Notice of Meeting:

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

Date:	**Tuesday 22 May 2018**
Time:	**9.30am**
Meeting Room:	**Council Chamber**
Venue:	**Municipal Building, Garden Place, Hamilton**

Richard Briggs
Chief Executive

Finance Committee
OPEN AGENDA

Membership

Chairperson	Cr G Mallett
Deputy Chairperson	Cr R Pascoe
Members	Mayor A King
	Deputy Mayor M Gallagher
	Cr M Bunting
	Cr J R Casson
	Cr S Henry
	Cr D Macpherson
	Cr A O'Leary
	Cr P Southgate
	Cr G Taylor
	Cr L Tooman
	Cr R Hamilton
Quorum:	**A majority of members (including vacancies)**
Meeting Frequency:	**Six weekly**

Becca Brooke
Governance Team Leader

15 May 2018

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

Purpose:

The Finance Committee is responsible for:

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

In addition to the common delegations 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, which:
  - exceed the Chief Executive's delegations, but
  - exclude contracts or arrangements that are reserved for the Council or another Committee's approval.
- 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.

Item 5

Council Report

Committee:	Finance Committee	**Date:**	22 May 2018
Author:	Rebecca Watson	**Authoriser:**	Becca Brooke
Position:	Committee Advisor	**Position:**	Governance Team Leader
Report Name:	Finance Committee Minutes - Open - 3 April 2018		

Report Status	*Open*

Staff Recommendation

That the Committee confirms the Open Minutes of the Finance Committee Meeting held on 3 April 2018 as a true and correct record.

Attachments

Attachment 1 - Finance Committee Minutes - Open - 3 April 2018 .

Finance Committee

OPEN MINUTES

Minutes of a meeting of the Finance Committee held in Council Chamber, Municipal Building, Garden Place, Hamilton on Tuesday 3 April 2018 at 9.30am.

PRESENT

Chairperson	Cr G Mallett
Deputy Chairperson	Cr R Pascoe
Members	Mayor A King Deputy Mayor M Gallagher Cr M Bunting Cr J R Casson Cr S Henry Cr D Macpherson Cr P Southgate Cr G Taylor Cr L Tooman Cr R Hamilton
In Attendance:	David Bryant - General Manager Corporate Lance Vervoort - General Manager Community Eeva-Liisa - City Infrastructure Business Manager Sean Murray - General Manager Venues, Tourism and Major Events Sean Hickey - General Manager Strategy and Communications Blair Bowcott – Executive Director Special Projects Jen Baird – General Manager City Growth Russel Hynd – Finance Manager Tamara Jankovic – Organisational Support Team Leader Maire Porter – City Waters Manager Bridget Morgan – Waters Assets Manager Nigel Ward – Communications Team Leader Andrew Parsons – City Development Manager Jolie Humphreys – Strategic Policy Analyst Natasha Ryan – Key Projects Programme Manager Nicolas Wells – Strategic Property Manager Matthew Bell – Revenue Manager Earl Rattray (Waikato Innovation Growth Ltd Board Member)

	Stuart Gordon (Waikato Innovation Growth Ltd Chief Executive) Mark Morgan (Waikato Regional Airport Ltd Chief Executive) Annabel Cotton (Waikato Regional Airport Ltd Director) Mark Butcher (Local Government Funding Agency Chief Executive) Thomas Gibbons (Chair of the Vibrant Hamilton Trust)
Governance Advisors:	Becca Brooke – Governance Team Leader Rebecca Watson – Committee Advisor

1. Apologies

Resolved: (Crs Mallett/Casson)

That the apologies from Deputy Mayor Gallagher for lateness and Cr O'Leary are accepted.

2. Confirmation of Agenda

Resolved: (Crs Mallett/Casson)

That the agenda is confirmed noting:

- the agenda order will need to be flexible to accommodate guest presenters;
- there is a page missing from the agenda (page 100a). The page was circulated to Elected Members at the meeting and would be made available to the public after the meeting and attached to these minutes as appendix 1;
- that the late report *NZ Food Innovation Ltd Spray Dryer Two* be accepted. The reason for lateness was due to timing of the matters outlined in the report.

3. Declarations of Interest

No members of the Committee declared a Conflict of Interest.

4. Public Forum

There were no public forum speakers.

5. Finance Committee Minutes - Open - 22 February 2018

Resolved: (Crs Mallett/Casson)

That the Committee confirms the Open Minutes of the Finance Committee Meeting held on 22 February 2018 as a true and correct record.

6. Chair's Report - 3 April 2018

The Chair took the report as read. He responded to questions from Committee Members concerning his explanation in the report on financial measures, vested assets, revenue, and development contributions.

Action: Staff undertook to provide further clarification to the public around the financial measure matters discussed during the meeting via City News and on the Hamilton City Council website.

Resolved: (Cr Mallett/Mayor King)

That the Finance Committee receives the report.

Cr Pascoe Dissenting.

Cr Macpherson joined the meeting (9.45am) during the discussion of the above item. He was present when the matter was voted on.

Cr Pascoe left the meeting (10.30am) at the conclusion of the above item. He was present when the matter was voted on.

7. Waikato Innovation Growth Ltd and NZ Food Innovations combined Statement of Intent and Half Yearly Reports

The Executive Director Special Projects introduced Earl Rattray (Waikato Innovation Growth Ltd Board Member) and Stuart Gordon (Waikato Innovation Growth Ltd and NZ Food Innovations Chief Executive) who spoke to the report, highlighting that the organisation was ahead of both budget and forecast. They responded to questions from Committee Members concerning:

- Spray Dryer Operations
- Grant funding
- Countries of export
- Proposed further factories in New Zealand

Resolved: (Crs Mallett/Southgate)

That the Finance Committee:

a) receives the report; and

b) approves the Waikato Innovation Growth Ltd and Group of Companies Draft Statement of Intent 2018/2019

Item 16 (*NZ Food Innovation Ltd Spray Dryer Two (Late Report – under separate cover)*) was taken next to accommodate external presenters in attendance for the item.

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

The Executive Director Special Projects introduced the report. He responded from questions from Committee Members concerning the consultation process and ownership structure of the proposed CCOs.

Resolved: (Crs Mallett/Casson)

That the Finance Committee delegates authority to the Chief Executive to:

a) finalise a public consultation document on establishing three Council Controlled Organisations in relation to the ownership structure of the proposed Spray Dryer Two, such consultation document to be substantially similar to Attachment two of the staff report;

b) complete public engagement for a period of up to two weeks, as soon as practicable; and

c) after considering public submissions, determine whether to establish three Council Controlled Organisations (as subsidiaries of NZ Food Innovation (Waikato) Ltd) in relation to the establishment of an entity to own and operate Spray Dryer Two.

8. Waikato Regional Airport Limited - Half Year Report to 31 December 2017 and Draft Statement of Intent 2018/19

The General Manager Venues, Tourism and Major Events introduced Mark Morgan (Waikato Regional Airport Ltd Chief Executive) and Annabel Cotton (Waikato Regional Airport Ltd Director). Mr Morgan provided a brief presentation to Committee Members summarising Waikato Regional Airports highlights, achievements and challenges. He responded to questions from Committee Members concerning:

- Clarification of financial figures outlined in the report
- Hotel upgrade
- Hamilton-Auckland air service

Resolved: (Cr Mallett/Deputy Mayor Gallagher)

That the Finance Committee:

a) receives the Half Year report; and

b) approves the Waikato Regional Airport Limited Draft Statement of Intent 2018/19.

The meeting adjourned 11.48am – 12.00pm.

Item 10 *(Local Government Funding Authority Statement of Intent and Half Yearly Report to 31 December 2018*) was taken next to accommodate external presenter in attendance for the Item.

9. Local Government Funding Agency Statement of Intent and Half Yearly Report to 31 December 2018

Mark Butcher (Chief Executive of Local Government Funding Agency) introduced the report, noting that the agency was doing well in general. He summarised the half yearly results as highlighted in the report and responded to questions from Committee Members concerning debt to revenue ratio, uptake in lending from other Metro Councils and borrowing caps.

Resolved: (Crs Mallett/Casson)

That the Finance Committee:

a) receives the report; and

b) approves the Local Government Funding Agency Draft Statement of Intent 2018/19.

10. 10-Year Plan Monitoring Report - For the eight months 28 February 2018

The Finance Manager introduced the report, summarising the 10 Year Plan Monitoring results for the eight months to 28 February 2018, as outlined in the report. Staff responded to questions from Committee Members concerning:

- project savings and spend clarification
- clarification of financial figures
- river slips
- risks and opportunities
- deferrals and flow on effects

Resolved: (Crs Mallett/Casson)

That the Finance Committee receives the report.

Cr Pascoe re-joined the meeting (12.35pm) during the discussion of above item. He was present when the matter was voted on.

11. Vibrant Hamilton Trust Statement of Intent 2018/2019 and Half Yearly Report to 31 December 2017

Thomas Gibbons (Chair of Vibrant Hamilton Trust) introduced the report. He noted that the Vibrant Hamilton Trust was a charitable trust and a Council Controlled Organisation. He responded to questions from Committee Members concerning equity in the trust and future projects.

Resolved: (Cr Mallett/Deputy Mayor Gallagher)

That the Finance Committee:

a) receives the report; and

b) approves the Vibrant Hamilton Trust's Draft Statement of Intent 2018/19.

12. Waikato Local Authority Shared Services - Draft Statement of Intent 2018/19 and Half Yearly Report to 31 December 2017

Gavin Ion (Waikato Local Authority Shared Services Chair) introduced the report. He and the Executive Director Special Projects responded to questions form Committee Members concerning opportunities for shared services and collaboration.

Resolved: (Cr Mallett/Deputy Mayor Gallagher)

That the Finance Committee:

a) receives the report; and
b) approves the Waikato Local Authority Shared Services (WLASS) Draft Statement of Intent 2018/19

The meeting adjourned 1.25pm to 2.03pm.

Cr Macpherson left the meeting during the above adjournment.

13. Accessible Properties New Zealand Limited - Financial Statements and Activity Report - Six Months to 31 December 2017

The Strategic Property Manager introduced the report and responded to questions from Committee Members concerning Accessible Properties' performance, subsidies available to tenants, improvements made to the facilities and health concerns.

Resolved: (Cr Mallett/Mayor King)

That the Finance Committee receives the report.

14. Key Projects Monitoring Report - February 2018

The report was taken as read. Staff responded to questions from Committee Members concerning the following projects:

- Ring Road Project – first right of refusal matters
- River Plan risks
- Jetty Plan

Resolved: (Crs Mallett/Henry)

That the Finance Committee receives the report.

15. 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 - Public Excluded - 22 February 2018 C2. Report on overdue debtors as at 28 February 2018 & Debt write-offs 2017/18	) Good reason to withhold) information exists under) Section 7 Local Government) Official Information and) Meetings Act 1987)	Section 48(1)(a)

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

Item C1.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C2.	to protect the privacy of natural persons	Section 7 (2) (a)
	to maintain the effective conduct of public affairs through protecting persons from improper pressure or harassment	Section 7 (2) (f) (ii)

Cr Macpherson re-joined the meeting (2.17pm) during the above item. He was present when the matter was voted on.

The meeting went into a public excluded session at 2.18pm.

The meeting was declared closed at 3.00pm.

Attachment 1

Item 5

Appendix 1

Capital Expenditure Variance Explanations: Variances greater than $200k.
for the eight months ended 28 February 2018

		YTD Variance $000
19	**CE10115 - Replacement of wastewater treatment plant assets** In progress, currently a timing variance with work expected to be completed by 30 June 2017.	291
20	**CE10123 - Replacement of watermains** Progress slightly behind originally anticipated programme. Overall on-track.	297
21	**CE15126 - Upgrade or build new watermains in Rototuna** North City Road wastewater works progressed in advance of original forecast timeframe. Overall program on-track.	(329)
22	**CE15128 - Upgrade/build new watermains in Rotokauri stage 1** Current installation of the Rotokauri bulk water installation slightly in advance of planned programme. A deferral of up to $1m will be required in order to complete the contractually committed works in accordance with the current contractor delivery program. Additionally contract savings of $750k have been included on the Risk and Opportunites	(446)
23	**CE15133 - Water demand management - network water loss** Progress slightly behind originally anticipated programme. Overall on-track.	213
24	**CE15141 - Water demand management - Hillcrest reservoir zone** Progress on Ruakura Reservoir design and construction slightly behind originally anticipated programme. Bulkmain installation contract currently being tendered. Overall project on-track.	346
25	**CE15146 - Water customer connections** Higher demand of new connections than anticipated, additional expenditure is offset by increased revenue.	(219)
26	**CE10153 - Core business applications** The Document System, CM9 and Office 2016 upgrades went live 20 November 2017 and are currently closing with final invoices expected in March. The ArcGIS and CityView upgrade architectural decisions have been finalised and the project has now commenced. While the start has been delayed it is still tracking to be completed by year end. The upgrade of the IPS Asset Management system has commenced and while this will be completed by year end the business has agreed a go live of 31 July 2018 to accommodate year end processing. An upgrade of the SQLRS server is currently underway and due to completed in March.	461
27	**CE15155 - Mobility and eservices** The upgrade of the Citizen eServices platform, Kern Mobile and Asset Assessment City Waters projects has commenced. The go live dates for these projects has been aligned to minimise the impact on the business and to reduce the time needed for testing. This has however created an interdependency on the go lives dates which are being scheduled for the end of July to ensure there is no impact on financial year end processing. Work is underway to assess the budget impacts but this is expected to be minimal.	339
28	**CE15157 - Authority replacement** This funding has been authorised to be used on the DC Funding Model, DC Assessment Tool and Growth Model. See CE 16002.	701
29	**CE16002 - DC Funding Model, Assessment Tool & Growth Model** Spend was approved by Council, the offsetting budget is CE15157 - Authority replacement.	(353)

Council Report

Item 6

Committee:	Finance Committee	**Date:**	22 May 2018
Author:	Russell Hynd	**Authoriser:**	David Bryant
Position:	Finance Manager	**Position:**	General Manager Corporate
Report Name:	Civic Financial Services Ltd Statement of Intent and Half Yearly Report		

Report Status	*Open*

Purpose

1. To inform the Finance Committee of Civic Financial Services Ltd Annual Report to 31 December 2017.
2. To seek approval of the Civic Financial Services Ltd Draft Statement of Intent 2018.

Staff Recommendation

That the Finance Committee:

a) receives the report; and

b) approves the Civic Financial Services Ltd Draft Statement of Intent 2018.

Attachments

Attachment 1 - Civic Financial Services Ltd - Cover Letter

Attachment 2 - Civic Financial Services Ltd - Annual Report 2017

Attachment 3 - Civic Financial Services Ltd - Draft Statement of Intent 2018 .

Civic Financial Services Ltd
SERVICING LOCAL GOVERNMENT ACROSS NEW ZEALAND

Mr Richard Briggs
Chief Executive
Hamilton City Council
Private Bag 3010
HAMILTON 3240

17 April 2018

Dear Richard

Civic Financial Services Statement of Intent and Annual Report and Plan to Sell Civic Assurance House

Please find enclosed your copy of Civic's Annual Report for the year ended 2017 and Statement of Intent for 2018.

You will see in our Annual Report that Civic made a pre-tax surplus from normal operations of $828,855 for the year ended 31 December 2017, compared to the forecasted surplus of $338,000 as set out in the 2017 Statement of Intent. The ongoing seismic assessment review on Civic Assurance House has resulted in the value of the building being reduced by $798,043 bringing the before-tax profit to $30,812 for the year ended 31 December 2017.

At the Special General Meeting on 5 October 2017 held in Wellington our shareholders voted in favour of the resolution to sell Civic Assurance House. Your Board has been progressing this forward, acting in the best interest of the company to achieve a satisfactory price for the sale of Civic Assurance House.

As part of the sales pack we had requested an updated seismic assessment review before taking the building to market.

The ongoing seismic assessment review has identified there is strengthening work required for the non-structural south and west boundary walls of Civic Assurance House. The cost to complete this work has been estimated at $820,000 and is expected to be completed within a twelve-month timeframe. Having taken professional advice, the decision was made to complete the strengthening work before taking the building to market.

Upon completion of this work the value of the building is expected to be restored, at which time we will commence the selling process which is envisaged to be completed within a three-month time period. If a satisfactory sale price can be obtained, the proceeds net of selling costs will be distributed to shareholders via a special dividend. The cost for this strengthening work will not be considered as a selling cost.

We will keep you informed of any significant developments.

Yours sincerely

Ian Brown
Chief Executive
Email: ian.brown@civicfs.co.nz

Civic Financial Services Ltd • 116 Lambton Quay • PO Box 5521, Wellington 6140 • Email: admin@civicfs.co.nz
www.civicfs.co.nz • Tel: 04 978 1250 • Fax: 04 978 1260

Item 6

Civic Financial Services Ltd

SERVICING LOCAL GOVERNMENT ACROSS NEW ZEALAND

ANNUAL REPORT 2017

Attachment 2

ANNUAL REPORT AND STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017

Your Directors have pleasure in submitting the 57th Annual Report of the affairs of the Company (formerly New Zealand Local Government Insurance Corporation Ltd trading as Civic Assurance) for the year ended 31 December 2017, which is to be presented at the Annual General Meeting of Members in June 2018.

1. PERFORMANCE

Civic's before-tax profit in 2017 was $30,812 (2016: $1,333,868).

Civic made a pre-tax surplus from normal operations of $828,855 for the year ended 31 December 2017, compared to the forecasted surplus of $338,000 as set out in the 2017 Statement of Intent.

The ongoing seismic assessment review on Civic Assurance House has resulted in the value of the building being reduced by $798,043 bringing the before-tax profit to $30,812 for the year ended 31 December 2017.

2. OPERATIONS

Administration Services

Fees in 2017 from providing services to LAPP, Riskpool and the SuperEasy and SuperEasy KiwiSaver Superannuation Schemes were $2,750,037 (2016: $2,358,859).

Investment Revenue

Income from investments was $173,515 (2016: $283,739). Income from Civic Assurance House was $808,771 (2016: $762,633).

Civic Assurance House

At the Special General Meeting on 5 October 2017 held in Wellington our shareholders voted in favour of the resolution to sell Civic Assurance House.

As part of the sales pack we had requested an updated seismic assessment review before taking the building to market.

The ongoing seismic assessment review has identified there is strengthening work required for the non-structural south and west boundary walls of Civic Assurance House. The cost to complete this work has been estimated at $820,000 and is expected to be completed within a twelve-month timeframe. Having taken professional advice, the decision was made to complete the strengthening work before taking the building to market.

Upon completion of the strengthening work the value of the building is expected to be restored.

Sponsorship and Support for the Sector

The Company continues as a sponsor of SOLGM (Society of Local Government Managers) events both at a regional and national level.

3. ASSOCIATED ENTITIES

Local Government Superannuation Trustee Limited

Local Government Superannuation Trustee Limited (LGST) is a 100% subsidiary of Civic and is the trustee to the SuperEasy and SuperEasy KiwiSaver Superannuation Schemes. Both are administered by Civic and from 1 April 2016 both have been registered with the FMA (Financial Markets Authority). Director appointments to LGST are made by LGNZ (two), Civic (one), CTU (one), SOLGM (one) and one, who must be a Licensed Independent Trustee, by the LGST Board.

The SuperEasy schemes feature low member charges and simple administration for councils. Both make use of passive fund managers, which as well as allowing lower member fees removes the possibility of a fund manager making a bad call, which is something that can happen at any time.

The SuperEasy schemes also offer an '*Automatic Fund*', in which each member's risk exposure is gradually and automatically switched from growth assets to income assets as the member gets older.

Superannuation funds under management as at December 2017 were $323 million (December 2016: $271 million) and the combined membership 10,263.

DIRECTORS' REPORT

SuperEasy's fund managers are AMP Capital Investors (New Zealand) Ltd and ANZ New Zealand Investments Ltd. Of the councils that have a preferred provider for KiwiSaver, 94% have appointed Civic (68 out of 72 councils).

The SuperEasy website is www.supereasy.co.nz.

LAPP Disaster Fund

LAPP is a charitable trust that was set up by LGNZ and Civic in 1993. LAPP's membership is 21. It could be said that LAPP is New Zealand's original LASS (Local Authority Shared Services).

LAPP was designed to cover back-to-back major disasters and this is what happened of course with the Canterbury earthquakes in 2010 and 2011. LAPP settled the claims from Waimakariri District Council and Christchurch City Council for damage to their underground assets with a total payout of $217 million (excluding GST). LAPP's highest claim before this was just over $5 million for claims arising from the 2004 Manawatu floods.

LAPP extended its cover arrangement from two events to three events from July 2017.

LAPP is currently managing the Kaikoura-Hurunui earthquake claims involving the Kaikoura, Hurunui and Marlborough District Councils. At the time of writing it is unknown how much these claims will be, but it will be well within LAPP's ability to pay, providing the benefit of full cover for all of their earthquake damaged assets registered with LAPP.

Civic is the administration and fund manager for LAPP. LAPP's website is: www.lappfund.co.nz.

Riskpool/Civic Liability Pool (CLP)

Riskpool provides public liability and professional indemnity cover for councils and has done so since 1997. It is not a company, but a mutual liability fund governed by a trust deed. CLP is similar to Riskpool, but has no facility for calls. For the fund year ending 30 June 2017 Riskpool/CLP had 31 members.

As support had dropped off in recent years to this low level Riskpool could no longer offer the competitively priced cover and risk management services that it had provided over the previous 20 years.

As a result Riskpool/CLP decided to no longer provide cover after 30 June 2017 and will therefore be in run-off mode for at least the next five years.

Local Government Mutual Funds Trustee Limited (LGMFT) is the trustee of Riskpool and CLP. Civic is the Fund Manager and Scheme Manager for Riskpool and Administration Manager for CLP.

Civic has entered into two arm's length secured loan facility agreements on commercial terms with Local Government Mutual Funds Trustee Limited to enable Riskpool to manage its cashflows.

4. DIRECTORS

As at 31 December 2017 there were six directors: M.A. Butcher, A.T. Gray, M.C. Hannan, A.J. Marryatt, J.B. Melville and B.J. Morrison. The Company's constitution allows for up to six directors of which at least two are to be appointed from outside the local authority sector.

Director attendances at Board meetings held in 2017:

Mark Butcher	6 / 6
Tony Gray	6 / 6
Mike Hannan	6 / 6
Tony Marryatt	6 / 6
John Melville	6 / 6
Basil Morrison	6 / 6

The Chairmen of each of the Board and the Risk and Audit Committee are elected at the first meeting held after each year's AGM.

Section 139 of the Companies Act 1993

All Civic directors are directors of LGMFT except Mark Butcher who resigned from LGMFT in February 2017 to ensure that one Civic director was independent of LGMFT. Subsequently two secured loan facility agreements between the Company and LGMFT were entered into whereby the Civic loans LGMFT up to $3,000,000 under each loan at commercial interest rates to assist with Riskpool's cashflows.

There are no other notices required under section 139 of the Companies Act 1993 except for Directors' remuneration. Changes to the Directors' fee pool are approved by shareholders at an AGM. The Board determines the allocation per Director based on the duties of the individual Director. The Director fees for subsidiary companies are set by the Parent Company Board. For the year ended 31 December 2017, Directors' remuneration was:

Mark Butcher	$17,812
Tony Gray	$17,812
Mike Hannan	$17,812
Tony Marryatt	$35,625
John Melville	$26,720
Basil Morrison	$17,812
	$133,593

In addition, the following Directors received director fees in relation to their directorships of Riskpool or LGST:

Mark Butcher	(Riskpool)	$1,062
Tony Gray	(Riskpool)	$8,310
Mike Hannan	(Riskpool)	$8,310
Tony Marryatt	(Riskpool)	$16,620
John Melville	(Riskpool)	$8,310
Basil Morrison	(Riskpool, LGST)	$18,677
		$61,289

Interests Register

Directors' interests are tabled at the beginning of each Board meeting. Directorship and other disclosures as at 31 December 2017 were:

M.A. Butcher — Chief Executive of Local Government Funding Agency Ltd; Chair of New Plymouth District Perpetual Investment Fund Guardians Ltd; Member of SuperEasy KiwiSaver Superannuation Scheme; Trustee of Civic Property Pool; Board Member of INFINZ.

A.T. Gray — Ngati Apa Developments Ltd; Eastland Group Ltd including Gisborne Airport Ltd, Eastland Port; Eastland Network Ltd; Chair of Ngati Pukenga Investments Ltd; Maungaharuru - Tangitu Ltd; Executive Project Advisor to Hastings District Council; Artemis Nominees Ltd; Quality Roading and Services (Wairoa) Limited; Local Government Mutual Funds Trustee Ltd; Trustee of Civic Property Pool; Origin Earth Ltd; a party to agreements for finance with the LGMFT.

M.C. Hannan — Trustee of Civic Property Pool; Director of Local Government Mutual Funds Trustee Ltd; a party to agreements for finance with the LGMFT.

A.J. Marryatt — Chair of Local Government Mutual Funds Trustee Ltd; AJM Holdings Ltd; Trustee of Civic Property Pool; Member of SuperEasy KiwiSaver Superannuation Scheme; a party to agreements for finance with the LGMFT.

J.B. Melville — Trustee of Civic Property Pool; Director of Local Government Mutual Funds Trustee Ltd; a party to agreements for finance with the LGMFT.

B.J. Morrison — Chairman of Local Government Superannuation Trustee Ltd; Basil J Morrison & Associates Ltd; Member of SuperEasy KiwiSaver Superannuation Scheme; Trustee of Civic Property Pool; Director of Local Government Mutual Funds Trustee Ltd; Waitangi Tribunal Member; Independent Hearings Commissioner for Auckland Council; Thames-Coromandel District Council Hearings Panel; Waikato Regional Council Hearings Commissioner; Accredited Commissioner – RMA; a party to agreements for finance with the LGMFT.

DIRECTORS' REPORT

The Company provides Directors and officers with, and pays the premiums for, Directors' and Officers' liability insurance to the full extent allowed for, and in accordance with the requirements of the Companies Act 1993. The renewal of the Company's Directors' and Officers' liability insurance was entered in the Interests Register pursuant to sections 162 and 163 of the Companies Act 1993. This insurance does not cover liabilities arising from criminal actions or deliberate and reckless acts or omissions by the Directors. The cover includes indemnity of costs and expenses incurred in defending an action that falls within the scope of the indemnity.

Conduct of the Board and Board Committee

The Board has put in place and regularly reviews a number of good governance policies including Charters for the Board and the Risk and Audit Committee, Fit and Proper Policy, Code of Conduct, and a Risk Management Plan.

Use of Information

Directors, individually or collectively, may obtain independent professional advice relating to any matters concerning the Company's business or in relation to the discharge of the Director's responsibilities. Subject to approval of the Chairman the Company will reimburse the Director(s) some or all of the reasonable costs of the advice. During the reporting period, no Director has sought leave to obtain such advice.

Loans to Directors

No loans or advances have been made to Directors, their spouses or dependants, or to related parties during the year.

5. EMPLOYEE REMUNERATION

Detailed below is the number of employees who received remuneration in their capacity as employees of $100,000 or more during the year ended 31 December 2017.

Remuneration	Number of Employees
$100,000 – $110,000	1
$130,000 – $140,000	1
$140,000 – $150,000	1
$420,000 – $430,000	1

The above remunerations include Company contributions to employees' superannuation (KiwiSaver and other), medical insurances and discretionary bonus payments.

6. AUDIT AND RISK MANAGEMENT

Pursuant to Section 15 of the Public Audit Act 2001 the Company's auditor is the Auditor General who has appointed Michael Wilkes using the staff and resources of Deloitte Limited to carry out the audit on his behalf.

The Risk and Audit Committee (RAC) comprises the full Board. John Melville is the Chairman of this committee. RAC met six times in 2017: the Auditor attended two of those meetings and a part of one of those meetings was held without management present.

7. DONATIONS

No donations have been made during the year by any Company in the Group (2016: $0).

8. STAFF

We sincerely thank the staff for their work during the year. They are: Caroline Bedford, Ian Brown, Jane Brown, Chathuri Mendis, Sylvia Jackson, Tim Sole, Bas van Laanen, and Glenn Watkin.

