

## Notice of Meeting:

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

**Date:** Thursday 22 February 2018  
**Time:** 10.00am  
**Meeting Room:** Council Chamber  
**Venue:** Municipal Building, Garden Place, Hamilton

Richard Briggs  
Chief Executive

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## Finance Committee OPEN AGENDA

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### 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
	Vacancy

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

**Meeting Frequency:** Six weekly

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Becca Brooke  
Governance Team Leader

**16 February 2018**

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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 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.



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## Finance Committee

### OPEN MINUTES

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Minutes of a meeting of the Finance Committee held in Council Chamber, Municipal Building, Garden Place, Hamilton on Tuesday 7 November 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 S Henry
	Cr D Macpherson
	Cr A O'Leary
	Cr P Southgate
	Cr G Taylor
	Cr L Tooman

In Attendance:	Richard Briggs – Chief Executive
	David Bryant – General Manager Corporate
	Kelvyn Eglinton - General Manager Growth
	Sean Murray – General Manager Venues, Tourism and Major Events
	Chris Allen – General Manager Infrastructure
	Blair Bowcott – Executive Director Special Projects
	Sean Hickey - General Manager Communications and Strategy
	Helen Paki – Business and Planning Manager
	Maire Porter – City Waters Manager
	Russell Hynd – Finance Manager
	Stephen Halliwell – Accounting Manager
	Natasha Curbis – Programme Manager
	Nicolas Wells – Strategic Property Manager
	Matthew Bell – Rates and Revenue Manager
	Irene James – Finance and Commercial Director H3
	Chad Hooker – Director of Operations H3
	Tim Chapman – Treasury/Financial Accountant
	Nigel Ward – Communications Team Leader
	Jolie Humphreys – Strategic Policy Analyst
	Earl Rattray and Stuart Gordon – Representatives of Innovation Waikato Limited
	Mark Butcher and John Avery - Representatives of Local Government Funding Agency
	Carlos da Silva and Mark Morgan - representatives of Waikato Regional Airport Limited
Governance Staff:	Lee-Ann Jordan - Governance Manager
	Amy Viggers and Rebecca Watson – Committee Advisors

Finance Committee 7 NOVEMBER 2017 - OPEN

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

That the apologies from Cr Casson, and Cr Macpherson (for lateness), are accepted.
2. **Confirmation of Agenda**  
**Resolved:** (Crs Mallett/Tooman)  

That the agenda is confirmed, noting that the order of items will flexible to accommodate external presenters and staff availability.
3. **Declarations of Interest**  

No members of the Council declared a Conflict of Interest.
4. **Public Forum**  

There were no public forum speakers
5. **Finance Committee Minutes - Open - 26 September 2017**  

**Resolved:** (Crs Mallett/Bunting)  
 That the Committee confirms the Open Minutes of the Finance Committee Meeting held on 26 September 2017, as a true and correct record, noting the following change to Item 11 (Resolution to Exclude the Public) to show that Cr O'Leary Dissented.
6. **Chair's Report - 7 November 2017**  

The Chair took the report as read. He responded to questions from the Elected Members concerning desired outcomes from the 10-Year Plan process.

**Resolved:** (Crs Mallett/Bunting)  
 That the Finance Committee receives the report.  
**Crs O'Leary and Pascoe dissenting.**

*Cr Macpherson joined the meeting at 9.35am during discussion of the above item . He was present when the matter was voted on.*
7. **New Zealand Local Government Funding Agency Limited - Annual Report 2017**  

Representatives of Local Government Funding Agency (LGFA) spoke to the Annual Report. They responded to questions from Elected Members concerning direct lending from NZLGFA Ltd to Council Controlled Organisations, as well as the impact of any potential HIF loans and the treatment of such borrowings.

**Resolved:** (Mayor King/Cr Mallett)  
 That the Finance Committee receives the report.
8. **Waikato Regional Airport Limited - Annual Report 2017**  

Representatives from Waikato Regional Airport Limited (WRAL) presented the Annual Report to the Finance Committee. They responded to questions from Elected Members concerning the

current number of aircraft routes to and from Hamilton, the potential for an increase in these, and how any potential loss of routes could impact on passenger numbers.

**Resolved:** (Crs Mallett/Southgate)  
That the Finance Committee receives the report.

**The meeting adjourned 11.20am to 11.35am.**

*Item 12 (Accessible Properties New Zealand Limited – Financial Statement and Activity Report) was taken after Item 8 (Waikato Regional Airport Limited – Annual Report 2017) to accommodate external presenters.*

**12. Accessible Properties New Zealand Limited - Financial Statements and Activity Report**

The Strategic Property Manager took the report as read. Staff and representatives from Accessible Properties NZ Ltd responded to questions from Elected Member concerning the maintenance work that has been completed since the purchasing of Hamilton City Council's Pensioner Housing Portfolio to bring properties up to standard and the relationship with other social housing providers.

*Staff undertook to provide a separate report with an update on social housing in Waikato and the needs for social housing in the city.*

**Resolved:** (Crs Mallett/Macpherson)  
That the Finance Committee receives the report.

**9. 10-Year Plan Monitoring Report - For the three months 30 September 2017**

The Accounting Manager spoke to the report. Staff responded to questions from Elected Members concerning the depreciation of, and budgeted maintenance of vested assets.

*Staff undertook to provide a report back to a future Growth and Infrastructure Committee meeting on the impact of the 2 hours free parking in the CBD on revenue from activities.*

*Staff also undertook to provide a breakdown regarding the change in revenue from activities in regards to H3.*

*It was agreed that staff would include in future 10-Year Plan Monitoring Reports the LGFA debt to income ratio as a measure.*

**Resolved:** (Cr Mallett/Mayor King)  
That the Finance Committee receives the report.

**9. 2015-25 10-Year Plan Service Performance Report - Year 3, Quarter 1**

The Strategic Policy Analyst introduced the report, noting that this was the final year that the current measurement indicators would be used, with new measurements being used from July 2018. Staff responded to questions from Elected Members concerning the management of water loss, and maintenance of footpaths. Elected members discussed the need for KPI Measures to be updated to be more meaningful.

Finance Committee 7 NOVEMBER 2017 - OPEN

**Resolved:** (Crs Mallett/Pascoe)  
That the Finance Committee receives the report.

**The meeting adjourned 1.20pm to 2.00pm.**

**10. Key Projects Monitoring Report - September 2017**

The General Manager Corporate took the report as read, noting that there had been a change to page 28 of the Agenda regarding the Rotoruna town centre, which was now due to be completed end of February 2018. Staff responded to questions from Elected Members concerning the Western Rail Trail and the original budget and timeline for this project.

It was noted that the Victoria on the River project's level of risk had increased due to the complaints received from owners of apartments near the site.

**Resolved:** (Crs Pascoe/Bunting)  
That the Finance Committee:  
a) receives the report; and  
b) notes that the original Council budget and timeline for the Western Rail Trail was not met.

**The meeting adjourned 1.20pm to 2.01pm.**

**11. Civic Financial Services Limited - Annual Report 2017**

The report was taken as read.

**Resolved:** (Mayor King/Cr Pascoe)  
That the Finance Committee receives the report.

*Item 15 (Waikato Local Authority Shared Services Limited – Annual Report 2017) was taken after Item 13 (Civic Financial Services Limited – Annual Report 2017) to accommodate staff availability.*

**12. Waikato Local Authority Shared Services Limited - Annual Report 2017**

The Executive Director of Special Projects introduced the report, noting that a strategic review process of Waikato Local Authority Shared Services Limited was currently underway.

He responded to questions from Elected Members concerning the current governance structure of Waikato Local Authority Shared Services and whether this was being considered as part of the strategic review.

**Resolved:** (Crs Mallett/Pascoe)  
That the Finance Committee receives the report.

*Item 16 (Innovation Waikato Limited and Group – Annual Report 2017) was taken after Item 15 (Waikato Local Authority Shared Services Limited – Annual Report 2017) to accommodate staff availability.*

**13. Innovation Waikato Limited and Group - Annual Report 2017**

Representatives from Innovation Waikato Limited spoke to the report, noting that revenue and profitability had both increased over the previous 12 months, but also noting that the business would have to increase capacity to remain responsive to needs.

They responded to questions from Elected Members concerning the growth in the industry of exportation of sheep milk.

**Resolved:** (Crs Mallett/Henry)  
That the Finance Committee receives the report.

**14. NZ Food Innovation (Waikato) Ltd Spray Dryer Two**

Representatives from NZ Food Innovation (Waikato) Limited spoke to the report, noting that that the sheep milk industry was growing fast and that a second dryer was required to meet future demands.

They responded to questions from Elected Members concerning commitments by other organisations, who also form NZ Food Innovation (Waikato) Ltd, to purchasing a second dryer facility.

*Cr Bunting retired from the meeting at 2.36pm during the discussion of the above item. He was not present when the matter was voted on.*

*Cr Macpherson retired from the meeting at 2.36pm during the discussion of the above item. He was not present when the matter was voted on.*

*Cr Southgate retired from the meeting at 2.43pm during the discussion of the above item. She was not present when the matter was voted on.*

***Item 17 (NZ Food Innovation (Waikato) Ltd Spray Dryer Two) was suspended after the presentation to allow for further discussion to occur during the Public Excluded section 2( NZ Food Innovation (Waikato) Ltd Spray Dryer Two) before the matter was voted on.***

**15. H3 Group Reports**

The Director of Operations H3 introduced the report. Staff responded to questions from Elected Members concerning depreciation, and what influenced the fluctuations in revenue shown in the financial statements.

**Resolved:** (Crs Mallett/Pascoe)  
That the Finance Committee receives the report.

*Cr Taylor left the meeting at 3.10 pm during the discussion of the above item. He was not present when the matter was voted on.*

**18. Resolution to Exclude the Public**

**Resolved:** (Cr Mallett/Mayor King)

**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 Minutes Excluded - 26 September 2017	Good reason to withhold information exists under Section 7 Local Government Official Information and Meetings Act 1987	Section 48(1)(a)
C2. NZ Food Innovation (Waikato) Ltd Spray Dryer Two		
C3. Report on overdue debtors as at 30 September 2017 & Debt write-offs 2017/18		

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 enable Council to carry out negotiations	Section 7 (2) (i)
Item C3.	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 a public excluded session at 3.19pm.**

**The meeting moved back to an open session at 4.32pm.**

**16. NZ Food Innovation (Waikato) Ltd Spray Dryer Two**

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

That the Finance Committee recommends that Council:

- a) approves the Spray Dryer Two proposal by NZ Food Innovation (Waikato) Ltd, on the basis that the shareholding arrangements in the new subsidiary does not inhibit Councils ability to sell its shareholding in NZ Food Innovation (Waikato) Ltd in the future;
- b) notes that no Council direct investment is required in this proposal;

- c) notes the NZ Food Innovation (Waikato) Ltd will invest \$1.4m from existing cashflows in a new company to be established to build and operate a Spray Dryer and receive a 10% shareholding in the company;
- d) notes the development of Spray Dryer Two aligns with the approved Innovation Waikato Ltd and Group of companies 2017-2018 Statement of Intent; and
- e) that the CE investigate and report to council an exit strategy for NZ Food Innovation (Waikato) Ltd noting that this strategy is unable to be executed until 2020 at the earliest due the legal contractual considerations.

**The meeting was declared closed at 4.37pm.**



Finance Committee 2018 Schedule of Reports (Draft)							
<b>Standard Reports</b>	<b>22-Feb-18</b>	<b>3-Apr-18</b>	<b>22-May-18</b>	<b>10-Jul-18</b>	<b>28-Aug-18</b>	<b>16-Oct-18</b>	<b>4-Dec-18</b>
Key Projects Status Report							
Overdue Debtors/Bad Debt Writeoffs							
H3 Update	Q2 17/18		Q3 17/18		Q4 17/18		Q1 18/19
Weatheright Buildings Update - Financial Summary							
<b>Strategic Reports</b>	<b>22-Feb-18</b>	<b>3-Apr-18</b>	<b>22-May-18</b>	<b>10-Jul-18</b>	<b>28-Aug-18</b>	<b>16-Oct-18</b>	<b>4-Dec-18</b>
<b>Annual Plan/LTP Reports</b>	<b>22-Feb-18</b>	<b>3-Apr-18</b>	<b>22-May-18</b>	<b>10-Jul-18</b>	<b>28-Aug-18</b>	<b>16-Oct-18</b>	<b>4-Dec-18</b>
10 Year Plan Monitoring Report	31-Dec-18	28-Feb-18	30-Apr-18	31-May-18	30-Jun-18	31-Aug-18	31-Oct-18
LTP Performance Measures	Q2 Oct - Dec		Q3 Jan - Mar		Q4 Apr - Jun		Q1 Jul - Sep
<b>Stakeholder Liaison Reports</b>	<b>22-Feb-18</b>	<b>3-Apr-18</b>	<b>22-May-18</b>	<b>10-Jul-18</b>	<b>28-Aug-18</b>	<b>16-Oct-18</b>	<b>4-Dec-18</b>
<b>CCO Statements of Intent and Half Yearly Reports:</b>							
Waikato Local Authority Shared Services		SOI & Dec17				Jun-18	
New Zealand Local Government Funding Agency		SOI & Dec17				Jun-18	
Civic Financial Services Ltd (YE 31 December)		Dec-17				SOI & Jun18	
Vibrant Hamilton Trust Inc		SOI & Dec17				Jun-18	
Waikato Innovation Park Ltd & Innovation Waikato		SOI & Dec17				Jun-18	
Waikato Regional Airport Ltd		SOI & Dec17				Jun-18	
Accessible Properties New Zealand Limited – Management Accounts and Activity Report		Q1/Q2				Q3/Q4	
Accessible Properties New Zealand Limited – Audited Financial Statements (Full Year)							
<b>Business As Usual (BAU) Reports</b>	<b>22-Feb-18</b>	<b>3-Apr-18</b>	<b>22-May-18</b>	<b>10-Jul-18</b>	<b>28-Aug-18</b>	<b>16-Oct-18</b>	<b>4-Dec-18</b>
Advance Funding for the design of Thomas/Gordonton intersection improvements (recommendation from G&I)							
NZ Food Innovation (Waikato) Ltd Spray Dryer Two							
HIF - Enabling Works Report							
Hamilton Ring Road - Multiparty Funding Agreement							

# Council Report

<b>Committee:</b>	Finance Committee	<b>Date:</b>	22 February 2018
<b>Author:</b>	Rebecca Watson	<b>Authoriser:</b>	Becca Brooke
<b>Position:</b>	Committee Advisor	<b>Position:</b>	Governance Team Leader
<b>Report Name:</b>	Recommendation from the Growth and Infrastructure Committee - Advance funding for design of Thomas/Gordonton intersection improvements		

<b>Report Status</b>	<i>Open</i>
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## Purpose

- 1) To seek the Finance Committee's approval for a recommendation from the Growth and Infrastructure Committee at its meeting on 24 October 2017, in respect of advance funding for the design of Thomas/Gordonton intersection improvements.
- 2) The 24 October 2017 Growth and Infrastructure Committee agenda and minutes are available via the following link:

[http://www.hamilton.govt.nz/our-council/Council\\_meetings\\_and\\_public\\_information/meetings-and-minutes/Pages/default.aspx](http://www.hamilton.govt.nz/our-council/Council_meetings_and_public_information/meetings-and-minutes/Pages/default.aspx)

## Recommendation to Finance Committee from the Growth and Infrastructure Committee

That the Finance Committee:

- a) receives the report; and
- b) approve funding for the investigation, design and land procurement for an upgrade of the intersection of Thomas and Gordonton roads from Risk and Opportunities this financial year.

## Attachments

There are no attachments for this report.

# Council Report

**Committee:** Finance Committee **Date:** 22 February 2018  
**Author:** Iain Anderson **Authoriser:** David Bryant  
**Position:** Business Support Team Leader **Position:** General Manager Corporate  
**Report Name:** 10-Year Plan Monitoring Report - For the six months 31 December 2017

<b>Report Status</b>	<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 six months 31 December 2017.

## Staff Recommendation

That the Finance Committee receives the report.

## Executive Summary

2. The Financial Statements in attachment 1 show the accounting result, Council's balancing the books result; the Government's balancing the books result and Statement of Financial Position (balance sheet).
3. **Financial Performance**
4. Council's accounting result for the six months ended 31 December 2017 is a surplus of \$22.6m, compared to budget surplus of \$3.7m (\$18.9m favourable). The full year budget is forecast to be a surplus of \$8.6m.
5. The main contributors to this result are consistent with last month being the impact of growth and interest rate movements. For a full list of variances refer para. 28.
6. Council's balancing the books result adjusts the accounting result to eliminate the effect of vested asset revenue and the loss on interest rate Swaps. The balancing the books result was a surplus of \$11.2m compared with a budget deficit year to date of \$0.6m (\$11.8m favourable). The full year budget is break even.
7. The Local Government (LG) balancing the books measure eliminates all development contribution revenue (both vested assets and development contributions). The LG result was a deficit of \$1.4m compared with a budget deficit of \$6.2m (\$4.8m favourable) The annual budget is a deficit of \$11.1m.
8. The main contributors to this result are revenues from increased activities and growth.
9. **Financial Position**

10. The net debt after adjusting for cash on hand and cash backed reserves at 31 December 2017 is \$361.4m against an annual budget of \$433.6m. The debt to revenue ratio is 169% against an annual budget of 205%.
11. **Capital Expenditure**
12. Capital expenditure totalled \$37.6m for the six months ended 31 December 2017 compared with a year to date budget of \$41.5m (\$3.9m underspent). Refer attachment 3 for capital expenditure details.
13. After adjusting for approved deferrals from prior years and approved risk and opportunities the revised annual budget is to spend \$138.7m. Refer para. 37.
14. 13 capital projects have been identified as potentially not being completed this year. These have a value of \$17.8m. If nothing further changes the forecast capital spend for the year would be \$120.9m.
15. Work in progress sits at \$143.8m with capitalisation year to date of \$7.8m. The low level of capitalisation is largely the result of focus shifting to the long-term plan. Measures have been taken to address this in Q3.

## Discussion

### 16. Operating Result

17. This section provides a summary for the accounting result and Council's balancing the books result. It also includes a summary of the Local Government balancing the books measure.
18. The operating result is the surplus or deficit position for Council from its normal day to day operating activities. This result is referred to as the accounting result. This complies with accounting standards.
19. A subset of the accounting result is Council's balancing the books result.

### The Accounting Result

20. The accounting result for the six months ended 31 December 2017 is a surplus of \$22.6m. This is \$18.9m favourable against the year to the date budget of \$3.7m. The annual budget is a surplus of \$8.6m. Refer to para 28 for analysis of variance from budget.

Year to date Actual	Year to date Budget	Variance	Annual Budget
<b>\$22.6m</b>	<b>\$3.7m</b>	<b>\$18.9m</b>	<b>\$8.6m</b>

### 21. Council's Balancing the Books

22. 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.
23. Council's balancing the books result for the six months ended 31 December 2017 is a surplus of \$11.2m. This is \$11.8m favourable against the year to the date budget of \$(0.6)m. The annual budget is to breakeven.

Year to date Actual	Year to date Budget	Variance	Annual Budget
<b>\$11.2m</b>	<b>\$(0.6)m</b>	<b>\$11.8m</b>	<b>\$0.0m</b>

24. The Financial Statements in attachment 1 show the accounting result, Council's balancing the books result; the Government's balancing the books result and Statement of Financial Position (balance sheet). Variances are explained in this attachment.

25. **Understanding the Variances**

26. Individual operating statements for each of the 13 activities Council externally reports are contained in attachment 2.

27. These include comments that explain variances between year to date actual results and year to date budgets where they exceed \$100k.

28. Major variances from budget for the accounting result are:

**Revenue variances:**

Higher revenue from user charges	\$1.6m
Lower rates remissions issued	\$0.3m
Higher interest received	\$1.0m
Higher revenue from vested assets	\$9.3m
Higher Capital Revenue	\$2.0m
Higher revenue from development contributions	\$7.0m
Other	\$0.2m

**Expenditure variances:**

Lower interest paid	\$0.7m
Accumulated annual Leave	(\$0.3m)
Higher external contract staff	(\$0.3m)
Other	(\$0.1m)

**Losses and Gains variances:**

Loss from interest rate Swaps due to lower market interest rates	(\$2.1m)
Other Gains and Losses	(\$0.4m)

<b>Total variances</b>	<b>\$18.9m</b>
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29. Further explanations can be found in the notes in attachment 1 and attachment 2.

30. **The Local Government Balancing the books measure**

31. 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.

32. Using this measure the result for the six months ended 31 December 2017 is a deficit of \$1.4m. This is \$4.8m favourable against the year to the date budget deficit of \$6.2m. The annual budget is a deficit of \$11.1m.

Year to date Actual	Year to date Budget	Variance	Annual Budget
<b>\$(1.4)m</b>	<b>\$(6.2)m</b>	<b>\$4.8m</b>	<b>\$(11.1)m</b>

### 33. Summary of Capital Expenditure

#### 34. The Capital Expenditure Result

35. Total spend on capital expenditure for the six months ended 31 December 2017 is \$37.6m. This is \$3.9m underspent against a year to date budget of \$41.5m. The annual revised budget is \$138.7m (see para (see para 37 for breakdown)).
36. While the variance is favourable, this does not imply we have delivered capital expenditure programme at a value less than was expected but rather that the overall programme is behind the year to date budget.

Year to date Actual	Year to date Budget	Variance	Revised Budget
<b>\$37.6m</b>	<b>\$41.5m</b>	<b>\$3.9m</b>	<b>\$138.7m</b>

37. The budget used in this section is referred to as the "Revised Budget". It comprises the; 2017-18 Annual Plan, approved deferrals from previous years, approved risk and opportunities items and approved budgets brought forward. The revised budget is used throughout this report. The capital expenditure report in attachment 3 has the detail at a project level.

Capital Expenditure Programme for 2017-18	Budget
Approved 2017-18 Annual Plan programme	\$89.9 m
plus Approved deferrals from 2015-16	\$13.5 m
plus Approved deferrals from 2016-17	\$23.9 m
plus Approved Risk and Opprtunities	\$5.5 m
plus Approved brought forward future 10 year plan programme	\$6.0 m
<b>Total Capital Expenditure Programme</b>	<b>\$138.7m</b>

38. The revised budget above does not make any adjustment for the deferrals that are being signalled for the current year (refer para 42). These have a value of \$17.8m. The effect on the revised budget would be to reduce the \$138.7 down to \$120.9m.
39. The \$37.6m year to date expenditure represents 27% of the total programme. Analysis of the total budget programme indicates that 46% 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 - month by month													
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Budget	\$3.4 m	\$5.9 m	\$7.3 m	\$8.2 m	\$7.6 m	\$8.8 m	\$8.0 m	\$11.1 m	\$15.2 m	\$16.3 m	\$17.0 m	\$30.0 m	\$138.7 m
Actual	\$2.6 m	\$6.7 m	\$5.5 m	\$5.9 m	\$6.4 m	\$10.4 m							\$37.6 m

40. The *Capital Expenditure Report* in attachment 3 provides a full list of all projects and year to date variances to budget.
41. For comparative purposes, the following table has the monthly capital expenditure for the previous financial year.

