

Notice of Meeting:

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

Date: Thursday 23 May 2019
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 Maangai Bella Takiari-Brame

Quorum: A majority of members (including vacancies)

Meeting Frequency: Six weekly

Becca Brooke
Governance Team Leader

17 May 2019

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; 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 Governance 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 Governance by telephoning 07 838 6439.

Finance Committee

OPEN MINUTES

Minutes of a meeting of the Finance Committee held in Council Chamber, Municipal Building, Garden Place, Hamilton on Tuesday 9 April 2019 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 A O'Leary
	Cr P Southgate
	Cr G Taylor
	Cr L Tooman
	Cr R Hamilton
	Maangai Bella Takiari-Brame

In Attendance	Richard Briggs – Chief Executive
	David Bryant – General Manager Corporate
	Jen Baird – General Manager City Growth
	Eeva-Liisa Wright – General Manager Operations Infrastructure
	Lance Vervoort – General Manager Community
	Chris Allen – General Manager Development
	Sean Murray – General Manager Tourism, Venues and Special Events
	Tracey Musty – Financial Controller
	Julie Sanderson – Group Business Manager/Acting Strategic Property Manager
	Christie Harger – Corporate Business Manager
	Natalie Young – PMO Manager
	Helen Paki – Business and Planning Manager
	Paul Gower – Programme Manager Growth and Assets
	Lauradanna Radesic – Team Leader Communications
	Jason Harrison – Transportation Unit Manager
	Matthew Bell – Rates and Revenue Manager

1. Apologies

Resolved: (Cr Mallett/Cr Bunting)

That the apologies for early departure from Cr O’Leary and for partial absence from Deputy Mayor Gallagher and Cr Casson are accepted.

2. Confirmation of Agenda

Resolved: (Cr Mallett/Cr Casson)

That the agenda is confirmed noting the following:

- the order will need to be flexible to accommodate external presenters,
- the order has been changed to accommodate the LGFA representative (Mark Butcher) no longer being available.

3. Declarations of Interest

No members of the Council declared a Conflict of Interest.

4. Public Forum

There were no public forum speakers.

5. Confirmation of the Finance Committee Minutes - Open - 21 February 2019

Resolved: (Cr Mallett/Cr Casson)

That the Committee confirm the Open Minutes of the Finance Committee Meeting held on 21 February 2019 as a true and correct record.

6. Accessible Properties New Zealand Limited - Q1 and Q2 Activity Report

The Acting Unit Manager Strategic Property spoke to the report, highlighting that the purpose of the report was to provide information to the Elected Members and there were no decisions to be made. The loan has been repaid, and all reporting will now be made to Community, Services and Environment Committee.

Committee Members asked questions concerning maintenance undertaken on the properties and demand for social housing.

Resolved: (Cr Mallett/Cr Hamilton)

That the Finance Committee receives the report.

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

The General Manager Corporate introduced the report on behalf of the Local Government Funding Agency (LGFA), and explained that any questions would be collated by the Financial Controller and emailed to LGFA for their response.

Committee Members asked questions concerning risks of accessing funding via Special Purpose Vehicles and Public Private Partnerships, the Council's credit rating and risks to a possible increase of debt capacity.

Resolved: (Cr Mallett/Cr Hamilton)

That the Finance Committee:

- a) receives the report; and
- b) approves the Local Government Funding Authority Draft Statement of Intent 2019/20.

Item 11 (*Civic Financial Services Ltd Statement of Intent and Annual Report to 31 December 2018*) was taken after Item 7 (*NZ Local Government Funding Agency Statement of Intent and Half Yearly Report to 31 December 2018*) to accommodate presenter availability.

8. Civic Financial Services Ltd Statement of Intent and Annual Report to 31 December 2018

The Financial Controller took the report as read.

Committee Members asked questions concerning the sale of shares.

Resolved: (Cr Mallett/Cr Pascoe)

That the Finance Committee:

- a) receives the report; and
- b) approves the Civic Financial Services Limited's Draft Statement of Intent 2019/20.

