

## Notice of Meeting:

I hereby give notice that an ordinary Meeting of the Finance Committee will be held on:

**Date:** Tuesday 23 May 2017  
**Time:** 9.30am  
**Meeting Room:** Council Chamber  
**Venue:** Municipal Building, Garden Place, Hamilton

Richard Briggs  
Chief Executive

---

## Finance Committee OPEN AGENDA

---

### Membership

Chairperson	Cr G Mallett
Deputy Chairperson	Cr R Pascoe
Members	Mayor A King Deputy Mayor M Gallagher Cr M Bunting Cr J R Casson Cr S Henry Cr D Macpherson Cr A O'Leary Cr P Southgate Cr G Taylor Cr L Tooman Cr P Yeung

**Quorum:** A majority of members (including vacancies)

**Meeting Frequency:** Six weekly

---

Becca Brooke  
Governance Team Leader

**17 May 2017**

Telephone: 07 838 6439  
Becca.Brooke@hcc.govt.nz  
www.hamilton.govt.nz

## **Purpose:**

The Finance Committee is responsible for:

1. Monitoring Council's financial strategy, and financial performance against the Long Term Plan and Annual Plan.
2. Determining financial matters within its delegations and Terms of Reference and making recommendations to Council on financial matters outside its authority.
3. Guiding and monitoring Council's interests in its Council Controlled Organisations (CCOs), Council Organisations (COs) and subsidiaries.

***In addition to the common delegations the Finance Committee is delegated the following Terms of Reference and powers:***

## **Terms of Reference:**

1. To monitor Council's financial strategy, and performance against that strategy.
2. To approve deferred capital expenditure.
3. To develop and monitor policy related to the following matters:
  - a) financial management;
  - b) revenue generation;
  - c) procurement and tendering; and
  - d) the appointment and remuneration of directors of CCOs and COs.
4. To monitor the probity of processes relating to policies developed by the Finance Committee.
5. To provide clear direction to Council's CCOs and COs on Council's expectations, including feedback on draft statements of intent.
6. To receive six-monthly reports of Council's CCOs and COs, including on board performance.
7. To undertake any reviews of CCOs and agree CCO-proposed changes to their governance arrangements, except where reserved for Council's approval by Council.
8. To monitor Council's investments in the Municipal Endowment Fund and the Domain Endowment Fund.

## **The Committee is delegated the following powers to act:**

- Approval of:
  - Appointments to, and removals from, CCO and CO boards; and
  - A mandate on Council's position in respect of remuneration proposals for CCO and CO board members to be presented at Annual General Meetings.
- Approval of letters of expectation for each CCO and CO.
- Approval of statements of intent for each CCO and CO.

- Approval of proposed major transactions of CCOs and COs.
- Approval or otherwise of any proposal to establish, wind-up or dispose of any holding in, a CCO or CO.
- Approval of operating and/or capital expenditure within the Long Term Plan or Annual Plan that exceeds the Chief Executive's delegation, excluding expenditure which:
  - contravenes the Council's Financial Strategy and/or annual budgeted surplus; or
  - significantly alters any level of service outlined in the applicable Long Term Plan or Annual Plan; or
  - impacts Council policy or practice, in which case the delegation is recommendatory only and the Committee may make a recommendation to the Council for approval.
- Approval of contractual and other arrangements for supply and services, and revenue generating contracts, excluding contracts or arrangements that are reserved for the Council or another Committee's approval.
- Approval of Private Development Agreements recommended by the Growth and Infrastructure Committee.
- Approval of acquisition or sale or lease of properties owned by the Council, or owned by the Municipal Endowment Fund or the Domain Endowment Fund consistent with the Municipal Endowment Fund Investment Policy, for any endowment properties.
- Approval to write-off outstanding accounts greater than \$10,000 (in accordance with the Debtor Management Policy).

### **The Committee is delegated the following recommendatory powers:**

- The Committee may make recommendations to Council.
- The Committee may make recommendations to other Committees.

### **Oversight of Policies:**

- *Appointment and Remuneration of Board Members of COs, CCOs and CCTOs Policy*
- *Freeholding of Council Endowment Land Policy*
- *Funding Needs Analysis Policy*
- *Investment and Liability Management Policy*
- *Municipal Endowment Fund Investment Policy*
- *Rates Remissions and Postponements Policy*
- *Rating Policy*
- *Revenue and Financing Policy*

<b>ITEM</b>	<b>TABLE OF CONTENTS</b>	<b>PAGE</b>
<b>1</b>	<b>Apologies</b>	<b>5</b>
<b>2</b>	<b>Confirmation of Agenda</b>	<b>5</b>
<b>3</b>	<b>Declarations of Interest</b>	<b>5</b>
<b>4</b>	<b>Public Forum</b>	<b>5</b>
<b>5</b>	<b>Finance Committee - Open Minutes - 11 April 2017</b>	<b>6</b>
<b>6</b>	<b>10-Year Plan Monitoring Report - For the ten months ended 30 April 2017</b>	<b>16</b>
<b>7</b>	<b>Key Projects Monitoring Report - March 2017</b>	<b>65</b>
<b>8</b>	<b>Contract 14378 - Three Waters Network Physical Works - Approved Contract Sum Increase</b>	<b>71</b>
<b>9</b>	<b>H3 Update - Quarter 3 Report to 31 March 2017</b>	<b>74</b>
<b>10</b>	<b>Finance Committee Draft 2017 Schedule of Reports</b>	<b>87</b>
	<b>Late Report – Eastern Bulk Main Subsidence Remedial Works</b>	
	<i>(to be circulated under separate cover)</i>	
<b>11</b>	<b>Resolution to Exclude the Public</b>	<b>91</b>

**1 Apologies**

**2 Confirmation of Agenda**

The Committee to confirm the agenda.

**3 Declaration of Interest**

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as an elected representative and any private or other external interest they might have.

**4 Public Forum**

As per Hamilton City Council's Standing Orders, a period of up to 30 minutes has been set aside for a public forum. Each speaker during the public forum section of this meeting may speak for three minutes or longer at the discretion of the Chair.

Please note that the public forum is to be confined to those items falling within the terms of the reference of this meeting.

Speakers will be put on a Public Forum speaking list on a first come first served basis in the Council Chamber prior to the start of the Meeting. A member of the Council Democracy Team will be available to co-ordinate this. As many speakers as possible will be heard within the allocated time.

If you have any questions regarding Public Forum please contact Democracy by telephoning 07 838 6439.

**Committee:** Finance Committee

**Date:** 23 May 2017

**Report Name:** Finance Committee - Open  
Minutes - 11 April 2017

**Author:** Amy Viggers

<b>Status</b>	<i>Open</i>
---------------	-------------

### Recommendation

That the Committee confirm the Open Minutes of the Finance Committee Meeting held on 11 April 2017 as a true and correct record.

### 1. Attachments

2. Attachment 1 - Finance Committee - Open Minutes - 11 April 2017

---

## Finance Committee

### OPEN MINUTES

---

Minutes of a meeting of the Finance Committee held in Council Chamber, Municipal Building, Garden Place, Hamilton on Tuesday 11 April 2017 at 9.30am.

#### PRESENT

Deputy Chairperson	Cr R Pascoe
Members	Mayor A King
	Deputy Mayor M Gallagher
	Cr M Bunting
	Cr J R Casson
	Cr S Henry
	Cr D Macpherson
	Cr A O'Leary
	Cr G Taylor
	Cr L Tooman
	Cr P Yeung

---

In Attendance:	<p>Chief Executive – Richard Briggs          General Manager Corporate – David Bryant          General Manager Community - Lance Vervoort          General Manager City Infrastructure – Chris Allen          General Manager Venues, Tourism and Major Events – Sean Murray          Executive Director Special Projects – Blair Bowcott          Financial Controller – Tracey Musty          Building Control Manager – Cory Lang          City Waters Manager - Maire Porter          City Development Manager – Andrew Parsons          Rates and Revenue Manager – Matthew Bell          Communication Advisor – Nigel Ward          Business Analyst – Malcolm Frethey</p> <p>Vibrant Hamilton Trust Chair - Thomas Gibbons          Local Government Funding Agency Chief Executive – Mark Butcher          Innovation Waikato Ltd and Group Companies Director - Earl Rattray and Chief Executive Officer - Stuart Gordon          Waikato Regional Airport Ltd Chief Executive Officer - Mark Morgan and Board Member - Carlos da Silva          Tompkins Wake Lawyers - James Gurnick</p>
Governance Advisors:	<p>Governance Manager - Lee-Ann Jordan          Committee Advisors – Ian Loiterton, Claire Guthrie, and Amy Viggers</p>

---

Cr Pascoe took up the Chair in the absence of Cr Mallet.

### 1. Apologies

**Resolved:** (Crs Tooman/Yeung)

That apologies from the following are received and accepted:

- Councillor Mallett (absence)
- Councillor Southgate (absence)
- Councillor Gallagher (lateness)
- Councillor O’Leary (to retire from 3pm onwards)
- Councillor Bunting (to retire from 4pm onwards)

The Committee Members’ condolences to Councillor Mallett on the passing of his mother were formally noted.

### 2. Confirmation of Agenda

**Resolved:** (Crs Pascoe/Bunting)

That the agenda is confirmed, noting that the order would be flexible to accommodate external visitors.

### 3. Declarations of Interest

No members of the Council declared a Conflict of Interest.

#### 4. Public Forum

**Christina Campbell** spoke to *Item C4: Valley Terrace Stormwater Pipe Remedial Works* as the effected property owner.

**Harry Bowkett** spoke to *Item C4: Valley Terrace Stormwater Pipe Remedial Works* as a Chartered Engineer hired by Christina Campbell.

**Tony Robertson** spoke to *Item C4: Valley Terrace Stormwater Pipe Remedial Works* as a neighbour of Christina Campbell.

#### 5. Finance Committee - Open Minutes - 28 February 2017

**Resolved** (Crs Pascoe/Casson)

That the Committee confirm the Open Minutes of the Finance Committee Meeting held on 28 February 2017 as a true and correct record, noting staff were to check the recording of Page 9 of the Minutes, bullet point two for correctness.

#### 7. Vibrant Hamilton Trust - Draft Statement of Intent 2017/18 and Half Year Report to 31 December 2016

The Chair of the Vibrant Hamilton Trust (VHT), Thomas Gibbons, spoke to the report and noted:

- the purpose of the VHT was being re-considered; and
- \$300k per year return was expected on the VHT's investment portfolio, subject to market forces.

The Chair of the VHT responded to questions from Committee Members concerning:

- The VHT purpose and whether it continued to be relevant;
- Funding criteria and distribution of funding to projects;
- Current trustees and HCC's representatives on the Trust;
- The Trust's investment strategy and return on investment.

The General Manager (GM) Community noted that he would organise a Briefing for Elected Members to discuss the VHT's purpose.

**Resolved:** (Crs Pascoe/Tooman)

That the Finance Committee:

- a) receives the report;
- b) approves the Vibrant Hamilton Trust Draft Statement of Intent 2017/18; and
- c) staff report to Council on the 27 July 2017 on the future of the Vibrant Hamilton Trust.

## 11. 10-Year Plan Monitoring Report - For the eight months ended 28 February 2017

The Financial Controller spoke to the report and, together with the CE and relevant GM's, responded to questions from Committee Members concerning:

- The improved layout of the report and the need for a more reader-friendly approach to showing positive and negative variances (consistent use of brackets)
- Building renewals and capital investment – in particular treatment of capital funds allocated to projects where the outcome is still not known e.g. Founders Theatre;
- The management of major projects, including those deferred, brought forward (pipeline projects) or added; the extent to which it was usual practice for a number of projects to be deferred each year; the relationship (if any) between deferred projects and the Housing Infrastructure Project; and optimal management of capital funding given these movements;
- Clarification of the status of emerging issues (items included in the report to flag unbudgeted issues), noting these would be reported as 'risks and opportunities' in future and were yet to be reported to the Audit and Risk Committee;
- The inclusion of the Government's measure for Balancing the Books and clarification of the reasons for the differences between the HCC and Government year to date figures for Balancing the Books (the CE confirmed the differences related to treatment of development contributions and Ring Road project financials);
- Claudelands' plant and equipment underspend; vested asset revenue; deferred projects as a percentage of total debt (\$18.6m of \$49.6m), and Stadia building renewals;
- 10 Year Plan processes and considerations including: depreciation and replacement of assets, Asset Management Planning, seismic testing, and the footpath replacement programme; and
- Crematorium structural issues which would require funding of design works, in advance of remedial works in 2017/18.

The GM City Infrastructure and Financial Controller noted they would update the risks and opportunities list to reflect allocation of \$1.3m to the Western Rail Trail.

The Financial Controller was asked to investigate means by which to present financials with/without brackets for improved legibility.

**Resolved** (Crs Pascoe/Casson)

That the Finance Committee receives the report.

*The meeting adjourned from 11:25am to 11:40am.*

## 10. Local Government Funding Agency - Draft Statement of Intent 2017/18 and Half Year Report to 31 December 2016

The Chief Executive of the Local Government Funding Agency (LGFA), Mark Butcher, took the report as read, and spoke to a PowerPoint presentation (tabled at the meeting). He responded to questions from Committee Members concerning:

- LGFA's financial resilience and investor portfolio, noting LGFA had a credit rating superior to most banks at AA+ which entitled them to a \$1b line of credit from the New Zealand Central Government;

- Governance of LGFA, central and local government shareholding, and LGFA's financial model;
- The implications of changes to a council's debt to revenue ratio limits and the processes that could be brought to bear on a council that adopted a greater than 250% debt to ratio limit (such as recalling loans and government appointed receivers). It was noted that LGFA's model and effectiveness is based on retaining its AA+ credit rating which would be compromised if a member council breached this limit;
- Member councils' risk exposure - HCC, as the fifth largest guarantor, would have greater risk exposure if the debt to revenue ratio of the LGFA's member councils were increased; and
- LGFA's approach to the Housing Infrastructure Fund (HIF) - LGFA would continue to advocate for the best possible outcome for local governments regarding the HIF model.

**Resolved:** (Crs Casson/Taylor)

That the Finance Committee:

- a) receives the report; and
- b) approves the Local Government Funding Agency (LGFA) Draft Statement of Intent 2017/18.

**6. Waikato Local Authority Shared Services - Draft Statement of Intent 2017/18 and Half Year Report to 31 December 2016**

The Executive Director Special Projects, in his capacity as a Director of Waikato Local Authority Shared Services (WLASS), spoke to the report and responded to questions from Committee Members concerning:

- The availability of Geographic Information Systems (GIS) data to the public and data-sharing between councils to improve standardisation of how data is managed;
- Population projections for future transport planning for Hamilton;
- Improved negotiating power and cost savings through WLASS and shared procurement processes in particular; and
- WLASS revenue trends and recovery charges for activities, noting opportunities existed for the sale of data generated through WLASS and to join other Local Authority Shared Services outside of the region for savings through greater economies in scale.

The Executive Director Special Projects was asked to circulate the WLASS 'Collaborative on Action' booklet to Elected Members.

**Resolved:** (Crs Pascoe/Tooman)

That the Finance Committee:

- a) receives the report; and
- b) approves the Waikato Local Authority Shared Services (WLASS) Draft Statement of Intent 2017/18.

**The meeting adjourned 12:45pm-1.30pm.**

**13. Weathertight Buildings**

The Building Control Manager took the report as read and responded to questions from Committee Members concerning:

- Comparison of the number of active claims between Hamilton and other cities; and
- Whether there were ongoing issues with leaky homes; noting there are other building defects which could contribute to weathertight issues.

**Resolved:** (Crs Bunting/Casson)

That the Finance Committee receives the report.

*Councillor Macpherson left the meeting (12.45pm) during the above Item. He was not present at voting on the matter.*

**12. Key Projects Monitoring Report - February 2017**

The GM Corporate took the report as read and, together with relevant GMs, responded to questions from Committee Members concerning:

- Western Rail Trail - completed within final approved budget with the additional costs approved by Council included in Risks and Opportunities;
- Rototuna Reservoir, which was on schedule for commissioning during the summer of 2017/18;
- The Ring Road and extension and whether planning for the bridge over Cobham Drive and four-laning with pedestrian and cycling facilities would be included in the project design; and
- Progress of North City Road Upgrade – currently deferred until land acquisitions were completed.

**Resolved:** (Crs Pascoe/Yeung)

That the Finance Committee receives the report.

*Councillor Macpherson re-joined (1.37pm) the meeting during the above Item. He was present at voting on the matter.*

## 5. Civic Assurance - Draft Statement of Intent 2017

The Financial Controller took the report as read and responded to a question from Committee Members concerning the potential sale of the Civic Assurance House building. If the building was sold, it was confirmed that the sale proceeds would be used to reduce capital and to make a return to shareholders.

**Resolved:** (Crs Macpherson/Henry)

That the Finance Committee:

- a) receives the report; and
- b) approves the New Zealand Local Government Insurance Corporation Limited (trading as Civic Assurance) Draft Statement of Intent 2017.

**The meeting adjourned 2:00pm-2.10pm.**

*Cr Taylor retired from the meeting during the above adjournment.*

## 8. Innovation Waikato Ltd and Group Companies - Draft Statement of Intent 2017/18, Half Year Report to 31 December 2016 and Annual Tenants Survey

Innovation Waikato Ltd and Group Companies (IWL) representatives, Earl Rattray (Director) and Stuart Gordon (Chief Executive Officer), and the Executive Director Special Projects spoke to the report, noting that:

- IWL's financial results demonstrated it was a very good investment;
- The sale process was progressing. If a buyer for IWL was found, the sale process was expected to be completed by 30 July 2017; and
- IWL's draft Statement of Intent (SOI) was based on the status quo which was no sale of the park. Council had completed the strategic review and determined to sell the property arm of the Park while retaining the Food Innovation subsidiary company.

The IWL Director and CEO, together with the Executive Director Special Projects, responded to questions from Committee Members concerning:

- The sale process and level of interest to date;
- Readiness of sale agreement documentation to enable a speedy sale if a suitable buyer was identified;
- Interest from international buyers (noting this was unlikely given the additional government approvals required); and
- IWL's future growth potential.

**Resolved:** (Crs Pascoe/Casson)

That the Finance Committee:

- a) receives the report; and
- b) notes the Draft Statement of Intent and key assumptions and advises Innovation Waikato Ltd and Group of Companies that it supports the indicative plans outlined; noting the current uncertainty in core assumptions relating to the restructure of the Group and sale of Council's shareholding in Waikato Innovation Park Ltd.

**14. Waikato Regional Airport Ltd - Draft Statement of Intent 2017/18 and Half Year Report to 31 December 2016**

The GM Venues, Tourism and Major Events introduced Waikato Regional Airport Ltd (WRAL) representatives and passed on an apology for the WRAL Chair, John Spencer.

Mark Morgan (Chief Executive Officer) and Carlos da Silva (Board Member) spoke to a PowerPoint presentation (tabled at the meeting), and responded to questions from Committee Members concerning:

- Domestic passenger numbers;
- WRAL Master Plan and Property Strategy (which was seen to still be fit for purpose but would be reviewed on an ongoing basis);
- Mavis & Co as the new catering operator (and who had been well received) space and resulting opportunities to help WRAL promote its conference facilities;
- Improvements to airport amenity and upgrades to the carpark and pay station facilities;
- Opportunities for air freight (which were seen to be very limited), equine flights and Sunday services for the leisure market; and
- International charter flights to cater for Auckland overflow.

**Resolved:** (Crs Bunting/Macpherson)

That the Finance Committee:

- a) receives the report; and
- b) approves the Draft Statement of Intent for 2017/18.