2016-17 Capital Expenditure Programme - month by month													
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Budget	\$3.8 m	\$5.8 m	\$5.1 m	\$7.1 m	\$5.8 m	\$7.9 m	\$6.6 m	\$8.0 m	\$9.6 m	\$10.5 m	\$12.3 m	\$18.2 m	\$100.7 m
Actual	\$5.3 m	\$3.2 m	\$4.2 m	\$8.1 m	\$7.1 m	\$6.8 m	\$4.8 m	\$5.3 m	\$7.6 m	\$4.7 m	\$13.5 m	\$14.0 m	\$84.5 m

#### 42. Deferred Capital Expenditure

43. Deferred capital expenditure refers to the process whereby the budget for an approved capital project is carried forward into a future financial year.

#### 44. 2017-18 Capital Deferrals

45. For the six months ended 31 December 2017 13 projects have been identified where a deferral is highly probable. These have a value of \$17.8m
46. The deferrals have been categorised under three reasons; 1. due to a third party, 2. is under contract but will remain in progress at the end of the financial year and 3. agreed by Council. These are reflected in the following summary table. A full schedule including explanations are contained in attachment 5.

Indicative Capital Deferrals	Total
Third Party	\$3.2m
Under Contract	\$11.3m
Agreed by Council	\$3.3m
<b>Total Indicative Capital Deferrals</b>	<b>\$17.8m</b>

47. 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 deferrals of approximately \$25m in value.
48. In addition to the allowance for interest, a similar allowance is made when calculating the depreciation budget to mitigate over budgeted interest should Council fail to achieve the budgeted capital programme.
49. **Projects Brought Forward**
50. Projects brought forward are approved projects from the 2015-25 10 Year Plan that have been brought forward from a future financial year.

51. The following table lists the projects brought forward as at 31 December 2017. The capital expenditure report in attachment 3 has been amended to reflect the budgets for the brought forward projects.
52. The \$300k for the lift renewal was approved under CE delegation.

Projects brought forward	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Project</b>								
CE10003 - Waterworld operational asset renewals	5,672							
CE15156 - 25 Meter Pool						(5,672)		
CE10098 - Renewal of Lifts in Underground Carpark	300	(300)						
<b>Total</b>	<b>5,972</b>	<b>(300)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(5,672)</b>	<b>0</b>	<b>0</b>

### 53. Risks and Opportunities for 2017-18

#### 54. Risks and Opportunities

55. The Risks and Opportunities schedule reports significant changes from the approved budget. The schedule ensures these items have the appropriate visibility.
56. These changes are classified into 4 categories and summarised in the following table

- Approved by Council or Committee Resolution
- Approved under CE delegated authority
- Other
- Pending resolutions

## Risk and Opportunities as at 31 December 2017

Project	Date	Operating		Capital	
		Cost	Revenue	Cost	Revenue
		\$000	\$000	\$000	\$000
<b>Approved by Council or Committee Resolution</b>					
Aquatics - business case and contracting out investigations <sup>1</sup>	9-Mar-17	100			
Water Supply - Eastern Bulkmain repairs	23-May-17			1,840	
Stormwater - Valley Tce remedial Works	12-Sep-17			591	
Clarence St Theatre - Earthquake strengthen	19-Sep-17	150			
Central Library - Earthquake strengthen	21-Sep-17	17		705	
Waikato Regional Theatre	21-Sep-17	250			
Transportation - LED Lighting	21-Sep-17			194	
Shared Service - Waters Study	21-Sep-17	200			
Founders Theatre - Consultation <sup>2</sup>	21-Sep-17	4			
Thomas/Gordonton Intersection upgrade	24-Oct-17			400	
Municipal Building Balustrade	16-Nov-17			25	
Seismic Strengthening Upgrade to Treatment plant building <sup>3</sup>	5-Dec-17	120		1,500	
Deposit for Park and Ride Land Purchase	6-Dec-17			635	
HIF Detailed business case and growth scenarios <sup>4</sup>	6-Dec-17	435			
<b>Total</b>		<b>1,276</b>	<b>0</b>	<b>5,890</b>	<b>0</b>
<b>Approved under CE Delegated Authority</b>					
Hamilton Gardens Changing Places Facility. Addition to playground toilet facilities.				135	
Hamilton Gardens Development - This sum was erroneously carried over from the previous year. The project is on track to meet the overall four year programme budget and the deferral is not required.				(518)	
Rates Remissions on Council Properties			250		
<b>Total</b>		<b>0</b>	<b>250</b>	<b>(383)</b>	<b>0</b>
<b>Other</b>					
Dividend from WRAL			100		
By-Election		90			
Insurance Premiums		112			
Write down Municipal Pool		460			
		<b>662</b>	<b>100</b>	<b>0</b>	<b>0</b>
<b>Total Approved</b>		<b>1,938</b>	<b>350</b>	<b>5,507</b>	<b>0</b>
<b>Pending Resolutions</b>					
None pending					
<b>Total</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Risks and Opportunities</b>		<b>1,938</b>	<b>350</b>	<b>5,507</b>	<b>0</b>

1. Council approved this funding last financial year, the timeframe to report back was no later than March 2018. A report was presented to full Council on 12 December 2017.

2. This item was approved at \$27k but actuals are now known allowing the amount to reduce to \$4k.

3. G&I recommended to Council that the work be undertaken now. The report did set out a risk that work may carry through into the next financial year.

4. This items was previously listed under the CE Delegation section as 3 separate amounts.

### 57. Emerging Issues

58. In addition to Risks and Opportunities there are also the following emerging issues that are being disclosed to raise awareness.

59. 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 in future Risks and Opportunities.

60. The current emerging issues are:
- a. Parks and Open Spaces - River Slips – remedial options continue to be investigated for slips that occurred during late 2016 and winter months of 2017 – this includes engineer’s reports, legal review and consultation with affected parties including residents and iwi. This will take some months to complete before recommendations can be reported and actioned.
  - b. LED Street Lights – A report was presented to the G & I committee on 12 September 2017. This project will see the upgrade of street light lamps to LED. The existing lamps will have their useful lives reduced resulting in an increase in the depreciation expense in 2017/18 and 2018/19.
  - c. Seddon Park – Urgent remedial work is currently underway for the lights at Seddon Park. The work is required to uphold our commitment for the 2017/18 cricket season. Repairs are being carried out on approximately one third of the light fittings. The cost is being met from the existing operating budgets across the twin Stadia.

## 61. Debt and Treasury Management

### 62. Treasury Management

63. For the six months ended 31 December 2017 Council was fully compliant with all treasury policy measures.

64. The Treasury Report in attachment 4 contains further detail around the treasury compliance measures.

### 65. Total Overall Debt

66. Total Overall Debt for the six months ended 31 December 2017 is \$361.4m, which is \$72.2m less than the year end budget of \$433.6m.

Year to date Actual	Annual Budget	Amount Remaining	Debt to Revenue
<b>\$361.4m</b>	<b>\$433.6m</b>	<b>\$72.2m</b>	<b>169%</b>

### 67. HCC Debt to Revenue Ratio

68. This is a debt affordability measure. It compares total operating revenue, excluding capital contributions, vested asset revenue and development contributions against total overall debt.

69. The result for the six months ended 31 December 2017 is 169% against the Annual budget of 205%. This favourable position reflects the low overall debt position and higher revenue position.

### 70. LGFA Debt to Revenue Ratio

71. The Local Government Funding Agency (LGFA) uses a different measure to calculate the debt to revenue ratio.

72. The result using the LGFA calculation is 146%. This is a more conservative measure than Council. This is because the LGFA:

- does not include the cash backed reserves, and
- does include capital subsidies.

### 73. Interest Rate Swaps

74. 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 current market interest rates and the fixed rates that Council has locked in. They are unrealised because if the debt is allowed to reach its maturity any gain (or loss) from interest rate movement will not be realised.

75. From 1 July 2017, the liability has increased from \$30.1m to \$32.2m, an increase of \$2.1m for the six months ended 31 December 2017. The unfavourable movement is due to a downward movement in market interest rates. A graphical representation of this is shown in attachment 4.

### 76. Vested Assets

77. The value of vested assets for the six months ended 31 December 2017 is \$13.6m. This is \$9.3m favourable against the year to the date budget of \$4.3m. The annual budget is \$8.6m.

78. The following table details the \$13.6m received for the six months ended 31 December 2017 by asset category, average life of the assets and the estimated annual depreciation expense.

<b>Vested Assets</b>			
<b>Asset Type</b>	<b>Value (Revenue)</b>	<b>Life Range (Years)</b>	<b>Estimate Annual Depreciation</b>
	<i>000's</i>		<i>000's</i>
Wastewater	1,257	15-100	16
Stormwater	1,433	30-100	18
Water Supply	552	50-80	7
Roading	3,856	12-140	77
Other	0	0	0
Land - Under Roads	6,181	0	0
Land - Local Purpose Reserves*	290	0	0
<b>Total</b>	<b>13,567</b>		<b>118</b>

\* Local Purpose Reserves is a legal description defined by the Reserves Act 1977. This type of land is invariably land that is used for drainage purposes.

79. The addition of vested assets increases the operating and maintenance costs for Council. For the current 2015-25 10 year plan a budget allowance of \$250k per year is provided. This allocation is spread across the infrastructure areas.

## Attachments

Attachment 1 - Financial Statements

Attachment 2 - Group of Activities Summary Reports

Attachment 3 - Capital Expenditure

Attachment 4 - Treasury Report

Attachment 5 - Indicative Deferrals

## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

	Note	Actual YTD	Budget YTD	Variance YTD favourable/ (unfavourable)	Annual budget	Actual Dec 2016
		\$000	\$000	\$000	\$000	\$000
<b>Revenue</b>						
Rates	1	79,191	78,845	346	160,765	75,836
Revenue from activities	2	22,473	20,845	1,628	39,867	22,026
Subsidies and grants	3	2,601	2,763	(162)	5,692	2,647
Development and financial contributions	4	12,593	5,571	7,022	11,141	5,583
Capital revenue	5	4,604	2,638	1,966	6,702	7,484
Interest revenue	6	2,003	1,000	1,003	2,000	967
Vested assets	7	13,567	4,290	9,277	8,581	8,940
Other revenue	8	989	645	344	1,189	644
<b>Total revenue</b>		<b>138,021</b>	<b>116,597</b>	<b>21,424</b>	<b>235,937</b>	<b>124,127</b>
<b>Expenses</b>						
Personnel costs	9	36,943	36,819	(124)	73,884	34,475
Depreciation and amortisation expense	10	31,875	31,935	60	63,870	30,783
Finance costs	11	10,193	10,910	717	21,819	9,656
Operating and maintenance costs	12	18,561	18,767	206	38,518	17,691
Professional costs		3,900	3,715	(185)	7,907	3,235
Property costs		5,746	5,928	182	11,808	5,844
Administration costs		5,672	4,811	(861)	9,550	5,151
<b>Total expenses</b>		<b>112,890</b>	<b>112,885</b>	<b>(5)</b>	<b>227,356</b>	<b>106,835</b>
<b>Operating surplus/(deficit)</b>		<b>25,131</b>	<b>3,712</b>	<b>21,419</b>	<b>8,581</b>	<b>17,292</b>
Gains	13	1,428	-	1,428	-	22,437
Losses	13	(3,918)	-	(3,918)	-	(1,272)
<b>Surplus/(deficit)</b>		<b>22,641</b>	<b>3,712</b>	<b>18,929</b>	<b>8,581</b>	<b>38,457</b>

### COUNCIL'S BALANCING THE BOOKS MEASURE FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

Note	Actual YTD	Budget YTD	Variance YTD favourable/ (unfavourable)	Annual Budget	Actual Dec 2016
	\$000	\$000	\$000	\$000	\$000
<b>Surplus/(deficit)</b>	<b>22,641</b>	<b>3,712</b>	<b>18,929</b>	<b>8,581</b>	<b>38,457</b>
<b>Adjustments for balancing the books measure</b>					
Gains	1,428	-	1,428	-	22,437
Losses	(3,918)	-	(3,918)	-	(1,272)
Vested assets	13,567	4,290	9,277	8,581	8,940
Ring Road subsidy (included in Capital revenue)	327	-	327	-	153
<b>Total adjustments</b>	<b>11,404</b>	<b>4,290</b>	<b>7,114</b>	<b>8,581</b>	<b>30,258</b>
<b>Council's balancing the books surplus/(deficit)</b>	<b>11,237</b>	<b>(578)</b>	<b>11,815</b>	<b>-</b>	<b>8,199</b>

### LOCAL GOVERNMENT REGULATIONS MEASURE FOR BALANCING THE BOOKS FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

Note	Actual YTD	Budget YTD	Variance YTD favourable/ (unfavourable)	Annual Budget	Actual Dec 2016
	\$000	\$000	\$000	\$000	\$000
<b>Surplus/(deficit)</b>	<b>22,641</b>	<b>3,712</b>	<b>18,929</b>	<b>8,581</b>	<b>38,457</b>
<b>Adjustments for the Local Government Regulations measure</b>					
Gains excluding gains on investment properties	1,230	-	1,230	-	22,437
Losses	(3,363)	-	(3,363)	-	(1,272)
Development and financial contributions	12,593	5,571	7,022	11,141	5,583
Vested assets	13,567	4,290	9,277	8,581	8,940
<b>Total adjustments</b>	<b>24,027</b>	<b>9,861</b>	<b>14,166</b>	<b>19,722</b>	<b>35,688</b>
<b>LG Regulations balancing the books surplus/(deficit)</b>	<b>(1,386)</b>	<b>(6,150)</b>	<b>4,763</b>	<b>(11,141)</b>	<b>2,769</b>

## Notes to the Statement of comprehensive revenue and expense

FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

		Dec-17	Nov-17	Movement from November 2017	
<b>Revenue variances:</b>					
1	Rates and Water by Meter	Favourable variances in rates remissions are being off-set by unfavourable water by meter revenue. Rates remissions have been included on Risks and Opportunities while water by meter is due to the timing of monthly invoicing.	\$0.3m	\$0.4m	\$0.1m
2	Revenue from Activities	User charges from planning and cemeteries are both favourable. Recoveries for the trade waste shared service is also favourable.	\$1.6m	\$1.6m	(\$0.1m)
3	Subsides and Grants	Not a material variance.	(\$0.2m)	(\$0.1m)	\$0.0m
4	Development contributions	Strong growth continues	\$7.0m	\$6.2m	(\$0.9m)
5	Capital Revenue	Higher capital contribution within Stormwater, Wastewater and Water Supply. This additional revenue is used to off-set unbudgeted capital expenditure	\$2.0m	\$1.4m	(\$0.6m)
6	Interest Revenue	Council has drawn down cash (see balance sheet) to allow scheduled repayment of maturing debt in December. The benefit here will offset interest expense.	\$1.0m	\$0.9m	(\$0.1m)
7	Vested assets	Strong growth continues. Breakdown by asset category included within section 74 of main report.	\$9.3m	\$8.1m	(\$1.2m)
8	Other (excluding vested)	Not a material variance.	\$0.3m	\$0.1m	(\$0.2m)
<b>Total Revenue variance</b>			\$21.4m	\$18.5m	(\$2.9m)
<b>Expenditure variances:</b>					
9	Personnel Costs	Not a material variance.	(\$0.1m)	(\$0.9m)	(\$0.7m)
10	Depreciation	Overall tracking well against the budget. Please note two areas that may have an unfavourable impact 1. revaluations of Parks and Opens spaces and water supply assets and 2. the high level of work in progress.	\$0.1m	\$0.2m	\$0.1m
11	Finance Costs	Indications are the favourable variance will continue and increase throughout the financial year.	\$0.7m	\$0.5m	(\$0.2m)
12	Other Expenses	Due to reduced internal revenue associated with the capital expenditure work programme. As the capital expenditure programme increases this variance will be eliminated.	(\$0.7m)	(\$0.6m)	\$0.1m
<b>Total Expenditure variance</b>			(\$0.0m)	(\$0.8m)	(\$0.8m)
<b>Gains and Losses Variances</b>					
13	Net Loss on interest rate swaps	The unfavourable movement is due to a decrease in market interest rates.	(\$2.1m)	(\$3.6m)	(\$1.44m)
13	Other Gains and Losses	This cover losses on disposal of assets and gains from Investments realised	(\$0.4m)	(\$0.3m)	\$0.10m
<b>Total Gains and Losses</b>			(\$2.5m)	(\$3.8m)	(\$1.3m)
<b>Total variance</b>			\$18.9m	\$13.9m	(\$5.0m)

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Note	Actual	Annual Budget	Actual Dec 2016
		\$000	\$000	\$000
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	1	21,828	35,000	19,584
Receivables	2	9,486	19,142	9,437
Prepayments		2,604	1,563	2,756
Inventory		159	151	142
Other financial assets	1	-	-	-
Derivative financial instruments	6	-	-	119
Non-current assets held for sale		-	-	-
<b>Total current assets</b>		<b>34,077</b>	<b>55,856</b>	<b>32,038</b>
<b>Non-current assets</b>				
Property, plant and equipment	3	3,854,485	3,608,249	3,530,274
Intangible assets		20,703	19,067	18,384
Investment property		22,059	19,420	19,420
Investment in associates		7,430	7,430	7,430
Other financial assets	1	35,032	27,426	25,108
Investment in subsidiaries		8,422	8,422	8,422
Derivative financial instruments	6	597	-	412
<b>Total non-current assets</b>		<b>3,948,728</b>	<b>3,690,014</b>	<b>3,609,450</b>
<b>Total assets</b>		<b>3,982,805</b>	<b>3,745,870</b>	<b>3,641,488</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Employee entitlements		6,114	5,994	5,935
Payables and deferred revenue	4	25,541	25,470	17,485
Provisions		1,194	1,781	1,800
Borrowings	5	33,372	65,300	98,428
Derivative financial instruments	6	156	-	1,222
<b>Total current liabilities</b>		<b>66,377</b>	<b>98,545</b>	<b>124,870</b>
<b>Non-current liabilities</b>				
Employee entitlements		1,122	886	1,068
Provisions		14,296	12,180	12,559
Borrowings	5	315,561	363,700	240,362
Derivative financial instruments	6	32,723	30,000	25,091
<b>Total non-current liabilities</b>		<b>363,702</b>	<b>406,766</b>	<b>279,080</b>
<b>Total liabilities</b>		<b>430,079</b>	<b>505,311</b>	<b>403,950</b>
<b>Net assets</b>		<b>3,552,726</b>	<b>3,240,559</b>	<b>3,237,538</b>
<b>Equity</b>				
Accumulated funds		1,711,706	1,639,564	1,680,672
Other reserves	7	1,841,020	1,600,995	1,556,866
<b>Total equity attributable to Hamilton City Council</b>		<b>3,552,726</b>	<b>3,240,559</b>	<b>3,237,538</b>
<b>Total equity</b>		<b>3,552,726</b>	<b>3,240,559</b>	<b>3,237,538</b>

## Notes to the Statement of financial position

### Note 1: Cash and financial assets

		Actual	Annual Budget	Actual Dec 2016
		\$000	\$000	\$000
Cash and short-term deposits		21,828	35,000	19,584
Other financial assets - current	Term deposits	-	-	-
	Loan investments	-	-	-
		21,828	35,000	19,584
Other financial assets - non-current	Term deposits	4,560	5,040	4,160
	Loan investments	21,494	17,975	16,431
	Shares	8,978	4,411	4,517
		35,032	27,426	25,108
<b>Total cash and financial assets</b>		<b>56,860</b>	<b>62,426</b>	<b>44,692</b>

### Note 2: Rates and debtors receivables

	Actual			Actual Dec 2016		
	\$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	(2,037)	3,302	1,265	(2,107)	3,072	965
Instalments to date	89,854		89,854	85,243		85,243
Penalties, adjustments & postponed	636		636	593		593
Government rebate	(1,086)		(1,086)			
Council hardship	(219)		(219)	(3,804)		(3,804)
Other remissions	(3,369)		(3,369)			
Rates receipts	(86,818)	(2,510)	(89,328)	(82,729)	(2,478)	(85,207)
<b>Balance as at 31 December</b>	<b>(3,039)</b>	<b>792</b>	<b>(2,247)</b>	<b>(2,804)</b>	<b>594</b>	<b>(2,210)</b>
<b>Water by meter</b>			1,524			931
<b>Sundry debtors</b>						
Debtors			3,242			2,005
Rentals			416			380
Rates rebates Internal Affairs			289			64
NZTA			1,086			1,639
H3 debtors			612			569
GST refund			-			-
			5,645			4,657
Debtor accruals			3,665			5,094
Parking			3,477			4,038
Provision for doubtful debts			(2,577)			(3,074)
<b>Total Rates and debtors receivables</b>			<b>9,486</b>			<b>9,437</b>

Attachment 1

	Actual	Actual Dec 2016
	\$000	\$000
<b>Debtors ageing Rates</b>		
	<b>as at 30 Jun 2017</b>	<b>as at 30 Jun 2016</b>
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
<b>Sundry debtors</b>		
	<b>as at 31 Dec 2017</b>	<b>as at 31 Dec 2016</b>
Current	2,827	Current 2,808
0-30 days	1,370	0-30 days 1,166
30-60 days	681	30-60 days 175
60-90 days	260	60-90 days 33
>90 days	505	>90 days 475
	5,645	4,657

## Attachment 1

## Note 3: Fixed assets work in progress

	Opening WIP June 2017	New WIP 2017/18	WIP capitalised 2017/18	WIP Balance 31 Dec 2017
	\$000	\$000	\$000	\$000
<b>Operational assets</b>				
Land	-	-	-	-
Buildings	2,184	2,200	(236)	4,148
Land - parks and gardens	4	177	(170)	11
Improvements - Parks & Gardens	6,251	4,107	(87)	10,271
Plant & equipment	3,288	2,482	(936)	4,834
Finance leases	-	-	-	-
Vehicles	514	1,046	-	1,560
Library books	33	448	(339)	142
Leasehold improvements	-	-	-	-
<b>Restricted assets</b>				
Land	-	-	-	-
<b>Heritage assets</b>				
Museum and library	11	20	(6)	25
<b>Infrastructure assets</b>				
Land	60	1	-	61
Refuse	228	74	(27)	275
Roads and traffic network	14,677	9,230	(2,570)	21,337
Land under roads	182	1,014	-	1,196
Stormwater system	2,618	814	-	3,432
Wastewater system	8,527	3,420	-	11,947
Wastewater Treatment Plant	2,540	473	-	3,013
Water system	35,402	8,858	(1,137)	43,123
Water Treatment Station	2,671	891	(566)	2,996
<b>Zoological</b>				
Zoo animals	-	13	-	13
<b>Intangible assets</b>				
Intangible assets	4,287	2,321	(57)	6,551
	83,477	37,589	(6,131)	114,935
Fixed assets vested	17,016	13,567	(1,673)	28,910
<b>Total Fixed assets work in progress</b>	<b>100,493</b>	<b>51,156</b>	<b>(7,804)</b>	<b>143,845</b>

New WIP represents the new capital programme started this financial year (see attachment 3) plus the value of the vested assets. WIP capitalised is lower than would be expected but this is due to staff being involved in the 2018-28 10 Year Plan. Work is now underway to ensure significant improvements to capitalisations by 31 March 2018.

