substances that suppress particles, lowering speeds and prohibiting studded tyres. However, the levels of nitrogen dioxide still lie above the environmental quality norm at places in the city with the heaviest traffic. The decline in traffic as a result of congestion charges is expected bring improvements to the

air quality, but it is too early to say if it is sufficient to meet all the environmental quality norms for nitrogen dioxide.

Carbon dioxide emissions from vehicle traffic in Gothenburg, about 800,000 tons, declined slightly by almost one per cent to roughly the same level as in 1990. This is attributed among other things to fuel-efficient private cars and somewhat reduced roadworks. For traffic's share of emissions to fall in accordance with the City Council's budget goal, considerably stiffer measures are required in traffic and urban planning, among other things.

More green fingers and environmental values are reinforced.

The City of Gothenburg owns large areas of forestland and other natural wooded land. The property management department administers 4,700 hectares of this forestland. In 2012 a project was started to develop methods for forest continuity. Planning, implementation and follow-up occur under a Green forestry plan.

A number of ecological inventories (e.g. bats, alcon blue butterflies and certain species of lichen) have been carried out that give important planning support in urban planning. To improve knowledge of and interest in environmental values and the city's green areas, inventories in a simplified form have been laid out in the map guide on the City's home page, a new snorkelling lane has been opened and folders and entry signs for six green areas have been worked out. Two bathing beaches were adapted for accessibility during the year - Sillvik and Hårlanda Mere.

Ten new allotment areas were completed during the year. This has given about 230 new gardeners the opportunity to start growing their own. The "Suburban allotments" blog launched during the year has become a good communication tool for those interested.

Opportunities for growing things have been improved in existing allotment cottage and allotment areas by clearing trees and bushes and drainage problems have been attended to.

The Pedagogical Allotment Gardens project supports through the schools pupil's creativity and knowledge of growing things. During the year both Flatås School and Guldheden School not only got allotments going, but also got greener schoolyards and both teachers and children have been involved.

The first orchard was planted on a temporary site at Korsvägen. It is a very central orchard that will arouse interest in future orchards. Over 900 new trees were also planted in Gothenburg in 2012.

Better prospects of choosing correctly

In the City's agreement system Winst there is a function for environmental marking at product level. A green leaf gives a first indication to the buyer that the supplier has marked the product with some official marking. A support for the buyer to choose environmentally beneficial alternatives has also been prepared. Environmental marking in Winst with "leaves" has now been included in 21 agreement areas, an addition of 6 areas. In total there are now over 3,800 "leaf-marked" products to choose from.

Diversity and integration

Gothenburg will be a city for everyone. Work on human rights is long-term and to attain the goals it requires perseverance, new thinking and questioning of ingrained patterns and ways of thinking.

The City's integration promotion work focuses on equal opportunities as regards housing, work and education. All activities have the task of contributing to greater integration and they should also be characterised by diversity and non-discriminatory attitudes.

Programme for human rights

A joint programme for work on rights has started. It aims to improve quality and ensure equal service. All departments and companies will also have equal treatment plans that cover all grounds for discrimination.

In November the Human Rights days were held, attracting over 3,000 participants to the Swedish Exhibition and Congress Centre. The City of Gothenburg and its Council for Integration and Social Solidarity assisted during the days with programmes and exhibitions.

Greater integration – long-term work

A lot of work is done in the city to raise the level of employment for vulnerable groups in the labour market, improve reception at school for newly arrived pupils and stimulate greater social mobility in housing. Some positive results are that more students have got jobs after Sfi and that there is greater diversity in the City of Gothenburg. It can be stated at the same time that improvements are needed in all strategic areas covered by the City's goal for integration.

The City concentrates on the reception of new arrivals

Refugee reception rose because of war-torn areas and trouble spots, above all in Syria, Somalia and Afghanistan. The Employment Exchange has the main responsibility for the reception of new arrivals, but the City also has important roles in this. Community familiarisation in the mother tongue and courses in Swedish with opportunities for job experience are initiatives that the City has worked successfully on. Owing to the shortage of housing, accommodation is one of the greatest challenges in the reception.

During the year passport rules were relaxed for those with attachment to refugees in Sweden that were received from 2009 and onward. Refugees from Somalia are particularly affected by the changes and now expect to be able to rejoin their families. At the end of the year about 30 adults and 100 children had arrived. The

City has strengthened reception in the community and adopted an action plan for the extra support the families need. Somali associations and other voluntary organisations are important partners in this work.

City of Gothenburg Council for Integration and Social Solidarity

The City has set up an independent council for integration and social solidarity with the task of submitting proposals that can improve the City's integration promotion work. During the year the council worked on proposals concerning housing and the civil community, children and young people and opportunities for adults to get jobs. An account of the council's ongoing work was submitted to the City management at the end of the year. The council has also arranged seminars internally for the City and open meetings for the people of Gothenburg on themes like "Equality in School" and "The Social Factors of Inequality and Ill health".

City of Gothenburg first out with an HBTQ council

The City of Gothenburg is first in the country to set up an HBTQ council. In preparation for the decision, a seminar was held where representatives from "HBTQ Gothenburg" and the City took part.

National minorities brought to the fore in the city

Work for the five national minorities has taken new steps forward. The city has become a pilot municipality for the government's efforts to include Romany and concentration on the Finnish administration area continues. The city has also celebrated Lapp People's Day, Sweden-Finns Day and the Romany International Day and also the Romanies' 500th anniversary. In addition an action plan is about to be prepared for minority work.

Challenges

Major challenges are above all for children and young people to succeed at school and long-term support for more socially mixed housing. The City activities also need to continue the entrenchment and development of work on human rights.

Equal opportunity

Equal opportunity work in the City of Gothenburg continues to develop. One of the City Council's goals is for the proportion of equal opportunity secured activities to rise. By this is meant that the service and treatment the City gives should be equally adapted to the needs and wishes of girls and boys, women and men. In addition, resources should be divided equally and fairly between the sexes.

Many activities carried out surveys, analyses and training schemes during the year to attain goal achievement. One result is that awareness of the importance of equal service has increased, but it is still a long way to all service in the City of Gothenburg being secured for equal opportunity.

Schemes for equal service

Intensive development work was in progress during the year, aiming to work in equal opportunity analyses in planning, budgeting and follow-up of the City's different activities. A condition to enable analyses and impact assessments to be made on a gender basis is that the statistics are gender separated.

Several departmental committees have investigated, surveyed and analysed their activities so that supply and service are in better agreement with the priorities and wishes of different categories of girls and boys, women and men. One example is the Cultural Affairs Committee, which has made a large number of surveys and analyses to be able to plan its activities in a better way. A survey was made among other things of who goes to museums and city libraries, who has received cultural support and participation in the art school. Another example is Got Event's big questionnaire about Valhallabadet to ensure that the choice attracts both women and men, girls and boys. The district administrations also made surveys and analyses of various activities on a gender basis during the year.

One result of the surveys and analyses is that initiatives and work routines have changed. It has for example been chosen to support girls that want to go skateboarding. Another example is that Muslim women's associations have got more time at swimming baths. One district administration has introduced changed routines in Individual and Family Care for greater equality in assistance assessment.

One success factor in the work of securing service and treatment for equal opportunity is that the management takes active responsibility. The managements of the Majorna-Linné and Lundby district administrations have done so.

Further competence enhancement for successful work

The City Executive Board allocated funds during the year for a major scheme for the development of internal procedure supervisor competence in equal opportunity integration. Funds have also been provided for a larger number of leader development schemes.

Another positive example is the handbook that the education department has prepared and distributed to all personnel. In the book there are concrete tips on how to integrate equal opportunity into upper secondary school activities.

Programme for Sustainable Equality

The City of Gothenburg is taking part in seven different training schemes in the government initiative Programme for Sustainable Equality. The purpose of participation is to ensure that equal opportunity perspectives are integrated into the services provided by the City. Together with Swedish Municipalities and County Councils and the sports and associations department the City has prepared a resource distribution analysis, Smart Economy, which shows that equal opportunity sports activities lead to socio-economic gains.

Learn for success

Development work is in progress at present in individual areas of activity and on a relatively small scale. The work needs to be scaled up if equal opportunity service is to have a greater impact. It is also important for more management groups to take active responsibility to control, prioritise and demand results with a focus on equal service and distribution of resources. Work in Gothenburg and the rest of the country during the year resulted in there now being many good examples to learn from.

Public health

Public health is a part of social sustainability! In 2012 the City of Gothenburg took part in two initiatives – reduce differences in health - what is required at a local, regional and national level to reduce differences in health among the population. The initiative came from Sweden’s Municipalities and County Councils (SKL) and the Västra Götaland Region. Other participants were towns and county councils, such as Malmö and the Västra Götaland Region.

Public health in Gothenburg follows the national trend, but Gothenburg is a city with great socio-economic differences. Public health measured by, among other things, average length of life, differed by seven years, i.e. in the districts where people lived longest, the population lived an average of seven years longer. Results from the latest questionnaire “Health on Equal Terms”, held by the National Institute of Public Health, showed that about 72 per cent of the adult population between 16 - 84 years of age regarded their health as good or very good, but more than a quarter regarded their health as less good or poor. Many factors contribute to ill health for those with the poorest health. A composition of various Swedish studies shows that the risk of fatality among children and young people is 30 per cent higher in socio-economically weak groups compared with socio economically strong groups.

Long-term initiatives focusing on the population are good for public health

The districts conducted long-term public health work in 2012 that focused on the population. Included here are healththeques and health desks that address adults,

family centres in collaboration with the health and medical services that offer parental training, health adventures that offer health tuition in school ages and selective health initiatives for children and parents where needed. Initiatives will be measured, in particular the health of children and young people, which has lacked measuring tools. In 2012 several efforts were made to gain access to good measurements of the public health situation in the districts – among other things a Child Health Index was created for Gothenburg districts.

The City’s technical department had an important supportive role

In 2012 a new exercise arena was completed in Angered with great opportunities for physical activity, in cooperation between the Sports and Associations Committee and Angered District Committee. There was active work in gyms in the city to counteract doping. More training opportunities were created for people with prescriptions for physical activity. The road traffic department continued its successful focus on accident prevention schemes aimed at pedestrians and cyclists. The Parks and Landscape Committee cooperated with districts to create local sports grounds and new parks.

Risk factors for ill health

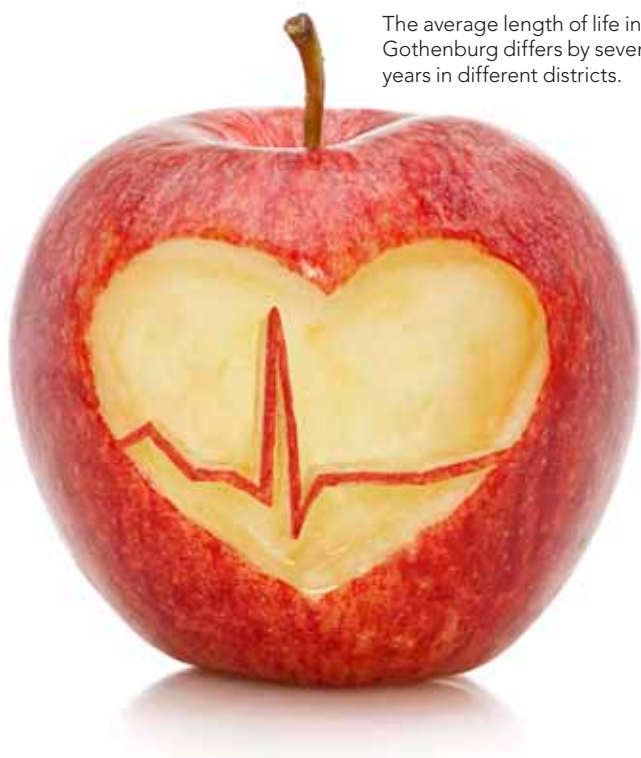
	2010	2011	2012
Ill health rate	29.0	28	25
women			28
Unemployed 16–64 years (October measurement)	7.3	6.7	7.5
Level of education women*	49.5	52	—
Level of education men*	44.2	46	—

* Tertiary education 20–64 years of age, proportion of population. No data for 2012.

Challenge to even out differences in health

An evening out of health differences would mean more pupils that leave compulsory school with Pass grades, fewer unemployed young people, more who feel they take part in the development of the community. Reduced health differences mean cost savings, less suffering and sustainable community development.

The average length of life in Gothenburg differs by seven years in different districts.





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 100 SEK of 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 2012.

64 Financial operations and risk management

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 and Halland 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 Other committees – financial results

A short analysis of the financial results of other larger 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 earnings of 669 MSEK for 2012. Included in the earnings were non-recurrent costs affecting comparability of 73 MSEK. If the non-recurrent costs are excluded, earnings were 596 MSEK. By the same measure, earnings in 2011 were 1,197 MSEK. This means that the current operating earnings of the City weakened by 601 MSEK between 2011 and 2012. The explanation was mainly that the cost of activities rose faster than the City's tax revenue.

The year's investments, not including land development, finished at 2,102 MSEK, a rise of MSEK compared with 2011. The degree of self-financing of investments was 69 per cent. This means that two thirds of the investments during the year could be financed by tax revenue. The remaining 31 per cent was mostly financed by income from sales of land for development and increased borrowing.

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

What balance has the City had between its receipts and costs during the year and over time?



Are there any risks that can affect the City's earnings and capacity?

What capacity does the City have to meet financial difficulties in the long term?

What control does the City have over financial developments?

EARNINGS AND CAPACITY

Trend in tax revenue and net costs

Change in per cent	2010	2011	2012
Trend in tax revenue	6.1	3.6	3.3
Trend in net costs	0.6	5.2	6.3

Tax revenue rose by 3.3 per cent in 2012, which was about the same rate of rise as in 2011. In the past five years, apart from 2010, the City has had a 3-4 per cent rate in rise.

The trend in costs was sharply curbed in 2009 and 2010, when it was at a historically low 0.6 per cent. Since then the cost of personnel and services has risen, resulting in a considerable rise in costs in 2011 and 2012 of 5.2 per cent and 6.3 per cent respectively. The explanation for this was that the City is in a planned phase of expansion during these two years.

Net earnings for the year and items affecting comparability

	2010	2011	2012
Net earnings for the year (MSEK)	229	411	669
Non-recurrent items affecting comparability (MSEK)	-1,250	-786	73
Net earnings for the year less items affecting comparability (MSEK)	1,479	1,197	596
Net earnings for the year in relation to tax revenue and municipal financial equalisation (%)	1.0	1.7	2.8
Net earnings for the year less items affecting comparability in relation to tax revenue and municipal financial equalisation (%)	6.4	5.0	2.5



The City's earnings for 2012 totalled 669 MSEK, which was an improvement of 258 MSEK compared with 2011.