*Cr O'Leary retired (3.08pm) from the meeting during the discussion of the above item. She was not present when the matter was voted on.*

**15. Resolution to Exclude the Public**

**Resolved:** (Crs Pascoe/Yeung)

**Section 48, Local Government Official Information and Meetings Act 1987**

The following motion is submitted for consideration:

That the public be excluded from the following parts of the proceedings of this meeting, namely consideration of the public excluded agenda.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows..

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Finance Committee - Public Excluded Minutes - 28 February 2017	) Good reason to withhold ) information exists under ) Section 7 Local Government ) Official Information and ) Meetings Act 1987 )	Section 48(1)(a)
C2. Discussion on Waikato Regional Airport Limited	)	
C3. Report on overdue debtors as at 28 February 2017 & Bad Debts Writeoffs 2016/17		
C4. Valley Terrace Stormwater Pipe Remedial Works		

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

Item C1.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C2.	to enable Council to carry out commercial activities without disadvantage	Section 7 (2) (h)
Item C3.	to protect the privacy of natural persons	Section 7 (2) (a)
Item C4.	to maintain legal professional privilege	Section 7 (2) (g)

**The Meeting moved into Public Excluded session at 3.25pm.**

**The Meeting was declared closed at 5.05pm.**

**Committee:** Finance Committee

**Date:** 23 May 2017

**Report Name:** 10-Year Plan Monitoring  
Report - For the ten months  
ended 30 April 2017

**Author:** Tracey Musty

<b>Report Status</b>	<i>Open</i>
<b>Strategy, Policy or Plan context</b>	<i>2015-25 10 Year Plan 2016-17 Annual Plan</i>
<b>Financial status</b>	<i>Not Applicable</i>
<b>Assessment of significance</b>	<i>Having regard to the decision making provisions in the LGA 2002 and Council's Significance Policy, a decision in accordance with the recommendations is not considered to have a high degree of significance</i>

## 1. Purpose of the Report

- To inform the Finance Committee on the Council's financial performance against the 2016-17 Annual Plan for the ten months ended 30 April 2017.

## 3. Executive Summary

- Council has an operating surplus of \$43.1m for the ten months ended 30 April 2017. This result is \$33.4m favourable to the year to date budget.
- The significant items that contribute to this result are: unrealised gains from interest rate Swaps at \$17.3m, favourable vested asset revenue at \$5.3m and additional revenue associated with capital (assets) projects at \$4.7m. Swaps and vested assets are excluded from Council's balancing the books measure.
- Council's balancing the books result is a surplus of \$14.1m. This is \$11.5m favourable to the year to date budget.
- The \$11.5m favourable variance is due to: higher user pays revenue of \$1.4m, additional revenue associated with capital (assets) projects of \$4.7m, higher development contribution revenue \$3.0m, lower finance costs of \$2.9m and lower expenditures on consultants \$1.5m and electricity \$0.5m.
- Capital expenditure totalled \$57.0m for the ten months ended 30 April 2017. This result is \$13.1m behind the year to date budget of \$70.1m.
- Twenty-five (25) capital expenditure projects have been identified as being potentially deferred (details listed in the table on page 5). These have an indicative value of \$19.7m. Deferrals relate to approved projects that will not be completed this financial year. These

projects are still required and need their budget to be carried forward into a future financial year.

10. Overall debt for the ten months ended 30 April 2017 is \$359.1m against an annual budget of \$404.1m. The debt to revenue ratio is 171% against an annual target of 198%.
11. Within the treasury area the 0-3 year funding maturity measure has a permitted range is between 15% and 60%, as at 30 April 2017 Council was at 61%. This is a short term breach and Council will be back within the accepted range in May 2017.

## **Recommendations from Management**

That the Finance Committee receives the report.

## **12. Attachments**

13. Attachment 1 - Financial Statements
14. Attachment 2 - Group of Activities Summary Reports
15. Attachment 3 - Capital Expenditure
16. Attachment 4 - Treasury Report

## **17. Discussion**

18. The structure of this report includes the following sections:
  - a) Summary of the operating result; including Council's balancing the books result.
  - b) Summary of capital expenditure
  - c) Summary of risks and opportunities
  - d) Summary of debt and treasury management
19. Attachments to this report provide more detailed analysis and explanation of the results.

## **20. Operating Result**

21. The operating result relates to the surplus or deficit position for Council from its normal day to day operating activities. The overall result is referred to as the Accounting result. This is compliant with Tier 1 Public Benefit Entity (PBE) accounting statements. A subset of the accounting result is Council's balancing the books result.
22. This section provides a summary for both the accounting result and Council's balancing the books result.
23. **The Accounting Result**
24. The accounting result for the ten months ended 30 April 2017 is a surplus of \$43.1m. This is \$33.4m favourable as the budget was expecting a surplus of \$9.7m.

Actual year to date	Budget year to date	Variance year to date
<b>\$43.1m</b>	<b>\$9.7m</b>	<b>\$33.4m</b>

25. **Council’s Balancing the Books**

26. Balancing the books is an internal measure adopted by Council as part of the 2012-22 10-Year Plan. This measure eliminates any gains or losses from interest rate Swaps, revenue associated with vested assets and capital subsidy for the Ring Rd.
27. Council’s balancing the books result for the ten months ended 30 April 2017 is a surplus of \$14.1m. This is \$11.5m favourable as the budget was a surplus of \$2.6m.

Actual year to date	Budget year to date	Variance year to date
<b>\$14.1m</b>	<b>\$2.6m</b>	<b>\$11.5m</b>

28. The *Financial Statements* (attachment 1) show the accounting result, Council’s balancing the books result, the Government’s balancing the books result and balance sheet. Variances are explained in this attachment.
29. *Group of Activities Financial Reports* (attachment 2) contains an individual operating statement for each of the 13 activities Council externally reports. These include comments that explain variances between year to date actual results and year to date budgets where they exceed \$100k.
30. The major contributors to the overall accounting result variance of \$33.4m have remained constant over the past 6 months, in summary they are:

**Revenue variances:**

- Higher revenue from building consents and planning guidance
- Higher 3<sup>rd</sup> party capital contributions.
- Higher NZTA capital subsidy. Western Rail trail is a major contributor.
- Higher rates penalties received and lower hardship remissions issued.
- Higher revenue through vested assets

**Expenditure variances:**

- Lower finance costs due to lower debt and interest rates.
- Lower expenditure on consultants due to timing.
- Lower expenditure on maintenance (buildings and both treatment plants).
- Lower expenditure on electricity and gas.
- Higher depreciation due to asset revaluations. The current forecast predicts depreciation to exceed budget by \$2.7m.

**Losses and Gains variances:**

- Gain on interest rate Swaps due to higher market interest rates.

31. More detailed explanations can be found in the notes in attachment 1 and attachment 2.

## 32. Summary of Capital Expenditure

### 33. The Capital Expenditure Result

34. Total spend on capital expenditure for the ten months ended 30 April 2017 is \$57.0m, compared to a budget of \$70.1m for the same period.

Actual year to date	Budget year to date	Variance year to date
<b>\$57.0m</b>	<b>\$70.1m</b>	<b>\$13.1m</b>

35. The *Capital Expenditure Report* (attachment 3) provides a full list of all projects and year to date variances to budget.

### 36. The Capital Expenditure Programme

37. The capital expenditure programme for 2016/17 is estimated to be \$106.0m. In addition to the Approved programme as per the Annual plan it also includes deferrals and projects brought forward. The following table has the detail.

<b>Capital Expenditure Programme for 2016-17</b>	<b>\$m</b>
Approved Annual Plan Programme	\$90.8m
plus Approved Deferrals from 2014-15	\$3.0m
plus Approved Deferrals from 2015-16	\$6.9m
plus Approved Brought forward	\$5.3m
<b>Total Capital Expenditure Programme</b>	<b>\$106.0m</b>

### 38. Deferral Expenditure

39. Deferrals refers to the process whereby capital expenditure projects that are unable to be completed in the current year are approved to have the project and associated budget carried forward into a future year. The request for deferrals that are submitted for approval will include the year they are now likely to be completed. Once approved they are included and reported on in the capital expenditure report.

### 40. 2016-17 Deferrals

41. Management have identified twenty five (25) projects as at 30 April 2017 that potentially will not be completed this year. These projects will require the budget to be carried forward into a future year.

42. The deferrals have been classified into 3 categories

- 3<sup>rd</sup> Party – is reliant on a 3<sup>rd</sup> party to enable the project to proceed, a common example would be infrastructure that is depended on developers.
- Contractual – project is now under contract with a supplier to deliver the project. The initial delay was due to issues associated with contract e.g. a design issue or delay in the tender process.
- Other External factor/Council – delay due to change in project scope/requirement or change in prioritisation by Council.

43. A full list of deferred projects as at 30 April 2017 is contained in the following table.

Indicative Capital Expenditure Deferrals from 2016-17	3rd Party	Contractual	HCC/ Other External	Total
	000's	000's	000's	000's
<b>Infrastructure Projects</b>				
<b>Rotokauri Growth</b>				
CE15111 - Increase capacity of network throughout the city	4,000			4,000
CE15060 - Rotokauri stormwater infrastructure stage 1	1,300			1,300
CE15090 - Roothing upgrades and development in Rotokauri stage 1	600			600
CE15107 - Increase capacity of network in Rotokauri stage 1	265			265
CE15127 - Water pipe upgrade - growth	114			114
<b>Peacockes Growth</b>				
CE15089 - Roothing upgrades and development in Peacocke stage 2		200		200
CE15088 - Roothing upgrades and development in Peacocke stage 1		453		453
<b>Rototuna Growth</b>				
CE15140 - Rototuna reservoir and associated bulk mains		450		450
CE15092 - Roothing upgrades and development in Rototuna	1,000			1,000
<b>City Wide Growth</b>				
CE15144 - Upgrade water treatment plant		1,000		1,000
CE15158 - Water model			514	514
CE15162 - Integrated catchment management plan		300		300
<b>Parking Management</b>				
CE10070 - Replacement of parking enforcement equipment			650	650
	<b>7,279</b>	<b>2,403</b>	<b>1,164</b>	<b>10,846</b>
<b>Community Projects</b>				
CE10003 - Waterworld operational asset renewals			2,600	2,600
CE10020 - Zoo animal replacement	13			13
CE16001 - Victoria on the River		2,200		2,200
CE10001 - Aquatic facilities building renewals			2,100	2,100
CE15033 - Land purchase future reserves			501	501
CE10008 - Museum asset renewal			17	17
	<b>13</b>	<b>2,200</b>	<b>5,218</b>	<b>7,431</b>
<b>H3 Projects</b>				
CE10012 - Founders Theatre plant and equipment renewals			353	353
CE10014 - Founders Theatre building renewals			152	152
CE10047 - FMG Stadium Waikato property renewals		179		179
CE10048 - Stadia building renewals		100		100
	<b>0</b>	<b>279</b>	<b>505</b>	<b>784</b>
<b>Corporate Projects</b>				
CE10152 - Network and infrastructure			180	180
CE10153 - Core business applications			421	421
	<b>0</b>	<b>0</b>	<b>601</b>	<b>601</b>
<b>Total Indicative Expenditure Deferrals</b>	<b>7,292</b>	<b>4,882</b>	<b>7,488</b>	<b>19,662</b>

44. The capital expenditure programme has been not been amended to remove these deferred amounts. Analysis of the \$13.1m year to date capital expenditure variance shows that \$9.7m of the variance is due to the projects proposed for deferral.

#### 45. Projects Brought Forward

46. Projects brought forward relate to approved projects from the 2015-15 10 Year Plan that have been brought forward from a future financial year (these were formally referred to as pipe line projects).
47. In February 2017 3 projects were identified as being brought forward. Since that time one of those projects, the Stadia building renewals has been removed. This related to Chiller Replacement project which is not going ahead within the 2016/17 financial year due to availability of equipment to purchase. This will now be reassessed as part of the 2017/18 Annual plan capital priorities.
48. The following table lists the current projects brought forward.

Capital Expenditure Brought Forward to 2016-17	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Project	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
CE10009 - ArtsPost Earthquake Strengthening	100			(100)			
CE15060 - Rotokauri stormwater infrastructure stage 1*	5,000						(5,000)
<b>Total Indicative Expenditure Pipelines</b>	<b>5,100</b>	<b>0</b>	<b>0</b>	<b>(100)</b>	<b>0</b>	<b>0</b>	<b>(5,000)</b>

\* This is the WINTEC land purchase

#### 49. Risks and Opportunities for 2016-17

#### 50. Risks and Opportunities

51. The Risks and Opportunities schedule is used to report to elected members any significant or potentially significant changes from the approved budget.
52. While the approved budget is not amended to reflect these changes the schedule serves to track these changes and ensure these items have the appropriate visibility.
53. These changes are classified into 3 categories:
- Approved through a resolution of Council or committee.
  - Approved under the delegated authority of the Chief Executive
  - Other

<b>Risks and Opportunities as at 30 April 2017</b>		<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Project</b>	<b>Date</b>	<b>Operating</b>		<b>Capital</b>	
		<b>Cost</b>	<b>Revenue</b>	<b>Cost</b>	<b>Revenue</b>
<b>Approved by Council or Committee Resolution</b>					
Additional Zoo Staff	20-Sep-16	302			
Project Watershed - Mangaonua Gully	20-Sep-16	195			
Authority Replacement Feasibility Study	30-Nov-16	150			
DC Funding Model, DC Assessment Tool and Growth Model	30-Nov-16			1,515	
Reduction in Authority Replacement Project	30-Nov-16			(1,028)	
Western Rail Trail	13-Dec-16			1,326	
Minor Improvements (to off-set Western Rail Trail)	13-Dec-16			(530)	
Infrastructure Capital Programme (to off-set Western Rail Trail)	13-Dec-16			(796)	
Eastern Bulk Water Main	11-Apr-17			1,080	
One Victoria Trust - Meteor Theatre	4-May-17	26			
<b>Total</b>		<b>673</b>	<b>0</b>	<b>1,567</b>	<b>0</b>
<b>Approved under CE Delegated Authority</b>					
Dominion Park Playground				315	250
Library Seismic Study				160	
Museum Chillers and Air Handling Units				215	
Transport Centre Land				1,030	
<b>Total</b>		<b>0</b>	<b>0</b>	<b>1,720</b>	<b>250</b>
<b>Other</b>					
Rototuna Reservoir				(5,200)	
Depreciation Increase due to asset revaluations		2,700			
On-Line Building Consents		140	140		
<b>Total</b>		<b>2,840</b>	<b>140</b>	<b>(5,200)</b>	<b>0</b>
<b>Total Risks and Opportunities</b>		<b>3,513</b>	<b>140</b>	<b>(1,913)</b>	<b>250</b>

#### 54. Emerging Issues

55. In addition, there are also the following emerging issues that are being disclosed to raise awareness.
56. At this stage the timing and value of these issues cannot be confirmed. Once there is more certainty they will be reported in full to Council. Where possible these will be added into the 2017/18 Annual Plan, otherwise they will be reported on future Risks and Opportunities.
57. The current emerging issues are listed below.
- Central Library - Seismic study has been undertaken, this was funded through the Risks and Opportunity process. The remedial works to bring the building up to standard works range between \$600k and \$3.9m. Council will consider this at the June 2017 meeting.
  - Stormwater – Repairs associated with a private property situated on Valley Terrace.
  - River Slips - 917 River Road and 253B River Road. The 253B Slip occurred in late December and is on esplanade reserve. Remedial options are currently being investigated. Additional slips have since resulted after periods of heavy rain.
  - Eastern bulk water main – the previously approved budget for this project will need to be substantially increased as a result of further investigations and geotechnical design. A further report will be coming to Council shortly.

58. In the last report an item for the Hamilton Crematorium was included under emerging items. This has now been moved to the Risk and Opportunities Report.

**59. Debt and Treasury Management**

**60. Treasury Management**

61. *The Treasury Report* (attachment 4) contains further detail around the treasury compliance measures. Council is reporting 1 breach as at 30 April 2017, this is explained in para 55. There is also a debt summary table along with graphical analysis on debt and cash investments and interest rate movements as they relate to the Council’s Swap liability.

62. The 0-3 year funding maturity measure has a permitted range is between 15% and 60%, as at 30 April 2017 Council was at 61%. This is a short term breach and Council will be back within the accepted range in May 2017.

**63. Total Overall Debt**

64. Total Overall Debt for the ten months ended 30 April 2017 is \$359.1m, which is \$45.0m less than the year end budget target of \$404.1m.

Actual year to date	Annual Budget	Amount Remaining	Debt to Revenue
<b>\$359.1m</b>	<b>\$404.1m</b>	<b>\$45.0m</b>	<b>171%</b>

**65. Interest Rate Swaps**

66. The gains on interest rate Swaps continue to have a material impact on Councils operating result. These gains are a calculated value at a “point in time”. These are based on Councils total external debt and the difference between actual interest rates and the rates that Council has locked in. They can be referred to as unrealised, because as long as the debt is allowed to reach its maturity then any gain (or loss) will never be realised.

67. From 1 July 2016 the liability has decreased from \$47.5m to \$30.2m. This is a reduction (gain) of \$17.3m for the ten months ended 30 April 2017. The favourable movement is due to lower market interest rates than when we entered into the fixed rate swap contracts.