## Note 4: Payables and deferred income

	Actual	Annual Budget	Actual Dec 2016
	\$000	\$000	\$000
Payables and deferred income	25,541	25,470	17,485
<b>Total Payables and deferred income</b>	<b>25,541</b>	<b>25,470</b>	<b>17,485</b>

## Attachment 1

## Note 5: Borrowings

	Actual	Annual Budget	Actual Dec 2016
	\$000	\$000	\$000
Borrowings - current	33,372	65,300	98,428
Borrowings - non-current	315,561	363,700	240,362
<b>Total external debt</b>	<b>348,933</b>	<b>429,000</b>	<b>338,790</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	Actual Dec 2016
	\$000	\$000	\$000
Interest rate Swaps - held for trading (current asset)	-	-	(119)
Interest rate Swaps - held for trading (non-current asset)	(597)	-	(412)
Interest rate Swaps - held for trading (current liability)	156	-	1,222
Interest rate Swaps - held for trading (non-current liability)	32,723	30,000	25,091
<b>Total net derivative financial instrument liabilities</b>	<b>32,282</b>	<b>30,000</b>	<b>25,782</b>

The Council's unrealised loss position on interest rate swaps is \$2.1m since 30 June 2017. This is due to a decrease in current market interest rates, compared to the interest rates achieved when Council transacted its interest rate swaps.

## Note 7: Other reserves

	Balance 1 July 2017	Transfers into fund	Transfers out of fund	31 Dec 2017
	\$000	\$000	\$000	\$000
Total Restricted reserves	37,967	193	-	38,160
Total Council created reserves	5,378	111	-	5,489
Total Revaluation and fair value through equity reserves	1,796,950	421	-	1,797,371
<b>Total restricted and Council created reserves</b>	<b>1,840,295</b>	<b>725</b>	<b>-</b>	<b>1,841,020</b>

**ARTS AND CULTURE**  
Theatres | Libraries | Museum | Arts  
for the six months ended 31 December 2017

	Year to Date		Annual	
	Previous Year Actual	Budget	Variance - favourable / unfavourable	Approved Budget
	5000	5000	5000	5000
<b>Revenue</b>				
(3) Rates		(2)	(1)	(3)
(7) Water by Meter		(10)	(1)	(20)
501 Revenue from activities	585	519	66	1,018
0 Subsidies and grants	0	1	(0)	3
0 Development Contributions	0	0	0	0
10 Interest Revenue	20	10	10	20
0 Vested and Other Revenue	0	0	0	0
0 Capital revenue	23	0	23	0
500 Total revenue	615	519	96	1,018
<b>Expenses</b>				
3,090 Personnel costs	3,050	3,198	148	6,374
1,765 Depreciation and amortisation	1,995	1,842	(153)	3,683
82 Finance costs	87	91	3	181
Other Expenses				
393 - Operating & Maintenance costs	344	333	(11)	944
37 - Professional costs	53	34	(19)	80
2,741 - Administrative costs	2,948	2,854	(94)	5,609
402 - Property costs	379	448	69	972
8,511 Total expenses	8,855	8,800	(55)	17,845
(8,010) Operating surplus/(deficit)	(8,241)	(8,282)	41	(16,827)
(116) Gains and losses	(5)	0	(5)	0
(8,126) Surplus/(deficit)	(8,246)	(8,282)	35	(16,827)

**ARTS AND CULTURE**  
Theatres | Libraries | Museum | Arts  
for the six months ended 31 December 2017

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

**Personnel costs - \$148k favourable.** Libraries \$80k Favourable personnel variance due to vacancies. This will remain for the financial year and will offset unfavourable health and safety related expenditure in the administration area. Museum \$75k favourable personal variances due to vacancies - these positions are now filled.

**Depreciation and Amortisation - \$153k unfavourable.** Depreciation is unfavourable as the June 2017 buildings revaluation was completed after budgets were set.

## RECREATION

Pools | Indoor Recreation | Zoo

for the six months ended 31 December 2017

Year to date Previous Year Actual	Year to date			Annual
	Actual	Budget	Variance - favourable / (unfavourable)	Approved budget
\$000	\$000	\$000	\$000	\$000
<b>Revenue</b>				
0	0	0	0	0
(43)	(28)	(45)	18	(93)
2,130	2,221	2,127	94	4,279
176	106	118	(12)	197
0	0	0	0	0
13	27	13	14	27
0	0	0	0	0
0	0	0	0	0
2,276	2,326	2,213	113	4,410
<b>Expenses</b>				
2,591	2,921	2,799	(123)	5,665
723	756	830	74	1,660
119	126	131	5	262
Other Expenses				
609	658	661	3	1,288
119	232	81	(151)	161
1,287	1,476	1,470	(6)	2,957
411	421	442	20	856
5,859	6,590	6,413	(178)	12,850
(3,583)	(4,264)	(4,200)	(64)	(8,440)
(63)	0	0	0	0
(3,646)	(4,264)	(4,200)	(64)	(8,440)

**RECREATION**  
Pools | Indoor Recreation | Zoo  
for the six months ended 31 December 2017

Item 8

The comments below explain the variance between year to date actual results and year to date budgets where they exceed \$100k.
<p><b>Revenue \$94k favourable.</b> Favourable fees and charges from the Zoo \$72k and Aquatics \$23k.</p>
<p><b>Personnel costs - \$123k unfavourable.</b> Unfavourable due to health and safety training, increased staffing levels at the Zoo and unfavourable vacancy factor</p>
<p><b>Professional costs - \$151k unfavourable.</b> Consultants costs unfavourable (\$114) for aquatics review and architect fees (design work for Lido Cover), Compliance Costs (\$34k) at Zoo higher than planned.</p>

Attachment 2

**PLANNING AND DEVELOPMENT**  
 City Planning | Planning Guidance & Compliance | Building Control  
 for the six months ended 31 December 2017

Year to Date Previous Year Actual	Year to Date			Annual
	Actual	Budget	Variance - favourable / (unfavourable)	Approved Budget
\$000	\$000	\$000	\$000	\$000
<b>Revenue</b>				
0	0	0	0	0
0	0	0	0	0
4,936	4,443	4,246	197	8,629
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
4,936	4,443	4,246	197	8,629
<b>Expenses</b>				
3,111	3,272	3,406	134	6,837
0	0	0	0	0
0	0	0	0	0
Other Expenses				
354	131	177	45	353
777	539	611	72	1,115
1,893	2,176	1,982	(195)	3,983
6	1	4	3	7
6,141	6,120	6,179	59	12,296
(1,205)	(1,677)	(1,933)	257	(3,666)
0	0	0	0	0
(1,205)	(1,677)	(1,933)	257	(3,666)

## PLANNING AND DEVELOPMENT

City Planning | Planning Guidance & Compliance | Building Control

for the six months ended 31 December 2017

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

**Revenue from activities - \$197k favourable.** This is primarily due to increased activity in Planning Guidance (\$155k), FutureProof Revenue (\$30k offset by rem costs) and Building Control (\$10k).

**Personnel costs - \$134k favourable.** This is due to vacancies in City Planning, Planning Guidance and Building Control, partially offset by external consultants.

**Administrative costs - \$195k unfavourable.** The majority of this variance relates to both a timing variance and budget misalignment in the Future Proof budget. It is expected this budget will be unfavourable by \$40k at year end.

## ECONOMIC DEVELOPMENT

Economic Initiatives | Strategic Property Investment | Claudelands | Stadiums  
for the six months ended 31 December 2017

	Year to Date		Annual	
	Actual	Budget	Variance - favourable / (unfavourable)	Approved Budget
	\$000	\$000	\$000	\$000
	<b>Revenue</b>			
(118) Rates	(131)	(134)	3	(267)
(24) Water by Meter	(58)	(48)	(10)	(107)
4,696 Revenue from activities	4,913	4,284	629	8,306
0 Subsidies and grants	0	0	0	0
0 Development Contributions	0	0	0	0
253 Interest Revenue	525	262	263	524
0 Vested and Other Revenue	0	0	0	0
0 Capital revenue	0	0	0	0
<b>4,807 Total revenue</b>	<b>5,249</b>	<b>4,365</b>	<b>885</b>	<b>8,457</b>
	<b>Expenses</b>			
3,107 Personnel costs	3,226	3,337	111	6,688
2,603 Depreciation and amortisation	2,349	2,739	390	5,478
2,083 Finance costs	2,208	2,293	86	4,587
Other Expenses				
1,457 - Operating & Maintenance costs	2,071	1,673	(398)	3,287
165 - Professional costs	711	170	(542)	338
3,368 - Administrative costs	2,946	2,960	14	5,819
714 - Property costs	770	756	(14)	1,551
<b>13,496 Total expenses</b>	<b>14,281</b>	<b>13,928</b>	<b>(353)</b>	<b>27,746</b>
<b>(8,689) Operating surplus/(deficit)</b>	<b>(9,032)</b>	<b>(9,563)</b>	<b>531</b>	<b>(19,290)</b>
(0) Gains and losses	(0)	0	(0)	0
<b>(8,689) Surplus/(deficit)</b>	<b>(9,032)</b>	<b>(9,563)</b>	<b>531</b>	<b>(19,290)</b>

## ECONOMIC DEVELOPMENT

Economic Initiatives | Strategic Property Investment | Claudelands | Stadiums  
for the six months ended 31 December 2017

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

**Revenue from activities - \$629k favourable.** Venues Tourism & Major Events \$589k fav. Mix and volume of events favourable compared to budget phasing set. Rugby League World Cup games not included in budget due to timing of when the draw was confirmed. Claudelands revenue is holding with higher yield conferences held year to date. Revenue forecasts indicate the year end position will be slightly ahead of budget.

Note, the uplift in Revenue achieved to date, does have a corresponding impact on costs.

**Interest Revenue - \$263k favourable.** Council has drawn down cash (see balance sheet) to allow scheduled repayment of maturing debt. The benefit here will offset the interest expense.

**Personnel costs - \$111k favourable.** This relates to the timing of resource requirements, along with close management of personnel costs.

**Depreciation And Amortisation - \$390k favourable.** This is a timing variance due to the capitalisation of the work in progress.

**Operating & Maintenance costs - \$398k unfavourable.** Venues \$428k relates to the costs incurred to achieve the uplift in revenue.

**Professional costs - \$542k unfavourable.** The majority of this relates to the HIF Detailed Business Case, this was unbudgeted and is on the Risks and Opportunities Schedule.

**SAFETY**  
Animal Control | Environmental Health and Public Safety

**for the six months ended 31 December 2017**

	Year to Date	Year to Date			Annual
	Previous Year Actual	Actual	Budget	Variance - favourable / (unfavourable)	Approved Budget
	\$000	\$000	\$000	\$000	\$000
<b>Revenue</b>					
0 Rates		0	0	0	0
(2) Water by Meter		(1)	0	(1)	0
1,686 Revenue from activities		1,678	1,616	62	2,163
0 Subsidies and grants		0	0	0	0
0 Development Contributions		0	0	0	0
1 Interest Revenue		3	2	2	3
0 Vested and Other Revenue		0	0	0	0
0 Capital Revenue		0	0	0	0
<b>1,685 Total revenue</b>		<b>1,680</b>	<b>1,617</b>	<b>63</b>	<b>2,166</b>
<b>Expenses</b>					
1,312 Personnel costs		1,440	1,432	(8)	2,876
41 Depreciation and amortisation		43	40	(4)	79
10 Finance costs		11	12	0	24
<b>Other Expenses</b>					
254 - Operating & Maintenance costs		306	482	177	816
33 - Professional costs		39	44	5	89
825 - Administrative costs		926	798	(128)	1,616
196 - Property costs		37	29	(8)	47
<b>2,672 Total expenses</b>		<b>2,803</b>	<b>2,837</b>	<b>34</b>	<b>5,547</b>
<b>(986) Operating surplus/(deficit)</b>		<b>(1,122)</b>	<b>(1,220)</b>	<b>97</b>	<b>(3,381)</b>
0 Gains and losses		0	0	0	0
<b>(986) Surplus/(deficit)</b>		<b>(1,122)</b>	<b>(1,220)</b>	<b>97</b>	<b>(3,381)</b>

**SAFETY**  
Animal Control | Environmental Health and Public Safety  
**for the six months ended 31 December 2017**

The comments below explain the variance between year to date actual results and year to date budgets where they exceed \$100k.
<p><b>Operating &amp; Maintenance costs - \$177k favourable.</b> The majority of this favourable variance relates to the timing of the relocation of City Safe Operations to the Genesis Building. This variance is expected to reduce over the next months.</p> <p><b>Administration Costs - \$128k unfavourable.</b> The majority of this variance relates to support unit allocation from City Growth Group.</p>

**COMMUNITY SUPPORT**  
Community Development | Emergency Management | Housing  
for the six months ended 31 December 2017

Year to Date	Year to Date			Annual
	Actual	Budget	Variance - favourable / (unfavourable)	Approved Budget
Previous Year				
Actual				
\$000	\$000	\$000	\$000	\$000
<b>Revenue</b>				
(0) Rates	(1)	(1)	0	(2)
(2) Water by Meter	1	(3)	4	(6)
44 Revenue from activities	67	46	22	96
0 Subsidies and grants	0	0	0	0
0 Development Contributions	0	0	0	0
0 Interest Revenue	1	1	1	1
0 Vested and Other Revenue	0	0	0	0
0 Capital revenue	0	0	0	0
42 Total revenue	68	42	26	89
<b>Expenses</b>				
611 Personnel costs	612	584	(28)	1,173
87 Depreciation and amortisation	78	93	15	186
5 Finance costs	6	6	0	12
Other Expenses				
116 - Operating & Maintenance costs	308	360	53	715
43 - Professional costs	18	16	(2)	38
1,112 - Administrative costs	1,107	1,059	(48)	2,409
111 - Property costs	96	115	19	230
2,085 Total expenses	2,224	2,234	10	4,763
(2,043) Operating surplus/(deficit)	(2,155)	(2,192)	36	(4,674)
(1) Gains and losses	(2)	0	(2)	0
(2,044) Surplus/(deficit)	(2,157)	(2,192)	35	(4,674)

**COMMUNITY SUPPORT**  
Community Development | Emergency Management | Housing  
**for the six months ended 31 December 2017**

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

**GOVERNANCE**  
Governance and Public Affairs  
for the six months ended 31 December 2017

	Year to Date	Year to Date			Annual
	Previous Year Actual	Actual	Budget	Variance	Approved Budget
	\$000	\$000	\$000	\$000	\$000
<b>Revenue</b>					
0 Rates		0	0	0	0
0 Water by Meter		0	0	0	0
15 Revenue from activities		12	9	3	18
0 Subsidies and grants		0	0	0	0
0 Development Contributions		0	0	0	0
0 Interest Revenue		0	0	0	0
10 Vested and Other Revenue		2	0	2	0
0 Capital Revenue		0	0	0	0
<b>24 Total revenue</b>		<b>14</b>	<b>9</b>	<b>5</b>	<b>18</b>
<b>Expenses</b>					
176 Personnel costs		99	148	49	297
0 Depreciation and amortisation		0	0	0	0
0 Finance costs		0	0	0	0
Other Expenses					
22 - Operating & Maintenance costs		6	14	8	28
117 - Professional costs		217	115	(102)	265
2,297 - Administrative costs		2,307	2,544	237	5,088
0 - Property costs		0	0	0	0
<b>2,611 Total expenses</b>		<b>2,630</b>	<b>2,822</b>	<b>192</b>	<b>5,679</b>
<b>(2,587) Operating surplus/(deficit)</b>		<b>(2,616)</b>	<b>(2,813)</b>	<b>197</b>	<b>(5,661)</b>
0 Gains and losses		0	0	0	0
<b>(2,587) Surplus/(deficit)</b>		<b>(2,616)</b>	<b>(2,813)</b>	<b>197</b>	<b>(5,661)</b>

**GOVERNANCE**  
Governance and Public Affairs  
for the six months ended 31 December 2017

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

**Professional costs - \$102k unfavourable.** There is \$80k for costs associated with the by-election. The total cost is expected to \$90k and this has been included on the Risks and Opportunity Schedule.

**Administrative costs - \$237k favourable.** The main contributors are underspend in general administration \$56k, underspend in remuneration and conferences \$64k and reduced cost from Council overheads \$102k.

## PARKS AND GREEN SPACES

Hamilton Gardens | Community Parks | Sports Parks | Cemeteries and Crematorium

for the six months ended 31 December 2017

Year to Date	Year to Date			Annual
	Actual	Budget	Variance	Approved Budget
Previous Year Actual				
\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>				
0	(2)	0	(2)	0
(44)	(39)	(48)	9	(96)
1,235	1,486	1,266	219	2,536
5	5	7	(1)	7
0	3	0	3	0
71	146	73	73	146
0	0	0	0	0
1,732	764	759	4	1,639
2,999	2,363	2,057	305	4,232
<b>Expenses</b>				
1,136	1,198	1,184	(14)	2,369
1,857	2,282	2,090	(192)	4,180
669	709	736	27	1,473
Other Expenses				
1,531	1,266	1,370	104	3,299
90	108	112	4	215
5,565	5,706	5,611	(96)	11,458
339	342	374	32	751
11,186	11,611	11,478	(133)	23,745
(8,187)	(9,248)	(9,420)	172	(19,514)
(235)	(265)	0	(265)	0
(8,421)	(9,514)	(9,420)	(93)	(19,514)

## PARKS AND GREEN SPACES

Hamilton Gardens | Community Parks | Sports Parks | Cemeteries and Crematorium  
for the six months ended 31 December 2017

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

**Revenue from activities - \$219k favourable.** Cemetery revenue is \$191k favourable due to a high number of cremations and cemetery plot sales. This variance is consistent with previous year trends and a budget increase is proposed for the 2018-28 ten year plan. Sports Park rentals have been received earlier than expected.

**Depreciation and Amortisation - \$192k unfavourable.** Depreciation is unfavourable as the June 2017 Parks buildings revaluation was completed after budgets were set.

**Operating & Maintenance costs - \$104k favourable.** Favourable due to timing of contracts (including Project Watershed), but works are programmed and being progressed.

**Gains and Losses - \$265k unfavourable.** Parks building fixtures and fittings have been replaced resulting in a write off.

**RUBBISH AND RECYCLING**

Refuse Collection | Waste Minimisation | Landfill Site Management

for the six months ended 31 December 2017

	Year to Date		Annual	
	Actual	Budget	Variance - favourable / (unfavourable)	Approved Budget
	\$000	\$000	\$000	\$000
<b>Revenue</b>				
0 Rates	0	0	0	0
0 Water by Meter	0	0	0	0
165 Revenue from activities	168	177	(9)	353
286 Subsidies and grants	294	275	19	550
0 Development Contributions	0	0	0	0
6 Interest Revenue	12	6	6	12
0 Vested and Other Revenue	0	0	0	0
0 Capital revenue	0	0	0	0
<b>457 Total revenue</b>	<b>474</b>	<b>458</b>	<b>16</b>	<b>915</b>
<b>Expenses</b>				
3 Personnel costs	9	0	(9)	0
192 Depreciation and amortisation	199	205	6	409
57 Finance costs	61	63	2	126
Other Expenses				
2,327 - Operating & Maintenance costs	2,452	2,630	178	5,251
115 - Professional costs	211	134	(77)	258
862 - Administrative costs	1,030	884	(146)	1,785
20 - Property costs	20	27	6	53
<b>3,578 Total expenses</b>	<b>3,982</b>	<b>3,943</b>	<b>(39)</b>	<b>7,883</b>
<b>(3,121) Operating surplus/(deficit)</b>	<b>(3,508)</b>	<b>(3,485)</b>	<b>(23)</b>	<b>(6,968)</b>
(16) Gains and losses	0	0	0	0
<b>(3,138) Surplus/(deficit)</b>	<b>(3,508)</b>	<b>(3,485)</b>	<b>(23)</b>	<b>(6,968)</b>

## RUBBISH AND RECYCLING

Refuse Collection | Waste Minimisation | Landfill Site Management

for the six months ended 31 December 2017

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

**Operating & Maintenance costs - \$178k favourable** predominantly due to a timing variance in the processing the costs of waste minimisation initiatives and grants. This is expected to be resolved in the January financial report.

**Administrative costs - \$146k unfavourable** due to to increased in trade waste discharge at Rototuna and Horotiu Closed Landfills and the under accrual of 2016/17 tradewaste charges.

**STORMWATER**  
Stormwater Network | Catchment Management  
for the six months ended 31 December 2017

	Year to Date	Year to Date			Annual
	Previous Year Actual	Actual	Budget	Variance - favourable / (unfavourable)	Approved Budget
	\$000	\$000	\$000	\$000	\$000
<b>Revenue</b>					
0 Rates		0	0	0	0
0 Water by Meter		0	0	0	0
39 Revenue from activities		103	50	53	173
0 Subsidies and grants		0	0	0	0
0 Development Contributions		0	0	0	0
15 Interest Revenue		30	15	15	30
0 Vested and Other Revenue		0	0	0	0
110 Capital revenue		89	26	63	53
163 Total revenue		222	91	131	256
<b>Expenses</b>					
0 Personnel costs		0	0	0	0
4,268 Depreciation and amortisation		4,076	4,128	52	8,256
221 Finance costs		234	243	9	486
Other Expenses					
125 - Operating & Maintenance costs		86	104	18	220
100 - Professional costs		100	144	43	294
949 - Administrative costs		1,312	939	(373)	1,895
190 - Property costs		184	177	(7)	354
5,853 Total expenses		5,993	5,735	(257)	11,505
(5,690) Operating surplus/(deficit)		(5,771)	(5,645)	(126)	(11,250)
(20) Gains and losses		0	0	0	0
(5,710) Surplus/(deficit)		(5,771)	(5,645)	(126)	(11,250)

**STORMWATER**  
Stormwater Network | Catchment Management  
for the six months ended 31 December 2017

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

**Administrative costs - \$373k unfavourable** due to increased stream maintenance costs of \$130k, a proportion of which will be offset by additional project watershed revenue, \$91k of incorrect coding of capital reticulation and consultancy costs, \$109k additional cost recovery from support units. Coding errors will be corrected in the January 2018 financial report.