Included in the earnings for 2011 and 2012, however, were a number of non-recurrent receipts and costs affecting comparability. In 2011 provisions of 636 MSEK were made for the co-financing of infrastructure costs for the West Sweden Package and 150 MSEK for a changed discount rate of interest on the City's pension commitments. This meant 786 MSEK net in non-recurrent items affecting comparability for 2011.

In 2012 the City received 381 MSEK in repaid insurance premiums from AFA and at the same time a provision of 92 MSEK for public transport was reversed. On the other hand, the City made a provision of 400 MSEK for a development fund. This meant 73 MSEK net in 2012 for non-recurrent receipts affecting comparability.

If the non-recurrent items above are excluded, earnings totalled 1,197 MSEK for 2011 and 596 MSEK for 2012. This means that the City's current earnings, not including non-recurrent items, weakened by 601 MSEK between 2011 and 2012. The most important explanations for this were that the cost of current activities rose faster than the City's tax revenue.

If the year's earnings are related to tax revenue, the City reported earnings of 2.8 per cent in 2012. If the non-recurrent costs affecting comparability of 73 MSEK are excluded, the same key figure was 2.5 per cent.

Earnings between 2 and 3 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 1.9 per cent. If items affecting comparability are excluded, the figure is 3.4 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 2012 with earnings not including capital gains of 586 MSEK. Since the start in 2000, the City has met the balance requirement every year.

Proportion of running costs

per cent	2010	2011	2012
Receipts and costs of activities (net)	90.3	90.9	94.0
Depreciation	3.3	3.2	3.2
Proportion of running costs before items affecting comparability and net financial items	93.6	94.1	97.2
Net financial items	0.0	0.9	0.3
Proportion of running costs after net financial items	93.6	95.0	97.5
Items affecting comparability (net)	5.4	3.3	-0.3
Proportion of running costs	99.0	98.3	97.2

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 2012 took 93.9 per cent of tax revenue, a rise of 3.0 percentage points compared with 2011.

In addition, depreciation took 3.2 per cent, which was the same level as the previous year. Depreciation is the City's accrued cost of investments.

Net financial items were 0.3 per cent, which meant that financial costs were slightly higher than financial receipts in 2012.

This means in total that the City's net costs and net financial items took 97.5 per cent of tax revenue. Compared with 2011 this was a weakening of 2.5 percentage points, mainly explained by a sharp rise in the trend in cost of activities.

The proportion of non-recurrent items affecting comparability to tax revenue was -0.3 per cent in 2012, compared with 3.3 per cent in 2011. The explanation for -0.3 per cent in 2012 was that the receipts affecting comparability were greater than the costs affecting comparability.

In total this means that the City's costs took 97.2 per cent of tax revenue in 2012. This was an improvement of 1.1 percentage points compared with 2011 which, however, is solely explained by a change in the items affecting comparability from costs of -786 MSEK in 2011 to receipts of 73 MSEK in 2012.

The year's investments

	2010	2011	2012
Volume of investments (MSEK)	1,360	1,438	2,102
Volume of investments / gross costs (%)	5	5	7
Investments / depreciation (%)	177	187	268

The total volume of investments, not including land development, by the City of Gothenburg in 2012 was 2,102 MSEK, a rise of 664 MSEK or over 45 per cent compared with 2011.

Over 40 per cent of total investments was made in pre-schools and schools. Around 20 per cent was in



infrastructure. Then came investments in water and sewage of 15 per cent and investments in nursing and community care of 10 per cent. Parks/ green areas and sports facilities took 3 per cent per area. Other investments totalled 8 per cent.

In relation to its gross costs the City increased investments by 2 percentage points, from 5 per cent to 7 per cent, between 2011 and 2012. The average for Swedish municipalities has been about 5 per cent in recent years.

Göteborg faces a sharp rise in the volume of investments in the next few years, which must be considered in future financial planning. One challenge will be how much of the investments can be financed by tax revenue and how much by loan capital.

Degree of self-financing of investments

per cent	2010	2011	2012
Degree of self-financing of investments	73	82	69

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 2012 was 69 per cent, compared with 82 per cent in 2011. This means that two thirds of the investments during the year could be financed by tax revenue, which is a lower proportion than the previous year. The remaining 31 per cent was mostly financed by income from sales of land for development and increased borrowing.

RISK – CONTROL

Liquidity from a risk perspective

per cent	2010	2011	2012
Acid-test ratio	109	129	108

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 been over 100 per cent in recent years. A standard value of 100 per cent is normally aimed at for the acid-test ratio. This means that

current assets are the same as current liabilities. Göteborg's level of 108 per cent in 2012 is very good from a risk point of view, since a holiday pay liability comprises about 30–40 per cent of the City's short-term liabilities. It does not normally change to any great extent during the year and is therefore no great burden on liquidity. This means that a level over 60 per cent ensures short-term readiness to pay for municipalities with a normal liquidity flow.

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	2010	2011	2012
Equity-assets ratio	18.8	19.4	19.8
Change in assets	2	3	6
Change in equity	3	6	9
Equity-assets ratio not including borrowing for company needs	41	40	40

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 City's official equity-assets ratio as per the Balance Sheet has remained quite constant in recent years, though there was a slight rise from 18.8 per cent in 2010 to 19.8 per cent in 2012. An important criterion for good financial management is that the equity-assets ratio over a longer period is not weakened, but develops positively. This then means that the City is less indebted and improves its financial manoeuvrability for the future.

The equity-assets ratio of the City of Göteborg 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 40 per cent in 2012, the same as in 2011. It is this equity-assets ratio that should be used when comparing Göteborg with other municipalities in Sweden. The municipal average for Sweden is about 50 per cent.

Equity-assets ratio including all pension commitments

per cent	2010	2011	2012
Equity-assets ratio inc. all pension commitments and employer's contribution	–8.2	–9.8	–7.6



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 7.6 per cent for 2012, compared with -9.8 per cent for 2011. The average among Swedish municipalities for the above-mentioned measure of the equity-assets ratio is about 3-4 per cent. The explanation for the improvement in 2012 was a low upward adjustment of pension commitments shown as a memorandum item.

Net financial assets

MSEK	2010	2011	2012
Net financial assets	-3,533	-3,173	-4,228

Included in the net financial 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 weakened in 2012 by 1,055 MSEK. They totalled -4,228 MSEK at the end of the year, which meant that the City's debts exceeded the City's liquid funds and receivables. The weakness is due to not all investments being financed by taxes and the paying out of a number of provisions.

Pension commitments

MSEK	2010	2011	2012
Charged part, invested by employees	452	472	503
Long-term pension provisions	1,169	1,332	1,459
Contingent liability earlier pension scheme (before 1998)	8,474	9,354	9,370
Pension commitments	10,095	11,158	11,332
Special employer's contribution	2,449	2,707	2,749
Pension commitments and special employer's contribution	12,544	13,865	14,081

The City's total pension commitments in 2012, including employer's contributions, were 14,081 MSEK, of which 11,644 MSEK concerns commitments older than 1998, the so-called contingent liability pension commitments. This part of the pension commitments is not shown in the Balance Sheet under municipal accounting legislation.

Pension costs including employer's contribution totalled 1,430 MSEK in 2012, a rise of 65 MSEK compared with 2011. Included in the costs for 2012 were among other things pension payments of 418 MSEK from the pension obligation in the contingent liability, fee determined pensions saving schemes of 508 MSEK and provisions of 146 MSEK for the benefit determined retirement pension scheme (FÅP). In addition there is an employer's contribution of 280 MSEK.

Local income tax

In 2012 local income tax in Gothenburg was in total 32.00 per cent of municipally taxable earned income. Primary municipal tax was 21.12 per cent, while the county council tax to the Västra Götaland Region was 10.88 per cent. The reduction in Gothenburg from 21.55 per cent in 2011 to 21.12 per cent in 2012 is solely explained by a tax exchange with the Västra Götaland Region for the change of responsible authority for public transport. A corresponding rise has been made in the Västra Götaland Region.

In the thirteen municipalities in the Gothenburg region (GR) the primary municipal tax rate varied in 2012 from 19.96 per cent in Partille to 22.37 per cent in Lilla Edet.

The City's guarantee commitments for loans

Purpose (MSEK)	2010	2011	2012
Other City companies	1,134	776	448
Private houses, tenant-owner associations	10	8	7
Foundations	576	606	604
Associations	154	186	184
Miscellaneous	2	2	2
Total	1,876	1,578	1,245

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

The City's total guarantee commitments for loans were 1,245 MSEK in 2012, a reduction of 333 MSEK in relation to 2011. The reduction can mainly be attributed to the City's own companies. Surety for associations fell by 2 MSEK during the year. Surety limits for the Sports and Associations Committee total 250 MSEK.

Apart from surety for loans, the City also stands surety for pension commitments for certain municipal companies, joint authorities and foundations that have not been secured by other pension solutions. The total guarantee commitment for pension commitments was 815 MSEK at the end of the year, a rise of 1 MSEK in relation to 2011.

The City of Gothenburg did not have to honour any guarantee commitments in 2012.



Budget performance

Compared with budget the City reported a surplus of 669 MSEK, as the City had budgeted zero earnings for 2012. If the non-recurrent items affecting comparability, apart from capital gains, are excluded, the budget deviation for current activities is 514 MSEK and good financial management is thereby achieved in the structural result.

The combined budget deviation in current activities is partly explained by committee earnings being 79 MSEK higher than budgeted, partly by the central municipal items showing a surplus of 435 MSEK compared with budget. The budget deviation for the committee sector was marginal in relation to the total volume of costs. The deviation in the central municipal earnings was also of a lesser kind and is above all explained by slightly higher tax revenue than budgeted and by certain central municipal appropriations not needing to be fully utilised.

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.

Forecasts of the City's economy were relatively stable in 2012 and the forecast accuracy may thereby be regarded as very good in prevailing circumstances.

Combined committee earnings in the final accounts exceeded budget, but complied well with the forecast made in October. There were, however, forecast deviations for individual committees.

Continued satisfactory financial situation, with shrinking margins

The City of Gothenburg has in the past three years reported satisfactory levels of earnings, not including non-recurrent items affecting comparability. However, the trend in net costs in both 2011 and 2012 was almost twice as high as the trend in tax revenue, resulting in further shrinking of the financial margins. The trend was in line with the ambitions in the City Council budget for 2012 and occurred within the scope of economic balance in 2012. The trend is, however, not sustainable in the long term ahead, so the trend in net costs must be curbed if it is to be contained within the forecast trend in tax revenue.

One challenge that requires financial strength in the future is that Gothenburg, like many other municipalities, faces major investments in the next few years. The larger investments made during the 1960s and 1970s in infrastructure and premises now have to be refinanced. In addition, many properties and facilities have to be adapted to new methods of operation that have been developed in order to conduct activities efficiently.

Financial key ratios – the City

	Annual Accounts 2008	Annual Accounts 2009	Annual Accounts 2010	Annual Accounts 2011	Annual Accounts 2012
EARNINGS – CAPACITY					
Trend in tax revenue	3.7 %	2.5 %	6.1 %	3.6 %	3.3 %
Trend in net costs not inc. items affecting comparability	7.8 %	3.2 %	0.6 %	5.2 %	6.3 %
Proportion of running costs	98.7 %	97.4 %	99.0 %	98.3 %	97.2 %
of which receipts and costs for activities (net)	94.7%	95.6%	90.3 %	90.9 %	94.0 %
of which planned depreciation	3.0 %	3.3 %	3.3 %	3.2 %	3.2 %
of which net financial items	0.3 %	–0.2 %	0.0 %	0.9 %	0.3 %
of which non-recurrent items affecting comparability	0.7 %	–1.3 %	5.4 %	3.3 %	–0.3 %
Net earnings for the year / tax revenue and mun. fin. equalisation	1.3 %	2.5 %	1.0 %	1.7 %	2.8 %
Net earnings for the year not inc. comp. items / tax revenue and municipal financial equalisation.	2.0 %	1.3 %	6.4 %	5.0 %	2.5 %
Degree of self-financing of the year's investments	50 %	88 %	73 %	82 %	69 %
Investments / gross costs	7 %	5 %	5%	5%	7 %
Investments / depreciation	286 %	202 %	177 %	187 %	271 %
Equity-assets ratio as per Balance Sheet	18.6 %	18.6 %	18.8 %	19.4 %	19.8 %
Equity-assets ratio inc. all pension commitments	–11.8 %	–10.0 %	–8.2 %	–9.8 %	–7.6 %
Total debt-equity ratio and degree of provision	81 %	81 %	81 %	81 %	80 %
of which degree of provision	5 %	5 %	8 %	9 %	8 %
of which short-term debt-equity ratio	27 %	30 %	27 %	20 %	25 %
of which long-term debt-equity ratio	49 %	46 %	46 %	52 %	47 %
Primary municipal rate of tax (SEK)	21.30	21.30	21.55	21.55	21 .12
RISK AND CONTROL					
Acid-test ratio	72%	93%	109 %	129 %	108 %
Net financial assets (MSEK)	–4,655	–4,658	–3 533	–3 173	–4,228
Net borrowings (MSEK)	–3,358	–2,112	–1 549	–1 929	–2,854

A number of key figures are affected by the responsibility for public transport being transferred to the Västra Götaland Region by means of a tax exchange in 2012.

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

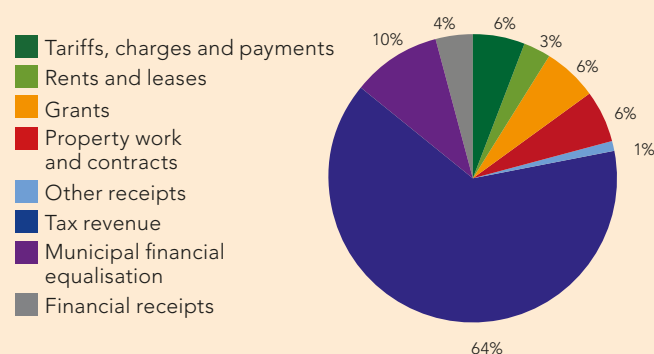
(Financial fixed assets + current assets) – (current + long-term liabilities)



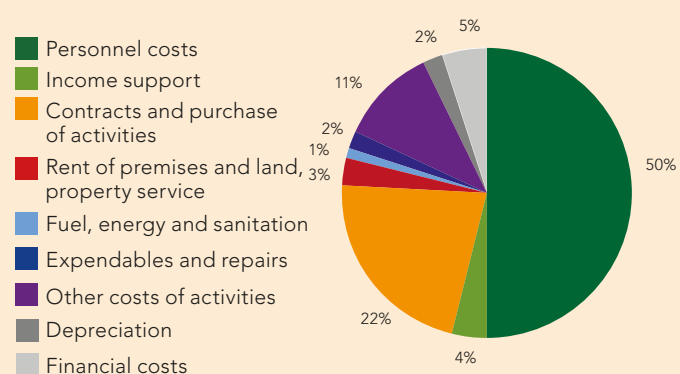
What is 100 SEK of tax money used for?