Tony Marryatt **Chairman**
March 2018

DIRECTORY

DIRECTORS

Anthony (Tony) J. Marryatt (Chairman)
Mark A. Butcher
Anthony (Tony) T. Gray
Michael C. Hannan
John B. Melville
Basil J. Morrison CNZM JP

EXECUTIVE OFFICERS

Chief Executive : Ian Brown

Chief Operating Officer : Caroline Bedford CPA

AUDITORS

The Auditor General, who has appointed Michael Wilkes, Deloitte Limited to carry out the audit on his behalf

BANKERS

ANZ Banking Group (New Zealand) Limited
Bank of New Zealand

LEGAL ADVISERS

Brandons
Kensington Swan

COMPANY REGISTRATION NO: 13271

REGISTERED OFFICE

Level 9, Civic Assurance House, 116 Lambton Quay, Wellington 6011

POSTAL ADDRESS

Civic Financial Services Ltd, PO Box 5521, Wellington 6140

OTHER CONTACT DETAILS

Telephone	(04) 978 1250
Facsimile	(04) 978 1260
Email	admin@civicfs.co.nz
Website	www.civicfs.co.nz

The Company is a participant in the Insurance & Financial Services Ombudsman Scheme (Inc)
Participant Number 2000427

Statement of Accounts

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	NOTE	2017 $	2016 $
REVENUE			
Administration Fees		2,750,037	2,358,859
Interest Income	4	173,515	283,739
Property Income		808,771	762,633
Other Income	16	120,355	542
		3,852,678	3,405,773
EXPENDITURE			
Audit Fee			
Statutory Audit of the Financial Statements		114,317	71,980
Other Fees Paid to Auditors Re Assurance Services		41,358	4,830
Other Fees Paid to Auditors Re Taxation Compliance		22,550	9,890
Compliance Costs		110,899	303,519
Consultants		85,020	78,331
Depreciation	6	38,609	38,761
Amortisation	6	406	3,238
Directors' Remuneration	3	133,594	133,594
Legal Fees		60,401	29,910
Property Operating Expenses		518,811	510,118
Other Expenses		977,958	1,139,336
Employee Remuneration		868,860	939,852
Superannuation Subsidies		51,040	99,653
Total Expenditure		3,023,823	3,363,012
Surplus Before Share of Profit from Associate, Revaluation of Investment Property and Taxation		828,855	42,761
Net Change in Value of Investment Property	7	(798,043)	96,571
Share of Profit of Associate		-	(3,152)
Surplus Before Taxation From Continuing Operations		30,812	136,180
Surplus Before Taxation From Discontinued Operations	15	-	1,197,688
Surplus Before Taxation		**30,812**	**1,333,868**
Taxation Expense From Continuing Operations	10	186,932	21,992
Taxation Expense From Discontinued Operations	15	-	337,564
Taxation Expense		**186,932**	**359,556**
TOTAL COMPREHENSIVE (DEFICIT)/SURPLUS AFTER TAX ATTRIBUTABLE TO OWNERS OF THE COMPANY	14	**(156,120)**	**974,312**

The Notes to the Financial Statements form part of, and should be read in conjunction with, these Statements.

Attachment 2

Item 6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	NOTE	2017 $	2016 $
SHAREHOLDERS' EQUITY			
Issued and Paid-Up Ordinary Shares			
Ordinary Shares fully paid-up	14	10,763,506	10,763,506
Retained Earnings	14	6,284,094	6,440,214
TOTAL EQUITY		**17,047,600**	**17,203,720**
Represented By:			
CURRENT ASSETS			
Cash & Cash Equivalents		5,202,397	6,111,694
Sundry Debtors and Prepayments	12	728,100	556,715
Loan Receivable	13	1,109,874	-
Income Tax Receivable	10	3,580	990
Total Current Assets		7,043,951	6,669,399
NON CURRENT ASSETS			
Property, Plant and Equipment	6	189,831	189,155
Intangible Assets (Software)	6	89,246	89,652
Deferred Tax Asset	10	3,085,852	3,272,784
Investment Property	7	7,175,000	7,925,000
Total Non Current Assets		10,539,929	11,476,591
TOTAL ASSETS		**17,583,880**	**18,145,990**
CURRENT LIABILITIES			
Sundry Creditors & Accrued Charges	12	150,901	385,923
Accrued Holiday Pay		42,853	49,766
CLP/ Riskpool Admin Fee Reserve		52,530	112,969
Subordinated Debt	16	-	120,176
Total Current Liabilities		246,284	668,834
NON-CURRENT LIABILITIES			
CLP/ Riskpool Admin Fee Reserve		289,996	273,436
Total Non Current Liabilities		289,996	**273,436**
TOTAL LIABILITIES		**536,280**	**942,270**
EXCESS OF ASSETS OVER LIABILITIES		17,047,600	17,203,720

For and on behalf of the Directors:

Chairman Tony Marryatt
28 March 2018

Director John Melville
28 March 2018

The Notes to the Financial Statements form part of, and should be read in conjunction with, these Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	NOTE	2017 $	2016 $
OPENING EQUITY		17,203,720	16,032,308
Total Comprehensive (Deficit)/Surplus Net of Tax		(156,120)	974,312
Ordinary Shares issued during the year	14	-	197,100
CLOSING EQUITY		**17,047,600**	**17,203,720**

The Notes to the Financial Statements form part of, and should be read in conjunction with, these Statements.

Attachment 2

Item 6

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	NOTE	2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Rent Received		808,516	778,617
Administration Fees Received		2,693,894	2,348,707
Investment Income		91,914	277,415
Loan Interest Received		68,280	-
Other Income		179	542
Reinsurance Recoveries*		-	496,346,310
Taxation (Paid)/ Refunded		(5,390)	2,843
		3,657,393	499,754,434
Cash was applied to:			
Claims Expenses*		-	488,705,997
Payments to Suppliers and Employees		3,382,809	5,135,207
		3,382,809	493,841,204
Net Cash Flow from Operating Activities	11	**274,584**	**5,913,230**
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Dividend – LGOL		-	6,335
Sale of Property, Plant and Equipment		-	1,252
Loans Repaid		4,416,421	-
		4,416,421	7,587
Cash was applied to:			
Purchase of Property, Plant and Equipment		39,285	57,210
Purchase of Investment Property		48,043	403,428
Loans Issued		5,512,974	-
		5,600,302	460,638
Net Cash Flow from Investing Activities		(1,183,881)	(453,051)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from:			
Ordinary Shares issued during the year		-	197,100
		-	197,100
Net Cash Flow from Financing Activities		-	197,100
Net (Decrease)/Increase in Cash Held		(909,297)	5,657,279
Opening Cash Balance as at 1 January		6,111,694	454,415
Closing Cash Balance as at 31 December		**5,202,397**	**6,111,694**
Being: Cash & Cash Equivalents		**5,202,397**	**6,111,694**

* In 2016, the Canterbury Earthquake Claims Global settlement agreement required that certain reinsurance monies totalling $363m was transacted through a third party Trust account. This amount is included in Cash provided from Reinsurance Recoveries and Cash applied to Claims Expenses.

The Notes to the Financial Statements form part of, and should be read in conjunction with, these Statements.

NOTE 1. REPORTING ENTITY

The reporting entity is Civic Financial Services Ltd (the "Company"), formerly known as New Zealand Local Government Insurance Corporation Ltd (trading as Civic Assurance). The Group comprises the Company and its subsidiaries listed in note 2 (b). The Group provides financial services principally for New Zealand local government and also provides property services. The Company provided insurance products to New Zealand local authorities until 31 December 2016 and subsequently opted to cancel its provisional insurance licence with the Reserve Bank of New Zealand (refer to Note 15).

The Company is a FMC reporting entity under the Financial Markets Conduct Act (FMCA) 2013 and the group financial statements have been prepared in accordance with the FMCA 2013.

Statement of Compliance

The Group is a Tier 1 Public Sector Public Benefit Entity and the financial statements have been prepared in accordance with and comply with Tier 1 Public Sector Public Benefit Entity (PBE) Standards.

NOTE 2. STATEMENT OF ACCOUNTING POLICIES

General Accounting Policies

The measurement and reporting of profits on a historical cost basis have been followed by the Group, except for specific policies as described below. The reporting currency is New Zealand dollars. The Group is no longer subject to the requirements under the Insurance (Prudential Supervision) Act 2010 as a provisional licence holder (refer to Note 15).

Critical Judgements and Estimates in Applying the Accounting Policies

In the application of the PBE Standards the Directors are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. These are based on historical experience and other various factors and are reviewed on an ongoing basis.

The Directors believe that, as at the date of these financial statements, there are no significant sources of estimation uncertainty that have not been disclosed in these notes. The most significant judgements, estimates and assumptions made in the preparation of these financial statements are in respect of the recognition of the deferred tax asset (Note 10) and the valuation of investment property (Note 7).

Particular Accounting Policies

The following particular accounting policies which materially affect the measurement of surplus and financial position have been applied. Further particular accounting policies are contained in the relevant notes to the financial statements.

(a) Consolidation of Subsidiaries

The Group financial statements incorporate the financial statements of the Company and its subsidiaries, which have been consolidated using the acquisition method. The results of any subsidiaries acquired or disposed of during the year are consolidated from the effective dates of acquisition or until the effective dates of disposal. All inter-company transactions, balances and unrealised profits are eliminated on consolidation.

(b) Investment in Subsidiaries

At 31 December 2017 the Company had four wholly owned subsidiaries which are all incorporated in New Zealand. Three of these, Local Government Superannuation Trustee Limited, SuperEasy Limited and Local Government Finance Corporation Limited with balance dates of 31 December and Local Government Mutual Funds Trustee Limited with its balance date of 30 June did not have any significant assets, liabilities, revenue or expenses during the years ended 31 December 2016 and 31 December 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 2. STATEMENT OF ACCOUNTING POLICIES CONTINUED

(b) Investment in Subsidiaries continued

i) Civic Assurance Ltd was removed from the New Zealand Companies register on 22 May 2017. Civic Assurance Ltd did not have any significant assets, liabilities, revenue or expenses during the years ended 31 December 2016 and the period to 22 May 2017.

ii) New Zealand Local Government Finance Corporation Limited (NZLGFC) commenced business on the 29 November 1999, ceased active operations in February 2010 and was removed from the New Zealand Companies register on 25 September 2017. NZLGFC had total assets of $50,533 and total liabilities of $120,176 at 31 December 2016.

(c) Investment in Associate Company

The Company held a 25% share of Local Government Online Limited (LGOL). In 2014 LGOL returned the shareholders capital, ceased operations on 31 March 2014 and was wound up on 12 October 2016. In 2016 the share of the income of LGOL was included in the consolidated Statement of Comprehensive Income.

(d) Administration Fees

Administration fees are recognised at the agreed amounts based on time and expenses incurred. Administration fees collected during the year that will be utilised in future periods are held within the administration fee reserve on the Statement of Financial Position, until the point in time where administration services have been provided.

(e) Property Income

Property rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

(f) Employee Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries and annual leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Basis of Measuring Other Income and Expenses

Income and expenses are accounted for on an accruals basis. All revenue is exchange revenue.

(g) Changes in Accounting Policies

There have been no material changes in the accounting policies during the year. All policies have been applied on bases consistent with those used in the prior year.

NOTE 3. KEY MANAGEMENT PERSONNEL AND RELATED PARTIES

The compensation of the Directors and executives, being the key management personnel of the Group, is set out below.

	2017	2016	2017	2016
	Number		$	$
Short term employee benefits				
Executive Management Personnel	3	4	537,194	865,135
Directors	6	6	133,594	146,953
			670,788	**1,012,088**

In 2016, restructuring costs totalling $235,609 had been included in Executive Management Personnel Remuneration and Directors Remuneration include fees related to the discontinued insurance business.

All related party transactions that the Group entered into during the year occurred within a normal client/supplier relationship and under terms equivalent to those that prevail in arm's length transactions in similar circumstances. Refer to Note 13 for information relating to loans with subsidiaries.

NOTE 4. FINANCIAL INSTRUMENTS

Accounting Policies:

i) Classification and Measurement

Financial instruments are transacted on a commercial basis to derive an interest yield / cost with the terms and conditions having due regard to the nature of the transaction and the risks involved. Financial instruments are recognised and accounted for on a settlement date basis.

Loans and Receivables

Other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate.

Bank and Cash Equivalents

Bank and cash equivalents are measured at amortised cost using the effective interest rate.

Financial Liabilities

Financial liabilities include Sundry Creditors, Accrued Charges and Subordinated Debt. Financial liabilities are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, liabilities are measured at amortised cost.

ii) Offsetting Financial Instruments

Financial assets and liabilities are not offset as there is no legally enforceable right to set-off.

NOTE 4. FINANCIAL INSTRUMENTS CONTINUED

Accounting Policies continued

iii) Asset Quality

Impairment of Financial Assets

Financial assets measured at amortised cost are reviewed at each balance date to determine whether there is any objective evidence of impairment. If any such condition exists, the asset's recoverable amount is estimated and provision is made for the difference between the carrying amount and the recoverable amount.

As at the date of these Financial Statements, no such evidence of impairment exists.

iv) Fair Value of Financial Instruments

Fair value measurements recognised in the Statement of Financial Position

Financial instruments are categorised into 3 levels:

- ***Level 1** fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;*
- ***Level 2** fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and*
- ***Level 3** fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).*

v) Derivatives

The Group do not use any derivative financial instruments.

(1) Income Relating to Financial Assets

	2017 $	2016 $
Loans		
Interest Received – Loans	81,601	-
Cash & Cash Equivalents		
Interest Received – Short Term Deposits	91,914	283,739
Total Interest Income	**173,515**	**283,739**

NOTE 4. FINANCIAL INSTRUMENTS CONTINUED

(2) Financial Assets and Liabilities

The carrying amounts of all financial assets and liabilities are considered to be equivalent to their market value, which for these assets and liabilities is also considered to be fair value.

The Subordinated Debt is measured at amortised cost which is considered to be fair value.

All fixed interest investments were managed around a 90 day duration and carry a minimum Standard and Poors credit rating of "A" or equivalent.

Loans are secured against Riskpool's future contributions and repayable with six months notice (refer to Note 13).

Carrying value of Financial Assets and Financial Liabilities

	2017 $	2016 $
Financial Asset: Loans and Receivables		
Sundry Debtors	590,921	421,098
Loans	1,109,874	-
Total Loans and Receivables	**1,700,795**	**421,098**
Financial Asset: Amortised Cost		
Cash & Cash Equivalents	5,202,397	6,111,694
Financial Liability: Amortised Cost		
Subordinated Debt	-	120,176
Sundry Creditors & Accrued Charges	150,901	385,923
Total Amortised Cost	**150,901**	**506,099**

(3) Financial Risk – Structure and Management

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern. The Group's overall strategy is reviewed annually and remains unchanged.

Financial instruments which potentially subject the Group to a concentration of credit risk consist principally of cash and interest bearing deposits. The Group has no debt liability instruments.

The Group does not require collateral or other security to support financial instruments with credit risk and as such, no collateral exists for any of the investments held by the Group. The maximum credit risk exposure is the carrying amount of the individual debtor and investment balances.

The Group has placed interest bearing deposits and funds to be managed with financial institutions and limits its amount of credit exposure to any one such institution.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 4. FINANCIAL INSTRUMENTS CONTINUED

(3) Financial Risk - Structure and Management continued

(a) Market Risk

All financial assets and liabilities are New Zealand Dollar based and are recorded at amortised cost, therefore changes in interest rates and foreign currency values do not impact on their carrying value.

(b) Carrying Amount and Fair Value

The carrying amounts of all financial assets and liabilities are considered to be equivalent to their fair value.

(c) Liquidity Risk

Liquidity Risk is the risk that the Group will encounter difficulties in raising funds at short notice to meet commitments associated with financial instruments. Management of liquidity risk is designed to ensure that the Group has the ability to meet financial obligations as they fall due.

The following tables include an analysis of the contractual undiscounted cash flows relating to the Group's financial assets and liabilities categorised by the maturity dates.

	Interest Rate Spread %	Within 6 months $	6 to 12 months $	1 to 2 years $	2 to 5 years $	Total $
Maturity Analysis as at 31 December 2017						
Assets						
Cash & Cash Equivalents	0 to 3.45%	5,202,397	-	-	-	5,202,397
Other Receivables	n/a	590,921	-	-	-	590,921
Loans	5.13% to 5.15%	1,109,874	-	-	-	1,109,874
Total Financial Assets		**6,903,192**	**-**	**-**	**-**	**6,903,192**
Liabilities						
Sundry Creditors & Accrued Charges	n/a	150,901	-	-	-	150,901
Total Financial Liabilities		**150,901**	**-**	**-**	**-**	**150,901**
Maturity Analysis as at 31 December 2016						
Assets						
Cash & Cash Equivalents	0 to 3.76%	6,111,694	-	-	-	6,111,694
Other Receivables	n/a	421,098	-	-	-	421,098
Total Financial Assets		**6,532,792**	**-**	**-**	**-**	**6,532,792**
Liabilities						
Sundry Creditors & Accrued Charges	n/a	385,923	-	-	-	385,923
Subordinated Debt		-	-	120,176	-	120,176
Total Financial Liabilities		**385,923**	**-**	**120,176**	**-**	**506,099**

NOTE 4. FINANCIAL INSTRUMENTS CONTINUED

(3) Financial Risk - Structure and Management continued

(d) Credit Risk

All investments are in the form of cash held at registered banks and loans. The registered banks have a credit rating of "A" or better. Loans are with Riskpool (refer to Note 13).

(i) Exposure to Credit Risk

	2017 $	2016 $
Cash & Cash Equivalents	5,202,397	6,111,694
Other Receivables	590,921	421,098
Loans	1,109,874	-
Total	**6,903,192**	**6,532,792**

(ii) Concentration of Credit Exposure

The major credit exposure greater than 20% of total assets is with registered banks.

NOTE 5. OPERATING LEASE COMMITMENTS

	2017 $	2016 $
Operating Lease Expense Commitments:		
not later than one year	12,444	12,444
later than one year but not later than five years	41,478	53,922
	53,922	**66,366**
Operating Lease Income Commitments:		
not later than one year	823,306	760,980
later than one year but not later than five years	2,984,210	2,421,422
later than five years	285,729	525,063
	4,093,245	**3,707,465**

Operating lease income relates to a combination of office and retail tenancies to the Investment Property referred to in Note 7. The property is subject to a combination of multiple office and retail tenancies over varying lease periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 6. PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

Accounting Policy:

Assets are depreciated on a straight line basis at rates calculated to allocate the assets' cost, in equal instalments over their estimated useful lives which are assessed and regularly reviewed.

Depreciation Rates	
Office Furniture and Equipment	up to 17 years
Intangibles – Software	5 years

	2017 $	2016 $
(a) Property, Plant and Equipment		
Office Furniture and Equipment – cost	629,989	595,688
Plus Additions	39,285	36,596
Less Disposals	-	(2,295)
Closing Value - cost	669,274	629,989
Office Furniture and Equipment - Accumulated Depreciation	(440,834)	(402,540)
Less Depreciation Charge	(38,609)	(38,761)
Less Disposals	-	467
Closing Accumulated Depreciation	(479,443)	(440,834)
Net Book Value	**189,831**	**189,155**

The Total Comprehensive (Deficit)/Surplus After Tax in the Statement of Comprehensive Income includes a $nil loss on disposal of fixed assets (2016: nil).

	2017 $	2016 $
(b) Intangible Assets		
Software - cost	519,453	498,839
Plus Additions	-	20,614
Less Disposals	-	-
Closing Value - cost	519,453	519,453
Software - Accumulated Amortisation	(429,801)	(426,563)
Less Amortisation Charge	(406)	(3,238)
Less Disposals	-	-
Closing Accumulated Amortisation	(430,207)	(429,801)
Net Book Value	**89,246**	**89,652**

NOTE 7. INVESTMENT PROPERTY

Accounting Policy:

Investment property is measured at fair value, by reference to an external market valuation (performed annually), with any resulting unrealised gain or loss recognised in the Statement of Comprehensive Income.

	2017 $	2016 $
Civic Assurance House, Lambton Quay, Wellington		
(a) Land valuation (Original Cost $289,253)	2,900,000	2,900,000
Level 3 Fair Value	2,900,000	2,900,000
(b) Opening Building valuation (Original Cost $860,571)	5,000,000	4,500,000
Refurbishment	48,043	403,429
(Decrease)/Increase in value	(798,043)	96,571
Level 3 Fair Value	4,250,000	5,000,000
(c) Opening Artwork valuation (Original Cost $8,844)	25,000	25,000
Fair Value	25,000	25,000
	7,175,000	**7,925,000**

The Company has received preliminary advice that investigations and calculations as part of a seismic assessment review have highlighted an issue with unreinforced masonry in non-structural parts of the building and, under the Building (Earthquake-prone Buildings) Amendment Act 2016, the building is therefore potentially earthquake prone.

The Company has resolved to mitigate this risk and proceed with seismic strengthening with expected completion within 12 months. The investment property valuation has been obtained as at 31 December 2017 on an 'as if complete' basis with the estimated costs for the strengthening works (approximately $820,000) being deducted from the 'as if complete' value.

The investment property is revalued every year. The investment property valuation for the year ended 31 December 2017 was completed on 6 March 2018 by independent registered valuer Martin Veale (ANZIV, SPINZ) of the firm Telfer Young (Wgtn) Ltd. The property is valued in accordance with International Valuation Standards 2017. The Investment property is Level 3 fair value.

The adopted market value has been established by consideration of the Income Capitalisation and Discounted Cashflow approaches. Major inputs and assumptions used in the valuation are income and expense growth forecasts, capital expenditure, an analysis of yields, capitalisation rate and market rent per square metre, discount rate, occupancy and weighted average lease terms.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 7. INVESTMENT PROPERTY CONTINUED

Investment Property Metrics

	2017	2016
Average Growth Factor	1.40%	1.38%
Capitalisation Rate	8.00%	8.00%
Terminal Yield	8.25%	8.25%
Discount Rate	9.25%	9.25%
Rent per sqm	$355	$357
Occupancy (net lettable area)	92.84%	83.66%
Weighted average lease term (years)	2.00	2.30

NOTE 8. ANALYSIS OF FINANCIAL ASSETS NOT IMPAIRED

There are no financial assets that are impaired or past due at balance date (2016: $nil).

NOTE 9. CONTINGENT LIABILITIES

There are no contingent liabilities (2016: $nil).

NOTE 10. TAXATION

Accounting Policies:

i) Current Tax

The current income tax expense charged against the profit for the year is the estimated liability in respect of the taxable profit. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for the current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable). Tax assets are offset only when there is a legally enforceable right to set off the recognised amounts, and an intention to settle on a net basis.

ii) Deferred Tax

The liability method of accounting for deferred taxation is applied on a comprehensive balance sheet basis in respect of temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base of those items.

Deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Statement of Comprehensive Income.

iii) Goods and Services Tax (GST)

Revenue, expenses, assets and liabilities are recognised net of the amount of GST except:

- *When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority in which case the GST is recognised as part of the cost of the acquisition of the assets or as part of the expense item as applicable.*
- *Receivables and payables, which are stated with the amount of GST included.*

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 10. TAXATION CONTINUED

(a) Income tax recognised in the Statement of Comprehensive Income

	2017 $	2016 $
Tax expense comprises:		
Current tax expense	-	(7)
Adjustments recognised in the current year in relation to the current tax of prior years	(13,947)	-
Deferred tax relating to temporary differences	200,879	21,999
Total Tax Expense	186,932	21,992
Attributable to:		
Continuing operations	186,932	21,992
	186,932	**21,992**

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

	2017 $	2016 $
Surplus before tax	30,812	136,180
Income tax calculated at 28%	8,628	38,130
Tax effect of permanent differences	192,251	(16,138)
Prior Period Adjustment	(13,947)	-
Income Tax Expense	**186,932**	**21,992**

NOTE 10. TAXATION CONTINUED

(b) Current tax assets and liabilities

	2017 $	2016 $
Tax refund receivable	3,580	990
	3,580	**990**

(c) Deferred tax balances

	2017 $	2016 $
Deferred tax assets comprise:		
Temporary differences	3,588,348	3,759,692
	3,588,348	3,759,692
Deferred tax liabilities comprise:		
Temporary differences	(502,496)	(486,908)
	(502,496)	(486,908)
Net Deferred Tax balance	**3,085,852**	**3,272,784**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 10. TAXATION CONTINUED

(c) Deferred tax balances continued

Gross taxable and deductible temporary differences for the Group arise from the following:

		Opening Balance $	Charged to Income $	Charged to Equity $	Prior Period Adjustment $	Closing Balance $
	Investment gains	(40,315)	-	-	40,315	-
	Building, property and equipment	(1,698,639)	(95,989)	-	-	(1,794,628)
		(1,738,954)	**(95,989)**	**-**	**40,315**	**(1,794,628)**
	Employee entitlements	54,914	6,572	-	(21,221)	40,265
	Losses carried forward	13,372,556	(628,007)	-	30,716	12,775,265
2017		**13,427,470**	**(621,435)**	**-**	**9,495**	**12,815,530**
	Attributable to:					
	Continuing operations	11,688,516	(717,424)	-	49,810	11,020,902
	Total	11,688,516	(717,424)	-	49,810	11,020,902
	Tax effect at 28%	3,272,784	(200,879)	-	13,947	3,085,852
	Investment gains	(40,315)	-	-	-	(40,315)
	Building, property and equipment	(1,768,639)	(98,085)	-	168,085	(1,698,639)
		(1,808,954)	**(98,085)**	**-**	**168,085**	**(1,738,954)**
	Employee entitlements	130,833	(80,703)	-	4,784	54,914
	Losses carried forward	14,650,787	(1,105,362)	-	(172,869)	13,372,556
2016		**14,781,620**	**(1,186,065)**	**-**	(168,085)	**13,427,470**
	Attributable to:					
	Continuing operations	12,972,666	(1,284,150)	-	-	11,688,516
	Total	12,972,666	(1,284,150)	-	-	11,688,516
	Tax effect at 28%	3,632,344	(359,560)	-	-	3,272,784

No liability has been recognised in respect of the undistributed earnings of subsidiaries because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

The deferred tax asset relating to tax losses carried forward has been recognised as the financial forecasts anticipate the Group maintaining sufficient profitability in future financial years (refer Note 20).

NOTE 10. TAXATION CONTINUED

(d) Imputation Credit Account

	2017 $	2016 $
Opening Balance	5,257,222	5,256,739
Plus Credits		
Income Tax Paid	-	-
Resident Witholding Tax	3,580	-
Imputation Credits Received	-	2,463
	3,580	2,463
Less Debits		
Tax Refund	990	1,980
Imputation Credits Attached to Dividends Paid	-	-
Other Debits	-	-
	990	1,980
Closing Balance	**5,259,812**	**5,257,222**

NOTE 11. RECONCILIATION OF COMPREHENSIVE INCOME AFTER TAX WITH CASH FLOW FROM OPERATING ACTIVITIES

Accounting Policy:

The Statement of Cash Flows is prepared exclusive of GST, which is consistent with the method used in the Statement of Comprehensive Income. The GST component of cash flows arising from investing and financing activities, which is recoverable from or payable to, the taxation authority is classified as operating cash flow.

The following are definitions of the terms used in the Statement of Cash Flows:

- *Bank comprises cash on hand and demand deposits.*
- *Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of Cash and which are subject to insignificant risk of changes in value.*
- *Cash flows are inflows and outflows of cash and cash equivalents.*
- *Operating activities are the principal revenue producing activities of the entity and other activities that are not investing or financing activities.*
- *Investing activities are the acquisition and disposal of long-term assets.*
- *Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 11. RECONCILIATION OF COMPREHENSIVE INCOME AFTER TAX WITH CASH FLOW FROM OPERATING ACTIVITIES CONTINUED

	2017 $	2016 $
Total Comprehensive (Deficit)/Surplus	(156,120)	974,312
Add/(less) non cash items		
Loan Interest	(13,321)	-
Depreciation	38,609	38,761
Amortisation	406	3,238
Movement in CLP / Riskpool Admin Fee Reserve	(43,879)	386,405
Movement in Deferred Tax Asset	186,932	359,562
Net change in fair value of investment property	798,043	(96,571)
Share of Loss of Associate	-	3,152
Debt Write-off	(120,176)	-
	846,614	694,547
Add/(less) movements in other working capital items		
Sundry Debtors and Prepayments and Reinsurance Recoveries	(171,391)	568,347,733
Sundry Creditors and Accrued Charges	(241,936)	(553,491,392)
Movement in Insurance Provisions	-	(10,608,200)
Tax Refund Due	(2,590)	1,981
	(415,917)	4,250,122
Add/(Less) Items Classified as Investing Activity	-	(5,758)
Add/(Less) Items Classified as Financing Activity	7	7
Net Cash Flow from Operating Activities	**274,584**	**5,913,230**

NOTE 12. SUNDRY DEBTORS AND CREDITORS

(a) Sundry Debtors and Prepayments

	2017 $	2016 $
Sundry Debtors	590,921	421,097
Prepayments	124,191	86,396
GST Receivable	12,988	49,222
Sundry Debtors and Prepayments	**728,100**	**556,715**

(b) Sundry Creditors and Accrued Charges

	2017 $	2016 $
Sundry Creditors & Accrued Charges	150,901	385,923
Sundry Creditors & Accrued Charges	**150,901**	**385,923**

NOTE 13. LOANS

A secured loan agreement between the Company and Local Government Mutual Funds Trustee Limited on behalf of New Zealand Mutual Liability Riskpool ("Riskpool") was entered into in February 2017 and again in August 2017 to assist with Riskpool's cashflow. The amount under each agreement is for a loan of up to $3,000,000 and under the terms of the loan the interest rate is set as BKBM plus a margin. Any loan may be repaid by Riskpool at any time without penalty and the agreement terminated by either party with six months' notice. The first loan including interest of $68,280 under the first agreement was repaid in full in October 2017. The loan outstanding at 31 December 2017 is $1,109,874.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 14. SHAREHOLDERS' EQUITY

The Share Capital of the Group comprises solely authorised and issued ordinary shares with each share ranking equally in votes, dividends and surpluses. In 2016, 219,000 shares were issued at $0.90 per share to existing shareholders. There were no shares issued during 2017.