**TRANSPORTATION**  
 Transport Network | Transport Centre | Parking Management  
 for the six months ended 31 December 2017

Year to Date Previous Year Actual	Year to Date			Annual
	Actual	Budget	Variance - favourable / (unfavourable)	Approved Budget
\$000	\$000	\$000	\$000	\$000
<b>Revenue</b>				
(69) Rates	(69)	(71)	2	(142)
(5) Water by Meter	(7)	(6)	(1)	(11)
2,930 Revenue from activities	2,280	2,001	278	3,741
2,179 Subsidies and grants	2,195	2,363	(167)	4,935
0 Development Contributions	0	0	0	0
321 Interest Revenue	665	332	333	664
531 Vested and Other Revenue	536	545	(9)	1,090
5,185 Capital revenue	3,059	1,800	1,259	4,905
11,072 Total revenue	8,659	6,964	1,695	15,182
<b>Expenses</b>				
375 Personnel costs	353	384	31	770
8,751 Depreciation and amortisation	9,182	9,154	(27)	18,309
3,485 Finance costs	3,693	3,836	143	7,673
Other Expenses				
4,946 - Operating & Maintenance costs	5,081	4,882	(199)	9,795
299 - Professional costs	197	389	192	815
3,208 - Administrative costs	3,522	3,706	184	7,357
1,035 - Property costs	1,195	1,127	(68)	2,301
22,099 Total expenses	23,224	23,478	255	47,020
(11,028) Operating surplus/(deficit)	(14,565)	(16,514)	1,949	(31,839)
14 Gains and losses	77	0	77	0
(11,014) Surplus/(deficit)	(14,488)	(16,514)	2,026	(31,839)

**TRANSPORTATION**  
 Transport Network | Transport Centre | Parking Management  
 for the six months ended 31 December 2017

The comments below explain the variance between year to date actual results and year to date budgets where they exceed \$100k.
<p><b>Revenue from activities - \$278k favourable.</b> Revenue from on-street parking (\$198k) and off-street parking (\$145k) are ahead of budget forecasts, but the on street income is expected to reduce as the two hour free offer is better understood by the public. There is an increased usage of Council offstreet carparks as private facilities become more expensive.</p> <p><b>Subsidies and grants - \$167k unfavourable.</b> The level of subsidy received is directly related to the level of expenditure, currently maintenance expenditure is favourable.</p> <p><b>Interest Revenue - \$333k favourable.</b> Council has drawn down cash (see balance sheet) to allow scheduled repayment of maturing debt. The benefit here will offset the interest expense.</p> <p><b>Capital Revenue - \$1.3m favourable.</b> Unbudgeted NZTA subsidy was received for Ring Road completion (\$248k). Other projects are progressing ahead of forecast timing, including Minor Improvements (\$178k), Replacement of Road Base (\$227k) and Thin AC Resurfacing (\$97k).</p> <p><b>Finance costs - \$143k favourable.</b> Overall finance costs (interest expense) for Council are favourable 717k and this is due to the overall debt being lower than budget. This is due to the capital expenditure programme which is largely spend in the final quarter of the year.</p> <p><b>Operating &amp; Maintenance costs - \$199k unfavourable.</b> Some maintenance activities are progressing ahead of forecast timing, including Preseal Repairs (\$132k), Verge Landscaping (\$129k) and Drainage Mtce (\$69k).</p> <p><b>Professional costs - \$192k favourable.</b> The main contributor to this variance is costs associated with consultancy engagements which have not yet been realised. It is expected this variance will be addressed over the coming months.</p> <p><b>Administrative costs - \$184k favourable.</b> Support Unit costs associated with operating the Transportation activity are \$108k favourable. This is expected to be addressed over the coming months. Staff time cost is \$57k favourable, partly due to delays in recruitment.</p>

**SEWERAGE**

Sewerage Collection | Sewerage Treatment and Disposal

**for the six months ended 31 December 2017**

	Year to Date	Year to Date			Annual
	Previous Year Actual	Actual	Budget	Variance - favourable / (unfavourable)	Approved Budget
	\$000	\$000	\$000	\$000	\$000
<b>Revenue</b>					
0 Rates		0	0	0	0
(15) Water by Meter		(26)	(20)	(6)	(40)
1,807 Revenue from activities		1,749	1,731	18	3,370
0 Subsidies and grants		0	0	0	0
0 Development Contributions		0	0	0	0
155 Interest Revenue		321	161	161	321
0 Vested and Other Revenue		0	0	0	0
235 Capital revenue		394	26	368	53
<b>2,182 Total revenue</b>		<b>2,439</b>	<b>1,898</b>	<b>541</b>	<b>3,704</b>
<b>Expenses</b>					
2 Personnel costs		24	0	(24)	0
4,644 Depreciation and amortisation		4,562	4,657	95	9,313
1,555 Finance costs		1,648	1,712	64	3,424
<b>Other Expenses</b>					
1,802 - Operating & Maintenance costs		2,253	2,184	(69)	4,524
61 - Professional costs		15	108	93	289
2,352 - Administrative costs		2,558	2,459	(99)	5,599
1,032 - Property costs		991	1,086	95	2,141
<b>11,448 Total expenses</b>		<b>12,051</b>	<b>12,205</b>	<b>154</b>	<b>25,290</b>
<b>(9,265) Operating surplus/(deficit)</b>		<b>(9,613)</b>	<b>(10,307)</b>	<b>695</b>	<b>(21,586)</b>
(73) Gains and losses		(265)	0	(265)	0
<b>(9,339) Surplus/(deficit)</b>		<b>(9,878)</b>	<b>(10,307)</b>	<b>430</b>	<b>(21,586)</b>

**SEWERAGE**  
Sewerage Collection | Sewerage Treatment and Disposal  
**for the six months ended 31 December 2017**

The comments below explain the variance between year to date actual results and year to date budgets where they exceed \$100k.
<p><b>Interest Revenue - \$161k favourable.</b> Council has drawn down cash (see balance sheet) to allow scheduled repayment of maturing debt. The benefit here will offset the interest expense.</p> <p><b>Capital revenue - \$368k favourable</b> due to unbudgeted 3rd party contributions of \$131k for physical works being received and \$235k favourable due to the higher than anticipated number of paid connections. Increased revenue received is offset by a corresponding increased capital expenditure.</p> <p><b>Gains and losses - \$265k unfavourable</b> due to the replacement of assets which were not fully depreciated resulting in a write-off.</p>

**WATER SUPPLY**  
Water Treatment and Storage | Water Distribution  
for the six months ended 31 December 2017

Year to Date Previous Year Actual	Year to Date			Annual
	Actual	Budget	Variance - favourable / (unfavourable)	Approved Budget
\$000	\$000	\$000	\$000	\$000
<b>Revenue</b>				
0	0	0	0	0
3,978	4,053	4,055	(3)	8,111
79	80	49	30	164
0	0	0	0	0
0	0	0	0	0
122	252	126	126	252
0	0	0	0	0
222	275	26	249	53
4,401	4,660	4,257	403	8,579
<b>Expenses</b>				
2	4	0	(4)	0
3,572	3,518	3,573	55	7,146
1,589	1,684	1,749	65	3,498
Other Expenses				
807	1,102	1,142	40	2,228
94	42	119	78	309
2,533	2,721	2,452	(269)	4,872
970	818	893	75	1,641
9,566	9,888	9,928	40	19,693
(5,165)	(5,228)	(5,671)	443	(11,114)
(45)	(94)	0	(94)	0
(5,210)	(5,322)	(5,671)	349	(11,114)

**WATER SUPPLY**  
Water Treatment and Storage | Water Distribution  
for the six months ended 31 December 2017

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

**Interest Revenue - \$126k favourable.** Council has drawn down cash (see balance sheet) to allow scheduled repayment of maturing debt. The benefit here will offset the interest expense.

**Capital Revenue - \$249k favourable** due to unbudgeted 3rd party contributions of \$14k for physical works being received and \$235k due to the higher than anticipated number of paid connections. Increased revenue received is offset by a corresponding increased capital expenditure.

**Administrative costs - \$269k unfavourable** due to \$109K of capital reticulation costs being charged incorrectly to operational codes and a variance of \$217k additional cost recovery from support units.

**CAPITAL EXPENDITURE**  
for the six months ended 31 December 2017

Type	Note	Deferral	Year to Date Expenditure			Annual Budget			Capital Revenue		
			Actual	Total Deferrals, Brought forward & RO	Variance	2017-18 Approved Budget	Total Deferrals, Brought forward & RO	Total Capital Budget	Actual	YTD Budget	Annual Capital Revenue Budget
			\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>ARTS AND CULTURE</b>											
<b>Libraries</b>											
CE10005 - Library collection purchases	R		538	549	11	1,091	0	1,091			0
CE10006 - Library asset renewal	R		38	56	18	177	0	177			0
CE10007 - Library building asset renewal programme	R		25	34	9	37	705	742			0
<b>Total libraries</b>			<b>601</b>	<b>639</b>	<b>38</b>	<b>1,305</b>	<b>705</b>	<b>2,010</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Museum</b>											
CE10008 - Museum asset renewal	R		44	92	47	93	45	138			0
CE10009 - ArtsPost earthquake strengthening	R	A		20	20	1,301	0	1,301			0
CE10010 - Public art support fund	R		29	63	37	81	19	100	(23)		0
CE10011 - Museum activity building renewals	R		64	106	63	254	0	254			0
<b>Total Museum</b>			<b>137</b>	<b>281</b>	<b>167</b>	<b>1,729</b>	<b>64</b>	<b>1,793</b>	<b>(23)</b>	<b>0</b>	<b>0</b>
<b>Hamilton City Theatres</b>											
CE10013 - Technical services equipment renewals	R		121	188	66	450	0	450			0
<b>Total Hamilton City Theatres</b>			<b>121</b>	<b>188</b>	<b>66</b>	<b>450</b>	<b>0</b>	<b>450</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL ARTS AND CULTURE</b>			<b>860</b>	<b>1,107</b>	<b>270</b>	<b>3,484</b>	<b>769</b>	<b>4,253</b>	<b>(23)</b>	<b>0</b>	<b>0</b>
<b>ECONOMIC DEVELOPMENT</b>											
<b>Claudlands and Stadia</b>											
CE10040 - Business administration plant and equipment	R		11	26	15	52	0	52			0
CE10041 - Claudlands plant and equipment	R	1		270	270	648	0	648			0
CE10042 - Seddon Park plant and equipment	R			26	26	52	0	52			0
CE10043 - Waikato Stadium plant and equipment	R		234	57	(177)	114	0	114			0
CE10044 - Turf services plant and equipment	R		36	36	0	73	0	73			0
CE10045 - Claudlands property renewals	R		49	0	(49)	0	0	0			0
CE10046 - Seddon Park property renewals	R		40	138	97	330	0	330			0
CE10047 - Waikato Stadium property renewals	R		364	443	78	267	309	576			0
CE10048 - Stadia building renewals	R	2	44	386	341	686	100	786			0
CE10049 - Claudlands building renewals	R			5	5	9	0	9			0
<b>Total Claudlands and Stadia</b>			<b>780</b>	<b>1,386</b>	<b>606</b>	<b>2,231</b>	<b>409</b>	<b>2,640</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Strategic Property</b>											
CE10052 - Strategic property renewals	R			4	4	8	0	8			0
CE10053 - Tenancy inducement renewals	R			38	38	75	0	75			0
<b>Total Strategic Property</b>			<b>0</b>	<b>42</b>	<b>42</b>	<b>83</b>	<b>0</b>	<b>83</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL ECONOMIC DEVELOPMENT</b>			<b>780</b>	<b>1,428</b>	<b>647</b>	<b>2,314</b>	<b>409</b>	<b>2,723</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>PARKS AND GREEN SPACES</b>											
<b>Cemeteries and Crematorium</b>											
CE10021 - Building renewals cemeteries	R		8	6	(2)	603	0	603			0
CE10022 - Renewal of crematorium assets	R		5	31	26	31	0	31			0
CE10023 - Hamilton Park east and west cemeteries renewals	R		10	0	(10)	8	0	8			0
CE15024 - Hamilton Park cemetery, burial and ash lawn extension	G		59	36	(23)	36	0	36			0
<b>Total Cemeteries and Crematorium</b>			<b>82</b>	<b>73</b>	<b>(9)</b>	<b>678</b>	<b>0</b>	<b>678</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Hamilton Gardens</b>											
CE10026 - Hamilton Gardens renewals	R		6	93	87	158	0	158			0
CE10028 - Hamilton Gardens building renewals	R		34	48	14	48	0	48			0
CE15027 - Proposed development programme	G		1,310	1,399	90	2,744	135	2,879	(752)	(759)	(1,639)
<b>Total Hamilton Gardens</b>			<b>1,350</b>	<b>1,540</b>	<b>191</b>	<b>2,950</b>	<b>135</b>	<b>3,085</b>	<b>(752)</b>	<b>(759)</b>	<b>(1,639)</b>
<b>Parks</b>											
CE10029 - Toilet and changing room renewals	R		39	60	20	156	0	156			0
CE10030 - Building renewals parks and open spaces	R		1	0	(1)	0	0	0			0
CE10032 - Parks and open spaces assets and playgrounds renewals	R		717	748	30	1,231	0	1,231	(12)		0
CE15033 - Land purchase future reserves	G		177	280	103	229	497	726			0
CE15036 - Playground development programme	G	B	22	40	18	906	0	906			0
CE15168 - Rototuna Town Centre	G		4	0	(4)	0	0	0			0
CE16001 - Victoria on the River (VOTR) Development	LOS		3,042	3,033	(9)	743	2,967	3,710			0
CE17004 - River Plan	LOS	C	46	60	14	1,250	0	1,250			0
<b>Total Parks</b>			<b>4,048</b>	<b>4,220</b>	<b>172</b>	<b>4,515</b>	<b>3,464</b>	<b>7,979</b>	<b>(12)</b>	<b>0</b>	<b>0</b>
<b>Sports Parks</b>											
CE10031 - Sports area renewals	R		90	91	1	91	0	91			0
CE15164 - Rototuna Park option 1	G		18	22	4	745	0	745			0
<b>Total Sports Parks</b>			<b>108</b>	<b>113</b>	<b>5</b>	<b>836</b>	<b>0</b>	<b>836</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL PARKS AND GREEN SPACES</b>			<b>5,588</b>	<b>5,946</b>	<b>358</b>	<b>8,979</b>	<b>3,599</b>	<b>12,578</b>	<b>(764)</b>	<b>(759)</b>	<b>(1,639)</b>
<b>RECREATION</b>											
<b>Aquatic Facilities</b>											
CE10001 - Aquatic facilities building renewals	R		1,047	1,051	4	211	4,653	4,864			0
CE10003 - Waterworld operational asset renewals	R	D	138	140	2	249	5,672	5,921			0

R = Renewal | LOS = Level of Service | G = Growth

## CAPITAL EXPENDITURE

for the six months ended 31 December 2017

Type	Note	Deferral	Year to Date Expenditure			Annual Budget			Capital Revenue		
			Actual	Total Deferrals, Brought forward & RO	Variance	2017-18 Approved Budget	Total Deferrals, Brought forward & RO	Total Capital Budget	Actual	YTD Budget	Annual Capital Revenue Budget
			\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
CE10004 - Gallagher Aquatic Centre operational asset renewal	R		82	141	59	154	64	218			0
<b>Total Aquatic Facilities</b>			<b>1,266</b>	<b>1,332</b>	<b>66</b>	<b>614</b>	<b>10,389</b>	<b>11,003</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Hamilton Zoo</b>											
CE10015 - Zoo animal enclosure renewals	R		96	39	(56)	144	0	144			0
CE10016 - Zoo building renewals	R		14	84	70	84	0	84			0
CE10017 - Property renewals	R		1	0	(1)		0	0			0
CE10020 - Zoo animal replacement	R		14	34	20	41	22	63			0
CE19019 - Zoo Safety Improvements	R		17	50	33	250	0	250			0
<b>Total Hamilton Zoo</b>			<b>141</b>	<b>207</b>	<b>66</b>	<b>519</b>	<b>22</b>	<b>541</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL RECREATION</b>			<b>1,408</b>	<b>1,539</b>	<b>131</b>	<b>1,133</b>	<b>10,411</b>	<b>11,544</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>SAFETY</b>											
CE10037 - CCTV renewals	R			0	0	40	0	40			0
CE10038 - Animal education and control building - security fencing			4	0	(4)		0	0			0
<b>TOTAL SAFETY</b>			<b>4</b>	<b>0</b>	<b>(4)</b>	<b>40</b>	<b>0</b>	<b>40</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>RUBBISH AND RECYCLING</b>											
CE10054 - Replacement of closed landfill assets	R		16	83	68	233	0	233			0
CE10056 - Replacement of RTS & HOC assets	R		0	0	(0)	7	0	7			0
CE15055 - Closed landfill management	LOS		58	65	7	180	0	180			0
<b>TOTAL RUBBISH AND RECYCLING</b>			<b>74</b>	<b>148</b>	<b>74</b>	<b>420</b>	<b>0</b>	<b>420</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>STORMWATER</b>											
CE10058 - Replacement of stormwater assets	R		511	510	(1)	637	591	1,228			0
CE15059 - Rototuna stormwater infrastructure	G		68	165	97	600	0	600	(23)		0
CE15060 - Rotokauri stormwater infrastructure stage 1	G		310	270	(40)	520	1,500	2,020			0
CE15062 - Peacocke stormwater infrastructure stage 1	G	E		0	0	0	400	400			0
CE15064 - Stormwater pipe upgrade - growth	G	F	6	0	(6)	131	0	131			0
CE15066 - Existing network improvements in new areas	G		27	20	(7)	104	0	104	(12)		0
CE15067 - Comprehensive stormwater consent implementation	LOS		5	87	82	182	0	182			0
CE15068 - Stormwater customer connections to the network	G		58	26	(32)	52	0	52	(54)	(26)	(53)
CE15162 - Integrated catchment management plan	LOS		325	451	126	812	640	1,452			0
<b>TOTAL STORMWATER</b>			<b>1,310</b>	<b>1,528</b>	<b>218</b>	<b>3,038</b>	<b>3,131</b>	<b>6,169</b>	<b>(89)</b>	<b>(26)</b>	<b>(53)</b>
<b>TRANSPORT</b>											
<b>Parking Management</b>											
CE10070 - Replacement of parking enforcement equipment	R	3	333	692	358	5	689	694			0
CE10071 - Parking building renewal	R		50	100	50	200	0	200			0
<b>Total Parking Management</b>			<b>384</b>	<b>792</b>	<b>408</b>	<b>205</b>	<b>689</b>	<b>894</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Transportation Network</b>											
CE10072 - Replacement of footpath	R		731	895	164	1,790	0	1,790			0
CE10073 - Replacement of street furniture	R			30	30	60	0	60	(1)		0
CE10074 - Replacement of drainage (kerb and channel)	R		612	498	(114)	1,001	0	1,001	(312)	(254)	(510)
CE10075 - Replacement of road base	R	4	497	120	(377)	1,950	0	1,950	(253)	(61)	(994)
CE10076 - Road resurfacing	R	5	2,650	2,170	(480)	4,946	0	4,946	(1,351)	(1,107)	(2,528)
CE10077 - Replacement of bridges and culverts	R		63	30	(33)	155	0	155	(32)	(15)	(77)
CE10078 - Replacement of retaining walls and structures	R		0	0	0	45	0	45			(23)
CE10079 - Replacement of environmental controls	R			0	0	5	0	5			(3)
CE10080 - Replacement of lighting	R	6	48	398	350	428	0	428	(24)	(203)	(204)
CE10081 - Replacement of traffic equipment	R		245	268	23	358	0	358	(125)	(137)	(184)
CE10082 - Replacement of street signs	R			15	15	30	0	30		(8)	(15)
CE10098 - Building and property renewals	R		30	118	88	200	300	500			0
CE10166 - LED Streetlight Renewals	R		306	194	(112)		194	194	(260)		0
CE15085 - Minor improvements to transport network	LOS	7	392	30	(362)	664	0	664	(200)	(15)	(342)
CE15086 - Bus stop infrastructure	LOS		11	35	24	117	0	117	7		0
CE15087 - Network upgrades to allow new development	G		25	50	25	182	0	182			0
CE15088 - Roading upgrades and development in Peacocke stage 1	G		208	116	(92)	52	547	599			(27)
CE15089 - Roading upgrades and development in Peacocke stage 2	G		1,074	1,080	6	783	1,398	2,181			0
CE15090 - Roading upgrades and development in Rotokauri stage 1	G	8	146	1,025	879	3,281	1,453	4,734			0
CE15092 - Roading upgrades and development in Rototuna	G	G	1,602	1,580	(22)	3,504	2,349	5,853	(52)		0
CE15093 - Roading upgrades and development in Ruakura	G		1	0	(1)	0	0	0			0
CE15094 - Traffic signal improvements	G		1	0	(1)		0	0	(0)		0
CE15095 - Integrated transport initiatives	G	9	234	30	(204)	937	0	937	(128)		0
CE18003 - Commuter Rail	G		635	635	(0)		635	635			0
PIF12005 - Hamilton Ring Road Completion	G	10	1,027	850	(177)		7,822	7,822	(327)		0
<b>Total Transportation Network</b>			<b>10,538</b>	<b>10,167</b>	<b>(371)</b>	<b>20,488</b>	<b>14,698</b>	<b>35,186</b>	<b>(3,059)</b>	<b>(1,800)</b>	<b>(4,905)</b>
<b>TOTAL TRANSPORT</b>			<b>10,922</b>	<b>10,959</b>	<b>37</b>	<b>20,693</b>	<b>15,387</b>	<b>36,080</b>	<b>(3,059)</b>	<b>(1,800)</b>	<b>(4,905)</b>
<b>SEWERAGE</b>											
CE10100 - Replacement of wastewater pump stations	R		441	300	(141)	814	0	814			0
CE10101 - Replacement of wastewater assets	R		2,144	2,100	(44)	4,354	0	4,354			0
CE15103 - Increase capacity of wastewater pump stations	LOS		32	0	(32)	440	250	690			0
CE15104 - Wastewater pipe upgrade - growth	G			75	75	312	0	312			0