Item 12 (*Capital Portfolio Monitoring Report for the 8 months ending 28 February 2019*) was taken after Item 11 (*Civic Financial Services Ltd Statement of Intent and Annual Report to 31 December 2018*) to accommodate presenter availability.

9. Capital Portfolio Monitoring Report for the 8 months ending 28 February 2019

The General Manager Development and PMO Manager took the report as read.

Committee Members asked questions concerning:

- budgeting and oversight of programmes,
- funding from NZTA,
- whether figures quoted were gross or nett,
- agility of renewal budgets and programmes,
- deferrals of programmes and works,
- consequences of deferrals concerning Development Contributions, and
- scope management.

Staff action: staff undertook to include a brief overview of all 8 programmes in the cover report.

Staff action: staff undertook to provide negative figures in brackets to ensure ease of understanding.

Staff action: staff undertook to change some wording in the reports to be more generic so they did not reference projects specifically.

Resolved: (Cr Mallett/Cr Casson)

That the Finance Committee receives the report.

Deputy Mayor Gallagher left the meeting (10.07am) during the above item. He was not present when the matter was voted on.

Item 8 (Waikato Innovation Growth Ltd, NZ Food Innovation (Waikato) Ltd and NZ Food Innovation (Waikato) D2 Ltd combined Draft Statement of Intent 2019/20 and Half Yearly Report 31 December 2018) was taken after Item 12 (Capital Portfolio Monitoring Report for the 8 months ending 28 February 2019) to accommodate presenter availability.

10. Waikato Innovation Growth Ltd, NZ Food Innovation (Waikato) Ltd and NZ Food Innovation (Waikato) D2 Ltd combined Draft Statement of Intent 2019/20 and Half Yearly Report 31 December 2018

The Director Special Projects and Barry Harris and Stuart Gordon from Waikato Innovation Group Ltd spoke to the report, highlighting the positive performance of the organisation, as well as development works occurring.

Committee Members asked questions concerning:

- cash deficits,
- business model of growing businesses using the facilities,
- overheads,
- growth of industry sectors such as sheep milk,
- build timing and capacity of the second spray dryer,
- treatment of D2 as a joint venture,
- policy regarding diversity on CCO Boards, and
- innovation trends.

Staff action: *staff undertook to break down the overheads noted in the half yearly report.*

Resolved: (Cr Mallett/Cr Casson)

That the Finance Committee:

- a) receives the report; and
- b) approves the Waikato Innovation Growth Ltd and Group of Companies Draft Statement of Intent 2019/2020.

11. Waikato Local Authority Shared Services - Half Yearly Report to 31 December 2018, Draft Statement of Intent 2019/20 and Proposed Changes to Governance Arrangements

The Director Special Projects and Kelvin French and Gavin Ion from WLASS spoke to the report, noting that the organisations performance was on track to complete the work outlined in the Statement of Intent, primarily being changes to the governance structure.

Committee Members asked questions concerning strategies moving forward, skills matrix for Board members, input from local government and ability to move to a fully independent Board, and breadth of services.

Motion: (Mayor King/Cr Mallett)

That the Finance Committee:

- a) receives the report;
- b) receives the Waikato Local Authority Shared Services Ltd (WLASS) Half Year Report to 31 December 2018;
- c) approves the Waikato Local Authority Shared Services (WLASS) Draft Statement of Intent 2019/20 which reflects the new focus of the company as a service delivery agent for shared services;
- d) approves the Waikato Local Authority Shared Services (WLASS) changes to governance arrangements as part of the changes to enable the transformation of the company as follows:
 - (i) amend the constitution of the Company (Clause 13 Appointment and Removal of Directors, Clause 15.5 Chairperson) in the manner set out in the special resolution in Attachment 4;
 - (ii) approve, by ordinary resolution in Attachment 5, that the independent Chair be paid a fee for service up to \$45,000 per annum (plus reasonable costs and GST, if any);
 - (iii) note that the constitution as amended allows the independent Chair to be appointed by unanimous agreement of the five Council Representative Directors;
 - (iv) delegate authority to the five Council Representative Directors to agree a fee for service for the independent Chair up to the amount noted in recommendation 4d)(ii);
 - (v) delegate authority to the Chief Executive Officer to sign the special and ordinary resolutions in Attachments 4 and 5 on behalf of Hamilton City Council; and
- e) notes that the Hamilton City Council appointed Council Representative Director will remain Blair Bowcott, Executive Director Special Projects, and
- f) requests the Hamilton City Council Chief Executive to recommend an Independent Director to replace the Executive Director Special Projects at a future Council meeting.

