

Notice of Meeting:

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

Date: Tuesday 26 September 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
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

Leave of Absence Crs P Yeung and R Pascoe (Deputy Chairperson)

Quorum: A majority of members (including vacancies)

Meeting Frequency: Six weekly

Becca Brooke
Governance Team Leader

20 September 2017

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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 on page 9, 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 monitor Council's financial and non-financial performance against the Council's 10 Year Plan.
3. To approve deferred capital expenditure.
4. 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.
5. To monitor the probity of processes relating to policies developed by the Finance Committee.
6. To provide clear direction to Council's CCOs and COs on Council's expectations, including feedback on draft statements of intent.
7. To receive six-monthly reports of Council's CCOs and COs, including on board performance.
8. To undertake any reviews of CCOs and agree CCO-proposed changes to their governance arrangements, except where reserved for Council's approval by Council.
9. 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

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1 Apologies

2 Leave of Absence

Councillors Yeung and Pascoe

3 Confirmation of Agenda

The Committee to confirm the agenda.

4 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.

5 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.

Council Report

Committee: Finance Committee

Date: 26 September 2017

Author: Rebecca Watson

Authoriser: Becca Brooke

Position: Committee Advisor

Position: Governance Team Leader

Report Name: Finance Committee - Open Minutes - 15 August 2017

Report Status	<i>Open</i>
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Staff Recommendation

1. That the Committee confirm the Open Minutes of the Finance Committee Meeting held on 15 August 2017 as a true and correct record.

Attachments

Attachment 1 - Finance Committee Minutes - Open - 15 August 2017 .

Finance Committee

OPEN MINUTES

Minutes of a meeting of the Finance Committee held in Council Chamber, Municipal Building, Garden Place, Hamilton on Tuesday 15 August 2017 at 9.30am.

PRESENT

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 P Southgate
	Cr G Taylor
	Cr L Tooman

In Attendance:

Richard Briggs – Chief Executive
David Bryant – General Manger Corporate
Lance Vervoort – General Manager Community
Sean Murray – General Manager Major Events, Venues and Tourism
Kelvyn Eglinton – General Manager City Growth
Chris Allen – General Manager City infrastructure
Sean Hickey – General Manager Strategy and Communications
Tracey Musty – Financial Controller
Nigel Ward - Communications Team Leader
Andrew Parsons – City Development Manager
Jason Harrison – City Transportation Manager
Matthew Bell – Revenue and Rates Manger
Jolie Humphreys - Strategic Policy Analyst
Bridget Morgan – Water Asset Manager

Governance Advisors:

Becca Brooke – Governance Team Leader
Amy Viggers - Committee Advisor

1. **Apologies**
Resolved: (Crs Mallett/Bunting)

That the apologies from Councillors O’Leary, Yeung and Southgate (for lateness) are accepted.

Finance Committee 15 AUGUST 2017 - OPEN

2. Confirmation of Agenda

Resolved: (Crs Mallett/Casson)

That the agenda is confirmed.

3. Declarations of Interest

No members of the Council declared a Conflict of Interest.

4. Public Forum

No members of the public wished to speak.

5. Finance Committee Open Minutes 4 July 2017

Resolved: (Crs Casson/Bunting)

That the Committee confirm the Open Minutes of the Finance Committee Meeting held on 4 July 2017 as a true and correct record.

6. 10-Year Plan Monitoring Report - For the year ended 30 June 2017

The Financial Controller introduced the report, noting that the end of year figures were subject to change as they were currently being audited. Staff responded to questions from the Elected Members concerning activity variances, the deferrals process, re-evaluation gains, and the costs associated with remediation of the slips along the river path.

Resolved: (Crs Mallett/Casson)

That the Finance Committee:

- a) receives the report; and
- b) approves the deferral of 30 capital projects with a total budget value of \$23.9m and carries these into the 2017-18 financial year.

Councillor Gallagher arrived at 9.38am during the discussion of the above item. He was present when the matter was voted on.

Mayor King left the meeting at 9.44 during the discussion of the above item. He was not present when the matter was voted on.

Councillor Southgate joined the meeting at 9.46am at the conclusion of the above item. She was not present when the matter was voted on.

7. Key Projects Monitoring Report - June 2017

The General Manager Corporate took the report as read. Staff responded to questions from Elected Members concerning the Rototuna Town Centre, and the Victoria on the River project. It was noted that both projects were on track to be delivered on time and on budget.

Resolved: (Cr Mallett/Cr Taylor)

That the Finance Committee receives the report.

Councillor Henry arrived at 9.56am during the discussion of the above item. She was present when the matter was voted on.

8. 2015-25 10-Year Plan Service Performance Report - Year 2, Quarter 4

The Strategic Policy Analyst took the report as read, noting that the figures were subject to change as they were currently being audited. Staff responded to questions from Elected Members concerning the Key Performance Measures (KPIs). It was confirmed that the current KPIs were based on the previous 10 Year Plan and would be used for the remainder of the financial year. When the 2018-25 10 Year Plan is adopted by Council by 30 June 2018, the KPIs would be updated.

Resolved: (Crs Mallett/Taylor)

That the Committee receives the report.

Mayor King re-joined the meeting at 9.56 during the discussion of the above Item. He was present when the matter was voted on.

9. Waikato Regional Airport Limited - Review of Director Remuneration and Term of Appointment

The General Manager Major Events, Venues and Tourism introduced the report. Staff responded to questions from Elected Members concerning the review of the Director's remuneration. It was confirmed that the Waikato Regional Airport Directors fees had not been reviewed since 2007.

Motion: (Crs Mallett/Bunting)

That the Finance Committee:

- a) approves WRAL Director fees to be increased:
 - i. Chair from \$34,800 to \$45,000 per annum with effect from 1 July 2017
 - ii. Directors from \$23,200 to \$30,000 per annum with effect from 1 July 2017
- b) approves an amendment to the WRAL constitution by adding the following clause under the heading Appointment and Removal:

"15.2 (e) Directors to be appointment for an initial three-year term with a maximum of two concurrent terms to be served unless circumstances that dictate otherwise."
- c) delegates authority to the Mayor and/or Chief Executive to vote on behalf of Council at the WRAL Annual General Meeting in October 2017 in support of the above resolutions; and
- d) notes the resolutions under a) and b) above can only be activated by a majority vote of WRAL shareholders.

Amendment: (Crs Macpherson/Casson)

That the Finance Committee:

- a) approves WRAL Director fees to be increased by approx 3% as follows:
 - i. Chair from \$34,800 to \$36,000 per annum with effect from 1 July 2017
 - ii. Directors from \$23,200 to \$24,000 per annum with effect from 1 July 2017
- b) approves an amendment to the WRAL constitution by adding the following clause under the heading Appointment and Removal:

"15.2 (e) Directors to be appointment for an initial three-year term with a maximum of two concurrent terms to be served unless circumstances dictate otherwise."

Finance Committee 15 AUGUST 2017 - OPEN

- c) delegates authority to the Mayor and/or Chief Executive to vote on behalf of the WRAL Annual General Meeting in October 2017 in support of the above resolutions; and
- d) notes the resolutions under a) and b) above can only be activated by a majority vote of WRAL shareholders.

The Amendment was put.

Those for the Amendment: Crs Macpherson and Casson.

Those against the Amendment: Mayor King, Crs Mallett, Gallagher, Pascoe, Tooman, Bunting, Henry, Southgate and Taylor.

The Amendment was declared lost.

The Motion was then put and declared carried.

Resolved: (Crs Mallett/Bunting)

That the Finance Committee:

- a) approves WRAL Director fees to be increased:
 - i. Chair from \$34,800 to \$45,000 per annum with effect from 1 July 2017
 - ii. Directors from \$23,200 to \$30,000 per annum with effect from 1 July 2017
- b) approves an amendment to the WRAL constitution by adding the following clause under the heading Appointment and Removal:

“15.2 (e) Directors to be appointment for an initial three-year term with a maximum of two concurrent terms to be served unless circumstances dictate otherwise.”
- c) delegates authority to the Mayor and/or Chief Executive to vote on behalf of the WRAL Annual General Meeting in October 2017 in support of the above resolutions;
- d) notes the resolutions under a) and b) above can only be activated by a majority vote of WRAL shareholders.

Cr Macpherson Dissenting.

10. Resolution to Exclude the Public

Resolved: (Cr Mallett/Cr Bunting)

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) Good reason to withhold	Section 48(1)(a)

Excluded Minutes 4 July) information exists under
2017) Section 7 Local Government
C2. Report on overdue debtors) Official Information and
as at 30 June 2017 & Debt) Meetings Act 1987
write-offs 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 protect the privacy of natural persons	Section 7 (2) (a)
Item C2.	to protect the privacy of natural persons	Section 7 (2) (a)
	to maintain the effective conduct of public affairs through protecting persons from improper pressure or harassment	Section 7 (2) (f) (ii)

The meeting went into Public Excluded session at 11.07am.

The meeting was declared closed at 11.24am.

Council Report

Committee: Finance Committee

Date: 26 September 2017

Author: Rebecca Watson

Authoriser: Becca Brooke

Position: Committee Advisor

Position: Governance Team Leader

Report Name: Chair's Report - Finance Committee - 26 September 2017

Report Status	<i>Open</i>
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Staff Recommendation

That the Finance Committee receives the report.

Attachments

Attachment 1 - Chairperson's Report (*Under Separate Cover*) .

Council Report

Item 8

Committee: Finance Committee **Date:** 26 September 2017
Author: Iain Anderson **Authoriser:** Tracey Musty
Position: Business Support Team Leader **Position:** Financial Controller
Report Name: 10-Year Plan Monitoring Report - For the two months 31 August 2017

Report Status	<i>Open</i>
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Purpose

1. To inform the Finance Committee on the Council's financial performance against the 2017-18 Annual Plan for the two months ended 31 August 2017.

Staff Recommendation

2. That the Finance Committee receives the report.

Executive Summary

3. Council has an operating surplus of \$18.2m for the two months ended 31 August 2017. This result is \$5.9m favourable against the annual budget.
4. The significant items that contribute to the \$5.9m favourable result are: favourable vested asset revenue at \$2.2m, higher revenue from development contributions at \$3.1m, favourable expenditure on maintenance and service at \$1.4m. These are offset by a loss on interest rate Swaps of \$3.1m. Vested revenue and Swaps are both eliminated from balancing the books.
5. Council's balancing the books result is a sub-set of the operating result. The key difference is interest rate Swaps and vested assets are excluded.
6. The balancing the books result was a surplus of \$17.7m. This is \$6.8m favourable against the annual budget.
7. The significant items that contribute to the \$6.8m favourable result are: higher revenue from development contributions at \$3.1m, favourable expenditure on maintenance and service at \$1.4m, higher revenue from user charges at \$0.5m, lower costs for servicing debt at \$0.5m, favourable water by meter and rates remission of \$0.5m and lower consultant's costs at \$0.4m.
8. Capital expenditure totalled \$9.3m for the two months ended 31 August 2017. There is no variance as the year to date budget is also \$9.3m. The annual budget is to spend \$127.2m.
9. For the two months ended 31 August 2017 no capital project deferrals have been identified.