**Signatory**

Authoriser	David Bryant, General Manager Corporate
------------	---

## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE TEN MONTHS ENDED 30 APRIL 2017

	Note	Actual YTD	Budget YTD	Variance favourable/ (unfavourable )	Annual Budget	Actual April 2016
		\$000	\$000	\$000	\$000	\$000
<b>Revenue</b>						
Rates	1	127,945	127,797	148	153,747	122,831
Revenue from activities	2	34,548	33,133	1,415	40,023	35,340
Subsidies and grants	3	4,397	4,705	(308)	5,479	3,893
Development and financial contributions	4	12,149	9,189	2,960	11,027	18,218
Interest revenue	5	1,585	1,667	(82)	2,000	1,839
Other revenue	6	13,372	8,144	5,228	9,744	27,171
Capital revenue	7	10,543	5,879	4,664	6,389	5,270
<b>Total revenue</b>		<b>204,539</b>	<b>190,514</b>	<b>14,025</b>	<b>228,409</b>	<b>214,562</b>
<b>Expenses</b>						
Personnel costs	8	57,576	57,062	(514)	68,390	52,646
Depreciation and amortisation	9	51,046	49,508	(1,538)	59,412	49,155
Finance costs	10	15,689	18,547	2,858	22,257	17,706
Other expenses	11	53,446	55,621	2,175	67,259	52,747
<b>Total expenses</b>		<b>177,757</b>	<b>180,738</b>	<b>2,981</b>	<b>217,318</b>	<b>172,254</b>
<b>Operating surplus/(deficit)</b>		<b>26,782</b>	<b>9,776</b>	<b>17,006</b>	<b>11,091</b>	<b>42,308</b>
Gains	12	17,388	-	17,388	-	28
Losses	12	(983)	-	(983)	-	(22,234)
<b>Surplus/(deficit)</b>		<b>43,187</b>	<b>9,776</b>	<b>33,411</b>	<b>11,091</b>	<b>20,102</b>

## COUNCIL'S BALANCING THE BOOKS MEASURE FOR THE TEN MONTHS ENDED 30 APRIL 2017

	Note	Actual YTD	Budget YTD	Variance favourable/ (unfavourable )	Annual Budget	Actual April 2016
		\$000	\$000	\$000	\$000	\$000
<b>Surplus/(deficit) before tax</b>		<b>43,187</b>	<b>9,776</b>	<b>33,411</b>	<b>11,091</b>	<b>20,102</b>
<b>Adjustments for balancing the books measure</b>						
Gains		17,388	-	17,388	-	28
Losses		(983)	-	(983)	-	(22,234)
Vested assets (included in Other revenue)		12,358	7,109	5,249	8,531	26,201
Ring Road subsidy (included in Capital revenue)		238	-	238	-	657
<b>Less Total adjustments</b>		<b>29,001</b>	<b>7,109</b>	<b>21,892</b>	<b>8,531</b>	<b>4,652</b>
<b>Council's Balancing the books surplus/(deficit)</b>		<b>14,186</b>	<b>2,667</b>	<b>11,519</b>	<b>2,560</b>	<b>15,450</b>

**LOCAL GOVERNMENT REGULATIONS MEASURE FOR BALANCING THE BOOKS  
FOR THE TEN MONTHS ENDED 30 APRIL 2017**

Note	Actual YTD	Budget YTD	Variance favourable/ (unfavourable )	Annual Budget	Actual April 2016
	\$000	\$000	\$000	\$000	\$000
Surplus/(deficit) before tax	43,187	9,776	33,411	11,091	20,102
<b>Adjustments for the Local Government Regulations measure</b>					
Gains excl gains on investment properties	17,301	-	17,301	-	28
Losses excl losses on asset sales/disposal	-	-	-	-	(15,617)
Development and financial contributions	12,149	9,189	2,960	11,027	18,218
Vested assets	12,358	7,109	5,249	8,531	26,201
<b>Less Total adjustments</b>	<b>41,808</b>	<b>16,298</b>	<b>25,510</b>	<b>19,558</b>	<b>28,830</b>
<b>LG Regulations Balancing the books surplus/(deficit)</b>	<b>1,379</b>	<b>(6,522)</b>	<b>7,901</b>	<b>(8,467)</b>	<b>(8,728)</b>

Attachment 1

### Operating Variance Analysis For the ten months ended 30 April 2017

		April 2017	Movement from March 2017
		Favourable/(Unfavourable)	
<b>Revenue variances:</b>			
1	Rates	\$0.52m	(\$0.03m)
	The current favourable position is due to higher revenue from penalties on overdue rates and the cost of remissions are lower than was expected. This favourable position will carry through until year end.		
1	Water by Meter	(\$0.38m)	(\$0.14m)
	Currently tracking behind budget. This is due to lower usage by high user customers.		
2	Revenue from Activities	\$1.41m	(\$0.28m)
	Building control revenues continue to exceed budget.		
3	Subsidies and Grants	(\$0.31m)	\$0.02 m
	Operating subsidies from NZTA are unfavourable. Level of subsidy is directly related to the level of expenditure. Therefore the lower subsidy is due to lower levels of expenditure. Partially offsetting this is higher revenue from the waste minimisation levy.		
4	Development contributions	\$2.96m	(\$0.02m)
	The strong March result has seen this area move to a favourable position. While this is expected to be maintained through to the end of the financial year the timing of this source of revenue is unpredictable.		
5	Interest Revenue	(\$0.08m)	\$0.02 m
	Interest revenue earned from Council cash investments.		
6	Vested assets	\$5.25m	(\$0.69m)
	As strong growth continues the level of vested revenue will remain high. The timing of this source of revenue is unpredictable.		
6	Other (excluding vested)	(\$0.02m)	\$0.01 m
	Minor Variance		
7	Capital Revenue	\$4.66m	(\$0.01m)
	The major driver is NZTA subsidy received for the Western Rail Trail.		
<b>Total Revenue variance</b>		<b>\$14.02 m</b>	<b>(\$1.13m)</b>
<b>Expenditure variances:</b>			
8	Personnel Costs	(\$0.51m)	\$0.13 m
	Personnel cost budgets are tracking to budget.		
9	Depreciation	(\$1.54m)	(\$0.09m)
	Depreciation will exceed budget. This is due to rising asset values from revaluations. Current forecast expects depreciation to exceed budget by \$2.7m.		
10	Finance Costs	\$2.85m	\$0.50 m
	Interest costs are favourable, due to debt being lower than expected coupled with lower interest rates.		
11	Other Expenses	\$2.18m	(\$0.32m)
	Across all activities expenditure is favourable. Lower expenditure on professional fees, planned maintenance and electricity. Detailed explanations of variances are explained in the <i>Group of Activities Financial Report</i> (attachment 2).		
<b>Total Expenditure variance</b>		<b>\$2.98 m</b>	<b>\$0.22 m</b>
<b>Gains and Losses Variances</b>			
12	Less loss on Swaps	\$17.28m	(\$1.43m)
	This is due to an increase in market interest rates in comparison to when Council's fixed interest rate contracts were entered into. Refer graph on attachment 5.		
12	Loss on asset sales	(\$0.88m)	(\$0.06m)
	The loss is due to the write down of existing assets which have been replaced.		
<b>Total Expenditure variance</b>		<b>\$16.41 m</b>	<b>(\$1.50m)</b>
<b>Total variance</b>		<b>\$33.41 m</b>	<b>(\$2.40m)</b>

## STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2017

	Note	Actual \$000	Annual Budget \$000	Actual April 2016 \$000
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	1	20,704	45,000	7,576
Receivables	2	45,834	17,614	46,523
Prepayments		1,480	1,663	1,561
Inventory		142	244	109
Other financial assets	1	16,040	107	39,000
Derivative financial instruments	6	51	-	-
<b>Total current assets</b>		<b>84,251</b>	<b>64,628</b>	<b>94,769</b>
<b>Non-current assets</b>				
Property, plant and equipment	3	3,576,587	3,470,927	3,380,489
Intangible assets		18,551	20,520	18,261
Investment property		19,420	22,478	22,332
Investment in associates		7,430	7,430	7,430
Other financial assets	1	24,720	25,907	27,376
Investment in subsidiaries		8,422	10,150	10,150
Derivative financial instruments	6	488	-	-
<b>Total non-current assets</b>		<b>3,655,618</b>	<b>3,557,412</b>	<b>3,466,038</b>
<b>Total assets</b>		<b>3,739,869</b>	<b>3,622,040</b>	<b>3,560,807</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Employee entitlements		4,939	5,053	6,603
Payables and deferred revenue	4	44,952	15,017	47,774
Provisions		1,781	1,074	1,613
Borrowings	5	98,426	73,036	78,358
Derivative financial instruments	6	1,038	-	-
<b>Total current liabilities</b>		<b>151,136</b>	<b>94,180</b>	<b>134,348</b>
<b>Non-current liabilities</b>				
Employee entitlements		1,068	886	881
Provisions		12,559	8,072	8,478
Borrowings	5	261,555	346,863	285,993
Derivative financial instruments	6	29,748	40,000	41,483
<b>Total non-current liabilities</b>		<b>304,930</b>	<b>395,821</b>	<b>336,835</b>
<b>Total liabilities</b>		<b>456,066</b>	<b>490,001</b>	<b>471,183</b>
<b>Net assets</b>		<b>3,283,803</b>	<b>3,132,039</b>	<b>3,089,624</b>
<b>Equity</b>				
Accumulated funds		1,680,123	1,597,166	1,643,542
Other reserves	7	1,603,680	1,534,873	1,446,082
<b>Total equity attributable to Hamilton City Council</b>		<b>3,283,803</b>	<b>3,132,039</b>	<b>3,089,624</b>
<b>Total equity</b>		<b>3,283,803</b>	<b>3,132,039</b>	<b>3,089,624</b>

## Notes to the Statement of financial position

### Note 1: Cash and financial assets

		Actual	Annual Budget	Prior YTD
		\$000	\$000	\$000
Cash and short-term deposits		20,704	45,000	7,576
Other financial assets - current	Term deposits	16,040	-	39,000
	Loan investments	-	107	10
		<u>36,744</u>	<u>45,107</u>	<u>46,586</u>
Other financial assets - non-current	Term deposits	3,440	4,000	3,600
	Loan investments	16,763	16,930	18,896
	Shares	4,517	4,977	4,870
		<u>24,720</u>	<u>25,907</u>	<u>27,366</u>
<b>Total cash and financial assets</b>		<b>61,464</b>	<b>71,014</b>	<b>73,952</b>

### Note 2: Rates and debtors receivables

	Actual			Prior YTD		
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Rates</b>	<b>Rates</b>	<b>Arrears</b>	<b>Total</b>	<b>Rates</b>	<b>Arrears</b>	<b>Total</b>
Balance as at 1 July	(2,107)	3,072	965	(1,885)	3,829	1,944
Instalments 1-4	170,471		170,471	161,723		161,723
Penalties, adjustments & postponed	811		811	889		889
Remissions and govt rebates instalments 1-4	(3,896)		(3,896)	(3,067)		(3,067)
Rates receipts	(130,106)	(2,937)	(133,043)	(122,544)	(3,645)	(126,189)
<b>Balance as at 31 March</b>	<b>35,173</b>	<b>135</b>	<b>35,307</b>	<b>35,115</b>	<b>184</b>	<b>35,299</b>
<b>Water by meter</b>			1,083			1,387
<b>Sundry debtors</b>						
Debtors			2,296			3,240
Rentals			312			359
Rates rebates Internal Affairs			148			176
NZTA			1,012			1,234
H3 debtors			907			756
			<u>4,675</u>			<u>5,765</u>
Debtor accruals			3,939			3,269
Parking			3,940			3,989
Provision for doubtful debts			(3,109)			(3,186)
<b>Total Rates and debtors receivables</b>			<b>45,834</b>			<b>46,523</b>

## Attachment 1

	Actual	Prior YTD
	\$000	\$000
<b>Debtors ageing Rates</b>		
	<b>as at 30 Jun 2016</b>	<b>as at 30 Jun 2015</b>
Pre 2013/14	34	Pre 2013/14 74
2014/15	60	2014/15 3,755
2015/16	2,977	
	3,072	3,829
<b>Sundry debtors</b>		
	<b>as at 30 Apr 2017</b>	<b>as at 30 Apr 2016</b>
Current	2,599	Current 2,972
0-30 days	1,191	0-30 days 548
30-60 days	286	30-60 days 300
60-90 days	124	60-90 days 198
>90 days	474	>90 days 1,747
	4,675	5,765

## Note 3: Fixed assets work in progress

	Balance 1 July 2016	New WIP 2016/17	WIP capitalised 2016/17	Balance 30 April 2017
	\$000	\$000	\$000	\$000
Operational Land	100	1,962	(1,030)	1,032
Restricted Land	29	-	-	29
Parks & Gardens Land	1,143	829	(178)	1,794
Heritage	25	-	(22)	3
Land under Roads	88	-	(7)	81
Operational Buildings	4,599	1,455	(3,976)	2,078
Parks & Gardens Improvements	3,061	2,656	(3,231)	2,486
Refuse	650	150	(515)	285
Wastewater	7,613	6,315	(2,304)	11,624
Stormwater	2,596	2,232	(1,398)	3,430
Transportation	14,099	18,233	(8,414)	23,918
Water Supply	16,072	12,822	(433)	28,461
Wastewater Treatment Plant	3,203	2,342	(2,452)	3,093
Water Treatment Station	3,071	2,860	(2,568)	3,363
Operational Plant & Equipment	3,693	3,294	(2,746)	4,241
Intangible Assets	3,658	1,094	(981)	3,771
Other	17	806	(658)	165
	63,717	57,050	(30,913)	89,854
Fixed Assets Vested	5,538	12,397	(5,837)	12,098
<b>Total Fixed assets work in progress</b>	<b>69,255</b>	<b>69,447</b>	<b>(36,750)</b>	<b>101,952</b>

Work in progress is a part of Council Property, plant and equipment non-current assets. Costs are recorded as work in progress until an asset becomes operational.

## Attachment 1

## Note 4: Payables

	Actual	Annual Budget	Prior YTD
	\$000	\$000	\$000
Payables	44,952	15,017	47,774
<b>Total Payables</b>	<b>44,952</b>	<b>15,017</b>	<b>47,774</b>

## Note 5: Borrowings

	Actual	Annual Budget	Prior YTD
	\$000	\$000	\$000
Borrowings - current	98,426	73,036	78,358
Borrowings - non-current	261,555	346,863	285,993
<b>Total external debt</b>	<b>359,981</b>	<b>419,899</b>	<b>364,351</b>

The calculation for Net External Debt and Total Overall Debt is shown in the Treasury Report (attachment 5). Total Overall Debt is the Financial Strategy benchmark.

## Note 6: Derivative financial instruments

	Actual	Annual Budget	Prior YTD
	\$000	\$000	\$000
Interest rate Swaps - held for trading (current asset)	(51)	-	-
Interest rate Swaps - held for trading (non-current asset)	(488)	-	-
Interest rate Swaps - held for trading (current liability)	1,038	-	-
Interest rate Swaps - held for trading (non-current liability)	29,748	40,000	41,483
<b>Total net derivative financial instrument liabilities</b>	<b>30,247</b>	<b>40,000</b>	<b>41,483</b>

The Council's unrealised losses position on interest rate swaps has reduced by \$17.3m this financial year. From 1 July 2016 the liability has decreased from \$47.5m to \$30.2m as at 30 April 2017. The favourable movement is due to lower market interest rates than when we entered into the fixed rate swap contracts.

## Note 7: Other Reserves

	Balance 1 July 2016	Transfers into fund	Transfers out of fund	Balance 30 April 2017
	\$000	\$000	\$000	\$000
Total Restricted reserves	32,475	5,405	-	37,880
Total Council created reserves	5,005	825	(425)	5,405
Total Revaluation and fair value through equity reserves	1,519,394	41,949	(948)	1,560,395
<b>Total restricted and Council created reserves</b>	<b>1,556,874</b>	<b>48,179</b>	<b>(1,373)</b>	<b>1,603,680</b>

Transfers into the revaluation reserve are due to the revaluation of transportation assets such as roads and footpaths.

**ARTS AND CULTURE**  
Theatres | Libraries | Museum | Arts | Active Communities  
for the ten months ended 30 April 2017

Prior YTD Actual 2015/16 \$000	Year to Date		Variance Favourable/ (Unfavourable) \$000	Annual Budget \$000
	Actual \$000	Budget \$000		
<b>Revenue</b>				
(4) Rates	(5)	(2)	(3)	(2)
0 Water by Meter	0	0	0	0
1,329 Revenue from activities	818	904	(86)	1,084
5 Subsidies and grants	15	30	(15)	39
0 Development Contributions	0	0	0	0
18 Vested and Other Revenue	16	17	(1)	20
0 Capital revenue	0	0	0	0
<b>1,348 Total revenue</b>	<b>843</b>	<b>948</b>	<b>(105)</b>	<b>1,141</b>
<b>Expenses</b>				
5,295 Personnel costs	5,123	5,381	259	6,448
2,176 Depreciation and amortisation	2,950	2,282	(669)	2,738
164 Finance costs	134	154	20	185
Other Expenses				
1,773 - Operating & Maintenance costs	1,587	1,641	54	1,967
289 - Professional costs	292	274	(18)	538
3,563 - Administrative costs	3,368	3,436	69	4,131
776 - Property costs	659	784	125	940
<b>14,036 Total expenses</b>	<b>14,114</b>	<b>13,952</b>	<b>(161)</b>	<b>16,948</b>
<b>(12,688) Operating surplus/(deficit)</b>	<b>(13,270)</b>	<b>(13,004)</b>	<b>(266)</b>	<b>(15,807)</b>
(117) Gains and losses	(116)	0	(116)	0
<b>(12,805) Surplus/(deficit)</b>	<b>(13,386)</b>	<b>(13,004)</b>	<b>(382)</b>	<b>(15,807)</b>

## Attachment 2

**The comments below explain the variance between year to date actual results and year to date budgets where they exceed \$100k.**

**Personnel costs - \$259 favourable.** \$50k is due to favourable annual leave variances that will reduce as the year progresses. The remainder consists of staff vacancies in the Libraries and Founders Theatre. Library staff will be recruited after the completion of the Central Library seismic upgrade. Theatres \$119k fav relates to budgeted additional payroll costs for theatre events. These costs are now being borne within Tech services in H3 Group, reported within Economic activity financials.

**Depreciation - \$669k unfavourable.** This variance is due to the useful lives of the building assets being reassessed as part of the latest revaluation carried out June 2016. The revaluation was completed after budgets were set. This variance will continue through to year end.

**Property Costs - \$125k favourable.** Cleaning, electricity and security costs at the Museum and Libraries track \$95k below budget and this variance is likely to continue. Other variances include minor insurance, rates, and body corporate fees at the community libraries. Contracts are in the process of being reviewed and budgets have been amended in the proposed 2017/18 Annual Plan. Theatres \$9k favourable is related to small movements across various categories.

**Gains and losses - \$116k unfavourable.** The loss is due to the write off of existing Library and Museum building fixtures and fittings which have been replaced.

## RECREATION

Pools | Indoor Recreation | Zoo

for the ten months ended 30 April 2017

Prior YTD Actual 2015/16 \$000	Year to Date		Variance Favourable/ (Unfavourable) \$000	Annual Budget \$000
	Actual \$000	Budget \$000		
<b>Revenue</b>				
0	(3)	0	(3)	0
0	0	0	0	0
3,785	3,776	3,691	85	4,367
283	243	237	7	279
0	0	0	0	0
24	21	24	(2)	28
0	0	0	0	0
4,092	4,038	3,951	87	4,674
<b>Expenses</b>				
4,282	4,530	4,249	(281)	5,077
1,177	1,204	1,321	117	1,585
236	194	223	29	267
Other Expenses				
1,459	1,500	1,392	(108)	1,657
148	199	145	(53)	172
1,558	1,697	1,693	(4)	2,106
671	639	727	88	873
9,530	9,962	9,749	(213)	11,737
(5,438)	(5,924)	(5,798)	(126)	(7,063)
(153)	(119)	0	(119)	0
(5,592)	(6,043)	(5,798)	(245)	(7,063)

## Attachment 2

**The comments below explain the variance between year to date actual results and year to date budgets where they exceed \$100k.**

**Personnel costs - \$281k unfavourable.** \$261k of the variance is due to the increase in the number of full-time zoo keeper positions and other operational support. Additional staff costs of \$302k was approved by Council on 20/09/16. Personnel costs at the pools tracks \$20k above budget.

**Depreciation and Amortisation - \$117k favourable.** This variance is due to the useful lives of the building assets being reassessed as part of the latest revaluation carried out June 2016. The revaluation was completed after budgets were set. This variance will continue through to year end.

**Operating & Maintenance costs - \$108k unfavourable.** The variance is due to increased cost of chemicals and shop stock purchases that are recovered by shop sales. Maintenance costs are tracking in advance of budget due to reactive works undertaken to ensure efficient operations.

**Gains and losses - \$119k unfavourable.** The loss is due to the write down of existing building fixtures and fittings which have been replaced.

**The following commentary specifically addresses the Financial position for Aquatic Facilities**

**Aquatic Services - Revenue \$48k favourable.** Club Aqua income is \$347k unfavourable as budgets were overly optimistic but contributes a \$115k profit year to date towards pool operations (\$75k achieved year to date April 2016.) 2017/18 revenue budgets have been reduced to bring revenue into line with what is achievable. Income from other programmes tracks \$390k favourable as budgets were reduced to accommodate a 12 week closure to complete pool renewal works. These works have been delayed and will not proceed until the outcome of the seismic and fire assessments are known. Realistically the work will not commence this year and revenue will be unaffected by the closure and available to offset the Club Aqua income shortfall. Operating expenditure is \$66k unfavourable due to cost overruns including salaries, chemicals and pool maintenance. Efforts are being made to reduce this variance.