Amendment: (Cr O'Leary/Cr Southgate)

That the Finance Committee:

- a) receives the report;
- b) receives the Waikato Local Authority Shared Services Ltd (WLASS) Half Year Report to 31 December 2018;
- c) approves the Waikato Local Authority Shared Services (WLASS) Draft Statement of Intent 2019/20 which reflects the new focus of the company as a service delivery agent for shared services;

- d) approves the Waikato Local Authority Shared Services (WLASS) changes to governance arrangements as part of the changes to enable the transformation of the company as follows:
- (i) amend the constitution of the Company (Clause 13 Appointment and Removal of Directors, Clause 15.5 Chairperson) in the manner set out in the special resolution in Attachment 4;
 - (ii) approve, by ordinary resolution in Attachment 5, that the independent Chair be paid a fee for service up to \$45,000 per annum (plus reasonable costs and GST, if any);
 - (iii) note that the constitution as amended allows the independent Chair to be appointed by unanimous agreement of the five Council Representative Directors;
 - (iv) delegate authority to the five Council Representative Directors to agree a fee for service for the independent Chair up to the amount noted in recommendation 4d)(ii);
 - (v) delegate authority to the Chief Executive Officer to sign the special and ordinary resolutions in Attachments 4 and 5 on behalf of Hamilton City Council; and
- e) notes that the Hamilton City Council appointed Council Representative Director will remain Blair Bowcott, Executive Director Special Projects.

The Amendment was put.

Those for the Amendment:	Councillors Pascoe, Tooman, O'Leary, Macpherson, Bunting, Casson, Henry, Southgate and Hamilton
Those against the Amendment:	Mayor King, Councillors Mallett, Taylor and Maangai Takarai-Brame

The Amendment was declared carried.

The amendment as the substantive motion was then put and declared carried.

Resolved: (Cr O'Leary/Cr Southgate)

That the Finance Committee:

- a) receives the report;
- b) receives the Waikato Local Authority Shared Services Ltd (WLASS) Half Year Report to 31 December 2018;
- c) approves the Waikato Local Authority Shared Services (WLASS) Draft Statement of Intent 2019/20 which reflects the new focus of the company as a service delivery agent for shared services;
- d) approves the Waikato Local Authority Shared Services (WLASS) changes to governance arrangements as part of the changes to enable the transformation of the company as follows:
 - (i) amend the constitution of the Company (Clause 13 Appointment and Removal of Directors, Clause 15.5 Chairperson) in the manner set out in the special resolution in Attachment 4;
 - (ii) approve, by ordinary resolution in Attachment 5, that the independent Chair be paid a fee for service up to \$45,000 per annum (plus reasonable costs and GST, if any);
 - (iii) note that the constitution as amended allows the independent Chair to be appointed by unanimous agreement of the five Council Representative Directors;
 - (iv) delegate authority to the five Council Representative Directors to agree a fee for service for the independent Chair up to the amount noted in recommendation 4d)(ii);
 - (v) delegate authority to the Chief Executive Officer to sign the special and ordinary resolutions in Attachments 4 and 5 on behalf of Hamilton City Council; and
- e) notes that the Hamilton City Council appointed Council Representative Director will remain Blair Bowcott, Executive Director Special Projects.

Maangai Takiari-Brame dissenting.