10. Overall debt for the two months ended 31 August 2017 is \$364.7m against an annual budget of \$433.6m. The debt to revenue ratio is 163% against an annual target of 205%.
11. For the two months ended 31 August 2017 Council was compliant with all treasury policy measures.

Discussion

12. 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
13. Attachments to this report provide more detailed analysis and explanation of the results.
14. **Operating Result**
15. This section provides a summary for both the accounting result and Council's balancing the books result. It also includes a summary of the Local Government balancing the books measure.
16. The operating result relates to the overall surplus or deficit position for Council from its normal day to day operating activities. This overall result is referred to as the accounting result. This complies with accounting standards.
17. A subset of the accounting result is Council's balancing the books result.

18. **The Accounting Result**

19. The accounting result for the two months ended 31 August 2017 is a surplus of \$18.2m. This is \$5.9m favourable against the year to the date budget of \$12.3m. The annual budget is a surplus of \$8.6m.

Year to date Actual	Year to date Budget	Variance	Annual Budget
\$18.2m	\$12.3m	\$5.9m	\$8.6m

20. **Council's Balancing the Books**

21. Balancing the books is an internal measure that was first 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 the capital subsidy for the Ring Rd.
22. Council's balancing the books result for the two months ended 31 August 2017 is a surplus of \$17.7m. This is \$6.8m favourable against the year to the date budget of \$10.9m. The annual budget is to breakeven.

Year to date Actual	Year to date Budget	Variance	Annual Budget
\$17.7m	\$10.9m	\$6.8m	\$0.0m

23. The Financial Statements in 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.
24. Group of Activities Financial Reports in 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.
25. The contributors to the overall accounting result variance of \$5.9m are:

Revenue variances:

- Higher revenue from user charges.
- Higher revenue from water by meter.
- Lower rates remissions issued.
- Higher interest received.
- Higher revenue from vested assets.

Expenditure variances:

- Lower expenditure on maintenance and services costs.
- Lower expenditure on consultant costs.

Losses and Gains variances:

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

26. More detailed explanations can be found in the notes in attachment 1 and attachment 2.
27. **The Local Government Balancing the books measure**
28. This is an alternate measure to Council’s measure. It is prescribed under the Local Government (Financial Reporting) Regulations. The key difference being the elimination of all development contribution revenue.
29. Using this measure the actual result for the two months ended 31 August 2017 is a surplus of \$12.7m. This is \$3.7m favourable against the year to the date budget of \$9.0m. The annual budget is a deficit of \$11.1m.

Year to date Actual	Year to date Budget	Variance	Annual Budget
\$12.7m	\$9.0m	\$3.7m	(\$11.1)m

30. **Summary of Capital Expenditure**

31. **The Capital Expenditure Result**

32. Total spend on capital expenditure for the two months ended 31 August 2017 is \$9.3m. There is no variance as the year to date budget is also \$9.3m. The annual budget is \$127.2m.

Year to date Actual	Year to date Budget	Variance	Annual Budget
\$9.3m	\$9.3m	\$0.0m	\$127.2m

33. The annual budget used in this section comprises; the 2017-18 Approved Annual Plan of \$89.9m and approved deferrals from previous years \$37.3m. This is the budget used for the capital expenditure report in attachment 3.
34. The \$9.3m year to date expenditure represents 7% of the total programme. Analysis of the total budget programme indicates that 40% is planned to be spent over the final quarter of the financial year. The following table shows the monthly cash flow for the capital programme.

2017-18 Capital Expenditure Programme
Monthly Cashflow

Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
\$5.7 m	\$7.1 m	\$7.8 m	\$8.9 m	\$9.9 m	\$7.1 m	\$8.1 m	\$10.9 m	\$13.8 m	\$12.6 m	\$12.5 m	\$22.7 m	\$127.2 m

35. The *Capital Expenditure Report* in attachment 3 provides a full list of all projects and year to date variances to budget.
36. **Deferred Capital Expenditure**
37. Deferred capital expenditure refers to the process whereby the budget for an approved capital project is carried forward into a future financial year.

38. 2017-18 Capital Deferrals

39. For the two months ended 31 August 2017 no capital deferrals have been identified.
40. While it is extremely unlikely that this will continue until the end of the financial year, it is not uncommon at this time of the year to report none. As time progresses and more certainly is known around deliverables and 3rd party constraints the number of deferrals will potentially increase.
41. Given the complexities and dependency on third parties, it is reasonable to expect a certain level of deferrals within the capital programme. To ensure Council does not over budget for interest expense costs an allowance of \$1.5m was made in the 2017-18 budget. This equates to total deferrals of approximately \$25m in value.
42. In addition to an allowance for interest, a similar allowance is made when calculating the depreciation budget to ensure that the expense is not over stated.

43. Projects Brought Forward

44. Projects brought forward relate to approved projects from the 2015-15 10 Year Plan that have been brought forward from a future financial year.
45. Currently no projects have been identified.

46. Risks and Opportunities for 2017-18

47. Risks and Opportunities

48. The Risks and Opportunities schedule is used to report to elected members any significant or potentially significant changes from the approved budget.
49. 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.
50. These changes are classified into 2 categories and summarised in the following table

- Approved through a resolution of Council or Committee
- Approved under the delegated authority of the Chief Executive

Risks and Opportunities as at 31 August 2017					
Project	Date	Operating		Capital	
		Cost	Revenue	Cost	Revenue
		\$000	\$000	\$000	\$000
Approved by Council or Committee Resolution					
Aquatics - the development of the business case and contracting out investigations.	9-Mar-17	100			
Water Supply - Eastern Bulkmain repairs	23-May-17			1,840	
Valley Terrace Stormwater Pipe - Remedial Works	12-Sep-17			591	
Total		100	0	2,431	0
Approved under CE Delegated Authority					
Hamilton Gardens Changing Places. Addition to playground toilet facilities approved by CE delegation.				110	
Peacocke HIF Detailed Business Case/Growth Scenarios for 10 Year Plan		525			
Total		525	0	110	0
Total Risks and Opportunities		625	0	2,541	0

51. Emerging Issues

52. In addition to Risks and Opportunities there are also the following emerging issues that are being disclosed to raise awareness.
53. 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 either Council or the appropriate committee. Otherwise they will be reported on future Risks and Opportunities.
54. The current emerging issues are:
- a. Libraries – A seismic study has been undertaken on the central library building. A recommendation was presented to Council on September 21.
 - b. Parks and Open Spaces - River Slips - Remedial options continue to be investigated for the slip that occurred at 253B in late December 2016. This slip is on esplanade reserve.
 - c. LED Street Lights – A report was presented to the Infrastructure and Growth committee on 12 September 2017. This project will see the replacement of assets with a current value of approx. \$3.0m. These assets will now have their useful life's reduced resulting in an increase in the depreciation expense in 2017/18 and 2018/19
 - d. Aquatic Facilities - Waterworld – Renewal. A report is being presented. This is recommending an approved budget in a future year be brought forward to assist with the increased costs of the renewal programme at Waterworld.

55. Debt and Treasury Management

56. Treasury Management

57. For the two months ended 31 August 2017 Council was fully compliant with all treasury policy measures.
58. The Treasury Report in attachment 4 contains further detail around the treasury compliance measures.

59. Total Overall Debt

60. Total Overall Debt for the two months ended 31 August 2017 is \$364.7m, which is \$68.9m less than the year end budget target of \$433.6m.

Actual for year ended	Annual Budget	Amount Remaining	Debt to Revenue
\$364.7m	\$433.6m	\$68.9m	163%

61. The overall debt level is significantly impacted from the Council's cash flow, when we spend cash and when we receive cash.
62. The two areas that have the biggest impact on Council's debt level are the timing of when we receive rates revenue and spending of the capital programme.
- ### 63. Debt to Revenue Ratio
64. This is a debt affordability measure. It compares total operating revenue, excluding capital contributions, vested asset revenue and development contributions against total overall debt.
65. The result for the two months ended 31 August 2017 is 163% against a target of 205%. This favourable position reflects the low overall debt position and higher revenue position.
- ### 66. Interest Rate Swaps
67. The movement on interest rate Swaps continue to have a material impact on Council's operating result. These movements are a calculated value at a "point in time". These are based on Council's 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, any gain (or loss) from interest rate movement will not be realised.
68. From 1 July 2017 the liability has increased from \$30.1m to \$33.3m. This is an increase in the liability of \$3.2m for the two months ended 31 August 2017.
69. The unfavourable movement is due to a decrease in market interest rates. This broadens the difference between lower current market interest rates, and the higher average fixed interest rates achieved when we transacted our interest rate swaps. The size of the difference affects the level of our liability for interest rate swaps. A graphical representation of this is shown in attachment 4.

Item 8

Attachments

Attachment 1 - Financial Statements

Attachment 2 - Group of Activities Summary Reports

Attachment 3 - Capital Expenditure

Attachment 4 - Treasury Report

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE TWO MONTHS ENDED 31 AUGUST 2017

Note	Actual YTD	Budget YTD	Variance favourable/ (unfavourable)	Annual Budget	Actual YTD August 2016	
	\$000	\$000	\$000	\$000	\$000	
Revenue						
Rates	1	37,854	37,298	556	160,765	24,150
Revenue from activities	2	7,889	7,355	534	39,867	7,298
Subsidies and grants	3	856	981	(125)	5,692	994
Development and financial contributions	4	4,979	1,857	3,122	11,141	1,276
Capital revenue	5	1,260	818	442	6,702	1,267
Interest revenue	6	715	333	382	2,000	372
Vested Assets	7	3,585	1,430	2,155	8,581	2,575
Other revenue	8	162	182	(20)	1,189	201
Total revenue		57,300	50,254	7,046	235,937	38,133
Expenses						
Personnel costs	9	12,262	12,460	198	73,884	11,478
Depreciation and amortisation	10	10,522	10,645	123	63,870	10,441
Finance costs	11	3,500	3,637	137	21,819	3,350
Other expenses	12	9,721	11,217	1,496	67,783	10,375
Total expenses		36,005	37,959	1,954	227,356	35,644
Operating surplus/(deficit)		21,295	12,295	9,000	8,581	2,489
Unrealised gain on revaluation of interest rate swaps	13	790	-	790	-	589
Unrealised loss on revaluation of interest rate swaps	13	(3,912)	-	(3,912)	-	(5,599)
Surplus/(deficit)		18,173	12,295	5,878	8,581	(2,521)