	SEK
Politics and audit	1
Culture and leisure	4
of which cultural activities	2
of which leisure activities	2
Education	41
of which pre-school activities and childcare	15
of which compulsory school inc. pre-school class	19
of which upper secondary school	7
of which adult education	1
Other education	1
Community care	40
of which community care for the elderly	18
of which initiatives for people with functional impairment	4
of which initiatives under LSS/SFB	10
of which special transport / nat. spec. tran.	1
of which misuser care for adults	2
of which child and youth care, total	5
of which other initiatives for adults	1
Financial assistance	6
Labour market and refugee reception	1
Infrastructure, protection	5
of which streets, roads and parking	2
of which rescue services	2
Business activities inc. communications	2

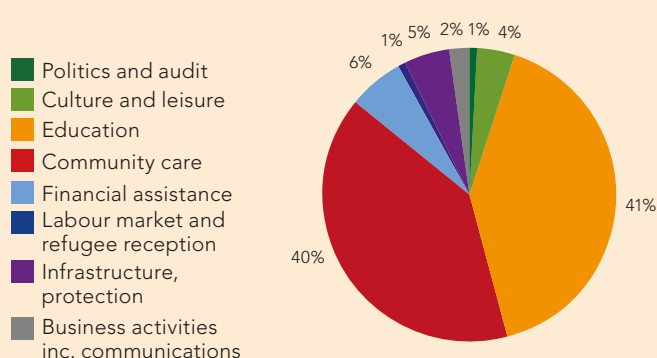
City receipts 2012



City costs 2012



100-kronor note



Financial operations and risk management

External borrowing for the City and companies was 37.6 billion SEK at the end of 2012, a rise of 0.2 billion compared with 2011. The average remaining term of total external borrowings at the end of the year was 2.53 years and the average fixed interest period was 3.58 years.

The City became a member of Kommuninvest Cooperative Society during the year, with the purpose of broadening the number of counterparts. 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.

The financial infrastructure

The City obtains its funding on the capital markets via issues of municipal bonds and certificates. One basis for this is to have established capital market programmes. Credit rating is one of the factors that govern what prices have to be paid in the end for bonds issued.

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. The finance policy is updated annually.

Capital market programmes

In its borrowing the City makes use of its Euro Medium Term Note programme with a limit of 3 billion EUR and its certificate programme with a limit of 3 billion SEK. There is also an ECP programme with a limit of 200 million USD. At present the City has bilateral loans of 4.2 billion SEK. These loans are not included in the loan programmes.

Förvaltnings AB Framtiden has two financing programmes of its own on the market, a domestic certificate programme with a limit of 3 billion SEK and a long-term programme on the MTN market (Medium Term Note) where the borrowing limit is 5 billion SEK.

Kommuninvest

Membership of Kommuninvest Cooperative Society is a complement to existing capital market programmes. Membership of Kommuninvest provides conditions for better diversification of City of Gothenburg bor-

rowing, since Kommuninvest by virtue of its size can act on several credit markets with a broader palette of borrowing products.

Capital market programmes

Programme	Loan limit	Degree of utilisation
EMTN	3 billion EUR	16.0 billion SEK
CP	3 billion SEK	1.4 billion SEK
ECP	200 M USD	—

High credit rating

The credit rating make it easier for the City to have access to the Swedish and international capital market. 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.

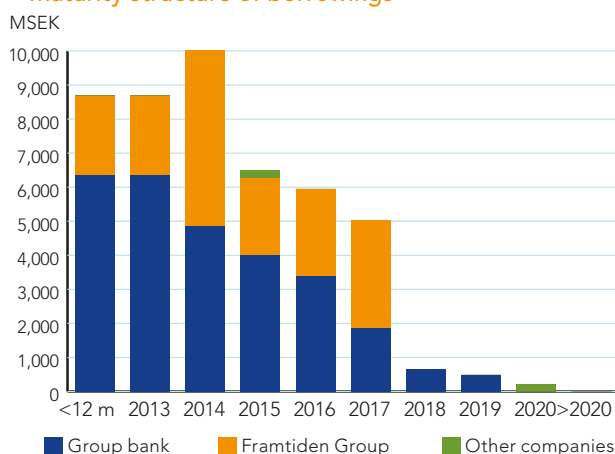
Factors emphasised as positive in the analyses are predictability in the financial trend, a dynamic local economy with a stable outlook, firm financial control and good liquidity preparedness. Factors that can affect the credit rating adversely are among others major investments in both the company and the committee sectors, which can affect the degree of indebtedness.

Debt portfolio

External borrowing for the City and companies was 37.6 billion SEK at the end of the year, a rise of 0.2 billion compared with 2011. The average maturity of total external borrowings at the end of the year was 2.53 years and the average fixed interest period was 3.58 years. Total borrowings are divided among borrowing via the Treasury (21.7 billion), the Framtiden Group (15.4 billion) and loans raised by the companies outside the Treasury (0.5 billion). The tax-financed debt, net borrowings, totalled 2.8 billion SEK, about 7.4 per cent of total borrowings.



Maturity structure of borrowings



Derivative portfolio

Derivative instruments are used to hedge interest and currency on underlying loans. The derivative portfolio's nominal totalled 23.4 billion SEK.

Counterpart risk

The City is exposed through derivative contracts to the risk that a counterpart cannot fulfil its obligations. Counterparts are both Swedish and international banks. Calculated on the volume of business, 28 per cent of the counterpart risk was with no lower than AA rated counterparts and 81 per cent of the risk was with no lower than A3 rated counterparts. 19 per cent of the counterpart risk lies with Baa counterparts. The downward shift is due to continued degrading in the banking sector. The City has chosen not to enter any new derivative contracts with B rated counterparts, in accordance with the finance policy.

The City's risk management

Type of risk	Policy	Outcome
Interest rate risk	2–5 years	7,7 years *
Financing risk	2–5 years	2,5 years
Counterpart risk	Max 30% of volume per counterpart	Within policy limits
Currency risk	None	None

*) Communicated deviation.

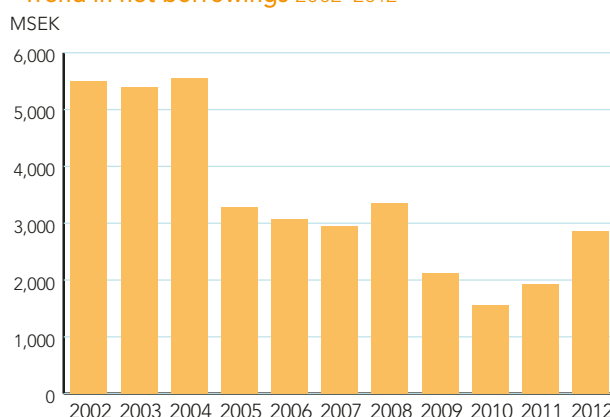
Financing risk

During the coming year the City has loans of 6.3 billion SEK maturing and Framtiden has 2.3 billion that needs refinancing. The City has binding loan commitments totalling 7 billion SEK.

Tax-financed debt

The City's net borrowings are defined as the Treasury borrowing less further lending to the companies and the liquidity temporarily invested in the market. At the end of 2012 net borrowings were 2.8 billion SEK, a rise from 2011 of about 0.9 billion. The rise is partly due to payments of 0.6 billion SEK to the Transport Office concerning the West Sweden Solution.

Trend in net borrowings 2002–2012



Trend in net borrowings

The price difference between long and short terms for loans is still considerable, although the difference has declined compared with the year before. The interest cost of net borrowings has fallen as a result of declining rates of interest and amounted to 51.6 million SEK. The rise in net borrowings mainly occurred during the latter half of 2012 and has therefore not had such a great effect on interest costs. The average rate of interest on loans during the year was 2.38 per cent, including the cost of hedging.

Net borrowings are hedged against rises in interest rates by caps and interest rate swaps. The strike levels for the caps vary between 3.40 and 3.90 per cent. The levels for fixed interest swaps are between 1.86 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 7.7 years. This is a planned and reported deviation and is due to the City having chosen to protect part of the debt with a 20-year interest rate swap at 2.36 per cent.



Financial profile – comparison with other municipalities

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 2009 – 2011, since the profile for 2012 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 value and 1 the lowest value. 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 2-3% 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 reported weaker earnings between 2009 and 2011 of 0.6 percentage points, from 2.0 per cent to 1.4 per cent. The corresponding average change for the municipalities in Västra Götaland and Halland was a weakening of 0.5 percentage points, from 2.1 per cent to 1.6 per cent.

The conclusion from the above is that Gothenburg showed both an average trend in earnings between 2009 and 2011 and average earnings in 2011 compared with the average for the counties.

In 2011 the City had the 32nd strongest earnings in the counties. This meant a 3 in the financial profile, the same as in 2009 and 2010.

The City's earnings have, however, been affected during the period by large non-recurrent items affecting comparability. If Gothenburg had not had these items, the City would have had 4s in the financial profile.

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 99 per cent, 109 per cent and 88 per cent for the three years studied. This gave an average degree of self-financing of 99 per cent.

For Gothenburg the figures per year were 88 per cent, 77 per cent and 85 per cent. This meant an average degree of self-financing of 83 per cent. In comparison with the county average, Gothenburg's degree of self-financing was marginally weaker during the period.

The points for the degree of self-financing of investments in the financial profile have varied during the period between 3 and 2. In 2011 the City had a 3.



Tax rate

The Gothenburg tax rate in 2011 was 21.55 SEK. This was 0.18 lower than the average tax rate among the municipalities in Västra Götaland and Halland, which was 21.73 SEK. In 2011 Gothenburg had the 24th lowest tax in the counties. This gave the City a 3 in the financial profile, the same as in 2010. Compared with 2009, however, it had moved down from a weak 4. The average tax rate in the counties rose between 2009 and 2011 from 21.66 SEK to 21.75 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.

Between 2009 and 2011 Gothenburg's acid-test ratio improved by 36 percentage points from 93 per cent to 129 per cent. The average acid-test ratio among the municipalities in the counties improved during the period by 13 percentage points, from 77 per cent to 90 per cent. This meant that liquidity in Gothenburg during the period developed more strongly than the average in the counties.

The Gothenburg trend in and level of liquidity meant that the City improved its points in the financial profile from a 4 to a 5 during the period.

Equity-assets ratio including 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.

In 2011 Gothenburg had an equity-assets ratio that was weaker than the average in the counties. The equity-

assets ratio including all pension obligations and special employer's contribution was -10 per cent for Gothenburg, compared with an average of 5 per cent.

During the period Gothenburg reported an unchanged level of -10 per cent in the equity-assets ratio, while the average equity-assets ratio in the counties improved by 1 percentage point, from 4 per cent to 5 per cent. One important explanation for the improvement in the counties during the period was reduced commitments between 2009 and 2010 for the pension obligations older than 1998, which lie outside the Balance Sheet.

If 2010 is compared with 2011, however, the equity-assets ratio fell in both Gothenburg and the counties. It fell by 2 percentage points in Gothenburg and by 3 percentage points in the counties. One important explanation for this was greater commitments for the pension obligations, owing to a change in the discount rate of interest in 2011. This meant that changed commitments for the pension obligations had both positive and negative effects during the period.

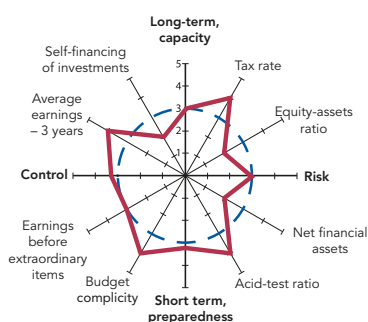
Final comments

Most of the municipalities in Västra Götaland and Halland County and most municipalities in Sweden reported a declining level of earnings in 2011. This was entirely natural, as in 2009 and 2010 there were considerable non-recurrent receipts in the form of temporary market support, among other things. Another reason for the deterioration in earnings in 2011 was greater commitments for the pension obligations, owing to a change in the discount rate of interest.

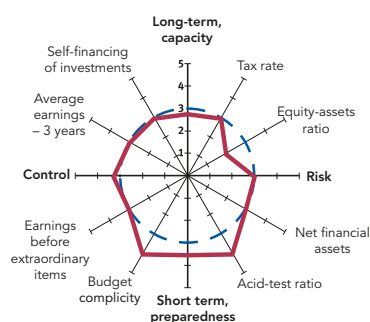
Gothenburg also showed a weaker level of earnings during the period. However, bearing in mind the City's large costs affecting comparability during the period, the City's earnings were at such a level that it may be considered to satisfy basic requirements for good financial management from a financial perspective.

Financial profile in comparison with Västra Götaland and Halland County

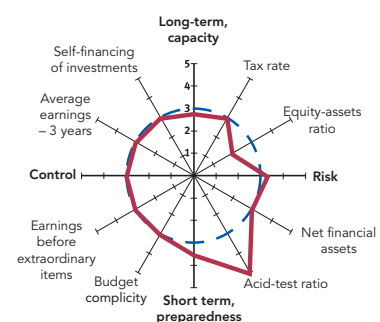
2009



2010



2011



Income Statement – the City

Amounts in MSEK	2010	2011	2012
Operating income note 1	6,940	7,171	7,009
Operating expenses note 2	-27,828	-28,957	-29,488
Operating items affecting comparability note 4	-1,250	-786	73
Depreciation and write-downs note 3	-770	-770	-775
Net cost of activities	-22,908	-23,342	-23,181
Tax revenue note 5	19,888	20,438	20,814
Municipal financial equalisation etc note 5	3,239	3,529	3,113
Financial receipts note 6	833	1,404	1,394
Financial expenses note 6	-823	-1,618	-1,471
Earnings before extraordinary items	229	411	669
Extraordinary receipts	—	—	—
Extraordinary expenses	—	—	—
NET EARNINGS FOR THE YEAR	229	411	669

Balance requirement analysis	2010	2011	2012
Reported net earnings for the year from the Income Statement	229	411	669
Earnings from sales of fixed assets	-135	-159	-83
Balance requirement earnings	94	252	586



Balance Sheet – the City

Amounts in MSEK	2010	2011	2012
ASSETS			
FIXED ASSETS			
Intangible fixed assets	5	4	21
Tangible fixed assets note 3	13,851	14,645	16,081
Financial fixed assets note 7	13,475	14,771	14,817
Total fixed assets	27,331	29,420	30,919
CURRENT ASSETS			
Stores and stocks	17	18	19
Current receivables note 8	11,154	10,328	11,003
Cash and bank	482	201	542
Total current assets	11,653	10,547	11,564
TOTAL ASSETS	38,984	39,967	42,483
EQUITY, PROVISIONS AND LIABILITIES			
EQUITY note 9	7,343	7,754	8,423
of which net earnings for the year	229	411	669
PROVISIONS			
Provisions for pensions and similar obligations note 10	1,462	1,658	1,815
Other provisions note 11	1,518	2,064	1,636
Total provisions	2,980	3,722	3,451
LIABILITIES			
Long-term liabilities note 12	17,955	20,339	19,964
Current liabilities note 13	10,706	8,152	10,645
Total liabilities	28,661	28,491	30,609
TOTAL EQUITY, PROVISIONS AND LIABILITIES	38,984	39,967	42,483
PLEDGED ASSETS AND CONTINGENT LIABILITIES			
Sureties given note 14	2,612	2,391	2,060
Contingent pension commitments note 15	8,522	9,400	9,415
Special employer's contribution note 15	2,067	2,281	2,284
Future leasing expenses note 16	1,350	1,562	1,884
Miscellaneous note 17	400	400	—