R = Renewal | LOS = Level of Service | G = Growth

## CAPITAL EXPENDITURE for the six months ended 31 December 2017

Type	Note	Deferral	Year to Date Expenditure			Annual Budget			Capital Revenue		
			Actual	Total Deferrals, Brought forward & RO	Variance	2017-18 Approved Budget	Total Deferrals, Brought forward & RO	Total Capital Budget	Actual	YTD Budget	Annual Capital Revenue Budget
			\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
CE15105 - Increase capacity of wastewater network - Rototuna		G	183	160	(23)	0	1,253	1,253	(31)		
CE15106 - Wastewater network upgrades to allow development		G	60	20	(40)	83	0	83	(101)		
CE15107 - Increase capacity of network in Rotokauri stage 1		G	20	90	70	1,154	397	1,551			
CE15111 - Increase capacity of network throughout the city		G	842	1,230	388	3,178	3,996	7,174			
CE15112 - Increase capacity of network (far east intercept)		G	8	50	42	3,124	1,002	4,126			
CE15114 - Increase capacity of network (bulk storage)		G	83	400	317	837	0	837			
CE15161 - Wastewater master plan		R	23	90	67	178	0	178			
CE10115 - Replacement of wastewater treatment plant assets		G	274	394	121	1,879	0	1,879			
CE15116 - Upgrade wastewater treatment plant systems		LOS	138	150	12	364	0	364			
CE15117 - Upgrade wastewater treatment plant (Pukete 3)		G	333	375	42	6,500	0	6,500			
CE15120 - Wastewater treatment plant compliance		LOS	54	161	107	521	0	521			
CE18004 - Seismic Strengthening of Buildings		LOS				0	1,500	1,500			
CE15121 - Wastewater customer connections to the network		G	165	26	(139)	52	0	52	(262)	(26)	(53)
<b>TOTAL SEWERAGE</b>			<b>4,801</b>	<b>5,621</b>	<b>821</b>	<b>23,790</b>	<b>8,398</b>	<b>32,188</b>	<b>(394)</b>	<b>(26)</b>	<b>(53)</b>
<b>WATER SUPPLY</b>											
CE10123 - Replacement of watermains		R	1,146	1,650	504	3,400	0	3,400			
CE10124 - Replacement of water meters, valves and hydrants		R	226	160	(66)	334	0	334			
CE15126 - Upgrade or build new watermains in Rototuna		G	360	365	5	395	413	808	(14)		
CE15127 - Water pipe upgrade - growth		G		75	75	312	0	312			
CE15128 - Upgrade/build new watermains in Rotokauri stage 1		G	929	1,000	71	7,474	114	7,588			
CE15130 - Upgrade/build new watermains in Peacocke stage 1		G		0	0	238	0	238			
CE15132 - Water network upgrades to allow new development		G		20	20	83	0	83			
CE15133 - Water demand management - network water loss		LOS	59	208	149	416	0	416			
CE15134 - Water demand management - Pukete reservoir zone		LOS		0	0	104	0	104			
CE15136 - Water demand management - Dinsdale reservoir zone		LOS	74	11	(63)	11	0	11			
CE10138 - Replacement of treatment plant and reservoir assets		R	294	286	(8)	981	0	981			
CE15139 - Water treatment plant compliance - minor upgrades		LOS	329	230	(99)	676	0	676			
CE15140 - Rototuna reservoir and associated bulk mains		G	1,247	1,252	5	52	1,300	1,352			
CE15141 - Water demand management - Hillcrest reservoir zone		LOS	270	425	155	1,520	0	1,520			
CE15144 - Upgrade water treatment plant		G	2,810	2,650	(160)	2,750	828	3,578			
CE10145 - Tools of trade renewals		R	14	26	12	52	0	52			
CE15146 - Water customer connections		G	189	26	(163)	52	0	52	(261)	(26)	(53)
CE15148 - Upgrade or build new watermains in Ruakura		G	9	5	(4)		505	505			
CE15158 - Water model		LOS	87	0	(87)		684	684			
CE15159 - Water master plan		G	2	0	(2)		0	0			
CE15166 - Fluoride free water source		LOS	3	0	(3)		0	0			
PIF12031 - New structure to extract water from the Waikato River		LOS	1	0	(1)		0	0			
CE16004 - Eastern Bulk Main Slip		G	1,222	1,200	(22)		1,840	1,840			
<b>TOTAL WATER SUPPLY</b>			<b>9,270</b>	<b>9,588</b>	<b>318</b>	<b>18,850</b>	<b>5,684</b>	<b>24,534</b>	<b>(275)</b>	<b>(26)</b>	<b>(53)</b>
<b>CORPORATE SERVICES</b>											
<b>Corporate Buildings</b>											
CE10151 - Renewals program		R	131	191	60	1,044	25	1,069	0	0	0
<b>Total Corporate Buildings</b>			<b>131</b>	<b>191</b>	<b>60</b>	<b>1,044</b>	<b>25</b>	<b>1,069</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Information Services</b>											
CE10152 - IS Network and infrastructure		R	414	516	101	636	209	845			0
CE10153 - Core business applications		R	292	607	315	896	532	1,428			0
CE10154 - Minor applications		R	24	24	(0)	11	20	31			0
CE15155 - Mobility and eservices		LOS	22	245	223	589	138	727			0
CE10156 - Lease funding of equipment		R	342	363	21	791	0	791			0
CE15157 - Authority replacement		LOS		601	601	996	105	1,101			0
<b>Total Information Services</b>			<b>1,093</b>	<b>2,355</b>	<b>1,262</b>	<b>3,919</b>	<b>1,004</b>	<b>4,923</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Performance</b>											
CE10158 - Replacement of fleet vehicles		R	1,046	1,040	(6)	2,080	0	2,080	0	0	0
<b>Total Performance</b>			<b>1,046</b>	<b>1,040</b>	<b>(6)</b>	<b>2,080</b>	<b>0</b>	<b>2,080</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>DC Funding Model and DC Assessment Tool and Growth Model</b>											
CE16002 - DC Funding Model, Assessment Tool & Growth Model		G	300	0	(300)	0	0	0	0	0	0
<b>Total DC Funding Model, DC Assessment Tool &amp; Growth Model</b>			<b>300</b>	<b>0</b>	<b>(300)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Customer Services</b>											
CE17001 - Customer Services Projects		LOS		75	75	100	0	100	0	0	0
<b>Total Performance</b>			<b>0</b>	<b>75</b>	<b>75</b>	<b>100</b>	<b>0</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Level 1 Office Reshuffle (Commenced June 2017)</b>											
CE17006 - Level 1 Office Reshuffle (Commenced June 2017)		R	1	0	(1)	0	0	0	0	0	0
<b>Total Performance</b>			<b>1</b>	<b>0</b>	<b>(1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL CORPORATE SERVICES</b>			<b>2,571</b>	<b>3,661</b>	<b>1,090</b>	<b>7,143</b>	<b>1,029</b>	<b>8,172</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL COUNCIL</b>			<b>37,588</b>	<b>41,526</b>	<b>3,961</b>	<b>89,884</b>	<b>48,817</b>	<b>138,701</b>	<b>(4,604)</b>	<b>(2,638)</b>	<b>(6,702)</b>

R = Renewal | LOS = Level of Service | G = Growth

**Capital Expenditure Variance Explanations: Variances greater than \$200k.  
for the six months ended 31 December 2017**

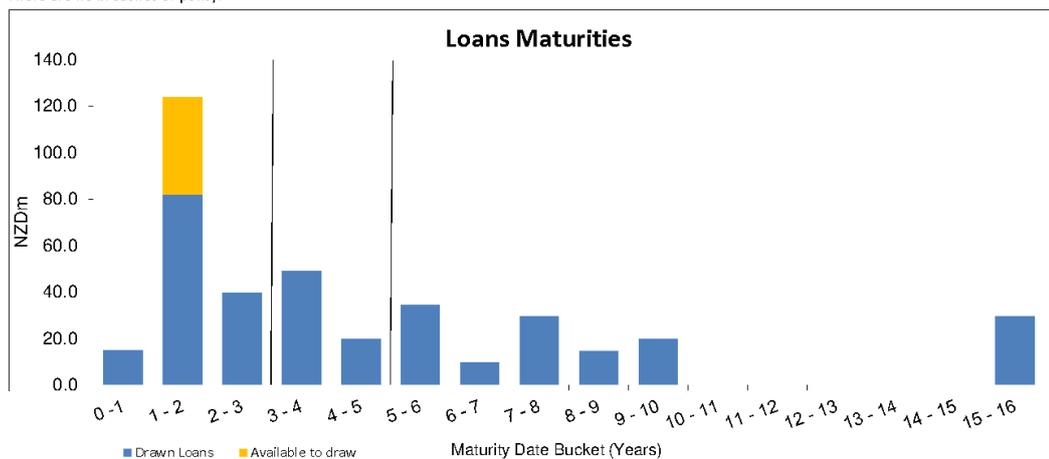
	YTD Variance \$000
<p><b>1 CE10041 - Claudelands plant and equipment</b> Project scoping has commenced, however timing in budget phasing is different to planning.</p>	270
<p><b>2 CE10048 - Stadia building renewals</b> Timing in budget phasing. Lift replacement at Seddon park awaiting costs. Awaiting delivery of equipment from offshore. This underexpenditure is partially offset by over expenditure in CE100043.</p>	341
<p><b>3 CE10070 - Replacement of parking enforcement equipment</b> The purchase of the replacement parking equipment has been delayed while the CBD free trail is on.</p>	358
<p><b>4 CE10075 - Replacement of road base</b> Delivery is progressing ahead of the originally anticipated programme.</p>	(377)
<p><b>5 CE10076 - Road resurfacing</b> Delivery of AC surfacing is progressing ahead of the originally anticipated programme.</p>	(480)
<p><b>6 CE10080 - Replacement of lighting</b> Current underspend due to the introduction of the LED streetlighting project (commenced 4 Dec).</p>	350
<p><b>7 CE15085 - Minor improvements to transport network</b> Delivery is progressing slightly ahead of the originally anticipated programme.</p>	(362)
<p><b>8 CE15090 - Roading upgrades and development in Rotokauri stage 1</b> 3rd Party development agreements progressing slightly slower than anticipated. Overall program on-track.</p>	879
<p><b>9 CE15095 - Integrated transport initiatives</b> Improvements to the Te Rapa/Forest Lake intersection were completed earlier than planned. This was to allow alignment with the traffic signal upgrade.</p>	(204)
<p><b>10 PIF12005 - Hamilton Ring Road Completion</b> A deferral of up to \$2m will be required in accordance with the proposed delivery program - as outlined in the report to G&amp;I Committee 24 Oct 2017.</p>	(177)
<p><b>11 CE15111 - Increase capacity of network throughout the city</b> The year to date expenditure on installation of the Far Western Wastewater Interceptor in Rotokauri is slightly behind the originally anticipated cashflow, however the overall program is on-track.</p>	388
<p><b>12 CE15114 - Increase capacity of network (bulk storage)</b> Progress slightly delayed from originally anticipated programme. Overall on-track.</p>	317
<p><b>13 CE10123 - Replacement of watermains</b> Progress slightly behind originally anticipated programme. Overall on-track.</p>	504
<p><b>14 CE10153 - Core business applications</b> The Document System, CM9 and Office 2016 upgrades went live 20 November 2017. Variance due to expected timing of vendor invoices which will now be processed November with the project close. The ArcGIS and CityView systems upgrade was delayed awaiting a decision on the optimal solution architecture which needs to be finalised before the project commences. This has now been completed and the project will commence in January and rephased accordingly. Analysis is now in progress for the remaining projects with the timing to be agreed with the business owners. The IPS upgrade is now being scheduled to being in February to align with impacted business unit resourcing.</p>	315
<p><b>15 CE15155 - Mobility and eservices</b> Variances due to the re-scheduling of the first phase of the eServices Citizen platform upgrade now commencing in January and the expected start date of the final phase of the Mobility delayed while a review of the current use of the Mobility application is in progress.</p>	223
<p><b>16 CE15157 - Authority replacement</b> This funding has been authorised to be used on the DC Funding Model, DC Assessment Tool and Growth Model. See CE 16002.</p>	601

**TREASURY REPORT**  
for the six months months ended 31 December 2017

**Policy Compliance**

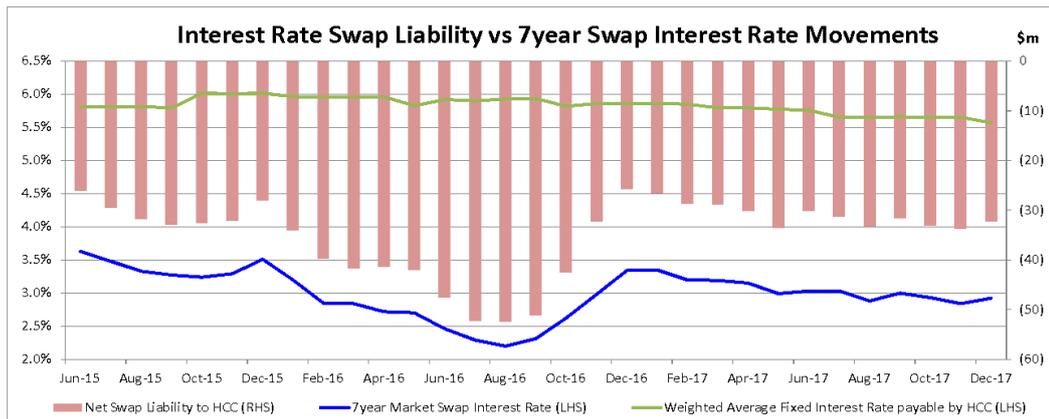
	Policy	Result @ 31-Dec-17	Policy Compliance
<b>Fixed rate maturity</b>	all years	within annual parameters	achieved for all years ✓
<b>Funding maturity</b>	0 - 3 years	15% - 60%	46% ✓
	3 - 5 years	15% - 60%	18% ✓
	5 years plus	10% - 60%	36% ✓
<b>Liquidity ratio</b>	minimum	110%	119% ✓
<b>Counterparty credit risk</b>	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-Dec-17	30-Jun-18	Fav. / (Unfav.)
<b>External debt</b>	348,933	429,000	80,067
<i>less Cash investments</i>	(28,298)	(35,000)	(6,702)
<b>Net external debt</b>	320,635	394,000	73,365
<i>add Cash-backed reserves</i>	40,719	39,583	(1,136)
<b>Total overall debt</b>	361,354	433,583	72,229

Gross cost of funds (12 month rolling average) | 5.10% | 5.09% | -0.01%



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 swap interest rates relatively stable, adding to stability in HCC's liability.

**Indicative Capital Deferrals**  
for the six months ended 31 December 2017

Deferral	3rd Party	Contractual	HCC/Other	Total Indicative Deferrals	Actual	2017-18 Approved Budget	Approved Deferrals & Brought forward	Total Capital Budget	
	000's	000's	000's	000's	000's	000's	000's	000's	
<b>ARTS AND CULTURE</b>									
<b>Museum</b>									
CE10009 - ArtsPost earthquake strengthening	A		1,301	1,301	0	1,301	0	1,301	
<b>PARKS AND GREEN SPACES</b>									
<b>Parks</b>									
CE15033 - Land purchase future reserves	B	550		550	177	229	497	726	
CE17004 - River Plan	C	700		700	46	1,250	0	1,250	
<b>RECREATION</b>									
<b>Aquatic Facilities</b>									
CE10003 - Waterworld operational asset renewals	D	2,500		2,500	138	249	5,672	5,921	
<b>STORMWATER</b>									
CE15060 - Rotokauri stormwater infrastructure stage 1	E	1,350		1,350	310	520	1,500	2,020	
CE15062 - Peacocke stormwater infrastructure stage 1	F	400		400	0		400	400	
<b>TRANSPORT</b>									
CE15092 - Roading upgrades and development in Rototuna	G	1,400		1,400	1,602	3,504	2,349	5,853	
PIF12005 - Hamilton Ring Road Completion	H		2,000	2,000	1,027		7,822	7,822	
<b>SEWERAGE</b>									
CE15112 - Increase capacity of network (far east inteceptor)	I	2,000		2,000	8	3,124	1,002	4,126	
CE15117 - Upgrade wastewater treatment plant (Pukete 3)	J	3,750		3,750	333	6,500		6,500	
<b>WATER SUPPLY</b>									
CE15128 - Upgrade/build new watermains in Rotokauri stage 1	K	1,000		1,000	929	7,474	114	7,588	
CE15144 - Upgrade water treatment plant	L	500		500	2,810	2,750	828	3,578	
CE15148 - Upgrade or build new watermains in Ruakura	M	305		305	3	0	505	505	
<b>Total Indicative Capital Deferrals</b>		<b>3,150</b>	<b>11,305</b>	<b>3,301</b>	<b>17,756</b>	<b>7,384</b>	<b>26,901</b>	<b>20,689</b>	<b>47,590</b>

**Indicative Deferrals Explanations  
for the six months ended 31 December 2017**

	Indicative Deferral \$000
<b>A CE10009 - ArtsPost earthquake strengthening</b> Detailed seismic assessment completed. No legislative requirement to complete seismic upgrade by end of 2018-19.	1,301
<b>B CE15033 - Land purchase future reserves</b> This is dependant on 3 party negotiations. At this time it is not expected to be resolved this financial year.	550
<b>C CE17004 - River Plan</b> Work is now expected to be completed in the first half on the next financial year.	700
<b>D CE10003 - Waterworld operational asset renewals</b> Based on updated tender programme timetable, physical works will take 29 weeks. Work to commence in February with completion expected in September 2018.	2,500
<b>E CE15060 - Rotokauri stormwater infrastructure stage 1</b> \$1.35m for Rotokauri floodway land purchase. May not be complete subject to third party land negotiation.	1,350
<b>F CE15062 - Peacocke stormwater infrastructure stage 1</b> \$400k for storm water upsizing in Peacockes. Subject to development timing and upsizing negotiation (third party dependent).	400
<b>G CE15092 - Roading upgrades and development in Rototuna</b> Third party agreements in place for construction of Borman Road to Kay Road and the upgrade of North City Road, however construction is subject to development timing. Some components will likely not be completed this financial year, which will require a deferral to enable works to be completed. Cashflow is currently slightly ahead of baseline program in accordance with early execution of North City Rd upgrade development agreement.	1,400
<b>H PIF12005 - Hamilton Ring Road Completion</b> A deferral of up to \$2m will be required in accordance with the proposed delivery program - as outlined in the report to G&I Committee 24 Oct 2017.	2,000
<b>I CE15112 - Increase capacity of network (far east inteceptor)</b> Contractually committed via Ruakura PDA for wastewater installation. Construction and associated payment is subject to development timing (third party dependent)	2,000
<b>J CE15117 - Upgrade wastewater treatment plant (Pukete 3)</b> Contract for the Treatment Plant Upgrade will be awarded, however cashflow may be delayed from baseline expectation due to review of treatment process options including seismic design requirements and subject to Contractors programme. Overall project on-track.	3,750
<b>K CE15128 - Upgrade/build new watermains in Rotokauri stage 1</b> A deferral will likely be required in order to complete the current Rotokauri Bulk Water installation in accordance with the current contractor delivery program.	1,000
<b>L CE15144 - Upgrade water treatment plant</b> A deferral will be required to deliver the contractually committed chemical storage facility upgrade in accordance with contractors programme.	500
<b>M CE15148 - Upgrade or build new watermains in Ruakura</b> Contractually committed via Ruakura PDA for wastewater installation. Construction and associated payment is subject to development timing (third party dependent)	305
	<b>17,756</b>

# Council Report

Item 9

**Committee:** Finance Committee **Date:** 22 February 2018  
**Author:** Natalie Young **Authoriser:** David Bryant  
**Position:** PMO Manager **Position:** General Manager Corporate  
**Report Name:** Key Projects Monitoring Report - December 2017

<b>Report Status</b>	<i>Open</i>
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## Purpose

1. To inform the Finance Committee on the status of Key Projects underway at Hamilton City Council for the period ending 31 December 2017.

## Staff Recommendation

That the Finance Committee receives the report.

## Background

2. 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.

## Discussion

3. The following six projects have a green status indicating that they are on track to be delivered within scope, budget and schedule:
  - Hamilton Gardens Development
  - North City Road Urban Upgrade
  - Rototuna Reservoir and Bulk Watermains Development
  - Rototuna Town Centre – New Agreement Phase
  - Victoria on the River – Stage 2 Works
  - Waiora 2 Water Treatment
4. The following two projects have an amber status indicating that there is a risk of exceeding scope, budget or schedule:
5. **Hamilton Ring Road Upgrade and Extension**
6. The project is amber as land procurement is still unresolved and the additional funding required to complete the project is subject to the approval of the 10 Year Plan.

7. **Pukete 3 Wastewater Treatment Plant Upgrade**

8. There have been delays to the current schedule as a result of the final design iterations taking longer than expected due to the complex nature of the project. The project schedule will be monitored closely to deliver the project within the existing completion date.

9. **Completed Projects**

10. The Western Rail Trail project is now closed.

**Risks**

11. The 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 the risk profile or risk rating is included in the key projects status summary report for each project.

13. There has been no change to project risks.

**Attachments**

Attachment 1 - PMO - Key Projects Status Summary Report - December 2017 .



## Key Projects Status Summary Report - December 2017

Total Number of Projects	Count	Project Status	Risk Ratings
Project Status – On Track	6	Green	Increased = ↑
Project Status – Needs to be Monitored	2	Amber	Unchanged = →
Project Status – Needs urgent management attention	0	Red	Decreased = ↓

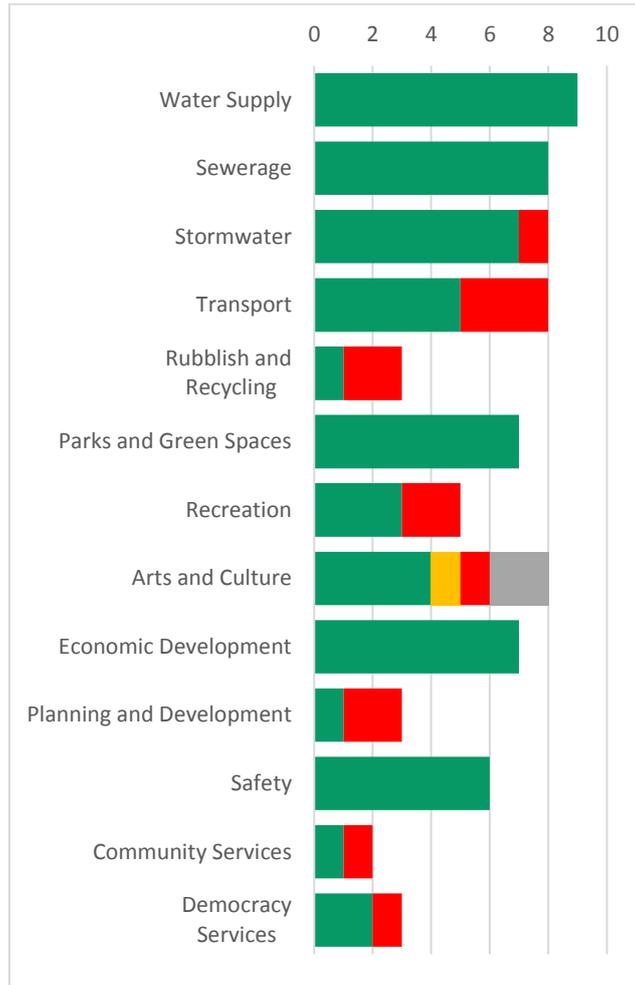
Project/ Programme Name	Project Sponsor	Project Manager	Start date	Expected completion date	Total project budget	Total project cost TD	2017/18 budget	YTD spend 2017/18	Project Status	Project Exception Report	Risks
Hamilton Gardens Development	Lance Vervoort	Helen Paki	02-Jun-14	31-Dec-18	\$ 7,239,306	\$ 5,822,953	\$ 2,655,810	\$ 1,239,457	Green	<p>The Concept Garden was officially opened on 31 January 2018.</p> <p>Work is being completed on the Changing Places Toilet with completion scheduled for early March. The Jetty is on track to be completed in May 2018. The Mansfield Garden is on track for completion in March 2018 with opening in December 2018. The Picturesque Garden is on track for completion in March 2018 with opening in January 2019.</p> <p>No change to risks or risk ratings</p>	→
Hamilton Ring Road Upgrade and Extension (Wairere Drive Extension)	Andrew Parsons	Tahl Lawrence	01-Jul-03	30-Jun-20	\$ 84,310,999	\$ 77,571,479	\$ 7,822,000	\$ 1,027,011	Amber	<p>Enabling works contract now awarded and underway. On track to award main construction contract by 2018/19 summer construction season subject to 10YP funding confirmation. NZTA subsidy is now confirmed.</p> <p>Project remains in amber as land procurement is still unresolved.</p> <p>Additional budget to complete project has been included in draft 10 Year Plan. Total budget will be increased to \$111,270,900 (Gross). A subsequent report will be brought to Council outlining the final funding agreement with NZTA.</p> <p>No change to risks or risk ratings</p>	→
North City Road Urban Upgrade	Andrew Parsons	Chris Barton	01-Jul-15	23-Dec-21	\$ 8,126,000	\$ 1,863,189	\$ 2,098,000	\$ 1,211,069	Green	<p>On-track. Agreement reached with developers for first section of North City Road through the town centre area. Physical works to be completed by the developer with HCC cost share.</p> <p>No change to risks or risk ratings</p>	→
Pukete 3 Wastewater Treatment Plant Upgrade	Andrew Parsons	Barry Hu	01-Jul-15	30-Jun-20	\$ 18,354,000	\$ 2,105,351	\$ 6,500,000	\$ 332,886	Amber	<p>Amber – There have been delays to the current schedule due to the final design iterations taking longer than expected. However, the project is still on track for completion by 30/06/20.</p> <p>The physical works contract will be awarded in April 2018.</p> <p>No change to risks or risk ratings</p>	→

<b>Rototuna Reservoir and Bulk Watermains Development</b>	Andrew Parsons	Lance Haycock	01-Mar-15	30/06/18	\$ 21,989,000	\$ 21,628,163	\$ 1,352,000	\$ 1,246,649		Opening ceremony was held on 11 September 2017 by Mayor Andrew King. Final commissioning currently being completed.  No change to risks or risk ratings.	→
<b>Rototuna Town Centre – New Agreement Phase</b>	Lance Vervoort	Helen Paki	02-Apr-13	31-Oct-17	\$ 3,839,300	\$ 3,286,376	\$ 0.00	\$ 0.00		The Comprehensive Development Plan (CDP) has been finalised.  A change request has been approved by the Sponsor to change the project completion date to 28/02/18 to allow for the resource consent for stage 1 to be processed due to further information requests. The consent has been lodged and is still being processed.  No change to risks or risk ratings.	→
<b>Victoria on the River (VOTR) Stage 2 works</b>	Lance Vervoort	Natasha Ryan	01-May-16	28-Feb-18	\$ 7,823,496	\$ 6,077,074	\$ 4,787,000	\$ 3,040,578		VOTR was officially opened 25/01/18 and has had very positive feedback.  Practical completion has been issued and the project is working through the closure stage.  Shade, wayfinding signage and wall mural are being progressed.  The Southern Boardwalk connection to Embassy Park will put to Council in April 2018 as a separate project.  No change to risk or risk ratings.	→
<b>Waiora 2 Water Treatment Plant Upgrade</b>	Andrew Parsons	Barry Hu	01-Jul-15	30-Jun-21	\$ 28,746,000	\$ 5,715,253	\$ 3,578,000	\$ 2,810,440		Project currently on track. Hamilton South pipeline installation now complete.  No change to risks or risk ratings	→





# Item 10



## Financial Considerations

7. There are no financial implications in relation to the KPIs that are not achieved.

## Risks

8. There are no known risks associated with this matter.

## Attachments

Attachment 1 - 2015-25 10 Year Plan Reporting - Performance Measures (Year 3 Q2) .