COUNCIL'S BALANCING THE BOOKS MEASURE FOR THE TWO MONTHS ENDED 31 AUGUST 2017

Note	Actual YTD	Budget YTD	Variance favourable/ (unfavourable)	Annual Budget	Actual YTD August 2016	
	\$000	\$000	\$000	\$000	\$000	
Surplus/(deficit) before tax		18,173	12,295	5,878	8,581	(2,521)
Adjustments for balancing the books measure						
Gains		790	-	790	-	589
Losses		(3,912)	-	(3,912)	-	(5,775)
Vested assets (included in Other revenue)		3,585	1,430	2,155	8,581	2,575
Ring Road subsidy (included in Capital revenue)		37	-	37	-	12
Less Total adjustments		500	1,430	(930)	8,581	(2,599)
Council's Balancing the books surplus/(deficit)		17,673	10,865	6,808	-	78

**LOCAL GOVERNMENT REGULATIONS MEASURE FOR BALANCING THE BOOKS
FOR THE TWO MONTHS ENDED 31 AUGUST 2017**

Note	Actual YTD	Budget YTD	Variance favourable/ (unfavourable)	Annual Budget	Actual YTD August 2016
	\$000	\$000	\$000	\$000	\$000
Surplus/(deficit) before tax	18,173	12,295	5,878	8,581	(2,521)
Adjustments for the Local Government Regulations measure					
Gains excl gains on investment properties	(3,122)	-	(3,122)	-	589
Losses excl losses on asset sales/disposal	-	-	-	-	(5,599)
Development and financial contributions	4,979	1,857	3,122	11,141	1,276
Vested assets	3,585	1,430	2,155	8,581	2,575
Less Total adjustments	5,442	3,287	2,155	19,722	(1,159)
LG Regulations Balancing the books surplus/(deficit)	12,731	9,008	3,723	(11,141)	(1,362)

Notes to the Statement of Comprehensive Revenue and Expense

For the two months ended 31 August 2017

		Aug-17	Jul-17	Movement from July 2017	
Revenue variances:					
1	Rates and Water by Meter	Water by meter is favourable after two months, this a favourable timing variance. Rates remissions on Council properties is favourable.	\$0.56m	\$0.17m	(\$0.38m)
2	Revenue from Activities	User charges from planning and cemeteries are both performing favourably. Recoveries for the trade waste shared service is also favourable.	\$0.53m	\$0.01m	(\$0.52m)
3	Subsides and Grants	Not a material variance.	(\$0.12m)	(\$0.14m)	(\$0.02m)
4	Development contributions	Strong growth continues	\$3.12m	\$1.53m	(\$1.60m)
5	Capital Revenue	Higher capital contribution for Stormwater, Wastewater and Water Supply. This additional revenue is used to off-set unbudgeted capital expenditure.	\$0.44m	\$0.03m	(\$0.41m)
6	Interest Revenue	Council has drawn down cash (see balance sheet) to allow scheduled repayment of maturing debt. The benefit here will offset the interest expense.	\$0.38m	\$0.20m	(\$0.18m)
7	Vested assets	Strong growth continues	\$2.15m	\$0.37m	(\$1.79m)
8	Other (excluding vested)	Not a material variance.	(\$0.02m)	(\$0.01m)	\$0.01m
Total Revenue variance			\$7.05m	\$2.16m	(\$4.89m)
Expenditure variances:					
9	Personnel Costs	Costs are tracking to budget.	\$0.2m	\$0.22m	\$0.02m
10	Depreciation	Overall tracking well against the budget. Please note revaluations of Parks and Opens spaces and water supply assets this year may have an impact. As will the level of vested assets.	\$0.1m	\$0.06m	(\$0.06m)
11	Finance Costs	Early indications are the favourable variance will continue and increase throughout the financial year. This is based on trend data.	\$0.1m	\$0.04m	(\$0.09m)
12	Other Expenses	Due to lower expenditure in maintenance and service costs. Along with less expenditure on consultants.	\$1.5m	\$1.68m	\$0.19m
Total Expenditure variance			\$1.95m	\$2.01m	\$0.05m
Gains and Losses Variances					
13	Gain on swaps	The unfavourable movement is due to a decrease in market interest rates.	(\$3.1m)	(\$1.21m)	\$1.91m
Total Expenditure variance			(\$3.12m)	(\$1.21m)	\$1.91m
Total variance			\$5.88m	\$2.96m	(\$2.92m)

STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2017

	Note	Actual	Annual Budget	Actual August 2016
		\$000	\$000	\$000
Assets				
Current assets				
Cash and cash equivalents	1	18,804	35,000	8,731
Receivables	2	29,566	19,142	25,294
Prepayments		1,328	1,563	1,064
Inventory		159	151	142
Other financial assets	1	76,040	-	17,000
Derivative financial instruments	6	-	-	-
Total current assets		125,897	55,856	52,231
Non-current assets				
Property, plant and equipment	3	3,833,710	3,608,249	3,421,276
Intangible assets		21,146	19,067	19,374
Investment property		22,059	19,420	24,795
Investment in associates		7,430	7,430	7,430
Other financial assets	1	28,717	27,426	24,298
Investment in subsidiaries		8,422	8,422	8,422
Derivative financial instruments	6	720	-	1,330
Total non-current assets		3,922,204	3,690,014	3,506,925
Total assets		4,048,101	3,745,870	3,559,156
Liabilities				
Current liabilities				
Employee entitlements		7,690	5,994	7,072
Payables and deferred revenue	4	20,500	25,470	32,652
Provisions		1,257	1,781	2,127
Borrowings	5	108,418	65,300	73,419
Derivative financial instruments	6	579	-	1,122
Total current liabilities		138,444	98,545	116,392
Non-current liabilities				
Employee entitlements		1,122	886	1,068
Provisions		14,296	12,180	12,559
Borrowings	5	316,719	363,700	276,373
Derivative financial instruments	6	33,411	30,000	52,747
Total non-current liabilities		365,548	406,766	342,747
Total liabilities		503,992	505,311	459,139
Net assets		3,544,109	3,240,559	3,100,017
Equity				
Accumulated funds		1,709,660	1,639,564	1,639,683
Other reserves	7	1,834,449	1,600,995	1,460,334
Total equity attributable to Hamilton City Council		3,544,109	3,240,559	3,100,017
Total equity		3,544,109	3,240,559	3,100,017

Notes to the Statement of financial position

Note 1: Cash and financial assets

		Actual	Annual Budget	Last Year YTD
		\$000	\$000	\$000
Cash and short-term deposits		18,804	35,000	8,731
Other financial assets - current	Term deposits	76,040	-	17,000
	Loan investments	-	-	-
		94,844	35,000	25,731
Other financial assets - non-current	Term deposits	4,560	5,040	3,680
	Loan investments	17,100	17,975	16,101
	Shares	7,057	4,411	4,517
		28,717	27,426	24,298
Total cash and financial assets		123,561	62,426	50,029

Note 2: Rates and debtors receivables

	Actual			Last Year YTD		
	\$000	\$000	\$000	\$000	\$000	\$000
Rates	Rates	Arrears	Total	Rates	Arrears	Total
Balance as at 1 July	(2,037)	3,302	1,265	(2,107)	3,072	965
Instalments to date	44,933		44,933	42,634		42,634
Penalties, adjustments & postponed	491		491	262		262
Government rebate	(571)		(571)			
Council hardship	(75)		(75)	(3,103)		(3,103)
Other remissions	(3,361)		(3,361)			
Rates receipts	(24,774)	(1,290)	(26,064)	(24,380)	(1,292)	(25,672)
Balance as at 31 August	14,606	2,012	16,618	13,306	1,779	15,085
Water by meter			1,470			818
Sundry debtors						
Debtors			3,547			2,686
Rentals			389			371
Rates rebates Internal Affairs			513			523
NZTA			561			0
H3 debtors			1,197			505
GST refund			-			-
			6,206			4,085
Debtor accruals			4,274			4,466
Parking			3,620			3,947
Provision for doubtful debts			(2,621)			(3,108)
Total Rates and debtors receivables			29,566			25,294

Attachment 1

	Actual	Last Year YTD
	\$000	\$000
Debtors ageing Rates		
	as at 30 Jun 2017	as at 30 Jun 2016
2011/12	8	
2012/13	3	
2013/14	7	Pre 2013/14 34
2014/15	15	2014/15 60
2015/16	70	2015/16 2,977
2016/17	3,197	
	3,302	3,072
Sundry debtors		
	as at 31 Aug 2017	as at 31 Aug 2016
Current	5,109	Current 2,000
0-30 days	392	0-30 days 494
30-60 days	137	30-60 days 1,075
60-90 days	86	60-90 days 56
>90 days	482	>90 days 460
	6,206	4,085

Note 3: Fixed assets work in progress

	Balance 1 July 2017	New WIP 2017/18	WIP capitalised 2017/18	Balance 31 August 2017
	\$000	\$000	\$000	\$000
Total Fixed assets work in progress	83,483	12,846	0	96,329

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.

Fixed assets are still subject to the 2017 Annual Report audit therefore only totals are currently being reported. Once audit is complete the full detail by assets category will be included.

Attachment 1

Note 4: Payables

	Actual	Annual Budget	Last Year YTD
	\$000	\$000	\$000
Payables	20,500	25,470	32,652
Total Payables	20,500	25,470	32,652

Note 5: Borrowings

	Actual	Annual Budget	Last Year YTD
	\$000	\$000	\$000
Borrowings - current	108,418	65,300	73,419
Borrowings - non-current	316,719	363,700	276,373
Total external debt	425,137	429,000	349,792

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	Last Year YTD
	\$000	\$000	\$000
Interest rate Swaps - held for trading (current asset)	-	-	-
Interest rate Swaps - held for trading (non-current asset)	(720)	-	(1,330)
Interest rate Swaps - held for trading (current liability)	579	-	1,122
Interest rate Swaps - held for trading (non-current liability)	33,411	30,000	52,747
Total net derivative financial instrument liabilities	33,270	30,000	52,539

The Council's unrealised loss position on interest rate Swaps has reduced by \$13.9m this financial year. This is due to an increase in market interest rates in comparison to when Council's fixed interest rate contracts were entered into

Note 7: Other Reserves

	Balance 1 July 2017	Transfers into fund	Transfers out of fund	Balance 31 August 2017
	\$000	\$000	\$000	\$000
Total Restricted reserves	37,967	84	-	38,051
Total Council created reserves	5,378	48	-	5,426
Total Revaluation and fair value through equity reserves	1,796,950	-	(5,978)	1,790,972
Total restricted and Council created reserves	1,840,295	132	(5,978)	1,834,449

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 two months 31 August 2017

Year to Date Previous Year Actual	Year to Date			Annual
	Actual	Budget	Variance	Approved Budget
\$000	\$000	\$000	\$000	\$000
Revenue				
0 Rates	(1)	(1)	0	(3)
(0) Water by Meter	(1)	(0)	(0)	(20)
217 Revenue from activities	308	302	6	1,588
0 Subsidies and grants	0	1	(1)	3
0 Development Contributions	0	0	0	0
4 Interest Revenue	7	3	4	20
0 Vested and Other Revenue	0	0	0	0
0 Capital revenue	0	0	0	0
221 Total revenue	313	305	9	1,589
Expenses				
1,159 Personnel costs	1,165	1,226	61	7,092
592 Depreciation and amortisation	664	614	(50)	3,683
29 Finance costs	30	30	(0)	181
Other Expenses				
96 - Operating & Maintenance costs	104	115	11	1,034
3 - Professional costs	10	7	(3)	80
768 - Administrative costs	978	960	(18)	5,644
157 - Property costs	138	153	15	973
2,804 Total expenses	3,089	3,106	17	18,688
(2,582) Operating surplus/(deficit)	(2,776)	(2,801)	25	(17,100)
0 Gains and losses	0	0	0	0
(2,582) Surplus/(deficit)	(2,776)	(2,801)	25	(17,100)

Attachment 2

The comments below explain the variance between year to date actual results and year to date budgets where they exceed \$100k.
No significant variances.