12. Waikato Regional Airport Limited Draft Statement of Intent and Half Yearly Report to 31 December 2018

The General Manager Tourism, Venues and Major Events and Mark Morgan from WRAL spoke to the report, highlighting some of the key results from the Half Yearly Report, being a growth in passenger numbers and re-certification by CAA.

Committee Members asked questions concerning:

- air movements attributed to the air school,
- whether land sales could affect potential development and expansion,
- car parking facilities at the airport hotel,
- materiality of landing charges,
- consideration of Air NZ passenger numbers,
- new commercial ATR capacity,
- potential of domestic security changes, and
- hotel management agreement with the airport hotel.

Resolved: (Cr Macpherson/Cr Hamilton)

That the Finance Committee:

- a) receives the report;
- b) approves the Waikato Regional Airport Limited Draft Statement of Intent 2019/2020; and
- c) request that the Waikato Regional Airport Limited Board factor in their active engagement with Hamilton to Auckland Corridor Plan (H2A) and in particular the metro spatial plan including a 100 year and 30 year planning lens.

Cr O'Leary retired from the meeting (12.57pm) during the above item. She was not present when the matter was voted on.

Cr Southgate retired from the meeting (12.40pm) during the above item. She was not present when the matter was voted on.

Deputy Mayor Gallagher re-joined the meeting (12.42pm) during the above item. He was present when the matter was voted on.

The meeting adjourned from 1.12pm to 1.51pm.

13. Annual Monitoring Report to 28 February 2019

The Financial Controller introduced the report, and highlighted that the Council remains compliant with the Debt Policy.

Committee Members asked questions concerning movement in figures, deferrals and timing of some expenditure, and differentiation between work that has been completed under budget and work that has been deferred/delayed.

Resolved: (Cr Mallett/Cr Hamilton)

That the Finance Committee receives the report.

14. April 2019 Financial Strategy Monitoring Report (Recommendation to Council)

The Corporate Business Manager introduced the report, and gave an overview of some changes to the financial strategy as a result of decisions made in recent meetings. These figures would be made available at the 21 May 2019 Finance Committee meeting.

Committee Members asked questions concerning depreciation as an emerging issue, and the potential impact of a changing Official Cash Rate.

Resolved: (Cr Mallett/Casson)

1. That the Finance Committee:
 - a) receives the report.
2. That the Finance Committee recommends the Council:
 - a) approves the rephrasing and delay deferrals of an additional \$26.3M capital projects from 2018/19 to future years as listed in the 9 April 2019 Capital Portfolio Monitoring Report;
 - b) approves the significant forecast adjustments as set out in paragraphs 20 to 32 of this report; and
 - c) approves the revised forecast Financial Strategy graphs for Debt to Revenue, Net Debt and Balancing the Books as set out in paragraphs 33 to 42 of this report.

15. Resolution to Exclude the Public

Resolved: (Cr Mallett/Casson)

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. Confirmation of Finance Committee Meeting Minutes - Public Excluded - 21 February 2019) Good reason to withhold information exists under Section 7 Local Government Official Information and Meetings Act 1987	Section 48(1)(a)
C2. Report on overdue debtors as at 28 February 2019 & Debt write-offs 2018/19)	

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

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

The meeting went into a Public Excluded session at 2.27pm.

The meeting was declared closed at 2.42pm.

Council Report

Item 6

Committee: Finance Committee **Date:** 23 May 2019
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 Report - Quarter Three 1 January to 31 March 2019

Report Status	<i>Open</i>
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Purpose

1. To inform the Finance Committee on the performance of H3 including financial and non-financial reporting, focussing on the 2018-19 financial year quarter three results.

Staff Recommendation

That the Finance Committee receives the report.

Executive Summary

2. The intention of this report is to provide a more focused commentary on H3 activity, which includes Claudelands Events Centre, FMG Stadium Waikato, Seddon Park and residual activity related to the Founders Theatre.
3. H3 increasingly operates as a single business with its customers spread across venues as demand and capacity constraints dictate in peak months.
4. The financial reporting of H3 activity is also reported to the Finance Committee within the 2018-2028 10-Year Plan Monitoring Report under "Venues, Tourism and Major Events" activity.