**2015-25 10 Year Plan 10-Year Plan Indicators**  
**Quarter 2, Year 3 (2017/18)**

On Track	Needs Action	Off Track
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M = Mandatory

#	LEVEL OF SERVICE	MEASURE	ANNUAL TARGET	Expected year end Status	Year to date result	QUARTER 2 Oct-Dec		QUARTER 1 Jul-Sep
						Result	Comment	Result
<b>Water Supply</b>								
M 1	Water that is safe to drink	The extent to which the Council's water supply complies with: a) Part 4 of the drinking-water standards (bacteria compliance criteria)	Achieve Compliance	●	No Data	No Data	Compliance is formally assessed annually by a Ministry of Health designated Drinking Water Assessor. The most recent formal assessment of Hamilton's water supply against the DWSNZ was completed in July 2017 and was assessed as being fully compliant. The next formal assessment for Hamilton's water supply is scheduled for July 2018. An internal assessment of compliance with the DWSNZ for quarter 2 based on chlorine disinfection data at Waioira Treatment plant and results of E.coli monitoring undertaken in the water network has been completed and has indicated full compliance has been achieved. Data demonstrating compliance has been submitted to the national drinking water online database. Based on internal assessment, the end of year result is expected to be achieved.	No Data
M 2		The extent to which the Council's water supply complies with: b) Part 5 of the drinking-water standards (protozoal compliance criteria)	Achieve Compliance	●	No Data	No Data	Compliance is formally assessed annually by a Ministry of Health designated Drinking Water Assessor. The most recent formal assessment of Hamilton's water supply against the DWSNZ was completed in July 2017 and was assessed as being fully compliant. The next formal assessment for Hamilton's water supply is scheduled for July 2018. An internal assessment of compliance with the DWSNZ for quarter 2 based on reports relating to specific treatment processes at Waioira Treatment plant has been completed and has indicated full compliance has been achieved. Data demonstrating compliance has been submitted to the national drinking water online database. Based on internal assessment, the end of year result is expected to be achieved.	No Data
M 3	The water network will be well maintained	The percentage of real water loss from the Council's networked reticulation system	No more than 16%	●	No Data	No Data	This is an annual measure that will be calculated in quarter 4 (2018). The most recent result was 15.8%, calculated in May 2017. End of year result is expected to be achieved.	No Data

Item 10

Attachment 1

#	LEVEL OF SERVICE	MEASURE	ANNUAL TARGET	Expected year end Status	Year to date result	QUARTER 2 Oct-Dec		QUARTER 1 Jul-Sep	
						Result	Comment	Result	
M 4	The water supply will be managed so demand does not outstrip the available capacity.	The average consumption of drinking water per Hamilton resident, per day	No more than 400 litres per resident per day		335 litres		367	An unseasonably warm and dry Spring 2017 and start to summer in December has seen an increase in water consumption. Climate information (NIWA) has reported that Hamilton received a total of 15mm of rain in December which is the lowest recorded rainfall since records began in 1935. The warmer temperatures which averaged 19.0C, also recorded the 2nd hottest month since records began in 1946  ( <a href="https://www.niwa.co.nz/sites/niwa.co.nz/files/Climate_Summary_December_2017_FINAL.pdf">https://www.niwa.co.nz/sites/niwa.co.nz/files/Climate_Summary_December_2017_FINAL.pdf</a> ) It is anticipated that the average water consumption will gradually decrease as we trend toward the autumn and winter months. The result is currently on-target to meet the expected end of year indicator.	303
M 5	The council will provide a quality service	The total number of complaints received by the Council about any of the following per 1000 connections to the Council's networked reticulation system: Drinking water clarity, taste, odour, pressure or flow, continuity of supply; or the Council's response to any of these issues.	No more than 5 complaints per 1000 connections		1.79% (complaints per 1000 connections)		1.05%	A total of 59 complaints were received from customers in quarter 2. Of the 59 service requests received, 5 were for discoloured water which were related to a number of new connections to the existing network, 12 for low water pressure due to higher than anticipated demand during the start of Summer, and 42 for no water incidents. The "no water" incidents were due to reactive maintenance works that were required as a result of a major leak requiring repair. End of year result is expected to be achieved.	0.74%
M 6		The median response times for the following when the Council attends a call-out in response to a fault or unplanned interruption to its water reticulation system: A) Attendance for urgent call-outs: From the time that Council receives notification to the time that service personnel reach the site.	No more than 60 minutes		43 minutes		41	Quarter 2 result was 41 minutes. The assessment and resolution of urgent water service requests continues to be an area of focus for the City Waters and City Delivery teams. End of year result is expected to be achieved	61
M 7		B) Resolution of urgent call-outs: From the time that the Council receives notification to the time that service personnel confirm resolution of the fault or interruption.	No more than 5 hours		1.80 hours		1.72	Quarter 2 result was 1.72 hours. The assessment and resolution of urgent water service requests continues to be an area of focus for the City Waters and City Delivery teams. End of year result is expected to be achieved.	3.15

#	LEVEL OF SERVICE	MEASURE	ANNUAL TARGET	Expected year end Status	Year to date result	QUARTER 2 Oct-Dec		QUARTER 1 Jul-Sep
						Result	Comment	Result
		A timely response if there is a problem with the water supply						
M 8		C) Attendance for non-urgent call-outs: From the time that Council receives notification to the time that service personnel reach the site.	No more than 5 days		7.00 days	 6.8	Quarter 2 result was 6.8 days. An improvement to the work order initial response process to ensure response times are accurately and consistently recorded was implemented in quarter 1 and has resulted in improved data quality in quarter 2. With the drier start to the summer, the community has also increased its awareness of water leaks which have assisted the team in identifying network faults but increased the number of service requests needing to be responded to. The team will continue to focus on maintaining and improved response times for non-urgent water service requests. Increased focus on the implementation of improved work processes are expected to result in the end of year target being achieved.	8.04
M 9		D) Resolution of non-urgent call-outs: From the time that the Council receives notification to the time that service personnel confirm resolution of the fault or interruption.	No more than 10 days		7.90 days	 7	Quarter 2 result was 7.0 days. With the drier than expected start to Summer, there has been an increased focus on the assessment and resolution of customer identified water leaks. The community has increased its awareness of water leaks which have assisted the team in identifying and remedying network faults. This will continue to be an area of focus for the City Waters and City Delivery teams. End of year result is expected to be achieved.	8.22
<b>Sewerage</b>								
M 10	The sewerage system to be adequately designed and maintained.	The number of dry weather sewerage overflows from the Council's sewerage system, per 1000 sewerage connections to the system.	No more than 5 overflows per 1000 connections		0.11% (overflows per 1000 connections)	 0.05%	There were two overflow events in October and one in November. The October events were a result of a programming fault after an electrical upgrade in addition to a phase failure caused by an area wide power outage over a weekend where a number of pumping stations were at high risk of overflowing. A higher emphasis on prioritisation of pumping stations in terms of consequence of overflowing has been discussed with the teams moving forward. In November, a further combined mechanical and electrical fault resulted in an additional third dry weather overflow occurring in quarter 2. Improvements have been identified in relation to overflow response and pump station prioritisation protocols to reduce risk of similar events reoccurring. End of year result is expected to achieve annual target.	0.05%

#	LEVEL OF SERVICE	MEASURE	ANNUAL TARGET	Expected year end Status	Year to date result	QUARTER 2 Oct-Dec		QUARTER 1 Jul-Sep
						Result	Comment	Result
M 11	The sewerage system will be managed in a way that does not unduly impact on the environment.	The Council's compliance with its resource consents for discharge from its sewerage system: a) The number of abatement notices.	No more than 1 abatement notice	●	0	●	0	0
M 12		b) The number of infringement notices.	0 infringement notices	●	0	●	0	0
M 13		c) The number of enforcement orders.	0 enforcement orders	●	0	●	0	0
M 14		d) The number of convictions.	0 convictions	●	0	●	0	0
M 15	The Council will provide a quality service.	The total number of complaints received by the Council about any of the following, per 1000 connections to its sewerage system: Sewerage odour, sewerage system faults or blockages, and the Council's response to any of these issues.	No more than 25 complaints per 1000 connections	●	6.45% (complaints per 1000 connections)	●	3.33%	3.12%
M 16	A timely response if there is a problem with the sewerage system.	The median response times for the following when the Council attends to sewerage overflows resulting from a blockage or other fault in the Council's sewerage system: a) Attendance time: From the time that the Council receives notification to the time that service personnel reach the site.	No more than 60 minutes	●	65 minutes	●	36	81
M 17		b) Resolution time: From the time that the Council receives notification to the time that service personnel confirm resolution of the blockage or other fault.	No more than 5 hours	●	2.1 hours	●	2.1	2.47

#	LEVEL OF SERVICE	MEASURE	ANNUAL TARGET	Expected year end Status	Year to date result	QUARTER 2 Oct-Dec		QUARTER 1 Jul-Sep	
						Result	Comment	Result	
<b>Stormwater</b>									
M 18		a) The number of flooding events that occur within the city	No more than 1 flooding event		1		1	There was one reported flooding incident where an isolated area of the city received a significant volume of rain. Recorded rainfall data suggest that a 1:20 year equivalent rainfall event was recorded for a period of 55mins in this particular area. The stormwater network in the vicinity is not designed to cater for rainfall of this magnitude. The investigation has indicated an issue with the secondary flow path due to a new multi-lot infill development which mitigation actions are underway to improve the protection of the property owners in future events. The insurance and risk team are also assisting with the investigation. End of year result is expected to be achieved.	0
The stormwater system will be adequately designed and managed.									
M 19		b) For each flooding event, the number of habitable floors affected per 1000 properties connected to the Council's stormwater system	No more than 1 per 1000 properties connected		0.02% (per 1000 properties connected)		0.02%	There was one reported flooding incident recorded in quarter 2, where the habitable floor on one property was affected. The flooding event occurred in an isolated area of the city which received a significant volume of rain. Recorded rainfall data suggests that a 1:20 year equivalent rainfall event was recorded for a period of 55mins in this particular area which exceeded the design service level for the stormwater network in this residential area of the city. The investigation undertaken has indicated an issue with the secondary flow path due to a new multi-lot infill development which mitigation actions are underway to improve the protection of the property owners in future events. The insurance and risk team are also assisting with the investigation. End of year result is expected to be achieved	0%
M 20		The Council's compliance with its resource consents for discharge from its stormwater system: a) The number of abatement notices	No more than 1 abatement notice		0		0	No abatement notices were received in quarter 2. End of year result is expected to be achieved	0
M 21	The stormwater system will be managed in a way that does not unduly impact on the environment.	b) The number of infringement notices	0 infringement notices		0		0	No infringement notices were received in quarter 2. End of year result is expected to be achieved	0
M 22		c) The number of enforcement orders	0 enforcement orders		0		0	No enforcement orders were received in quarter 2. End of year result is expected to be achieved	0
M 23		d) The number of convictions	0 convictions		0		0	No convictions were received in quarter 2. End of year result is expected to be achieved	0

#	LEVEL OF SERVICE	MEASURE	ANNUAL TARGET	Expected year end Status	Year to date result	QUARTER 2 Oct-Dec		QUARTER 1 Jul-Sep
						Result	Comment	Result
M 24	The Council will provide a quality service.	The number of complaints received by the Council about the performance of its stormwater system, per 1000 properties connected to the Council's stormwater system.	No more than 10 complaints per 1000 properties connected		1.01% (complaints per 1000 properties connected)	 0.57%	There have been a number of minor complaints received, mainly in relation to heavy rainfall events received in October and November 2017 which were of high intensity and resulted in drain inlets and outlets being partially obstructed. A continued focus on maintenance will ensure HCC stormwater system is operating at optimum during future rain events. End of year result is expected to be achieved	0.44%
M 25	A timely response if there is a flooding event.	The median response time to attend a flooding event, measured from the time that the Council receives notification to the time that service personnel reach the site.	No more than 60 minutes		268 minutes	 268	There was one reported flooding incident that occurred in quarter 2 where an isolated area of the city received a significant volume of rain in a short period of time. Recorded rainfall data suggest that a 1:20 year equivalent rainfall event was recorded for a period of 55mins. The stormwater network in the vicinity of the residential property is not designed to cater for rainfall of this intensity. No specific time of attendance was recorded for this event, only that the response was undertaken the same day the call was received and so for reporting purposes, the response time has been calculated as the time between when the issue was initially reported until the end of the day, which is a total of 268 minutes. The New Zealand Fire Service also attended this flooding event, so there were multiple agencies involved and it is likely the response was significantly less than the 268 minutes reported. We will review data record processes to ensure improved data collection for any future events occurs. Due to the low number of flooding events that occur, it is unlikely that we will meet this target by the end of the year.	0
<b>Transport</b>								
M 26	A Transport network that is safe to use.	The change from the previous financial year in the number of fatalities and serious injury crashes on Hamilton's local road network	Two less deaths or serious injuries than the previous financial year		24	 14	ANNUAL REPORT RESULT FOR 2016/17: There was 1 death and 46 serious injuries on record for a total of 47 deaths/serious injuries. INTERIM RESULT QUARTER 2 2017/18: There has been 2 deaths and 22 serious injuries on record for a total of 24 fatal and serious injuries year to date.	10
27	The Council will invest in making biking safer.	The change from the previous financial year in the number of deaths and serious injuries involving cyclists on Hamilton's roads.	Decreasing trend		2	 1	ANNUAL REPORT RESULT 2016/17: There was 1 death and 3 serious injuries on record for a total of 4 deaths/serious injuries involving cyclists. INTERIM RESULT QUARTER 2 2017/18: There are 2 serious injuries on record involving a cyclist year to date.	1

#	LEVEL OF SERVICE	MEASURE	ANNUAL TARGET	Expected year end Status	Year to date result	QUARTER 2 Oct-Dec		QUARTER 1 Jul-Sep
						Result	Comment	Result
M 28	Roads to be kept in good condition.	The average quality of ride on Hamilton's sealed local road network, measured by smooth travel exposure	At least 86% smooth travel exposure		87%		87%	This is an annual survey which was completed in July 2017 (Quarter 1)
M 29	Roads will be adequately maintained.	The percentage of Hamilton's sealed local road network that is resurfaced each year	5.75%		1.07%		0.50%	The asphaltic concrete programme has been substantially completed. The chipsealing work is planned for January 2018. We are currently working with the NZ Transport Agency for funding for the remainder of the asphaltic concrete programme which, if not received, will result in a resurfacing shortfall for the year.
M 30	Footpaths will be kept in good condition.	The percentage of footpaths within Hamilton that fall within the service standard for the condition of footpaths that is set out in the Council's Asset Management Plan	97%		96%		95.80%	Based on funding, the planned 2017/18 footpath renewals programme may not meet the service standard of less than five faults per 100m. This will be monitored over the course of the year to see if it can be brought inline with the target however this is unlikely. For discussion in the 2018-28 10 Year Plan, additional budget has been identified for this activity to reduce the number of faults (i.e. increase repairs). This has also been captured in the updated Activity Management Plan.
M 31	A timely response to requests for service.	The percentage of customer service requests relating to roads and footpaths responded to within five working days	95%		98.34%		98.29%	Monthly breakdown: October - 493/504 November - 492/498 December - 359/364 Highest number of requests by category this quarter was Street Lights (214) followed by Signage (152). This result is similar to Quarter 1 but it is expected that there will be a reduction in streetlight requests once the LED street light replacement programme is delivered in 2018.
32	Predictable vehicle travel times for peak time trips.	The percentage of extra time taken for vehicles to travel key routes in the city during peak travel times	No more than 50%		38%		No Data	This is a 6 monthly measure. There were a number of sensors offline late last year which means this result has been calculated from limited data. We are currently in the process of replacing the system that measures data, to give us a much more reliable data source. This upgrade is expected to be complete in time for quarter 3 reporting. End of year result is expected to be achieved.
33	Parking in the central city will be managed effectively .	The percentage of on-street car parks in the central city high demand parking areas that are full between 10am - 4pm on weekdays	No more than 85%		77%		68.60%	The '2 hour free' parking offer in the CBD commenced 1 October 2017 and has resulted in an increase (69% to 77%) of utilization of on-street car parks. A number of areas within the central city exceeded the 85% target. It is expected that the parking offer will see utilization rates over the central city area continue to rise and exceed the 85% target before year end. The figures are based on sensor data and is the first time that the information has been gathered in this way. Data was previously derived from Automatic Number Plate Recognition surveys.

#	LEVEL OF SERVICE	MEASURE	ANNUAL TARGET	Expected year end Status	Year to date result	QUARTER 2 Oct-Dec		QUARTER 1 Jul-Sep	
						Result	Comment	Result	
<b>Rubbish and Recycling</b>									
34	Reliable rubbish and recycling collections.	The number of weeks with more than 20 complaints about uncollected kerbside household rubbish and recycling	0 weeks		9 weeks		6	An investigation into the quarter 2 results has identified the reduced level of service was the result of a change in our Contractors supervisory staff. Appropriate staff are now back supervising operations and increased monitoring of contractor performance is underway. The target level of performance will not be achieved this year. Assessment and communication of contractor performance is to be increased.	3
25	Reliable rubbish and recycling collections.	The percentage of customer complaints about uncollected kerbside rubbish and recycling resolved within 24 hours	95%		99.21%		98.90%	270 out of 273 non-collected kerbside refuse & recycling complaints were actioned within 24hours. End of year result is expected to be achieved	100%
36	The Council will promote and encourage recycling and reuse.	The percentage of waste recovered for recycling through the kerbside collection	At least 30%		25.79%		26.67%	Significant improvements in the percentage of waste recovered for recycling are not anticipated to be achieved until service improvements are implemented. These improvements include the long term waste education, communication, marketing and engagement strategy and any future changes to expand the level of service of the kerbside recycling collection. These aspects have been included as proposals within the 10 year plan process. It is unlikely that the target level of performance will be achieved this year.	24.86%
<b>Parks and Green Spaces</b>									
37	The Council will protect, restore and enhance Hamilton's beautiful green landscape	The quantity of public green space in the city.	No net loss.		2.98		0.12	0.115ha of open space acquired this quarter. The land acquired was Mangaonua Esplanade Reserve. On track to meet the annual target.	2.86
38	The Council will protect, restore and enhance Hamilton's beautiful green landscape	The number of street trees in the city	Annual growth in the number of street trees		54		0	There were no new street trees planted or removed this quarter, but there is an increase overall due to plantings in previous quarter. On track to meet the annual target.	54
39	The Council will protect, restore and enhance Hamilton's beautiful green landscape	The number of native plants planted in Council-owned natural areas each year	At least 25,000 each year		19,771		974	There were 974 Native Plants planted across Council's parks and reserves this quarter. Traditionally no planting takes place in quarter two due to the soil/environmental conditions at this time of year. No plantings planned for quarter three. However, over 20,000 plants are expected to be planted during quarter four, most of which will be on Arbour day. On track to meet annual target.	18,797

#	LEVEL OF SERVICE	MEASURE	ANNUAL TARGET	Expected year end Status	Year to date result	QUARTER 2 Oct-Dec		QUARTER 1 Jul-Sep		
						Result	Comment	Result		
40	Destination playgrounds will be completed as planned.	Delivery of the destination playgrounds programme	1 new destination playground		0		0	Hare Puke Playground will be completed by end of June 2018. Project on track and due to be delivered as scheduled.	0	
41	The Council will invest in sports fields	The number of hours of play provided per week by the Council's sports fields during winter	836 hours		836		836	Maintenance and renovations of sports fields ensure levels of service continue to be met.	836	
42	The Hamilton Gardens programme will be completed as planned	Delivery of the four-year Hamilton Gardens development programme.	Hamilton Gardens development programme completed by 2017/18		On Track		On Track	The information Center redevelopment has been completed and the Concept Garden will be opened on 31st January. The overall programme is on track.	On Track	
43	The Hamilton Gardens programme will be completed as planned	The estimated number of visitors to the Hamilton Gardens each year	Annual increase in the number of visitors to the Gardens, reaching at least 1.2 million by 2024/25		0.59%		0.90%	The estimated visitor numbers to Hamilton Gardens have slightly increased from the same quarter last year (312,472 vs 309,647 in 2016/17. This includes the enclosed sector. Compared to the same quarter last year, the Enclosed Sector visitors numbers have increased from 129,760 to 141,343 (9 per cent) and the Information Centre sales have increased 10%. There have been 524,817 visitors this year, and were 1,148,613 in 2016/17. On track to meet the annual target.		0.13%
<b>Recreation</b>										
44	Hamilton Zoo will provide unique visitor and learning experiences.	The number of visits to Hamilton Zoo each year	At least 120,000		67,738		41,485	Breakdown of annual target by quarter: Quarter 1: 25,000 Quarter 2: 35,000 Quarter 3: 35,000 Quarter 4: 25,000 Quarter 2 attendance is up 18.1% on the same quarter last year (35,135) and up 1.2% year to date (2016/17 – 66,930). This is likely due to increased promotion through social and other media, competitions, enclosure revamps and more encounter opportunities during peak periods. EG: Breakfast with the Red Panda. On track to meet the annual target.	26,253	

#	LEVEL OF SERVICE	MEASURE	ANNUAL TARGET	Expected year end Status	Year to date result	QUARTER 2 Oct-Dec		QUARTER 1 Jul-Sep
						Result	Comment	Result
45	Hamilton Zoo will provide unique visitor and learning experiences.	The number of students participating in Zoo education programmes each year	At least 8,000		4,981		3,509	1,472
						<p>Breakdown of annual target by quarter:            Quarter 1: 1,700            Quarter 2: 3,200            Quarter 3: 1,000            Quarter 4: 2,100            Students participating are up 5.4% on previous year's quarter (2016/17 – 3328). The students were from 64 schools; 20 of which are low-decile schools from the Waikato and Coromandel region who received funding through the Warehouse Zoofari initiative. Quarter 3 is traditionally low in numbers due to school's not starting until February; forward bookings already estimate 500 students will visit. Marketing of Zoo's education programme to schools within our catchment area is planned to increase attendance for quarter three and four. The Zoo will offer schools a specialized programme to support teachers attending Arbor Day at Waiwhakareke.</p>		
46	Council pools will provide opportunities for recreation, learning and leisure.	The number of visits to Waterworld and Gallagher Aquatic Centre each year	At least 580,000		275,320		154,760	120,560
						<p>Breakdown of annual target by quarter:            Quarter 1: 125,000            Quarter 2: 150,000            Quarter 3: 170,000            Quarter 4: 135,000            Visitor numbers are up 34,200 on Quarter 1 and up on 2016/17 Quarter 2 results across both Waterworld and Gallagher Aquatic Centre, this is despite steam/sauna, spa and hydro-slide maintenance closures. Visitor numbers will be reduced in 2018 when the refurbishment of Waterworld takes place, plans are in place to help mitigate losses and still provide pool access to Hamilton.</p>		
47	Council pools will provide opportunities for recreation, learning and leisure.	The number of students participating in aquatic education classes at Council pools	At least 28,000		13,123		8,023	5,100
						<p>Breakdown of annual target by quarter            Quarter 1: 6,000            Quarter 2: 8,000            Quarter 3: 8,000            Quarter 4: 6,000            Aquatic Education classes are up 2,923 on Quarter 1 this year and down 1,600 students on Quarter 2 2016/17. This reduction is due to the increased focus on developing the Learn to Swim programme. The Aquatic Education class numbers in 2018 will be affected by the refurbishment of Waterworld. We are still running Aquatic Education classes at a reduced level, schools will be reluctant to have students in an out-side pool during Autumn and Winter.</p>		