Attachment 2

Item 8

RECREATION
Pools | Indoor Recreation | Zoo
for the two months 31 August 2017

Year to Date	Year to Date			Annual
Previous Year Actual	Actual	Budget	Variance	Approved Budget
\$000	\$000	\$000	\$000	\$000
Revenue				
0 Rates	0	0	0	0
(18) Water by Meter	0	(14)	14	(93)
708 Revenue from activities	633	636	(3)	4,279
87 Subsidies and grants	42	41	1	197
0 Development Contributions	0	0	0	0
5 Interest Revenue	10	4	5	27
0 Vested and Other Revenue	0	0	0	0
0 Capital revenue	0	0	0	0
782 Total revenue	684	666	18	4,410
Expenses				
875 Personnel costs	947	930	(17)	5,665
255 Depreciation and amortisation	242	277	35	1,660
41 Finance costs	44	44	(0)	262
Other Expenses				
165 - Operating & Maintenance costs	222	225	3	1,288
50 - Professional costs	52	27	(25)	161
396 - Administrative costs	446	458	12	2,957
150 - Property costs	158	160	3	856
1,933 Total expenses	2,110	2,120	10	12,850
(1,151) Operating surplus/(deficit)	(1,426)	(1,454)	28	(8,440)
(1) Gains and losses	0	0	0	0
(1,152) Surplus/(deficit)	(1,426)	(1,454)	28	(8,440)

Attachment 2

The comments below explain the variance between year to date actual results and year to date budgets where they exceed \$100k.
No significant variances

Attachment 2

Item 8

PLANNING AND DEVELOPMENT

City Planning | Planning Guidance & Compliance | Building Control
for the two months 31 August 2017

Year to Date	Year to Date			Annual
Previous Year Actual	Actual	Budget	Variance	Approved Budget
\$000	\$000	\$000	\$000	\$000
Revenue				
0 Rates	0	0	0	0
0 Water by Meter	0	0	0	0
1,499 Revenue from activities	1,484	1,359	125	8,629
0 Subsidies and grants	0	0	0	0
0 Development Contributions	0	0	0	0
0 Interest Revenue	0	0	0	0
0 Vested and Other Revenue	0	0	0	0
0 Capital revenue	0	0	0	0
1,499 Total revenue	1,484	1,359	125	8,629
Expenses				
996 Personnel costs	1,073	1,152	79	6,837
0 Depreciation and amortisation	0	0	0	0
0 Finance costs	0	0	0	0
Other Expenses				
62 - Operating & Maintenance costs	26	59	33	353
314 - Professional costs	183	186	2	1,115
508 - Administrative costs	747	674	(72)	3,983
1 - Property costs	1	1	1	7
1,881 Total expenses	2,030	2,072	43	12,296
(381) Operating surplus/(deficit)	(545)	(713)	168	(3,666)
0 Gains and losses	0	0	0	0
(381) Surplus/(deficit)	(545)	(713)	168	(3,666)

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 - \$125k favourable. This is due to increased activity in Planning Guidance and Building Control.

Attachment 2

Item 8

ECONOMIC DEVELOPMENT

Economic Initiatives | Strategic Property Investment | Claudelands | Stadiums
for the two months 31 August 2017

Year to Date Previous Year Actual	Year to Date			Annual
	Actual	Budget	Variance	Approved Budget
\$000	\$000	\$000	\$000	\$000
Revenue				
4 Rates	(67)	(67)	0	(267)
(11) Water by Meter	(8)	(11)	4	(107)
1,238 Revenue from activities	1,201	1,051	150	7,736
0 Subsidies and grants	0	0	0	0
0 Development Contributions	0	0	0	0
97 Interest Revenue	187	87	100	524
33 Vested and Other Revenue	0	0	0	0
0 Capital revenue	0	0	0	0
1,362 Total revenue	1,314	1,060	253	7,886
Expenses				
902 Personnel costs	978	1,006	28	5,970
914 Depreciation and amortisation	791	913	122	5,478
722 Finance costs	764	764	(0)	4,587
Other Expenses				
352 - Operating & Maintenance costs	372	472	101	3,197
73 - Professional costs	32	55	24	338
1,274 - Administrative costs	1,143	1,179	36	5,784
234 - Property costs	270	262	(7)	1,550
4,471 Total expenses	4,349	4,653	303	26,904
(3,110) Operating surplus/(deficit)	(3,035)	(3,592)	557	(19,017)
0 Gains and losses	(0)	0	(0)	0
(3,110) Surplus/(deficit)	(3,035)	(3,592)	557	(19,017)

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

Revenue from activities - \$150k favourable. This is partially due to new properties and rent increases within Strategic Property \$26k. Venues are favourable \$99k with the volume and mix of events.

Interest Revenue - \$100k favourable. Council has drawn down cash (see balance sheet) to allow scheduled repayment of maturing debt. The benefit here will offset the interest expense.

Depreciation - \$122k favourable. This is a timing variance due to the capitalisation of the work in progress.

Operating & Maintenance Costs - \$101k favourable. \$75k favourable for H3 due to timing of maintenance activities budget.

SAFETY
Animal Control | Environmental Health and Public Safety
for the two months 31 August 2017

Year to Date	Year to Date			Annual
	Actual	Budget	Variance	Approved Budget
Previous Year Actual				
\$000	\$000	\$000	\$000	\$000
Revenue				
0 Rates	0	0	0	0
0 Water by Meter	0	0	0	0
1,262 Revenue from activities	1,244	1,202	42	2,163
0 Subsidies and grants	0	0	0	0
0 Development Contributions	0	0	0	0
1 Interest Revenue	1	1	1	3
0 Vested and Other Revenue	0	0	0	0
0 Capital Revenue	0	0	0	0
1,262 Total revenue	1,245	1,202	43	2,166
Expenses				
384 Personnel costs	492	484	(8)	2,876
13 Depreciation and amortisation	13	13	0	79
3 Finance costs	4	4	(0)	24
Other Expenses				
74 - Operating & Maintenance costs	47	260	213	816
12 - Professional costs	7	15	8	89
261 - Administrative costs	328	271	(57)	1,616
106 - Property costs	23	16	(7)	47
854 Total expenses	914	1,063	149	5,547
408 Operating surplus/(deficit)	330	139	191	(3,381)
0 Gains and losses	0	0	0	0
408 Surplus/(deficit)	330	139	191	(3,381)

Attachment 2

The comments below explain the variance between year to date actual results and year to date budgets where they exceed \$100k.
Operating & Maintenance costs - \$213k favourable. The majority of this favourable variance relates to the timing of the relocation of City Safe Operations to the Genesis Building.

Attachment 2

Item 8

COMMUNITY SUPPORT
Community Development | Emergency Management | Housing
for the two months 31 August 2017

Year to Date	Year to Date			Annual
Previous Year Actual	Actual	Budget	Variance	Approved Budget
\$000	\$000	\$000	\$000	\$000
Revenue				
0 Rates	(1)	(0)	(0)	(2)
(0) Water by Meter	1	0	1	(6)
17 Revenue from activities	21	15	5	96
0 Subsidies and grants	0	0	0	0
0 Development Contributions	0	0	0	0
0 Interest Revenue	0	0	0	1
0 Vested and Other Revenue	0	0	0	0
0 Capital revenue	0	0	0	0
17 Total revenue	22	15	7	89
Expenses				
208 Personnel costs	213	194	(19)	1,173
30 Depreciation and amortisation	26	31	5	186
2 Finance costs	2	2	0	12
Other Expenses				
23 - Operating & Maintenance costs	(105)	97	202	715
26 - Professional costs	13	4	(9)	38
627 - Administrative costs	625	612	(13)	2,409
28 - Property costs	35	38	3	230
944 Total expenses	809	978	169	4,763
(927) Operating surplus/(deficit)	(788)	(963)	176	(4,674)
0 Gains and losses	0	0	0	0
(927) Surplus/(deficit)	(788)	(963)	176	(4,674)

Attachment 2

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

Operating & Maintenance costs - \$202k favourable. The majority of this favourable variance is due to the timing of the budget phasing of the Civil Defence Emergency Management area. This is expected to be resolved in September 2017.

Attachment 2

Item 8

GOVERNANCE
 Governance and Public Affairs
 for the two months 31 August 2017

Year to Date	Year to Date			Annual
Previous Year Actual	Actual	Budget	Variance	Approved Budget
\$000	\$000	\$000	\$000	\$000
Revenue				
0 Rates	0	0	0	0
0 Water by Meter	0	0	0	0
10 Revenue from activities	4	3	1	18
0 Subsidies and grants	0	0	0	0
0 Development Contributions	0	0	0	0
0 Interest Revenue	0	0	0	0
9 Vested and Other Revenue	0	0	0	0
0 Capital Revenue	0	0	0	0
19 Total revenue	4	3	1	18
Expenses				
74 Personnel costs	27	50	23	297
0 Depreciation and amortisation	0	0	0	0
0 Finance costs	0	0	0	0
Other Expenses				
1 - Operating & Maintenance costs	4	5	0	28
(13) - Professional costs	20	20	0	265
687 - Administrative costs	774	850	76	5,088
0 - Property costs	0	0	0	0
750 Total expenses	825	925	100	5,679
(731) Operating surplus/(deficit)	(821)	(922)	101	(5,661)
0 Gains and losses	0	0	0	0
(731) Surplus/(deficit)	(821)	(922)	101	(5,661)

Attachment 2

<p>The comments below explain the variance between year to date actual results and year to date budgets where they exceed \$100k.</p>
<p>No significant variances.</p>

Attachment 2

Item 8

PARKS AND GREEN SPACES

Hamilton Gardens | Community Parks | Sports Parks | Cemeteries and Crematorium
for the two months 31 August 2017

Year to Date Previous Year Actual	Year to Date			Annual
	Actual	Budget	Variance	Approved Budget
\$000	\$000	\$000	\$000	\$000
Revenue				
0 Rates	0	0	0	0
(21) Water by Meter	0	(8)	8	(96)
383 Revenue from activities	547	373	174	2,536
0 Subsidies and grants	0	0	0	7
0 Development Contributions	1	0	1	0
27 Interest Revenue	52	24	28	146
0 Vested and Other Revenue	0	0	0	0
383 Capital revenue	142	140	2	1,639
773 Total revenue	742	529	213	4,232
Expenses				
376 Personnel costs	407	396	(11)	2,369
624 Depreciation and amortisation	646	697	51	4,180
232 Finance costs	245	245	(0)	1,473
Other Expenses				
527 - Operating & Maintenance costs	312	372	60	3,299
17 - Professional costs	41	25	(16)	215
1,849 - Administrative costs	1,872	1,941	68	11,458
104 - Property costs	121	125	4	751
3,728 Total expenses	3,645	3,800	156	23,745
(2,956) Operating surplus/(deficit)	(2,902)	(3,271)	369	(19,514)
(155) Gains and losses	0	0	0	0
(3,111) Surplus/(deficit)	(2,902)	(3,271)	369	(19,514)

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 - \$174k favourable. Cemetery revenue is \$150k favourable due to a record number of cremations and cemetery plot sales for the month.