	2017 $	2016 $
Retained Earnings		
Opening Balance	6,440,214	5,465,902
Net Surplus After Taxation	(156,120)	974,312
Closing balance	**6,284,094**	**6,440,214**

	2017 $	2016 $
Shareholders Capital		
Opening Balance	10,763,506	10,566,406
Ordinary Shares Issued during the year	-	197,100
Closing balance	**10,763,506**	**10,763,506**
Number of Ordinary Shares Fully Paid	**11,249,364**	**11,249,364**

NOTE 15. DISCONTINUED OPERATIONS

As a consequence of the Canterbury earthquakes the Company ceased providing material damage from 1 July 2011. In December 2015 the Company reached a global settlement of the majority of the Canterbury earthquake claims and a commutation agreement of the remaining open Canterbury earthquake claims with the reinsurers. The Company met its insurance liabilities in full in December 2016 and opted to cancel its provisional insurance licence with the Reserve Bank of New Zealand. The license was cancelled on 17 January 2017. Consequently, the Company is not required to hold a credit rating or maintain a solvency margin.

Analysis of Profit from discontinued operations

The results of the discontinued insurance operations for 2016 and 2017 are set out below. The comparative profit and cash flows from discontinued operations have been represented in the Consolidated Statement of Comprehensive Income and the Consolidated Statement of Cash Flows to include those operations classified as discontinued in the current year.

NOTE 15. DISCONTINUED OPERATIONS CONTINUED

	2017 $	2016 $
Surplus for the year from discontinued operations		
Underwriting Surplus	-	1,998,024
Insurance Related Expenses	-	(800,336)
Insurance Surplus Before Taxation	**-**	**1,197,688**
Taxation Expense Attributable to Insurance	-	337,564
Surplus After Tax Attributable to Owners of the Company	**-**	**860,124**

	2017 $	2016 $
Cash flows from discontinued operations		
Net Cash Flow from Operating Activities	-	5,547,816
Net Cash Flow from Investment Activities	-	-
Net Cash Flow from Financing Activities	-	-
Net Cash Flows	**-**	**5,547,816**

NOTE 16. SUBORDINATED DEBT

New Zealand Local Government Finance Corporation Limited (NZLGFC) ceased active operations in February 2010 and was removed from the New Zealand Companies register on 25 September 2017. NZLGFC had total assets of $50,533 and total liabilities of $120,176 at 31 December 2016. On completion of the windup process during 2017, NZLGFC had no remaining assets available for distribution and was released from the remaining debt of $120,176. This amount is included in the Statement of Comprehensive Income in 2017.

NOTE 17. EQUITY RETAINED FOR FINANCIAL SOUNDNESS

All shareholder equity is retained to ensure the financial soundness of the Group. The cash is retained for cash flow purposes and to balance the funds allocated in the building investment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 18. STANDARDS APPROVED BUT NOT YET EFFECTIVE

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial report, one Standard and Interpretation was in issue that was relevant to the Group, but not yet effective.

Initial application of the following Standard is not expected to affect any of the amounts recognised in the financial report or change the presentation and disclosures presently made in or relation to the Group's financial report:

	Effective for annual reporting periods beginning on or after	*Expected to be initially applied in the financial year ending*
Revised NZ IFRS 9 'Financial Instruments'	1 January 2018	31 December 2018

NOTE 19. SUBSEQUENT EVENTS

A seismic assessment review for the investment property is being undertaken by the Company and at the date of signing these financial statements the review is ongoing. Preliminary advice is that non-structural elements of the building are potentially earthquake prone and the property has been valued on that basis. The estimated cost of strengthening is $820,000 and the financial statements adjusted accordingly. To proactively mitigate this risk, the Company has embarked on the process of seismic strengthening. Refer to Note 7 for more information.

There have been no other material events subsequent to 31 December 2017 that require adjustment to or disclosure in the financial statements.

NOTE 20. GOING CONCERN

The financial statements have been prepared on a going concern basis.

The profitability of financial and property services supports the going concern assumption for Civic Financial Services Ltd as a whole. The deferred tax asset is reviewed regularly and at balance date against forecast profits and future business opportunities. The Directors believe that it is probable that sufficient taxable profits will be available in the future against which the unused tax losses can be utilised.

Item 6

Deloitte.

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF CIVIC FINANCIAL SERVICES LIMITED'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

The Auditor-General is the auditor of Civic Financial Services Limited and its subsidiaries (the 'Group'). The Auditor-General has appointed me, Michael Wilkes, using the staff and resources of Deloitte Limited, to carry out the audit of the consolidated financial statements of the Group on his behalf.

OPINION

We have audited the consolidated financial statements of the Group on pages 7 to 30, that comprise the consolidated statement of financial position as at 31 December 2017, the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and notes to the consolidated financial statements that include accounting policies and other explanatory information.

In our opinion, the consolidated financial statements of the Group:

- present fairly, in all material respects:
  - its financial position as at 31 December 2017; and
  - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Sector Public Benefit Entity Standards.

Our audit was completed on 28 March 2018. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the audit of the consolidated financial statements, we comment on other information, and we explain our independence.

BASIS FOR OUR OPINION

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors is responsible on behalf of the Group for preparing consolidated financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements that are free from material misstatement, whether due to fraud or error.

Attachment 2

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INDEPENDENT AUDITOR'S REPORT *CONTINUED*

In preparing the consolidated financial statements, the Board of Directors is responsible, on behalf of the Group, for assessing the Group's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Financial Markets Conduct Act 2013.

RESPONSIBILITIES OF THE AUDITOR FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these consolidated financial statements.

We did not evaluate the security and controls over the electronic publication of the consolidated financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risk of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements, or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

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OTHER INFORMATION

The Board of Directors is responsible for the other information. The other information comprises the information in the Directors' report that accompanies the consolidated financial statements and our audit report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENCE

We are independent of the Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit, we have carried out engagements in the areas of tax compliance and controls assurance, which are compatible with those independence requirements. Other than the audit and these engagements, we have no relationship with or interests in the Group.

Michael Wilkes
for Deloitte Limited
On behalf of the Auditor-General
Christchurch, New Zealand

CIVIC FINANCIAL SERVICES SHAREHOLDERS AS AT 31 DECEMBER 2017

SHAREHOLDER MEMBER	NO. OF SHARES	
CITY COUNCILS		
Auckland	2,195,042	19.51%
Christchurch	1,417,704	12.60%
Dunedin	470,966	4.19%
Hamilton	202,729	1.80%
Hutt	479,822	4.27%
Invercargill	407,927	3.63%
Napier	283,842	2.52%
Nelson	95,543	0.85%
Palmerston North	411,737	3.66%
Porirua	140,146	1.25%
Tauranga	124,242	1.10%
Upper Hutt	51,209	0.46%
Wellington	526,821	4.68%
DISTRICT COUNCILS		
Ashburton	56,016	0.50%
Buller	27,698	0.25%
Carterton	23,642	0.21%
Central Hawke's Bay	28,580	0.25%
Central Otago	91,238	0.81%
Clutha	33,711	0.30%
Far North	85,440	0.76%
Gisborne	99,404	0.88%
Gore	54,589	0.49%
Grey	33,742	0.30%
Hastings	129,170	1.15%
Hauraki	63,434	0.56%
Horowhenua	110,689	0.98%
Hurunui	14,000	0.12%
Kaikoura	10,000	0.09%
Kaipara	13,629	0.12%
Kapiti Coast	15,060	0.13%
Kawerau	31,161	0.28%
Manawatu	203,964	1.81%
Marlborough	86,022	0.76%
Masterton	127,230	1.13%
Matamata-Piako	122,554	1.09%
New Plymouth	441,456	3.92%
Opotiki	20,000	0.18%
Otorohanga	5,000	0.04%
Queenstown-Lakes	31,149	0.28%
DISTRICT COUNCILS (Cont'd)		
Rangitikei	35,338	0.31%
Rotorua	175,906	1.56%
Ruapehu	56,666	0.50%
South Taranaki	135,496	1.20%
South Waikato	42,374	0.38%
South Wairarapa	53,930	0.48%
Southland	13,715	0.12%
Stratford	65,608	0.58%
Tararua	99,972	0.89%
Tasman	65,584	0.58%
Taupo	83,971	0.75%
Thames-Coromandel	27,120	0.24%
Timaru	230,118	2.05%
Waikato	41,070	0.37%
Waimakariri	88,172	0.78%
Waimate	30,458	0.27%
Waipa	149,082	1.33%
Wairoa	22,992	0.20%
Waitaki	120,000	1.07%
Waitomo	16,940	0.15%
Wanganui	289,660	2.57%
Western Bay of Plenty	28,142	0.25%
Westland	28,356	0.25%
Whakatane	38,788	0.34%
Whangarei	63,524	0.56%
REGIONAL COUNCILS		
Bay of Plenty	55,000	0.49%
Canterbury	152,696	1.36%
Hawke's Bay	20,000	0.18%
Horizons	2,000	0.02%
Southland	10,000	0.09%
Taranaki	1,000	0.01%
Waikato	22,000	0.20%
Wellington	80,127	0.71%
OTHER		
TrustPower	137,251	1.22%
Total Shares	**11,249,364**	

CIVIC FINANCIAL SERVICES LIMITED

STATEMENT OF INTENT

FOR THE YEAR ENDED 31 DECEMBER 2018

TABLE OF CONTENTS

1.0 Mission Statement

Mission Statement of Civic Financial Services Ltd
To provide superannuation and risk-financing solutions to the local government sector

2.0 Corporate Goals

The specific goals of the Company are:

2.1 To operate as a sound and successful business.

2.2 To be the primary supplier of risk-financing and superannuation services to the local government sector.

2.3 To investigate and facilitate, as appropriate, new products and markets in risk-financing and superannuation and such other markets that it believes could prove beneficial to its shareholders and the local government sector.

3.0 Nature and Scope of Activities

3.1 The Company administers superannuation services for local government and local government staff via SuperEasy and the SuperEasy KiwiSaver Superannuation Scheme.

3.2 The Company provides administration, reinsurance, accounting, and a range of other services to LAPP, Riskpool, CLP (Civic Liability Pool) and CPP (Civic Property Pool).

3.3 The Company investigates and facilitates as appropriate such new risk-financing and superannuation services and/or markets that it believes will prove beneficial to its shareholders and the local government sector.

3.4 In a modest and selective way the Company provides sponsorship for a range of local government activities at regional and national level.

4.0 Financial Projections

Civic's projected profit outlook over the next three years is shown in the tables below.

Civic's main revenue streams will come from the two following sources: fees from providing administration services and investment income.

Profits from providing administration services: Civic's income in 2018 will come from providing administration services as described in section 3.1 and 3.2.

Profits from investment income: Civic's income in 2018 will come from investment income. This includes the rental income from Civic Assurance House, a ten-storey Wellington CBD office building. At the Special General Meeting ("SGM") held on 5 October 2017 there was overwhelming support from our shareholders to sell Civic Assurance House. Your Board is taking the appropriate action to progress this forward. A recent seismic assessment review has identified there is strengthening work required for the non-structural south and west boundary walls of Civic Assurance House. Having taken professional advice, the decision was made to complete the strengthening work before taking the building to market. We anticipate this work will be completed within the next twelve months. If a satisfactory sale price can be obtained, the proceeds net of selling costs will be distributed to shareholders via a special dividend. This potential sale and subsequent removal of rental income has been taken into consideration in the projections below.

Financial projections for 2018 to 2020 are:

	2018	2019	2020
Administration Income	$2,154,991	$2,129,232	$2,223,377
Investment Income	$ 416,000	$ 291,000	$ 140,000
Revenue	$2,570,991	$2,420,232	$2,363,377
Expenses	$2,123,037	$2,081,114	$2,108,429
Surplus before tax	**$ 447,954**	**$ 339,118**	**$ 254,948**

Please note that these are projections, not firm predictions.

5.0 Performance Targets and Measures

5.1 To provide superannuation services to at least 90% of local authorities.

5.2 To continue to be an efficient and effective administration manager for LAPP, Riskpool, CLP and CPP.

6.0 Reporting to Shareholders

6.1 An audited annual report for 2017 by 30 April 2018.

6.2 A report on the first half of 2018 by 30 September 2018 containing a review of the Company's operations during the half year and unaudited half-yearly accounts.

7.0 Acquisitions/Disposals

Any acquisition or disposal that is equivalent to 50% or more of the Company's assets will constitute a "major transaction" under the Company's constitution and approval of the shareholders will be sought in accordance with the constitution. Any acquisition that is equivalent to 25% or more but less than half of the Company's assets will constitute a "minor transaction" under the Company's constitution and consultation with shareholders will take place.

8.0 Transactions with Related Parties

The Company has 72 local authority shareholder members plus TrustPower (holding 1.22%. Local Government Superannuation Trustee Limited and Local Government Mutual Funds Trustee Limited are wholly owned subsidiaries of the Company. Because it is sharing management resources, the Local Authority Protection Programme (LAPP), Riskpool, CLP and CPP are also considered to be related parties. Transactions with shareholder members include risk-financing services and superannuation related financial services.

Charges to and from shareholder members will be made for services provided as part of the normal trading activities of the Company and its subsidiaries. Transactions with shareholder members are on a wholly commercial basis.

***** END *****

Council Report

Item 7

Committee: Finance Committee **Date:** 22 May 2018

Author: Russell Hynd **Authoriser:** David Bryant

Position: Finance Manager **Position:** General Manager Corporate

Report Name: 10-Year Plan Monitoring Report - For the nine months 31 March 2018

Report Status	*Open*

Purpose

1. To inform the Finance Committee on the Council's financial performance against the 2017-18 Annual Plan for the nine months ended 31 March 2018.

Staff Recommendation

That the Finance Committee receives the report.

Executive Summary

2. **Financial Performance**

3. The Financial Statements in attachment 1 show the accounting result, Council's 2015 balancing the books result; the Local Government balancing the books result and Statement of Financial Position (balance sheet).

4. Council's accounting result for the nine months ended 31 March 2018 is a surplus of $53.4m, compared to budget surplus of $7.5m ($45.9m favourable). The full year budget is forecast to be a surplus of $8.6m.

5. The main contributors to this result are consistent with the previous report for 28 February 2018. Year to date revenue from vested assets is $29.9m above budget and development contributions is 12.4m above budget. In the current month, the vested assets variance increased favourable by $8.9m and development contributions variance increased by $3.8m.

6. For a full list of year to date variances see para. 35 and for the current month variances see attachment 1- Notes to the Statement of Comprehensive Revenue and Expense.

7. The Local Government balancing the books result was a deficit of $1.5m compared with a budget deficit of $7.4m ($5.9m favourable). The annual budget is a deficit of $11.1m.

8. Council's 2015 balancing the books result was a surplus of $19.2m compared with a budget surplus year to date of $1.0m ($18.2m favourable). The full year budget is break even.

9. A new Council 2018 balancing the books measure will be explained and reported against from 1 July 2018.

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10. **Financial Position**

11. Total Overall Debt as at 31 March 2018 is $360.9m against an annual budget of $433.6m. The debt to revenue ratio is 165% against an annual budget of 205%. See attachment 4 for the full Treasury Report

12. **Capital Expenditure**

13. Capital expenditure totalled $60.1m for the nine months ended 31 March 2018 compared with a year to date budget of $74.1m ($14.0m underspent). Refer attachment 3 for capital expenditure details.

14. After adjusting for approved deferrals from prior years and approved Risks and Opportunities the revised annual budget is to spend $141.6m. See para. 41.

15. 16 capital projects have been identified as potentially not being completed this year. These have a value of $23.0m (see attachment 5). If nothing further changes the forecast capital spend for the year would be $118.6m.

16. Work in progress is $164.8m with capitalisations year to date of $32.2m. A breakdown by asset category is included in attachment 1 note 3 of the Statement of Financial Position.

Discussion

17. Statement of Comprehensive Revenue and Expense

18. This section provides a summary for the accounting result and Council's 2015 balancing the books result. It also includes a summary of the Local Government balancing the books measure.

19. The Statement of Comprehensive Revenue and Expense discloses the accounting result (financial performance) in accordance with current Accounting Standards.

20. Balancing the books is a subset of the accounting result. It is an internal measure that eliminates items (see para 21.) that distort the true operational surplus/deficit of the Council.

The Accounting Result

21. The accounting result for the nine months ended 31 March 2018 is a surplus of $53.4m. This is $45.9m favourable against the year to the date budget of $7.5m. The annual budget is a surplus of $8.6m. Refer to para. 35 for analysis of major variances from budget.

Year to date Actual	Year to date Budget	Variance	Annual Budget
$53.4m	$7.5m	$45.9m	$8.6m

22. **Balancing the Books**

23. Section 100 of the Local Government Act 2002 requires Council to balance the books and provides a formula for the Local Government balancing the books measure. Council is required to calculate this measure and present it in its annual report.

24. Section 100 enables Council to adopt a different measure if it resolves that it is financially prudent to do so.

25. **Local Government Regulations balancing the books measure**

26. The Local Government balancing the books result for the nine months ended 31 March 2018 is a deficit of $1.5m. This is $5.9m favourable against the year to the date budget deficit of $7.3m. The annual budget is a deficit of $11.1m.

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Year to date Actual	Year to date Budget	Variance	Annual Budget
$(1.5)m	$(7.4)m	$5.9m	$(11.1)m

27. Council adopted an alternative balancing the books measure as part of the 2012-22 10-Year Plan and this measure was reconfirmed during the 2015-25 10-Year Plan. This measure is referred to as Council's 2015 balancing the books measure.

28. Council's 2015 Balancing the Books measure

29. Council's 2015 balancing the books result for the nine months ended 31 March 2018 is a surplus of $19.2m. This is $18.2m favourable against the year to the date budget of $1.0m. The annual budget is to break even.

Year to date Actual	Year to date Budget	Variance	Annual Budget
$19.2m	$1.0m	$18.2m	$0.0m

30. Both balancing the books measures show a significant favourable variance to budget.

31. **Understanding the Variances**

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

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

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

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Major Variances for the nine months ended 31 March 2018	
Revenue variances:	
Higher revenue from user charges	$2.6m
Lower rates remissions issued	$0.3m
Higher interest received	$1.0m
Higher revenue from vested assets	$29.9m
Higher capital revenue	$3.7m
Higher revenue from development contributions	$12.4m
Other Revenue	$0.4m
Expenditure variances:	
Lower interest paid	$1.7m
Accumulated annual Leave	$0.1m
Higher external contract staff	($0.3m)
Lower internal revenue from capital projects	($1.6m)
Other Expenditure	($1.0m)
Losses and Gains variances:	
Net loss from interest rate Swaps	($2.3m)
Loss from Disposal of Assets	($1.2m)
Gain from Investment in WIPL	$0.2m
Total variance	**$45.9m**

35. Further explanations can be found in the notes in attachment 1 and attachment 2.

36. Summary of Capital Expenditure

37. The Capital Expenditure Result

38. The Capital Expenditure Report in attachment 3 provides a full list of all projects and year to date variances to budget.

39. Total spend on capital expenditure for the nine months ended 31 March 2018 is $60.1m. This is $14.0m underspent against a year to date budget of $74.1m. The annual revised budget is $141.6m (see para. 41 for breakdown).

Year to date Actual	Year to date Budget	Variance	Revised Budget
$60.1m	$74.1m	$14.0m	$141.6m

40. The budget used in this section is referred to as the "Revised Budget". It comprises the 2017-18 Annual Plan adjusted for 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.

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Capital Expenditure Programme for 2017-18	Budget
Approved 2017-18 Annual Plan programme	$89.9m
plus approved deferrals from 2015-16	$13.5m
plus approved deferrals from 2016-17	$23.9m
plus approved Risks and Opportunities	$8.3m
plus approved brought forward future 10-Year Plan programme	$6.0m
Total Capital Expenditure Programme	**$141.6m**

41. The revised budget above does not make any adjustment for the deferrals that are being signalled for the current year (refer para 49). These have a value of $23.0m. The effect on the revised budget would be to reduce the $141.6m down to $118.6m.

42. The $60.1m year to date expenditure represents 43% of the total programme. The following table shows the monthly actual and budget for the capital programme. The revised budget has not been reduced to reflect the $23.0m indicative deferrals.

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	$7.9 m	$7.2 m	$8.1 m	$8.7 m	$10.8 m	$14.8 m	$17.2 m	$19.3 m	$31.0 m	$141.6 m
Actual	$2.6 m	$6.7 m	$5.5 m	$5.9 m	$6.4 m	$10.4 m	$4.7 m	$9.9 m	$8.0 m				$60.1 m

43. 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

44. Deferred Capital Expenditure

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

46. 2017-18 Indicative Capital Deferrals

47. For the nine months ended 31 March 2018 16 projects have been identified where a deferral is highly probable. These have a value of $23.0m.

48. 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.

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Indicative Capital Deferrals for 2017-18	Total
Third Party	$2.2m
Under Contract	$18.5m
Agreed by Council	$2.3m
Total Indicative Capital Deferrals	**$23.0m**

49. 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.

50. In addition to the allowance for interest, a similar allowance is made when calculating the deprecation budget to mitigate over budgeted depreciation should Council not deliver the entire budgeted capital programme.

51. **Projects Brought Forward**

52. Projects brought forward are approved projects from the 2015-25 10-Year Plan that have been brought forward from a future financial year.

53. The following table lists the projects brought forward as at 31 March 2018. The capital expenditure report in attachment 3 has been amended to reflect the budgets for the brought forward projects.

54. 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
Project								
CE10003 - Waterworld operational asset renewals	5,672							
CE15156 - 25 Meter Pool						(5,672)		
CE10098 - Renewal of Lifts in Underground Carpark	300	(300)						
Total	**5,972**	(300)	**0**	**0**	**0**	(5,672)	**0**	**0**

55. 2017-18 Risks and Opportunities

56. The Risks and Opportunities reports significant changes from the approved budget. The schedule ensures these items have the appropriate visibility.

57. These changes are classified into 4 categories

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

58. Note a change to the report presentation. The full schedule has been moved to an attachment (6). This has been replaced with a summary table that identifies the new or amended items from the previous report.

Risk and Opportunities Summary as at 31 March 2018		Operating		Capital	
Project	Date	Cost	Revenue	Cost	Revenue
		$000	$000	$000	$000
Opening 1 March 2018		1,603	350	3,646	650
Enabling works for 2018-19 Hamilton Gardens				100	
Museum Artwork - external funding to purchase Artwork.				200	200
Cemetery income - high number of cremations and cemetery plot sales.			200		
Transportation - LED Lighting				4,411	4,411
Total Risks and Opportunities as at 31 March 2018		**1,603**	**550**	**8,357**	**5,261**

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59. **Emerging Issues**

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

61. 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.

62. 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. Waikato Innovation Park Limited (WIPL) – Council has sold its investment in WIPL, effective 30 November 2017. The sale was completed on 21 December 2017 (based on the balance sheet at 30 June 2017). As part of the sale agreements a final washup of the sale price occurs once the WIPL financial statements and balance sheet to 30 November 2017 have been completed. This process includes an assurance review of the 30 November 2017 financial statements, to be undertaken for Council by Deloitte. Under the sale agreements, the final financial statements must be delivered to Council early April 2018, and then the assurance can be undertaken. Once this assurance is complete, the final washup of the sale transaction can be determined, settled and be accounted for. As at 31 March 2018 the operating result reflects the majority of the sale transaction, but the full impact will not be known till late April 2018. The final financial implications of the sale will be reported to the Finance Committee once this information is available.

d. Since the March 2018 report was prepared staff have identified new savings in the capital expenditure programme. These cover 12 individual projects over the City Infrastructure programmes and are valued at $4.5m. The effect of these savings is to reduce the annual revised capital expenditure budget from $141.6m to $137.1m.

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Debt and Treasury Management

63. **Treasury Management**

64. For the nine months ended 31 March 2018 Council was fully compliant with all treasury policy measures.

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

66. Total Overall Debt for the nine months ended 31 March 2018 is $360.9m, which is $72.7m less than the year end budget of $433.6m.

Year to date Actual	Annual Budget	Amount Remaining	Debt to Revenue
$360.9m	$433.6m	$72.7m	165%

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 nine months ended 31 March 2018 is 165% 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 142%. The lower percentage is due to the LGFA:
    - not including the cash backed reserves, and
    - including capital subsidies.

73. **Interest Rate Swaps**

74. The movement on interest rate Swaps relate to valuations completed 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 $32.4m, an increase of $2.3m for the nine months ended 31 March 2018. 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 nine months ended 31 March 2018 is $36.4m. This is $30.0m favourable against the year to date budget of $6.4m. The annual budget is $8.6m.

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78. The increase in March 2018 was $9.6m, the majority was a large residential sub-division. Its value was $7.6m.

79. The following table details the $36.4m received for the nine months ended 31 March 2018 by asset category, average life of the assets and the estimated annual depreciation expense.

Vested Assets as at 31 March 2018

Asset Type	Value (Revenue) *$000*	Life Range (Years)	Estimated Annual Depreciation *$000*
Wastewater	4,110	15-100	51
Stormwater	5,129	30-100	64
Water Supply	1,403	50-80	18
Roading	6,879	12-140	138
Other	0	0	0
Land			
Land - Under Roads	11,588	0	0
Land - Local Purpose Reserves*	477	0	0
Land - Recreation Reserves	1,263	0	0
Land - Restricted+	5,514	0	0
Total	**36,361**		**271**

* 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.

+ Restricted Land is land that provides a benefit or service to the community and cannot be disposed of due to legal or other restrictions.