#	LEVEL OF SERVICE	MEASURE	ANNUAL TARGET	Expected year end Status	Year to date result	QUARTER 2 Oct-Dec		QUARTER 1 Jul-Sep
						Result	Comment	Result
48	Council pools will provide opportunities for recreation, learning and leisure.	The number of people participating in learn to swim classes at Council pools	At least 40,000		29,109		15,251	13,858
<p>Breakdown of annual Target by quarter:                      Quarter 1: 9,670                      Quarter 2: 9,670                      Quarter 3: 10,990                      Quarter 4: 9,670                      Learn to swim is on target to meet and possibly exceed expectation.                      Learn to swim will continue during the refurbishment with no reduction to services.</p>								
<b>Arts and Culture</b>								
49	A modern and relevant library service	The number of physical and online visits to the libraries each year	1% increase each year		-7.85%		-3.17%	-11.79%
<p>There were 261,076 visitors during quarter 2, 2016/17 and 252,808 visitors during quarter 2, 2017/18. The closure of the Central Library and the constraints of limited space and services available at Pop Central contribute to this quarter's decrease.                      Staff continue to plan and improve access for online resources and eCollections for library customers. Staff are also continuing to investigate, plan and deliver innovative services for Pop Central and the Community Libraries. The annual target is not expected to be met.</p>								
50	A modern and relevant library service	Use of library collections, both print and electronic	1% increase each year		-3.78%		-0.24%	-6.96%
<p>There were 315,578 issues during quarter 2, 2016/17 and 314,821 issues during quarter 2, 2017/18. The eCollections usage continues to demonstrate a steady growth with the eAudio being the top performer for quarter 2. The temporary closure of the Central Library limits access to specialised collections and is a contributing factor to the decline of use of the library collections.                      Additional action is needed to meet the annual result. Staff will continue to manage the community library collections through the regular refreshment of stock for each location. Staff will also continue to promote and utilise the new Library Management System to access to eCollections</p>								
51	A modern and relevant library service	The number of people attending events, programmes and classes at the libraries	1% increase each year		3.53%		0%	6.14%
<p>There were 6,744 attendees in quarter 2 2016/17 and 6,744 attendees in quarter 2 2017/18. Participation has remained strong despite a reduced events programme, due to Central Library closure. Library staff will continue to create participation opportunities. On track to meet the annual target.</p>								

#	LEVEL OF SERVICE	MEASURE	ANNUAL TARGET	Expected year end Status	Year to date result	QUARTER 2 Oct-Dec		QUARTER 1 Jul-Sep
						Result	Comment	Result
52	A modern and relevant library service	The ratio of e-Books to print books purchased	14% e-books		No Data	No Data	This is an annual measure. The Libraries have continued to invest in our e-Collections as more e-content has been made available. The 2016/17 annual result was 28.2%. The 2017/18 annual result will be available in quarter 4.	No Data
53	Waikato museum to share and celebrate our region's history, creative and diversity	The number of visits to Waikato Museum each year	At least 118,000		66,985	26,285	Breakdown of the annual target: Quarter 1 30,000. Quarter 2 25,000. Quarter 3 29,000. Quarter 4 34,000. The quarter 2 visitor numbers are 5.1% above target. Tourist Season began in Quarter 2, but traditionally it is a quieter quarter. On track to meet the annual target.	40,700
54	Waikato museum to share and celebrate our region's history, creative and diversity	The number of children and students visiting the Museum for education each year	At least 8,000		3,347	679	Breakdown of the annual target: Quarter 1 1,400. Quarter 2 1,000. Quarter 3 2,500. Quarter 4 3,000. The quarter 2 result is 32% below target but year to date, students visiting for education is 39.5% above target. Expected to reach the targets in Quarters 3 and 4, due to the featured programme "Archimedes – Eureka". Promotion has already begun for this exhibition.	2,668
55	Theatres will be well used	The number of people attending events at Founders Theatre each year	At least 75,000	No events due to closure	-	-	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.	-
56	Theatres will be well used	The total number of hire days across Founders Theatre	At least 190	No events due to closure	-	-	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.	-
<b>Economic Development</b>								
57	Our venues should be well used	The total number of hire days across the Claudelands facilities each year	At least 520		325.25	186.25	Current hire day forecasting shows this target will be exceeded	139
58	Our venues should be well used	The number of people attending events at Claudelands each year.	At least 190,000		158,825	86,882	Current attendance forecasting shows this target will be exceeded	71,943
59	Our venues should be well used	The total number of hire days across the stadium facilities each year	At least 420		236.25	139.25	Current hire day forecasting shows this target will be exceeded	97
60	Our venues should be well used	The number of people attending events at the stadiums each year	At least 200,000		90,305	57,680	Current attendance forecasting shows this target will be exceeded	32,625

#	LEVEL OF SERVICE	MEASURE	ANNUAL TARGET	Expected year end Status	Year to date result	QUARTER 2 Oct-Dec		QUARTER 1 Jul-Sep
						Result	Comment	Result
61	A financial return on the Council's commercial property investments	The financial return on the Council's commercial property investments	7%		8.67%		8.67%	Measure is on track for Quarter 2. Returns consistent. The target reflects the current market we are operating in.
62	In-depth economic monitoring	Quarterly and annual economic analysis of Hamilton's economy to be produced	Quarterly and annual monitoring or reports produced		Achieved		Achieved	Quarterly and annual economic analyses are provided to Council. The reports and analyses provide information, data and economic intelligence that informs us about the economic health of the city and enhances the Council's decision-making.
63	Growth in Hamilton and Waikato region visitor economy	The percentage of growth in the visitor economy of the Hamilton and Waikato region	2.8% growth annually		No Data	No Data	No Data	This is measured by the Ministry of Business, Innovation and Employment's (MBIE) Monthly Regional Tourism Estimates (MRTes). Tourism spending in the Hamilton and Waikato Regional Tourism Organisation (RTO) area for the year ending June 2017 was \$1.442B, up 8 per cent on the year ending June 2016. The next result is due in quarter 4. Note: The target for this measure was set based on a different data series that is no longer produced by MBIE.
<b>Planning and Development</b>								
64	The Council will provide an adequate supply of land for housing	The number of years of residential land supply zoned and ready for development in greenfield areas	At least 5 years		7		7	There are currently 7 years' of adequate land supply available. The measure is expected to meet the annual target.
65	Planning and building consents will be processed on time	The percentage of non-notified resource consent applications processed within statutory timeframes	100%		99.60%		99.33%	Of the 300 consent applications in quarter 2, two consents were processed out of the timeframe. Staff resourcing was identified as an issue and consultants were engaged. This issue will be continuously addressed by engaging consultants as and when required. The annual target of 100% cannot be met.
66	Planning and building consents will be processed on time.	The percentage of building consents processed within statutory timeframes	100%		99.83%		100%	447 building consents were processed within statutory timeframes this quarter. The annual target cannot be met due to one consent processed outside of the timeframe in quarter 1. Staff will continuously aim to meet statutory timeframes.
<b>Safety</b>								

#	LEVEL OF SERVICE	MEASURE	ANNUAL TARGET	Expected year end Status	Year to date result	QUARTER 2 Oct-Dec		QUARTER 1 Jul-Sep	
						Result	Comment	Result	
67	The Council will work with others to improve perceptions of safety in the central city.	The percentage of central city users surveyed who feel very safe or reasonably safe in the central city during the daytime	At least 80%		No Data	No Data	The latest survey was in June 2017 where 83% of those surveyed feel very safe or reasonably safe in the central city during the daytime. The next survey will be done in June 2018.	No Data	
68	A reliable response to requests for graffiti, excessive noise and dog control	The percentage of graffiti removal jobs completed within two working days	95%		99.63%		99.68%	There were 622 of 624 graffiti jobs completed within two working days during quarter 2. On track to meet the annual target.	99.59%
69	A reliable response to requests for graffiti, excessive noise and dog control	The percentage of complaints about excessive noise responded to within 30 minutes.	95%		96.19%		95.25%	There were 1,845 of 1,937 complaints responded to within 30 minutes. The contractor, Waikato Security Services, will continue investigating noise complaints within the 30 minutes. On track to meet the annual target.	99.06%
70	A reliable response to requests for graffiti, excessive noise and dog control	The percentage of urgent requests for dog control responded to within 60 minute	100%		100%		100%	All 44 of 44 Urgent requests for dog control were responded to within 60 minutes. On track to meet the annual target.	100%
71	Premises selling food will be regularly monitored.	The percentage of high risk premises selling food inspected at least once each year for compliance with the current food safety requirements (excluding those premises subject to the new Food Act 2014 regime)	100%		98.05%		98.05%	There are three remaining high risk food premises, all scheduled for inspection in February 2018. Staff expect to keep up to date with inspections for the remainder of the year and the annual target is expected to be met.	75%
72	Premises selling liquor will be regularly monitored.	The percentage of high risk premises selling liquor monitored annually	100%		100%		100%	Five high risk premises selling liquor were inspected in quarter 2. Staff will continue to inspect high risk premises selling liquor annually. On track to meet the annual target.	100%
<b>Community Support</b>									
73	The Council to always be ready for an emergency	Hamilton's overall capability for an emergency event, assessed against the Ministry of Civil Defence criteria	75%		No Data	No Data	An initial capability assessment was completed by the Ministry of Civil Defense Management in quarter 4 2016/17. The result of 44% provided the baseline for which we can benchmark our progress yearly going forward. The next assessment will be available in quarter 4 2017/18. The target is not expected to be met.	No Data	

#	LEVEL OF SERVICE	MEASURE	ANNUAL TARGET	Expected year end Status	Year to date result	QUARTER 2 Oct-Dec		QUARTER 1 Jul-Sep
						Result	Comment	Result
74	Council grants will be used effectively	The value of services leveraged for every \$1 of community grant funding provided	\$3 worth of services leveraged for every \$1 provided		\$14.93		\$14.93	As per quarter 1, \$868,000 of the \$1,160,000 has been allocated giving the result of \$1:\$14.93. The remaining \$292,000 will be allocated in quarter 4. On track to meet the annual target.
<b>Democracy Services</b>								
75	Timely and open access to public information.	The percentage of official information requests responded to within 20 working days.	100%		100%		100%	All official information requests were responded to within the timeframe for this quarter. The annual target is expected to be met.
76	Timely and open access to public information.	The number of complaints about Council withholding information upheld by the Ombudsman.	0 complaints upheld		0		0	No complaints about Council withholding information were received from the ombudsman. The annual target is expected to be met.
77	Timely and open access to public information.	The percentage of Council meeting agendas circulated at least two working days prior to the meeting.	100%		96.15%		92.31%	13 agendas were distributed within this quarter. All were distributed within the statutory timeframe. The annual target cannot be met due to one late agenda in quarter 1.

# Council Report

<b>Committee:</b>	Finance Committee	<b>Date:</b>	22 February 2018
<b>Author:</b>	Sean Murray	<b>Authoriser:</b>	Sean Murray
<b>Position:</b>	General Manager Venues, Tourism and Major Events	<b>Position:</b>	General Manager Venues, Tourism and Major Events
<b>Report Name:</b>	H3 Group Quarter 2 Report - 1 October to 31 December 2017		

<b>Report Status</b>	<i>Open</i>
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## Purpose

1. To inform the Finance Committee on the performance of H3 Group including financial and non-financial reporting.
2. The report covers activity for Quarter 2, 1 October to 31 December 2017.

## Staff Recommendation

That the Finance Committee receives the report.

## Executive Summary

3. The intention of this report is to provide a more focused commentary on H3 Group activity, which includes Claudelands Events Centre, FMG Stadium Waikato, Seddon Park and residual activity related to the Founders Theatre.
4. H3 increasingly operates as a single business with its customers spread across venues as demand and capacity constraints dictate in peak months.
5. 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.

## Attachments

Attachment 1 - H3 Group Q2 Report 1 October - 31 December 2017 .



# **H3 Group 2017/18 Quarter 2 Report**

**1 October 2017 – 31 December 2017**

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

*The Venues, Tourism and Major Events Group purpose is to maximise the value to Hamilton from its major events, venues and tourism opportunities.*

*H3's purpose is to attract and deliver exceptional event experiences.*

## **1. Highlights**

### **1.1 Summary of Activity - 1 October to 31 December 2017**

- H3 venues hosted a wide range of events in Q2. This is traditionally a very busy time for the business with a variety of shows, performances and business events taking place across all venues.

### **1.2 Claudelands**

- At Claudelands, some of these events included the Waikato A&P Show, The Westpac Waikato Business Excellence Awards 2017, an NZSO Concert, The Mane Event (Armistice Day), Te Kohanga Reo exhibition, Hamilton Operatic Society's Mary Poppins Theatre show (over 47 days including 16 performance days), 7 Days Live and Saturday Night Fever. Claudelands also hosted the NZ Targa Rally for an overnight stop, plus family favourites' Hi-5.
- In addition to these ticketed events, Claudelands also hosted 80 business events. This included the uLearn17 National Conference, which had over 1500 delegates on site across three days in October. In November the WasteMINZ Conference, National Maintenance Engineering Conference, Road Transport Forum National Conference, 5<sup>th</sup> Biennial Symposium for the International Society of River Science and NZ Freshwater Sciences Society 2017 Conferences were all held at Claudelands.
- In December, the venue held several other functions such as graduation balls, school prizegiving ceremonies and corporate Christmas and end of year functions. Throughout the quarter the venue also hosted a wedding and the public memorial service for Councillor Philip Yeung.

### **1.3 Stadia**

- FMG Stadium Waikato hosted an ITM Cup rugby match in October (Waikato v North Harbour), plus 2017 Rugby League World Cup matches between Samoa v Tonga (attendance 20,403) and NZ v Tonga (attendance 24,041) in November. These matches



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were outstanding victories from a venue and city perspective, with media coverage describing the first match as “the biggest thing to ever happen to Hamilton” and “the rugby league game of the century”. Both matches would not have been possible without the passion and dedication from H3 Staff, many other staff across Council plus key stakeholders including Hamilton and Waikato Tourism, Hamilton Central Business Association, NZ Police, St John, NZ Fire Service, utility providers, security providers and a range of other contractors without whose support we would not be able to deliver events like these.

- FMG Stadium and Seddon Park also hosted 128 smaller business events and functions throughout the quarter.
- Seddon Park hosted two Plunkett Shield matches with Northern Districts Cricket, two Northern Knights matches and the NZ Black Caps v West Indies test match in November and December.
- In total, the first two quarters saw over 249,000 people attend events at H3 venues.

#### 1.4 Key Suppliers

- The provision of Ticketing Services for H3 Venues was put to tender in Q1 and was awarded to Ticketek New Zealand in Q2. Ticketek were the previous ticketing provider.

#### 1.5 Social Media Highlights

- HLIVE promotes to a core email subscriber database of approximately 65,000 people. Promotion includes major events of special significance across the city including those staged within H3 venues, those supported through council’s event sponsorship fund or those of national significance staged by other organisations in Hamilton and the immediate region or any other venue/event who contracts their services.
- The HLIVENZ facebook page (launched on 1 March 2017) had an increase of 645 likes going from 6,785 to 7,430 to December 2017.
- From the period 1 October to 31 December, followers on the Claudelands Facebook page steadily increased from 11,630 to 12,248 while FMG Stadium Waikato’s page had a slight increase from 5,945 to 6,147.
- The social media highlight of the quarter is the post event engagements on the FMG Stadium Waikato facebook page during the month of November due to the RLWC. The page had a total of 448,855 post engagements over the month.



## 2. H3 Financial Summary

### 2.1 For the Period 1 July 2017 – 31 December 2017

Prior YTD Actual 2016-17		Actual YTD	Budget YTD	Variance favourable/ (unfavourable)	Annual Budget
\$000		\$000	\$000	\$000	\$000
	<b>Revenue</b>				
0	Subsidies and Grants	0	0	0	0
3,266	Revenue from Activities	3,588	3,030	558	5,776
3,266	<b>Total Revenue</b>	3,588	3,030	558	5,776
	<b>Direct Operating Costs</b>				
733	Cost of Sales	1,218	823	(395)	1,561
2,345	Personnel Costs	2,447	2,525	78	5,053
576	Operating and Maintenance Costs	863	730	(133)	1,479
116	Professional Costs	101	61	(39)	121
812	Administrative Costs	529	575	45	1,136
673	Property Costs	769	732	(36)	1,517
5,255	<b>Total Direct Operating Costs</b>	5,926	5,446	(480)	10,868
(1,990)	<b>Direct Operating Surplus/(Deficit)</b>	(2,338)	(2,416)	78	(5,092)
	<b>Indirect Revenue</b>				
190	Interest Income	394	197	197	393
	<b>Indirect Overhead Costs</b>				
2,926	Depreciation and Amortisation	2,756	3,093	337	6,186
1,286	HCC Overhead Allocation	1,348	1,313	(35)	2,648
1,566	Finance Costs	1,660	1,724	64	3,449
5,779	<b>Total Indirect Costs</b>	5,764	6,131	366	12,283
(5,589)	<b>Net Indirect Costs</b>	(5,371)	(5,934)	563	(11,890)
(7,578)	<b>Net Surplus/(Deficit)</b>	(7,709)	(8,350)	641	(16,982)
(88)	Gains and Losses	(0)	0	(0)	0
(88)	<b>Total Gains and (Losses)</b>	(0)	0	(0)	0
(7,666)	<b>Surplus/(Deficit)</b>	(7,709)	(8,350)	641	(16,982)



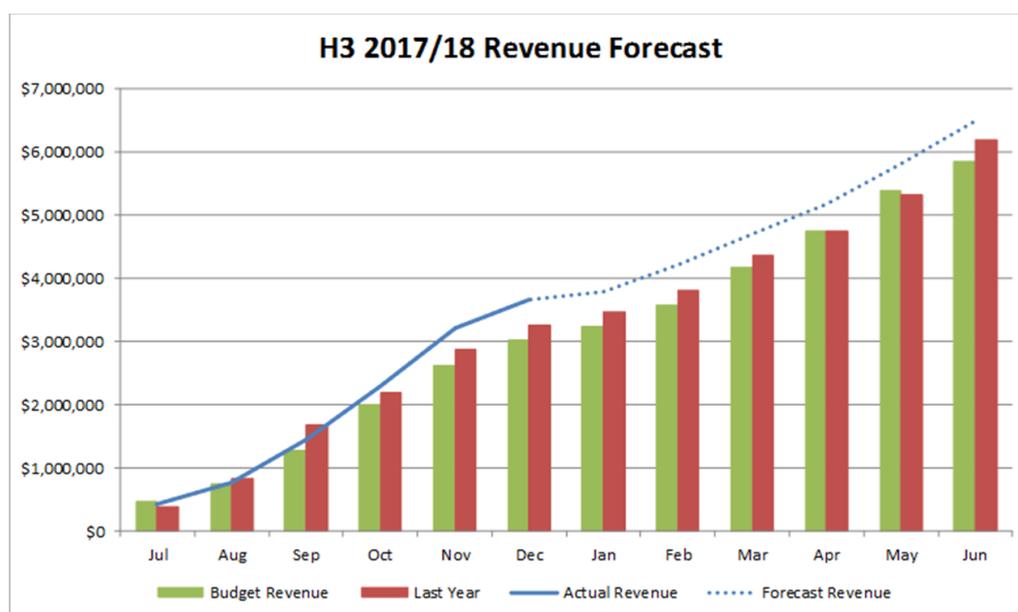
## 2.2 Q2 Revenue Summary

- Revenue continues to be favourable at 18% above budget with a strong mix of events across the venues.
- Impact sporting events has driven a \$153k lift in revenue above budget. At the time of budget setting, the game draw for Rugby League World Cup 2017 was not known and therefore budgeted conservatively.
- Exhibitions activity also delivered a surplus of \$92k ahead of budget as did Functions being up \$80k.

## 2.3 2017/18 H3 Revenue Forecast

- We are currently forecasting to be 8% above budget levels at full year.

**Graph 1: 2017/18 H3 Revenue Forecast**

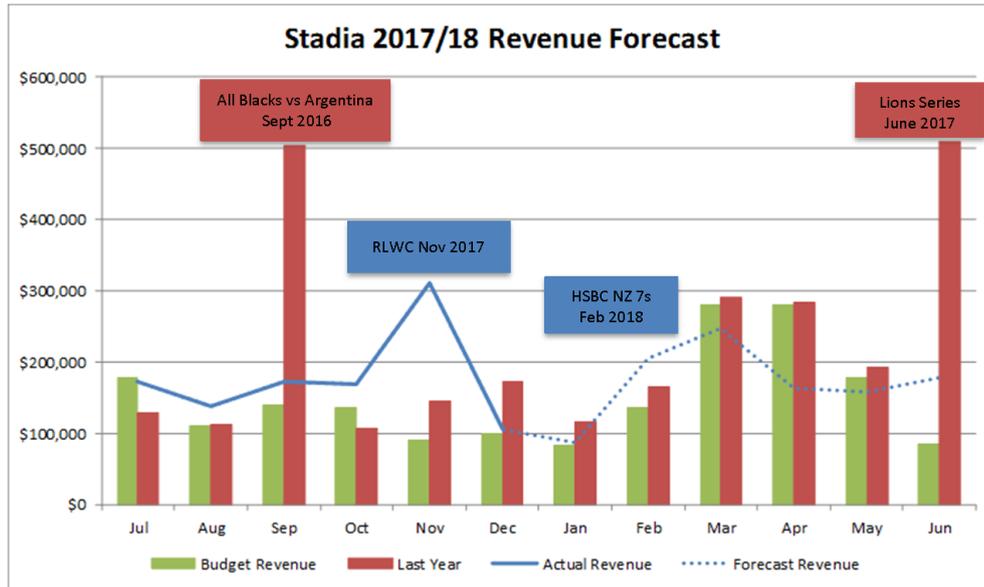


## 2.4 2017/18 Stadia Revenue Forecast

- The main revenue driver at Stadia is sports events.
- Results to end of Q2 show us ahead of budget by \$301k, due to the Rugby League World Cup 2017.
- FY17-18 actuals vs last year comparatives are slightly down due to event mix and timing of events at Stadia (\$122k)



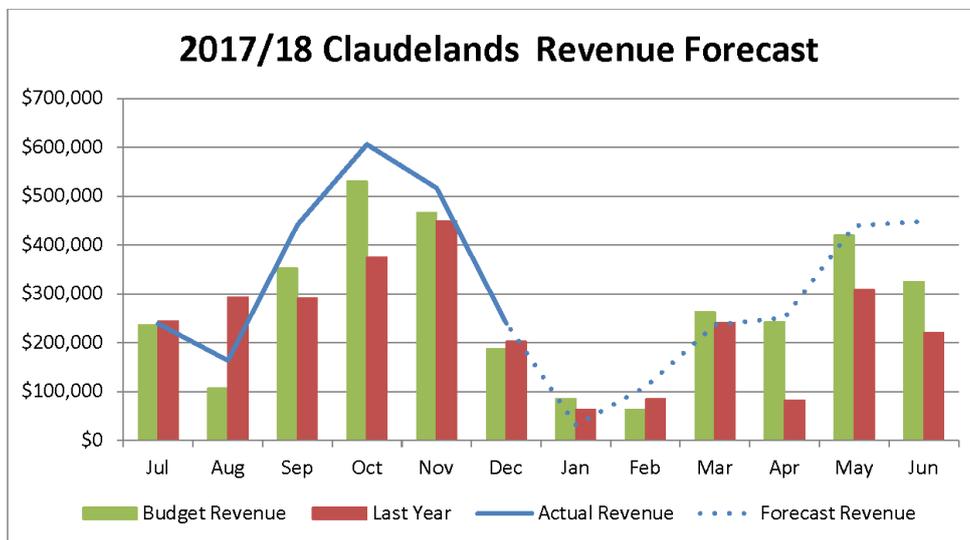
Graph 2: 2017/18 Stadia Revenue forecast



2.5 2017/18 Claudelands Revenue Forecast

- Claudelands revenue is tracking in line with the seasonal pattern.
- Revenue year to date is \$272k above budgeted levels held during Q2.
- Current forecast shows we are on track to meet budget.