Attachment 2

Item 8

RUBBISH AND RECYCLING
 Refuse Collection | Waste Minimisation | Landfill Site Management
for the two months 31 August 2017

Year to Date Previous Year Actual \$000	Year to Date			Annual
	Actual \$000	Budget \$000	Variance \$000	Approved Budget \$000
Revenue				
0 Rates	0	0	0	0
0 Water by Meter	0	0	0	0
82 Revenue from activities	84	88	(4)	353
146 Subsidies and grants	150	138	13	550
0 Development Contributions	0	0	0	0
2 Interest Revenue	4	2	2	12
0 Vested and Other Revenue	0	0	0	0
0 Capital revenue	0	0	0	0
230 Total revenue	238	228	10	915
Expenses				
1 Personnel costs	0	0	0	0
65 Depreciation and amortisation	55	68	13	409
20 Finance costs	21	21	(0)	126
Other Expenses				
839 - Operating & Maintenance costs	788	848	60	5,251
5 - Professional costs	17	45	28	258
240 - Administrative costs	334	297	(37)	1,785
6 - Property costs	7	9	2	53
1,176 Total expenses	1,222	1,287	65	7,883
(945) Operating surplus/(deficit)	(984)	(1,060)	75	(6,968)
0 Gains and losses	0	0	0	0
(945) Surplus/(deficit)	(984)	(1,060)	75	(6,968)

Attachment 2

The comments below explain the variance between year to date actual results and year to date budgets where they exceed \$100k.
No significant variances

Attachment 2

Item 8

STORMWATER
Stormwater Network | Catchment Management
for the two months 31 August 2017

Year to Date	Year to Date			Annual
	Actual	Budget	Variance	Approved Budget
Previous Year Actual				
\$000	\$000	\$000	\$000	\$000
Revenue				
0 Rates	0	0	0	0
0 Water by Meter	0	0	0	0
1 Revenue from activities	(0)	17	(17)	173
0 Subsidies and grants	0	0	0	0
0 Development Contributions	0	0	0	0
6 Interest Revenue	11	5	6	30
0 Vested and Other Revenue	0	0	0	0
28 Capital revenue	120	9	112	53
35 Total revenue	131	30	101	256
Expenses				
0 Personnel costs	0	0	0	0
1,533 Depreciation and amortisation	1,371	1,376	5	8,256
76 Finance costs	81	81	(0)	486
Other Expenses				
13 - Operating & Maintenance costs	18	30	11	220
54 - Professional costs	1	45	44	294
346 - Administrative costs	399	327	(72)	1,895
(0) - Property costs	78	75	(3)	354
2,022 Total expenses	1,948	1,934	(14)	11,505
(1,988) Operating surplus/(deficit)	(1,817)	(1,904)	87	(11,250)
(20) Gains and losses	0	0	0	0
(2,008) Surplus/(deficit)	(1,817)	(1,904)	87	(11,250)

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 - \$112k favourable predominantly due to unbudgeted 3rd party contributions to physical works of \$101k.

Attachment 2

Item 8

TRANSPORTATION
 Transport Network | Transport Centre | Parking Management
 for the two months 31 August 2017

Year to Date Previous Year Actual \$000	Year to Date			Annual
	Actual \$000	Budget \$000	Variance \$000	Approved Budget \$000
Revenue				
0 Rates	(36)	(36)	0	(142)
(0) Water by Meter	0	0	0	(11)
915 Revenue from activities	880	746	134	3,741
761 Subsidies and grants	664	802	(138)	4,935
0 Development Contributions	0	0	0	0
123 Interest Revenue	237	111	127	664
159 Vested and Other Revenue	162	182	(19)	1,090
537 Capital revenue	736	652	84	4,905
2,494 Total revenue	2,644	2,457	187	15,182
Expenses				
130 Personnel costs	120	130	10	770
2,930 Depreciation and amortisation	3,054	3,051	(3)	18,309
1,208 Finance costs	1,279	1,279	(0)	7,673
Other Expenses				
1,863 - Operating & Maintenance costs	1,524	1,521	(3)	9,795
5 - Professional costs	36	146	110	815
1,045 - Administrative costs	1,147	1,337	190	7,357
387 - Property costs	444	406	(38)	2,301
7,567 Total expenses	7,603	7,870	266	47,020
(5,073) Operating surplus/(deficit)	(4,959)	(5,413)	454	(31,839)
0 Gains and losses	0	0	0	0
(5,073) Surplus/(deficit)	(4,959)	(5,413)	454	(31,839)

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

Revenue from activities - \$134k favourable. Revenue from on-street parking (\$61k) and off-street parking (\$55k) are trending ahead of budget forecasts.

Subsidies and grants - \$138k unfavourable. The main contributors to this variance are maintenance expenditure (\$60k) and professional services expenditure (\$31k) which have not yet been realised. It is expected this variance will be addressed over the coming months.

Interest Revenue - \$127k favourable. Council has drawn down cash (see balance sheet) to allow scheduled repayment of maturing debt. The benefit here will offset the interest expense.

Professional costs - \$110k favourable. The main contributor to this variance is costs associated with consultancy engagements (\$70k) which have not yet been realised. It is expected this variance will be addressed over the coming months.

Administrative costs - \$190k favourable. Support Unit costs associated with operating the Transportation activity are \$156k favourable. This is expected to be addressed over the coming months.

SEWERAGE
Sewerage Collection | Sewerage Treatment and Disposal
for the two months 31 August 2017

Year to Date Previous Year Actual \$000	Year to Date			Annual
	Actual \$000	Budget \$000	Variance \$000	Approved Budget \$000
Revenue				
0 Rates	0	0	0	0
(8) Water by Meter	(4)	(7)	3	(40)
171 Revenue from activities	207	315	(108)	3,370
0 Subsidies and grants	0	0	0	0
0 Development Contributions	0	0	0	0
60 Interest Revenue	115	54	61	321
0 Vested and Other Revenue	0	0	0	0
135 Capital revenue	147	9	138	53
357 Total revenue	465	371	95	3,704
Expenses				
23 Personnel costs	0	0	(0)	0
1,542 Depreciation and amortisation	1,526	1,552	26	9,313
539 Finance costs	571	571	(0)	3,424
Other Expenses				
432 - Operating & Maintenance costs	294	612	318	4,524
9 - Professional costs	0	28	28	289
388 - Administrative costs	355	455	100	5,599
340 - Property costs	367	394	27	2,141
3,274 Total expenses	3,114	3,612	498	25,290
(2,917) Operating surplus/(deficit)	(2,649)	(3,241)	593	(21,586)
0 Gains and losses	0	0	0	0
(2,917) Surplus/(deficit)	(2,649)	(3,241)	593	(21,586)

The comments below explain the variance between year to date actual results and year to date budgets where they exceed \$100k.
<p>Revenue from activities - \$108k unfavourable due to a phasing issue resulting from a delay in the transfer of invoicing for larger customers from quarterly to monthly.</p> <p>Capital revenue - \$138k favourable Due to unbudgeted 3rd party contributions of \$63k for physical works being received and higher than anticipated number of paid connections. Increased revenue from paid connections is offset by a corresponding increased capital expenditure.</p> <p>Operating & Maintenance costs - \$318k favourable predominantly due to phasing and non accrual of contractual costs for planned maintenance, Biosolids disposal and chemical procurement in August 2017.</p> <p>Administrative costs - \$100k favourable due to an accrual error with Shared Services revenue.</p>

WATER SUPPLY
Water Treatment and Storage | Water Distribution
for the two months 31 August 2017

Year to Date Previous Year Actual \$000	Year to Date			Annual
	Actual \$000	Budget \$000	Variance \$000	Approved Budget \$000
Revenue				
0 Rates	0	0	0	0
1,570 Water by Meter	1,615	1,371	244	8,111
15 Revenue from activities	14	13	1	164
0 Subsidies and grants	0	0	0	0
0 Development Contributions	0	0	0	0
47 Interest Revenue	90	42	48	252
0 Vested and Other Revenue	0	0	0	0
184 Capital revenue	115	9	106	53
1,816 Total revenue	1,834	1,435	399	8,579
Expenses				
1 Personnel costs	3	0	(3)	0
1,188 Depreciation and amortisation	1,178	1,191	13	7,146
551 Finance costs	583	583	(0)	3,498
Other Expenses				
240 - Operating & Maintenance costs	210	361	151	2,228
15 - Professional costs	0	31	31	309
922 - Administrative costs	828	830	2	4,872
320 - Property costs	283	274	(9)	1,641
3,236 Total expenses	3,084	3,270	185	19,693
(1,420) Operating surplus/(deficit)	(1,250)	(1,835)	584	(11,114)
0 Gains and losses	0	0	0	0
(1,420) Surplus/(deficit)	(1,250)	(1,835)	584	(11,114)

Attachment 2

Attachment 2

The comments below explain the variance between year to date actual results and year to date budgets where they exceed \$100k.
<p>Water by Meter - \$244k favourable due to a change in frequency of water reading routes from 6 monthly to quarterly and revenue being received earlier than expected.</p> <p>Capital Revenue - \$106k favourable Due to unbudgeted 3rd party contributions of \$23k for physical works being received and higher than anticipated number of paid connections. Increased revenue from paid connections is offset by a corresponding increased capital expenditure.</p> <p>Operating & Maintenance costs - \$151k favourable predominantly due to non accrual of contractual costs for planned maintenance and chemical procurement in August.</p>