80. 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

Attachment 6 - Risks and Opportunties

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE
FOR THE NINE MONTHS ENDED 31 MARCH 2018

	Note	Actual YTD	Budget YTD	Variance YTD favourable/ (unfavourable)	Annual budget	Actual Mar 2017
		$000	$000	$000	$000	$000
Revenue						
Operating revenue						
Rates	1	120,366	119,867	499	160,765	114,857
Revenue from activities	2	32,669	30,063	2,606	39,867	31,828
Subsidies and grants	3	3,948	4,166	(218)	5,692	3,859
Interest revenue	4	2,466	1,500	966	2,000	1,394
Other revenue	5	1,276	917	359	1,190	912
Total Operating revenue		160,725	156,513	4,212	209,514	152,850
Capital revenue						
Development and financial contributions	6	20,750	8,356	12,394	11,141	11,255
Capital contributions and subsidies	7	9,297	5,574	3,723	6,702	10,148
Vested assets	8	36,357	6,436	29,921	8,581	12,340
Total Capital revenue		66,404	20,366	46,038	26,424	33,743
Total revenue		**227,129**	**176,879**	**50,250**	**235,938**	**186,593**
Expenses						
Personnel costs	9	55,839	55,234	(605)	73,884	52,006
Depreciation and amortisation expense	10	48,091	47,902	(189)	63,870	46,006
Finance costs	11	14,628	16,365	1,737	21,820	14,340
Other expenses						
Operating and maintenance costs	12	28,220	28,274	54	38,518	26,614
Professional costs	13	5,477	5,547	70	7,907	5,182
Property costs	14	8,607	8,743	136	11,808	8,393
Administration costs	15	9,679	7,359	(2,320)	9,550	7,568
Total expenses		**170,541**	**169,424**	**(1,117)**	**227,357**	**160,109**
Operating surplus/(deficit)		**56,588**	**7,455**	**49,133**	**8,581**	**26,484**
Net movement on interest rate Swaps	16	(2,275)	-	(2,275)	-	18,713
Other gains and losses	17	(960)	-	(960)	-	(812)
Surplus/(deficit)		**53,353**	**7,455**	**45,898**	**8,581**	**44,385**

LOCAL GOVERNMENT BALANCING THE BOOKS MEASURE
FOR THE NINE MONTHS ENDED 31 MARCH 2018

	Note	Actual YTD	Budget YTD	Variance YTD favourable/ (unfavourable)	Annual Budget	Actual Mar 2017
		$000	$000	$000	$000	$000
Surplus/(deficit)		**53,353**	**7,455**	**45,898**	**8,581**	**44,385**
Adjustments for the Local Government Regulations measure						
Gains excluding gains on investment properties		(2,275)	-	(2,275)	-	18,713
Losses		-	-	-	-	(812)
Development and financial contributions		20,750	8,356	12,394	11,141	11,255
Vested assets		36,357	6,436	29,921	8,581	12,340
Total adjustments		**54,832**	**14,792**	**40,040**	**19,722**	**41,496**
LG Regulations balancing the books surplus/(deficit)		**(1,479)**	**(7,337)**	**5,858**	**(11,141)**	**2,889**

COUNCIL'S 2015 BALANCING THE BOOKS MEASURE
FOR THE NINE MONTHS ENDED 31 MARCH 2018

	Note	Actual YTD	Budget YTD	Variance YTD favourable/ (unfavourable)	Annual Budget	Actual Mar 2017
		$000	$000	$000	$000	$000
Surplus/(deficit)		**53,353**	**7,455**	**45,898**	**8,581**	**44,385**
Adjustments for balancing the books measure						
Net movement on interest rate Swaps		(2,275)	-	(2,275)	-	18,713
Other gains and losses		(960)	-	(960)	-	(812)
Vested assets		36,357	6,436	29,921	8,581	12,340
Ring Road subsidy (included in Capital subsidies)		1,024	-	1,024	-	238
Total adjustments		**34,146**	**6,436**	**27,710**	**8,581**	**30,479**
Council's balancing the books surplus/(deficit)		**19,207**	**1,019**	**18,188**	**-**	**13,906**

NOTES TO THE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE
FOR THE NINE MONTHS ENDED 31 MARCH 2018

			Mar-18	Feb-18	Movement from February 2018
	Revenue variances:				
1	Rates and Water by Meter	Favourable variances in rates remissions.	$0.5m	$0.4m	$0.1m
2	Revenue from Activities	User charges from planning, cemeteries, parking and tradewaste are favourable. Recoveries for the trade waste shared service is also favourable.	$2.6m	$2.4m	$0.2m
3	Subsides and Grants	Not a material variance.	($0.2m)	($0.4m)	$0.2m
4	Interest Revenue	Due to a large cash balance held up until December 2017 that was used to repay scheduled debt that matured in December. The benefit here will offset interest expense.	$1.0m	$1.1m	($0.1m)
5	Other revenue	Due to dividend received from Waikato Regional Airport and Waikato Innovation Park Limited.	$0.4m	$0.4m	($0.0m)
6	Development contributions	Strong growth continues	$12.4m	$8.6m	$3.8m
7	Capital Revenue	Higher capital contribution within Stormwater, Wastewater and Water Supply. This additional revenue is used to off-set unbudgeted capital expenditure	$3.7m	$2.5m	$1.2m
8	Vested assets	Strong growth continues. Breakdown by asset category included within section 74 of main report.	$29.9m	$21.0m	$8.9m
	Total Revenue variance		$50.2m	$35.9m	$14.3m
	Expenditure variances:				
9	Personnel Costs	Not a material variance.	($0.6m)	($0.1m)	($0.5m)
10	Depreciation	Not a material variance.	($0.2m)	$0.1m	($0.3m)
11	Finance Costs	Favourable due to debt being lower than was planned.	$1.7m	$1.4m	$0.3m
12	Operating and maintenance costs	Not a material variance.	$0.1m	$0.1m	($0.0m)
13	Professional costs	Not a material variance.	$0.1m	$0.1m	$0.0m
14	Property costs	Favourable variances across security, electricity and gas.	$0.1m	$0.2m	($0.0m)
15	Adminstration costs	Due to reduced internal revenue associated with the capital expenditure work programme. As the capital expenditure programme increases this variance will be eliminated.	($2.3m)	($1.8m)	($0.5m)
	Total Expenditure variance		($1.12m)	($0.2m)	($0.9m)
	Gains and Losses Variances				
16	Net Movement on interest rate Swaps	The unfavourable movement is due to changes in market interest rates	($2.3m)	($0.5m)	($1.8m)
17	Other Gains and Losses	This is the loss from the disposal of assets ($1,157k) less the realised gain from the investment in WIPL ($198k).	($1.0m)	($0.4m)	($0.5m)
	Total Gains & Losses variance		($3.2m)	($0.9m)	($2.3m)
	Total variance		$45.9m	$34.8m	$11.1m

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

	Note	Actual	Annual budget	Actual Mar 2017
		$000	$000	$000
Assets				
Current assets				
Cash and cash equivalents	1	18,152	35,000	29,982
Receivables	2	11,804	19,142	11,819
Prepayments		1,972	1,563	1,710
Inventory		159	151	142
Other financial assets	1	6,040	-	16,040
Derivative financial instruments	6	-	-	92
Total current assets		**38,127**	**55,856**	**59,785**
Non-current assets				
Property, plant and equipment	3	3,882,472	3,608,249	3,581,183
Intangible assets		21,016	19,067	18,406
Investment property		22,059	19,420	19,420
Investment in associates		7,430	7,430	7,430
Other financial assets	1	34,490	27,426	24,636
Investment in subsidiaries		8,421	8,422	8,422
Derivative financial instruments	6	737	-	652
Total non-current assets		**3,976,625**	**3,690,014**	**3,660,149**
Total assets		**4,014,752**	**3,745,870**	**3,719,934**
Liabilities				
Current liabilities				
Employee entitlements		5,204	5,994	4,938
Payables and deferred revenue	4	27,056	25,470	20,844
Provisions		1,194	1,781	1,781
Borrowings	5	98,372	65,300	98,426
Derivative financial instruments	6	270	-	1,188
Total current liabilities		**132,096**	**98,545**	**127,177**
Non-current liabilities				
Employee entitlements		1,122	886	1,068
Provisions		14,296	12,180	12,559
Borrowings	5	250,909	363,700	261,672
Derivative financial instruments	6	32,891	30,000	28,373
Total non-current liabilities		**299,218**	**406,766**	**303,672**
Total liabilities		**431,314**	**505,311**	**430,849**
Net assets		**3,583,438**	**3,240,559**	**3,289,085**
Equity				
Accumulated funds		1,742,930	1,639,564	1,681,327
Other reserves	7	1,840,508	1,600,995	1,607,758
Total equity attributable to Hamilton City Council		**3,583,438**	**3,240,559**	**3,289,085**
Total equity		**3,583,438**	**3,240,559**	**3,289,085**

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Attachment 1

NOTES TO THE STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

Note 1: Cash and financial assets

		Actual	Annual budget	Actual Mar 2017
		$000	$000	$000
Cash and short-term deposits		18,152	35,000	29,982
Other financial assets - current	Term deposits	6,040	-	16,040
	Loan investments	-	-	-
		24,192	35,000	46,022
Other financial assets - non-current	Term deposits	3,520	5,040	3,440
	Loan investments	21,992	17,975	16,679
	Shares	8,978	4,411	4,517
		34,490	27,426	24,636
Total cash and financial assets		**58,682**	**62,426**	**70,658**

Note 2: Rates and debtors receivables

	Actual			Actual Mar 2017		
	$000	$000	$000	$000	$000	$000
Rates	**Rates**	**Arrears**	**Total**	**Rates**	**Arrears**	**Total**
Balance as at 1 July	(2,037)	3,302	1,265	(2,107)	3,072	965
Instalments to date	134,757		134,757	127,859		127,859
Penalties, adjustments & postponed	883		883	818		818
Government rebate	(1,145)		(1,145)			
Council hardship	(229)		(229)	(3,881)		(3,881)
Other remissions	(3,373)		(3,373)			
Rates receipts	(129,786)	(3,046)	(132,832)	(123,712)	(2,917)	(126,629)
Balance as at 31 March	**(929)**	**255**	**(674)**	**(1,024)**	**155**	**(869)**
Water by meter			1,327			687
Sundry debtors						
Debtors			3,118			2,769
Rentals			389			365
Rates rebates Internal Affairs			137			134
NZTA			1,389			1,320
H3 debtors			855			771
GST refund			-			-
			5,888			5,360
Debtor accruals			4,395			5,768
Parking			3,390			3,955
Provision for doubtful debts			(2,522)			(3,083)
Total Rates and debtors receivables			**11,804**			**11,819**

Debtors ageing		Actual		Actual Mar 2017
		$000		$000
Rates		**as at 30 Jun 2017**		**as at 30 Jun 2016**
	2011/12	8		
	2012/13	3		
	2013/14	7	Pre 2013/14	34
	2014/15	15	2014/15	60
	2015/16	70	2015/16	2,977
	2016/17	3,197		
		3,302		3,072
Sundry debtors		**as at 31 Mar 2018**		**as at 31 Mar 2017**
	Current	4,371	Current	4,115
	0-30 days	717	0-30 days	563
	30-60 days	228	30-60 days	148
	60-90 days	51	60-90 days	34
	>90 days	520	>90 days	500
		5,888		5,360

Note 3: Fixed assets work in progress

	Net opening balance	New WIP to date	Capitalisations to date	Closing balance
	$000	$000	$000	$000
Operational assets				
Land	-	-	-	-
Buildings	3,278	4,286	(1,825)	5,739
Land - Parks and Gardens	4	179	(171)	12
Improvements - Parks & Gardens	6,251	5,557	(7,269)	4,539 [1]
Plant & equipment	2,194	3,589	(1,697)	4,086
Finance leases	-	-	-	-
Vehicles	515	1,699	(1,441)	773
Library books	33	674	(558)	149
Leasehold improvements	-	-	-	-
Restricted assets				
Land	-	-	-	-
Heritage assets				
Museum and library	11	28	(15)	24
Infrastructure assets				
Land	60	2	-	62
Refuse	228	92	(41)	279
Roads and traffic network	14,677	14,775	(5,694)	23,758
Land under roads	182	1,017	-	1,199
Stormwater system	2,618	1,100	(341)	3,377
Wastewater system	8,527	7,818	(2,597)	13,748
Wastewater Treatment Plant	2,540	998	- 57	3,481
Water system	35,402	13,371	(2,759)	46,014 [2]
Water Treatment Station	2,671	1,779	(566)	3,884
Zoological				
Zoo animals	-	43	(13)	30
Intangible assets				
Intangible assets	4,287	3,133	(1,408)	6,012
	83,478	60,140	(26,452)	117,166
Fixed assets vested	17,016	36,357	(5,781)	47,592
Total Fixed assets work in progress	**100,494**	**96,497**	**(32,233)**	**164,758**

[1] Includes Victoria on the River

[2] Includes the Rototuna Reservoir

New WIP represents the value from the capital expenditure statements (see attachment 3) plus the value of the vested assets.

Note 4: Payables and deferred income

	Actual	Annual budget	Actual Mar 2017
	$000	$000	$000
Payables and deferred income	27,056	25,470	20,844
Total Payables and deferred income	**27,056**	**25,470**	**20,844**

Note 5: Borrowings

	Actual	Annual budget	Actual Mar 2017
	$000	$000	$000
Borrowings - current	98,372	65,300	98,426
Borrowings - non-current	250,909	363,700	261,672
Total external debt	**349,281**	**429,000**	**360,098**

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 Mar 2017
	$000	$000	$000
Interest rate Swaps (current asset)	-	-	(92)
Interest rate Swaps (non-current asset)	(737)	-	(652)
Interest rate Swaps (current liability)	270	-	1,188
Interest rate Swaps (non-current liability)	32,891	30,000	28,373
Total net derivative financial instrument liabilities	**32,424**	**30,000**	**28,817**

Council's unrealised net loss on interest rate swaps is $2.3m 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	Balance 31 Mar 2018
	$000	$000	$000	$000
Total Restricted reserves	37,967	266	-	38,233
Total Council created reserves	5,378	148	-	5,526
Total Revaluation and fair value through equity reserves	1,796,950	(201)	-	1,796,749
Total restricted and Council created reserves	**1,840,295**	**213**	**-**	**1,840,508**

Transfers into the revaluation reserve are due to the revaluation of parks and gardens assets such as land improvements.

ARTS AND CULTURE

Theatres | Libraries | Museum | Arts

for the nine months ended 31 March 2018

Year to Date		Year to Date			Annual
Previous Year Actual		Actual	Budget	Variance - favourable / (unfavourable)	Approved Budget
$000		$000	$000	$000	$000
	Revenue				
	Operating Revenue				
(5)	Rates	(4)	(2)	(1)	(3)
(10)	Water by Meter	(14)	(12)	(2)	(20)
746	Revenue from Activities	809	772	37	1,018
15	Subsidies and Grants	0	1	(0)	3
14	Interest Revenue	25	15	10	20
0	Other Revenue	0	0	0	0
760	**Total Operating Revenue**	816	773	43	1,018
	Capital Revenue				
0	Development Contributions	0	0	0	0
0	Capital Contributions and Subsidies	197	0	197	0
0	Vested Assets	0	0	0	0
0	**Total Capital Revenue**	197	0	197	0
760	**Total Revenue**	1,013	773	240	1,018
	Expenses				
4,660	Personnel Costs	4,567	4,772	205	6,374
2,652	Depreciation and Amortisation	2,991	2,762	(228)	3,683
123	Finance Costs	125	136	11	181
	Other Expenses				
607	Operating and Maintenance Costs	446	516	70	944
59	Professional Costs	75	50	(25)	80
600	Property Costs	609	682	74	972
3,988	Administrative Costs	4,612	4,172	(440)	5,609
12,689	**Total Expenses**	13,425	13,090	(335)	17,845
(11,929)	**Operating Surplus/(Deficit)**	(12,412)	(12,317)	(95)	(16,827)
0	Gains	0	0	0	0
(116)	Losses	(5)	0	(5)	0
(116)	**Total Gains and (Losses)**	(5)	0	(5)	0
(12,045)	**Surplus/(Deficit)**	(12,418)	(12,317)	(100)	(16,827)

ARTS AND CULTURE

Theatres | Libraries | Museum | Arts

for the nine months ended 31 March 2018

The comments below explain the variance between year to date actual results and year to date budgets where they exceed $100k.
Capital Contributions and Subsidies - $197k favourable. The favourable balance is due to revenue from Trust Waikato Art Acquisitions to the Museum. **Personnel Costs - $205k favourable.** Libraries $170k favourable personnel variance due to vacancies. These are not expected to be filled in this financial year and will offset unfavourable expenditure in the administration area. Museum $35k favourable personnel variances due to vacancies - these positions are now filled. **Depreciation and Amortisation - $228k unfavourable.** Depreciation is unfavourable as the June 2017 buildings revaluation was completed after budgets were set. **Administrative Costs - $440k unfavourable.** Libraries $103k unfavourable, Museum $71k unfavourable both due to due to higher than budgeted support unit allocation and overhead allocation. Also includes the Waikato Regional Theatre $250k unbudgeted grant for work being undertaken by Momentum Group, see Risks and Opportunities.

RECREATION

Pools | Indoor Recreation | Zoo

for the nine months ended 31 March 2018

Year to date		Year to date			Annual
Previous Year Actual		Actual	Budget	Variance - favourable / (unfavourable)	Approved budget
$000		$000	$000	$000	$000
	Revenue				
	Operating Revenue				
(3)	Rates	0	0	0	0
(67)	Water by Meter	(60)	(66)	7	(93)
3,374	Revenue from Activities	3,352	3,384	(32)	4,279
227	Subsidies and Grants	164	177	(13)	197
19	Interest Revenue	33	20	13	27
0	Other Revenue	0	0	0	0
3,550	**Total Operating Revenue**	3,490	3,515	(25)	4,410
	Capital Revenue				
0	Development Contributions	0	0	0	0
0	Capital Contributions and Subsidies	0	0	0	0
0	Vested Assets	0	0	0	0
0	**Total Capital Revenue**	0	0	0	0
3,550	**Total Revenue**	3,490	3,515	(25)	4,410
	Expenses				
4,064	Personnel Costs	4,334	4,235	(99)	5,665
1,085	Depreciation and Amortisation	1,136	1,245	108	1,660
177	Finance Costs	181	197	16	262
	Other Expenses				
906	Operating and Maintenance Costs	994	977	(17)	1,288
151	Professional Costs	274	121	(154)	161
577	Property Costs	578	646	68	856
1,907	Administrative Costs	2,219	2,157	(61)	2,957
8,867	**Total Expenses**	9,716	9,579	(138)	12,850
(5,317)	**Operating Surplus/(Deficit)**	(6,226)	(6,063)	(163)	(8,440)
0	Gains	0	0	0	0
(119)	Losses	(2)	0	(2)	0
(119)	**Total Gains and (Losses)**	(2)	0	(2)	0
(5,436)	**Surplus/(Deficit)**	(6,228)	(6,063)	(165)	(8,440)

RECREATION

Pools | Indoor Recreation | Zoo

for the nine months ended 31 March 2018

The comments below explain the variance between year to date actual results and year to date budgets where they exceed $100k.
Personnel Costs - $99k unfavourable - $245k is due to health and safety training, approved increased staffing levels at the Zoo and unfavourable vacancy factor. Unfavourable personnel costs will increase for the remaining financial year. (Training requirements and additional staff is an outcome from PWC review). Offset by a $146k favourable pools variance due to the pool closure to complete Waterworld renewal works. (reduced lifeguard supervision requirement.)
Depreciation and Amortisation - $108k favourable. Waterworld renewal work scheduled for completion 2017 was deferred to 2018 after depreciation budgets were finalised.
Professional Costs - $154k unfavourable. Consultants costs unfavourable ($114k) for aquatics review and architect fees (design work for Lido Cover). $100k has been approved by Council and is included on Risk and Opportunities.

PLANNING AND DEVELOPMENT

City Planning | Planning Guidance & Compliance | Building Control

for the nine months ended 31 March 2018

Year to Date		Year to Date			Annual
Previous Year Actual		Actual	Budget	Variance - favourable / (unfavourable)	Approved Budget
$000		$000	$000	$000	$000
	Revenue				
	Operating Revenue				
0	Rates	0	0	0	0
0	Water by Meter	0	0	0	0
0	Revenue from Activities	6,475	6,371	103	8,629
7,261	Subsidies and Grants	0	0	0	0
0	Interest Revenue	0	0	0	0
0	Other Revenue	0	0	0	0
7,261	**Total Operating Revenue**	6,475	6,371	103	8,629
	Capital Revenue				
0	Development Contributions	0	0	0	0
0	Capital Contributions and Subsidies	0	0	0	0
0	Vested Assets	0	0	0	0
0	**Total Capital Revenue**	0	0	0	0
7,261	**Total Revenue**	6,475	6,371	103	8,629
	Expenses				
4,655	Personnel Costs	4,991	5,109	118	6,837
0	Depreciation and Amortisation	0	0	0	0
0	Finance Costs	0	0	0	0
	Other Expenses				
423	Operating and Maintenance Costs	208	265	57	353
904	Professional Costs	724	863	139	1,115
10	Property Costs	1	6	4	7
2,821	Administrative Costs	3,232	2,963	(269)	3,983
8,813	**Total Expenses**	9,157	9,206	49	12,296
(1,552)	**Operating Surplus/(Deficit)**	(2,682)	(2,835)	152	(3,666)
0	Gains	0	0	0	0
0	Losses	0	0	0	0
0	**Total Gains and (Losses)**	0	0	0	0
(1,552)	**Surplus/(Deficit)**	(2,682)	(2,835)	152	(3,666)

Attachment 2

PLANNING AND DEVELOPMENT

City Planning | Planning Guidance & Compliance | Building Control

for the nine months ended 31 March 2018

The comments below explain the variance between year to date actual results and year to date budgets where they exceed $100k.
Revenue from Activities - $103k favourable. The majority of this variance is due to increased activity within the Planning Guidance resource consenting area.
Personnel Costs - $118k favourable due to vacancies in City Planning.
Professional Costs - $139k favourable. The majority of this favourable variance relates to both a timing variance and budget misalignment in the Future Proof and City Planning budgets (offset by unfavourable administrative costs).
Administrative Costs - $269k unfavourable. Part of this variance relates to both a timing variance and budget misalignment in the Future Proof budget (partially offset by favourable professional costs). It is expected this budget will be unfavourable by $40k at year end. Part of this variance is for administrative costs associated with City Planning projects, variations and plan changes which is partially offset by a favourable variance in professional costs.

Attachment 2

ECONOMIC DEVELOPMENT

Economic Initiatives | Strategic Property Investment | Claudelands | Stadiums

for the nine months ended 31 March 2018

Year to Date: Previous Year Actual		Year to Date: Actual	Year to Date: Budget	Year to Date: Variance - favourable / (unfavourable)	Annual: Approved Budget
$000		$000	$000	$000	$000
	Revenue				
	Operating Revenue				
(177)	Rates	(197)	(200)	3	(267)
(40)	Water by Meter	(92)	(84)	(8)	(107)
6,485	Revenue from Activities	7,081	5,982	1,099	8,306
0	Subsidies and Grants	0	0	0	0
365	Interest Revenue	646	393	253	524
0	Other Revenue	0	0	0	0
6,634	**Total Operating Revenue**	7,438	6,090	1,348	8,457
	Capital Revenue				
0	Development Contributions	0	0	0	0
0	Capital Contributions and Subsidies	300	0	300	0
0	Vested Assets	0	0	0	0
0	**Total Capital Revenue**	300	0	300	0
6,634	**Total Revenue**	7,738	6,090	1,648	8,457
	Expenses				
4,576	Personnel Costs	4,832	4,999	167	6,688
3,866	Depreciation and Amortisation	3,498	4,108	611	5,478
3,098	Finance Costs	3,158	3,440	282	4,587
	Other Expenses				
2,486	Operating and Maintenance Costs	3,295	2,441	(855)	3,287
268	Professional Costs	751	255	(495)	338
1,044	Property Costs	1,173	1,158	(15)	1,551
4,504	Administrative Costs	4,642	4,455	(187)	5,819
19,843	**Total Expenses**	21,348	20,856	(492)	27,746
(13,209)	**Operating Surplus/(Deficit)**	(13,610)	(14,766)	1,156	(19,290)
0	Gains	0	0	0	0
(9)	Losses	(0)	0	(0)	0
(9)	**Total Gains and (Losses)**	(0)	0	(0)	0
(13,217)	**Surplus/(Deficit)**	(13,610)	(14,766)	1,156	(19,290)

Item 7

Attachment 2

ECONOMIC DEVELOPMENT

Economic Initiatives | Strategic Property Investment | Claudelands | Stadiums

for the nine months ended 31 March 2018

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

Revenue from Activities - $1,099k favourable. Venues Tourism & Major Events $992k fav. Mix and volume of events favourable compared to budget phasing set continues and forecasts show this will continue for the remainder of the year.
Note, the uplift in revenue achieved to date, has a corresponding impact on costs.
Strategic Property is also favourable to budget due to rent increases.

Interest Revenue - $253k favourable due to a large cash balance held up until December 2017 that was used to repay scheduled debt that matured in December. The benefit here will offset interest expense.

Capital Contributions and Subsidies - $300k favourable. Contribution by naming rights partners to fund capital improvements project at FMG Stadium.

Personnel Costs - $167k favourable. This relates to the timing of resource requirements, along with close management of personnel costs.

Depreciation and Amortisation - $611k favourable. This is a timing variance due to the capitalisation of the work in progress.

Finance Costs - $282k favourable. Overall finance costs (interest expense) for Council are favourable $1.4m and this is due to the overall debt being lower than budget.

Operating and Maintenance costs - $855k unfavourable. Venues $810k relates to the costs incurred to achieve the uplift in revenue, along with extraordinary costs for Mary Poppins season. $88k relates to additional maintenance costs on stadium lights.

Professional Costs - $495k unfavourable. The majority of this relates to the Peacocke Growth Scenario work for the 10-Year Plan and the HIF Detailed Business Case. This was unbudgeted and is on Risks and Opportunities.

Administrative Costs - $187k unfavourable. The majority of this variance relates to the internal transfer of Hamilton Gardens cafe rental commission. The other side is in the Parks And Green spaces activity and contributes to improvements.

SAFETY

Animal Control | Environmental Health and Public Safety

for the nine months ended 31 March 2018

Year to Date		Year to Date			Annual
Previous Year Actual		Actual	Budget	Variance - favourable / (unfavourable)	Approved Budget
$000		$000	$000	$000	$000
	Revenue				
	Operating Revenue				
0	Rates	0	0	0	0
(2)	Water by Meter	(3)	0	(3)	0
1,947	Revenue from Activities	2,002	1,901	102	2,163
0	Subsidies and Grants	0	0	0	0
2	Interest Revenue	4	2	1	3
0	Other Revenue	0	0	0	0
1,948	**Total Operating Revenue**	2,003	1,903	100	2,166
	Capital Revenue				
0	Development Contributions	0	0	0	0
0	Capital Contributions and Subsidies	0	0	0	0
0	Vested Assets	0	0	0	0
0	**Total Capital Revenue**	0	0	0	0
1,948	**Total Revenue**	2,003	1,903	100	2,166
	Expenses				
2,132	Personnel Costs	2,192	2,150	(43)	2,876
61	Depreciation and Amortisation	63	60	(4)	79
15	Finance Costs	16	18	1	24
	Other Expenses				
363	Operating and Maintenance Costs	476	650	174	816
65	Professional Costs	55	67	12	89
204	Property Costs	37	38	1	47
1,236	Administrative Costs	1,389	1,194	(194)	1,616
4,076	**Total Expenses**	4,228	4,176	(52)	5,547
(2,128)	**Operating Surplus/(Deficit)**	(2,225)	(2,273)	48	(3,381)
0	Gains	0	0	0	0
0	Losses	0	0	0	0
0	**Total Gains and (Losses)**	0	0	0	0
(2,128)	**Surplus/(Deficit)**	(2,225)	(2,273)	48	(3,381)

SAFETY

Animal Control | Environmental Health and Public Safety

for the nine months ended 31 March 2018

The comments below explain the variance between year to date actual results and year to date budgets where they exceed $100k.
Revenue from Activities - $102k favourable. The majority of this favourable variance relates to the increased amount of businesses transitioning to the new food control requirements required under the Food Control Act. **Operating and Maintenance Costs - $174k favourable.** 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 remainder of the financial year. **Administrative Costs - $194k unfavourable.** The majority of this variance relates to support unit allocation from City Growth Group.

COMMUNITY SUPPORT

Community Development | Emergency Management | Housing

for the nine months ended 31 March 2018

Year to Date		Year to Date			Annual
Previous Year Actual		Actual	Budget	Variance - favourable / (unfavourable)	Approved Budget
$000		$000	$000	$000	$000
	Revenue				
	Operating Revenue				
(1)	Rates	(1)	(1)	0	(2)
(1)	Water by Meter	0	(3)	4	(6)
66	Revenue from Activities	95	73	23	96
0	Subsidies and Grants	0	0	0	0
1	Interest Revenue	1	1	0	1
0	Other Revenue	0	0	0	0
64	**Total Operating Revenue**	96	69	27	89
	Capital Revenue				
0	Development Contributions	0	0	0	0
0	Capital Contributions and Subsidies	0	0	0	0
0	Vested Assets	0	0	0	0
0	**Total Capital Revenue**	0	0	0	0
64	**Total Revenue**	96	69	27	89
	Expenses				
915	Personnel Costs	942	877	(66)	1,173
130	Depreciation and Amortisation	117	140	23	186
7	Finance Costs	8	9	1	12
	Other Expenses				
312	Operating and Maintenance Costs	479	545	66	715
132	Professional Costs	48	27	(21)	38
156	Property Costs	148	172	24	230
1,893	Administrative Costs	1,884	1,763	(121)	2,409
3,545	**Total Expenses**	3,626	3,532	(94)	4,763
(3,480)	**Operating Surplus/(Deficit)**	(3,530)	(3,463)	(67)	(4,674)
0	Gains	0	0	0	0
(3)	Losses	(2)	0	(2)	0
(3)	**Total Gains and (Losses)**	(2)	0	(2)	0
(3,483)	**Surplus/(Deficit)**	(3,532)	(3,463)	(69)	(4,674)

Attachment 2

COMMUNITY SUPPORT

Community Development | Emergency Management | Housing

for the nine months ended 31 March 2018

The comments below explain the variance between year to date actual results and year to date budgets where they exceed $100k.
Administrative Costs - $121k unfavourable due to higher than budgeted support unit allocation and overhead allocation.

GOVERNANCE

Governance and Public Affairs

for the nine months ended 31 March 2018

Year to Date		Year to Date			Annual
Previous Year Actual		Actual	Budget	Variance	Approved Budget
$000		$000	$000	$000	$000
	Revenue				
	Operating Revenue				
0	Rates	0	0	0	0
0	Water by Meter	0	0	0	0
260	Revenue from Activities	19	13	6	18
0	Subsidies and Grants	0	0	0	0
0	Interest Revenue	0	0	0	0
8	Other Revenue	2	0	2	0
268	**Total Operating Revenue**	22	13	9	18
	Capital Revenue				
0	Development Contributions	0	0	0	0
0	Capital Contributions and Subsidies	0	0	0	0
0	Vested Assets	0	0	0	0
0	**Total Capital Revenue**	0	0	0	0
268	**Total Revenue**	22	13	9	18
	Expenses				
245	Personnel Costs	143	223	79	297
0	Depreciation and Amortisation	0	0	0	0
0	Finance Costs	0	0	0	0
	Other Expenses				
23	Operating and Maintenance Costs	11	21	10	28
597	Professional Costs	291	178	(113)	265
0	Property Costs	0	0	0	0
3,333	Administrative Costs	3,486	3,811	326	5,088
4,199	**Total Expenses**	3,931	4,233	303	5,679
(3,931)	**Operating Surplus/(Deficit)**	(3,909)	(4,220)	311	(5,661)
0	Gains	0	0	0	0
0	Losses	0	0	0	0
0	**Total Gains and (Losses)**	0	0	0	0
(3,931)	**Surplus/(Deficit)**	(3,909)	(4,220)	311	(5,661)

GOVERNANCE

Governance and Public Affairs

for the nine months ended 31 March 2018

The comments below explain the variance between year to date actual results and year to date budgets where
Professional Costs - $113k unfavourable. There is $112k for costs associated with the by-election. The total cost was expected to be $90k and this has been included on Risks and Opportunities. **Administrative Costs - $326k favourable.** The main contributors are underspend in general administration $85k, underspend in remuneration and conferences $102k and reduced cost from Council overheads $120k.