**PLANNING AND DEVELOPMENT**  
 City Planning | Planning Guidance & Compliance | Building Control  
 for the ten months ended 30 April 2017

Prior YTD Actual 2015/16 5000	Year to Date		Variance Favourable/ (Unfavourable) 5000	Annual Budget 5000
	Actual 5000	Budget 5000		
<b>Revenue</b>				
0	0	0	0	0
0	0	0	0	0
8,116	7,884	6,407	1,476	7,764
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
8,116	7,884	6,407	1,476	7,764
<b>Expenses</b>				
4,852	5,226	5,233	7	6,272
0	0	0	(0)	0
0	0	0	0	0
Other Expenses				
1,055	1,094	951	(143)	1,144
1,831	1,098	1,631	533	1,895
2,026	2,393	2,414	20	2,943
10	11	12	0	14
9,773	9,822	10,239	417	12,269
(1,657)	(1,939)	(3,832)	1,894	(4,505)
<b>Operating surplus/(deficit)</b>				
0	0	0	0	0
(1,657)	(1,939)	(3,832)	1,894	(4,505)
<b>Surplus/(deficit)</b>				

## Attachment 2

The comments below explain the variance between year to date actual results and year to date budgets where they exceed \$100k.

**Revenue from activities - \$1.4m favourable.** This is due to increased activity for Building Control and Planning Guidance. This variance is expected to continue through to year end.

**Operating & Maintenance costs - \$143k unfavourable.** This variance is due to the online building consents project, which is offset by additional revenue. This variance is expected to continue through to year end.

**Professional costs - \$533k favourable.** The majority of this variance relates to expenditure on consultants. This has been partially off set by legal services required for the District Plan hearings and an increase in consultants required for increased resource consenting activity. This variance is expected to reduce by the year end.

## ECONOMIC DEVELOPMENT

Economic Initiatives | Strategic Property Investment | Claudelands | Stadiums  
for the ten months ended 30 April 2017

Prior YTD Actual 2015/16 \$000	Year to Date		Variance Favourable/ (Unfavourable) \$000	Annual Budget \$000
	Actual \$000	Budget \$000		
<b>Revenue</b>				
(173) Rates	(177)	(237)	60	(317)
0 Water by Meter	0	0	0	0
6,369 Revenue from activities	6,808	7,150	(342)	8,794
6 Subsidies and grants	0	0	0	0
0 Development Contributions	0	0	0	0
453 Vested and Other Revenue	415	437	(21)	524
(11) Capital revenue	0	0	0	0
6,644 Total revenue	7,047	7,349	(303)	9,002
<b>Expenses</b>				
2,340 Personnel costs	4,234	4,082	(152)	4,906
4,287 Depreciation and amortisation	4,287	4,092	(195)	4,910
4,157 Finance costs	3,396	3,899	502	4,679
Other Expenses				
4,435 - Operating & Maintenance costs	4,352	3,800	(551)	4,615
296 - Professional costs	379	446	67	534
3,579 - Administrative costs	3,885	3,993	108	4,584
1,351 - Property costs	1,167	1,341	175	1,610
20,443 Total expenses	21,699	21,654	(46)	25,838
(13,799) Operating surplus/(deficit)	(14,653)	(14,304)	(349)	(16,836)
(777) Gains and losses	(9)	0	(9)	0
(14,576) Surplus/(deficit)	(14,662)	(14,304)	(357)	(16,836)

The comments below explain the variance between year to date actual results and year to date budgets where they exceed \$100k.

**Revenue from activities - \$342k unfavourable.** Venues, Tourism & Major Events related is \$36k unfavourable, with \$90k unfavourable relating to iSite ticketing activities being below budget, however \$112k favourable to operating budget. H3 Group \$53k favourable due to mix of events across venues. There is also a reduction in revenue received from Strategic Property due to the sale of properties (\$336k unfavourable).

**Personnel costs - \$152k unfavourable.** This variance is due to the changes in staff within Economic Growth Unit (\$124k), which is offset by vacancies in City Planning (\$338k). H3 Group is \$51k unfavourable due to events and demand on staff redirected from Founders related activity.

**Depreciation and amortisation - \$195k unfavourable.** This variance is due to the useful lives of the building assets being reassessed as part of the latest revaluation carried out June 2016. The revaluation was completed after budgets were set. This variance will continue through to year end.

**Finance costs -\$502k favourable.** Due to the favourable debt position for Council.

**Operating and Maintenance costs - \$551k unfavourable.** Strategic Property unfavourable variance which includes Domain Endowment Fund Internal expenditure (\$383k). This was due to the budget set in the LTP incorrectly accounting for library income of \$345k, therefore this variance will continue until the year end. The 17/18 budget has been corrected accordingly.

Venues, Tourism & Major Events \$322k unfavourable, relating to cost of sales with the impact of increased sporting stadia events (offset by incremental stadia revenues), along with theatre events costs at Claudelands (Founders Theatre impact).

**Administrative cost - \$108k favourable.** Venues, Tourism & Major Events \$115k favourable due to timing of budget in promotional expenditure. Expected to be at budget levels by end of financial year.

**Property costs - \$175k favourable.** This variance is partially due to a reduction in property costs (\$105k) following sale of properties. \$61k relates to H3 Group. Cleaning and Insurance costs currently tracking below due to timing. Expected this will be on budget by end of year.

## SAFETY

Animal Control | Environmental Health and Public Safety  
for the ten months ended 30 April 2017

Prior YTD Actual 2015/16 \$000	Year to Date		Variance Favourable/ (Unfavourable) \$000	Annual Budget \$000
	Actual \$000	Budget \$000		
<b>Revenue</b>				
0 Rates	0	0	0	0
0 Water by Meter	0	0	0	0
2,055 Revenue from activities	2,018	1,971	47	2,164
9 Subsidies and grants	0	0	0	0
0 Development Contributions	0	0	0	0
2 Vested and Other Revenue	2	3	0	3
0 Capital Revenue	0	0	1	0
2,066 Total revenue	2,020	1,973	48	2,167
<b>Expenses</b>				
1,846 Personnel costs	2,359	1,983	(376)	2,377
74 Depreciation and amortisation	67	64	(3)	77
20 Finance costs	16	19	3	23
Other Expenses				
1,105 - Operating & Maintenance costs	1,039	1,051	12	1,264
130 - Professional costs	124	104	(20)	124
663 - Administrative costs	710	702	(8)	850
531 - Property costs	207	583	376	699
4,368 Total expenses	4,523	4,506	(17)	5,414
(2,301) Operating surplus/(deficit)	(2,503)	(2,532)	31	(3,247)
0 Gains and losses	0	0	0	0
(2,301) Surplus/(deficit)	(2,503)	(2,532)	31	(3,247)

The comments below explain the variance between year to date actual results and year to date budgets where they exceed \$100k.

**Personnel costs - \$376k unfavourable.** This variance is largely due to the City Safe Operations being brought inhouse (\$383k) which is offset by a reduction in Security costs (\$380k).

**Property costs - \$376 favourable.** Security in City Safe Operations brought inhouse mostly offset by the unfavourable variance in Personnel costs.

**COMMUNITY SUPPORT**  
Community Development | Emergency Management | Housing  
for the ten months ended 30 April 2017

Prior YTD Actual 2015/16 5000	Year to Date		Variance Favourable/ (Unfavourable) 5000	Annual Budget 5000
	Actual 5000	Budget 5000		
<b>Revenue</b>				
(114) Rates	(1)	(0)	(0)	(1)
0 Water by Meter	0	0	0	0
1,459 Revenue from activities	79	73	6	88
0 Subsidies and grants	0	0	0	0
0 Development Contributions	0	0	0	0
1 Vested and Other Revenue	1	1	(0)	1
(480) Capital revenue	0	0	0	0
866 Total revenue	79	73	6	88
<b>Expenses</b>				
1,064 Personnel costs	1,014	1,093	79	1,314
489 Depreciation and amortisation	144	146	2	175
10 Finance costs	8	9	1	11
Other Expenses				
965 - Operating & Maintenance costs	753	632	(121)	746
79 - Professional costs	206	70	(136)	82
1,728 - Administrative costs	1,642	1,597	(45)	2,081
217 - Property costs	168	149	(19)	179
4,553 Total expenses	3,934	3,696	(238)	4,588
(3,688) Operating surplus/(deficit)	(3,856)	(3,623)	(232)	(4,500)
(7,483) Gains and losses	(3)	0	(3)	0
(11,170) Surplus/(deficit)	(3,859)	(3,623)	(235)	(4,500)

The comments below explain the variance between year to date actual results and year to date budgets where they exceed \$100k.

**Operating & Maintenance costs - \$121k unfavourable.** The majority of this variance relates to Civil Defence and Emergency. It is mostly due to an overspend in contracts of \$151k which is offset with the budget being in the staff remuneration line which is currently favourable year to date. This variance will continue until year end. The 2017/18 budget has been corrected accordingly.

**Professional costs - \$136k unfavourable.** This variance is partly due to a 2016/17 budget shortfall in Risk & Insurance therefore this variance will continue until the year end. The 2017/18 budget has been corrected accordingly. External consultants \$118k unfavourable due to a business analyst being assigned to review risk, crisis, business continuity and insurance processes across the organisation due to gaps in exposure and efficiency being earlier identified. The business analyst role is to identify and provide process mitigation as an overall improvement plan to the wider organisation.

## GOVERNANCE

Governance and Public Affairs

for the ten months ended 30 April 2017

Prior YTD Actual 2015/16 \$000	Year to Date		Variance Favourable/ (Disfavourable) \$000	Annual Budget \$000
	Actual \$000	Budget \$000		
<b>Revenue</b>				
0 Rates	0	0	0	0
0 Water by Meter	0	0	0	0
17 Revenue from activities	260	216	43	219
0 Subsidies and grants	0	0	0	0
0 Development Contributions	0	0	0	0
0 Vested and Other Revenue	8	5	3	5
0 Capital Revenue	0	0	0	0
17 Total revenue	267	221	47	224
<b>Expenses</b>				
386 Personnel costs	257	502	245	600
0 Depreciation and amortisation	0	0	0	0
0 Finance costs	0	0	0	0
Other Expenses				
70 - Operating & Maintenance costs	115	137	22	166
189 - Professional costs	657	664	6	727
3,358 - Administrative costs	3,546	4,312	766	5,149
1 - Property costs	0	13	12	13
4,004 Total expenses	4,575	5,627	1,053	6,654
<b>(3,987) Operating surplus/(deficit)</b>	<b>(4,307)</b>	<b>(5,406)</b>	<b>1,099</b>	<b>(6,431)</b>
0 Gains and losses	0	0	0	0
<b>(3,987) Surplus/(deficit)</b>	<b>(4,307)</b>	<b>(5,406)</b>	<b>1,099</b>	<b>(6,431)</b>

The comments below explain the variance between year to date actual results and year to date budgets where they exceed \$100k.

**Personnel costs - \$245k favourable.** This variance is largely due to staff vacancies in Mayoral Support Services.

**Administrative costs - \$766k favourable.** Overhead allocations are favourable due to favourable professional service variances from support areas. Councillor Remuneration And Honoraria is also tracking \$177k favourable as the budget is set by the Remuneration Authority which includes additional duties.

## PARKS AND GREEN SPACES

Hamilton Gardens | Community Parks | Sports Parks | Cemeteries and Crematorium  
for the ten months ended 30 April 2017

Prior YTD Actual 2015/16 \$000	Year to Date		Variance Favourable/ (Unfavourable) \$000	Annual Budget \$000
	Actual \$000	Budget \$000		
<b>Revenue</b>				
0	0	0	0	0
0	0	0	0	0
2,037	2,163	1,854	308	2,317
5	5	7	(1)	7
3	2	0	2	0
125	116	128	(12)	152
1,263	1,854	1,597	257	1,597
3,433	4,139	3,586	553	4,073
<b>Expenses</b>				
1,806	1,894	1,896	2	2,276
2,864	3,099	2,740	(359)	3,288
1,260	1,090	1,252	161	1,502
Other Expenses				
8,491	9,399	8,780	(618)	10,758
267	217	177	(41)	253
2,248	2,347	2,288	(59)	2,877
573	615	604	(11)	727
17,509	18,662	17,737	(925)	21,680
(14,076)	(14,523)	(14,151)	(372)	(17,607)
(520)	(323)	0	(323)	0
(14,596)	(14,846)	(14,151)	(695)	(17,607)

## Attachment 2

The comments below explain the variance between year to date actual results and year to date budgets where they exceed \$100k.

**Revenue from activities - \$308k favourable.** Cemetery revenue is \$82k favourable due to the number of cremations and cemetery plot sales. Other variances include \$161k Hamilton Gardens shop revenue which is offset by unbudgeted stock purchases and park rental and project watershed recoveries tracking \$65k ahead of budget.

**Capital revenue - \$257k favourable.** This variance is driven by capital contributions received from external parties for Dominion Park Playground and the Hamilton Gardens Development.

**Depreciation and amortisation - \$359k unfavourable.** This variance is due to the useful lives of the building assets being reassessed as part of the latest revaluation carried out June 2016. The revaluation was completed after budgets were set. This variance will continue through to year end.

**Finance costs - \$161k favourable.** Due to the favourable debt position for Council.

**Operating & Maintenance costs - \$618k unfavourable.** \$189k of the variance is due to items included in 2015/16 capital work in progress that have been expensed as they were not capital in nature. \$170k consists of expenditure that will be recovered from external parties. Maintenance costs track \$259k ahead of target. This budget is expected to be \$195k unfavourable at year end due to the Mangaonua Gully project approved at the 20th September 2016 Council meeting which is offset by Project Watershed Reserve funding.

**Gains and losses - \$323 unfavourable.** The loss is due to the write off of existing building fixtures and fittings which have been replaced.

**RUBBISH AND RECYCLING**Refuse Collection | Waste Minimisation | Landfill Site Management  
for the ten months ended 30 April 2017

Prior YTD Actual 2015/16 \$000	Year to Date		Variance Favourable/ (Unfavourable) \$000	Annual Budget \$000
	Actual \$000	Budget \$000		
<b>Revenue</b>				
0 Rates	0	0	0	0
0 Water by Meter	0	0	0	0
328 Revenue from activities	330	345	(15)	345
543 Subsidies and grants	570	418	152	418
0 Development Contributions	0	0	0	0
11 Vested and Other Revenue	10	11	(1)	13
0 Capital revenue	0	0	1	0
<b>882 Total revenue</b>	<b>910</b>	<b>774</b>	<b>137</b>	<b>776</b>
<b>Expenses</b>				
3 Personnel costs	6	0	(6)	0
281 Depreciation and amortisation	328	316	(12)	379
104 Finance costs	93	107	14	129
<b>Other Expenses</b>				
4,618 - Operating & Maintenance costs	4,617	4,634	17	5,577
249 - Professional costs	198	528	330	635
690 - Administrative costs	759	680	(79)	821
29 - Property costs	34	30	(4)	36
<b>5,974 Total expenses</b>	<b>6,036</b>	<b>6,295</b>	<b>259</b>	<b>7,576</b>
<b>(5,092) Operating surplus/(deficit)</b>	<b>(5,126)</b>	<b>(5,521)</b>	<b>396</b>	<b>(6,800)</b>
0 Gains and losses	(16)	0	(16)	0
<b>(5,092) Surplus/(deficit)</b>	<b>(5,142)</b>	<b>(5,521)</b>	<b>380</b>	<b>(6,800)</b>

**The comments below explain the variance between year to date actual results and year to date budgets where they exceed \$100k.**

**Subsidies and grants - \$152k favourable** due to higher than anticipated levy income. Any additional funds received will be held in the Waste Minimisation Reserve for future use.

**Professional costs - \$330k favourable** due to:

- Waste Minimisation Initiatives - \$188k favourable in consultants costs due to a variance in the timing of planned works and expenditure being incurred as operations and maintenance expenditure.
- Resource consent compliance - \$144k due to a variance in the timing of works and a lower than anticipated need for contingency monitoring.

**STORMWATER**

Stormwater Network | Catchment Management

for the ten months ended 30 April 2017

Prior YTD Actual 2015/16 \$000	Year to Date		Variance Favourable/ (Unfavourable) \$000	Annual Budget \$000
	Actual \$000	Budget \$000		
<b>Revenue</b>				
0 Rates	0	0	0	0
0 Water by Meter	0	0	0	0
100 Revenue from activities	45	161	(116)	212
0 Subsidies and grants	0	0	0	0
0 Development Contributions	0	0	0	0
36 Vested and Other Revenue	24	27	(3)	32
86 Capital revenue	204	42	161	51
221 Total revenue	272	231	42	295
<b>Expenses</b>				
0 Personnel costs	0	0	0	0
6,592 Depreciation and amortisation	7,071	6,379	(692)	7,656
373 Finance costs	360	413	53	496
<b>Other Expenses</b>				
1,631 - Operating & Maintenance costs	1,460	1,460	(0)	1,747
256 - Professional costs	194	149	(44)	182
283 - Administrative costs	296	294	(2)	355
168 - Property costs	190	192	2	192
9,303 Total expenses	9,570	8,888	(682)	10,627
<b>(9,082) Operating surplus/(deficit)</b>	<b>(9,298)</b>	<b>(8,657)</b>	<b>(641)</b>	<b>(10,332)</b>
<b>(56) Gains and losses</b>	<b>(59)</b>	<b>0</b>	<b>(59)</b>	<b>0</b>
<b>(9,138) Surplus/(deficit)</b>	<b>(9,357)</b>	<b>(8,657)</b>	<b>(699)</b>	<b>(10,332)</b>

The comments below explain the variance between year to date actual results and year to date budgets where they exceed \$100k.

**Revenue from activities - \$116k unfavourable** due to an agreed reduction in Project Watershed Contributions from Waikato Regional Council (\$99k). This is offset by reduced expenditure.

**Capital revenue - \$161k favourable.** Due to unbudgeted 3rd party contributions to physical works being received and higher than anticipated paid connections. Increased revenue from paid connections is offset by a corresponding increased capital expenditure.

**Depreciation and amortisation - \$692k unfavourable.** This is due to the revaluation that occurred in the previous financial year. The full impact of the revaluation on depreciation was not realised until after budgets were set. This variance will continue through to year end.

**TRANSPORTATION**  
 Transport Network | Transport Centre | Parking Management  
 for the ten months ended 30 April 2017

Prior YTD Actual 2015/16 \$000	Year to Date		Variance Favourable/ (Unfavourable) \$000	Annual Budget \$000
	Actual \$000	Budget \$000		
<b>Revenue</b>				
(104)	(104)	(97)	(7)	(130)
0	0	0	0	0
4,732	4,601	4,415	186	5,363
3,043	3,563	4,015	(451)	4,737
0	0	0	0	0
1,472	1,429	1,443	(14)	1,731
3,782	7,753	4,155	3,598	4,640
12,926	17,242	13,930	3,312	16,341
<b>Expenses</b>				
598	607	754	147	903
15,032	14,612	15,094	481	18,113
6,534	5,683	6,524	841	7,829
Other Expenses				
9,238	9,815	10,115	301	12,048
429	700	800	101	915
3,592	3,714	3,802	88	4,595
1,651	1,788	1,897	109	2,293
37,075	36,918	38,986	2,068	46,696
(24,149)	(19,676)	(25,056)	5,380	(30,355)
(609)	14	0	14	0
(24,758)	(19,662)	(25,056)	5,394	(30,355)

## Attachment 2

The comments below explain the variance between year to date actual results and year to date budgets where they exceed \$100k.

**Revenue from activities - \$186k favourable.** There are a number of activities that are trending ahead of revenue forecasts in the areas of Transport Network (\$42k), On Street Parking (\$22k) and Off Street Parking (\$121k).

**Subsidies and grants - \$451k unfavourable.** The level of subsidy received is directly related to the level of expenditure. As subsidised maintenance expenditure is \$662k favourable (see note below) the amount subsidy received is lower. It is expected that this variance will be addressed over the final 2 months of the financial year.