Item 8

CAPITAL EXPENDITURE for the two months ended 31 August 2017

PROJECT TYPE KEY	
R	Renewal
LOS	Level of Service
G	Growth

	Type	Year to Date Expenditure			Year to Date Net Cost			Annual Budget			Note	Deferral Required
		Actual	Budget	Variance	Actual	Budget	Variance	2017-18 Approved Budget	Approved Deferrals & Brought forward	Total Capital Budget		
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000		
ARTS AND CULTURE												
Libraries												
CE10005 - Library collection purchases	R	142	177	35	142	177	35	1,091	0	1,091		
CE10006 - Library asset renewal	R	7	9	2	7	9	2	177	0	177		
CE10007 - Library building asset renewal programme	R	0	14	14	0	14	14	37	0	37		
Total libraries		149	200	51	149	200	51	1,305	0	1,305		
Museum												
CE10008 - Museum asset renewal	R	43	61	18	43	61	18	93	64	157		
CE10009 - ArtsPost earthquake strengthening	R		20	20	0	20	20	1,301	0	1,301		
CE10010 - Public art support fund	R		15	15	0	15	15	81	0	81		
CE10011 - Museum activity building renewals	R	35	42	7	35	42	7	254	0	254		
Total Museum		78	138	60	78	138	60	1,729	64	1,793		
Hamilton City Theatres												
CE10013 - Technical services equipment renewals	R	(2)	75	77	(2)	75	77	450	0	450		
Total Hamilton City Theatres		(2)	75	77	(2)	75	77	450	0	450		
TOTAL ARTS AND CULTURE		225	413	188	225	413	188	3,484	64	3,548		
ECONOMIC DEVELOPMENT												
Claudelds and Stadia												
CE10040 - Business administration plant and equipment	R		9	9	0	9	9	52	0	52		
CE10041 - Claudelds plant and equipment	R		108	108	0	108	108	648	0	648		
CE10042 - Seddon Park plant and equipment	R		9	9	0	9	9	52	0	52		
CE10043 - Waikato Stadium plant and equipment	R	0	19	19	0	19	19	114	0	114		
CE10044 - Turf services plant and equipment	R		12	12	0	12	12	73	0	73		
CE10045 - Claudelds property renewals	R	18	0	(18)	18	0	(18)		0	0		
CE10046 - Seddon Park property renewals	R	(0)	55	55	(0)	55	55	330	0	330		
CE10047 - Waikato Stadium property renewals	R	0	45	44	0	45	44	267	309	576		
CE10048 - Stadia building renewals	R		114	114	0	114	114	686	100	786		
CE10049 - Claudelds building renewals	R		2	2	0	2	2	9	0	9		
Total Claudelds and Stadia		18	372	354	18	372	354	2,231	409	2,640		
Strategic Property												
CE10052 - Strategic property renewals	R		1	1	0	1	1	8	0	8		
CE10053 - Tenancy inducement renewals	R		13	13	0	13	13	75	0	75		
Total Strategic Property		0	14	14	0	14	14	83	0	83		
TOTAL ECONOMIC DEVELOPMENT		18	386	368	18	386	368	2,314	409	2,723		
PARKS AND GREEN SPACES												
Cemeteries and Crematorium												
CE10021 - Building renewals cemeteries	R		0	0	0	0	0	603	0	603		
CE10022 - Renewal of crematorium assets	R		0	0	0	0	0	31	0	31		
CE10023 - Hamilton Park east and west cemeteries renewals	R		0	0	0	0	0	8	0	8		
CE15024 - Hamilton Park cemetery, burial and ash lawn extension	G	26	0	(26)	26	0	(26)	36	0	36		
Total Cemeteries and Crematorium		26	0	(26)	26	0	(26)	678	0	678		
Hamilton Gardens												
CE10026 - Hamilton Gardens renewals	R		44	44	0	44	44	158	0	158		
CE10028 - Hamilton Gardens building renewals	R	0	9	9	0	9	9	48	0	48		
CE15027 - Proposed development programme	G	250	208	(42)	110	68	(42)	2,744	518	3,262		
Total Hamilton Gardens		250	261	10	110	121	10	2,950	518	3,468		
Parks												
CE10029 - Toilet and changing room renewals	R		10	10	0	10	10	156	0	156		
CE10030 - Building renewals parks and open spaces	R	1	0	(1)	1	0	(1)	0	0	0		
CE10032 - Parks and open spaces assets and playgrounds renewals	R	5	100	95	3	100	97	1,231	0	1,231		
CE15033 - Land purchase future reserves	G	(29)	0	29	(29)	0	29	229	497	726		
CE15036 - Playground development programme	G		0	0	0	0	0	906	0	906		
CE16001 - Victoria on the River (VOTR) Development	LOS	971	972	1	971	972	1	743	2,967	3,710		
CE17004 - River Plan	LOS	17	0	(17)	17	0	(17)	1,250	0	1,250		
Total Parks		965	1,082	116	963	1,082	118	4,515	3,464	7,979		
Sports Parks												
CE10031 - Sports area renewals	R	30	11	(19)	30	11	(19)	91	0	91		
CE15164 - Rototuna Park option 1	G		2	2	0	2	2	745	0	745		
Total Sports Parks		30	13	(18)	30	13	(18)	836	0	836		
TOTAL PARKS AND GREEN SPACES		1,272	1,355	83	1,130	1,215	85	8,979	3,982	12,961		
RECREATION												
Aquatic Facilities												
CE10001 - Aquatic facilities building renewals	R		35	35	0	35	35	211	2,071	2,282		
CE10003 - Waterworld operational asset renewals	R	23	20	(3)	23	20	(3)	249	2,582	2,831		
CE10004 - Gallagher Aquatic Centre operational asset renewal	R	68	90	22	68	90	22	154	64	218		
Total Aquatic Facilities		90	145	54	90	145	54	614	4,717	5,331		
Hamilton Zoo												
CE10015 - Zoo animal enclosure renewals	R	8	0	(8)	8	0	(8)	144	0	144		
CE10016 - Zoo building renewals	R		26	26	0	26	26	84	0	84		
CE10017 - Property renewals	R	0	0	(0)	0	0	(0)		0	0		

CAPITAL EXPENDITURE for the two months ended 31 August 2017

PROJECT TYPE KEY	
R	Renewal
LOS	Level of Service
G	Growth

	Type	Year to Date Expenditure			Year to Date Net Cost			Annual Budget			Note	Deferral Required
		Actual	Budget	Variance	Actual	Budget	Variance	2017-18 Approved Budget	Approved Deferrals & Brought forward	Total Capital Budget		
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000		
CE10020 - Zoo animal replacement	R	(6)	12	17	(6)	12	17	41	22	63		
CE19019 - Zoo Safety Improvements	R		0	0	0	0	0	250	0	250		
Total Hamilton Zoo		3	37	34	3	37	34	519	22	541		
TOTAL RECREATION		94	182	89	94	182	89	1,133	4,739	5,872		
SAFETY												
CE10037 - CCTV renewals	R		0	0	0	0	0	40	0	40		
TOTAL SAFETY		0	0	0	0	0	0	40	0	40		
RUBBISH AND RECYCLING												
CE10054 - Replacement of closed landfill assets	R	2	0	(2)	2	0	(2)	233	0	233		
CE10056 - Replacement of RTS & HOC assets	R	0	0	(0)	0	0	(0)	7	0	7		
CE15055 - Closed landfill management	LOS	4	0	(4)	4	0	(4)	180	0	180		
TOTAL RUBBISH AND RECYCLING		6	0	(6)	6	0	(6)	420	0	420		
STORMWATER												
CE10058 - Replacement of stormwater assets	R	57	10	(47)	57	10	(47)	637	0	637		
CE15059 - Rototuna stormwater infrastructure	G	0	40	40	(101)	40	141	600	0	600		
CE15060 - Rotokauri stormwater infrastructure stage 1	G	94	50	(44)	94	50	(44)	520	1,500	2,020		
CE15062 - Peacocke stormwater infrastructure stage 1	G		0	0	0	0	0	0	400	400		
CE15064 - Stormwater pipe upgrade - growth	G	4	0	(4)	4	0	(4)	131	0	131		
CE15066 - Existing network improvements in new areas	G	10	0	(10)	10	0	(10)	104	0	104		
CE15067 - Comprehensive stormwater consent implementation	LOS	2	0	(2)	2	0	(2)	182	0	182		
CE15068 - Stormwater customer connections to the network	G	71	9	(62)	52	0	(52)	52	0	52		
CE15162 - Integrated catchment management plan	LOS	38	69	31	38	69	31	812	640	1,452		
TOTAL STORMWATER		275	178	(97)	155	169	14	3,038	2,540	5,578		
TRANSPORT												
Parking Management												
CE10070 - Replacement of parking enforcement equipment	R	282	370	88	282	370	88	5	689	694		
CE10071 - Parking building renewal	R	10	33	23	10	33	23	200	0	200		
Total Parking Management		292	403	111	292	403	111	205	689	894		
Transportation Network												
CE10072 - Replacement of footpath	R	274	298	24	274	298	24	1,790	0	1,790		
CE10073 - Replacement of street furniture	R		0	0	(1)	0	1	60	0	60		
CE10074 - Replacement of drainage (kerb and channel)	R	176	166	(10)	86	81	(5)	1,001	0	1,001		
CE10075 - Replacement of road base	R	192	40	(152)	94	20	(75)	1,950	0	1,950		
CE10076 - Road resurfacing	R	737	790	53	361	387	26	4,946	0	4,946		
CE10077 - Replacement of bridges and culverts	R	22	0	(22)	11	0	(11)	155	0	155		
CE10078 - Replacement of retaining walls and structures	R	0	0	(0)	0	0	(0)	45	0	45		
CE10079 - Replacement of environmental controls	R		0	0	0	0	0	5	0	5		
CE10080 - Replacement of lighting	R	18	199	181	9	98	88	428	0	428		
CE10081 - Replacement of traffic equipment	R	37	68	31	18	33	15	358	0	358		
CE10082 - Replacement of street signs	R		5	5	0	2	2	30	0	30		
CE10098 - Building and property renewals	R	(9)	0	9	(9)	0	9	200	0	200		
CE15085 - Minor improvements to transport network	LOS	23	10	(13)	11	5	(6)	664	0	664		
CE15086 - Bus stop infrastructure	LOS	4	6	2	12	3	(9)	117	0	117		
CE15087 - Network upgrades to allow new development	G	13	0	(13)	13	0	(13)	182	0	182		
CE15088 - Roading upgrades and development in Peacocke stage 1	G	38	36	(2)	38	36	(2)	52	547	599		
CE15089 - Roading upgrades and development in Peacocke stage 2	G	93	50	(43)	93	50	(43)	783	1,398	2,181		
CE15090 - Roading upgrades and development in Rotokauri stage 1	G	81	20	(61)	81	20	(61)	3,281	7,275	10,556		
CE15092 - Roading upgrades and development in Rototuna	G	402	40	(362)	331	40	(291)	3,504	1,949	5,453	1	
CE15093 - Roading upgrades and development in Ruakura	G	1	0	(1)	1	0	(1)	0	0	0		
CE15094 - Traffic signal improvements	G	3	0	(3)	1	0	(1)	0	0	0		
CE15095 - Integrated transport initiatives	G	26	10	(16)	16	10	(6)	937	0	937		
PIF12005 - Hamilton Ring Road Completion	G	73	200	127	36	200	164		2,000	2,000		
Total Transportation Network		2,205	1,939	(266)	1,477	1,284	(194)	20,488	13,169	33,657		
TOTAL TRANSPORT		2,497	2,342	(155)	1,770	1,687	(83)	20,693	13,858	34,551		
SEWERAGE												
CE10100 - Replacement of wastewater pump stations	R	13	50	37	13	50	37	814	0	814		
CE10101 - Replacement of wastewater assets	R	616	450	(166)	616	450	(166)	4,354	0	4,354		
CE15103 - Increase capacity of wastewater pump stations	LOS	20	0	(20)	20	0	(20)	440	250	690		
CE15104 - Wastewater pipe upgrade - growth	G		0	0	0	0	0	312	0	312		
CE15105 - Increase capacity of wastewater network - Rototuna	G	0	0	0	(50)	0	50	0	1,253	1,253		
CE15106 - Wastewater network upgrades to allow development	G		0	0	(22)	0	22	83	0	83		
CE15107 - Increase capacity of network in Rotokauri stage 1	G		15	15	0	15	15	1,154	397	1,551		
CE15111 - Increase capacity of network throughout the city	G	11	30	19	11	30	19	3,178	3,996	7,174		
CE15112 - Increase capacity of network (far east interceptor)	G	2	0	(2)	2	0	(2)	3,124	1,002	4,126		
CE15114 - Increase capacity of network (bulk storage)	G	14	100	86	14	100	86	837	0	837		
CE15161 - Wastewater master plan	R	8	30	22	8	30	22	178	0	178		
CE10115 - Replacement of wastewater treatment plant assets	G	34	94	60	34	94	60	1,879	0	1,879		
CE15116 - Upgrade wastewater treatment plant systems	LOS	32	30	(2)	32	30	(2)	364	0	364		
CE15117 - Upgrade wastewater treatment plant (Pukete 3)	G	264	175	(89)	264	175	(89)	6,500	0	6,500		
CE15120 - Wastewater treatment plant compliance	LOS	12	26	14	12	26	14	521	0	521		
CE15121 - Wastewater customer connections to the network	G	172	9	(163)	96	(0)	(96)	52	0	52		
TOTAL SEWERAGE		1,197	1,009	(188)	1,050	1,000	(49)	23,790	6,898	30,688		
WATER SUPPLY												
CE10123 - Replacement of water mains	R	62	400	338	62	400	338	3,400	0	3,400	2	