PARKS AND GREEN SPACES

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

for the nine months ended 31 March 2018

Year to Date		Year to Date			Annual
Previous Year Actual		Actual	Budget	Variance	Approved Budget
$000		$000	$000	$000	$000
	Revenue				
	Operating Revenue				
0	Rates	(2)	0	(2)	0
(70)	Water by Meter	(84)	(72)	(11)	(96)
1,995	Revenue from Activities	2,254	1,844	410	2,536
5	Subsidies and Grants	5	7	(1)	7
102	Interest Revenue	180	110	71	146
0	Other Revenue	0	0	0	0
2,031	**Total Operating Revenue**	2,355	1,889	466	2,593
	Capital Revenue				
2	Development Contributions	4	0	4	0
1,853	Capital Contributions and Subsidies	1,201	1,199	2	1,639
0	Vested Assets	0	0	0	0
1,855	**Total Capital Revenue**	1,205	1,199	6	1,639
3,886	**Total Revenue**	3,560	3,088	472	4,232
	Expenses				
1,710	Personnel Costs	1,802	1,771	(31)	2,369
2,777	Depreciation and Amortisation	3,417	3,135	(282)	4,180
995	Finance Costs	1,014	1,105	90	1,473
	Other Expenses				
2,276	Operating and Maintenance Costs	1,989	2,096	107	3,299
151	Professional Costs	123	165	42	215
555	Property Costs	544	562	18	751
8,282	Administrative Costs	8,692	8,525	(168)	11,458
16,747	**Total Expenses**	17,581	17,358	(223)	23,745
(12,861)	**Operating Surplus/(Deficit)**	(14,021)	(14,271)	249	(19,514)
0	Gains	0	0	0	0
(323)	Losses	(265)	0	(265)	0
(323)	**Total Gains and (Losses)**	(265)	0	(265)	0
(13,183)	**Surplus/(Deficit)**	(14,287)	(14,271)	(16)	(19,514)

PARKS AND GREEN SPACES

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

for the nine months ended 31 March 2018

The comments below explain the variance between year to date actual results and year to date budgets where they exceed $100k.
Revenue from Activities - $410k favourable. Cemetery revenue is $260k 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 10-Year Plan. $86k favourable Commercial Rents on Parks. $64k favourable Hamilton Gardens due to increased shop sales.
Depreciation and Amortisation - $282k unfavourable. Depreciation is unfavourable as the June 2017 Parks buildings revaluation was completed after budgets were set.
Operating and Maintenance Costs - $107k favourable. $71k favourable Open spaces and facilities Toilet and changing rooms for consumables and ISS cleaning contract. Service contract includes consumables was negotiated after budgets where set, this will offset overspend in other areas. Favourable $56k planned maintenance this is to offset predicted overspend in reactive maintenance.
Administrative Costs - $168k unfavourable. Support unit charges high due to City Parks vacancy factor of $73k and external fleet lease costs. Part of this variance also includes unbudgeted costs resulting from the Community Group Review.
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 nine months ended 31 March 2018

Year to Date Previous Year Actual		Year to Date Actual	Year to Date Budget	Variance - favourable / (unfavourable)	Annual Approved Budget
$000		$000	$000	$000	$000
	Revenue				
	Operating Revenue				
0	Rates	0	0	0	0
0	Water by Meter	0	0	0	0
247	Revenue from Activities	252	265	(13)	353
423	Subsidies and Grants	432	413	20	550
8	Interest Revenue	15	9	6	12
0	Other Revenue	0	0	0	0
679	**Total Operating Revenue**	699	687	13	915
	Capital Revenue				
0	Development Contributions	0	0	0	0
0	Capital Contributions and Subsidies	0	0	0	0
0	Vested Assets	0	0	0	0
0	**Total Capital Revenue**	0	0	0	0
679	**Total Revenue**	699	687	13	915
	Expenses				
6	Personnel Costs	10	0	(10)	0
295	Depreciation and Amortisation	329	307	(22)	409
85	Finance Costs	87	95	8	126
	Other Expenses				
3,530	Operating and Maintenance Costs	3,694	3,932	238	5,251
180	Professional Costs	325	192	(132)	258
31	Property Costs	30	40	9	53
1,316	Administrative Costs	1,601	1,330	(271)	1,785
5,444	**Total Expenses**	6,076	5,896	(180)	7,883
(4,765)	**Operating Surplus/(Deficit)**	(5,377)	(5,209)	(168)	(6,968)
0	Gains	0	0	0	0
(16)	Losses	0	0	0	0
(16)	**Total Gains and (Losses)**	0	0	0	0
(4,781)	**Surplus/(Deficit)**	(5,377)	(5,209)	(168)	(6,968)

Item 7

Attachment 2

RUBBISH AND RECYCLING

Refuse Collection | Waste Minimisation | Landfill Site Management

for the nine months ended 31 March 2018

The comments below explain the variance between year to date actual results and year to date budgets where they exceed $100k.
Operating and Maintenance costs - $238k favourable due to $100k of waste minimisation costs budgeted as operating costs but incurred as administrative costs, rephasing of maintenance works for the closed landfills $53k and higher costs than anticipated for kerbside rubbish and recycling services $46k. **Professional Costs - $132k unfavourable** due to consultancy costs associated with the Waste service review and Waste Management and Minimisation Plan being higher than anticipated. **Administrative Costs - $271k unfavourable** due to increased trade waste charges at Rototuna and Horotiu Closed Landfills and the under accrual of 2016/17 trade waste charges $140k, and $100k of waste minimisation costs budgeted as operating costs but incurred as administrative costs.

STORMWATER

Stormwater Network | Catchment Management

for the nine months ended 31 March 2018

Year to Date		Year to Date			Annual
Previous Year Actual		Actual	Budget	Variance - favourable / (unfavourable)	Approved Budget
$000		$000	$000	$000	$000
	Revenue				
	Operating Revenue				
0	Rates	0	0	0	0
0	Water by Meter	0	0	0	0
41	Revenue from Activities	256	93	163	173
0	Subsidies and Grants	0	0	0	0
21	Interest Revenue	37	23	14	30
0	Other Revenue	0	0	0	0
62	**Total Operating Revenue**	293	116	177	203
	Capital Revenue				
0	Development Contributions	0	0	0	0
146	Capital Contributions and Subsidies	150	39	111	53
0	Vested Assets	0	0	0	0
146	**Total Capital Revenue**	150	39	111	53
207	**Total Revenue**	443	154	288	256
	Expenses				
0	Personnel Costs	0	0	0	0
6,416	Depreciation and Amortisation	6,097	6,192	95	8,256
146	Finance Costs	334	364	30	486
	Other Expenses				
167	Operating and Maintenance Costs	243	162	(81)	220
175	Professional Costs	121	220	99	294
190	Property Costs	277	266	(11)	354
1,433	Administrative Costs	2,201	1,412	(789)	1,895
8,528	**Total Expenses**	9,274	8,616	(657)	11,505
(8,321)	**Operating Surplus/(Deficit)**	(8,831)	(8,462)	(369)	(11,250)
0	Gains	0	0	0	0
(59)	Losses	(1)	0	(1)	0
(59)	**Total Gains and (Losses)**	(1)	0	(1)	0
(8,380)	**Surplus/(Deficit)**	(8,832)	(8,462)	(370)	(11,250)

STORMWATER

Stormwater Network | Catchment Management

for the nine months ended 31 March 2018

The comments below explain the variance between year to date actual results and year to date budgets where they exceed $100k.
Revenue from Activities - $163k favourable. Environment Waikato contribution to Project Watershed $156k included earlier than budgeted. **Capital Contributions and Subsidies - $111k favourable.** Volume of new paid connections much higher than expected. **Administrative Costs - $789k unfavourable** due to increased stormwater asset maintenance costs from weather related effects of $351k. A proportion of this sum which will be offset by additional Project Watershed revenue and $414k additional cost recovery from support units and time cost allocation to this activity.

TRANSPORTATION

Transport Network | Transport Centre | Parking Management

for the nine months ended 31 March 2018

Year to Date		Year to Date			Annual
Previous Year Actual		Actual	Budget	Variance - favourable / (unfavourable)	Approved Budget
$000		$000	$000	$000	$000
	Revenue				
	Operating Revenue				
(104)	Rates	(104)	(107)	2	(142)
(5)	Water by Meter	(7)	(6)	(2)	(11)
4,218	Revenue from Activities	3,345	2,858	486	3,741
3,188	Subsidies and Grants	3,347	3,569	(222)	4,935
463	Interest Revenue	819	498	321	664
800	Other Revenue	804	817	(14)	1,090
8,559	**Total Operating Revenue**	8,202	7,631	572	10,277
	Capital Revenue				
0	Development Contributions	0	0	0	0
7,464	Capital Contributions and Subsidies	6,399	4,257	2,142	4,905
0	Vested Assets	0	0	0	0
7,464	**Total Capital Revenue**	6,399	4,257	2,142	4,905
16,023	**Total Revenue**	14,601	11,888	2,713	15,182
	Expenses				
553	Personnel Costs	535	575	40	770
13,154	Depreciation and Amortisation	14,015	13,732	(283)	18,309
5,184	Finance Costs	5,283	5,755	471	7,673
	Other Expenses				
7,440	Operating and Maintenance Costs	7,597	7,324	(273)	9,795
477	Professional Costs	274	571	297	815
1,544	Property Costs	1,764	1,653	(111)	2,301
4,851	Administrative Costs	5,408	5,493	85	7,357
33,204	**Total Expenses**	34,876	35,102	227	47,020
(17,181)	**Operating Surplus/(Deficit)**	(20,275)	(23,215)	2,940	(31,839)
0	Gains	0	0	0	0
14	Losses	77	0	77	0
14	**Total Gains and (Losses)**	77	0	77	0
(17,167)	**Surplus/(Deficit)**	(20,198)	(23,215)	3,017	(31,839)

TRANSPORTATION

Transport Network | Transport Centre | Parking Management

for the nine months ended 31 March 2018

The comments below explain the variance between year to date actual results and year to date budgets where they exceed $100k.
Revenue from Activities - $486k favourable. Revenue from on-street parking ($249k) and off-street parking ($266k) are ahead of budget forecasts. **Subsidies and Grants - $222k unfavourable.** The level of subsidy received is directly related to the level of expenditure, currently subsidisable maintenance expenditure is favourable. **Capital Contributions and Subsidies - $2,142k favourable.** $1.511m relates to NZTA capital subsidy for the installation of LED streetlights this financial year and $579k relates to Wairere/Cobham Intersection. **Depreciation and Amortisation - $283k unfavourable.** Level of capitalisation is higher that was anticipated in the in the budget. **Finance Costs - $471k favourable.** Overall finance costs (interest expense) for Council are favourable $1.4m and this is due to the overall debt being lower than budget. **Operating and Maintenance Costs - $273k unfavourable.** Some maintenance activities are progressing ahead of forecast timing, including preseal repairs ($278k) and verge landscaping ($246k). Partially offset by some programmes behind schedule, the most significant being pavement maintenance ($273k). **Professional Costs - $297k favourable.** 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. Ruakura I&R ($160k) will not be proceeding. **Property Costs - $111k unfavourable.** $105k relates to electricity costs for street lighting.

SEWERAGE

Sewerage Collection | Sewerage Treatment and Disposal

for the nine months ended 31 March 2018

Year to Date		Year to Date			Annual
Previous Year Actual		Actual	Budget	Variance - favourable / (unfavourable)	Approved Budget
$000		$000	$000	$000	$000
	Revenue				
	Operating Revenue				
0	Rates	0	0	0	0
(26)	Water by Meter	(38)	(30)	(8)	(40)
2,577	Revenue from Activities	2,655	2,551	104	3,370
0	Subsidies and Grants	0	0	0	0
224	Interest Revenue	396	241	155	321
0	Other Revenue	0	0	0	0
2,775	**Total Operating Revenue**	3,013	2,762	251	3,651
	Capital Revenue				
0	Development Contributions	0	0	0	0
361	Capital Contributions and Subsidies	649	40	610	53
0	Vested Assets	0	0	0	0
361	**Total Capital Revenue**	649	40	610	53
3,136	**Total Revenue**	3,662	2,801	861	3,704
	Expenses				
2	Personnel Costs	24	0	(24)	0
6,870	Depreciation and Amortisation	6,856	6,985	129	9,313
2,313	Finance Costs	2,358	2,568	210	3,424
	Other Expenses				
2,772	Operating and Maintenance Costs	3,460	3,407	(54)	4,524
131	Professional Costs	55	179	124	289
1,442	Property Costs	1,465	1,567	102	2,141
3,832	Administrative Costs	4,180	3,919	(261)	5,599
17,362	**Total Expenses**	18,398	18,624	226	25,290
(14,226)	**Operating Surplus/(Deficit)**	(14,736)	(15,823)	1,087	(21,586)
0	Gains	0	0	0	0
(96)	Losses	(791)	0	(791)	0
(96)	**Total Gains and (Losses)**	(791)	0	(791)	0
(14,322)	**Surplus/(Deficit)**	(15,527)	(15,823)	296	(21,586)

SEWERAGE

Sewerage Collection | Sewerage Treatment and Disposal

for the nine months ended 31 March 2018

The comments below explain the variance between year to date actual results and year to date budgets where they exceed $100k.
Revenue from Activities - $104k favourable due to increased trade waste charges at Rototuna and Horotiu Closed Landfills; a wet winter created greater volumes of leachate. **Interest Revenue - $155k favourable** due to a large cash balance held up until December 2017 that was used to repay scheduled debt that matured in December. The benefit here will offset interest expense. **Capital Contributions and Subsidies - $610k favourable** due to unbudgeted 3rd party contributions of $132k for physical works being received and higher than anticipated number of paid connections of $459k. Increased revenue received is offset by a corresponding increased capital expenditure. **Depreciation and Amortisation - $129k favourable** due to the balance currently held in work in progress. Once capitalisations are completed this variance will be eliminated. **Finance Costs - $210k favourable.** Overall finance costs (interest expense) for Council are favourable $1.4m and this is due to the overall debt being lower than budget. **Professional Costs - $124k favourable.** This is due to $37k of costs budgeted as professional costs but incurred as operating costs and the timing of delivery of some planned project works $95k. **Administrative Costs - $261k unfavourable.** Predominantly due to increased reactive network and pump station maintenance costs of $132k and $85k additional cost recovery from support units. **Property Costs - $102k favourable.** This is due to optimal process and cogen performance resulting in favourable electricity costs of $118k. **Gains and Losses - $791k unfavourable** due to the replacement of assets which were not fully depreciated resulting in a write-off.

WATER SUPPLY

Water Treatment and Storage | Water Distribution

for the nine months ended 31 March 2018

Year to Date		Year to Date			Annual
Previous Year Actual		Actual	Budget	Variance - favourable / (unfavourable)	Approved Budget
$000		$000	$000	$000	$000
	Revenue				
	Operating Revenue				
0	Rates	0	0	0	0
5,949	Water by Meter	6,260	6,083	177	8,111
136	Revenue from Activities	145	111	33	164
0	Subsidies and Grants	0	0	0	0
176	Interest Revenue	311	189	122	252
0	Other Revenue	0	0	0	0
6,260	**Total Operating Revenue**	6,715	6,384	332	8,527
	Capital Revenue				
0	Development Contributions	0	0	0	0
324	Capital Contributions and Subsidies	401	40	361	53
0	Vested Assets	0	0	0	0
324	**Total Capital Revenue**	401	40	361	53
6,585	**Total Revenue**	7,116	6,423	693	8,579
	Expenses				
2	Personnel Costs	3	0	(3)	0
5,255	Depreciation and Amortisation	5,281	5,359	79	7,146
2,364	Finance Costs	2,409	2,624	215	3,498
	Other Expenses				
1,215	Operating and Maintenance Costs	1,737	1,756	19	2,228
138	Professional Costs	57	192	135	309
1,409	Property Costs	1,232	1,277	45	1,641
3,806	Administrative Costs	4,284	3,669	(615)	4,872
14,189	**Total Expenses**	15,002	14,876	(126)	19,693
(7,604)	**Operating Surplus/(Deficit)**	(7,886)	(8,453)	567	(11,114)
0	Gains	0	0	0	0
(54)	Losses	(163)	0	(163)	0
(54)	**Total Gains and (Losses)**	(163)	0	(163)	0
(7,658)	**Surplus/(Deficit)**	(8,049)	(8,453)	404	(11,114)

WATER SUPPLY

Water Treatment and Storage | Water Distribution

for the nine months ended 31 March 2018

The comments below explain the variance between year to date actual results and year to date budgets where

Water by Meter - $177k favourable due to a realignment of some customer billing cycles which has resulted in a proportion of revenue being received earlier than budgeted.

Interest Revenue - $122k favourable due to a large cash balance held up until December 2017 that was used to repay scheduled debt that matured in December. The benefit here will offset interest expense.

Capital Contributions and Subsidies - $361k favourable due to unbudgeted 3rd party contributions of $14k for physical works being received and $347k due to the higher than anticipated number of paid connections. Increased revenue received is offset by a corresponding increased capital expenditure.

Finance Costs - $215k favourable. Overall finance costs (interest expense) for Council are favourable $1.4m and this is due to the overall debt being lower than budget.

Professional Costs - $135k favourable due to revised delivery of $120k planned project works.

Administrative Costs - $615k unfavourable predominantly due to a $506k additional cost recovery from support units and timecost allocation to this activity. It is also due to an unfavourable variance in tradewaste charges of $44k due to increased solids removal at the water treatment plant.

Gains and Losses - $163k unfavourable due to the replacement of assets which were not fully depreciated resulting in a write-off.

CAPITAL EXPENDITURE
for the nine months ended 31 March 2018

	Type	Note	Deferral	Year to Date Expenditure: Actual	Year to Date Expenditure: Total YTD Budget	Year to Date Expenditure: Variance	Annual Budget: 2017-18 Approved Budget	Annual Budget: Total Deferrals, Brought forward & RO	Annual Budget: Total Capital Budget	Capital Revenue: Actual	Capital Revenue: YTD Budget	Capital Revenue: Annual Capital Revenue Budget
				$000	$000	$000	$000	$000	$000	$000	$000	$000
ARTS AND CULTURE												
Libraries												
CE10005 - Library collection purchases	R			805	832	27	1,091	0	1,091		0	0
CE10006 - Library asset renewal	R			54	71	18	177	0	177		0	0
CE10007 - Library building asset renewal programme	R			173	137	(36)	37	705	742		0	0
Total libraries				**1,031**	**1,041**	**9**	**1,305**	**705**	**2,010**	**0**	**0**	**0**
Museum												
CE10008 - Museum asset renewal	R			93	115	22	93	45	138		0	0
CE10009 - ArtsPost earthquake strengthening	R	1			0	0	1,301	(1,301)	0		0	0
CE10010 - Public art support fund	R			242	73	(169)	81	219	300	(197)	0	0
CE10011 - Museum activity building renewals	R			81	191	110	254	0	254		0	0
Total Museum				**416**	**379**	**(37)**	**1,729**	**(1,037)**	**692**	**(197)**	**0**	**0**
Hamilton City Theatres												
CE10013 - Technical services equipment renewals	R			148	319	171	450	0	450		0	0
Total Hamilton City Theatres				**148**	**319**	**171**	**450**	**0**	**450**	**0**	**0**	**0**
TOTAL ARTS AND CULTURE				**1,594**	**1,738**	**143**	**3,484**	**(332)**	**3,152**	**(197)**	**0**	**0**
ECONOMIC DEVELOPMENT												
Claudelands and Stadia								**0**				
CE10040 - Business administration plant and equipment	R			38	39	1	52	0	52		0	0
CE10041 - Claudelands plant and equipment	R	2		25	365	339	648	0	648		0	0
CE10042 - Seddon Park plant and equipment	R				39	39	52	0	52		0	0
CE10043 - Waikato Stadium plant and equipment	R	3		315	86	(229)	114	0	114		0	0
CE10044 - Turf services plant and equipment	R			38	55	17	73	0	73		0	0
CE10045 - Claudelands property renewals	R			51	0	(51)		0	0		0	0
CE10046 - Seddon Park property renewals	R			44	186	142	330	0	330		0	0
CE10047 - Waikato Stadium property renewals	R	4		745	509	(236)	267	309	576	(300)	0	0
CE10048 - Stadia building renewals	R	5		434	706	272	686	810	1,496		0	0
CE10049 - Claudelands building renewals	R				7	7	9	0	9		0	0
Total Claudelands and Stadia				**1,689**	**1,990**	**301**	**2,231**	**1,119**	**3,350**	**(300)**	**0**	**0**
Strategic Property												
CE10052 - Strategic property renewals	R				6	6	8	0	8		0	0
CE10053 - Tenancy inducement renewals	R				56	56	75	0	75		0	0
Total Strategic Property				**0**	**62**	**62**	**83**	**0**	**83**	**0**	**0**	**0**
TOTAL ECONOMIC DEVELOPMENT				**1,689**	**2,052**	**363**	**2,314**	**1,119**	**3,433**	**(300)**	**0**	**0**
PARKS AND GREEN SPACES												
Cemeteries and Crematorium												
CE10021 - Building renewals cemeteries	R		A	43	18	(25)	603	0	603		0	0
CE10022 - Renewal of crematorium assets	R		B	0	31	31	31	0	31		0	0
CE10023 - Hamilton Park east and west cemeteries renewals	R			12	8	(4)	8	0	8		0	0
CE15024 - Hamilton Park cemetery, burial and ash lawn extension	G			66	36	(30)	36	0	36		0	0
CE19001 - Hamilton Park cemetery accessible toilet block	LOS				0	0		70	70		0	0
Total Cemeteries and Crematorium				**121**	**93**	**(28)**	**678**	**70**	**748**	**0**	**0**	**0**
Hamilton Gardens												
CE10026 - Hamilton Gardens renewals	R			31	93	62	158	0	158		0	0
CE10028 - Hamilton Gardens building renewals	R			44	48	4	48	0	48		0	0
CE15027 - Proposed development programme	G	6		1,583	1,839	256	2,744	135	2,879	(1,173)	(1,199)	(1,639)
CE19023 - Hamilton Gardens Development	G							100	100			
Total Hamilton Gardens				**1,659**	**1,980**	**321**	**2,950**	**235**	**3,185**	**(1,173)**	**(1,199)**	**(1,639)**
Parks												
CE10029 - Toilet and changing room renewals	R			60	80	19	109	0	109		0	0
CE10030 - Building renewals parks and open spaces	R			1	10	9	47	0	47		0	0
CE10032 - Parks and open spaces assets and playgrounds renewals	R			825	962	137	1,231	0	1,231	(28)	0	0
CE15033 - Land purchase future reserves	G	7	C	178	438	260	229	497	726		0	0
CE15036 - Playground development programme	G			341	366	25	906	250	1,156		0	0
CE15168 - Rototuna Town Centre	G			4	0	(4)		0	0		0	0
CE16001 - Victoria on the River (VOTR) Development	LOS			3,504	3,460	(44)	743	2,967	3,710		0	0
CE17004 - River Plan	LOS		D	77	60	(17)	1,250	0	1,250		0	0
CE19012 - Day's Park erosion remediation	LOS				0	0		20	20		0	0
CE19014 - Waiwhakareke Natural Heritage Park development	LOS				0	0		50	50		0	0
Total Parks				**4,990**	**5,376**	**386**	**4,515**	**3,784**	**8,299**	**(28)**	**0**	**0**
Sports Parks												
CE10031 - Sports area renewals	R			91	91	0	91	15	106		0	0
CE15035 - Rototuna Park development	G			267	295	28	745	0	745		0	0
CE19003 - Parks Toilets development/upgrade	LOS				0	0	0	20	20		0	0
CE15164 - Rototuna Park option 1	G				0	0		55	55		0	0
Total Sports Parks				**358**	**386**	**28**	**836**	**90**	**926**	**0**	**0**	**0**

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

CAPITAL EXPENDITURE
for the nine months ended 31 March 2018

	Type	Note	Deferral	Year to Date Expenditure: Actual	Year to Date Expenditure: Total YTD Budget	Year to Date Expenditure: Variance	Annual Budget: 2017-18 Approved Budget	Annual Budget: Total Deferrals, Brought forward & RO	Annual Budget: Total Capital Budget	Capital Revenue: Actual	Capital Revenue: YTD Budget	Capital Revenue: Annual Capital Revenue Budget
				$000	$000	$000	$000	$000	$000	$000	$000	$000
					0	-						
TOTAL PARKS AND GREEN SPACES				7,128	7,835	708	8,979	4,179	13,158	(1,201)	(1,199)	(1,639)
RECREATION												
Aquatic Facilities												
CE10001 - Aquatic facilities building renewals	R			1,585	1,619	34	211	10,325	10,536		0	0
CE10003 - Waterworld operational asset renewals	R		E	163	140	(23)	249	0	249		0	0
CE10004 - Gallagher Aquatic Centre operational asset renewal	R			92	179	87	154	64	218		0	0
Total Aquatic Facilities				1,841	1,938	98	614	10,389	11,003	0	0	0
Hamilton Zoo												
CE10015 - Zoo animal enclosure renewals	R			108	118	10	144	0	144		0	0
CE10016 - Zoo building renewals	R			16	84	68	84	0	84		0	0
CE10017 - Property renewals	R			2	0	(2)		0	0		0	0
CE10020 - Zoo animal replacement	R			43	63	20	41	22	63		0	0
CE19019 -Zoo Safety Improvements	R			81	125	44	250	0	250		0	0
Total Hamilton Zoo				251	390	140	519	22	541	0	0	0
TOTAL RECREATION				2,091	2,329	237	1,133	10,411	11,544	0	0	0
SAFETY												
CE10037 - CCTV renewals	R				40	40	40	0	40		0	0
CE10038 - Animal education and control building - security fencing				4	0	(4)		0	0		0	0
TOTAL SAFETY				4	40	36	40	0	40	0	0	0
RUBBISH AND RECYCLING												
CE10054 - Replacement of closed landfill assets	R			29	225	196	233	0	233		0	0
CE10056 - Replacement of RTS & HOC assets	R			0	0	(0)	7	0	7		0	0
CE15055 - Closed landfill management	LOS			63	175	112	180	0	180		0	0
TOTAL RUBBISH AND RECYCLING				92	400	308	420	0	420	0	0	0
STORMWATER												
CE10058 - Replacement of stormwater assets	R	8		713	1,141	428	637	591	1,228		0	0
CE15059 - Rototuna stormwater infrastructure	G			97	270	173	600	0	600	(23)	0	0
CE15060 - Rotokauri stormwater infrastructure stage 1	G		F	531	460	(71)	520	1,500	2,020		0	0
CE15062 - Peacocke stormwater infrastructure stage 1	G			0	50	50	0	400	400		0	0
CE15064 - Stormwater pipe upgrade - growth	G			9	60	51	131	0	131		0	0
CE15066 - Existing network improvements in new areas	G			27	20	(7)	104	0	104	(12)	0	0
CE15067 - Comprehensive stormwater consent implementation	LOS			20	162	142	182	0	182		0	0
CE15068 - Stormwater customer connections to the network	G			86	39	(47)	52	0	52	(115)	(39)	(53)
CE15162 - Integrated catchment management plan	LOS	9	G	459	898	439	812	640	1,452		0	0
TOTAL STORMWATER				1,941	3,099	1,158	3,038	3,131	6,169	(150)	(39)	(53)
TRANSPORT												
Parking Management												
CE10070 - Replacement of parking enforcement equipment	R			640	693	53	5	689	694		0	0
CE10071 - Parking building renewal	R	10		67	300	233	200	300	500		0	0
Total Parking Management				707	993	286	205	989	1,194	0	0	0
Transportation Network												
CE10072 - Replacement of footpath	R	11		1,018	1,270	252	1,790	(520)	1,270		0	0
CE10073 - Replacement of street furniture	R			21	30	9	60	0	60	(1)	0	0
CE10074 - Replacement of drainage (kerb and channel)	R	12		1,082	747	(335)	1,001	0	1,001	(552)	(381)	(510)
CE10075 - Replacement of road base	R	13		829	1,880	1,051	1,950	0	1,950	(423)	(959)	(994)
CE10076 - Road resurfacing	R	14		3,779	4,426	647	4,946	0	4,946	(1,927)	(2,257)	(2,528)
CE10077 - Replacement of bridges and culverts	R			124	150	26	155	0	155	(63)	(77)	(77)
CE10078 - Replacement of retaining walls and structures	R			0	40	40	45	0	45	0	(20)	(23)
CE10079 - Replacement of environmental controls	R				0	0	5	0	5		0	(3)
CE10080 - Replacement of lighting	R	15		48	398	350	428	0	428	(24)	(203)	(204)
CE10081 - Replacement of traffic equipment	R			358	343	(15)	358	0	358	(183)	(175)	(184)
CE10082 - Replacement of street signs	R				23	23	30	0	30		(12)	(15)
CE10098 - Building and property renewals	R			285	200	(85)	200	0	200	(24)	0	0
CE10166 - LED Streetlight Renewals	R	16		1,778	1,394	(384)		5,125	5,125	(1,511)	0	
												0
CE15085 - Minor improvements to transport network	LOS			449	314	(135)	664	0	664	(229)	(160)	(342)
CE15086 - Bus stop infrastructure	LOS			17	76	59	117	0	117	(1)	0	0
CE15087 - Network upgrades to allow new development	G			33	75	42	182	0	182		0	0