Cash Flow Statement – the City

Amounts in MSEK	2010	2011	2012
CURRENT ACTIVITIES			
Net earnings for the year	229	411	669
Adjustment for items not affecting liquidity	2,137	1,436	1,316
Funds from activities before change in working capital	2,366	1,847	1,985
Increase (–) / decrease (+) current receivables	–1,627	826	–675
Increase (–) / decrease (+) stores and stocks	–1	–1	–1
Increase (+) / decrease (–) current liabilities	–774	–2,554	2,493
Cash flow from current activities	–2,402	–1,729	1,817
INVESTMENT ACTIVITIES			
Investments in intangible fixed assets	—	—	–19
Sales of intangible fixed assets	—	1	—
Investments in tangible fixed assets	–1,586	–2,010	–3,278
Sales of tangible fixed assets	213	303	414
Investment income	266	317	703
Investments in financial fixed assets	—	—	–17
Sales of financial fixed assets	—	—	31
Cash flow from investment activities	–1,107	–1,389	–2,166
FINANCING ACTIVITIES			
Newly raised loans	3,703	5,636	3,750
Repayment of long-term liabilities	–3,756	–3,252	–4,124
Increase (–) / decrease (+) long-term receivables	637	–1,296	–64
Reduction in provisions due to payments	–134	–98	–108
Cash flow from financing activities	450	990	–546
DISBURSEMENT OF GRANTS FOR STATE INFRASTRUCTURE			
Disbursement of grants for state infrastructure	—	—	–749
Cash flow for the year	–693	–281	341
Liquid funds at year opening	1,175	482	201
Liquid funds at year close	482	201	542
Specification of items not affecting liquidity (MSEK)			
Adjustment for depreciation and write-downs	770	770	775
Adjustment for provisions made	1,340	564	345
Adjustment for provisions made – pensions	27	275	243
Adjustment for other items not affecting liquidity and capital gains/losses	0	–173	–47
Total items not affecting liquidity	2,137	1,436	1,316



Notes – the City

1. Operating income

MSEK	2011	2012
Charges	2,003	2,082
Rentals and leases	1,118	1,136
Government grants	869	1,291
EU grants	75	57
Other grants	761	293
Sales activities and contract work	1,844	1,804
Other receipts	501	346
Total operating income	7,171	7,009

2. Operating expenses

MSEK	2011	2012
Personnel costs	-14,831	-15,677
Income support and introduction payment	-1,182	-1,168
Rent of premises and land, property service	-882	-900
Contract work and purchased activities	-6,957	-7,117
Fuel energy water and sewerage costs	-419	-420
Expendable material and repairs	-792	-782
Leasing expenses	-509	-511
Other operating expenses	-3,385	-2,913
Total operating expenses	-28,957	-29,488

3. Properties, fixed assets, machinery and equipment

MSEK	Buildings, land, land improve- ments, land reserve	Proper- ties for activities	Proper- ties for business activities	Public properties	Other properties	New facilities in progress	Machinery, equip, tech facilities, vehicles, art	Total
Acquisition value	434	12,613	2,813	5,066	1,681	1,249	1,746	25,603
Acc write-downs /depreciation	-75	-4,675	-1,671	-2,846	-297	0	-1,395	-10,958
Book value b/f	359	7,939	1,142	2,220	1,384	1,249	352	14,645
Year's net acquisitions	39	619	159	120	156	1,229	20	2,343
Year's depreciation	-4	-483	-64	-144	-24	0	-55	-772
Year's write-downs	0	0	0	0	0	0	0	0
Year's discards	1	-27	0	-10	-89	-1	-3	-128
Reclassifying / transfers	-8	534	0	195	11	-742	5	-6
Book value c/f	388	8,582	1,238	2,382	1,439	1,734	319	16,081

MSEK	2011	2012
4. Items affecting comparability		
Receipts		
Repayment AFA Fora	—	381
Dissolution provision and repayment infrastructure	—	92
Total receipts affecting comparability		473
Costs		
Provision for development fund	—	–400
Port Railway Line	–165	—
Changed discount rate	–150	—
West Sweden Package	–471	—
Total costs affecting comparability	–786	–400
Total items affecting comparability	–786	73

5. Tax revenue and municipal financial equalisation

MSEK	2011	2012
Municipal tax revenue		
Preliminary tax revenue	19,992	20,576
Final settlement (adjustment previous year)	373	234
Preliminary final settlement	73	4
Total municipal tax revenue	20,438	20,814
Municipal financial equalisation etc		
Income equalisation	2,405	2,545
Cost equalisation	–87	–454
Settlement grant/charge	525	256
LSS equalisation	4	39
Municipal property charge	682	727
Total munic finan equalisation etc	3,529	3,113
Total tax and municipal financial equalisation	23,967	23,928

6. Financial receipts and expenses

MSEK	2011	2012
Financial receipts		
Dividends	67	—
Interest receipts from subsidiaries	841	856
External interest receipts	489	530
Other financial receipts	7	8
Total financial receipts	1,404	1,394
Financial expenses		
Interest expenses to subsidiaries	–239	–272
External interest expenses	–1,297	–1,166
Other financial expenses	–82	–33
Total financial expenses	–1,618	–1,471
Total financial items	–214	–77

7. Financial fixed assets

MSEK	2011	2012
Shares and participations		
Wholly owned subsidiaries (100%)		
Göteborgs Kommunala Förvaltnings AB	500	500
Förvaltnings AB Framtiden	1	1
Älvstranden Utveckling AB	500	500
Göteborg & Co Kommunintressent AB	0	0
Total wholly owned subsidiaries	1,001	1,001
Partly owned companies		
Renova AB (84%)	96	96
Göteborgsregion. Fritidshamn AB (80%)	1	1
Gryaab AB (80%)	6	6
Johanneberg Science Park AB (49.3%)	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 Göteborg AB (40%)	0	0
Total partly owned companies	104	104
Joint statutory authorities		
The Stretered Property (57%)	2	2
Rescue Services Greater Gothenburg (69.7%)	0	0
Total joint statutory authorities	2	2
Long-term receivables Group companies		
Long-term receivables Group companies	13,615	13,679
Total long-term receivables Group companies	13,615	13,679
Other participation rights		
Basic fund capital and tenant-owner contracts	18	14
Total other participation rights	18	14
Other companies		
Kommentus	0	0
Kommuninvest Cooperative	—	17
Västtrafik AB (15%)	31	—
Total other companies	31	17
Total financial fixed assets	14,771	14,817



Subsidiaries in sub-Groups

Göteborgs Kommunala Förvaltnings AB

- AB Kärra centrum
- Higab AB
- Liseberg AB
- Got Event AB
- Göteborgs Stads Upphandlings AB
- Göteborg Energi AB
- Kommunleasing i Göteborg AB
- Försäkrings AB Göta Lejon
- Göteborgs Gatu AB
- Göteborgs Stadsteater AB
- BRG, Business Region Göteborg AB
- Utveckling Nordost AB
- Fastighets AB Göta Lejon
- Förvaltnings AB Bältespännaren
- Göteborg Port Holding AB
- Göteborgs Spårvägar AB

Förvaltnings AB Framtiden

- Bostads AB Poseidon
- Göteborgs stads bostadsaktiebolag
- Familjebostäder i Göteborg AB
- Gärdstensbostäder AB
- Göteborgs Egnahems AB
- Göteborgs Stads Parkerings AB
- Förvaltnings AB GöteborgsLokaler
- Idrotts- och Kulturcentrum Scandinavium i Göteborg AB
- Störningsjouren i Göteborg AB
- 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
- ÅTAB Torsvikens Återställnings AB

Göteborg & Co Kommunintressent AB

- Göteborg & Co Träffpunkt AB (50%)

8. Current receivables

MSEK	2011	2012
Current receivables Group companies	7,350	7,785
Accounts receivable	399	524
Prepaid expenses/accrued income	1,726	1,704
Receivables from the government	424	580
Other receivables	429	409
Total current receivables	10,328	11,003

9. Equity

MSEK	2011	2012
Equity b/f	7,343	7,754
Net earnings for the year	411	669
Equity c/f	7,754	8,423

10. Provisions for pensions

MSEK	2011	2012
Provision b/f	1,462	1,658
New obligations during the year	238	212
– of which Newly earned pensions	73	141
– of which Interest and base amount indexation.	44	68
– of which Change in actuarial bases	117	4
– of which Pensions to survivors	7	6
– of which Miscellaneous	–3	–7
Payments for the year	–80	–86
Total provisions for pensions	1,620	1,784
Change in special employer's contributions for the year	38	31
Total provisions for pensions inc special employer's contributions	1,658	1,815

11. Other provisions

MSEK	2011	2012
Provision for restoration of landfill (1)		
Reported value at start of year	34	38
Provisions for the period	5	–
Provisions utilised	–1	–2
Unused amounts reversed	—	—
Provisions c/f	38	36
Provision for West Sweden Package (2)		
Reported value at start of year	1,250	1,304
Provisions for the period	54	12
Provisions utilised	—	–620
Unused amounts reversed	—	—
Provisions c/f	1,304	696
Provision for West Sweden package: Land use (3)		
Reported value at start of year	—	417
Provisions for the period	417	4
Provisions utilised	—	—
Unused amounts reversed	—	—
Provisions c/f	417	421
Provision for Port Railway Line (4)		
Reported value at start of year	—	165
Provisions for the period	165	—
Provisions utilised	—	–129
Unused amounts reversed	—	—
Provisions c/f	165	36
Provision for other infrastructure measures (5)		
Reported value at start of year	197	98
Provisions for the period	—	—
Provisions utilised	–9	–2
Unused amounts reversed	–90	–66
Provisions c/f	98	30
Provision for development fund (6)		
Reported value at start of year	—	—
Provisions for the period	—	400
Provisions utilised	—	—
Unused amounts reversed	—	—
Provisions c/f	—	400
Other provisions (7)		
Reported value at start of year	37	42
Provisions for the period	17	3
Provisions utilised	–8	–19
Unused amounts reversed	–4	–9
Provisions c/f	42	17
Total balance b/f	1,518	2,064
Total provisions for the period	658	419
Total utilised	–18	–772
Total unused amounts reversed	–94	–75
Total balance c/f	2,064	1,636

(1) 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 MSEK and at other landfills for 1 MSEK. No further provisions were made in 2012.

(2) In 2010 the City concluded an agreement on co-financing of infrastructure measures as part of the West Sweden Package. The amount has been index adjusted up by 12 (54) MSEK.

(3) 400 MSEK concerns land use within the scope of the West Sweden Package. This was entered in the City's Income Statement and Balance Sheet for 2011. The amount has been index adjusted up by 4 MSEK.

(4) Concerns an agreement for bringing forward and co-financing the Port Railway Line.

(5) 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.

(6) The City Council decided on 2012-12-06 to set up a development fund of 400 MSEK for future initiatives in above all the social dimension. The fund's assets will not replace the committees' ordinary responsibility, but will be mainly used to deal with joint problems that the committees cannot reasonably manage in the ordinary budget. Dissolution of the fund will according to the City Council decision be shown as items affecting comparability in the respective year's Income Statement. The fund has been shown in the Balance Sheet as a provision. It does not meet the criteria that recommendation RKR 10.2 on Provisions requires for a provision.

(7) 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	2011	2012
Debts to banks, credit institutes etc	20,259	19,903
Other long-term liabilities	80	61
Total long-term liabilities	20,339	19,964

13. Current liabilities

MSEK	2011	2012
Debts to banks, credit institutes etc	767	1,827
Accounts payable	1,722	1,682
Accrued expenses/ deferred income	3,251	3,546
Personnel taxes	210	236
Other current liabilities Group companies	1,757	2,801
Other current liabilities	445	553
Total current liabilities	8,152	10,645

14. Guarantees

MSEK	2011	2012
<i>(Refers to loans and pension commitments)</i>		
Port of Gothenburg AB	1,152	845
Göteborg Energi AB	38	12
Other companies	367	371
Total guarantees City companies	1,557	1,228
Other guarantees		
Private houses – government home loans	8	7
Foundations	606	604
Associations	186	184
Miscellaneous	34	37
Total guarantees external	834	832
Total guarantees	2,391	2,060

In November 2012 the City of Gothenburg stood surety jointly and severally as for a debt of its own for all Kommuninvest i Sverige AB's present and future obligations. All 274 municipalities that as of 2012-12-31 were members of Kommuninvest Cooperative have entered into identical guarantee commitments.

A recourse agreement has been concluded between all members of Kommuninvest Cooperative that regulates the division of responsibility between the member municipalities in the event of the above-mentioned guarantee commitment being utilised. Under the recourse agreement responsibility will be divided partly in relation to the size of the funds that each member municipality has borrowed from Kommuninvest i Sverige AB, partly in relation to the size of each member municipality's invested capital in Kommuninvest Cooperative.

From an estimate of the financial effect of the City of Gothenburg's responsibility for the above-mentioned guarantee commitment, it may be noted that as of 2012-12-31 Kommuninvest i Sverige AB's total obligations amounted to 268,009 MSEK and total assets to 272,786 MSEK. The City's share of the total obligations was 2,030 MSEK and its share of the total assets was 2,009 MSEK.

15. Pension obligations

MSEK	2011	2012
Pension obligations PA-KL active	4,914	4,707
Pension obligations PA-KL retired	3,994	4,232
Pension obligations annuity	446	431
Total pension obligations PA-KL	9,354	9,370
Pension obligations managers' agreements *	38	34
Guarantee commitments FPG/PRI	—	—
Other pension obligations **	8	11
Total pension obligations	9,400	9,415
Special employer's contributions	2,281	2,284
Total pension obligations and special employer's contributions	11,681	11,699

* Pension obligations managers' agreements concern officials.

** Other pension obligations mainly concern elected politicians.

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

16. Future leasing expenses

MSEK	2011	2012
Operational leasing agreements		
Future minimum leasing fees (payments to leaser)		
– within one year	327	290
– later than one year but within five years	575	673
– later than five years	660	921
Total leasing expenses	1,562	1,884

17. Capital cover guarantee

MSEK	2011	2012
Capital cover guarantee	400	—
Total capital cover guarantee	400	—

Accounting principles

One of accounting's most important tasks is to constitute a basis for relevant assessments and decisions. For this to be done the various accounting principles must be shown in an open and informative manner. In this section the accounting principles used by the City of Gothenburg, in both the 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 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 2013.