CAPITAL EXPENDITURE for the two months ended 31 August 2017

PROJECT TYPE KEY	
R	Renewal
LOS	Level of Service
G	Growth

	Type	Year to Date Expenditure			Year to Date Net Cost			Annual Budget			Note	Deferral Required
		Actual	Budget	Variance	Actual	Budget	Variance	2017-18 Approved Budget	Approved Deferrals & Brought forward	Total Capital Budget		
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000		
CE10124 - Replacement of water meters, valves and hydrants	R	216	35	(181)	216	35	(181)	334	0	334		
CE15126 - Upgrade or build new watermains in Rototuna	G	1	0	(1)	(21)	0	21	395	413	808		
CE15127 - Water pipe upgrade - growth	G		0	0	0	0	0	312	0	312		
CE15128 - Upgrade/build new watermains in Rotokauri stage 1	G	67	125	58	67	125	58	7,474	114	7,588		
CE15130 - Upgrade/build new watermains in Peacocke stage 1	G		0	0	0	0	0	238	0	238		
CE15132 - Water network upgrades to allow new development	G		0	0	0	0	0	83	0	83		
CE15133 - Water demand management - network water loss	LOS	7	69	62	7	69	62	416	0	416		
CE15134 - Water demand management - Pukete reservoir zone	LOS		0	0	0	0	0	104	0	104		
CE15136 - Water demand management - Dinsdale reservoir zone	LOS	45	0	(45)	45	0	(45)	11	0	11		
CE10138 - Replacement of treatment plant and reservoir assets	R	41	49	8	41	49	8	981	0	981		
CE15139 - Water treatment plant compliance - minor upgrades	LOS	46	34	(12)	46	34	(12)	676	0	676		
CE15140 - Rototuna reservoir and associated bulk mains	G	1,193	552	(641)	1,193	552	(641)	52	1,300	1,352	3	
CE15141 - Water demand management - Hillcrest reservoir zone	LOS	121	125	4	121	125	4	1,520	0	1,520		
CE15144 - Upgrade water treatment plant	G	1,235	725	(510)	1,235	725	(510)	2,750	828	3,578	4	
CE10145 - Tools of trade renewals	R		9	9	0	9	9	52	0	52		
CE15146 - Water customer connections	G	185	9	(177)	93	(0)	(93)	52	0	52	5	
CE15148 - Upgrade or build new watermains in Ruakura	G	2	0	(2)	2	0	(2)		505	505		
CE15158 - Water model	LOS	0	0	(0)	0	0	(0)		684	684		
CE15159 - Water master plan	G	1	0	(1)	1	0	(1)		0	0		
CE15166 - Fluoride free water source	LOS	2	0	(2)	2	0	(2)		0	0		
PIF12031 - New structure to extract water from the Waikato River	LOS	1	0	(1)	1	0	(1)		0	0		
TOTAL WATER SUPPLY		3,226	2,132	(1,095)	3,112	2,123	(989)	18,850	3,844	22,694		
CORPORATE SERVICES												
Corporate Buildings												
CE10151 - Renewals program	R	1	96	95	1	96	95	1,044	0	1,044		
Total Corporate Buildings		1	96	95	1	96	95	1,044	0	1,044		
Information Services												
CE10152 - Network and infrastructure	R	18	148	130	18	148	130	636	209	845		
CE10153 - Core business applications	R	54	231	177	54	231	177	896	532	1,428		
CE10154 - Minor applications	R	4	5	1	4	5	1	11	20	31		
CE15155 - Mobility and eservices	LOS	0	33	33	0	33	33	589	138	727		
CE10156 - Lease funding of equipment	R	6	100	94	6	100	94	791	0	791		
CE15157 - Authority replacement	LOS		313	313	0	313	313	996	105	1,101	6	
Total Information Services		82	830	748	82	830	748	3,919	1,004	4,923		
Performance												
CE10158 - Replacement of fleet vehicles	R	288	347	58	288	347	58	2,080	0	2,080		
Total Performance		288	347	58	288	347	58	2,080	0	2,080		
DC Funding Model and DC Assessment Tool and Growth Model												
CE16002 - DC Funding Model, Assessment Tool & Growth Model	G	79	0	(79)	79	0	(79)		0	0		
Total DC Funding Model, DC Assessment Tool & Growth Model		79	0	(79)	79	0	(79)	0	0	0		
Customer Services												
CE17001 - Customer Services Projects	LOS		8	8	0	8	8	100	0	100		
Total Performance		0	8	8	0	8	8	100	0	100		
Level 1 Office Reshuffle June 2017												
CE17006 - Level 1 Office Reshuffle June 2017	R	1	0	(1)	1	0	(1)		0	0		
Total Performance		1	0	(1)	1	0	(1)	0	0	0		
TOTAL CORPORATE SERVICES		451	1,281	830	451	1,281	830	7,143	1,004	8,147		
TOTAL COUNCIL		9,261	9,277	16	8,009	8,456	447	89,884	37,338	127,222		

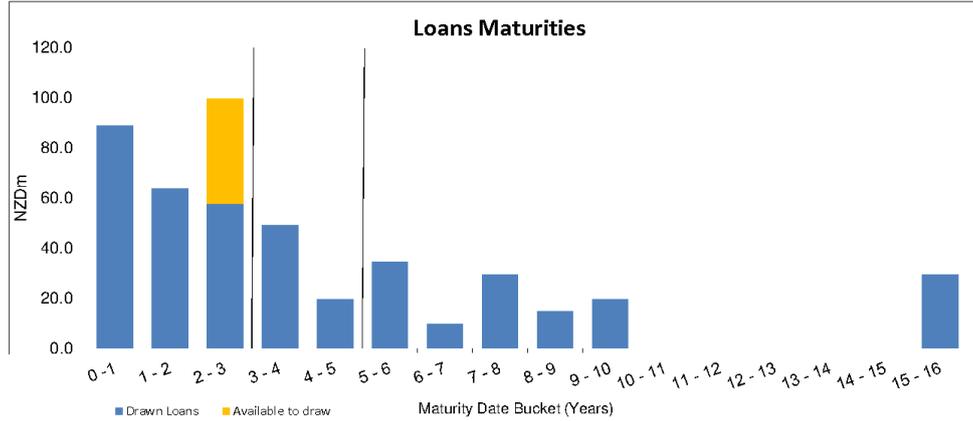
Capital Expenditure Variance Explanations: Variances greater than \$200k and/or deferrals indicated for the two months ended 31 August 2017

	YTD Variance \$000	Indicative Deferral \$000	Projects brought forward \$000
<p>1 CE15092 - Roading upgrades and development in Rototuna A land purchase that was planned for September 2017 occurred in August 2017. Overall the programme is on-track.</p>	(362)		
<p>2 CE10123 - Replacement of watermains Tracking slightly behind budget but this timing with the overall programme on track for delivery.</p>	338		
<p>3 CE15140 - Rototuna reservoir and associated bulk mains This project is slightly a head of budget but this in timing with the project remaining on-track.</p>	(641)		
<p>4 CE15144 - Upgrade water treatment plant Hamilton South Pipeline installation is progressing slightly ahead of the budget expectation. Overall program on-track.</p>	(510)		
<p>5 CE15146 - Water customer connections This is a timing variance. The overall water connections program is cost neutral (offset revenue).</p>	(177)		
<p>6 CE15157 - Authority replacement This budget is being used for the Development Contribution model. See CE16002</p>	313		

TREASURY REPORT
for the two months ended 31 August 2017

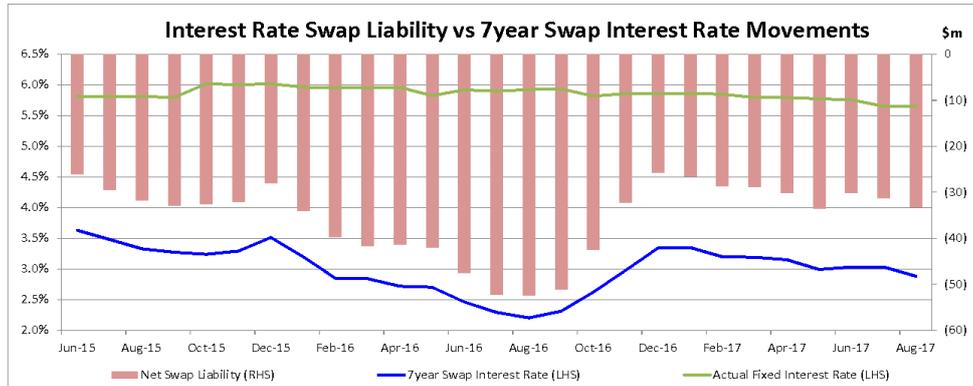
Policy Compliance		Policy	Result @ 31-Aug-17	Policy Compliance
Fixed rate maturity	all years	within annual parameters	achieved for all years	✓
Funding maturity	0 - 3 years	15% - 60%	46%	✓
	3 - 5 years	15% - 60%	18%	✓
	5 years plus	10% - 60%	36%	✓
Liquidity ratio	minimum	110%	118%	✓
Counterparty credit risk	maximum	\$75m per bank	achieved	✓

Comments on policy breaches
There are no breaches of policy.