Attachments

Attachment 1 - H3 Quarter Three Report - January to March 2019 .



H3 Group Limited
Quarter Three Report
1 January– 31 March 2019



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

Venues, Tourism and Major Events Group Purpose:

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

H3 Purpose:

- To attract and deliver exceptional event experiences.

Report Purpose:

- This report focuses on Quarter Three 2018/19 and has been produced for Hamilton City Council's Finance Committee meeting on 23 May 2019.





Nitro Circus 'You Got This' Tour at FMG Stadium Waikato, March 2019

1. HIGHLIGHTS

- 1.1. H3 venues hosted a wide variety of events in Q3 with a variety of sports events, shows, performances and business events taking place across all venues.
- 1.2. The third quarter saw over 174,000 people attend events at H3 Venues, taking total attendance year to date to just over 409,000.

CLAUDELANDS

- 1.3. Over 61,000 people attended events at Claudelands across quarter three.
- 1.4. The quarter kicked off with 6000 people enjoying TEG Paw Patrol in the Arena, closely followed by Fat Boy Slim (2,300), NZSO Performance of 'A Classical Journey' (560), The Hollies in Concert (2,100) plus a hugely supported show for Charley Pride's '50 Golden Years of Pride' concert (2,400).
- 1.5. The venue was also home to a Magic Netball Super Sunday match with 2,400 people attending. Other sporting events included the 2019 Leisure Marching Nationals and a further Magic v Stars game. In late March the Claudelands Oval was the site of the 2019 Cancer Society Relay for Life event.
- 1.6. In addition to ticketed events, Claudelands hosted 49 business events and functions across the quarter. This included the Waikato Regional Sports Awards (500), Chiefs Members Open Day (250), Netball NZ Council (158), and graduations ceremonies for WINTEC and Te Rito Maioha Early Childhood (over 5,300).
- 1.7. The weekly Hamilton Farmers Market also continues to attract consistent crowds every weekend. A popular Ezibuy Sale event in the Claudelands exhibition space attracted over 7000 attendees.
- 1.8. The venue also hosted a small community gathering in the Arena in late March for the live-streamed Remembrance Service to commemorate victims of the recent Christchurch mosque attacks.

STADIA

HSBC NZ SEVENS

- 1.9. FMG Stadium Waikato hosted the HSBC NZ Rugby Sevens in January 2019, in partnership with 37 South and NZ Rugby. For the second successive year, the event was a real accomplishment for Hamilton and further reinforces the reputation of Hamilton as an able host city for major international events.
- 1.10. Over 48,000 people attending the long weekend event (across 26-27 January) with organisers reporting another successful event. Local fans of the Fiji team turned out in force to support their team alongside many thousands of other supporters dressed in costumes and team colours.
- 1.11. The inclusion in 2019 of a Women's tournament was also heralded a success by organisers and attendees.
- 1.12. In mid-March 2019, NZ Rugby then announced a new four-year licence to host a leg of the World Rugby Sevens from 2020-2023 and picked Hamilton as the venue with alternate hosting rights to be confirmed with Fiji. The 2020 event will also include a full women's tournament.
- 1.13. The choice of Hamilton as a venue reflects the dedication and hard work of hundreds of professionals and volunteers who bring the event to life each year along with the tens of thousands of passionate fans who have supported the event over the past two years.
- 1.14. The 2019 event attracted higher attendees than the previous year. In addition, we were able to maintain a margin despite additional costs for delivering the event.