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

CAPITAL EXPENDITURE

for the nine months ended 31 March 2018

	Type	Note	Deferral	Year to Date Expenditure: Actual	Year to Date Expenditure: Total YTD Budget	Year to Date Expenditure: Variance	Annual Budget: 2017-18 Approved Budget	Annual Budget: Total Deferrals, Brought forward & RO	Annual Budget: Total Capital Budget	Capital Revenue: Actual	Capital Revenue: YTD Budget	Capital Revenue: Annual Capital Revenue Budget
				$000	$000	$000	$000	$000	$000	$000	$000	$000
CE15088 - Roading upgrades and development in Peacocke stage 1	G			318	206	(112)	52	547	599	0	(13)	(27)
CE15089 - Roading upgrades and development in Peacocke stage 2	G		H	1,234	1,205	(29)	783	1,398	2,181	(68)	0	0
CE15090 - Roading upgrades and development in Rotokauri stage 1	G	17		183	2,240	2,057	3,281	1,453	4,734		0	0
CE15092 - Roading upgrades and development in Rototuna	G	18	I	2,083	2,495	412	3,504	2,349	5,853	(100)	0	0
CE15093 - Roading upgrades and development in Ruakura	G			2	0	(2)	0	0	0		0	0
CE15094 - Traffic signal improvements	G			2	0	(2)		0	0	(1)	0	0
CE15095 - Integrated transport initiatives	G			510	535	25	937	0	937	(268)	0	0
CE18003 - Communter Rail	G			635	635	(0)		635	635		0	0
PIF12005 - Hamilton Ring Road Completion	G	19	J	1,591	2,300	709		7,822	7,822	(1,024)	0	0
Total Transportation Network				**16,378**	**20,982**	**4,603**	**20,488**	**18,809**	**39,297**	**(6,399)**	**(4,257)**	**(4,905)**
					0	-						
TOTAL TRANSPORT				**17,085**	**21,974**	**4,889**	**20,693**	**19,798**	**40,491**	**(6,399)**	**(4,257)**	**(4,905)**
SEWERAGE												
CE10100 - Replacement of wastewater pump stations	R	20		933	525	(408)	814	0	814		0	0
CE10101 - Replacement of wastewater assets	R			3,471	3,300	(171)	4,354	0	4,354		0	0
CE15103 - Increase capacity of wastewater pump stations	LOS	21		65	300	235	440	250	690		0	0
CE15104 - Wastewater pipe upgrade - growth	G				175	175	312	0	312		0	0
CE15105 - Increase capacity of wastewater network - Rototuna	G	22		513	245	(268)	0	1,253	1,253	(31)	0	0
CE15106 - Wastewater network upgrades to allow development	G			60	30	(30)	83	0	83	(120)	0	0
CE15107 - Increase capacity of network in Rotokauri stage 1	G	23		134	840	706	1,154	397	1,551		0	0
CE15111 - Increase capacity of network throughout the city	G	24	K	2,052	3,930	1,878	3,178	2,996	6,174		0	0
CE15112 - Increase capacity of network (far east inteceptor)	G	25	L	1,140	1,450	310	3,124	1,002	4,126		0	0
CE15114 - Increase capacity of network (bulk storage)	G	26	M	188	575	387	837	0	837		0	0
CE15161 - Wastewater master plan	R			61	125	64	178	0	178		0	0
CE10115 - Replacement of wastewater treatment plant assets	G	27		346	922	576	1,879	0	1,879		0	0
CE15116 - Upgrade wastewater treatment plant systems	LOS			190	244	54	364	0	364		0	0
CE15117 - Upgrade wastewater treatment plant (Pukete 3)	G	28	N	976	1,200	224	6,500	0	6,500		0	0
CE15120 - Wastewater treatment plant compliance	LOS	29		58	324	266	521	0	521		0	0
CE18004 - Seismic Strengthening of Buildings	LOS	30		347	39	(308)	52	0	52		0	0
CE15121 - Wastewater customer connections to the network	G	31		204	500	296		1,500	1,500	(498)	(40)	(53)
TOTAL SEWERAGE				**10,735**	**14,724**	**3,989**	**23,790**	**7,398**	**31,188**	**(649)**	**(40)**	**(53)**
WATER SUPPLY												
CE10123 - Replacement of watermains	R	32		2,197	2,450	253	3,400	0	3,400		0	0
CE10124 - Replacement of water meters, valves and hydrants	R			172	220	48	334	0	334		0	0
CE15126 - Upgrade or build new watermains in Rototuna	G			398	400	2	395	413	808	(14)	0	0
CE15127 - Water pipe upgrade - growth	G			0	150	150	312	0	312		0	0
CE15128 - Upgrade/build new watermains in Rotokauri stage 1	G	33	O	3,323	2,875	(448)	7,474	(636)	6,838		0	0
CE15130 - Upgrade/build new watermains in Peacocke stage 1	G			0	25	25	238	0	238		0	0
CE15132 - Water network upgrades to allow new development	G				40	40	83	0	83		0	0
CE15133 - Water demand management - network water loss	LOS			325	312	(13)	416	0	416		0	0
CE15134 - Water demand management - Pukete reservoir zone	LOS				0	0	104	0	104		0	0
CE15136 - Water demand management - Dinsdale reservoir zone	LOS			78	11	(67)	11	0	11		0	0
CE10138 - Replacement of treatment plant and reservoir assets	R	34		339	613	275	981	0	981		0	0
CE15139 - Water treatment plant compliance - minor upgrades	LOS			309	402	93	676	0	676		0	0
CE15140 - Rototuna reservoir and associated bulk mains	G			1,144	1,327	183	52	1,300	1,352		0	0
CE15141 - Water demand management - Hillcrest reservoir zone	LOS	35		399	875	476	1,520	0	1,520		0	0
CE15144 - Upgrade water treatment plant	G		P	2,923	2,925	2	2,750	828	3,578		0	0
CE10145 - Tools of trade renewals	R			19	39	20	52	0	52		0	0
CE15146 - Water customer connections	G	36		283	39	(244)	52	0	52	(387)	(40)	(53)
CE15148 - Upgrade or build new watermains in Ruakura	G			9	15	6		505	505		0	0
CE15158 - Water model	LOS			103	0	(103)		684	684		0	0
CE15159 - Water master plan	G			(2)	0	2		0	0		0	0
CE15166 - Fluoride free water source	LOS			3	0	(3)		0	0		0	0
PIF12031 - New structure to extract water from the Waikato River	LOS			1	0	(1)		0	0		0	0
CE16004 - Eastern Bulk Main Slip	G			1,590	1,700	110		1,840	1,840		0	0
TOTAL WATER SUPPLY				**13,610**	**14,419**	**809**	**18,850**	**4,934**	**23,784**	**(401)**	**(40)**	**(53)**
CORPORATE SERVICES												
Corporate Buildings												
CE10151 - Renewals program	R			279	404	125	1,044	25	1,069		0	0
Total Corporate Buildings				**279**	**404**	**125**	**1,044**	**25**	**1,069**	**0**	**0**	**0**
Information Services												
CE10152 - IS Network and infrastructure	R			635	636	1	636	209	845		0	0
CE10153 - Core business applications	R	37		319	899	580	896	532	1,428		0	0
CE10154 - Minor applications	R			27	25	(2)	11	20	31		0	0
CE15155 - Mobility and eservices	LOS	38		70	453	383	589	138	727		0	0
CE10156 - Lease funding of equipment	R			737	581	(156)	791	0	791		0	0

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

CAPITAL EXPENDITURE

for the nine months ended 31 March 2018

	Type	Note	Deferral	Year to Date Expenditure			Annual Budget			Capital Revenue		
				Actual	Total YTD Budget	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
CE15157 - Authority replacement	LOS	39			801	801	996	105	1,101		0	0
Total Information Services				**1,788**	**3,394**	**1,606**	**3,919**	**1,004**	**4,923**	**0**	**0**	**0**
Performance												
CE10158 - Replacement of fleet vehicles	R			1,699	1,560	(139)	2,080	0	2,080		0	0
Total Performance				**1,699**	**1,560**	**(139)**	**2,080**	**0**	**2,080**	**0**	**0**	**0**
DC Funding Model and DC Assessment Tool and Growth Model												
CE16002 - DC Funding Model, Assessment Tool & Growth Model	G	40		402		(402)		0			0	0
Total DC Funding Model, DC Assessment Tool & Growth Model				**402**		**(402)**	**0**	**0**	**0**	**0**	**0**	**0**
Customer Services												
CE17001 - Customer Services Projects	LOS				88	88	100	0	100		0	0
Total Performance					**88**	**88**	**100**	**0**	**100**	**0**	**0**	**0**
Level 1 Office Reshuffle (Commenced June 2017)												
CE17006 - Level 1 Office Reshuffle (Commenced June 2017)	R			1	0	(1)		0	0		0	0
Total Performance				**1**	**0**	**(1)**	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL CORPORATE SERVICES				**4,170**	**5,446**	**1,276**	**7,143**	**1,029**	**8,172**	**0**	**0**	**0**
TOTAL COUNCIL				**60,140**	**74,056**	**13,916**	**89,884**	**51,667**	**141,551**	**(9,297)**	**(5,574)**	**(6,702)**

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

Attachment 3

Capital Expenditure Variance Explanations: Variances greater than $200k.
for the nine months ended 31 March 2018

No.	Project	YTD Variance $000
1	**CE10009 - ArtsPost earthquake strengthening** Detailed seismic plan finalised and HCP received. Presented brief to council on 3 October. Project is now included in year 10 in the Draft 10 Year Plan. The $1.3m budget no longer required and has moved onto Risks and Opportunities.	0
2	**CE10041 - Claudelands plant and equipment** Project scoping has commenced, however timing in budget phasing is different to planning.	339
3	**CE10043 - Waikato Stadium plant and equipment** Offset by CE10048.	(229)
4	**CE10047 - Waikato Stadium property renewals** Contribution by naming rights partners to capital improvements project at FMG Stadium.	(236)
5	**CE10048 - Stadia building renewals** Timing in budget phasing. This under expenditure is partially offset by over expenditure in CE100043.	272
6	**CE15027 - Proposed development programme** Hamilton Gardens Development - deferral incorrectly 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.	256
7	**CE15033 - Land purchase future reserves** This is dependant on third party negotiations. At this time it is not expected to be resolved this financial year.	260
8	**CE10058 - Replacement of stormwater assets** Renewal aspects of this project are on track. Variance in timing of physical works for Valley Terrace stormwater works is assoiciated with ongoing access negotiations.	428
9	**CE15162 - Integrated catchment management plan** Up to $450k of contractually committed works will not be complete this financial year. A deferral is required to allow work to complete in the 2018-19 financial year.	439
10	**CE10071 - Parking building renewal** Renewal works programme ($200k) is behind schedule but will be completed this year. Lift components ($300k) are expected to be delivered in June (via international shipping) but will require a deferral if any delays occur.	233
11	**CE10072 - Replacement of footpath** Planned expenditure for Footpath renewals is reduced by about $500k to help fund LED lighting upgrade.	252
12	**CE10074 - Replacement of drainage (kerb and channel)** K&C renewal is behind schedule but will be completed this year.	(335)
13	**CE10075 - Replacement of road base** Delivery of main activity will progress later than original programme, but is on target for this year.	1,051
14	**CE10076 - Road resurfacing** Part of AC surfacing programme to be deferred to 2018/19 due to NZTA subsidy funding cap.	647
15	**CE10080 - Replacement of lighting** Current underspend due to the introduction of the LED streetlighting project (commenced 4 Dec); will also be underspent at year end.	350
16	**CE10166 - LED Streetlight Renewals** Budget is set at additional Council contribution and does not reflect planned expenditure of $7,682k (project receives 85% NZTA subsidy and is part funded from other renewal activities)	(384)
17	**CE15090 - Roading upgrades and development in Rotokauri stage 1** Cashflow behind baseline, however development agreements for arterial roading now in-place (third party dependent). Overall program on-track. Offset expenditure for Commuter Rail land purchase (CE18003) through Risks and Opportunities.	2,057
18	**CE15092 - Roading upgrades and development in Rototuna** A deferral of up to $2.3m will be required to complete contractually committed construction of the Borman Road Extension to Kay Road and the North City Road Upgrade in alignment with development timing (third party dependent).	412

Capital Expenditure Variance Explanations: Variances greater than $200k.
for the nine months ended 31 March 2018

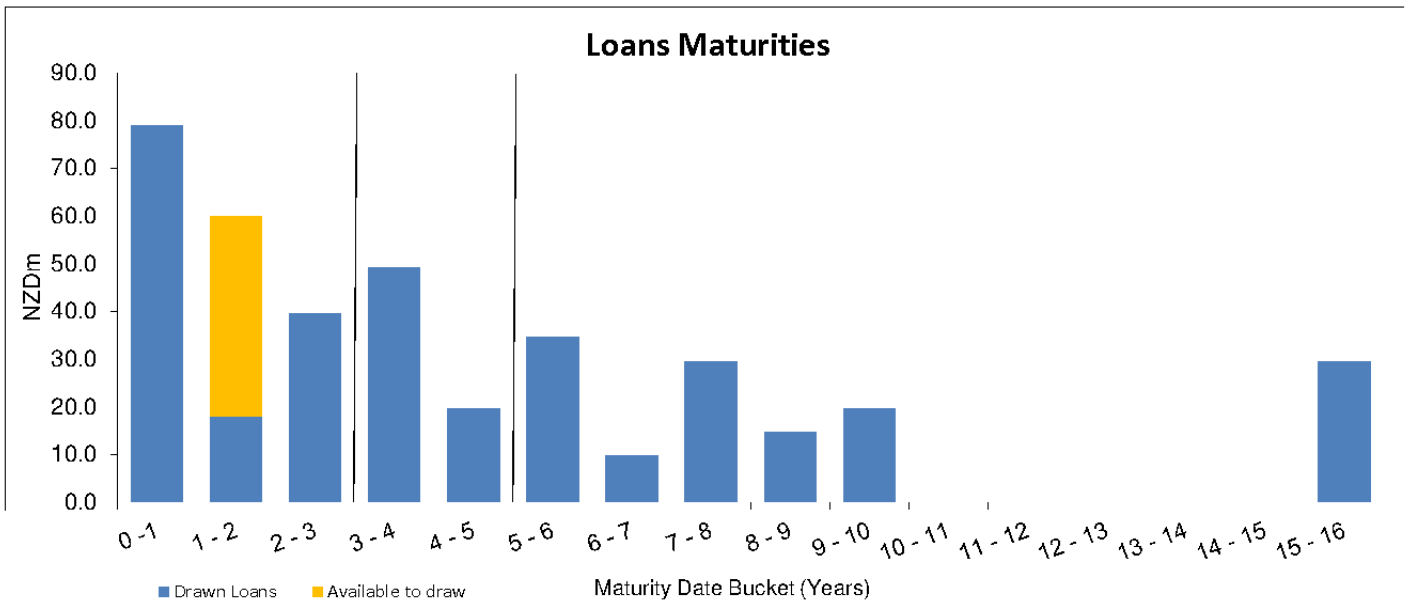
		YTD Variance $000
19	**PIF12005 - Hamilton Ring Road Completion** A deferral of up to $4m will be required in accordance with the proposed delivery program - as outlined in the report to G&I Committee 24 Oct 2017.	709
20	**CE10100 - Replacement of wastewater pump stations** Delivery of this works programme has progressed in advance of the baseline cashflow and is now substantively complete.	(408)
21	**CE15103 - Increase capacity of wastewater pump stations** Works progressing behind schedule, and following programme prioritisation some sites not required this year which will potentially result in programme savings of up to $500k against overall budget.	235
22	**CE15105 - Increase capacity of wastewater network - Rototuna** North City Road wastewater works progressed in advance of original forecast timeframe. Overall program on-track, and potential savings of up to $530k from total budget forecast.	(268)
23	**CE15107 - Increase capacity of network in Rotokauri stage 1** Cashflow behind baseline, however development agreements for new pump station now in-place (third party dependent). Anticipate potential savings of up to $50k from total budget forecast.	706
24	**CE15111 - Increase capacity of network throughout the city** Project on-track. Cashflow for Far Western Interceptor installation slightly delayed from original baseline, potential savings of up to $1m from total budget forecast, and also a deferral of up to $1m is forecast to complete contractually committed works in accordance with current Contractor programme.	1,878
25	**CE15112 - Increase capacity of network (far east inteceptor)** Contractually committed via Ruakura PDA for wastewater installation. Construction and associated payment is subject to development timing (third party dependent), anticipate a required deferral of $2m.	310
26	**CE15114 - Increase capacity of network (bulk storage)** As a result of procurement option review for this project/program, a design and construct type model has been identified as preferred to deliver best value. This will require a deferral of the detailed design costs of up to $600k to complete design following procurement this financial year.	387
27	**CE10115 - Replacement of wastewater treatment plant assets** In progress, currently a timing variance with work expected to be completed by 30 June 2017.	576
28	**CE15117 - Upgrade wastewater treatment plant (Pukete 3)** Currently being competitively tendered. A deferral of up to $4.5m will likely be required due to review of treatment process options and subject to contractors programme once awarded. Overall project on-track.	224
29	**CE15120 - Wastewater treatment plant compliance** 0	266
30	**CE18004 - Seismic Strengthening of Buildings** Query YTD and revenue budget for this project	(308)
31	**CE15121 - Wastewater customer connections to the network** Higher demand of new connections than anticipated, additional expenditure is offset by increased revenue.	296
32	**CE10123 - Replacement of watermains** Progress slightly behind originally anticipated programme. Overall on-track.	253
33	**CE15128 - Upgrade/build new watermains in Rotokauri stage 1** Current installation of the Rotokauri bulk water installation slightly in advance of planned programme. A deferral of up to $1m will be required in order to complete the contractually committed works in accordance with the current contractor delivery program. Additionally contract savings of $750k have been included on the Risk and Opportunites schedule.	(448)
34	**CE10138 - Replacement of treatment plant and reservoir assets** In progress, currently a timing variance with work expected to be completed by 30 June 2017.	275
35	**CE15141 - Water demand management - Hillcrest reservoir zone** Progress on Ruakura Reservoir design and construction slightly behind originally anticipated programme. Bulkmain installation contract currently being procured. Overall project on-track.	476

TREASURY REPORT
for the nine months ended 31 March 2018

Policy Compliance

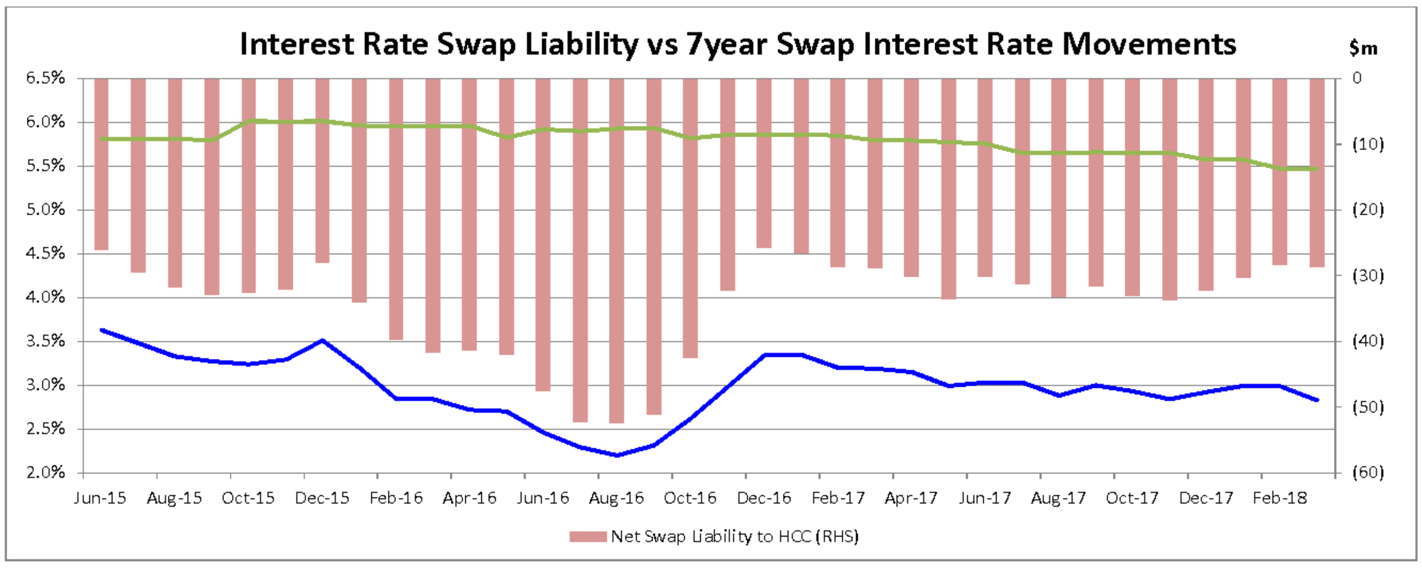
		Policy	Result @ 31-Mar-18	Policy Compliance
Fixed rate maturity	all years	within annual parameters	**achieved for all years**	✓
Funding maturity	0 - 3 years	15% - 60%	**46%**	✓
	3 - 5 years	15% - 60%	**18%**	✓
	5 years plus	10% - 60%	**36%**	✓
Liquidity ratio	minimum	110%	**117%**	✓
Counterparty credit risk	maximum	$75m per bank	**achieved**	✓

Comments on policy breaches
There are no breaches of policy.



Debt and Cash Investments ($000's)

	Result @ 31-Mar-18	Budget @ 30-Jun-18	Variance Fav. / (Unfav.)
External debt	**349,280**	429,000	79,720
less Cash investments	**(29,195)**	(35,000)	(5,805)
Net external debt	**320,085**	394,000	73,915
add Cash-backed reserves	40,812	39,583	(1,229)
Total overall debt	**360,897**	**433,583**	**72,686**
Gross cost of funds (12 month rolling average)	**4.99%**	**5.09%**	**0.09%**



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. Last month has seen swap interest rates slightly decreasing, causing a increase in HCC's liability.

Indicative Capital Deferrals
for the nine months ended 31 March 2018

	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
PARKS AND GREEN SPACES									
Parks									
CE10021 - Building renewals cemeteries	A		107		107	43	603	0	603
CE10022 - Renewal of crematorium assets	B		19		19	0	31	0	31
CE15033 - Land purchase future reserves	C		550		550	178	229	497	726
CE17004 - River Plan	D		760		760	77	1,250	0	1,250
RECREATION									
Aquatic Facilities									
CE10003 - Waterworld operational asset renewals	E		3,000		3,000	163	249	0	249
STORMWATER									
CE15060 - Rotokauri stormwater infrastructure stage 1	F	1,400			1,400	531	520	1,500	2,020
CE15162 - Integrated catchment management plan	G		450		450	459	812	640	1,452
TRANSPORT									
CE15089 - Roading upgrades and development in Peacocke stage	H	750			750	1,234	783	1,398	2,181
CE15092 - Roading upgrades and development in Rototuna	I			2,300	2,300	2,083	3,504	2,349	5,853
PIF12005 - Hamilton Ring Road Completion	J		4,000		4,000	1,591	0	7,822	7,822
SEWERAGE									
CE15111 - Increase capacity of network throughout the city	K		1,000		1,000	2,052	3,178	2,996	6,174
CE15112 - Increase capacity of network (far east inteceptor)	L		2,000		2,000	1,140	3,124	1,002	4,126
CE15114 - Increase capacity of network (bulk storage)	M		600		600	188	837	0	837
CE15117 - Upgrade wastewater treatment plant (Pukete 3)	N		4,500		4,500	976	6,500	0	6,500
WATER SUPPLY									
CE15128 - Upgrade/build new watermains in Rotokauri stage 1	O		1,000		1,000	3,323	7,474	-636	6,838
CE15144 - Upgrade water treatment plant	P		600		600	2,923	2,750	828	3,578
Total Indicative Capital Deferrals		2,150	18,586	2,300	23,036	16,958	31,844	18,396	50,240

Indicative Deferrals Explanations
for the nine months ended 31 March 2018

		Indicative Deferral
A	**CE10021 - Building renewals cemeteries** Crematorium Asset Renewals to be deferred to next year to align work programme with the cremator move that is part of the Crematorium building renewals project in 18/19. Spending this budget this year and renewing the assets before the move contains the risk that the cremator gets damaged during the move and assets need to be fixed/renewed agair later on.	$0.11m
B	**CE10022 - Renewal of crematorium assets** To be deferred for Cremator shift in September 2018	$0.02m
C	**CE15033 - Land purchase future reserves** This is dependant on third party negotiations. At this time it is not expected to be resolved this financial year.	$0.55m
D	**CE17004 - River Plan** Work is now expected to be completed in the first half of the 2018-19 financial year.	$0.76m
E	**CE10003 - Waterworld operational asset renewals** Based on updated tender programme timetable, physical works will take 29 weeks. Work commenced in February with completion expected in September 2018. Likely deferral estimated to be $2.5m.	$3.00m
F	**CE15060 - Rotokauri stormwater infrastructure stage 1** Deferral of $1.4m required for Rotokauri floodway land purchase. Will likely not be complete subject to third party land negotiation.	$1.40m
G	**CE15162 - Integrated catchment management plan** Up to $450k of contractually committed works will not be complete this financial year. A deferral is required to allow work to complete in the 2018-19 financial year.	$0.45m
H	**CE15089 - Roading upgrades and development in Peacocke stage 2** A deferral of up to $750k will be required in accordance with timing of land purchase agreements in the Peacockes area for arterial road routes (third party dependent).	$0.75m
I	**CE15092 - Roading upgrades and development in Rototuna** A deferral of up to $2.3m will be required to complete contractually committed construction of the Borman Road Extension to Kay Road and the North City Road Upgrade in alignment with development timing (third party dependent).	$2.30m
J	**PIF12005 - Hamilton Ring Road Completion** A deferral of up to $4m will be required in accordance with the proposed delivery program - as outlined in the report to G&I Committee 24 Oct 2017.	$4.00m
K	**CE15111 - Increase capacity of network throughout the city** Project on-track. Cashflow for Far Western Interceptor installation slightly delayed from original baseline, potential savings of up to $1m from total budget forecast, and also a deferral of up to $1m is forecast to complete contractually committed works in accordance with current Contractor programme.	$1.00m
L	**CE15112 - Increase capacity of network (far east inteceptor)** Contractually committed via Ruakura PDA for wastewater installation. Construction and associated payment is subject to development timing (third party dependent), anticipate a required deferral of $2m.	$2.00m
M	**CE15114 - Increase capacity of network (bulk storage)** As a result of procurement option review for this project/program, a design and construct type model has been identified as preferred to deliver best value. This will require a deferral of the detailed design costs of up to $600k to complete design following procurement this financial year.	$0.60m
N	**CE15117 - Upgrade wastewater treatment plant (Pukete 3)** Currently being competitively tendered. A deferral of up to $4.5m will likely be required due to review of treatment process options and subject to contractors programme once awarded. Overall project on-track.	$4.50m
O	**CE15128 - Upgrade/build new watermains in Rotokauri stage 1** Current installation of the Rotokauri bulk water installation slightly in advance of planned programme. A deferral of up to $1m will be required in order to complete the contractually committed works in accordance with the current contractor delivery program. Additionally contract savings of $750k have been included on the Risk and Opportunites schedule.	$1.00m
P	**CE15144 - Upgrade water treatment plant** A deferral will be required to deliver the contractually committed chemical storage facility upgrade in accordance with contractors programme.	$0.60m
		$23.04m

Attachment 6

Risk and Opportunities as at 31 March 2018

Project	Date	Operating Cost	Operating Revenue	Capital Cost	Capital Revenue
		$000	$000	$000	$000
Approved by Council or Committee Resolution					
Aquatics - business case and contracting out investigations [1]	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 strengthening	19-Sep-17	150			
Central Library - Earthquake strengthening	21-Sep-17	17		705	
Waikato Regional Theatre	21-Sep-17	250			
Transportation - LED Lighting	21-Sep-17			4,605	4,411
Shared Service - Waters Study	21-Sep-17	200			
Founders Theatre - Consultation[2]	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[3]	5-Dec-17	120		1,500	
Deposit for Park and Ride Land Purchase	6-Dec-17			635	
HIF Detailed business case and growth scenarios[4]	6-Dec-17	435			
Total		**1,276**	**0**	**10,301**	**4,411**
Approved under CE Delegated Authority					
Hamilton Gardens Changing Places Facility. Addition to playground toilet facilities.				135	
Hamilton Gardens Development - This sum was incorrectly 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)	
Hamilton East By-Election		90			
Insurance Premiums		112			
Rates Remissions on Council Properties			250		
Enabling works for 2018-19 Community capital programme				330	
Total		**202**	**250**	**(53)**	**0**
Other					
Dividend from Waikato Regional Airport Limited			100		
Hamilton Gardens Development - is funded by a combination of third party contributions and targeted rates. A higher amount of contributions were received 2015/16 and 2016/17 which resulted in a lower draw down of the targeted rate reserve. There will be a $400k shortfall in 3rd party contributions 2017/18 that will be offset by funds held in the targeted rate reserve.					400
Playground Development Programme - planned external funding has been secured.				250	250
Museum Artwork - external funding to purchase Artwork.				200	200
Cemetery income - high number of cremations and cemetery plot sales.			200		
Artspost earthquake strengthening has now been included in year 10 of the draft 10-Year Plan.				(1,301)	
FMG Stadium - New air conditioning chiller installation				710	
Stadia light towers design fees - FMG Stadium		50			
Stadia light towers design fees - Seddon Park		75			
Contract savings on Far Western Interceptor				(1,000)	
Contract savings on new watermains in Rotokauri				(750)	
		125	**300**	**(1,891)**	**850**
Total Approved		**1,603**	**550**	**8,357**	**5,261**
Pending Resolutions					
None pending					
Total		**0**	**0**	**0**	**0**
Total Risks and Opportunities		**1,603**	**550**	**8,357**	**5,261**

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 three separate amounts.

Council Report

Item 8

Committee:	Finance Committee	**Date:**	22 May 2018
Author:	Katy Nudd	**Authoriser:**	Sean Hickey
Position:	Business Planning Analyst	**Position:**	General Manager Strategy and Communications

Report Name: 2015-25 10 Year Plan Service Performance Report - Year 3, Quarter 3

Report Status	*Open*

Purpose

1. To inform the Finance Committee of the quarter 3(January – March 2018) Key Performance Indicators (KPI) results from year 3 of the 2015- 25 10 Year Plan.