**Capital Revenue - \$3.5m favourable.** The key contributors are projects where projected revenue was not included in the financial year 2016-17 budget, this includes:

- Rototuna School Collector (\$100k favourable)
- Western Rail Trail (\$3,826k favourable).

Also, timing of renewal programs which are expected to be completed by the end of the financial year (\$307k unfavourable).

**Personnel costs - \$147k favourable.** With the pending introduction of parking technology, parking activity efficiencies were identified and have been realised. This variance will continue until year-end.

**Depreciation and amortisation - \$481k favourable.** Due to the Transportation asset revaluation being lower than anticipated.

**Finance costs- \$841k favourable.** Due to the favourable debt position for Council.

**Operating & Maintenance costs - \$301k favourable.** Subsidised maintenance expenditure is \$662k favourable and is partially offset by reduced NZTA subsidy. The majority of this variance are costs for bridge related investigations forecast to be realised by now but are expected next month.

**Professional costs - \$101k favourable.** Planned work rescheduled but expected to be completed this FY.

**Administrative costs - \$101k favourable.** Doubtful Debt expense for On Street Parking Management is \$90k favourable.

**Property costs - \$109k favourable.** Cleaning costs have been less than expected to date. A review of the level of service of the Transport Centre and Garden Place car park has seen these increased to address public feedback.

## SEWERAGE

Sewerage Collection | Sewerage Treatment and Disposal  
for the ten months ended 30 April 2017

Prior YTD Actual 2015/16 \$000	Year to Date		Variance Favourable/ (Unfavourable) \$000	Annual Budget \$000
	Actual \$000	Budget \$000		
<b>Revenue</b>				
0	0	0	0	0
0	0	0	0	0
2,344	2,622	2,599	23	3,290
0	0	0	0	0
0	0	0	0	0
288	254	285	(30)	338
290	390	42	348	51
2,922	3,266	2,926	340	3,680
<b>Expenses</b>				
65	2	0	(2)	0
7,514	7,611	7,101	(510)	8,521
2,794	2,535	2,910	375	3,493
Other Expenses				
5,461	5,847	6,565	718	7,873
208	157	324	167	383
1,464	1,549	1,541	(8)	1,856
1,585	1,642	1,729	87	2,079
19,092	19,344	20,170	826	24,204
(16,170)	(16,077)	(17,244)	1,166	(20,524)
<b>Operating surplus/(deficit)</b>				
0	(160)	0	(160)	0
(16,170)	(16,237)	(17,244)	1,007	(20,524)
<b>Surplus/(deficit)</b>				

## Attachment 2

The comments below explain the variance between year to date actual results and year to date budgets where they exceed \$100k.

**Capital revenue - \$348k favourable.** Due to unbudgeted 3rd party contributions to physical works being received and higher than anticipated paid connections. Increased revenue from paid connections is offset by a corresponding increased capital expenditure.

**Depreciation and amortisation - \$510k unfavourable.** This is due to the revaluation that occurred in the previous financial year. The full impact of the revaluation on depreciation was not realised until after budgets were set. This variance will continue through to year end.

**Finance costs - \$375k favourable.** Due to the favourable debt position for Council.

**Operating & Maintenance costs - \$718k favourable.** Primarily due to:

- Shared Services costs are \$129k favourable due to a variance in the planned timing of works programmes.
- Maintenance is \$251k favourable due to a variance in the timing of planned works and lower than anticipated reactive failures. Budget is anticipated to be fully spent by year end.
- Contractual services are \$91k favourable due to the timing of biosolids collection.
- Chemicals is \$123k favourable due to lower than anticipated chemical usage.

**Professional costs - \$167k favourable.** Primarily due to delays in updating the Wastewater model.

**Gains and losses - \$160k unfavourable** due to replacement of assets which were not fully depreciated.

## WATER SUPPLY

Water Treatment and Storage | Water Distribution

for the ten months ended 30 April 2017

Prior YTD Actual 2015/16 \$000	Year to Date		Variance Favourable/ (Unfavourable) \$000	Annual Budget \$000
	Actual \$000	Budget \$000		
<b>Revenue</b>				
0	0	0	0	0
6,959	6,468	6,845	(377)	8,169
169	137	128	9	160
0	0	0	0	0
0	0	0	0	0
254	200	223	(24)	265
328	342	42	300	51
7,710	7,147	7,238	(91)	8,645
<b>Expenses</b>				
(1)	2	0	(2)	0
5,520	5,815	5,797	(19)	6,956
2,621	2,591	2,974	383	3,569
Other Expenses				
3,702	4,336	4,704	368	5,652
104	148	354	206	422
1,025	1,113	1,112	(1)	1,338
1,687	1,560	1,789	229	2,093
14,657	15,566	16,731	1,165	20,031
(6,947)	(8,419)	(9,493)	1,074	(11,386)
<b>Operating surplus/(deficit)</b>				
0	(54)	0	(54)	0
(6,947)	(8,474)	(9,493)	1,019	(11,386)
<b>Surplus/(deficit)</b>				

The comments below explain the variance between year to date actual results and year to date budgets where they exceed \$100k.

**Water Rates - \$377k unfavourable** due to lower than anticipated water demand.

**Capital Revenue - \$300k favourable** due to higher than anticipated paid connections. Increased revenue is offset by a corresponding increase in capital expenditure.

**Finance costs - \$383k favourable.** Due to the favourable debt position for Council.

**Operating & Maintenance costs - \$368k favourable** primarily due to a variance in the timing of planned works. The budget is anticipated to be fully spent by year end.

**Professional costs - \$206k favourable** primarily due to delays in updating the Water Supply model.

**Property costs - \$229k favourable** primarily due to electricity cost being less than expected.

**CAPITAL EXPENDITURE**  
for the ten months ended 30 April 2017

PROJECT TYPE KEY	
R	Renewal
LOS	Level of Service
G	Growth

Type	Year To Date			Annual Budget			Notes
	Actual	Budget	Variance	Approved 2016/17	Approved Deferred	Total	
	\$000	\$000	\$000	\$000	\$000	\$000	
<b>ARTS AND CULTURE</b>							
<b>Libraries</b>							
CE10005 - Library collection purchases	R	913	895	(18)	1,068	1,068	
CE10006 - Library asset renewal	R	4	4	0	4	4	
CE10007 - Library building asset renewal programme	R	98	70	(28)	70	70	
<b>Total Libraries</b>		<b>1,015</b>	<b>969</b>	<b>(46)</b>	<b>1,142</b>	<b>0</b>	<b>1,142</b>
<b>Museum</b>							
CE10008 - Museum asset renewal	R	65	131	66	147	147	1
CE10009 - ArtsPost earthquake strengthening	R	15	0	(15)		100	2
CE10010 - Public art support fund	R	5	26	21	31	31	
CE10011 - Museum activity building renewals	R	164	139	(25)	209	209	
<b>Total Museum</b>		<b>249</b>	<b>296</b>	<b>47</b>	<b>387</b>	<b>100</b>	<b>487</b>
<b>Hamilton City Theatres</b>							
CE10012 - Founders Theatre plant and equipment renewals	R		213	213	256	97	353
CE10013 - Technical services equipment renewals	R	173	256	84	308		308
CE10014 - Founders Theatre building renewals	R		0	0	152	152	4
CE10159 - Founders Theatre stage house renewal	R	10	0	(10)	0		
<b>Total Hamilton City Theatres</b>		<b>183</b>	<b>470</b>	<b>287</b>	<b>564</b>	<b>249</b>	<b>813</b>
<b>TOTAL ARTS AND CULTURE</b>		<b>1,447</b>	<b>1,734</b>	<b>288</b>	<b>2,093</b>	<b>349</b>	<b>2,442</b>
<b>ECONOMIC DEVELOPMENT</b>							
<b>Claudlands and Stadia</b>							
CE10041 - Claudlands plant and equipment	R	4	195	191	234		234
CE10042 - Seddon Park plant and equipment	R	5	65	59	36	70	106
CE10043 - FMG Stadium Waikato plant and equipment	R	177	112	(65)	134		134
CE10044 - Turf services plant and equipment	R	14	46	31	55		55
CE10045 - Claudlands property renewals	R	118	140	22		140	140
CE10046 - Seddon Park property renewals	R	102	52	(50)	21	35	56
CE10047 - FMG Stadium Waikato property renewals	R	61	324	263	389		389
CE10048 - Stadia building renewals	R	0	351	351	421		421
CE10049 - Claudlands building renewals	R	44	0	(44)			0
CE15051 - Stadia capital improvement function	LOS		149	149	179		179
<b>Total Claudlands and Stadia</b>		<b>526</b>	<b>1,433</b>	<b>908</b>	<b>1,468</b>	<b>245</b>	<b>1,713</b>
<b>Strategic Property</b>							
CE10052 - Strategic property renewals	R	51	64	13	76		76
CE10053 - Tenancy Inducement renewals	R		17	17	21		21
<b>Total Strategic Property</b>		<b>51</b>	<b>81</b>	<b>30</b>	<b>97</b>	<b>0</b>	<b>97</b>
<b>TOTAL ECONOMIC DEVELOPMENT</b>		<b>577</b>	<b>1,514</b>	<b>938</b>	<b>1,565</b>	<b>245</b>	<b>1,810</b>
<b>PARKS AND GREEN SPACES</b>							
<b>Cemeteries and Crematorium</b>							
CE10021 - Building renewals cemeteries	R		10	10	10		10
CE10022 - Renewal of crematorium assets	R	132	132	0	132		132
CE10023 - Hamilton Park east and west cemeteries renewals	R	41	46	5	46		46
CE15024 - Hamilton Park cemetery burial and ash lawn extension	G	21	21	(0)	21		21
<b>Total Cemeteries and Crematorium</b>		<b>194</b>	<b>209</b>	<b>15</b>	<b>209</b>	<b>0</b>	<b>209</b>
<b>Hamilton Gardens</b>							
CE10026 - Hamilton Gardens renewals	R	9	51	42	51		51
CE10028 - Hamilton Gardens building renewals	R	101	131	30	131		131
CE15027 - Proposed development programme	G	1,811	1,813	2	2,608		2,608
<b>Total Hamilton Gardens</b>		<b>1,922</b>	<b>1,995</b>	<b>78</b>	<b>2,790</b>	<b>0</b>	<b>2,790</b>
<b>Parks</b>							
CE10029 - Toilet and changing room renewals	R	25	82	58	82		82
CE10030 - Building renewals parks and open spaces	R	188	236	49	236		236
CE10032 - Parks and open spaces assets and playgrounds renewals	R	686	715	29	1,241	115	1,356
CE15033 - Land purchase future reserves	G	321	320	(0)	234	598	822
CE15034 - Destination playground public toilets	LOS	290	382	93	255	127	382
CE15035 - Rotorua Park development	G	72	233	161		233	233

Type	Year To Date			Annual Budget			Notes
	Actual	Budget	Variance	Approved 2016/17	Approved Deferred	Total	
CE15036 - Playground development programme	G	810	509	(301)	509	509	8
CE15168 - Rototuna Town Centre	G	6	0	(6)			
CE16001 - Victoria on the River	LOS	516	1,350	834	4,900	4,900	9
<b>Total Parks</b>		<b>2,913</b>	<b>3,829</b>	<b>916</b>	<b>7,449</b>	<b>1,073</b>	<b>8,522</b>
<b>Sports Parks</b>							
CE10031 - Sports area renewals	R	59	109	50	119		119
<b>Total Sports Parks</b>		<b>59</b>	<b>109</b>	<b>50</b>	<b>119</b>	<b>0</b>	<b>119</b>
<b>TOTAL PARKS AND GREEN SPACES</b>		<b>5,086</b>	<b>6,141</b>	<b>1,054</b>	<b>10,567</b>	<b>1,073</b>	<b>11,640</b>
<b>RECREATION</b>							
<b>Aquatic Facilities</b>							
CE10001 - Aquatic facilities building renewals	R	201	1,240	1,039	2,340		2,340
CE10003 - Waterworld operational asset renewals	R	494	1,726	1,232	3,096		3,096
CE10004 - Gallagher Aquatic Centre operational asset renewal	R	27	139	112	197		197
<b>Total Aquatic Facilities</b>		<b>722</b>	<b>3,105</b>	<b>2,383</b>	<b>5,632</b>	<b>0</b>	<b>5,632</b>
<b>Hamilton Zoo</b>							
CE10015 - Zoo animal enclosure renewals	R	105	110	5	139		139
CE10016 - Zoo building renewals	R	361	362	0	362		362
CE10017 - Property renewals	R	8	11	3	11		11
CE10019 - Zoo quarantine replacement	R	8	0	(8)			0
CE10020 - Zoo animal replacement	R	11	41	30	41		41
CE15018 - Zoo browse plantation	LOS	5	0	(5)	21		21
<b>Total Hamilton Zoo</b>		<b>498</b>	<b>523</b>	<b>25</b>	<b>573</b>	<b>0</b>	<b>573</b>
<b>TOTAL RECREATION</b>		<b>1,220</b>	<b>3,628</b>	<b>2,408</b>	<b>6,205</b>	<b>0</b>	<b>6,205</b>
<b>SAFETY</b>							
CE10037 - CCTV renewals	R		41	41	41		41
<b>TOTAL SAFETY</b>		<b>0</b>	<b>41</b>	<b>41</b>	<b>41</b>	<b>0</b>	<b>41</b>
<b>RUBBISH AND RECYCLING</b>							
CE10054 - Replacement of closed landfill assets	R	39	160	120	160		160
CE10056 - Replacement of RTS & HOC assets	R	52	2	(50)	2		2
CE15055 - Closed landfill management	LOS	58	257	199	257		257
<b>TOTAL RUBBISH AND RECYCLING</b>		<b>150</b>	<b>419</b>	<b>269</b>	<b>419</b>	<b>0</b>	<b>419</b>
<b>STORMWATER</b>							
CE10058 - Replacement of Stormwater assets	R	436	342	(94)	573		573
CE15059 - Rototuna Stormwater Infrastructure	G	684	843	159	330	513	843
CE15060 - Rotokauri stormwater Infrastructure stage 1	G	32	230	198	1,834	5,000	6,834
CE15062 - Peacocke stormwater Infrastructure stage 1	G	0	0	(0)			0
CE15064 - Stormwater pipe upgrade - growth	G	119	156	37	127	61	188
CE15066 - Existing network improvements in new areas	G	108	10	(98)	102		102
CE15068 - Stormwater customer connections to the network	G	79	42	(37)	51		51
CE15162 - Integrated catchment management plan	LOS	773	1,210	436	806	600	1,406
C960015 - Project Watershed	R	2	0	(2)			0
<b>TOTAL STORMWATER</b>		<b>2,234</b>	<b>2,822</b>	<b>596</b>	<b>3,822</b>	<b>6,174</b>	<b>9,996</b>
<b>TRANSPORT</b>							
<b>Parking Management</b>							
CE10070 - Replacement of parking enforcement equipment	R	31	581	550	367	328	695
CE10071 - Parking building renewal	R	5	22	17	26		26
<b>Total Parking Management</b>		<b>36</b>	<b>602</b>	<b>566</b>	<b>393</b>	<b>328</b>	<b>721</b>
<b>Transportation Network</b>							
CE10072 - Replacement of footpath	R	1,719	2,124	406	2,558		2,558
CE10073 - Replacement of street furniture	R		51	51	62		62
CE10074 - Replacement of drainage (kerb and channel)	R	993	1,082	88	1,300		1,300
CE10075 - Replacement of road base	R	936	1,040	104	1,061		1,061
CE10076 - Road resurfacing	R	4,188	4,636	448	5,148		5,148
CE10077 - Replacement of bridges and culverts	R	10	99	89	103		103

Type	Year To Date			Annual Budget			Notes
	Actual	Budget	Variance	Approved 2016/17	Approved Deferred	Total	
	\$000	\$000	\$000	\$000	\$000	\$000	
CE10078 - Replacement of retaining walls and structures	R	4	5	1	5	5	
CE10079 - Replacement of environmental controls	R		0	0	0	0	
CE10080 - Replacement of lighting	R	224	246	22	310	310	
CE10081 - Replacement of traffic equipment	R	254	266	12	282	282	
CE10082 - Replacement of street signs	R	1	0	(1)	0	0	
CE10098 - Building and property renewals	R		104	104	104	104	
CE15085 - Minor improvements to transport network	LOS	115	560	445	650	650	19
CE15086 - Bus stop Infrastructure	LOS	18	113	95	114	114	
CE15087 - Network upgrades to allow new development	G	53	10	(43)	179	179	
CE15088 - Roading upgrades and development in Peacocke stage 1	G	52	235	183	153	500	653 20
CE15089 - Roading upgrades and development in Peacocke stage 2	G	246	354	108	500	500	21
CE15090 - Roading upgrades and development in Rotokauri stage 1	G	66	335	269	1,284	1,284	22
CE15092 - Roading upgrades and development in Rototuna	G	1,597	1,837	240	3,071	590	3,661 23
CE15093 - Roading upgrades and development in Ruakura	G	806	893	27	1,000	1,000	
CE15094 - Traffic signal Improvements	LOS	165	258	92	306	306	
CE15095 - Integrated transport Initiatives	LOS	5,860	840	(5,020)	916	916	24
CE16003 - Transport Centre Land	LOS	1,030	0	(1,030)			25
PIF12005 - Hamilton Ring Road Completion	LOS	883	800	(83)		1,000	1,000
<b>Total Transportation Network</b>		<b>19,221</b>	<b>15,828</b>	<b>(3,392)</b>	<b>19,105</b>	<b>2,090</b>	<b>21,195</b>
<b>TOTAL TRANSPORT</b>		<b>19,257</b>	<b>16,481</b>	<b>(2,826)</b>	<b>19,498</b>	<b>2,418</b>	<b>21,916</b>
<b>SEWERAGE</b>							
CE10100 - Replacement of wastewater pump stations	R	652	1,015	362	1,015	1,015	
CE10101 - Replacement of wastewater assets	R	3,343	2,203	(1,139)	3,701	3,701	26
CE15103 - Increase capacity of wastewater pump stations	LOS	59	353	294	376	376	27
CE15104 - Wastewater pipe upgrade - growth	G	13	266	253	306	306	28
CE15105 - Increase capacity of wastewater network - Rototuna	G	319	372	53	272	100	372
CE15106 - Wastewater network upgrades to allow development	G	20	10	(10)	81	81	
CE15107 - Increase capacity of network in Rotokauri stage 1	G	33	35	2	441	441	29
CE15109 - Increase capacity of network in Peacocke stage 1	G	120	0	(120)	69	69	
CE15111 - Increase capacity of network throughout the city	G	301	2,725	2,424	4,088	284	4,372 30
CE15112 - Increase capacity of network (far east Interceptor)			1,000	1,000	2,038	2,038	31
CE15114 - Increase capacity of network (bulk storage)	G	30	385	355	467	134	601 32
CE15161 - Wastewater master plan	R	335	153	(182)	153	153	
CE10115 - Replacement of wastewater treatment plant assets	G	1,143	1,214	71	1,875	1,875	
CE15116 - Upgrade wastewater treatment plant systems	LOS	91	153	62	153	153	
CE15117 - Upgrade wastewater treatment plant (Pukete 3)	G	481	509	28	737	102	839
CE15120 - Wastewater treatment plant compliance	LOS	609	390	(219)	509	509	33
CE15121 - Wastewater customer connections to the network	G	215	42	(172)	51	51	
<b>TOTAL SEWERAGE</b>		<b>7,765</b>	<b>10,765</b>	<b>3,000</b>	<b>16,882</b>	<b>620</b>	<b>16,982</b>
<b>WATER SUPPLY</b>							
CE10123 - Replacement of water mains	R	2,764	2,714	(50)	3,339	3,339	
CE10124 - Replacement of water meters, valves and hydrants	R	234	286	53	360	360	
CE15126 - Upgrade or build new water mains in Rototuna	G	78	255	177	511	50	561
CE15127 - Water pipe upgrade - growth	G	0	266	266	306	306	34
CE15128 - Upgrade/build new water mains in Rotokauri stage 1	G	398	277	(121)	114	277	391
CE15130 - Upgrade/build new water mains in Peacocke stage 1	G	0	0	0	104	104	
CE15132 - Water network upgrades to allow new development	G	5	10	5	81	81	
CE15133 - Water demand management - network water loss	LOS	380	368	(12)	407	407	
CE15136 - Water demand management - Dinsdale reservoir zone	LOS	95	190	95	474	474	
CE10138 - Replacement of treatment plant and reservoir assets	R	642	553	(88)	855	855	
CE15139 - Water treatment plant compliance - minor upgrades	LOS	487	664	177	1,026	1,026	