OTHER EVENTS

- 1.15. FMG Stadium Waikato also hosted Super Rugby matches of Gallagher Chiefs from mid-February to mid-March vs Highlanders (9,000), Sunwovles (7,165) and Hurricanes (10,600). The stadium also held a stadium show "You Got This" tour by Nitro Circus, with over 8,900 people attending the FMX, BMX and Skate action sports show.
- 1.16. Seddon Park hosted Burger King Super Smash T20 games plus BLACKCAPS, White Ferns and India team trainings, and ODI and T20 matches in January and February 2019, plus Bangladesh training and test match in late February 2019. Over 19,600 people attended the matches at Seddon Park.
- 1.17. FMG Stadium Waikato and Seddon Park also hosted smaller business events (77) and functions (8) in their meeting and function space areas throughout the quarter.



2. FINANCIAL SUMMARY

2.1 TABLE 1 – H3 RESULT FOR THE PERIOD 1 JULY TO 31 MARCH 2019

Prior YTD Actual 2017-18		Actual YTD	Budget YTD	Variance Favourable/ (unfavourable)	Annual Budget
\$000		\$000	\$000	\$000	\$000
	Revenue				
0	Subsidies and Grants	0	0	0	0
300	Capital Revenue	2	0	2	100
5,065	Revenue from Activities	5,444	4,604	840	6,072
5,365	Total Revenue	5,446	4,604	842	6,172
	Direct Operating Costs				
1,870	Cost of Sales	2,062	1,762	(300)	2,219
3,684	Personnel Costs	3,607	4,025	418	5,359
1,290	Operating & Maintenance Costs	1,476	1,499	23	2,053
150	Professional Costs	171	175	4	245
766	Administrative Costs	967	984	17	1,335
1,112	Property Costs	1,178	1,117	(61)	1,527
8,870	Total Direct Operating Costs	9,459	9,561	102	12,737
(3,505)	Direct Operating Surplus/(Deficit)	(4,013)	(4,957)	944	(6,565)
	Indirect Revenue				
465	Interest Income	318	180	138	240
	Indirect Overhead Costs				
3,454	Depreciation and Amortisation	3,866	3,917	51	5,223
1,719	HCC Overhead Allocation	1,664	1,948	284	2,601
2,278	Finance Costs	1,463	1,494	31	1,992
7,451	Total Indirect Operating Costs	6,992	7,360	367	9,816
(6,986)	Net Indirect Costs	(6,674)	(7,180)	505	(9,576)
(10,491)	Net Surplus/(Deficit)	(10,689)	(12,137)	1449	(16,141)
(4)	Gains and Losses	(61)	0	(61)	0
(4)	Total Gains and (Losses)	(61)	0	(61)	0
(10,491)	Surplus/(Deficit)	(10,749)	(12,137)	1,388	(16,141)

NOTE: The Financials presented exclude Founders Theatre for reporting purposes. Any prior year comparatives reflect this also.





'Charley Pride in Concert' audience at Claudelands Arena March 2019

OPERATING EXPENDITURE

COST OF SALES

- 2.2 Additional costs relate to the ongoing uplift in revenue and most notably the increase in Audio Visual expenses (personnel and equipment hire recharged back to clients) relating to business events.

PERSONNEL COSTS

- 2.3 Favourable budget due to a delay in filling some vacant positions, along with changing mix in roles, when replacing. H3 operate in a very fluid staffing structure dependant on business need.

PROPERTY COSTS

- 2.4 Additional costs relate to ongoing uplift in revenue with more electricity required for the increased volume of events.

YEAR-END RESULT

- 2.5 Year-end operating expenditure is expected to come in around \$500k under budget.