Graph 3: 2017/18 Claudelands Revenue forecast



2.6



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## 2.7 Operating Expenditure

### Cost of Sales

- Increased cost of sales against budget are a direct result of increased revenue. In summary:
  - Claudlands - \$178k unfavourable year to date. With the ongoing varying mix of events and timing, this will fluctuate over the year. However, the major driver of the increase is costs in the 2<sup>nd</sup> quarter related to the extraordinary costs (mostly billable staff hours) required to enable Hamilton Operatic Society's Mary Poppins season to be staged at Claudlands (relates to Founders closure).
  - Stadia - \$161k unfavourable driven by increased revenue of sporting events at FMG
- We are constantly challenged on managing these costs, in line with client expectations, and expect this to continue through the year.

### Operating & Maintenance Costs

- Maintenance costs will continue to be a challenge this year, due to significant upcoming major maintenance. These relate to our Stadia, and are linked with the capital programme.
- Write back of capital work in progress for Founders Stage House original business case project work of \$90k.

## 2.8 Indirect Expenditure

### Depreciation

- Depreciation costs are tracking slightly behind budget, with several projects now completed yet to be capitalised. This is expected to be within budget for full year.

### Finance Costs

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

## 3. Activity Snapshot

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

**Table 2: For the period 1 July – 31 December 2017**

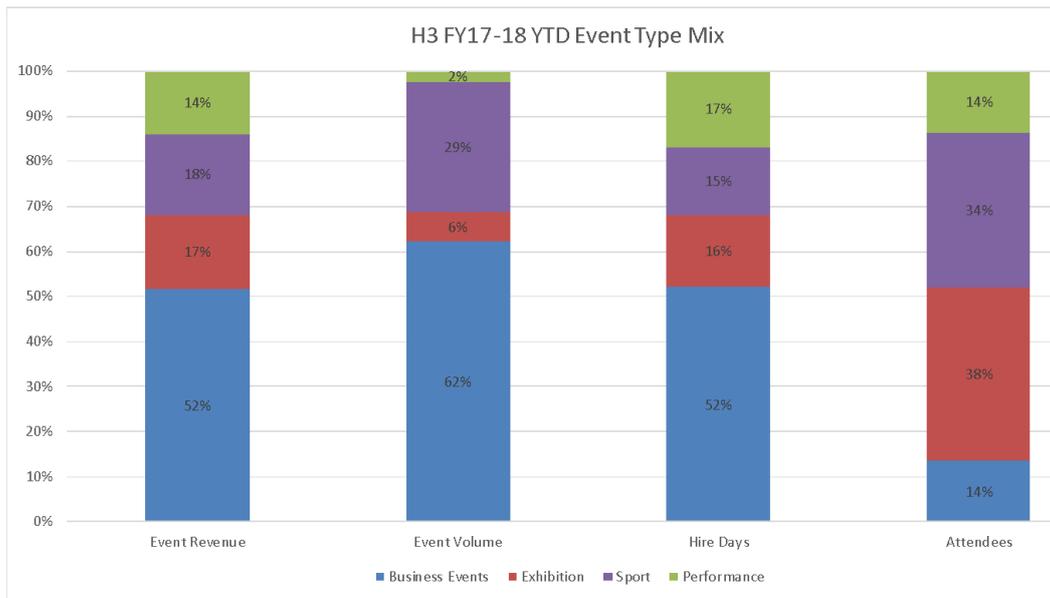
Event Type	Number of Events		Hire Days		Attendance	
	Q2	YTD	Q2	YTD	Q2	YTD
Business Events	184	387	164.25	292.75	21,053	33,732
Exhibition	21	40	65	90.00	57,816	95,891
Performance	5	15	52.75	94.50	12,575	33,784
Sport	73	180	43.5	84.25	53,118	85,723
<b>Total</b>	<b>283</b>	<b>622</b>	<b>325.5</b>	<b>561.50</b>	<b>144,562</b>	<b>249,130</b>
2016/17 comparison	265	513	205.75	442.75	110,528	260,682



- Event volumes were 17% above budget in Q2 and hire days 15% above budget due to higher volumes of meetings and sports events at FMG Stadium Waikato. Attendees were over budget by 30%, also due primarily to sporting events – the increase in the numbers of Business Events did not generate higher attendee volumes.

### 3.2 2017/18 Business Mix by Event Type

**Graph 4: H3 Event Type Mix - For the period 1 July – 31 December 2017**



## 4. 2015-2025 10-Year Plan Key Performance Indicators

4.1 Table 3: For the period 1 July – 31 December 2017

Measure	Annual Target	Q1	Q2	YTD	Overall Status	Comment
The total number of people attending events at Founders each year	At least 70,000 people	0 No events due to closure	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 2017/18 must be recorded.			
The total number of hire days across Founders Theatre	At least 180 days	0 No events due to closure	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 2017/18 must be recorded.			
The total number of hire days across the Claudelands facilities each year	At least 520 days	139	186.25	325.25	On Track	Current hire day forecasting shows this target will be exceeded
The number of people attending events at Claudelands each year	At least 190,000 people	71,943	86,882	158,825	On Track	Current attendance forecasting shows this target will be exceeded
The total number of hire days across the stadium facilities each year	At least 420	97	139.25	236.25	On Track	Current hire day forecasting shows this target will be exceeded
The number of people attending events at the stadiums each year.	At least 200,000	32,625	57,680	90,305	On Track	Current attendance forecasting shows this target will be exceeded



## 5. Other Non-Financial Key Performance Indicators

### 5.1 Customer Satisfaction

**Table 4: H3 Customer Satisfaction for the period 1 July – 31 December 2017**

	Q1	Q2
Business Events Hire Survey (1-10)	8.7	9.0
Ticketed Events Attendee Survey (1-10)	8.2	8.6

### 5.2 People

- Year to date, H3's permanent staff turnover is 6.35%. This equals two leavers in Q1 and two leavers in Q2 out of an average of 63 staff.

### 5.3 Health and Safety

**Table 5: Injuries, Medical Time and Lost Time Injuries for H3 Staff for the period 1 July – 31 December 2017**

	Q1	Q2	Comments
Injuries	4	5	3 x H3 staff and 2 x visitors. Minor injuries – cut thumb, wrist strain, jammed finger. Others – cut to scalp, stab to knee by equipment.
Medical Time	1	1	Heart attack
Lost Time Injuries	0	0	

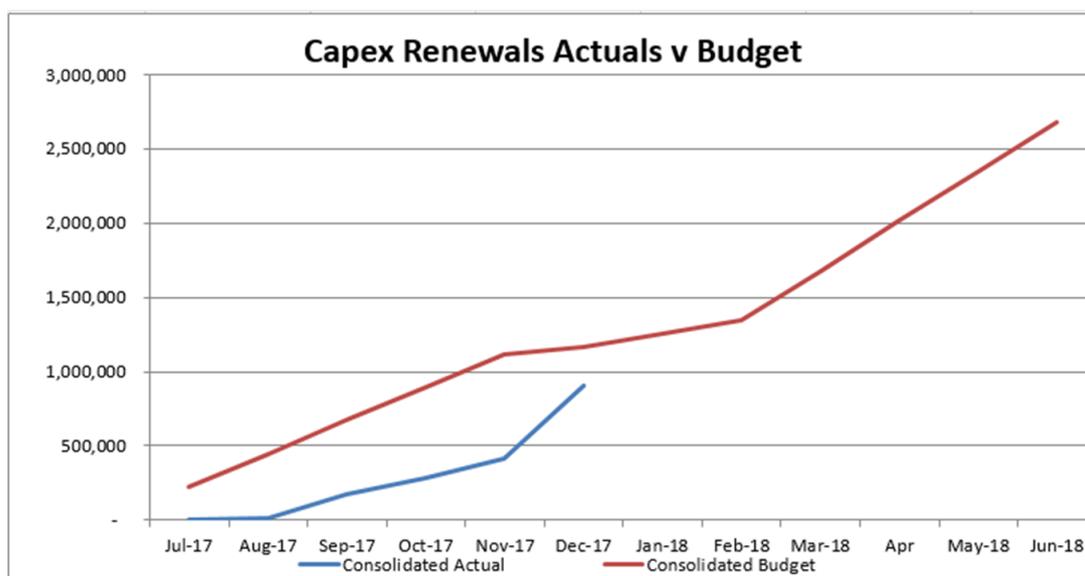
- The following Health and Safety actions have been completed in H3 during Q2:
  - A second H&S Rep appointed for Claudelands
  - Civil Defence Centre workshop held to commence developing venue plans in preparation for activation of venues as CDC
  - Pull out extension barriers installed at FMG Stadium Waikato at entry points to the field to stop people accessing the area during and after spraying
  - Investigation underway for additional storage space at Claudelands
  - Installation complete of new system using chain motors to lift and lower arena reduction curtains. Now safer, less physical strain on staff and more efficient
  - 4 x Manager audits completed
  - New sprayer with additional safety features arrived for Turf staff
  - Improvements to path at Seddon Park completed
  - Speed bumps installed within the FMG Stadium Waikato carpark



## 6. CAPEX and Asset Management

### 6.1 2016-17 Capex Spend Actuals vs Budget

**Graph 5: Capex Renewals Spend: Actuals vs Budget for the period 1 July 2017 – 31 December 2017**



### 6.2 Asset Management

#### Seddon Park Light Towers

- Planning for the replacement of the lights is continuing and the next phase over Q3 will be focused on fleshing out design and detailed cost estimates for this work.
- A structural investigation has been undertaken, with initial review indicating that the tower structures may require some strengthening work. The maintenance works as part of the operational management plan is continuing, along with planning for the key works to be undertaken during FY 2018-19.

#### FMG Stadium Waikato Tie Rods

- During 2016/17 rust was identified on the tie rods at the stadium and remedial work was undertaken and bought us 18 months of time to complete the full replacement work required. During Q3 2017-18 the design work will be undertaken, with the replacement of the tie rods to occur during FY 2018-19.

#### FMG Stadium Waikato Chiller

- The air conditioning chiller at the stadium has now started to fail and we have limited cooling capacity. Recognising the criticality, we have advanced the work to replace this, which was scheduled within the current 10-Year Plan in FY 2019-20.



- The replacement plant was shipped from the US and is now in storage at Claudelands. Installation is scheduled for April/May during cooler temperatures when back up cooling will not be required. A contingency plan is in place for emergency installation should failure of existing chiller occur before then.

#### **FMG Stadium and Claudelands – Integrated Television System**

- With the completion of the upgrade of the data network at FMG Stadium Waikato we are now working through the deployment of an integrated television system (IPTV) across both the Stadium and Claudelands. This will replace the existing ad-hoc control systems and provide improved management of digital signage, advertising and event coverage to screens throughout the venues. Work at FMG Stadium Waikato will be completed in Q3 with Claudelands to follow in Q4. In addition to improved operating efficiency, the new system is intended to deliver enhanced revenue generation opportunities.

#### **FMG Stadium Waikato - Gate 1**

- Work has commenced on the Gate 1 entrance refresh project. This project is developing the area around Gate 1 to provide a designated entrance. This will be completed in Q3.

## **7. Hot Topics**

### **7.1 Major Events**

- At the time of writing this report the HSBC New Zealand Rugby Sevens is the major focus of attention for the H3 team.
- A new event to Hamilton and Claudelands is the upcoming Heineken Urban Polo at Claudelands Oval on 17 March 2018. While not large in scale it is a new type of event for the city and is the product of efforts to drive more activity onto the outdoors spaces in the Claudelands precinct.

### **7.2 Stadia Lighting Towers – Maintenance and Renewals**

- Work on the lighting towers for both FMG Stadium Waikato and Seddon Park are hot topics for our asset management at present. This is planned and foreseen activity although levels of deterioration of these assets (in some instances) are greater than anticipated. Any further advice on this front will be notified through the monthly reporting process.

### **7.3 Other areas of focus**

- Increase of non-sporting impact events at FMG Stadium Waikato in the absence of rugby test activity over the next two years
- Securing larger, longer duration conferences at Claudelands.
- Lift penetration into the Auckland business events market.



# Council Report

<b>Committee:</b>	Finance Committee	<b>Date:</b>	22 February 2018
<b>Author:</b>	Blair Bowcott	<b>Authoriser:</b>	Blair Bowcott
<b>Position:</b>	Executive Director Special Projects	<b>Position:</b>	Executive Director Special Projects
<b>Report Name:</b>	Housing Infrastructure Fund - Enabling Works Report		

<b>Report Status</b>	<i>Open</i>
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## Purpose

1. To seek approval for the commencement of enabling projects for the Peacocke Growth Cell.

## Staff Recommendation

That the Finance Committee approves the commencement of enabling projects for the Peacocke Growth Cell in 2017/18, funded from the existing Transport - Progress Southern Links Project budget.

## Executive Summary

2. On 6 December 2017 Council approved the submission of a non-binding application to the Housing Infrastructure Fund (HIF), to advance lead strategic infrastructure funding Peacocke.
3. MBIE have agreed that any works outlined in the Detailed Business Case can be commenced immediately and be retrospectively funded under the HIF arrangements, if expenditure occurs prior to the funding agreements and loan documents being signed.
4. Approval is sought from Council to commence preparation and planning for the projects which were included in HIF to manage timing risks associated with the delivery of the Peacocke Detailed Business Case. This work does not involve any physical construction work or land purchase.
5. The estimated cost of the preparatory work is \$200,000 and can be accommodated in the existing budget CE150879 Transport – Progress Southern Links Project.
6. Staff consider the matters in this report have low significance and that the recommendations comply with the Council's legal requirements.

## Discussion

7. On 6 December 2017 Council approved the submission of a non-binding application to the Housing Infrastructure Fund (HIF) , including approving the Detailed Business Case (DBC), to advance lead strategic infrastructure funding for Peacocke.
8. MBIE have agreed with Council staff that any works outlined in the DBC can commence immediately and be retrospectively funded under the HIF arrangements, if expenditure occurs prior to the funding agreements and loan documents being signed. This is important if Council

wishes to prepare for the delivery of the Peacocke cell and start the necessary advanced planning for the projects in 2017/2018.

9. This report seeks approval from Council to commence preparation planning for the projects which were included in the HIF application to manage timing risks associated with the delivery of the Peacocke DBC. By agreeing to commence work now, Council will be better placed to deliver the more substantial elements of the HIF programme from July 2018.
10. The scope of this report is primarily to complete preparatory and thinking tasks and to put structures in place so the HIF project can commence immediately on 1 July 2018 if Council approve the Peacocke Growth Programme and the HIF in June 2018. It is about reducing risk in the timely delivery of the HIF. The proposal does not involve any physical construction works or land purchase.
11. The scope would cover two areas:
  - A. Selecting the technical team (but not make any contractual commitments until after the 2018 Long Term Plan decisions)
  - B. Property acquisition documentation
12. **Selecting the Technical Team**
13. As for any large infrastructure project, there is a substantial component of technical investigation, design, Geotech, archaeology, environmental assessment and consenting involved in the delivery of the Peacocke capital programme. Assembling the consultant team to support council takes time, and is a significant project in itself.
14. The proposal is to draft the necessary contracts for the various consulting elements of the HIF capital programme, tender the necessary consultancy contracts and identify the preferred consultant(s). No contracts would be issued until after the 2018 Long Term Plan and HIF was approved. The tender contracts would include a right for Council to cancel the tender contract once the Long Term Plan was finalised, thereby avoiding any claim for costs if the HIF was not approved.
15. **Property Acquisition Documentation**
16. Land acquisition is a key element of delivering the transport/roading elements of the Peacocke growth cell.
17. Although the transport corridor is protected by designation, Council will still need to acquire a substantial amount of land prior to the roading and 3 Waters networks being constructed.
18. Currently only small pockets of land have been acquired, and only where the landowner has approached Council.
19. The HIF programme will require Council to commence a proactive and fast-tracked land acquisition programme, supported by the Public Works Act if necessary to secure the land necessary for the capital programme.
20. The proposal is to engage a property expert to prepare all the property owner engagement plans, and all necessary documentation that would be required to enable a fast-tracked acquisition of land.
21. These plans and documents would be ready to be lodged from 1 July 2018. There would be no external processes or engagement occurring until the 2018 Long Term Plan and HIF was approved.

### **Financial Considerations**

22. The estimated costs that would be incurred by undertaking enabling works and engaging the external specialists to complete this is \$200,000. This expenditure can be accommodated in

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the existing budget CE15089 Transport – Progress Southern Links Project. No new budget is required.

23. This budget is to allow Council to progress Southern Links designation matters, and to respond reactively to land acquisition enquiries. The enabling projects outlined in this report are consistent with this intent.
24. Any costs incurred in 2017/18 can be retrospectively included in the HIF loan and NZTA subsidy from 2018/19, if Council agree to proceed with the HIF.

### **Risks**

25. There are no known risks associated with the decisions required for this matter.

### **Attachments**

There are no attachments for this report.



down from \$308.4m to \$290.4m by Mbie as a result of the additional revenue on the Ring Road.

## Background

7. The Growth and infrastructure Committee meeting resolved the following on 20 June 2017:
 

*That the Growth and Infrastructure Committee:*

  - a) receives the report;
  - b) approves the Concept Design and the project urban design scope for the Wairere/Cobham intersection as shown in Attachments 1 and 2;
  - c) request staff to progress detailed design and construction drawings, construction tender documents, major service relocations and other enabling works necessary for construction to begin in 2018, using the funding allocated for 2017/18;
  - d) requests staff to include the currently unfunded additional local share requirements of \$9m to \$14m for consideration in the 2018-28 10 Year Plan; and
  - e) requests staff continue to engage with NZTA and progress a funding subsidy application for construction.
8. The following resolutions were also made at the 24 October 2017 Growth & Infrastructure Committee meeting;
 

*That the Growth and Infrastructure Committee:*

  - a) delegates authority to the Chief Executive to award a direct appointment contract with WEL for electrical service relocations at the Wairere/Cobham intersection to an approved contract sum of \$500,000;
  - b) delegates authority to the Chief Executive to award a direct appointment contract with FirstGas for gas utility service relocations at the Wairere/Cobham intersection to an approved contract sum of \$500,000; and
  - c) delegates authority to the Chief Executive to award Contract 17142 for enabling works of the Wairere Drive extension to Cobham Drive, subject to the Approved Contract Sum not exceeding \$4 million.
9. Growth and Infrastructure Committee received an update on the enabling works progress as authorised by the October 2017 resolution.
10. This report relates to the last item in the June 2017 resolution relating to continuing to engage with NZTA on a funding application subsidy.

## Discussion

11. Council has funding approved in the current financial year (2017/18) and has proposed additional funding in the draft 2018-28 10 Year Plan for the completion of the Hamilton Ring Road Project between Cambridge Road and Cobham Drive.
12. The draft 2018-28 10 Year Plan assumes that the new costs in 2018/19 and 2019/20 will be included in the Housing Infrastructure Fund (HIF) application. Currently the HIF application is for \$308.4m of which \$21.2m (gross costs) relates to completing the Ring Road to a standard that would have long term efficiency benefits and also be compatible with a future connection into the Peacocke growth area.
13. All of Council budget provisions for the Ring Road completion have assumed a normal 51% subsidy from the NZ Transport Agency. This subsidy provision has now been approved by the Agency.

14. Staff have also been exploring the potential for additional contributions from the NZ Transport Agency recognising potential benefits of the improved interchange design to the State Highway, which they are responsible for.
15. These discussions have been successfully concluded and resulted in an acceptance from the NZ Transport Agency to fund a portion of the interchange to reflect those state highway benefits. This means that they will accept 43.4% of the interchange costs as a state highway cost. The residual cost (56.6%) will be treated as a local road project that will attract a 51% NZ Transport Agency subsidy.
16. Based on current estimates, this equates to approximately \$18m of the overall \$41m project cost being allocated to the NZ Transport Agency. This contribution now needs to be formalised through an amendment to the State Highway programme which requires HCC to enter into a Multiparty Funding Agreement with the Agency.
17. The residual cost (56.6%) will be treated as a local road project that will attract a 51% NZ Transport Agency subsidy.
18. The impact of this negotiated outcome is that the final HCC cost share for the project is 27.7% (\$11m) rather than the normal 49%.
19. Staff recommend that the Finance Committee authorises the Chief Executive to execute all necessary documents to formalise the funding arrangement as set out in this report.
20. If the recommendation is approved, staff will update the 2018-28 10 Year Plan to reflect the new NZ Transport Agency contribution prior to it being finalised in June 2018.
21. This proposal and the intent to enter into a Multiparty Funding Agreement with the NZ Transport Agency does not bind HCC in any way to proceed with the HIF, however the HIF total value has been revised down from \$308.4m to \$290.4m by Mbie as a result of the additional revenue on the Ring Road.

### **Legal and Policy Considerations**

22. Staff confirm that the staff recommendations comply with the Council's legal and policy requirements and that final agreement will be reviewed by Council's legal provider.

### **Risks**

23. The final project cost is subject to the market prices from the tendering of the main construction. Approval will need to be sought from Council prior to any contract being entered into to award the Interchange contract, noting that enabling works have already been authorised and are under way.
24. The financial risk of any cost variation during construction (both increases and decreases) will be shared with the NZ Transport Agency based on the percentage allocation in the Multiparty Funding Agreement.

### **Significance & Engagement Policy**

#### **Significance**

25. Staff considered the following factors under the Significance and Engagement Policy:  
Community views are already known, including the community's preferences about the form of engagement.
26. Based on these factors, staff have assessed that the recommendations in this report have low significance. This means that there is no need to engage with the community outside what is proposed through the draft 2018-28 10-Year Plan. The Ring Road project has had extensive

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consultation and the land affected by the interchange has been designated through a highly consultative public process.

27. The project works have had significant Tainui input and staff are continuing to work with them on all aspects of the project.

**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 Minutes - Public Excluded - 7 November 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 January 2018 & Debt write-offs 2017/18	)	

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) (h)
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)