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 in the City are from 2012 reported as deferred income among long-term liabilities and accrued over the period of use of the facil-

ity. The connection charges were previously entered as a receipt in their entirety. Income in the City for 2012 was 31 MSEK, of which 1 MSEK was entered as a receipt during the year. The comparative figures for previous years have not been recalculated under the new principle. In 2011 18 MSEK was entered as a receipt for utility and connection charges.

Göteborgs Energi AB enters its connection charges as receipts when delivery of the connection is started, which is not adjusted in the combined accounts. Connection charges entered as receipts in the combined accounts totalled 89 (107) MSEK in 2012.

Investment grants and payments for street costs reduced the book value of the facilities in 2012. From 2013 investment grants and payments for street costs will be handled by the same principle as connection charges.

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

Items affecting comparability

Items affecting comparability are shown separately on their own line in the Income Statement. 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.

Included in the earnings for 2011 and 2012 were a number of non-recurrent receipts and costs affecting comparability. In 2011 provisions of 636 MSEK were made for the co-financing of infrastructure costs in the West Sweden Package and 150 MSEK for a changed discount rate on the city's pension obligations. This meant 786 MSEK net in non-recurrent items affecting comparability for 2011.

In 2012 the City received 381 MSEK in repaid insurance premiums from AFA and at the same time a provision for public transport of 92 MSEK was reversed. On the other hand, the City made a provision of 400 MSEK for a development fund. This meant 73 MSEK net in 2012 for non-recurrent receipts affecting comparability.

Included in the combined accounts for 2012 was also a financial receipt affecting comparability of 1,309 MSEK concerning the result of the sale of companies



in Gothenburg Port Operation AB, which is a part of Gothenburg Port Holding 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 value of the facility.

In 2012 the City's committees capitalised loan expenses of 22 (10) MSEK as fixed assets. In the combined accounts, loan expenses of 49 (21) 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.

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.

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).

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. In all cases the investments are regarded as strategic.

Tangible fixed assets

In the City of Gothenburg an asset is regarded as a fixed asset if its life exceeds three years and the acquisition cost exceeds half a base amount. 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. From 2103 the receipts will not reduce the acquisition cost, but will be accrued over the period of use.

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.

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

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.

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 completed in 2013.

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 City of Gothenburg calculates the current pension liability as specified in the guidelines, RIPS 07.

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 (100 per cent in 2012).

Provisions

A provision is a liability that is uncertain with regard to the time of maturity or the amount and according to RKR 10.2 Provisions and Contingent Liabilities refers only to formal obligations.

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.

The City Council decided on 2012-12-06 to set up a development fund of 400 MSEK for future initiatives in above all the social dimension. The fund's assets will not replace the committees' ordinary responsibility, but will mainly be used to handle joint problems that the committees cannot reasonably manage in the ordinary budget. Dissolution of the fund will according to the City Council decision be shown as items affecting comparability in the respective year's Income Statement. The fund has been shown in the Balance Sheet as a provision. It does not meet the criteria that recommendation, RKR 10.2 on Provisions requires for a provision.

According to RKR 10.2 informal obligations shown as provisions in Group companies should be reclassified as contingent liabilities in the combined accounts. No

adjustment for this is made in the combined accounts. 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 authorities 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 AB.

The Financial Accounting Standards Council and the Accounting Standards Board give recommendations, instructions and statements for the companies' accounting.



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



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 78 per cent of untaxed reserves. In the combined Income Statement, the owned 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.

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.

District Committees – financial performance

The activities of the district committees were marked by the reorganisation of the district committees in 2012 as well. Turnover among managers at different levels was still high, which affected the cost of activities. At the same time there was greater collaboration, both between the district administrations and with other departments, which may have positive effects for the people of Gothenburg.

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

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. From 2009 a limit was imposed on the committees, without the approval of the City Executive Board, to use equity over a limited level.

In 2012 all committees except Angered District Committee show negative earnings, but for all except Centrum and West Gothenburg the negative earnings were wholly or predominantly budgeted.

Net earnings 2012

Committee (MSEK)	Net cost	City grants	Net earnings for the year
District Committees' population frame	-17,937	17,864	-73
Resource committee assignments	-169	176	7
Total DCs	-18,106	18,040	-66

Costs and personnel volume continue to rise.

Both net costs and personnel volume rose relatively sharply in 2012. As with developments during the whole of the 2000s, it is pre-school and services for the functionally impaired that have had the sharpest rise in costs

and personnel volume. For pre-school this is explained both by the number of children of 1-5 years of age rising and by an increasing proportion of children going to pre-school.

Net costs rose relatively sharply in other areas of activity as well. One important explanation for costs rising more than what is motivated by the trend in salaries, prices and population is that the reorganisation of the district committees has led to a continued large turnover of managers at different levels. This has meant reduced cost control in the short term.

Trend in costs and personnel volume for the population frame

Change in per cent	2010	2011	2012
Net cost	2.1	4.4	5.4
Salary cost	1.9	3.2	5.6
Personnel volume, no. of hours worked	-0.4	1.7	2.4

Change in net costs per activity

Change in per cent	2010	2011	2012
Pre-school	6.0	8.6	8.1
Compulsory and special needs school and schoolchildren's care	-0.6	3.3	4.9
Elderly care	0.8	3.0	3.7
Individual and family care	4.8	2.3	4.2
Functional impairment	2.2	7.0	6.7

Great challenges for the district committees

The district committees face great challenges ahead, above all with regard to goal achievement in school and offering our elderly good care and attention. At the same time the overall rise in costs must be curbed to adjust to the level at which our tax revenue rises. In the long term we consider that the new district committee organisation improves the prospects of meeting these challenges.



Departmental committees – financial performance

The 20 or so departmental committees of the City of Gothenburg work on many matters. Urban development, construction, premises, eco-cycle and traffic are matters handled by different departmental committees, as well as culture, education, citizen services and various types of internal support functions.

For the planning committees the year has to a large extent been marked by the West Sweden Package and planning to develop the River City. In addition, reorganisations and changes of assignment have meant that several committees have focused a great deal on forming the new activities.

Earnings weaker than last year

For 2012 the departmental committees reported earnings of -27 MSEK, which was 19 MSEK better than budget. The budget deviation is almost half compared with the year before. Earnings are 28 MSEK poorer than the previous year. The departmental committees' equity totalled 357 MSEK at the end of the year.

In 2011 the departmental committees reported costs of 14.3 billion SEK. The costs were predominantly financed by internal and external municipal receipts of 9.6 billion SEK. The remaining 4.7 billion SEK was financed directly via City grants.

Maintenance to ensure the value of facilities

Investments in servicing and upkeep, repairs and planned maintenance are required in the city to safeguard the value of and develop existing facilities and premises. The follow-up of the City's fixed assets by the departmental committees has shown that a total of 1,328 MSEK was spent on this in 2012, which is more or less the same level as the year before. The relationship between the three types of cost, servicing and upkeep, repairs and planned maintenance, is more or less unchanged.

The departmental committees had large investments

The departmental committees' total scope for investment for 2011-2014 is 8.8 billion SEK. The investment plans over several years have provided better and more long-term planning conditions for the committees.

Investment expenses for 2012 have risen by 664 MSEK since last year. It is mainly Gothenburg Water and the Road Traffic Committee that account for the largest increase. The reconstruction of Lackarebäck, refurbishing of tramways and rebuilding of Skeppsbron and Angered Square account for the large rise. The expansion of pre-schools by the Premises Committee is also an item that has increased considerably.

New assignments and reorganisations

The Consumer Committee has been given an extended assignment and become the Committee for Consumer and Citizen Services. In 2012 the City's new portal for the people of Gothenburg was prepared in that the City got a telephone number and a joint web portal where there is general knowledge of most of the City's activities and conversations can be had quite directly. Over 30 people answer calls and 22 languages are represented. In 2013 the scheme will be extended with e-services and other services.

The Committee for Gothenburg Water and the Eco-cycle Committee worked out a new organisation during 2012 so as to merge from the end of the year. The purpose of the merger is to gather both purchaser and provider in the same organisation.

Assessment of the future

High ambitions for urban development in the city place a strain on the planning committees and much needs to be done. There are among other things the West Sweden Package, pressure to increase housebuilding and urban transformation in the River City.

A further challenge for the future is to change course from acute repairs to more planned maintenance over several years and for the City as a whole to safeguard the value of its existing facilities.



Operational accounts – committees

MSEK	Receipts	Costs	Net costs	City grants	Net earning for the year	Equity c/f
DISTRICT COMMITTEES						
Angered	208.7	-2,616.2	-2,407.5	2,419.4	11.9	110.0
Askim Frölunda Högsbo	528.5	-2,584.4	-2,056.0	2,044.9	-11.1	61.8
Centrum	390.9	-1,680.0	-1,289.1	1,279.5	9.6	18.7
Lundby	333.2	-1,550.2	-1,217.0	1,213.7	-3.3	44.2
Majorna Linné	442.7	-2,134.9	-1,692.3	1,675.7	-16.6	23.3
North Hisingen	380.9	-2,120.1	-1,739.2	1,724.5	-14.7	47.3
West Gothenburg	359.0	-2,238.6	-1,879.6	1,868.8	-10.8	34.7
West Hisingen	286.6	-2,243.9	-1,957.3	1,953.7	-3.6	53.3
Örgryte Härlanda	325.5	-1,996.6	-1,671.1	1,669.4	-1.7	49.7
East Gothenburg	235.8	-2,263.5	-2,027.7	2,014.1	-13.6	30.6
Resource committee assignments	53.5	-223.0	-169.5	176.5	6.9	23.4
TOTAL DISTRICT COMMITTEES	3,545.0	-21,651.3	-18,106.3	18,040.2	-66.2	497.1
DEPARTMENTAL COMMITTEES WITH SPECIAL FOCUS						
Planning and Building Committee	136.1	-220.0	-83.9	80.9	-3.0	-26.7
Property Management Committee	376.3	-415.5	-39.2	38.5	-0.7	16.9
Special Transport Committee	132.7	-326.3	-193.6	204.6	11.0	28.5
Sports and Associations Committee	117.0	-423.6	-306.6	304.9	-1.7	15.7
City Management	533.1	-829.3	-296.1	306.6	10.5	22.5
Consumer Committee	3.0	-24.2	-21.3	22.2	0.9	2.8
Cultural Affairs Committee	112.1	-403.9	-291.8	302.2	10.4	19.9
Premises Committee	2,481.5	-2,345.2	136.3	-149.0	-12.7	31.6
Environment and Climate Committee	51.6	-99.1	-47.5	48.3	0.8	7.9
Committee for Intraservice	405.1	-415.1	0.0	0.0	0.0	0.0
Parks and Landscape Committee	418.0	-589.5	-171.4	179.8	8.4	27.4
Social Welfare Resource Committee	450.9	-855.6	-404.7	409.8	5.1	35.1
Road Traffic Committee	1,450.1	-1,890.9	-440.8	435.8	-5.0	19.5
Education Committee	675.8	-2,155.4	-1,479.6	1,461.9	-17.7	35.8
Electoral Committee	0.2	-1.1	-0.9	1.3	0.3	0.9
Adult Education Committee	51.7	-419.4	-367.7	376.0	8.3	28.3
Chief Guardians Committee	0.9	-16.1	-15.1	15.7	0.6	-1.3
DEPARTMENTAL COMMITTEES WITH ACTIVITIES FINANCED BY TARIFFS						
Committee for Gothenburg Water	545.6	-549.3	-3.8	0.0	-3.8	18.6
Eco-cycle Committee	1,034.2	-1,061.0	-26.8	0.0	-26.8	62.7



MSEK	Receipts	Costs	Net costs	City grants	Net earning for the year	Equity c/f
OTHER DEPARTMENTAL COMMITTEES AND ALLOCATIONS						
Archives Committee	41.2	-59.4	-18.3	17.0	-1.3	-0.8
Allocations BRG AB	0.0	-10.7	-10.7	10.7	0.0	0.0
Prop. Man. Comm. transfer payments	0.0	-59.1	-59.1	52.5	-6.6	-6.6
Allocations GBG & Co Träffpunkt AB	0.0	-102.7	-102.7	102.7	0.0	0.0
Sports and Associations Committee: Adult Education Associations	0.0	-31.2	-31.2	31.2	0.0	0.0
Keiller's Park	2.8	-3.4	-0.6	0.6	0.0	0.1
Auditors' Office	5.8	-35.2	-29.4	29.6	0.2	1.7
Rescue Services Greater Gothenburg	0.0	-299.1	-299.1	299.1	0.0	0.0
Safe Beautiful City	2.5	-44.9	-42.4	42.4	0.0	0.0
Chief Guardians Committee Fees	3.5	-19.6	-16.1	11.4	-4.7	-1.6
TOTAL DEPARTMENTAL COMMITTEES	9,031.9	-13,695.7	-4,663.9	4,636.5	-27.4	392.4
TOTAL COMMITTEES	12,576.9	-35,347.1	-22,770.2	22,676.7	-93.5	889.4
Central municipal items	24,872.3	-1,432.9	23,439.3	-22,676.7	762.6	7,534.0
TOTAL THE MUNICIPAL CITY	37,449.1	-36,780.0	669.1	0.0	669.1	8,423.4
JOINT STATUTORY AUTHORITIES						
Stretered Property	—	-0.2	-0.2	—	0.2	14.9
Rescue Services Greater Gothenburg	590.9	-584.9	6.0	—	-1.7	92.7
Acquisition company Gothenburg Joint Statutory Authority	—	—	—	—	0.3	—
Minority interest	—	—	—	—	0.5	-31.2
TOTAL JOINT AUTHORITIES	590.9	-585.1	-5.8	—	-0.8	76.4



Investment accounts – the city

MSEK	Property Manage- ment Committee	Premises Committee	Parks and Landscape Committee	Sports and Ass. Committee	Road Traffic Committee	Committee for Goth- enburg Water	Total
INVESTMENTS							
Expenses / purchases	147	1,210	42	67	741	291	2,498
Grants, government and EU	-7	—	—	—	-361	—	-368
Income excl sales	-2	-9	-2	-1	-14	—	-28
TOTAL INVESTMENTS NET excl. sales	138	1,201	40	66	366	291	2,102
Income, sales	-19	—	—	—	—	—	-19
TOTAL INVESTMENTS NET inc. sales	119	1,201	40	66	366	291	2,083
DEVELOPMENT							
Expenses / purchases	228	—	8	—	280	33	549
Income excl sales	-83	—	—	—	-224	—	-307
TOTAL DEVELOPMENT EXPENSES excl. sales	145	—	8	—	56	33	242
Income, sales	-208	—	—	—	—	—	-208
EXPLOATERING NETTO inc. sales	-63	—	8	—	56	33	34
TOTAL INVESTMENTS AND DEVELOPMENT excl. sales	283	1,201	48	66	422	324	2,344
TOTAL INVESTMENTS AND DEVELOPMENT inc. sales	56	1,201	48	66	422	324	2,117



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 financial description of seven larger Groups is given. 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 AB.