	Type	Year To Date			Annual Budget			Notes
		Actual	Budget	Variance	Approved 2016/17	Approved Deferred	Total	
		\$000	\$000	\$000	\$000	\$000	\$000	
CE15140 - Rototuna reservoir and associated bulk mains	G	8,677	15,500	6,823	13,574	3,000	16,574	35
CE15141 - Water demand management - Hillcrest reservoir zone	LOS	258	182	(76)	306		306	
CE15144 - Upgrade water treatment plant	G	1,785	1,620	(165)	3,337		3,337	36
CE10145 - Tools of trade renewals	R	47	42	(5)	51		51	
CE15146 - Water customer connections	G	254	42	(212)	51		51	37
CE15148 - Upgrade or build new water mains in Ruakura	G	13	0	(13)			0	
CE15158 - Water model	R	156	460	304	1,014		1,014	38
CE15159 - Water master plan	G	99	76	(23)	76		76	
CE15166 - Fluoride free water source	LOS	81	53	(28)		53	53	
PIF12031 - New structure to extract water from the Waikato River	LOS	46	0	(46)			0	
C9400064 Chlorine Scrubber Installation WTP	LOS	0	0	0			0	
CE16004 - Eastern Bulk Main Slip	LOS	82	0	(82)			0	
<b>TOTAL WATER SUPPLY</b>		<b>16,579</b>	<b>23,560</b>	<b>6,981</b>	<b>25,986</b>	<b>3,380</b>	<b>29,366</b>	
<b>CORPORATE SERVICES</b>								
<b>Corporate Buildings</b>								
CE10151 - Renewals program	R	128	106	(22)	127		127	
<b>Total Corporate Buildings</b>		<b>128</b>	<b>106</b>	<b>(22)</b>	<b>127</b>	<b>0</b>	<b>127</b>	
<b>Information Services</b>								
CE10152 - Network and Infrastructure	R	308	426	117	601		601	39
CE10153 - Core business applications	R	172	679	507	958		958	40
CE10154 - Minor applications	R		15	15	21		21	
CE15155 - Mobility and eservices	LOS	159	245	86	346		346	
CE10156 - Lease funding of equipment	R	518	550	32	776	243	1,019	
CE15157 - Authority replacement	LOS		374	374	528	500	1,028	41
<b>Total Information Services</b>		<b>1,157</b>	<b>2,288</b>	<b>1,131</b>	<b>3,230</b>	<b>743</b>	<b>3,973</b>	
<b>Performance</b>								
CE10158 - Replacement of fleet vehicles	R	948	731	(217)	878		878	42
<b>Total Performance</b>		<b>948</b>	<b>731</b>	<b>(217)</b>	<b>878</b>	<b>0</b>	<b>878</b>	
<b>DC Funding Model and DC Assessment Tool and Growth Model</b>								
CE16002 - DC Funding Model and DC Assessment Tool and Growth Model	G	501	0	(501)	0		0	43
<b>Total DC Funding Model and DC Assessment Tool and Growth Model</b>		<b>501</b>	<b>0</b>	<b>(501)</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>TOTAL CORPORATE SERVICES</b>		<b>2,735</b>	<b>3,125</b>	<b>391</b>	<b>4,235</b>	<b>743</b>	<b>4,978</b>	
<b>TOTAL COUNCIL</b>		<b>57,050</b>	<b>70,191</b>	<b>13,142</b>	<b>90,764</b>	<b>15,002</b>	<b>105,766</b>	

**Capital Expenditure Variance Explanations: Variances greater than \$200k and/or deferrals indicated for the ten months ended 30 April 2017**

	YTD Variance \$000	Indicative Deferral \$000	Projects brought forward \$000
<p><b>1 CE10008 - Museum asset renewal</b></p> <p>Any unspent budget remaining at the 30 June 2017 will be requested as a deferral. By carrying over the budget it affords Council the opportunity to acquire more substantial art pieces should something come on to the market.</p>		17	
<p><b>2 CE10009 - ArtsPost Earthquake Strengthening</b></p> <p>Set up for 10 Year Plan - no current cost in March 17 Capital Report. Pipeline indicated, from 19/20 to 16/17 For seismic assessment, work includes the prep of a Heritage Architect Conservation plan.</p>			100
<p><b>3 CE10012 - Founders Theatre plant and equipment renewals</b></p> <p>The Founders capital is to be deferred pending decisions around the building of a new theatre.</p>	213 fav	353	
<p><b>4 CE10014 - Founders Theatre building renewals</b></p> <p>The Founders capital is to be deferred pending decisions around the building of a new theatre.</p>		152	
<p><b>5 CE10047 - FMG Stadium Waikato property renewals</b></p> <p>Data Network Solutions project underway. Deferral for Gate 1 project to secure external partnership funding for full budget.</p>	263 fav	179	
<p><b>6 CE10048 - Stadia building renewals</b></p> <p>Path project underway. Deferral for Seddon Park lift work due to contractor availability.</p>	351 fav	100	
<p><b>7 CE15033 - Land purchase future reserves</b></p> <p>Request for \$501 to be deferred to 17/18 for unresolved purchases. Efforts will be made to work to resolve these purchases however, timing is out of our control. Allocated funding was based on predicted timing of subdivision development. Based on discussions with developers, it is likely these issues will be resolved in the next financial year.</p>		501	
<p><b>8 CE15036 - Playground development programme</b></p> <p>The overspend of \$301k is offset by \$250k external contributions received towards the playground construction. Note the project is expected to be overspent by \$67k for lighting and CCTV that were not part of the original budget.</p>	(301) unfav		
<p><b>9 CE16001 - Victoria on the River</b></p> <p>Deferral of \$2.2m anticipated as original tender responses came back well above budget, with negotiations delaying the start of works. Work has now commenced in April 2017 with the preferred contractor.</p>		2,200	
<p><b>10 CE10001 - Aquatic facilities building renewals</b></p> <p>Aquatic Facilities project is delayed while the seismic assessment undergoes peer review. Findings will be presented to Councillors at a July 2017 briefing.</p>	1,039 fav	2,100	
<p><b>11 CE10003 - Waterworld operational asset renewals</b></p> <p>Aquatic Facilities project is delayed while the seismic assessment undergoes peer review. Findings will be presented to Councillors at a July 2017 briefing.</p>		2,600	
<p><b>12 CE10020 - Zoo animal replacement</b></p> <p>Deferral required as the import of African Wild Dogs has been delayed and they will arrive 2017/18.</p>		13	
<p><b>13 CE15055 - Closed landfill management</b></p> <p>Forecast underspend of up to \$157k this financial year due to anticipated consent capital works being assessed as no longer being required.</p>	199 fav		
<p><b>14 CE15060 - Rotokauri stormwater infrastructure stage 1</b></p> <p>The variance is due to land access agreement via easement in lieu of \$1.3m land purchase. This will require deferral for future land purchase. Council approved additional funding of \$5m for additional stormwater sale land purchase from Wintec this financial year - refer Finance Committee 20 Sept 2016. Potential risk pending third party land purchase agreements.</p>		1,300	
<p>Brought forward relates to the Wintec Land Purchase, this was approved by Finance Committee on 20 September 2016.</p>			5,000

Attachment 3

	YTD Variance \$000		Indicative Deferral \$000	Projects brought forward \$000
<b>15 CE15162 - Integrated catchment management plan</b> Potential deferral of up to \$300k for contractually committed delivery of the ICMP programme in partnership with developers.	436	fav	300	
<b>16 CE10070 - Replacement of parking enforcement equipment</b> There is a potential delay in the implementation of this project as parking options for the central city are to be considered by Council.	550	fav	650	
<b>17 CE10072 - Replacement of footpath</b> Work programme still underway expected to be completed this financial year.	406	fav		
<b>18 CE10076 - Road resurfacing</b> Work programme still underway expected to be completed this financial year.	448	fav	-	
<b>19 CE15085 - Minor improvements to transport network</b> Minor Work programme unspent to allow budget to be redirected to the Western Rail Trail	445	fav		
<b>20 CE15088 - Roading upgrades and development in Peacocke stage 1</b> Potential deferral of up to \$453k of contractually committed works relating to Dixon/Ohaupo intersection design as part of Southern Link investigations.				453
<b>21 CE15089 - Roading upgrades and development in Peacocke stage 2</b> Potential deferral of up to \$200k of contractually committed works relating to Southern Links pre-construction works to match contractors environmental monitoring and seasonal constraints.				200
<b>22 CE15090 - Roading upgrades and development in Rotokauri stage 1</b> This is dependent on the land access agreement described in note 14 above.	269	fav	600	
<b>23 CE15092 - Roading upgrades and development in Rototuna</b> Potential deferral of up to \$1.0m subject to third party land agreement for the Borman Road West extension to Kay Rd. Also forecast saving of \$200k on Borman Road East Extension.	240	fav	1,000	
<b>24 CE15095 - Integrated transport initiatives</b> This is being driven by the Western Rail Trail (WRT) project. Included in the Transportation Activity report under revenue (i.e. Capital revenue) there is \$3.8m received for the WRT project.	(5,020)	unfav	-	
<b>25 CE16003 - Transport Centre Land</b> Unbudgeted expense associated with the sale and purchase of land relating to the Genesis Development on Bryce Street and the Transport Centre	(1,030)	unfav		
<b>26 CE10101 - Replacement of wastewater assets</b> On-track. Delivery slightly ahead of baseline cashflow due to work program reallocation and successful completion of wastewater relining projects.	(1,139)	unfav		
<b>27 CE15103 - Increase capacity of wastewater pump stations</b> Work programme underway, on-track for completion this financial year.	294	fav		
<b>28 CE15104 - Wastewater pipe upgrade - growth</b> Work programme underway, on-track for completion this financial year. Forecast underspend of \$228k to offset forecast overspend in CE15105.	253	fav		
<b>29 CE15107 - Increase capacity of network in Rotokauri stage 1</b> This is dependent on the land access agreement described in note 14 above.				265
<b>30 CE15111 - Increase capacity of network throughout the city</b> This is dependent on the land access agreement described in note 14 above.	2,424	fav	4,000	
<b>31 CE15112 - Increase capacity of network (far east interceptor)</b> Delays to paying first instalment of development cost-share agreement - subject to Ruakura PDA negotiations.	1,000	fav		
<b>32 CE15114 - Increase capacity of network (bulk storage)</b> Forecast \$197k favourable year-end variance of to offset CE15161 unfavourable result.	355	fav		
<b>33 CE15120 - Wastewater treatment plant compliance</b> Over expenditure of \$283k will be fully offset by under expenditure in CE15139 due to reprioritisation of more urgent works in wastewater activity. The additional projects identified include improvements to the biosolids collection area to mitigate SW compliance risks and the installation of a new security fence to mitigate safety and security concerns	(279)	unfav		

	YTD Variance \$000		Indicative Deferral \$000	Projects brought forward \$000
<b>34 CE15127 - Water pipe upgrade - growth</b> This is dependent on the land access agreement described in note 14 above.	266	fav	114	
<b>35 CE15140 - Rototuna reservoir and associated bulk mains</b> Project on-track. Currently forecast overall underspend of approx. \$5.6m against allocated budget (offset against \$2.4m overspend in 2015/16). Potential deferral of up to \$450k required to complete reservoir commissioning in 2017/18.	6,823	fav	450	
<b>36 CE15144 - Upgrade water treatment plant</b> Delivery of works is ahead of program due to early commencement of Contract 16036. Potential deferral of up to \$1m based on contractually committed construction program.	(165)	unfav	1,000	
<b>37 CE15146 - Water customer connections</b> Increased connections are offset by favourable Capital Revenue	(212)	unfav		
<b>38 CE15158 - Water model</b> Project is spread over 2 financial years. Deferral amount will be spent in 2017/18.	304	fav	514	
<b>39 CE10152 - Network and infrastructure</b> Deferral is required to complete the Unified Comms project and the SQL Server Currency.			180	
<b>40 CE10153 - Core business applications</b> Deferral is required to enable commencement of application upgrades. These upgrades are now scheduled to start later as the programme was reprioritised to complete the Unified comms and GoDass rollout.	507	fav	421	
<b>41 CE15157 - Authority replacement</b> This funding has been authorised to be used to spend on the Growth Model and DC Funding Model.	374	fav		
<b>42 CE10158 - Replacement of fleet vehicles</b> Council has purchased additional vehicles for the building inspectors. There has also been an unplanned replacement of a Hiab Crane.	(217)	unfav		
<b>43 CE16002 - DC Funding Model and DC Assessment Tool and Growth Model</b> This project is being funded by a budget off-set from the project CE15157 - Authority replacement. This was approved by Council.	(501)	unfav		

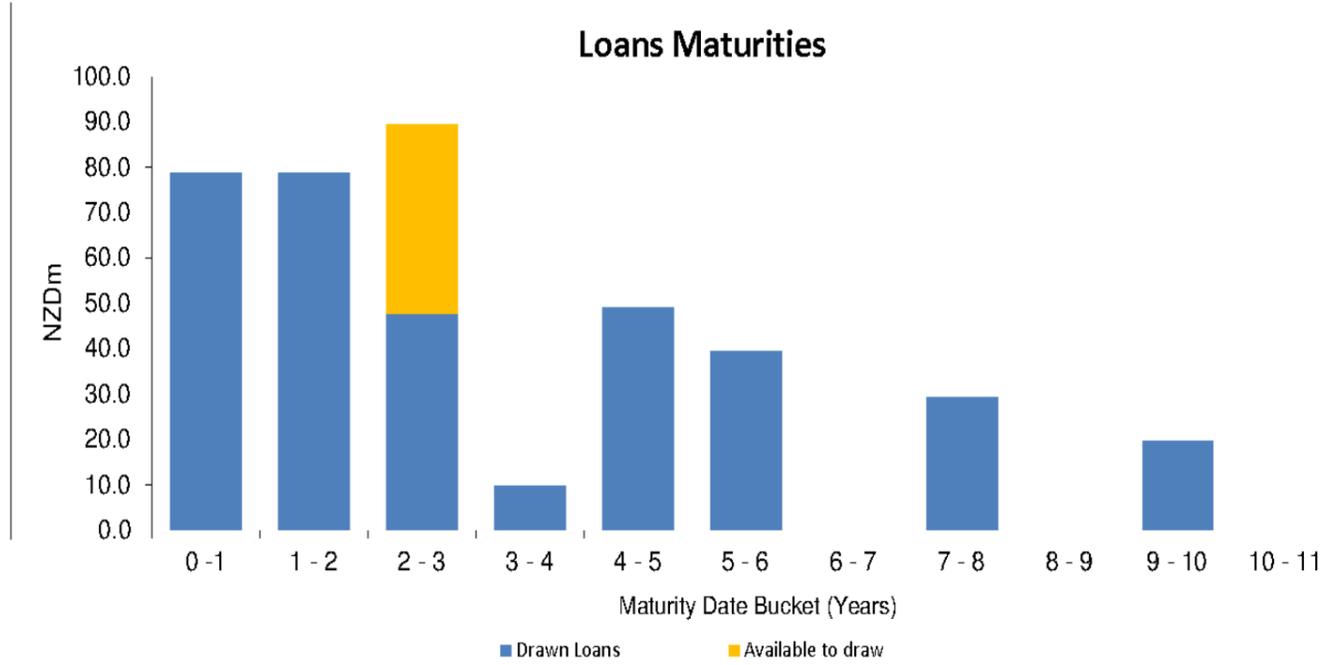
**TREASURY REPORT**  
for the ten months ended 30 April 2017

**Policy Compliance**

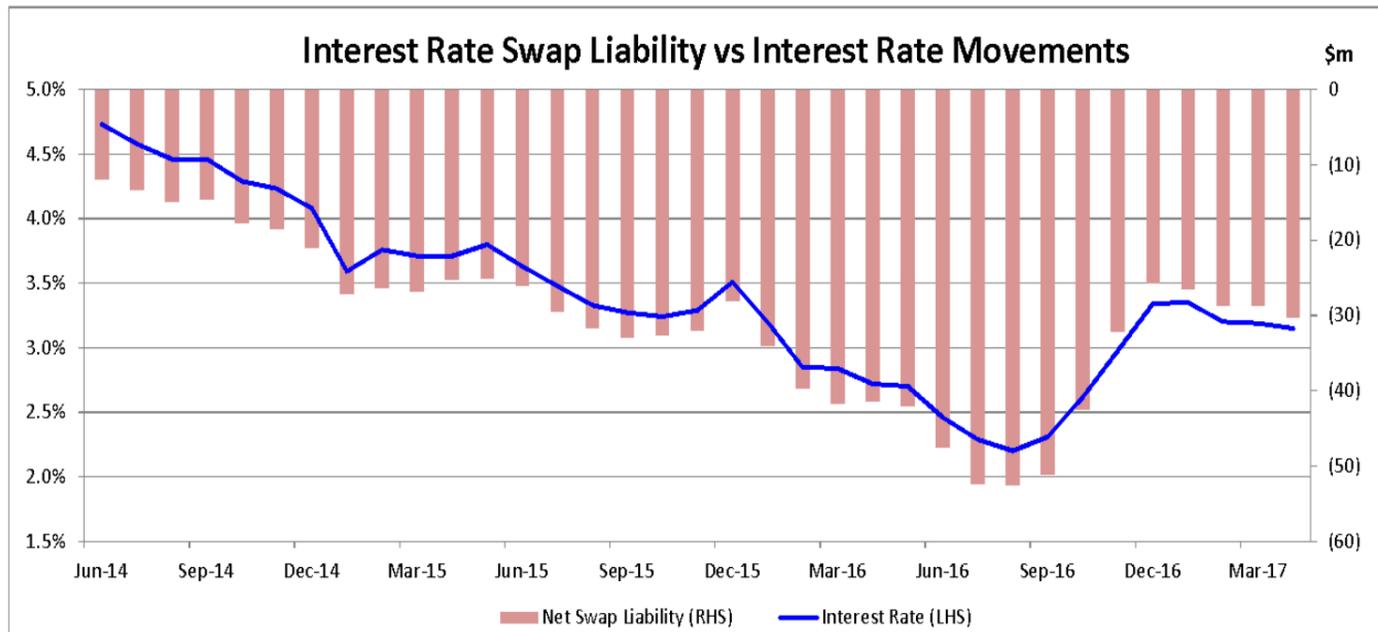
	Policy	Result @ 30-Apr-17	Policy Compliance
Fixed rate maturity	all years	within annual parameters	achieved for all years ✓
Funding maturity	0 - 3 years	15% - 60%	61% ✗
	3 - 5 years	15% - 60%	16% ✓
	5 years plus	10% - 60%	23% ✓
Liquidity ratio	minimum	110%	124% ✓
Counterparty credit risk	maximum	\$75m per bank	achieved ✓

**Comments on policy breaches**

The 1% breach of funding maturity limit is due to \$30m of loans maturing in April 2020 now being included in the 0-3 year calculation. \$35m of loans maturing in the second half of the 2017 calendar will be pre-funded during May 2017, and we expect the funding maturity parameters to return to be within acceptable limits.