Debt and Cash Investments (\$'000's)	Result @	Budget @	Variance
	31-Aug-17	30-Jun-18	Fav. / (Unfav.)
External debt	423,888	429,000	5,112
less Cash investments	(99,789)	(35,000)	64,789
Net external debt	324,099	394,000	69,901
add Cash-backed reserves	40,580	39,583	(997)
Total overall debt	364,679	433,583	68,904

Gross cost of funds (12 month rolling average) 5.39% 5.09% -0.30%



The above graph shows how the movements in 7 year swap interest rates impact HCC's swap position in the balance sheet. If swap interest rates decrease, the swap liability increases. Recent months have seen an overall decrease in swap interest rates, leading to an increase in HCC's liability.

7. **Hamilton Ring Road Upgrade and Extension**
8. Land procurement is unresolved as the land is subject to iwi first rights for which confirming appropriate process and recognition is currently being developed through the Tainui/HCC co-governance forum. As this will be a State Highway intersection the land procurement process will also require NZTA endorsement which is still being planned.
9. NZTA subsidy for design stage approved and design works issued to Bloxham Burnett & Olliver Consulting (BBO).
10. **Risk**
11. 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.
12. Any change to risk profile or risk rating is included in the key projects status summary report for each project.
13. There has been no change to the project risk ratings for this period.

Attachments

Attachment 1 - Key Projects Status Summary Report - July 2017

Key Projects Status Summary Report - July 2017

Total Number of Projects	Count	Project Status	Risk Ratings
Project Status – On Track	8	Green	Increased = ↑
Project Status – Needs to be Monitored	1	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	2017/18 budget	YTD spend 2017/18	Project Status	Project Exception Report	Risks
Hamilton Gardens Development	Lance Vervoort	Helen Paki	02-Jun-14	31-Dec-18	\$ 7,580,686	\$ 4,592,233	\$ 2,655,810	\$ 8,737	Green	Work currently underway on the Surrealist, Mansfield and Picturesque Gardens and the office and information centre. Following advice from marine structural engineers the jetty will need to be replaced requiring a full resource consent which will delay its completion, however will not impact the overall project completion date. No change to risks or risk ratings	→
Hamilton Ring Road Upgrade and Extension (Wairere Drive Extension)	Andrew Parsons	Tahl Lawrence	01-Jul-03	30-Jun-20	\$ 84,310,999	\$ 76,607,402	\$ 7,822,000	\$ 0.00	Amber	As previously reported the project shows an amber status as land procurement is unresolved as the land is subject to iwi first rights for which confirming appropriate process and recognition is currently being developed through the Tainui/HCC co-governance forum. As this will be a State Highway intersection the land procurement process will also require NZTA endorsement which is still being planned. NZTA subsidy for design stage approved and design works issued to Bloxam Burnett & Olliver Consulting (BBO). 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	\$ 653,320	\$ 2,098,000	\$ 1,200	Green	In principle agreement reached with developers in regard to construction staging, timing and cost share for first section of the upgrade. Contractual agreement under development. No change to risks or risk ratings	→
Pukete 3 Wastewater Treatment Plant Upgrade	Andrew Parsons	Barry Hu	01-Jul-15	30-Jun-20	\$ 18,354,000	\$ 1,776,745	\$ 6,500,000	\$ 4,280	Green	Progressing well and on track. Designs currently underway with a plan to award the physical works contract by the end of 2017. Update to be provided to G&I Committee on 24 October 2017. No change to risks or risk ratings	→
Rototuna Reservoir and Bulk Watermains Development	Andrew Parsons	Lance Haycock	01-Mar-15	31-Aug-17	\$ 21,370,000	\$ 20,723,203	\$ 1,352,000	\$ 341,689	Green	Reservoir structure complete, final site civil works underway. Opening ceremony planned for 11 September 2017. No change to risks or risk ratings	→

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Rototuna Town Centre – New Agreement Phase	Lance Vervoort	Helen Paki	02-Apr-13	31-Oct-17	\$ 3,839,300	\$ 3,286,376	\$ 0.00	\$ 0.00		On track. Consent has been lodged and still being processed. No change to risks or risk ratings	→
Victoria on the River (VOTR) Stage 2 works	Lance Vervoort	Gina Hailwood	01-May-16	28-Feb-18	\$ 6,749,197	\$ 3,374,779	\$ 3,326,857	\$ 338,283		Project in progress. Boardwalks currently having timber decking applied - connection to SkyCity is completed. Precast panels for terraces are 90% complete. Paving and concrete surface treatments will start in mid September. Furniture is being produced off site. No change to risks or risk ratings	→
Waioira 2 Water Treatment Plant Upgrade	Andrew Parsons	Barry Hu	01-Jul-15	30-Jun-21	\$ 28,746,000	\$ 3,395,205	\$ 3,578,000	\$ 329,952		Project currently on track. Hamilton South pipeline installation progressing well. Overall project update to be provided to G&I Committee on 24 October 2017. No change to risks or risk ratings	→
Western Rail Trail	Chris Allen	Simon Crowther	01-Jul-15	31-Aug-17	\$ 7,146,000	\$ 6,890,804	\$ 0.00	\$ 0.00		Project planting completed in June 2017. From 9 July the Killarney Road traffic signals were switched on. All project related physical works are now complete. Final invoices were accrued in last financial year and received in July. Financial summary and closure report are being completed. No change to risks or risk ratings	→

Council Report

Item 10

Committee: Finance Committee

Date: 26 September 2017

Author: Pieter de Klerk

Authoriser: Chris Allen

Position: Project Engineer

Position: General Manager City Infrastructure

Report Name: Rotokauri Bulk Water Supply - Contract 17050

Report Status	<i>Open</i>
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Purpose

1. To seek delegation to the Chief Executive to award Contract 17050 for the planned installation of a new bulk water supply to Rotokauri.

Staff Recommendation

2. That the Committee:
 - a) receive the report; and
 - b) delegate authority to the Chief Executive to award Contract 17050 for the installation of a new bulk water supply to Rotokauri subject to the total Approved Contract Sum not exceeding \$7,500,000

Executive Summary

3. The Rotokauri bulk water supply project is a key infrastructure capital works project planned for physical works in the 2017/18 construction season.
4. Works are required to supply water to currently consented and further planned development in the Rotokauri area, and is currently funded in the 2017/18 Annual Plan to a value of \$7.5m.
5. The physical works contract is currently in a public tender process.
6. Authority for contract award of this value sits with the Committee, however delegation of authority to the Chief Executive is requested in order to expedite the contract award process following tender evaluation and enable the most efficient use of the summer construction period.

Background

7. The Rotokauri bulk water supply project is to deliver a dedicated bulk water supply line from the existing Pukete Reservoir to the Rotokauri area.
8. This project supports the Hamilton Plan objectives of providing outstanding infrastructure and enabling growth in the aim of becoming New Zealand's third city economy, is consistent with infrastructure requirements outlined in the Rotokauri Business Case developed for the Housing

Infrastructure Fund application, and is in accordance with the HCC Water Master Plan requirements to service development in Rotokauri.

9. The project is required in the 2017/18 financial year in order to provide appropriate water servicing to already consented developments in the Rotokauri stage 1 residential area and also enable ongoing Rotokauri industrial and residential development.
10. Current water supply servicing is insufficient to allow new urban development to happen in the Rotokauri stage 1 residential area without introducing significant risk to water supply level of service of both new and existing users.

Discussion

11. The Rotokauri bulk water supply project has been designed and is currently out to public tender.
12. The tender is due to close today (Tuesday 26 September), following which tender submissions will be assessed using the 'Price-Quality Method' in accordance with HCC procurement policy and procedures and as outlined in the Request for Tender documentation.
13. The price-quality method involves first assessing tenderers non-priced attributes to assess their demonstrated skill and ability to complete the works on time, to budget and to the required quality standards, which is converted into a dollar value called the Supplier Quality Premium (SQP).
14. The prices of tenderers are then reviewed, and SQP values are deducted off the tender price for each tenderer to identify the evaluation price.
15. The preferred tenderer will be the respondent with the lowest evaluation price.
16. Following tender evaluation, there is a desire to award the contract as quickly as possible to enable the preferred contractor to progress works planning and installation to best leverage the 2017-18 summer construction season. The programme for physical works is anticipated to be 6-8 months, and delays to commencement could result in the project not being finished this financial year.
17. In order to minimise delays to Contract award following evaluation it is proposed to delegate authority for contract award to the Chief Executive, which would potentially enable contract award in early October. Alternatively the next Finance Committee is planned for 7 November 2017.
18. This approval delay will result in a program delay of up to one month which will significantly impact our ability to best leverage the summer construction season and will potentially delay overall completion.

Options

19. Staff have assessed that there are 3 reasonable and viable options for the Committee to consider. This assessment reflects the level of significance. The options are:
 - to delegate authority to the Chief Executive to award Contract 17050 for the installation of a new bulk water supply to Rotokauri, in accordance with the recommendation; or
 - to not delegate the above authority to the Chief Executive and retain Contract award approval, which will require a subsequent report for Contract award to 7 November 2017 Committee meeting.
20. Staff recommend option 1 because the alternative will delay construction.

Financial Considerations

21. Current 2017/18 Annual Plan budget allocations include an allowance of \$7,500,000 for delivery of this project within CE15128 – Rotokauri Stage 1 New Watermains.

Risks

22. Budget allocations and recommended Approved Contract Sum delegations are based on current cost estimates. Market pricing of the physical works tender could exceed the project budget allocation and contract delegation, at which point a report would be brought back to Committee.

Significance & Engagement Policy

Significance

23. Staff considered the following factors under the Significance and Engagement Policy:
The form of engagement used in the past for similar proposals and decisions.
24. Based on these factors, staff have assessed that the recommendations in this report have low significance. This means approval sits within committee delegation.

Engagement

25. Community views and preferences are already known to the Council through consultation of the 2015-25 10 Year Plan and 2017/18 Annual Plan.
26. Staff recommend that no further engagement on this matter is required.

Attachments

There are no attachments for this report.

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 - 15 August 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 31 August 2017 & Debt write-offs 2017/18)	
C3. Development Contributions Update		

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 to maintain the effective conduct of public affairs through protecting persons from improper pressure or harassment	Section 7 (2) (a) Section 7 (2) (f) (ii)
Item C3.	to enable Council to carry out commercial activities without disadvantage	Section 7 (2) (h)