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.





Combined accounts – Financial analysis

The combined accounts reported earnings for the year of 2.9 billion SEK, an improvement of almost 2.2 billion SEK compared with 2011.

Included in the earnings, however, were items affecting comparability of almost 1.4 (0.9) billion SEK, the greatest part of which was attributable to capital gains on the sale of companies. If this item is excluded, earnings totalled 1.6 billion, marginally weaker than the previous year.

The volume of investments in 2012 rose by almost a fifth, from 5.9 billion SEK in 2011 to 6.9 billion SEK in 2012.

Long-term financial manoeuvrability in the form of the equity-assets ratio rose by three per cent compared with the previous year and was 29 per cent at the end of 2012.

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.

Income Statement for the City, joint statutory authorities and companies

MSEK	Operating income	Operating expenses inc. depreciation	Net operating expenses	Net financial items inc. tax revenue	Earnings after net financial items	Taxes	Net earnings for the year
The City	7,082	-30,263	-23,181	23,850	669	0	669
Joint Statutory Authorities	591	-586	5	-6	-1	0	-1
Companies	18,248	-16,246	2,002	183	2,185	116	2,301
of which							
Göteborg Energi AB	7,294	-6,586	708	-196	512	126	638
Förvaltnings AB Framtiden	5,498	-4,737	761	-564	197	131	328
Göteborg Port Holding AB	764	-555	209	1,314	1,523	-80	1,443
Renova AB	1,283	-1,231	52	-40	12	1	13
Liseberg AB	974	-896	78	-4	74	-12	62
Higab AB	682	-467	215	-104	111	-41	70
Älvstranden Utveckling AB	394	-204	190	-105	85	-29	56
Other companies	3,257	-3,362	-105	1,408	1,303	-66	1,237
Eliminations companies	-1,898	1,792	-106	-1,526	-1,632	86	-1,546
Group eliminations	-3,171	3,157	-14	-37	-51	16	-35
Total the Group 2012	22,750	-43,938	-21,187	23,990	2,802	132	2,934
Total the Group 2011	24,426	-45,956	-21,529	22,428	898	-147	752

Turnover fell by 1.7 billion SEK

The City of Gothenburg Group reported receipts (turnover) of over 47 billion SEK in 2012, of which tax revenue was over half. Receipts fell by over three per cent, or 1.7 billion SEK compared with 2011, predominantly attributable to the companies.

In the company sector receipts from activities fell by almost six per cent compared with the previous year. Göteborg Energi AB accounted for the largest reduction, owing among other things to lower production volumes of above all district heating, as a result of lower energy prices.

In the City a tax exchange was effected in 2012 with the Västra Götaland Region in respect of public transport, entailing reduced tax revenue while costs fell by a corresponding amount.

Net turnover for City and companies

MSEK	2010	2011	2012
Net turnover	47,757	48,930	47,201
of which the City	30,900	32,541	32,330
of which companies	19,822	19,518	18,436

Net earnings improved only because of non-recurrent items

Net earnings for the year after eliminations within the Group totalled 2.9 billion SEK, of which the municipal companies contributed with 2.3 billion SEK and the City with almost 0.7 billion SEK. Compared with the previous year earnings were strengthened by almost 2.2 billion SEK, mainly attributable to the company sector.

Included in the earnings for both 2011 and 2012, however, were large non-recurrent items affecting comparability. For 2012, items affecting comparability totalling 1.3 (-0.8) billion SEK were included. These mainly comprised a capital gain of 1.3 billion SEK from the sale of Skandia Container Terminal AB in the Gothenburg Port Holding Group. There were also items affecting comparability in the City, about 0.1 billion SEK net. Excluding the items affecting comparability in 2012, earnings totalled almost 1.6 billion SEK. By the same measure, earnings for 2011 were over 1.6 billion SEK. This means that the year's earnings, not including items affecting comparability, lay at about the same level as in 2011.

If the Group's earnings exclusive of items affecting comparability of almost 1.6 billion are analysed, the companies accounted for over 78 per cent of total earnings, but only just over half if earnings include items affecting comparability.

The companies' earnings totalled 2.3 billion SEK, a rise of 1.9 billion SEK compared with 2011. The strong earnings in the company sector can mainly be attributed to Gothenburg Port Holding AB, which contributed 1,443 (83) MSEK to the companies' positive results,

mainly due to the capital gain from the sale of Skandia Container Terminal AB.

Göteborg Energi AB, Förvaltnings AB Framtiden, Älvstranden Utveckling AB and Liseberg AB may be mentioned among the other companies that contributed to the positive results.

Earnings for City and companies

MSEK	2010	2011	2012
Earnings after financial items	929	898	2,802
of which the City	229	411	669
of which companies	733	506	2,185
Net earnings for the year	638	752	2,934
of which the City	229	411	669
of which companies	442	366	2,301
Net earnings for the year not inc. items affecting comparability	1,888	1,623	1,552

Sharp increase in investments

The volume of investments in the combined accounts rose during the year by 18 per cent, from almost 5.9 billion SEK in 2011 to 6.9 billion SEK in 2012. The rise was mainly attributable to the City.

The City's investments rose sharply compared with the previous year. The rise occurred partly because the larger investments made during the 1960s and 1970s in infrastructure and premises now have to be refinanced.

Of the company sector's investment volume of 4.6 billion SEK, the largest part, i.e. 73 per cent were new investments of various kinds. Förvaltnings AB Framtiden and Göteborg Energi AB accounted for 2.7 billion SEK, which was 58 per cent of the total volume of investments. This comprised among other things new production and rebuilding of housing and investments in biogas plants.

Investments per City and company

MSEK and per cent	2010	2011	2012
Volume of investments (MSEK)	5,623	5,876	6,948
of which companies	4,291	4,469	4,611
of which the City (inc. land development)	1,360	1,438	2,344
Volume of investments inc. land development / gross costs	13	14	17
of which the City	5	5	8
of which companies	28	30	33

Other companies with a large volume of investments were Kommunleasing Göteborg AB, Higab AB and Göteborgs Spårvägar AB, which together invested almost 1.2 billion SEK.

In relation to the Group's gross costs, the Group invested for 17 per cent in 2012, of which the City's share was 8 per cent. This was a rise of three per cent compared with the previous year.



Degree of financing of investments

per cent	2010	2011	2012
Degree of financing of investments	80	78	93
of which the City	74	82	69
of which companies	74	70	101

Degree of self-financing of investments

The financing of investments with own funds was 93 per cent in 2012, a rise of 15 percentage points compared with the previous year. On the other hand, there was a lower degree of self-financing of investments in the City, but a rise in the degree of self-financing in the company sector.

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
The City	30,919	11,564	42,483	8,423	3,451	19,964	10,645	42,483
Joint Statutory Authorities	212	483	695	111	414	0	170	695
Companies	55,054	6,923	61,977	15,143	4,644	26,360	15,830	61,977
of which								
Förvaltnings AB Framtiden	26,629	439	27,068	8,515	1,438	11,358	5,757	27,068
Göteborgs Energi AB	12,309	2,543	14,852	5,106	1,556	4,832	3,358	14,852
Higab AB	4,431	187	4,618	541	42	2,416	1,619	4,618
Älvstranden Utveckling AB	4,162	266	4,428	510	451	3,215	252	4,428
Göteborg Port Holding AB (Port of Gothenburg AB)	2,223	2,008	4,231	1,686	578	1,248	719	4,231
Renova AB	1,704	403	2,107	385	195	1,215	312	2,107
Liseberg AB	957	125	1,082	715	46	81	240	1,082
Other companies	3,352	3,474	6,826	-464	499	1,996	4,795	6,826
Eliminations companies	-713	-2,522	-3,235	-1,851	-161	-1	-1,222	-3,235
Eliminations the Group	-15,155	-11,904	-27,059	-1,245	-167	-14,647	-11,000	-27,059
Total the Group 2012	71,030	7,066	78,096	22,432	8,342	31,677	15,645	78,096
Total the Group 2011	68,480	6,815	75,295	19,511	9,223	31,777	14,784	75,295

* Minority interest included in equity.

Total assets of 78.1 billion SEK

Total assets were 78.1 billion SEK, of which the City accounted for over 42 billion and the companies for 62 billion. In the company sector the property Group Förvaltnings AB Framtiden and Göteborgs Energi AB accounted for the greater part of these assets. These two Groups accounted for 82 per cent of the company sector's total assets.

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.

A sharp rise to 13 per cent in return on equity for the Group for 2012 was due to strong earnings for the Group, mainly in the company sector. Return on total capital for the Group rose slightly in 2012, but has still lain between 3-4 per cent for the past three years.

In this context it is important to point out that these measures should only be seen as an indicator over time, as these key figures are not used in the control of the combined accounts.

Some key figures from the Balance Sheet

MSEK and per cent	2010	2011	2012
Total assets (MSEK)	73,452	75,295	78,096
of which the City	38,984	39,967	42,483
of which companies	60,790	60,018	61,977
Return on equity (%)	3.4	3.9	13.1
of which the City	3.1	5.3	7.9
of which companies	3.2	2.8	15.2
Return on total capital (%)	3.0	3.9	4.3
of which the City	2.7	5.1	5
of which companies	3.0	3.1	3.5

Improved equity-assets ratio

The equity-assets ratio is a measure of long-term financial manoeuvrability. In 2012 the equity-assets ratio was 29 per cent, a rise of three per cent compared with the previous year. The equity-assets ratio according to the fully funded model was 13 per cent in 2012, compared

with 10 per cent in 2011. The rise was mainly due to good earnings in 2012, while at the same time assets rose slightly compared with 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	2010	2011	2012
Equity-assets ratio (mixed model)	26	26	29
Equity-assets ratio (fully funded)	11	10	13
Change in assets	2	3	4
Change in equity	3	4	15

Reduced indebtedness

The total degree of indebtedness was 71 per cent, a reduction of three percentage points compared with the previous year. This was positive for the Group's net financial items, while the reduced indebtedness meant reduced financial risk for the Group.

In the Group long-term liabilities and provisions fell, while the short-term degree of indebtedness remained at the same level as the previous year. In the company sector long-term liabilities remained at the same level as the previous year, while current liabilities and provisions fell.

The reduced degree of provisions was among other things due to a reduction in company tax from 26.3 per cent to 22 per cent in the company sector. In 2012 provisions fell by 0.9 billion SEK.

Degree of indebtedness

per cent	2010	2011	2012
Total degree of indebtedness	74	74	71
of which degree of provision	11	12	11
of which short-term degree of indebtedness	25	20	20
of which long-term degree of indebtedness	38	42	41
of which the City	81	81	80
of which companies	78	79	76

Liquidity reduced

Short-term manoeuvrability in the form of the acid-test ratio fell by one per cent compared with the previous year to 42 per cent in 2012.

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 2011 and 2012 by 0.6 billion SEK from –39,2 billion to –39.8 billion. This was mainly attributable to the City.

Net financial assets

MSEK	2010	2011	2012
Net financial assets	–38,985	–39,163	–39,772
of which the City	–3,533	–3,173	–4,228
of which companies	–33,305	–34,811	–34,067

Pension commitments totalled 15 billion

The total pension commitments of the City of Gothenburg Group are 15 billion SEK, a rise of 0.2 billion compared with the previous year. Of the total pension commitments, 11.9 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.

Summarising comments

The City of Gothenburg Group continues to report a level of earnings that may be regarded as good financial management. The larger individual companies have in recent years reported good or satisfactory earnings, which minimises the risk for the City as owner and generates greater financial manoeuvrability for the individual companies.

However, a large Group always requires active owner control in order to minimise risks in times of recession, among other things. A future challenge for the owner will be to be able to control the major investments needed in both the City and in individual companies.



The following units are included in the final accounts

CITY OF GOTHENBURG Operating income 30,936 MSEK Assets 42,483 MSEK Earnings 669 MSEK	FÖRVALTNINGS AB FRAMTIDEN Operating income 5,499 MSEK Assets 27,068 MSEK Earnings 328 MSEK 11 subsidiaries	GÖTEBORG ENERGI AB Operating income 7,294 MSEK Assets 14,852 MSEK Earnings 638 MSEK 15 subsidiaries
KOMMUNALFÖRBUNDET RÄDDNINGSTJÄNSTEN STORGÖTEBORG Operating income 580 MSEK Assets 678 MSEK Earnings –2 MSEK	GÖTEBORG PORT HOLDING AB Operating income 764 MSEK Assets 4,231 MSEK Earnings 1,443 MSEK 2 subsidiaries	LISEBERG AB Operating income 974 MSEK Assets 1,082 MSEK Earnings 62 MSEK 3 subsidiaries
HIGAB AB Operating income 682 MSEK Assets 4,618 MSEK Earnings 70 MSEK 2 subsidiaries	ÄLVSTRANDEN UTVECKLING AB Operating income 394 MSEK Assets 4,428 MSEK Earnings 56 MSEK 2 subsidiaries	GÖTEBORGS SPÅRVÄGAR AB Operating income 1,523 MSEK Assets 755 MSEK Earnings 19 MSEK 3 subsidiaries
RENOVA AB Operating income 1,283 MSEK Assets 2,107 MSEK Earnings 13 MSEK 3 subsidiaries	KOMMUNLEASING I GÖTEBORG AB Operating income 435 MSEK Assets 2,693 MSEK Earnings –121 MSEK	GÖTEBORGS GATU AB Operating income 217 MSEK Assets 388 MSEK Earnings 11 MSEK
GRYAAB AB Operating income 297 MSEK Assets 1,420 MSEK Earnings 0 MSEK	GÖTEBORG & CO KOMMUNINTRESSENT AB Operating income 197 MSEK Assets 78 MSEK Earnings –1 MSEK 1 subsidiaries	FÖRSÄKRINGS AB GÖTA LEJON Operating income 100 MSEK Assets 219 MSEK Earnings 14 MSEK 1 subsidiaries
GOT EVENT AB Operating income 199 MSEK Assets 164 MSEK Earnings –101 MSEK 1 subsidiaries	BUSINESS REGION GÖTEBORG AB Operating income 115 MSEK Assets 93 MSEK Earnings –24 MSEK	GÖTEBORGS STADS UPPHANDLINGS AB Operating income 44 MSEK Assets 30 MSEK Earnings 3 MSEK
GÖTEBORGSREGIONENS FRITIDSHAMNAR AB Operating income 49 MSEK Assets 109 MSEK Earnings 0 MSEK	GÖTEBORGS STADSTEATER AB Operating income 61 MSEK Assets 59 MSEK Earnings –68 MSEK	BOPLATS GÖTEBORG AB Operating income 15 MSEK Assets 10 MSEK Earnings 0 MSEK