Debt and Cash Investments (\$'000's)	Result @	Budget @	Variance
	30-Apr-17	30-Jun-17	Fav. / (Unfav.)
External debt	359,980	419,899	59,919
less Cash investments	(41,288)	(49,000)	(7,712)
Net external debt	318,692	370,899	52,207
add Cash-backed reserves	40,384	33,183	(7,201)
<b>Total overall debt</b>	<b>359,076</b>	<b>404,082</b>	<b>45,006</b>



The above graph shows how the movements in interest rates impact HCC's swap position in the balance sheet. If interest rates decrease the liability increases. Recent months have seen an increase in interest rates leading to a reduction in liability.

**Committee:** Finance Committee

**Date:** 23 May 2017

**Report Name:** Key Projects Monitoring  
Report - March 2017

**Author:** Natalie Young

<b>Report Status</b>	<i>Open</i>
<b>Strategy, Policy or Plan context</b>	<i>2015-2025 10-Year Plan</i>
<b>Financial status</b>	<i>There is budget allocated on a per project basis, as per attachment 1</i>
<b>Assessment of significance</b>	<i>Having regard to the decision making provisions in the LGA 2002 and Council's Significance Policy, a decision in accordance with the recommendations is/is not considered to have a high degree of significance</i>

## 1. Purpose of the Report

To inform the Finance Committee of the status of key projects underway at Hamilton City Council for the period ending 31 March 2017.

## Recommendations from Management

That the Finance Committee receives the report.

## 2. Attachments

- Attachment 1 - Key Projects Status Summary Report - March 2017

## 4. Discussion

- A project is determined as a key project by Council. Council can request for a project to be included in the key project reporting when they require regular visibility of the project's status and progress.
- The following five projects have a green status indicating that they are on track to be delivered within scope, budget and schedule:
  - Pukete 3 Wastewater Treatment Plant Upgrade
  - Rototuna Reservoir and Bulk Watermains Development
  - Rototuna Town Centre – New Agreement Phase
  - Victoria on the River Stage 2 Works
  - Waiora 2 Water Treatment Plant Upgrade

**Item 7**

- 7. The following three projects have an amber status indicating that they are at risk of exceeding, scope, budget, or schedule. These projects require close monitoring by management to ensure that any issues are identified and addressed.
- 8. Hamilton Gardens Development**
- 9. The Picturesque Garden contract delay was caused by extended negotiations due to the initial tender being higher than budget.
- 10. Contracts and work programme are being closely monitored and the project is expected to be back on track in September 2017.
- 11. Hamilton Ring Road Upgrade and Extension**
- 12. Funding (NZTA subsidy and local share) still to be confirmed.
- 13. Land procurement still presents significant time and cost risk to the project.
- 14. North City Road Urban Upgrade**
- 15. Designs are progressing. There are significant time and cost risks subject to agreement with developers regarding construction staging, timing and costs share.
- 16. The following project has had physical works completed and is in the project closure phase.
- 17. Western Rail Trail**
- 18. Physical works complete – the official opening was on 7 April 2017.
- 19. The financial summary and closure report is being completed.
  
- 20. Risk**
- 21. Project risks are identified on a project specific basis and are actively managed and monitored by the assigned project manager in conjunction with the relevant project governance/GM project sponsor.
- 22. Any change to risk profile or risk rating is included in the key projects status summary report for each project.
- 23. There has been no change to the project risk ratings for this period.

**Signatory**

Authoriser	David Bryant, General Manager Corporate
------------	---





**Key Projects Status Summary Report - March 2017**

Total Number of Projects	Count	Project Status	Risk Ratings
Project Status – On Track	5	Green	Increased = ↑
Project Status – Needs to be Monitored	4	Amber	Unchanged = →
Project Status – Needs urgent management attention	0	Red	Decreased = ↓

Project/ Programme Name	Project Sponsor	Project Manager	Start date	Expected completion date	Total project budget	Total project cost TD	2016/17 budget	YTD spend 2016/17	Project Status	Project Exception Report	Risks
Hamilton Gardens Development	Lance Vervoort	Helen Paki	02-Jun-14	31-Dec-18	\$ 7,580,686	\$ 4,141,260	\$ 2,727,028	\$ 1,647,881	Amber	The project currently shows an amber status. As previously reported: Total funding target of \$7.2m has been achieved well ahead of project completion. Picturesque Garden contract delay caused by extended negotiations due to initial tender being higher than budget. Work programme is expected to be back on track in September 2017. Overall project still on track but needs to be monitored.  No change to risks or risk ratings	→
Hamilton Ring Road Upgrade and Extension	Andrew Parsons	Tahl Lawrence	01-Jul-03	30-Jun-20	\$ 84,270,900	\$ 76,305,366	\$ 1,000,000	\$ 856,367	Amber	As previously reported the project shows an amber status. Project design progressing well. Funding (NZTA subsidy & local share) still to be confirmed. Land procurement still presents significant time and cost risk. A further update will be provided to G&I Committee on 20 June 2017.  No change to risks or risk ratings	→
North City Road Urban Upgrade	Andrew Parsons	Chris Barton	01-Jul-15	23-Dec-21	\$ 8,126,000	\$ 542,061	\$ 531,000	\$ 317,756	Amber	The project currently shows an amber status. As previously reported there are delays in obtaining agreement with developers which pose risk to the timeframes and cost for the project. Designs are progressing.  No change to risks or risk ratings	→
Pukete 3 Wastewater Treatment Plant Upgrade	Andrew Parsons	Barry Hu	01-Jul-15	30-Jun-20	\$ 18,356,000	\$ 1,268,266	\$ 839,431	\$ 420,266	Green	Progressing well. Designs currently underway with a plan to award the physical works contract by the end of 2017.  No change to risks or risk ratings	→
Rototuna Reservoir and Bulk Watermains Development	Andrew Parsons	Lance Haycock	01-Mar-15	30-Aug-17	\$ 21,989,000	\$ 18,571,512	\$ 13,700,000	\$ 7,799,088	Green	On track.  No change to risks or risk ratings	→
Rototuna Town Centre – New Agreement Phase	Lance Vervoort	Helen Paki	02-Apr-13	31-Jul-17	\$ 3,839,300	\$ 3,286,376	\$ 0.00	\$ 0.00	Green	No change to risks or risk ratings	→
Victoria on the River (VOTR) Stage 2 works	Lance Vervoort	Gina Hailwood	01-May-16	31-Aug-17	\$ 7,000,000	\$ 1,285,800	\$ 4,900,000	\$ 182,603	Green	Schick Civil Construction have been awarded the contract and are now on site.  No change to risks or risk ratings	→

1

D-2383126

<b>Waioira 2 Water Treatment Plant Upgrade</b>	Andrew Parsons	Barry Hu	01-Jul-15	30-Jun-21	\$ 28,746,000	\$ 1,934,882	\$ 3,337,431	\$ 1,378,739		<p>Project currently on track. Hamilton South pipeline installation currently progressing, substantive treatment plant physical works anticipated to commence in 2019.</p> <p>No change to risks or risk ratings</p>	→
<b>Western Rail Trail Final Report</b>	Chris Allen	Simon Crowther	01-Jul-15	31-Mar-17	\$ 7,146,000	\$ 6,370,661	\$ 6,400,000	\$ 5,445,661		<p>The project currently shows an amber status due to the outstanding issues requiring further work eg Killarney Road crossing.</p> <p>Physical works complete – official opening 7 April 2017.</p> <p>Financial summary and closure report is being completed.</p> <p>No change to risks or risk ratings</p>	→

**Committee:** Finance Committee **Date:** 23 May 2017  
**Report Name:** Contract 14378 - Three Waters **Author:** Matthew Lillis  
 Network Physical Works -  
 Approved Contract Sum  
 Increase

<b>Report Status</b>	<i>Open</i>
<b>Strategy, Policy or Plan context</b>	<i>Hamilton Plan -</i>
<b>Financial status</b>	<i>There is budget allocated in the 2015-25 10-Year Plan.</i>
<b>Assessment of significance</b>	<i>Having regard to the decision making provisions in the LGA 2002 and Council's Significance Policy, a decision in accordance with the recommendations is not considered to have a high degree of significance</i>

## 1. Purpose of the Report

- To seek approval to increase the Approved Contract Sum of existing Contract 14378 with HEB Construction Ltd. for renewal and minor capital works on city stormwater, wastewater and water infrastructure in accordance with delegated authority.

## 3. Executive Summary

- Contract 14378 is an existing 3 year contract to deliver the programmed renewal and minor capital works on existing city three waters infrastructure.
- The contract was awarded to HEB Construction Ltd. in July 2015 following a public tender process with an Approved Contract Sum of \$18,500,000. The contract term was set at 3 years to deliver programmed renewal and growth related works in the 2015/16, 2016/17 and 2017/18 financial years.
- The contract included forecast provision for growth related works however additional works have been required, primarily to meet developer expectations and maintain levels of service. Examples of growth related works include new water or wastewater connections or pipework reconfiguration at the Pukete reservoir to manage water network levels of service in summer.
- An increase to the existing Approved Contract Sum is now required in order for the existing contract to continue to 30 June 2018 and deliver the remaining renewal and minor capital works as originally planned.
- No additional funding is required, all scoped works are budgeted.
- The Financial Committee has delegated authority to approve the increase to the Approved Contract Sum.

## Recommendations from Management

That the Finance Committee;

- a) receives the report; and
- b) approves an increase to the Approved Contract Sum for Contract 14378 is increased from \$18,500,000.00 to \$23,000,000.00.

## 10. Attachments

11. There are no attachments for this report.

## 12. Key Issues

### Background

13. Contract 14378 is a physical works contract with the primary role of delivering the 2015/16, 2016/17 and 2017/18 programmes to upgrade and renew stormwater and wastewater assets in accordance with budgets as outlined in the 2015-25 10YP. The contract also included provision for potable water related works.
14. The contract is a combination lump sum and measure and value contract, and was awarded to HEB Construction Ltd. in July 2015 following a public tender process with an Approved Contract Sum of \$18,500,000.
15. The contract period is three years with expected completion on 30 June 2018 after which tenders would be called for a new 3 year contract once the 2018-28 10 Year Plan budget decisions are known.
16. HEB Construction is performing exceptionally under the Contract, delivering significant and complex works to a consistently high standard.
17. A provision of \$1.63m was included within the contract to carry out additional growth related works, however at the time of award the amount and scope of the growth works was not able to be defined.
18. Subsequent to award of Contract 14378 the city has experienced significant growth and an additional \$3.3m of growth related works has been required under the Contract. Examples include:
  - Pukete water reservoir pipe reconfiguration to provide critical network resilience for the Rototuna area and Rotokauri during the 2016/17 Summer
  - Wastewater main upsizing to support Peacockes stage 1 growth and development
  - Developer requested wastewater & stormwater works or connections
  - Water bulk valve and meter installations to allow staff to further optimize network operation
  - Some watermain renewals to supplement City Delivery capacity.
19. Assuming a similar rate of expenditure on additional water and growth related works through to contract completion in June 2018, the total forecast value of water and growth related works is approximately \$6.13m. This represents a forecast increase of \$4.5m to 30 June 2018 as outlined below:

	Allowance in existing ACS	Forecast to June 2018	Variance
Stormwater Renewals	\$1,655,281	\$1,655,281	\$0
Wastewater Renewals	\$15,213,440	\$15,213,440	\$0
Other Works (Water & Growth)	\$1,631,280	\$6,131,280	+\$4,500,00
<b>Total</b>	<b>\$18,500,000</b>	<b>\$23,000,000</b>	

20. An increase in the Approved Contract Sum from \$18,500,000 to \$23,000,000 would enable the Contract to continue through to 30 June 2018 and maintain momentum on delivering renewal programmes. After 30 June 2018, Staff intend to call tenders for a new contract based on budget decisions from the 2018-28 10 Year Plan process.
21. All additional works are funded and budgeted

## 22. Financial and Resourcing Implications

23. Projects under Contract 14378 are covered by approved 2015-25 10YP budgets or fees and charges for new connections. The Contract is a key delivery mechanism for planned renewal and minor capital works. Existing budgets are sufficient to cover the proposed increase to the Approved Contract Sum.

## 24. Risk

25. If the Approved Contract Sum is not increased a new contract would be required and the procurement process would adversely impact on staff ability to deliver planned renewals programme and minor capital works.

## Signatory

Authoriser	Chris Allen, General Manager City Infrastructure Group
------------	--

**Committee:** Finance Committee

**Date:** 23 May 2017

**Report Name:** H3 Update - Quarter 3 Report  
to 31 March 2017

**Author:** Sean Murray

<b>Report Status</b>	<i>Open</i>
<b>Strategy, Policy or Plan context</b>	<i>Hamilton Plan, 2015-2025 10-Year Plan, Economic Development Agenda, Central City Transformation Plan</i>
<b>Financial status</b>	<i>There is budget allocated</i>
<b>Assessment of significance</b>	<i>Having regard to the decision making provisions in the LGA 2002 and Council's Significance Policy, a decision in accordance with the recommendations is not considered to have a high degree of significance</i>

## 1. Purpose of the Report

- To inform the Committee on the performance of the H3 operation including financial and non-financial reporting.

## 3. Executive Summary

- The intention of this report is to provide a more focused commentary on H3 activity, which includes Claudelands Events and Entertainment Centre, FMG Stadium Waikato, Seddon Park and residual activity related to the Founders Theatre.
- H3 increasingly operates as a single business with its customers spread across venues as demand and capacity constraints dictate in peak months.
- The operation is on track to meet its financial performance objectives for the reporting year despite having incurred unbudgeted operating costs at Claudelands following the closure of Founders Theatre.
- The financial reporting of H3 activity is also reported to the Finance Committee within the 10-Year Plan Monitoring Report. The venues are separated across the 'Arts and Culture' and 'Economic Development' activity categories.

**Recommendation from Management**

That the Finance Committee receives the report.

**8. Attachments**

- 9. Attachment 1 - H3 2016/17 FY Quarter 3 Report 1 July to 31 March 2017

**Signatory**

Authoriser	Sean Murray, General Manager of Venues, Tourism and Major Events
------------	--



## 2016/17 FY Quarter 3 Report

1 July – 31 March 2017

H3 is a business unit within the Venues, Tourism and Major Events Group at Hamilton City Council responsible for event facilities.

### Venues, Tourism and Major Events Group Purpose:

To maximise the value to Hamilton from its major events, venues and tourism opportunities.

### H3 Purpose:

To attract and deliver exceptional event experiences.

### Q3 Summary Comment:

- Financial performance for H3 is on track against plan.
- Hire day utilisation across all H3 venues is up 18% against the same period last year
- The third quarter of the year delivered a strong lift in business at Claudelands compared to last year, recording 65 events over 75.5 hire days and a total of 37,174 visitors across the venue.



Claudelands | FMG Stadium Waikato | Seddon Park | Founders Theatre | Technical Services | Turf Services  
a / 800 Heaphy Terrace, Hamilton 3214, PO Box 9094, Waikato Mail Centre Hamilton 3240, New Zealand | p / +64 7 929 3000 | w / h3group.co.nz

## 1. Highlights

### 1.1 Events

- The ANZ International Cricket series was held at Seddon Park, which included 3 scheduled games, along with an additional game relocated from Napier. Attendance across the games was recorded at 17,709, which is an increase from 2015/16.
- The inaugural Netball Super Sunday was held at Claudelands Event Centre in March with attendance on par with expectations, at 2100 people
- The Super Rugby season has started, with the Gallagher Chiefs having 2 home games at FMG Stadium Waikato against the Blues and Hurricanes.
- H3 Business Events staff are preparing for the annual industry tradeshows, with representation at Convene 2017 and Meetings 2017 planned.
- We held performance events at Claudelands including the Peppa Pig family show, comedian Jim Jeffries and singer Jimmy Barnes.
- NZ Symphony Orchestra kicked off their season schedule of 5 concerts with solid attendance. This event has had to move from Founders Theatre due to the closure.
- Wintec Graduation ceremony was held in March bringing close to 5000 attendees to Claudelands.

### 1.2 Key Suppliers

- The tender for the provision of Audio Visual (AV) equipment to the H3 venues is currently out in the market, and expected to be awarded by end of Quarter 4. This is a preferred supplier arrangement, not exclusive.

### 1.3 Social Media Highlights

- Claudelands' social media page likes increased by 1964 people (from 7465 to 9429). Page interactions peaked on 23 February with the Kelvin Cruickshank ticket competition which had 1157 entries and reached 34,000 facebook users.

## 2. Financial Summary

### 2.1 For the Period 1 July 2016 – 31 March 2017

	Prior YTD Actual 2015/16 \$000	Year to Date		Variance Favourable/ (Unfavourable) \$000	Annual Budget \$000
		Actual YTD \$000	Budget YTD \$000		
<b>Revenue</b>					
10		0	0	0	0
4,405	Subsidies and Grants	4,371	4,380	(10)	5,991
4,415	Revenue from Activities	4,371	4,380	(10)	5,991
	<b>Total Revenue</b>				
<b>Direct Operating Costs</b>					
898	Cost of Sales	1,310	952	(358)	1,355
3,363	Personnel Costs	3,457	3,519	63	4,696
1,364	Operating and Maintenance Costs	1,363	1,467	104	1,938
313	Professional Costs	358	317	(41)	386
614	Administrative Costs	311	390	79	501
1,018	Property Costs	967	1,039	72	1,396
7,571	<b>Total Direct Operating Costs</b>	7,765	7,685	(81)	10,272
(3,156)	<b>Direct Operating Surplus/(Deficit)</b>	(3,395)	(3,304)	(90)	(4,281)
<b>Indirect Revenue</b>					
294	Interest Income	274	295	(21)	393
<b>Indirect Overhead Costs</b>					
4,097	Depreciation and Amortisation	4,348	3,971	(377)	5,294
1,742	HCC Overhead Allocation	1,875	1,869	(6)	2,494
2,804	Finance Costs	2,330	2,639	309	3,519
8,643		8,552	8,479	(74)	11,307
(8,349)	<b>Net Indirect Costs</b>	(8,279)	(8,184)	(95)	(10,914)
(11,505)	<b>Net Surplus/(Deficit)</b>	(11,673)	(11,488)	(185)	(15,195)
					0
(169)	Gains and Losses	(88)	0	(88)	0
(169)	<b>Total Gains and (Losses)</b>	(88)	0	(88)	0
					0
(11,673)	<b>Surplus/(Deficit)</b>	(11,761)	(11,488)	(273)	(15,195)

**2.2 Revenue - Year to Date**

H3's revenue activity is solid and tracking at budget levels. The mix of events at the venues is variable, with FMG Stadium Waikato tracking 34% above budget and 38% above last year. Year to date, Claudelands' actuals is tracking 8% below budget however 8% above last year.