Staff Recommendation

That the Finance Committee receives the report.

Background

2. The KPIs set in the 10-Year Plan are reported against for 3 years. Changes to the KPIs within the 3 years can only be made through a variation to the 10 Year Plan as part of the Annual Plan process.

Discussion

3. There are 77 KPIs contained in the 2015-25 10 Year Plan. All KPIs and their progress at the end of quarter 3 are included in the report. Staff have provided a status for the current position, expected year end position and supporting commentary.

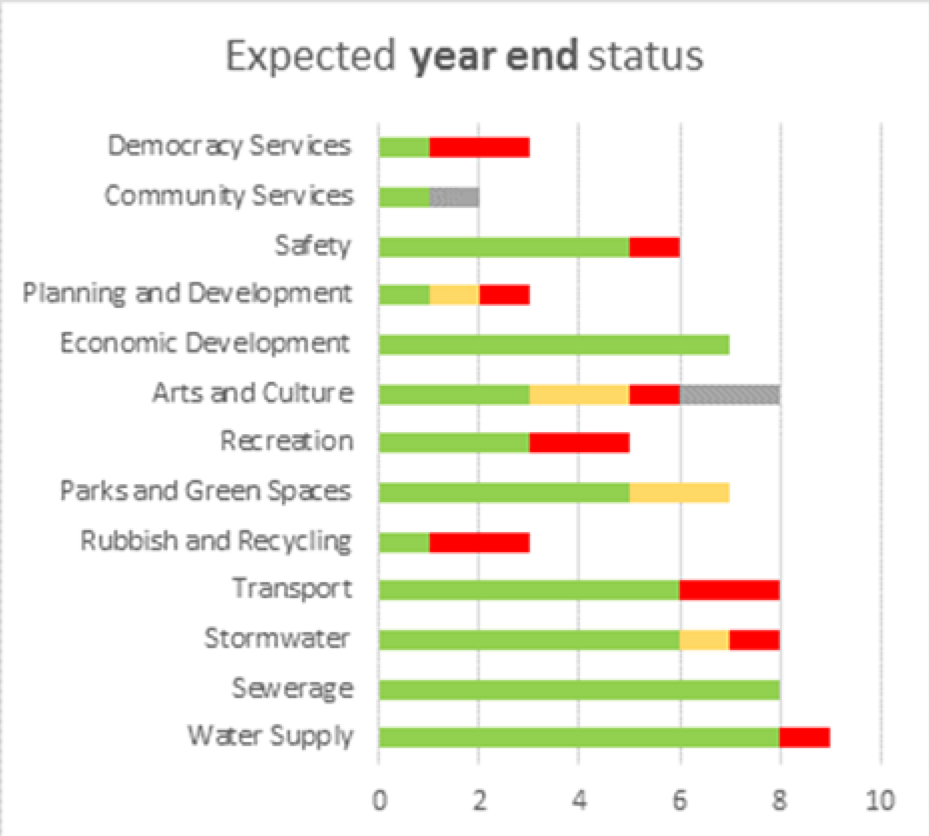
4. Based on the quarter 3 results:

   - 52 (68%) KPIs are on track to achieve the annual target;
   - 1 (1%) need corrective action to get back on track;
   - 13 (17%) are off track; and
   - 11 (14%) have no data currently available.

5. Some KPIs have no data yet because they are collected annually or because it is not appropriate to capture data. An example of this is the closure of Founders Theatre.

6. The following graph provides a summary of the expected **year end** status of each Activity Group. The colours denote the expected year end status as at the end of quarter 3 (31 March 2018):

   - green - on track to meet annual target;
   - yellow – additional action required to meet annual target;
   - red - off track to meet annual target; and
   - grey - no data is available.



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.

Significance & Engagement Policy

Attachments

Attachment 1 - 2015-25 10-Year Plan Reporting - Performance Measures (year 3 - Q3) .

2015-25 10 Year Plan 10-Year Plan Indicators

Quarter 3, Year 3 (2017/18)

On Track | Needs Action | Off Track

M = Mandatory

	#	LEVEL OF SERVICE	MEASURE	ANNUAL TARGET	Expected year end Status	Year to date result	QUARTER 3 Jan-Mar Result	QUARTER 3 Jan-Mar Comment	QUARTER 2 Oct-Dec Result	QUARTER 1 Jul-Sep Result
Water Supply										
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		Annual Measure	Annual Measure	Annual measure. Data demonstrating compliance has been submitted to the national drinking water online database. 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. Based on internal assessment, the end of year target is expected to be achieved.	Annual Measure	
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		Annual Measure	Annual Measure	Annual measure. Data demonstrating compliance has been submitted to the national drinking water online database. 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. Based on internal assessment, the end of year target is expected to be achieved.	Annual Measure	
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%		Annual Measure	Annual Measure	This is an annual measure that will be calculated in quarter 4 (2018). The most recent result was 16%, calculated in May 2017. End of year target is expected to be achieved.	Annual Measure	Annual Measure
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		**343**	359	Despite drier and warmer conditions recorded in Hamilton during early summer, timely rain events and proactive education/messaging (Smart water summer campaign) ensured water consumption in quarter 3 was consistent with previous years. With seasonal movements toward wetter months, quarter 4 is traditionally the lowest period of water consumed. End of year target is expected to be achieved.	367	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		**2.32‰ (complaints per 1000 connections)**	0.53‰	A total of 30 complaints were received in quarter 3. Of the 30 complaints received, 2 were for discoloured water which were related to air being trapped in the network, 6 were for low water pressure due to related maintenance work, 1 was for odour and 21 for no water incidents. The "no water" incidents were due to extensions of planned maintenance shutdowns. End of year target is expected to be achieved.	1.05‰	0.74‰
M	6	A timely response if there is a problem with the water supply	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		**43.00**	48.00	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 target is expected to be achieved.	41.00	61.00
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		**2.18**	2.43	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 target is expected to be achieved.	1.72	3.15
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		**8.80**	11.00	There was a significant increase in the number of service requests associated with water leaks reported. A dry and hot start to the summer and an increased community awareness (Smart Water programme) has resulted in a 15% increase in the number of water leaks reported by customers in comparison to last year. As a result, the City Waters and City Delivery teams have prioritised resources to responding to urgent services requests and the resolution of non-urgent service requests. It is anticipated that due to the high level of service requests received, that the end of year target will not be achieved. City Waters and City Delivery teams will continue to focus on improving response times for non-urgent water service requests.	6.80	8.04

Attachment 1

Item 8

	#	LEVEL OF SERVICE	MEASURE	ANNUAL TARGET	Expected year end Status	Year to date result	QUARTER 3 Jan-Mar Result	QUARTER 3 Jan-Mar Comment	QUARTER 2 Oct-Dec Result	QUARTER 1 Jul-Sep Result
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		9.80	12.80	In quarter 3 there was a significant increase in the number of service requests associated with water leaks reported by the community. A dry and hot start to the summer and an increased community awareness (Smart Water programme) has resulted in a 15% increase in the number of water leaks reported by customers in comparison to last year. As a consequence of the high number of service requests received, the City Waters and City Delivery teams have prioritised resources to the resolution of non-urgent service requests. End of year target is expected to be achieved.	7.00	8.22
Sewerage										
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		**0.14‰ (overflows per 1000 connections)**	0.04‰	There were two overflow events (dry weather-related) from the waste water pumping system during the period as a result of an electrical outage and a programming fault. Both faults were resolved as soon as practicably possible with further corrective actions being worked on to prevent recurrence. End of year target is expected to be achieved.	0.05‰	0.05‰
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	No abatement notices were received in quarter 3. End of year target is expected to be achieved.	0	0
M	12		b) The number of infringement notices.	0 infringement notices		**0**	0	No infringement notices were received in quarter 3. End of year target expected to be achieved.	0	0
M	13		c) The number of enforcement orders.	0 enforcement orders		**0**	0	No enforcement orders were received in quarter 3. End of year target is expected to be achieved.	0	0
M	14		d) The number of convictions.	0 convictions		**0**	0	No convictions were received in quarter 3. End of year target is expected to be achieved.	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		**9.08‰ (complaints per 1000 connections)**	2.62‰	There were a total of 148 complaints received in quarter 3 relating to wastewater system faults. Of the 148 complaints received, 34 were general complaints, 11 were for odour and 103 were for blockages. The majority of the complaints were from blockages, generally as a result of ragging or fat accumulation within the piped network during periods of low flow. End of year target is expected to be achieved.	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		**57.00**	37.00	This area sees an improvement as a result of a relatively drier period, improved focus on response times (wastewater service personnel) and to an improvement in network performance. The assessment and resolution of wastewater blockages and faults continues to be an area of focus for the City Waters and City Delivery teams. End of year target is expected to be achieved.	36.00	81.00
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		**2.50**	2.50	The assessment and resolution wastewater blockages and faults continues to be an area of focus for the City Waters and City Delivery teams. End of year target is expected to be achieved.	2.10	2.47
Stormwater										
M	18	The stormwater system will be adequately designed and managed.	a) The number of flooding events that occur within the city	No more than 1 flooding event		**1**	0	There were 3 rain events where stormwater was reported as entering private property but none of these incidents affected habitable floor areas. We normally experience increased rain events during Quarter 4 which may result in flooding events, however at this stage the end of year result is expected to be achieved.	1	0
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)**	0.00‰	No flooding of habitable floors were reported in quarter 3 as a result of an issue with the storm water network. End of year target is expected to be achieved.	0.02‰	0.00‰
M	20	The stormwater 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 stormwater system: a) The number of abatement notices	No more than 1 abatement notice		**0**	0	No abatement notices were received in quarter 3. End of year target is expected to be achieved.	0	0
M	21		b) The number of infringement notices	0 infringement notices		**0**	0	No infringement notices were received in quarter 3. End of year result is expected to be achieved.	0	0
M	22		c) The number of enforcement orders	0 enforcement orders		**0**	0	No enforcement orders were received in quarter 3. End of year target is expected to be achieved.	0	0
M	23		d) The number of convictions	0 convictions		**0**	0	No convictions were received in quarter 3. End of year target is expected to be achieved.	0	0

	#	LEVEL OF SERVICE	MEASURE	ANNUAL TARGET	Expected year end Status	Year to date result	QUARTER 3 Jan-Mar Result	QUARTER 3 Jan-Mar Comment	QUARTER 2 Oct-Dec Result	QUARTER 1 Jul-Sep 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		**1.08‰ (complaints per 1000 properties connected)**	0.07‰	4 complaints were received in quarter 3. These complaints were in relation to flooding of roads or within property boundary's as a result of rainfall events. A continued focus on network maintenance will ensure the stormwater system is operating optimally during future rain events. End of year target is expected to be achieved.	0.57‰	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**	0	No flooding of habitable floors were reported as a result of an issue with the storm water network. As there has only been one flooding event this year that impacted on a habitable floor in quarter 2, the median response time remains the same. 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.	268	0
Transport										
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		**31**	7	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 Q3 2017/18: There has been 2 deaths and 29 serious injuries on record for a total of 31 fatal and serious injuries year to date.	14	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**	0	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 Q3 2017/18: There has been 2 serious injuries to cyclists this year to date.	1	1
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%**	Annual Measure	This is an annual survey which was completed in July 2017. End of year target has been achieved.	Annual Measure	87%
M	29	Roads will be adequately maintained.	The percentage of Hamilton's sealed local road network that is resurfaced each year	5.75%		**3.59%**	3.59%	Chipseal and Asphalt works have been completed for the year. NZTA has not subsidised all of the resurfacing programme for the year, so works completed has been less than planned. This will have a financial impact with less subsidy being received than originally budgeted for. End of year target will not be achieved. Targets for future years have been set in line with forward works programme as developed for the 2018-28 10 Year Plan.	1.07%	0.50%
	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%**	96%	Footpath renewals are ongoing. Based on funding, the planned 2017/18 footpath renewals programme may not meet the service standard of less than five faults per 100m. The level of renewals yet to be complete for the year will not result in achievement of the target. 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.	96%	95.80%
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%		**97.75%**	96.83%	Monthly breakdown: January - 612/649 = 94.3% February - 622/631 = 98.6% March - 506/517 = 97.7% End of year target is expected to be achieved.	98.39%	98.29%
	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%		**38.00%**	Bi-annual Measure	Data is collected on a 6 monthly basis. The last collection was completed in November 2017. The next result will be available in quarter 4. End of year result is expected to be achieved.	38.00%	Bi-annual Measure
	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%		**75.00%**	75%	Occupancy is rising with the 2 free hour parking offer with some individual streets exceeding the 85% target. Overall, targets are being met. End of year target is expected to be achieved. The results are generated from live on street parking sensor data. Data was previously derived from Automatic Number Plate Recognition surveys 6 monthly.	77.00%	68.60%
Rubbish and Recycling										
	34	Reliable rubbish and recycling collections.	The number of weeks with more than 20 complaints about uncollected kerbside household rubbish and recycling	0 weeks		**11**	2	There were two weeks in quarter 3 where more than 20 complaints regarding non-collection were received. This is an improvement on previous quarters however contractor performance still needs corrective action. Our contractors has advised that they had new staff (owner drivers & runners) that started during the period which may have contributed to the elevated level of missed collections. Due to this performance measure target already being exceeded, the annual target level of performance will not be achieved this year. Further monitoring of and communication with contractor regarding performance will be continued.	6	3
	35	Reliable rubbish and recycling collections.	The percentage of customer complaints about uncollected kerbside rubbish and recycling resolved within 24 hours	95%		**99.17%**	99.10%	220 of 222 non-collected kerbside refuse and recycling complaints were actioned within 24 hours. End of year target is expected to be achieved	98.90%	100%

#	LEVEL OF SERVICE	MEASURE	ANNUAL TARGET	Expected year end Status	Year to date result	QUARTER 3 Jan-Mar Result	QUARTER 3 Jan-Mar Comment	QUARTER 2 Oct-Dec Result	QUARTER 1 Jul-Sep Result
36	The Council will promote and encourage recycling and reuse.	The percentage of waste recovered for recycling through the kerbside collection	At least 30%		**25.49%**	24.92%	The measurement is calculated based on weight of both recyclable and rubbish materials. There is a declining trend of heavy recycling materials (paper and glass) being collected and an increasing trend in the use of lighter plastics and volume of rubbish being collected and in combination these factors can result in a lower calculated percentage of waste recovered. A recent audit indicated approximately 79 tonnes of material that could be recycled at the kerbside is being thrown away in rubbish bags in Hamilton. Short term improvements will be made through planned targeted awareness and education campaigns, developed in collaboration with the contractor, focusing on reducing waste and how households can increase their recycling. Longer term improvements will be achieved through the implementation of actions within the proposed 2018 Waste Minimisation Management plan and within the draft 2018-28 10 Year Plan. End of year target is not expected to be achieved.	26.67%	24.86%
Parks and Green Spaces									
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.		**3.61**	0.63	0.6313ha of open space acquired this quarter. The land acquired was part of the Greenhill Park Development in Ruakura. End of year target is expected to be achieved.	0.12	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		**40**	-14	There were no new street trees planted and 14 street trees removed this quarter. End of year target is expected to be achieved.	0	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**	0	No plantings were planned for this quarter. However, over 20,000 plants are expected to be planted during quarter four, most of which will be on Arbour day. End of year target is expected to be achieved.	974	18,797
40	Destination playgrounds will be completed as planned.	Delivery of the destination playgrounds programme	1 new destination playground		**0**	0	Construction of Hare Puke destination playground has begun and will be completed by end of June 2018. End of year target is expected to be achieved.	0	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. End of year target is expected to be achieved.	836	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	Concept Garden, Braithwaite courtyard including the Huddleston opened on the 31st January. Majority of Programme on track to be completed by June 2018 possible delays relating to Jetty and sculptural features. This is due to very limited contractor availability and competing timelines on other projects. Work expected to be completed by July/August 2018. Deferral request raised to Council for related budget in separate report.	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		**-2.00%**	-5.51%	Year to date estimated visitor number 890,625. Estimated visitor numbers to Hamilton Gardens have decreased from the same quarter last year (365,808 vs 387,128 in quarter 3, 2017 – an decrease of 5.5%). The Enclosed Sector visitors numbers have slightly decreased this quarter from 140,332 to 138,686 a 1.2 per cent decrease when compared to the same quarter in 2017. This is due to external factors such as weather and higher levels of international tourists in Spring. Exploring options in encourage visitation such as targeting specialist groups EG; Gardening Groups.	0.90%	0.13%
Recreation									
44	Hamilton Zoo will provide unique visitor and learning experiences.	The number of visits to Hamilton Zoo each year	At least 120,000		**104,512**	36,774	Breakdown of annual target by quarter - Quarter 3 35,000. Quarter 4 25,000. Quarter 3 attendance is up 10% on the same quarter last year (33,404) and up 4% year to date (2016/17 - 100,334). The annual Family Fun Day event was attended by 2517 visitors, up 160% on 2017 Family Fun Day attendance. End of year target is expected to be achieved. The team will continue to explore opportunities for interactive experiences at Meet the Keeper talks and animal encounters.	41,485	26,253
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		**6,276**	1,295	Breakdown of annual target by quarter - Quarter 3 1,000, Quarter 4 2,100. Quarter 3 participation has nearly doubled from the same period in 2016/17. Year-to-date results are up 8.4% on 2016/17. Of the 24 schools that visited seven are low-decile schools who received funding through the Warehouse Zoofari initiative. Forward bookings of an estimated 1,530 students indicate that the end of year target is expected to be achieved.	3,509	1,472

#	LEVEL OF SERVICE	MEASURE	ANNUAL TARGET	Expected year end Status	Year to date result	QUARTER 3 Jan-Mar Result	QUARTER 3 Jan-Mar Comment	QUARTER 2 Oct-Dec Result	QUARTER 1 Jul-Sep Result
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		**405,465**	130,145	Breakdown of annual target by quarter - Quarter 3 170,000, Quarter 4 135,000. The closure for refurbishment has seen a reduction in participation. We are 40,000 below target despite a strong January. Gym usage and Hydrotherapy pool usage is on target due to careful management and scheduling of time and classes. As the weather gets colder we expect usage of the Lido (outside) pool to drop significantly. Plans are being made to move our popular aqua gym classes off site to maintain attendance along with careful scheduling and monitoring of the Lido pool usage. End of year target will not be achieved.	154,760	120,560
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		**16,243**	3,120	Breakdown of annual target by Quarter - Quarter 3 8,000, Quarter 4 6,000. 4800 down on target for the quarter. Aquatic Education classes are running at a reduced level due to the Waterworld refurbishment, we are maximizing the use of Gallagher Aquatic Centre. End of year target will not be achieved.	8,023	5,100
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		**40,748**	11,639	Breakdown of annual target by quarter - Quarter 3 10,990, Quarter 4 9,670. End of year target has been achieved	15,251	13,858
Arts and Culture									
49	A modern and relevant library service	The number of physical and online visits to the libraries each year	1% increase each year		**-5.10%**	1.05%	255,760 visitors during quarter 3 in 2016/17 and 258,435 visitors during quarter 3 in 2017/18. This quarter the Community Libraries and Pop Central visitor counts have increased which reflects the increase in recreational reading during the summer period noting that the Central Library has remained closed during this period. Patterns show that there is usually a drop in library visits during quarter 4, this will impact on the ability to achieve the end of year target. We are continuing to promote services and programmes	-3.17%	-11.79%
50	A modern and relevant library service	Use of library collections, both print and electronic	1% increase each year		**-1.15%**	4.46%	311,584 issues during quarter 3 in 2016/17 and 325,475 in 2017/18. There has been a significant increase in leisure reading during summer months. Notably the e-Book and e-Audio collection has almost doubled in issues. Patterns show that there is usually a drop in library visits during quarter 4, this will impact on the ability to achieve end of year target. Continue promotion and investigation into emerging technologies.	-0.24%	-6.96%
51	A modern and relevant library service	The number of people attending events, programmes and classes at the libraries	1% increase each year		**7.02%**	14.58%	6,253 participants during quarter 3 in 2016/17 and 7,320 participants during quarter 3 in 2017/18 an increase of 1067 in participation. Staff have investigated community collaborations and alternative library venues. Community libraries have expanded school visits and delivery of programmes reaching greater numbers in the community. End of year target is expected to be achieved.	0%	6.14%
52	A modern and relevant library service	The ratio of e-Books to print books purchased	14% e-books		Annual Measure	Annual Measure	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.	Annual Measure	Annual Measure
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		**100,434**	33,449	Breakdown of annual target by quarter - Quarter 3 29,000. Quarter 4 34,000. Visitor numbers are 15.3% above target and the YTD numbers are 19.6% above target Visitation has been driven by the exhibitions calendar and marketing/promotion. End of year target is expected to be achieved.	26,285	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		**3,876**	529	Breakdown of annual target by quarter - Quarter 3 2,500, Quarter 4 3,000. The quarter 3 result is 78.8% below target. We are 20.9% below target year to date. A number of additional actions are being taken to improve results such as: Increased advertising campaign for Archimedes "Eureka" schools term 2, Increased number of school visit by the education manager, Marketing campaign to external holiday programme providers. We do not expect to achieve the end of year target.	679	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 2017/18 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 2017/18 must be recorded.	-	-
Economic Development									

#	LEVEL OF SERVICE	MEASURE	ANNUAL TARGET	Expected year end Status	Year to date result	QUARTER 3 Jan-Mar Result	QUARTER 3 Jan-Mar Comment	QUARTER 2 Oct-Dec Result	QUARTER 1 Jul-Sep Result
57	Our venues should be well used	The total number of hire days across the Claudelands facilities each year	At least 520		**420**	95	Current hire day forecasting shows end of year target will be exceeded.	186	139
58	Our venues should be well used	The number of people attending events at Claudelands each year.	At least 190,000		**208,289**	47,974	End of year target is has to be achieved.	88,372	71,943
59	Our venues should be well used	The total number of hire days across the stadium facilities each year	At least 420		**331**	95	As reported in 2016/17, the calculation basis for hire days in 2017/18 resulted in inflated target setting expectations. However, strong bookings and ongoing enquiries are indicating that the end of year target will be exceeded.	139	97
60	Our venues should be well used	The number of people attending events at the stadiums each year	At least 200,000		**180,657**	90,352	Current attendance forecasting shows that the end of year target will be exceeded.	57,680	32,625
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%	Returns consistent and on track. Keeping properties tenanted is the key to ensuring we are achieving returns on our commercial property investments. End of year target is expected to be achieved.	8.67%	8.67%
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. End of year target is expected to be achieved	Achieved	Achieved
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		Annual Measure	Annual Measure	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 eight 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.	Annual Measure	Annual Measure
Planning and Development									
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		**6.50**	6.50	There is currently 6.5 years' of adequate land supply available. End of year target is expected to be achieved.	7.00	6.50
65	Planning and building consents will be processed on time	The percentage of non-notified resource consent applications processed within statutory timeframes	100%		**99.70%**	100%	All of the 176 consent applications were processed on time. The end of year target of 100% cannot be achieved.	99.33%	100%
66	Planning and building consents will be processed on time.	The percentage of building consents processed within statutory timeframes	100%		**99.40%**	98.76%	5 out of 402 building consents exceeded the 20 day target owing to unit resourcing issues. The unit's resourcing does present a problem to timeframes. The General Manager City Growth is working with the Unit Manager and HR to find a resolution. The end of year target of 100% cannot be achieved.	100%	99.33%
Safety									
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%		Annual Measure	Annual Measure	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 completed in June 2018.	Annual Measure	Annual Measure
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%		**99.11%**	98.05%	There were 654 of 667 graffiti jobs completed within two working days during. End of year target is expected to be achieved	99.68%	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%		**95.68%**	95%	1816 out of 1912 complaints about excessive noise were responded to within 30 minutes. End of year target is expected to be achieved.	95.25%	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%	52 out of 52 urgent requests for dog control were responded to within 60 minutes. End of year target is expected to be achieved	100%	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%		**91%**	100%	100% of high risk premises sell food have been inspected at least once. Staff expect to keep up to date with inspections for the remainder of the year. End of year target will not be achieved due to quarter one result.	98.05%	75.00%
72	Premises selling liquor will be regularly monitored.	The percentage of high risk premises selling liquor monitored annually	100%		**100%**	100%	100% of high risk premises were inspected. End of year target is expected to be achieved.	100%	100%
Community Support									

#	LEVEL OF SERVICE	MEASURE	ANNUAL TARGET	Expected year end Status	Year to date result	QUARTER 3 Jan-Mar Result	QUARTER 3 Jan-Mar Comment	QUARTER 2 Oct-Dec Result	QUARTER 1 Jul-Sep Result
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%		Annual Measure	Annual Measure	An initial capability assessment was completed by the Ministry of Civil Defense Management in quarter 4 2016/17. The result provided the baseline for which we can benchmark our progress yearly going forward. The next assessment will be available in quarter 4 2017/18. End of year target is not expected to be achieved	Annual Measure	Annual Measure
74	Council grants will be used effectively	The value of services leveraged for every $1 of community grant funding provided	$3.00 worth of services leveraged for every $1 provided		**$14.93**	$14.93	$868,000 of the $1,160,000 annual grant is allocated via the Multi-Year Community Grant. The remaining $292,000 is being allocated in quarter 4. End of year target is expected to be achieved.	$14.93	$14.93
Democracy Services									
75	Timely and open access to public information.	The percentage of official information requests responded to within 20 working days.	100%		**98.59%**	97.06%	Two LGOIMA responses were not responded to within 20 working days this quarter. One LGOIMA was late by one day due to sign off requirements and availability of staff. The other was late due to clarification of the request not being provided from the requestor in time to meet the statutory time frame. Extra resource had been allocated to LGOIMA responses to enable increased monitoring and visibility of the process. End of year target is not expected to be achieved	100%	100%
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. End of year target is expected to be achieved.	0	0
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%		**91.43%**	77.78%	9 agendas were distributed within this quarter. 7 were distributed within the statutory timeframe. 2 reports from the Mayor and CE were received outside of the statutory timeframe and therefore the agendas for those two meetings were not fully distributed within the statutory timeframe. The end of year target will not be achieved due to late agendas in quarter 1 & 3.	100%	92.31%

Council Report

Item 9

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

Report Status	*Open*

Purpose

1. To inform the Finance Committee on the status of Key Projects underway at Hamilton City Council for the period ending 30 April 2018.

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 three projects are on track for closure in the next month;
   - Rototuna Reservoir and Bulk Watermains Development
   - Rototuna Town Centre – New Agreement Phase
   - Victoria on the River (VOTR) Stage 2 works
4. The following six projects have a green status indicating that they are on track to be delivered within scope, budget and schedule:
   - North City Road Urban Upgrade
   - Rototuna Reservoir and Bulk Watermains Development
   - Rototuna Town Centre – New Agreement Phase
   - Victoria on the River (VOTR) Stage 2 works
   - Waiora 2 Water Treatment Plant Upgrade
   - Waterworld Project

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5. The following four projects have an amber status indicating that there is a risk of exceeding scope, budget or schedule:
6. Hamilton Gardens Development
7. A deferral of $250,000 has been requested due to delays with the jetty construction and some structural components for the gardens.
8. Hamilton Ring Road Upgrade and Extension
9. The project is currently in amber due to land procurement and Rights of First Refusal (RFR) issues still to be resolved.
10. There are also geotechnical risks around the interface with the Waikato River Bridge being worked through.
11. Pukete 3 Wastewater Treatment Plant Upgrade
12. Tenders have been received, non-price attribute evaluation is underway. The overall cost risk still exists until prices are confirmed. If realised this will be addressed in the Contract Award report and 10 Year Plan requirements.
13. Delays with contract commencement due to the need to better understand the seismic requirements at the plant prior to physical works have meant a financial deferral is required and has been signalled.
14. River Plan
15. A financial deferral of $760,000 is being requested for delivery of the central city jetty and path between VOTR and Embassy Park.

Risks

16. 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 sponsor.
17. Any change to the risk profile or risk rating is included in the key projects status summary report for each project.
18. There has been no change to risks in the last month.

Attachments

Attachment 1 - PMO - Key Projects Status Summary Report - April 2018 .