Income Statement – combined accounts

Amounts in MSEK	2010	2011	2012
Operating income note 19	24,297	24,427	22,677
Operating expenses note 20, 32	–40,721	–41,388	–40,286
Items affecting comparability note 21	–1,250	–871	73
Depreciation and write-downs note 22	–3,550	–3,697	–3,651
Net cost of operations	–21,224	–21,529	–21,187
Tax revenue note 5	19,888	20,437	20,814
Municipal financial equalisation etc note 5	3,239	3,529	3,113
Financial receipts note 24	333	537	597
Financial expenses note 24	–1,307	–2,076	–1,844
Financial items affecting comparability note 23	—	—	1,309
Earnings before extraordinary items	929	898	2,802
Current and deferred tax	–273	–136	130
Minority share	–18	–10	2
Net earnings for the year	638	752	2,934



Balance Sheet – combined accounts

Amounts in MSEK	2010	2011	2012
ASSETS			
FIXED ASSETS			
Intangible fixed assets note 22	645	611	537
Tangible fixed assets note 22	65,358	67,287	70,009
Financial fixed assets note 25	633	582	484
Total fixed assets	66,636	68,480	71,030
CURRENT ASSETS			
Stores and stocks	381	458	475
Current receivables note 26	5,195	5,474	5,579
Short-term investments	198	190	182
Cash and bank	1,042	693	830
Total current assets	6,816	6,815	7,066
TOTAL ASSETS	73,452	75,295	78,096
EQUITY, PROVISIONS AND LIABILITIES			
EQUITY note 27	18,517	19,273	22,167
of which net earnings for the year	638	752	2,934
MINORITY INTEREST	275	239	265
PROVISIONS			
Provisions for pensions and similar obligations note 28	2,649	2,947	3,117
Deferred tax liability	3,295	3,351	3,017
Other provisions note 29	2,282	2,925	2,208
Total provisions	8,226	9,223	8,342
LIABILITIES			
Long-term liabilities note 30	27,989	31,777	31,677
Current liabilities note 31	18,445	14,783	15,645
Total liabilities	46,434	46,560	47,322
TOTAL EQUITY, PROVISIONS AND LIABILITIES	73,452	75,295	78,096
Pledged assets and contingent liabilities note 33	13,740	12,870	9,250
Equity-assets ratio	26 %	26 %	29 %

Cash Flow Analysis – combined accounts

Amounts in MSEK	2010	2011	2012
CURRENT OPERATIONS			
Earnings after financial items	929	898	2,802
Reversal of depreciation and write-downs	3,550	3,697	3,651
Current tax paid	-162	-141	-125
Adjustment for items not affecting liquidity	1,565	960	-532
Total liquid funds from operations	5,882	5,414	5,796
NET INVESTMENTS			
Intangible fixed assets	-158	-79	-43
Tangible fixed assets	-5,035	-5,513	-6,354
Shares and participation rights	10	0	25
Total net investments	-5,183	-5,592	-6,372
FINANCING			
Increase (-) / decrease (+) long-term receivables	-83	51	73
Increase (+) / decrease (-) long-term liabilities	-4,341	3,788	-100
Total financing	-4,424	3,839	-27
CHANGE IN TIED UP CAPITAL			
Increase (-) / decrease (+) stores and stocks	-35	-77	-17
Increase (-) / decrease (+) current receivables	-313	-271	-105
Increase (+) / decrease (-) current liabilities	3,238	-3,662	862
Total change in tied up capital	2,890	-4,010	740
CHANGE IN CASH AND BANK (LIQUID FUNDS)	-835	-349	137

Specification for Cash Flow Analysis, MSEK	2010	2011	2012
Items not affecting liquidity			
Change in pension provisions etc	36	298	170
Change in other provisions	1,528	643	-717
Adjustment for other items not affecting liquidity	1	19	15
Total items not affecting liquidity	1,565	960	-532



Notes – combined accounts

19. Operating income

MSEK	2011	2012
Charges	8,091	7,563
Rents and leases	6,948	7,386
Grants	2,202	1,818
Other receipts	7,186	5,910
Total operating income	24,427	22,677

20. Operating expenses

MSEK	2011	2012
Income support	-1,182	-1,168
Personnel expenses	-19,489	-20,034
Cost of premises	-1,006	-930
Other operating expenses	-19,711	-18,154
Total operating expenses	-41,388	-40,286

21. Items affecting comparability

MSEK	2011	2012
Reversal provision public transport	—	92
Repayment AFA Fora	—	381
Provision development fund	—	-400
West Sweden Package	-471	—
Port Railway line	-250	—
Changed discount rate	-150	—
Total items affecting comparability	-871	73

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	830	70,057	3,074	21,550	9,655	105,704
Acc write-ups	—	—	3,763	—	4	—	3,767
Acc depreciation	-336	-363	-24,250	-2	-9,755	-5,029	-39,736
Acc write-downs	-54	-4	-1,298	—	-258	-224	-1,837
Book value b/f	148	463	48,272	3,072	11,541	4,402	67,898
Year's investments	4	124	1,287	3,618	146	1,770	6,948
Year's sales	—	-85	-164	-1	-229	-133	-613
Year's depreciation	-27	-91	-1,986	—	-805	-737	-3,645
Year's reversed write-downs	—	—	30	—	—	40	70
Year's write-downs	—	—	-23	—	-53	—	-76
Reclassification /transfers	—	1	2,558	-3,243	806	-157	-36
Book value c/f	125	412	49,974	3,445	11,405	5,185	70,546



23. Financial items affecting comparability

MSEK	2011	2012
Sale of companies in Gothenburg Port Operation AB	—	1,309
Total financial items affecting comparability	—	1,309

24. Financial receipts and expenses

MSEK	2011	2012
Financial receipts		
Interest receipts	491	535
Earnings from shares and participation rights	15	37
Other financial receipts	31	25
Total financial receipts	537	597
Financial expenses		
Interest expenses	-1,945	-1,844
Earnings from shares and participation rights	-41	0
Other financial expenses	-90	0
Total financial expenses	-2,076	-1,844
Net financial items	-1,539	-1,247

25. Financial fixed assets

MSEK	2011	2012
Shares and participation rights	189	164
Deferred tax claim	5	3
Other long-term receivables	388	317
Total financial fixed assets	582	484

Shares and participation rights

	Book value	Book value
Associated companies		
Lerum Fjärrvärme AB	48	48
FordonsGas Sverige AB	40	41
Other companies	44	32
Total associated companies	132	121

Other companies

Västtrafik AB	31	0
Lerum Energi AB	23	23
Kommuninvest Cooperative	0	17
Other companies	3	3
Total other companies	57	43
Total shares and participation rights	189	164

26. Current receivables

MSEK	2011	2012
Accounts receivable	1,444	1,525
Prepaid expenses/accrued income	2,750	2,608
Receivables from the government	637	759
Other receivables	643	687
Total current receivables	5,474	5,579

27. Equity

MSEK	2011	2012
Equity b/f	18,517	19,273
Other adjustments *	4	-40
Net earnings for the year	752	2,934
Equity c/f	19,273	22,167

* Other adjustments refer to a change in the tax rate from 26.3 per cent to 22 per cent (51 MSEK) and correction of the opening balance (-91 MSEK).

28. Pensions

MSEK	2011	2012
The Group		
Benefit determined retirement pensions	2,883	3,069
Negotiated pensions, fixed-term pensions etc	64	48
Total pensions	2,947	3,117

Change in provisions over the year

At start of year	2,649	2,947
Additional provisions	409	281
Amounts utilised	-121	-102
Reclassification etc	10	-9
Total pensions	2,947	3,117

**29. Other provisions**

MSEK	2011	2012
The Group		
West Sweden Package	1,720	1,117
Nat. Road Admin. public transport	96	28
Göta thoroughfare	2	2
Restoration of landfills (Eco-cycle)	38	36
Provision future commitments (Älvstranden)	150	114
Sale of Västra Eriksberg (Älvstranden)	81	85
Restoration of dredging landfill	25	28
Write-down of project (Higab)	123	31
Restoration of landfills (Renova)	39	23
Commitment in concession agreement (Port of Gothenburg)	51	2
New port approach to outer harbours (Port of Gothenburg)	65	0
Actuarial provision (Port of Gbg)	3	22
Loss contract (Gbg Spårvägar)	50	16
Provision for restructuring (Gbg Spårvägar and Göteborg Energi)	67	31
Provision for restructuring (Gatub)	9	3
Guarantee commitments	78	78
Provision Port Railway Line	250	121
Future environmental measures	29	41
Provision development fund (City)	—	400
Miscellaneous	49	30
Total other provisions	2,925	2,208
Change in other provisions		
At start of year	2,282	2,925
Additional provisions	918	541
Amounts utilised	-54	-1,059
Reversed unused amounts /reclass	-2	-98
Dissolution	-99	-9
Reclassification etc	-120	-92
Total other provisions	2,925	2,208

30. Long-term liabilities

MSEK	2011	2012
Debts to banks, credit institutes etc	31,589	31,540
Overdraft	186	134
Other long-term liabilities	2	3
Total long-term liabilities	31,777	31,677

31. Current liabilities

MSEK	2011	2012
Debts to banks, credit institutes etc	5,324	5,960
Accounts payable	2,819	2,931
Personnel taxes	254	272
Debts to the government	70	71
Other current liabilities	571	582
Accrued expenses/deferred income	5,745	5,829
Total current liabilities	14,783	15,645

32. Leasing costs

MSEK	2011	2012
Year's leasing fees paid	186	175
Agreed future leasing fees		
Time of maturity within one year	157	113
Time of maturity two to five years	249	227
Time of maturity later than five years	72	42

33. Pledged assets and contingent liabilities

MSEK	2011	2012
Guarantees		
Private houses – government housing loans	8	7
Foundations	606	604
Associations	186	184
Miscellaneous	34	37
Total guarantees	834	832
Pension obligations		
Pension obligations PA-KL active	4,914	4,718
Pension obligations PA-KL retired	4,177	4,422
Pension obligations annuity	446	431
Total pension obligations PA-KL	9,537	9,571
Pension obligations managers' agreements	38	34
Other pension obligations	23	11
Guarantee commitments FPG/PRI	7	7
Total pension obligations	9,605	9,623
Special employer's contributions	2,281	2,285
Total pension obligations and special employer's contributions	11,886	11,908
Other contingent liabilities *	662	528
Pledged assets	12,870	9,250

* Göteborg Energi AB has bank guarantees for considerable sums.



Internal transactions and contract companies

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/above 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 prop-

erty 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 Unit, which constitutes the internal bank function in the City of Gothenburg. The Finance Unit has guarantee commitments to the City companies. The City stands surety for loans and for certain pension obligations.

Sales

MSEK	Companies	The City	Joint Statutory Authorities	Total
Seller				
Companies		2,662	16	2,678
The City	524		15	539
Joint Statutory Authorities	6	307		313
Total	530	2,969	31	3,530

Interest

MSEK	Companies	The City	Joint Statutory Authorities	Total
Interest				
Companies		132		132
The City	856			856
Joint Statutory Authorities		7		7
Total	856	139		995

Lending

MSEK	Companies	The City	Joint Statutory Authorities	Total
Lender				
Companies		2,859		2,859
The City	21,399			21,399
Joint Statutory Authorities		375		375
Total	21,399	3,234		24,633

Surety

MSEK	Companies	The City	Joint Statutory Authorities	Total
Surety issuer				
Companies			132	1,228
The City	1,096			1,228
Joint Statutory Authorities				
Total	1,228			1,228

Group and shareholders' contributions received/paid by GKF AB in 2012

Companies (MSEK)	Shareholder's contribution paid	Group contribution received from	Group contribution paid to
Göteborg Energi AB		221	
Göteborg Port Holding AB	20	125	
Higab AB	59	101	
Liseberg AB	38	58	
Göteborgs Stads Upphandlings AB		3	
Göteborgs Spårvägar AB	12	16	
Got Event AB			129
Business Region Göteborg AB			33
Göteborgs Stadsteater AB			92
Kommunleasing i Göteborg AB			204
Total	129	524	458



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 18.2 billion SEK (19.4). 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, Göteborgs Spårvägar AB and Gothenburg Port Holding AB. Earnings after financial items for the City's Groups and companies was 2,185 MSEK (506) and combined investments were 4.6 billion (4.5).

Amounts in brackets refer to last year's outcome.

NET EARNINGS FOR THE YEAR AND ACTIVITIES IN 2012

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 16 directly owned subsidiaries and three dormant subsidiaries. The largest companies in the Group are Göteborg Energi AB, Port of Gothenburg AB, Göteborgs Spårvägar AB, Higab AB 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 11,505 MSEK (12,838) and earnings after financial items of 1,909 MSEK (238). The sharply improved earnings for the Group are largely due to the capital gain that arose from the sale of Skandia Container Terminal AB. The Group's equity-assets ratio was 24.3 per cent (18.6).

Göteborg Energi AB *

Göteborg Energi AB is the parent company of a Group with products in electricity and mains supply, district heating, cooling, gas, gas grid, energy services renewable electricity and data and telecommunications. The Group's earnings after financial items were 512 MSEK (438). Earnings for 2012 rose by 74 MSEK in relation to the previous year. This was mainly due to a reduction in the Group's costs. Availability in the production facilities was normal, with the exception of several of the biogas plants.

Production of electricity in the Rya power and heating plant fell as a result of low electricity prices. The Group's net turnover was 6,956 MSEK (7,412), of which about 40 per cent concerned district heating and 40 per cent electricity trade.

The Group is making and planning major investments in biogas and wind power for conversion to renewable

energy production. Three new biogas plants were opened during the year, while the GoBiGas project proceeds with opening planned for 2013. Extensive organisational changes were made in the Group in 2012. The new organisation came into force on 1 September.

Gothenburg Port Holding AB

The City Council decided in 2009 on a new structure for port activities by means of a division of activities into a port authority and terminal operations. 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 Operations AB. The terminal operations have since been run in three separate companies under Gothenburg Port Operations AB.

Port of Gothenburg AB*

The Group's earnings after financial items were 221 MSEK (85) and operating income was 652 MSEK (683). 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. The improved earnings in relation to the previous year are mostly due to the favourable effect on earnings of capital gains on the sale of fixed assets and to a provision of 85 MSEK made the previous year for co-financing of the port railway line.

**Göteborg Energi AB's and Port of Gothenburg AB's Annual Reports are prepared with the application of RR29 in the Group accounts. There are therefore deviations from the values in the combined accounts.*

Gothenburg Port Operation AB

Earnings in the Port Operations Group were 1,339 MSEK (65) and operating income was 157 MSEK (1,349). The large changes are due to the completion in 2012 of the sale of Skandia Container Terminal AB and Älvsborg Ro/ro AB, which means that terminal

operations are now run by external operators within the scope of the long-term concession agreement. The deals involved a capital gain of about 1,300 MSEK.