**2.3 Revenue – Full Year Forecast**

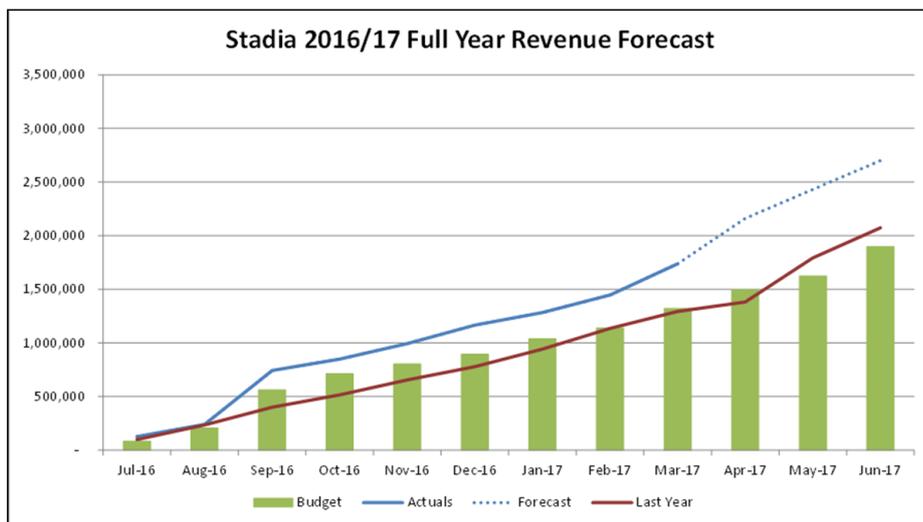
Table 1: 2016/17 Full Year Revenue Forecast

H3 Total Revenue FY 16/17 (000s)							
	Actual	Budget	Last Year	Variance to Year	Variance to Budget	Variance to Last Year	
Q3	1,105	1,092	1,166	13	1%	-61	5%
YTD	4,371	4,380	4,405	-9	0%	-34	-1%
Full Year Forecast	6,050	5,991	6,286	59	1%	-236	-4%

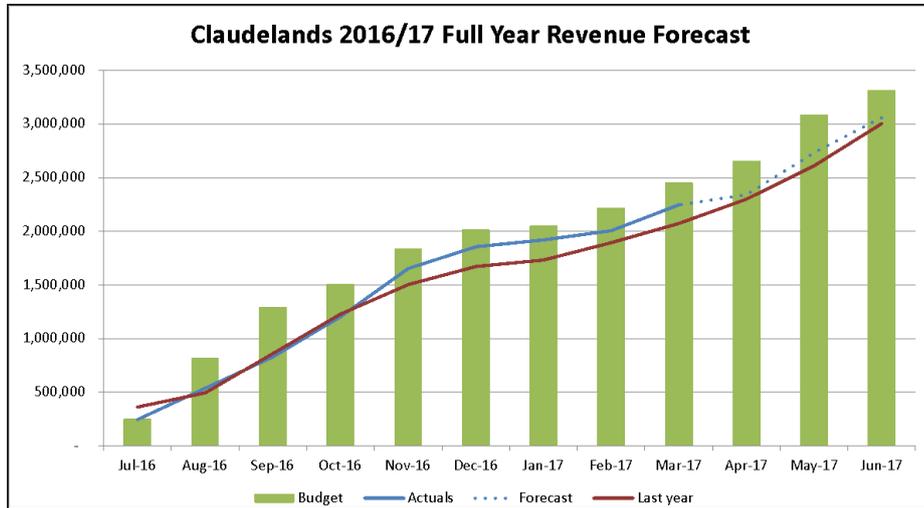
Table 2 & 3: 2016/17 Full Year Revenue Forecast – Claudelands and Stadia

The H3 forecast to year end is 1% above budget. This has been driven by:

**FMG Stadium Waikato** – Year to date, actuals are 34% above budget, and forecast revenue 48% above budget. This is driven by the upcoming Lions Tour game vs Chiefs in June, which had not been budgeted. In addition, meeting revenue is achieving a further \$34k revenue over budget.



**Claudelands** – Full year revenue forecast is 7% below budget, and 2% ahead of FY15/16. This is due to fewer and shorter duration conference events and sporting event revenue being down 19%.



#### **2.4 Costs**

#### **2.5 Cost of Sales**

Directly attributable costs to an event are in line with the revenue activity. An impact of FMG Stadium Waikato revenue tracking higher is reflected in this cost category, along with event costs in the performance area for Claudelands. Comparisons to last year, there has been some cost categorization changes and therefore not reflecting a direct comparison.

#### **2.6 Operating & Maintenance Costs**

Maintenance costs are currently tracking behind the budget phasing set. However, this will be caught up as part of scheduled maintenance programmes. At year end we are expecting to be above budget levels.

#### **2.7 Depreciation**

The depreciation variance is over budget due to the useful lives of the building assets being reassessed as part of the latest revaluation carried out June 2016. The revaluation was completed after budgets were set, and therefore will be a variance for the rest of the financial year. In addition, the closure of Founders Theatre has triggered the need to begin accelerating the depreciation on the building asset cost which has increased this charge ongoing. As a result our year end position, we are expected to be over budget by near \$300k.

#### **2.8 Finance Charges**

This favourable variance is due to the debt position for Council.

### 3. Activity Snapshot

#### 3.1 Number of Events, Hire Days and Attendance by Event Type

Table 4: For the period 1 July 2016 – 31 March 2017

Event Type	Number of Events		Hire Days		Attendance	
	Q3	YTD	Q3	YTD	Q3	YTD
Business Events	115	396	83	266	10,448	43,456
Exhibition	13	46	8	116	20,120	127,221
Performance	6	24	31	82	6,175	53,075
Sport	50	231	27	129	54,730	128,403
<b>Total</b>	<b>184</b>	<b>697</b>	<b>149</b>	<b>593</b>	<b>91,473</b>	<b>352,155</b>
<b>FY 2015/16 comparison</b>	<b>165</b>	<b>559</b>	<b>126</b>	<b>452</b>	<b>66,794</b>	<b>181,225</b>

- 3.1.1 Events have increased by 12% in Q3 from same period last year, driven by an additional 10 Meetings in March at Claudelands and an additional 12 Exhibitions (Farmers Market). Performance numbers have doubled since last year (6 vs 3). Also of note was the Hamilton Operatic Society rehearsals conducted at Claudelands in January 2017 for 28 hire days.
- 3.1.3 Attendee volumes has increased by 37% overall from last year across all non-conference events, driven by the Farmers Market attendance which has brought in an additional 20,000 attendees from Q3 last year.
- 3.1.4 Year to date, event volumes have increased 25% year on year, hire days 31% and attendance 94%.

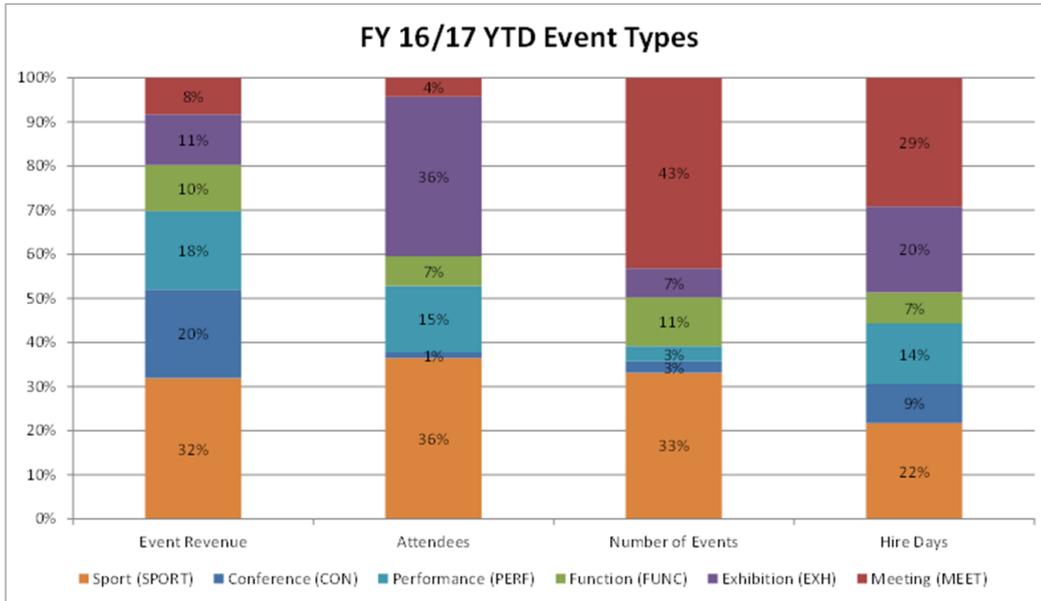
### 3.2 2015-2025 10-Year Plan Key Performance Indicators Table 5: For the period 1 July – 31 March 2017 (as at 1 May 2017)

Measure	Annual Target	Q1	Q2	Q3	Overall Status	Comment
The total number of people attending events at Founders each year	At least 70,000 people	No data	No data	No data	No data	Founders Theatre was closed on 1 March 2016. Audit NZ confirmed that as the measure is included in the 2015-2025 10-Year Plan, a result in 2016/17 must be recorded.
The total number of hire days across Founders Theatre	At least 180 days	No data	No data	No data	No data	Founders Theatre was closed on 1 March 2016. Audit NZ confirmed that as the measure is included in the 2015-2025 10-Year Plan, a result in 2016/17 must be recorded.
The total number of hire days across the Claudelands facilities each year	At least 510 days	151.5	126	75.5	On Track	353 hire days at Claudelands YTD 176 hire days are forecast for Q4 suggesting the target is on track to be exceeded.
The number of people attending events at Claudelands each year	At least 180,000 people	102,589	86,750	37,174	On Track	226,513 people attended events at Claudelands YTD. Target has been achieved.
The total number of hire days across the stadium facilities each year	At least 420 days	85.5	79.75	73.75	Off Track	239 hire days at Stadia YTD A long standing system error has been identified that would have inflated target setting expectations. As a result the number of stadia hire days is anticipated to be well below the target that has been set. However attendance and financial results are ahead of budget and indicate higher yielding events are taking place. 88 Hire days are forecast for Q4 suggesting the target is not going to be met.
The number of people attending events at the stadiums each year.	At least 200,000	47,565	23,778	54,299	On Track	125,642 people attended events at Stadia YTD 100,259 attendees are forecast Q4 suggests the target is on track to be met.

Quarterly Report H3 Unit 1 July – 31 March 2017

**3.2 2016/17 YTD Business Mix by Event Type**

Table 6: For the period 1 July 2016 – 31 March 2017



**4. Other Non-Financial KPIs**

**4.1 Customer satisfaction**

Table 7: H3 Customer Satisfaction for the period 1 July – 31 March 2017

	Q1	Q2	Q3	YTD
Business Events Hirer Survey (1-10)	8.7	9.1	9.4	8.9 YTD
Ticketed Events Attendee Survey (1-10)	8.2	8.0	8.4	8.2 YTD

**4.2 People**

- Year to date, H3's permanent staff turnover is 10.1%.
- This equals one leaver in Q1, three leavers in Q2 and two leavers in Q3 out of an average of 59.5 staff.

### 4.3 Health and Safety

Table 8: Injuries, Medical Time and Lost Time Injuries for H3 Staff for the period 1 July – 31 March 2017

	Q1	Q2	Q3	Comments
Injuries	8	7	2	
Medical Time	2	4	0	
Lost Time Injuries	0	1	0	

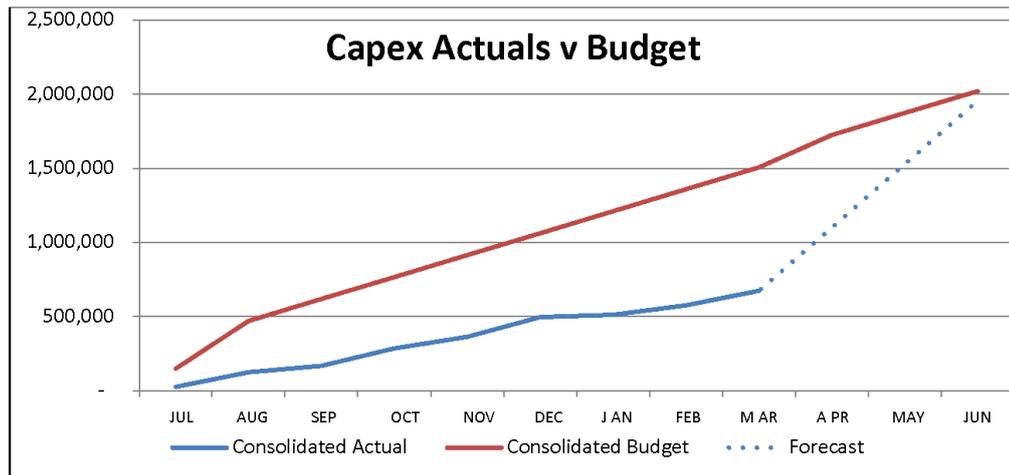
4.3.1 The following Health and Safety actions have been completed in H3 during Q3:

- Civil Defence Foundation Course training planned for May/June – 38 staff/directors/GM registered to attend
- Manager Audit process implemented
- Review of process for safety installing and removing cricket block covers completed
- Review of Claudelands Safety Officer process completed
- Regular meetings established with tenants to discuss H&S
- Workplace inspection completed at Seddon Park
- Work at heights refresher completed by all technical services staff
- Manual handling course completed by technical services staff

## 5. CAPEX and Asset Management

### 5.1 2016-17 Capex Spend Actual and Forecast

Table 9: for the period 1 July – 30 June 2017



### 5.2 Key Capital Projects

- A number of key capital projects are now underway which will be completed across the remainder of the financial year to bring the spend in line with the budget set.
  - Seddon Park - Path & Entrance Project - Completion due June 2017
  - FMG Stadium Waikato Data Network Solution - Equipment purchase on schedule due by June 2017
  - Seddon Park – Wicket Block - Completion due June 2017

## 6. Hot Topics and Risk

### 6.1 Major Events

- Planning continues for 2017 Lions Tour and Rugby League World Cup events scheduled for FMG Stadium Waikato in June and November 2017.
- A website dedicated to the city's hosting of the Lions Series match on 20 June 2017 has been set up ([www.hamiltonhostcity.co.nz](http://www.hamiltonhostcity.co.nz)) and contains information about the other events taking place in conjunction with the match and useful city and visitor information.
- Ticket sales for the Chiefs versus the British and Irish Lions match have been strong with a few general admission tickets available for sale. A temporary stand at the eastern end of the ground will be in use for the match, taking the venue capacity to 30,000.
- Ticket sales for the Rugby League World Cup 2017 in November are tracking as expected.

### 6.2 Asset Management

- A number of asset management matters have been raised at FMG Stadium Waikato which are currently under investigation. These matters will be included in the new asset management plan but on an accelerated time frame.

### 6.3 Waikato Regional Theatre Project

- There is no update on the project at this time.

**Committee:** Finance Committee

**Date:** 23 May 2017

**Report Name:** Finance Committee Draft 2017  
Schedule of Reports

**Author:** Lee-Ann Jordan

<b>Status</b>	<i>Open</i>
---------------	-------------

## 1. Purpose of the Report

- To present the draft 2017 Schedule of Reports for the Finance Committee.

## Recommendations from Management

That the Finance Committee:

- receives the draft 2017 Schedule of Reports; and
- notes that the Schedule of Reports is intended to be a living document to be updated as necessary with changes notified to Committee members.

## 3. Attachments

- Attachment 1 - Finance Committee Draft 2017 Schedule of Reports

## 5. Key Issues

### 6. Background

- The Chief Executive undertook to provide Elected Members with schedules for the tasks and responsibilities to be undertaken each calendar year by the Council and the whole of Council Committees (Growth and Infrastructure, Community and Services, and Finance).
- The purpose of the schedules is to provide Elected Members with oversight of the planned and upcoming activities for which they are responsible as members of those committees. The schedules set out the key reports and pieces of work assigned to each committee as well as the intended meeting dates where these will be presented.
- The schedules have been (or are being) developed by the Principal Advisors and Chairs of each committee in conjunction with key staff, the Strategy Unit, and the Governance Unit. Content covers:
  - Standing agenda items and regular reports;
  - The development, review, and status reporting of strategic plans and policies;
  - Anticipated submissions and legislative reports;
  - Items relating to the Annual Plan and 10 Year Plan;

**Item 10**

- Reporting of joint organisations, stakeholder groups, and established taskforces; and
  - Business as usual matters identified by staff as requiring governance decisions or oversight.
10. In order for Elected Members to have a current view of committee activities throughout the year, the schedules will need to be updated when new items arise or when timing or circumstances change. Elected Members will be advised of any and all changes to the schedules.
  11. The Governance Unit and the Principal Advisors’ Executive Assistants will take responsibility for maintaining up-to-date documents.
  12. The report schedules for the four committees will be uploaded in the Councillors’ Onedrive and will be circulated with the notifications of agenda distribution.
  13. The Council 2017 Report Schedule will be presented at the 1 June meeting.

**Signatory**

Authoriser	David Bryant, General Manager Corporate
------------	---

Finance Committee 2017 Schedule of Reports								
<b>Standard Reports</b>	<b>28-Feb-17</b>	<b>11-Apr-17</b>	<b>23-May-17</b>	<b>4-Jul-17</b>	<b>15-Aug-17</b>	<b>26-Sep-17</b>	<b>7-Nov-17</b>	<b>12-Dec-17</b>
Key Projects Status Report								
Overdue Debtors/Bad Debt Writeoffs								
<b>Strategic Reports</b>	<b>28-Feb-17</b>	<b>11-Apr-17</b>	<b>23-May-17</b>	<b>4-Jul-17</b>	<b>15-Aug-17</b>	<b>26-Sep-17</b>	<b>7-Nov-17</b>	<b>12-Dec-17</b>
Revenue and Financing Policy 2015								
Funding Needs Analysis Policy 2015								
Rating Policy 2016								
Rates Remissions and Postponements Policy 2015								
Investment and Liability Policy 2015								
Municipal Endowment Fund Investment Policy 2016								
Freeholding of Council Domain & Municipal Endowment Leases Policy 2016								
<b>Annual Plan/LTP Reports</b>	<b>28-Feb-17</b>	<b>11-Apr-17</b>	<b>23-May-17</b>	<b>4-Jul-17</b>	<b>15-Aug-17</b>	<b>26-Sep-17</b>	<b>7-Nov-17</b>	<b>12-Dec-17</b>
10 Year Plan Monitoring Report	Jan17 Result	Feb17 Result	Apr17 Result	May17 Result	Jun17 Result	Aug17 Result	Sep17 Result	Oct17 Result
<b>Stakeholder Liaison Reports</b>	<b>28-Feb-17</b>	<b>11-Apr-17</b>	<b>23-May-17</b>	<b>4-Jul-17</b>	<b>15-Aug-17</b>	<b>26-Sep-17</b>	<b>7-Nov-17</b>	<b>12-Dec-17</b>
Meteor Theatre Annual Report								
Gallagher Academy of Performing Arts Annual Report								
Clarence Theatre Annual Report								
<b>CCO Statements of Intent and Half Yearly Reports:</b>								
Hamilton Properties Ltd								
Waikato Local Authority Shared Services								
New Zealand Local Government Funding Agency								
Civic Financial Services Ltd								
Vibrant Hamilton Trust Inc								
Waikato Innovation Park Ltd & Innovation Waikato								
Waikato Regional Airport Ltd								
<b>Business As Usual (BAU) Reports</b>	<b>28-Feb-17</b>	<b>11-Apr-17</b>	<b>23-May-17</b>	<b>4-Jul-17</b>	<b>15-Aug-17</b>	<b>26-Sep-17</b>	<b>7-Nov-17</b>	<b>12-Dec-17</b>
H3 Update	Q1/Q2 16/17			Q3 16/17		Q4 16/17		
Weathertight Buildings Update - Financial Summary		Q3 16/17					Q1 17/18	



## Resolution to Exclude the Public

### Section 48, Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

That the public be excluded from the following parts of the proceedings of this meeting, namely consideration of the public excluded agenda.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Finance Committee - Public Excluded Minutes - 11 April 2017	) Good reason to withhold information exists under Section 7 Local Government Official Information and Meetings Act 1987	Section 48(1)(a)
C2. Report on overdue debtors as at 30 April 2017 & Bad Debts Writeoffs 2016/17	)	

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

Item C1.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C2.	to protect the privacy of natural persons	Section 7 (2) (a)