Hamilton City Council
Te kaunihera o Kirikiriroa

Key Projects Status Summary Report – April 2018

Total Number of Projects	Count	Project Status	Risk Ratings
Project Status – On Track	7	Green	Increased = ↑
Project Status – Needs to be Monitored	3	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	$ 6,128,562	$ 2,655,810	$ 1,545,066		Work programme delays resulting in $250,000 deferral requested – still on track for 31 December 2018 completion; - Jetty construction due to delays due to the complexity of the project. - Completion of some structural elements for gardens due to limited contractor availability. Work programme on track; - Mansfield Garden to be completed by 30 June 2018 – opening planned for Oct/Nov 2018. - Picturesque Garden to be completed 30 June 2018 – opening planned for October 2018. - Surrealist Garden to be completed 30 June 2018 – opening planned for February 2020. - Lower carpark extension (completed). - Information centre upgrade (completed). - Destination playground and toilet block (completed). No change to risks or risk ratings.	→
Hamilton Ring Road Upgrade and Extension (Wairere Drive Extension)	Andrew Parsons	Tahl Lawrence	01-Jul-03	30-Jun-20	$ 84,310,999	$ 78,135,479	$ 7,822,000	$ 1,591,011		Enabling works are underway. On track to award main construction contract by 2018/19 summer construction season subject to 10YP funding confirmation. NZTA subsidy is now confirmed. Status is amber due to land procurement and Rights of First Refusal (RFR) issues to still be resolved and the potential for delays and long lead time. Geotechnical risks around interface with Waikato River Bridge are still being worked through. No change to risks or risk ratings.	→
North City Road Urban Upgrade	Andrew Parsons	Chris Barton	01-Jul-15	23-Dec-21	$ 8,126,000	$ 2,635,415	$ 2,841,000	$ 1,983,295		On-track. First stage of North City Road and associated town centre development underway by developers. HCC contribution is being made via cost-share agreement which is now in place. Second stage planned for construction in 2018/19 summer season, in accordance with development timing. No change to risks or risk ratings.	→

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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
Pukete 3 Wastewater Treatment Plant Upgrade	Andrew Parsons	Barry Hu	01-Jul-15	30-Jun-20	$ 18,354,000	$ 2,751,332	$ 6,500,000	$ 975,907		Amber – Physical works contract tenders received, evaluation underway. Program to award contract in May 2018. Delays with contract commencement due to the need to better understand the seismic requirements at the plant have meant a financial deferral is required and has been signalled. No change to risks or risk ratings.	→
Rototuna Reservoir and Bulk Watermains Development	Andrew Parsons	Lance Haycock	01-Mar-15	31-Aug-17	$ 21,989,000	$ 21,535,448	$ 1,352,000	$ 1,143,725		Final operational commissioning and network integration currently progressing. Project closure underway. No change to risks or risk ratings	→
Rototuna Town Centre – New Agreement Phase	Lance Vervoort	Helen Paki	02-Apr-13	30-Mar-18	$ 3,839,300	$ 3,36,376	$ 50,000	$ 0		The Comprehensive Development Plan (CDP) has been finalised. The resource consent for stage 1 (supermarket and retail) was lodged in partnership with Kirkdale Investments and has been granted. Project closure is underway and a new project will be set up for the options study and delivery of the community facilities. A Council Briefing on the town centre design has been scheduled for 12 June 2018 with Kirkdale Investments attending. No change to risks or risk ratings	→
Victoria on the River (VOTR) Stage 2 works	Lance Vervoort	Maria Barrie	01-May-16	30-Jun-18	$ 6,746,496	$ 6,555,807	$ 3,710,000	$ 3,519,311		Site is open to the public. Mural is no longer going ahead, talking with Stark Property about alternative options. The shades have been purchased and will be ready for use next summer. Reallocation and deferral of part of boardwalk budget has been approved by Council on 19 April and will be included in River Plan programme. Project closure is underway No change to risks or risk ratings	→
Waiora 2 Water Treatment Plant Upgrade	Andrew Parsons	Barry Hu	01-Jul-15	30-Jun-21	$ 28,746,000	$ 5,651,415	$ 3,578,000	$ 2,926,730		Project currently on track. Hamilton South pipeline installation now complete. Design of the remaining project components will be progressing over the next 18 months to enable physical works in 2020. No change to risks or risk ratings	→
Waterworld Project	Lance Vervoort	Shane Drury	01-Jul-16	31-Dec-18	$ 10,780,000	$ 2,811,523	$ 10,325,000	$ 4,513,477		Work overall tracking against programme. Deferral request of $3,000,000 signalled due to spread of work programme across financial years.	→

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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
River Plan	Lance Vervoort	Natasha Ryan	01-Jul-17	30-Jun-18	$ 1,497,700	$ 160,874	$ 1,497,700	$ 160,874		Amber - The central city jetty and path between VOTR and Embassy Park have been deferred to next financial as per Council Resolution on 19 April 2018. The total deferral requested is $760,000. Risk remains around the potential to uncover archaeological artefacts in the Museum to Grantham connection. Physical works have commenced on this project and this risk will be better understood next period.	→

Item 9

Attachment 1

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Council Report

Item 10

Committee: Finance Committee

Date: 22 May 2018

Author: Sean Murray

Authoriser: Sean Murray

Position: General Manager Venues, Tourism and Major Events

Position: General Manager Venues, Tourism and Major Events

Report Name: H3 Group Quarter 3 Report - 1 January - 31 March 2018

Report Status	*Open*

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 3, 1 January to 31 March 2018.

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 Quarter 3 Report - 1 January to 31 March 2018 .

H3 Group 2017/18 Quarter 3 Report

1 January – 31 March 2018

- **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 January – 31 March 2018

- H3 venues hosted a wide range of events in Q3 with a variety of sports events, shows, performances and business events taking place across all venues.
- As at the end of Q3, over 388,946 people have attended events at H3 venues in 2017/18.

1.2 Claudelands

- Some of the highlight events included the 2018 Waikato Regional Sports Awards, New Zealand Marching Championships 2018, Wintec Graduation Ceremonies 2018, The Brickman Wonders of the World and the 2018 Waikato Show. Alongside these events, two new events took place at Claudelands – the Shiny Side Up Bike Fest and Heineken Urban Polo on Claudelands Oval.
- The venue also hosted performances from Kevin Bloody Wilson, comedian Jimmy Carr and NZSO Concert.
- In addition to these ticketed events, Claudelands also hosted 41 business events (meetings and conferences). This is traditionally a quieter time of the year for business events.
- The venue also held several other functions such as a wedding and anniversary/vow renewal functions.
- Over 47,900 people attended events at Claudelands in Q3.

1.3 Stadia

- FMG Stadium Waikato hosted the HSBC NZ Rugby Sevens in February 2018, in a partnership with 37 South, Council and NZ Rugby. The event was a success for Hamilton and reinforced the city's reputation as a 'can do' city when it comes to major events. A summary of the impact of this event to the city is detailed under 7.1.
- In March the International Super XV Rugby season kicked off, with over 15,000 people watching the Chiefs take on the Bulls and the Highlanders in separate matches at FMG Stadium Waikato.
- Seddon Park hosted the Blackcaps v Pakistan for a 4th Cricket ODI event in January and Blackcaps v England in February for the Tri-Series T20. Seddon Park also hosted the White Ferns for training and against the West Indies in March.
- FMG Stadium and Seddon Park hosted a total 94 business events throughout the quarter.
- Over 97,000 people attended events at Stadia venues in Q3.

2. H3 Financial Summary

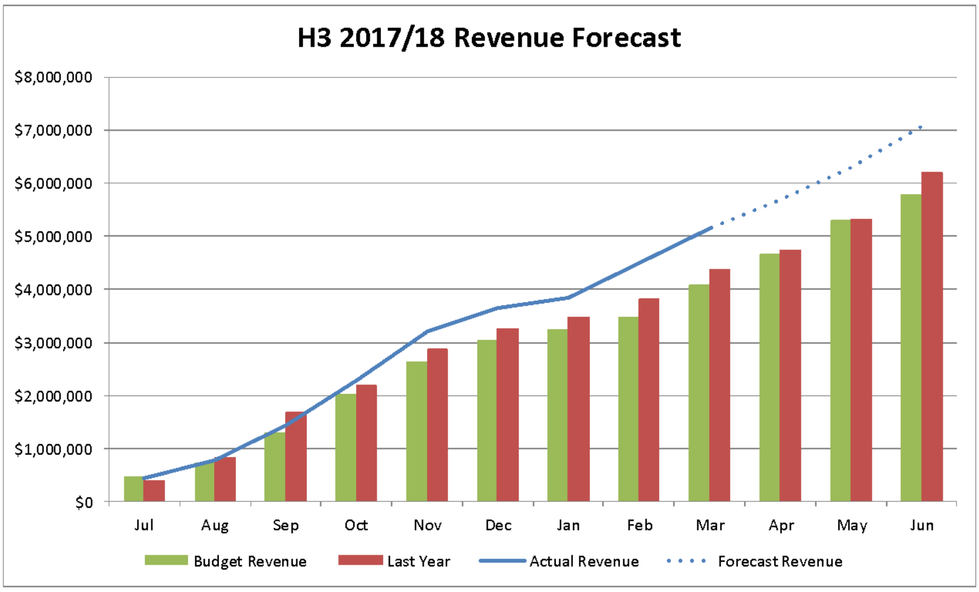
2.1 For the period 1 January – 31 March 2018

Prior YTD Actual 2016-17		Actual YTD	Budget YTD	Variance favourable/ (unfavourable)	Annual Budget
$000		$000	$000	$000	$000
	Revenue				
0	Subsidies and Grants	0	0	0	0
0	Capital Revenue	300	0	300	0
4,371	Revenue from Activities	5,065	4,088	977	5,776
4,371	Total Revenue	**5,365**	**4,088**	**1,277**	**5,776**
	Direct Operating Costs				
1,310	Cost of Sales	1,870	1,098	(771)	1,561
3,457	Personnel Costs	3,685	3,776	91	5,053
943	Operating and Maintenance Costs	1,403	1,156	(247)	1,479
212	Professional Costs	160	93	(67)	121
840	Administrative Costs	809	846	37	1,136
1,004	Property Costs	1,149	1,135	(14)	1,517
7,765	**Total Direct Operating Costs**	**9,076**	**8,105**	**(972)**	**10,868**
(3,395)	**Direct Operating Surplus/(Deficit)**	**(3,711)**	**(4,016)**	**306**	**(5,092)**
	Indirect Revenue				
274	Interest Income	485	295	190	393
	Indirect Overhead Costs				
4,348	Depreciation and Amortisation	4,104	4,639	535	6,186
1,875	HCC Overhead Allocation	2,018	1,960	(58)	2,648
2,330	Finance Costs	2,375	2,587	212	3,449
8,552		8,497	9,187	689	12,283
(8,279)	**Net Indirect Costs**	(8,013)	(8,892)	879	(11,890)
(11,673)	Net Surplus/(Deficit)	(11,723)	(12,908)	1,185	(16,982)
(88)	Gains and Losses	(0)	0	(0)	0
(88)	Total Gains and (Losses)	(0)	0	(0)	0
(11,761)	Surplus/(Deficit)	(11,723)	(12,908)	1,185	(16,982)

2.2 H3 Q3 Revenue Summary

- Revenue continues to be favourable at 42% above budget for Q3.
- Event revenue was $446k above budget. This is driven by the HSBC NZ Sevens as budgets were set before this event was confirmed.
- Exhibitions activity also delivered a surplus of $69k ahead of budget.

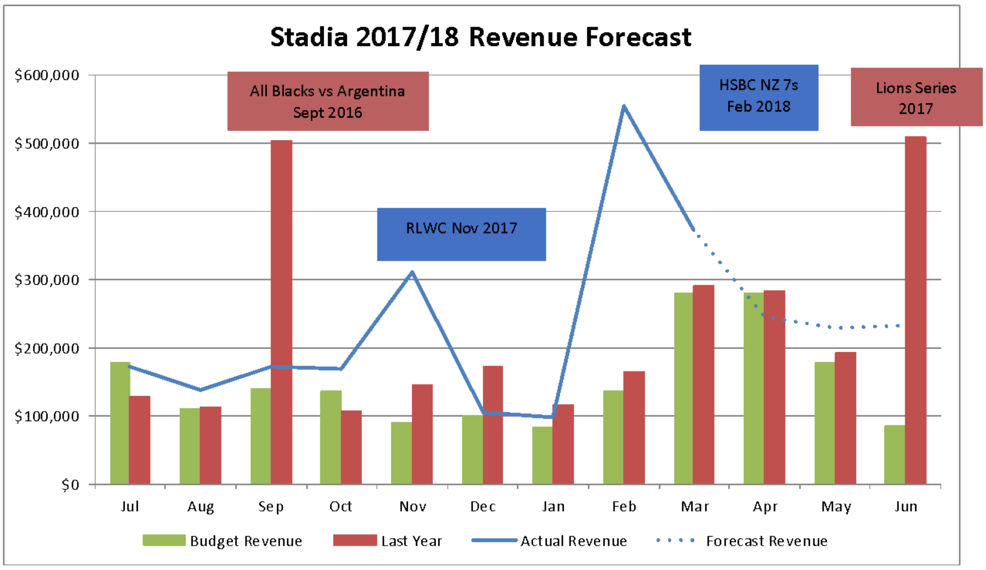
Graph 1: 2017/18 H3 Revenue Forecast



2.3 2017/18 Stadia Revenue Forecast

- The main revenue driver at stadia is sports events.
- Results to end of Q3 show us ahead of budget by $840k, due to the Rugby League World Cup 2017 and the HSBC NZ Sevens.
- FY17-18 actuals vs last year comparatives are higher than last year by 20% ($355k)

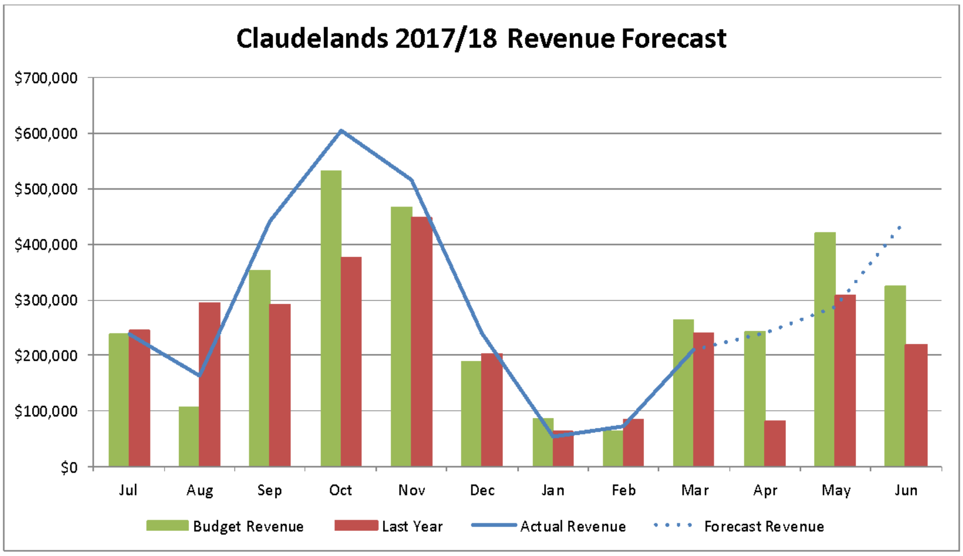
Graph 2: 2017/18 Stadia Revenue forecast



2.4 2017/18 Claudelands Revenue Forecast

- Claudelands revenue is tracking in line with the seasonal pattern.
- Revenue year to date is $245k above budgeted levels held during Q3.
- Current forecast shows we are on track to meet budget

Graph 3: 2017/18 Claudelands Revenue forecast



2.5 Operating Expenditure

2.5.1 Cost of Sales

- Increased cost of sales against budget are a direct result of increased revenue. In summary:
  - Claudelands - $155k unfavorable year to date. With the ongoing varying mix of events and timing, this will fluctuate over the year. Throughout Q3 we have reduced our variance by $22k
  - Stadia - $534k unfavorable driven by increased revenue of sporting events at FMG, HSBC NZ Sevens and Rugby League World Cup 2017
- We are constantly challenged on managing these costs, in line with client expectations, and expect this to continue through the year.

2.5.2 Operating and Maintenance Costs

- As reported in previous quarters, stadia maintenance costs will continue to be a challenge this year, due to significant upcoming major maintenance where we are experiencing an escalation in cost and/or the need to spend sooner than planned.
- Write back of capital work in progress for the Founders stage house original business case project work of $90k is included in Q3 costs.

2.6 Indirect Expenditure

2.6.1 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.

2.6.2 Finance Costs

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

3. Activity Snapshot

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

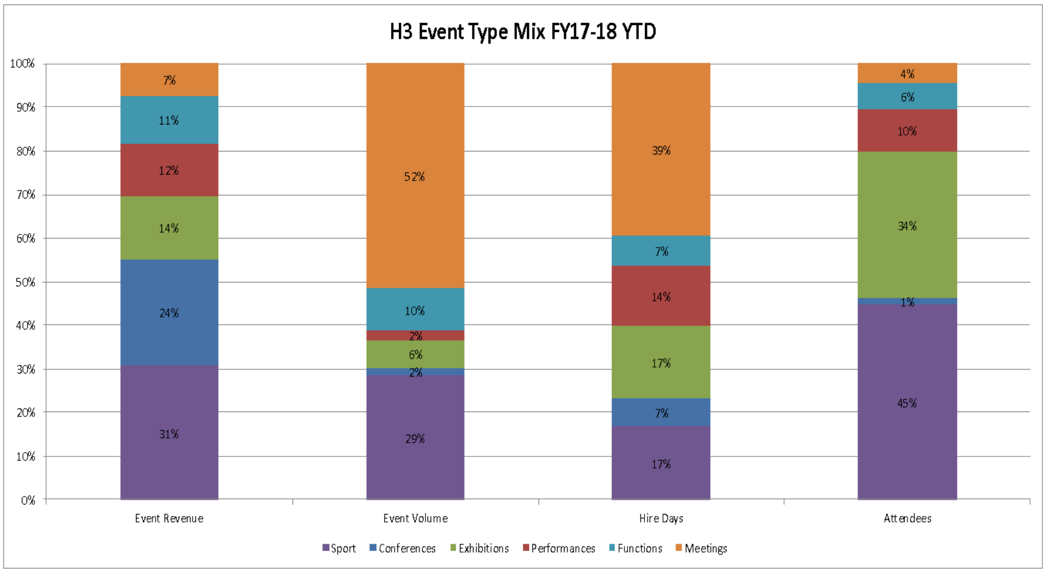
Table 2: For the period 1 January – 31 March 2018

Event Type	Number of Events		Hire Days		Attendance	
	Q3	YTD	Q3	YTD	Q3	YTD
Business Events	155	542	105	397.75	12,711	46,443
Exhibition	16	56	34.75	124.75	33,540	130,921
Performance	3	18	8.25	102.75	3,729	37,513
Sport	68	247	41.25	125.50	88,346	174,069
Total	**241**	**863**	**189.25**	**750.75**	**138,326**	**388,946**
2016/17 comparison	*184*	*697*	*149.50*	*592.25*	*91,478*	*352,160*

- Event volumes were 38% above budget in Q3 due to higher volumes of meetings and sports events at FMG Stadium Waikato. Attendees were over budget by 30%, also due predominantly to exhibitions and sporting events.

3.2 2017/18 Business Mix by Event Type

Graph 4: H3 Event Type Mix - For the period 1 July 2017 – 31 March 2018



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

Table 3: For the period 1 January – 31 March 2018

Measure	Annual	Q1	Q2	Q3	YTD	Overall	Comment
The total number of people attending events at Founders each year	At least 70,000 people	0 No events due to closure	0 No events due to closure	0 No events due to closure	0 No events due to closure	0 No events due to closure	Founders Theatre was closed on1 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	0 No events due to closure	0 No events due to closure	0 No events due to closure	0 No events due to closure	Founders Theatre was closed on1 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	94.75	420	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	88,372	47,974	208,289	Achieved	Target has been met. Q2 figures were retrospectively increased by 1,490 following last quarter's reporting for December Farmer's Market events.
The total number of hire days across the stadium facilities each year	At least 420 days	97	139.25	94.5	330.75	On Track	As reported in 2016/17, the calculation basis for hire days in 2017/18 resulted in inflated target setting expectations. However, strong bookings and ongoing enquiries are indicating that this measure will be exceeded.
The number of people attending events at the stadiums each year.	At least 200,000 people	32,625	57,680	90,352	180,657	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 January – 31 March 2018

	Q1	Q2	Q3
Business Events Hire Survey (1-10)	8.7	9.0	9.5
Ticketed Events Attendee Survey (1-10)	8.2	8.6	6.6

- The lower event attendee score in Q3 was driven by the survey results from Heineken Urban Polo event, which rated significantly lower than the normal range. The main driver of the lower rating was around value for money for the event itself. The venue related satisfaction was within the normal range for ticketed events.

5.2 Social Media Highlights

- HLIVE promotes to a core email subscriber database of approximately 66,700 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 840 likes going from 7,430 to 8,270 at 31 March 2018.
- From the period 1 January to 31 March 2018, followers on the Claudelands Facebook page steadily increased from 12,248 to 12,966 while FMG Stadium Waikato's page had an increase from 6,147 to 6,316.
- During February, event engagements on the FMG Stadium Waikato Facebook page due to the HSBC NZ Sevens, had a total of 3,165 post engagements and 32,100 total reach over the month.
- H3 will shortly review the effectiveness of its social media activity in lifting profile and delivering meaningful online customer engagement.

5.3 People

- Year to date, H3's permanent staff turnover is 10.9%. This equals two leavers in Q1 two leavers in Q2 and three leavers in Q3 out of an average of 64 permanent staff.

5.4 Health and Safety

Table 5: Injuries, Medical Time & Lost Time Injuries for H3 Staff for the period 1 January – 31 March 2018

	Q1	Q2	Q3	Q3 Comment
Injuries	4	5	3	2 staff related, 1 was a member of the public who was unwell
Medical Time	1	1	1	Twisted knee suffered when moving quickly
Lost Time Injuries	0	0	1	1 person, 10 days off; staff twisted knee aggravating a previous injury, required treatment

- The following Health and Safety actions have been completed in H3 during Q3:
  - Appointment of new H&S Rep for Claudelands
  - Provided staff to support HSBC NZ Sevens event health and safety monitoring and review event and contractor health and safety plans
  - Completed Drug & Alcohol training with staff
  - Introduced new Civil Defence Centre plans to CD Local Welfare Committee
  - Completed internal review of Hazardous Substance use

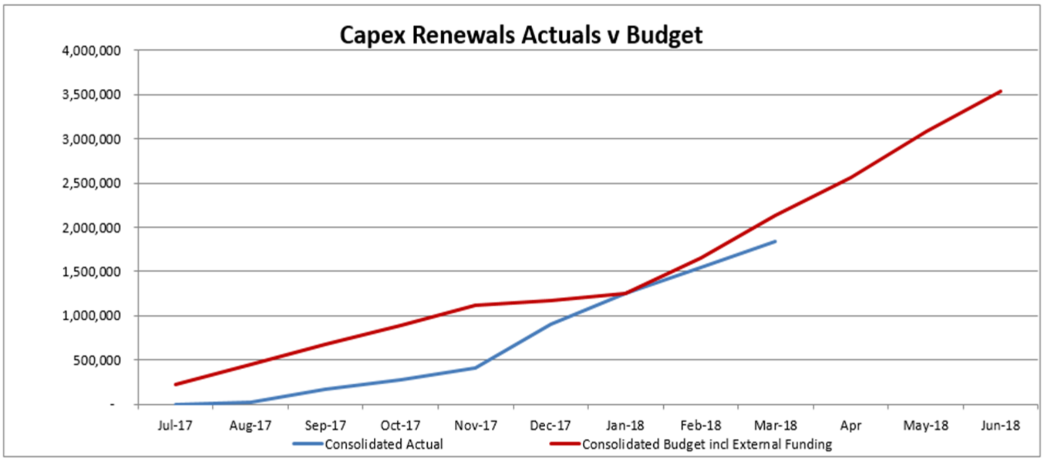
5.5 Key Suppliers

- The provision of Contract 17173 Traffic Management for Events was awarded to Evolution Road Services in late March, after a tender process was completed throughout February and March 2018.
- The contract is for traffic management for events managed or held and H3 venues, and events owned and supported by Hamilton City Council's City Events team.

6. CAPEX and Asset Management

6.1 2017-18 Capex Spend Actuals vs Budget

Graph 5: Capex Renewals Spend: Actuals vs Budget for the period 1 July 2017 – 31 March 2018



6.2 Asset Management

6.2.1 Seddon Park - Light Towers

- Planning for the replacement of the lights is continuing with the next phase over Q4 focused on finalising detailed design and full cost estimates for this work. Tendering for light fittings and control systems will be completed also.
- Initial structural investigation has been undertaken, with confirmation that the tower structures will require some strengthening work. Further geotechnical investigations, as part of detailed design will confirm the scope of works.
- The planning work underway will enable work to commence from July, with completion by December

Item 10

Attachment 1

2018.

6.2.2 FMG Stadium – Light Towers

- We are now seeing early signs of deterioration of the light fittings at FMG Stadium Waikato, consistent with what is at Seddon Park. Renewal funding has been provided in the draft LTP.
- We are undertaking early investigations into the remedial work required. An opportunity could exist to leverage the work being done at Seddon park to deliver best value for council.

6.2.3 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. The design work will be complete by end of Q4, with the replacement of the tie rods to occur during FY 2018-19.

6.2.4 FMG Stadium Waikato Chiller

- The air conditioning chiller at the stadium had started to fail. Recognising the criticality, we have advanced the work to replace this, which was scheduled within the 2015-2025 10-Year Plan in 2019-20.
- The old chiller has now been removed and the replacement chiller units are being installed and expected to be in service by 26th May.
- The capital budget amount of $450k was allocated based on an initial engineer estimate. After the development of the detailed design, the cost is now expected to be $710k ($260k unfavourable). The chiller unit supply and building management system components are expected to be within the original budget, however the installation costs are where the significant increase has occurred.

6.2.5 FMG Stadium and Claudelands – Integrated Television System

- Deployment of the integrated television system (IPTV) across both the Stadium and Claudelands is currently underway. 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.
- In addition to improved operating efficiency, the new system is intended to deliver enhanced revenue generation opportunities.
- Physical works at FMG Stadium Waikato will be completed by end of May with Claudelands to be complete by late June.

6.2.6 3-Year Capital Programme

- Work is underway to plan and prepare for our capital projects works programme to ensure we can deliver this in a timely and effective manner. This has included coordinating with our facilities unit to ensure we have resource and plans in place to execute the proposed 10-YP capital programme.
- An example of the planning that has started is the Turf Replacement at FMG Stadium Waikato which is scheduled for 2019-20. This project has a long lead time with a limited replacement window, and therefore important to have the procurement in place to deliver.

6.3 2017-18 FY Capex Deferrals to 2018-19 FY

- The following capital projects have been deferred to 2018-19:
    - Claudelands Storage Shed ($200k): Due to contractor availability/scheduling
    - Seddon Park Practice Wicket Nets Replacement ($52k): deferred to link in with Northern District Cricket's priorities

7. Major Events

7.1 HSBC NZ Sevens

- Hamilton and FMG Stadium Waikato hosted the HSBC New Zealand Sevens on Saturday 6 and Sunday 7 February 2018. The event sold out with 47,000 attendees across both days.
- The event was the largest single event ever hosted at the stadium and included the use of Mill St Field for additional entertainment and activities along with Fred Jones Park as the warm up field for the event. Along with many contract staff, team members from across H3 and Council were involved in the delivery of the event. Around 40 volunteers coordinated by Council also worked during the event to provide an extra level of customer service.
- A launch party was held in Garden Place on the Friday night before the event and attracted representatives from all the teams along with an estimated crowd of over 2,500 people.
- World Rugby and the World Rugby Players Association were both impressed with the event and gave the tournament a very good rating. A highlight for the players was a dinner attended by all teams at Hobbiton in the week leading into the tournament. Many other community engagements and tourism visits were also arranged with teams visiting several local schools, Waikato Hospital, Hamilton Zoo, Hampton Downs and the Waitomo Caves.
- While many Sevens fans took the opportunity to dress up and party both at the Stadium and at hospitality outlets in the central city, they were very well behaved. At the event itself there were only ten arrests over the weekend with 17 people removed from the venue for a range of reasons. Behaviour in the central city was equally good with Police reporting no significant issues.
- As reported in the Waikato Times, a report commissioned by 37 South (local joint venture partner) found that Sevens fans spent significantly across the city with retail spending up 18% compared with the corresponding weekend last year. Most of the additional spending was seen in the CBD, which was up 47% on the same weekend in 2017 and equated to extra spending of $436k per day in the CBD compared with an average weekend in February.
- As expected, the hospitality sector was where the biggest impact was seen and comments from central city businesses backed up the report. The report also showed that domestic tourism spending was up 36 per cent over the Saturday and Sunday of the tournament as visitors came from across the North Island to attend the event.
- Accommodation across the city was at a premium with the event organisers booking many hotel rooms across several hotels in the city for the event weekend and the week leading in. In total the organisers spent approximately $1.4m on the event locally including accommodation, transport and venue services.
- Customer feedback on the event have been very positive and New Zealand Rugby have a number of initiatives planned for the 2019 event to further improve the event including larger entertainment areas.
- Tickets are now on sale for the 2019 event and the first phase of tickets have been made publicly available at the same price as last year.

Other Events

- A new event to Hamilton and Claudelands was the Heineken Urban Polo at Claudelands Oval on 17 March 2018. The event was a new use of the oval space.

7.2 Looking forward – Q4 and Year End Highlights

- Q4 will be a busy time for the H3 operation. For example, in May the business will see a total of 28 events across 35 event days, with a combined attendance of over 30,000 people at Claudelands alone.
- The HSBC NZ Sevens will return to Hamilton next year, 26 and 27 January 2019. Planning is well underway for this event.

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 - 22 February 2018 C2. Report on overdue debtors as at 28 February 2018 & Debt write-offs 2017/18	) Good reason to withhold) information exists under) Section 7 Local Government) Official Information and) Meetings Act 1987)	Section 48(1)(a)

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

Item C1.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C2.	to protect the privacy of natural persons	Section 7 (2) (a)
	to maintain the effective conduct of public affairs through protecting persons from improper pressure or harassment	Section 7 (2) (f) (ii)