Göteborgs Spårvägar AB

Operating income rose slightly during the year and totalled 1,523 MSEK (1,474). The Group reported earnings after financial items of 29 MSEK (2). The Group's subsidiary GS Buss AB reported earnings of -31 MSEK (-58). In 2012 Västtrafik effected a procurement for bus services on Hisingen. GS Buss AB was not allocated any services. The company now runs services in Centrum with about 50 buses and on Hisingen, which will end in 2013. The company invested in new buses during the year for bus services in Centrum. The subsidiary GS Spårvagn AB runs its operations by order of VGR, in accordance with an agreement. The company reported earnings of 16 MSEK (34). Earnings for GS Trafikant-service AB were 7 MSEK (17). 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 AB

The Group reported operating income of 682 MSEK (650). Earnings after financial items were 111 MSEK (-21). The improved earnings were mostly due to greater rent receipts, capital gains on property deals and a provision of 123 MSEK made by the Group the previous year for future write-down needs of Stora Saluhallen, the indoor market. The Group is responsible for several major rebuilding and new building projects, among others the rebuilding and extension of the City Library and the City Law Courts, as well as a newly built swimming baths and ice-skating facility in Angered. During the year the Group completed a number of projects, among others the rebuilding of Stora Saluhallen and Ullevi.

Liseberg AB

The Group's operating income rose slightly during the year to 974 MSEK (963). Earnings after financial items were 74 MSEK (78). The pre-season in the amusement park did not do as well as the previous year owing to bad weather, but a strong finish to the season enabled the loss of visitors to be recovered. The year's Christmas at Liseberg had more visitors than last year, almost 500,000. In total the park had 2.8 million visitors in 2012, a decline of 3 per cent compared with the previous year. Hotel and restaurant operations showed good earnings in 2012. Several of the accommodation facilities were renovated during the year.

Göteborgs Gatu AB

The company comprises the business area of Technical Services. The company reported operating income of 217 MSEK (259). The reduction is mainly connected with the transfer of operations in the business areas of Parking and Contract Work. During the year the company

had a good inflow of orders and lower operating costs. Earnings after financial items were 13 MSEK (24). Included in the earnings is an increased cost of 7 MSEK for pensions in the company.

Kommunleasing i Göteborg AB (KLAB)

The company's operating income increased to 435 MSEK (379). Earnings after financial items were -9 MSEK (-63). Of the 403 buses that KLAB acquired in 2009 from Göteborgs Spårvägar AB, 143 buses still operate on Hisingen. These will be discontinued during 2013.

Förvaltnings AB Framtiden

The Group's operating income rose by 5.3 per cent to 5,498 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 197 MSEK (118). Earnings were favourably affected by reversed write-downs and reduced reduced property costs as a result of reduced costs for winter up-keep and surveillance. The cost of planned maintenance was 776 MSEK (719) and for extended maintenance the cost was 392 MSEK (376). In all, the Group supplied 339 new tenancy rights and 76 freehold dwellings in 2012.

Renova AB

The company's operating income rose by 2 per cent to 1,283 MSEK (1,263). Earnings after financial items were 12 MSEK (18). Earnings were favourably affected by repayment of too high premiums paid to Fora, + 7.7 MSEK and a retroactive electricity receipt of 2.3 MSEK from Din El. The parent company, Renova AB reported earnings before tax that are 3 MSEK better than budget. The business year was marked by a first six-month period of positive deviations for both receipts and costs. Amounts received also rose to a corresponding extent. Developments in the second half of the year were poorer and the company noticed the decline in the market with reduced amounts coming in. The Sävenäs plant functioned well during the year and beat its production record with regard to energy produced.

Älvstranden Utvecklings AB

Earnings for the Group after financial items were 85 MSEK (142). The lower earnings compared with 2011 are mainly due to lower capital gains for properties sold. Rent receipts totalled 378 MSEK, rising by 18 MSEK, mostly due to increased letting of Lindholmen Science Park. Previously written-down facilities were reversed by 109 MSEK during the year.



Earnings after financial items in companies

MSEK	Final accounts 2010	Final accounts 2011	Final accounts 2012
Förvaltnings AB Framtiden	118	118	197
Göteborg Energi AB	819	438	512
Älvstranden Utveckling AB	71	142	85
Kommunleasing i Göteborg AB	-73	-63	9
Renova AB	31	18	12
Higab AB	-75	-21	111
Port of Gothenburg AB	144	85	221
Liseberg AB	65	78	74
Gryaab AB	-4	-15	-15
Göteborgs Gatub AB	22	24	13
Gothenburg Port Holding AB	259	-32	1 263
GREFAB	4	-1	-5
Göteborgs Spårvägar AB	-47	2	29
Got Event AB	-101	-128	-138
Göteborgs Stadsteater AB	-90	-91	-93
Försäkrings AB Göta Lejon	3	8	19
Göteborg & Co AB	1	4	-3
BRG AB	-46	-37	-33
Göteborgs Upphandlings AB	5	5	3
Boplat i Göteborg AB	0	0	0

INVESTMENTS IN 2012

Förvaltnings AB Framtiden

Investment expenditure for 2012 totalled 1,221 MSEK (1,806). Of the total investment expenditure, 498 MSEK (544) comprised new production, 603 MSEK (592) concerned rebuilding and reinvestment and 120 MSEK (670) referred to acquisitions and other investments. The single largest project is the Venus Quarter, estimated complete in the first quarter of 2013 and the total forecast for this project is 885 MSEK. Other larger ongoing projects or those to be completed during the year are among others Riksdalersgatan, Dockhuset and Lövgärdet stage II.

Göteborg Energi AB

Investment expenditure for the year totalled 1,470 MSEK (1,355) of which 1,266 MSEK (1 125) comprised new investments and 202 MSEK (230) comprised reinvestment. Construction of GoBiGas stage I proceeds. The current forecast for the project is 1,255 MSEK and the accumulated outcome until 31 December is 526 MSEK. The project has obtained grants from the Energy Authority and from E.ON. Investments are also made in the Marjarp II power and heating plant, with estimated total project expenditure of 135 MSEK, rebuilding and extension of the head office with total estimated expenditure of 334 MSEK, an biogas plant in Skövde, total estimated expenditure 112 MSEK

and the Arendal wind power station, planned to be completed in 2015.

Higab AB

Higab's investment expenditure for the year totalled 416 MSEK, a rise compared with the previous year, when expenditure was 202 MSEK. In 2012 the second stage of the refurbishment of Saluhallen, the indoor market, was completed. Major ongoing projects estimated to be completed in 2013 and 2014 comprise a swimming baths and ice-skating facility in Angered with estimated project expenditure of 370 MSEK, rebuilding of the Law Courts with estimated total project expenditure of 120 MSEK and the rebuilding and extension of the City Library, estimated to be completed in 2014. The forecast for total expenditure in respect of the City Library is 240 MSEK.

Älvstranden Utveckling AB

Älvstranden Utveckling AB's investment expenditure for 2012 totalled 138 MSEK (98). The company is running several projects concerning sales commitments made in connection with the transfer of land. As an example may be mentioned the construction of infrastructure in West Eriksberg, a project that has been in progress since 2005 and which is estimated to be completed during the first part of 2019. The current forecast for the whole project is 404 MSEK and the worked up outcome totals 316 MSEK. Other major projects comprise infrastructure at Kvillebäcken, where the accumulated outcome is 27 MSEK and the forecast for the whole project is 66 MSEK, a new Saluhall (indoor market) at Kvillebäcken with a forecast of 47 MSEK and infrastructure at Inner Sannegården, where the accumulated outcome is 59 MSEK and the whole project expenditure is estimated at 79 MSEK. The Lindholmen Science Park was completed during the year, as also a multi-storey car park at Lindholmen. The total project expenditure for the last mentioned projects is assessed at 117 MSEK and 82 MSEK respectively.

Gryaab AB

The company's investments for 2012 totalled 37 MSEK, compared with 60 MSEK the previous year. Major projects run during the year comprise investment in a sludge silo, which among other things will reduce leakage of methane. The project's total budget is 50 MSEK and at the end of the year 15 MSEK had been worked up. A decision has been taken and a project started concerning emergency power in the event of failure in the supply of electric power to water pumps. This project has a total forecast of 25 MSEK and 20 MSEK has been worked up as of 31 December 2012. Plans for coming years include, for example, a new compost plant and measures for future cleaning processes that are necessary to meet future requirements in respect of nitrogen cleaning, as well as the extension of operational premises.

Port of Gothenburg AB

The company's investments for 2012 totalled 165 MSEK (269). Included among larger projects run during the year was construction of a new quay in the container terminal. This project is expected to be completed in 2015 and the forecast for the project is 386 MSEK. As of 31 December 2012 the accumulated outcome is 48 MSEK. Investments were also made during the year in loading arms in Skarvik Harbour. The total expenditure in this project was 82 MSEK. Investment plans for coming years cover among other things construction of an LNG terminal, a rail connection to the car terminal and further upgrading of the container terminal.

Kommunleasing AB

Investments by the company consist of investments in leasing assets. These assets are let to activities of the City of Gothenburg. In 2012 the assets mainly comprised trams, computer equipment, buses and other types of vehicle.

Total investments in companies

MSEK	Final accounts 2011	Budget whole year 2012	Final accounts 2012
Förvaltnings AB Framtiden	1,806	1,349	1,221
Göteborgs Energi AB	1,355	1,750	1,470
Älvstranden Utveckling AB	98	176	138
Kommunleasing i Göteborg AB	448	438	564
Renova AB	115	258	109
Higab AB	202	360	416
Port of Gothenburg AB	269	96	128
Liseberg AB	71	129	136
Gryaab AB	60	112	37
Göteborgs Gatu AB	88	73	76
Gothenburg Port Holding AB	33	0	0
GREFAB	16	16	15
Göteborgs Spårvägar AB	14	191	215
Got Event AB	18	9	14
Göteborgs Stadsteater AB	4	11	5
Försäkrings AB Göta Lejon	8	5	1
Göteborg & Co AB	0	0	2
BRG AB	0	1	0
Göteborgs Upphandlings AB	0	0	1
Boplat i Göteborg AB	0	0	4
Eliminations	-134	0	-15
Total	4,471	4,845	4,612



Groups and companies in figures

MSEK	Operating income	Earnings after fin. items	Net earnings for the year	Total assets	Equity	Equity- assets ratio	Year's invest- ments
Förvaltnings AB Framtiden	5,499	197	328	27,068	8,511	31	1,221
Göteborg Energi AB	7,294	512	638	14,852	4,976	34	1,545
Göteborgs Spårvägar AB	1,523	29	19	755	383	51	215
Gothenburg Port Holding AB (Port of Gothenburg AB)	764	1,523	1,443	4,231	1,686	40	128
Renova AB	1,283	12	13	2,107	385	18	109
Liseberg AB	974	74	62	1,082	715	66	136
Higab AB	682	111	70	4,618	541	12	416
Göteborgs Gatu AB	217	13	11	388	102	26	76
Älvstranden Utveckling AB	394	85	56	4,428	511	12	138
Kommunleasing i Göteborg AB	435	9	-121	2,693	33	26	564
Gryaab AB	297	-15	0	1,420	9	6	37
Göteborg & Co Kommunintressent AB	197	-3	-1	78	10	13	2
Got Event AB	199	-138	-101	164	29	18	14
BRG Business Region Göteborg AB	115	-33	-24	93	52	56	0
Försäkrings AB Göta Lejon	100	19	14	219	86	39	1
Göteborgs Stadsteater AB	61	-93	-68	59	20	48	5
Göteborgsregionens Fritidshamn AB (GREFAB)	49	-5	0	109	12	12	15
Göteborgs Stads Upphandlings AB	44	3	3	30	17	60	1
Boplat Göteborg AB	15	0	0	10	3	40	4
Göteborgs Kommunala Förvaltnings AB, GKF AB	0	1,441	1,334	5,896	3,128	53	0
GKF- koncernen, dormant companies	0	0	0	5	5	100	0

Auditors' Report

AUDITORS' REPORT FOR 2012

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 systems.

Our responsibility is to express an opinion on the accounts, the activities and the internal control systems on the basis of our audit. We also assess whether the annual accounts are compatible with the financial and operative goals 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 Municipal City and the companies). The year's examination is summarised in our annual statement, which has been submitted to the City Council.

In the final accounts, 400 million SEK has been entered as a development fund and classified as a provision. We consider that the provision, which means that reported earnings are reduced from 1,069 to 669 million SEK, contravenes generally accepted municipal accounting standards and the Municipal Accounting Act.

We assess that the provision described above materially affects the picture of the City's earnings and are therefore of the opinion that the accounts cannot be considered to be fair.

We assess that the results according to the Annual Report are consistent with the financial and operative goals determined by the City Council.

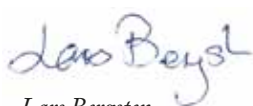
The auditors will report to the City Council their examination of liability of the Board and Committees. The assignment of the lay auditors in the companies does not include a standpoint in the matter of liability.

A qualification has been addressed to the Archives Committee as a result of shortcomings in the internal control system, especially for purchasing and procurement, as well as shortcomings in the committee's financial control.

We recommend that the City Council grant the members of the Board and the Committees discharge from liability for the financial year 2012.

We recommend that the Annual Report of 2012 for the City of Gothenburg be approved, with the exception of the provision of 400 million SEK.

Gothenburg, 10 April 2013



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



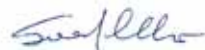
Jan Lindblom



Vivi-Ann Nilsson



Torbjörn Rigemar



Sven Jellbo



Bengt Eriksson



Gerhard Annvik



Eva Åsman Sand

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

In brief

	2010	2011	2012
Population 31/12			
Primary municipal tax rate (%)	513,726	520,354	526,089
	21.55	21.55	21.12
NET EARNINGS FOR THE YEAR (MSEK)			
The City	229	411	669
The companies	442	366	2,301
Combined accounts	638	752	2,934
INVESTMENTS (MSEK)			
The City	1,360	1,438	2,102
Combined accounts	5,623	5,876	6,948
RECEIPTS (MSEK)			
The City	30,900	32,542	32,403
Combined accounts	47,757	48,930	47,201
TOTAL ASSETS (MSEK)			
The City	38,948	39,968	42,483
Combined accounts	73,452	75,295	78,096
EQUITY-ASSETS RATIO			
The City	19	19	19
Combined accounts	26	26	29

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

PRODUCTION: Newsroom



**Göteborgs
Stad**

**STADSLEDNINGSKONTORET
KÖPMANSGATAN 20
SE 404 82 GÖTEBORG
SWEDEN
TEL +46 31 368 00 00**