2.6 H3 REVENUE SUMMARY

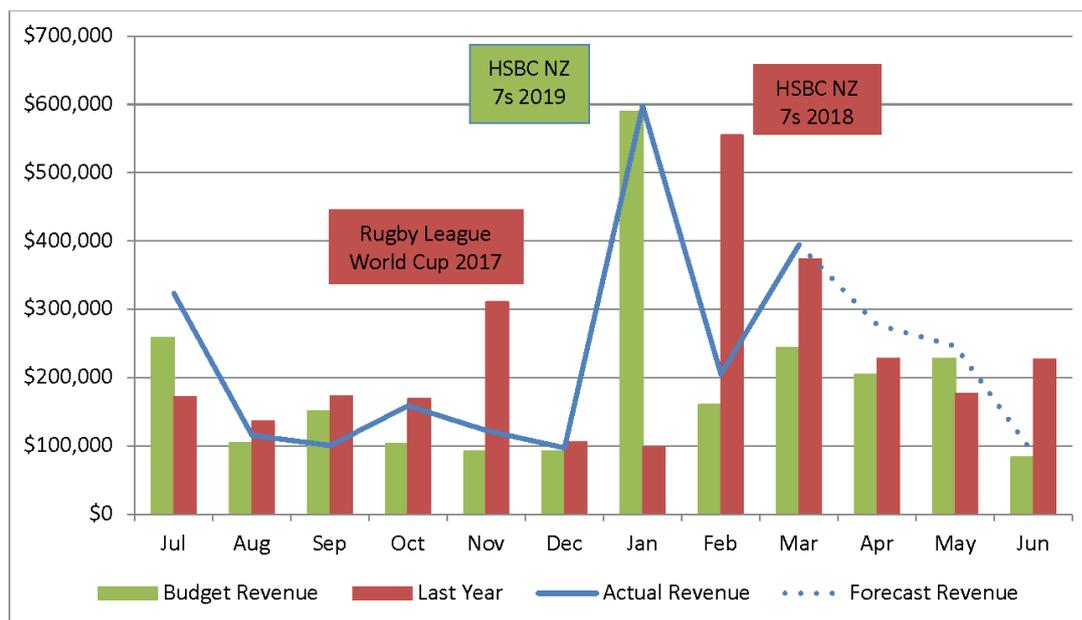
GRAPH 1: H3 REVENUE VARIANCE TO BUDGET YEAR TO DATE 2018/19



- 2.6.1 Total revenue was above budget by \$875K (19%).
- 2.6.2 Conference revenue was over \$213k above budget due to longer conferences, which drove a higher yield.
- 2.6.3 Meetings revenue was \$112k above budget with much higher event volumes, partly offset by a lower yield due to the shorter length and lower attendees per event.
- 2.6.4 Exhibitions revenue was \$45k under budget, driven by lower than expected yields.
- 2.6.5 Performance revenue was \$192k above budget due to additional and larger than budgeted events
- 2.6.6 Sporting events revenue variance was \$315k above budget due to the additional Stadium events.
- 2.6.7 Year end, revenue is forecast to finish 14% (\$912k) over budget with positive variances across all venues and event types.

2.7 2018/19 Q3 STADIA RESULT

GRAPH 2: 2018/19 STADIA REVENUE YEAR TO DATE AND FORECAST



2.7.1 Total revenue YTD was 25% above budget driven by event revenue.

2.7.2 Meetings revenue has remained favourable, being 31% above budgeted levels.

2.7.3 Our year end position for revenue is tracking to finish 29% ahead of budget, driven substantially by sporting events.

TABLE 2 – STADIA FINANCIAL SUMMARY FOR THE PERIOD 1 JULY 2018 – 31 MARCH 2019

	Actual YTD	Budget YTD	Variance Favourable/ (unfavourable)	Annual Budget
	\$000	\$000	\$000	\$000
Revenue				
Subsidies and Grants	0	0	0	0
Capital Revenue	2	0	2	100
Revenue from Activities	2,213	1,876	337	2,430
Total Revenue	2,216	1,876	340	2,530
Direct Operating Costs				
Cost of Sales	1,049	933	(116)	1,122
Personnel Costs	1,355	1,601	245	2,132
Operating and Maintenance Costs	1,043	1,016	(26)	1,397
Professional Costs	118	92	(27)	131
Administrative Costs	390	368	(22)	498
Property Costs	629	589	(40)	817
Total Direct Operating Costs	4,583	4,598	(15)	6,097
Direct Operating Surplus/(Deficit)	(2,368)	(2,722)	354	(3,567)

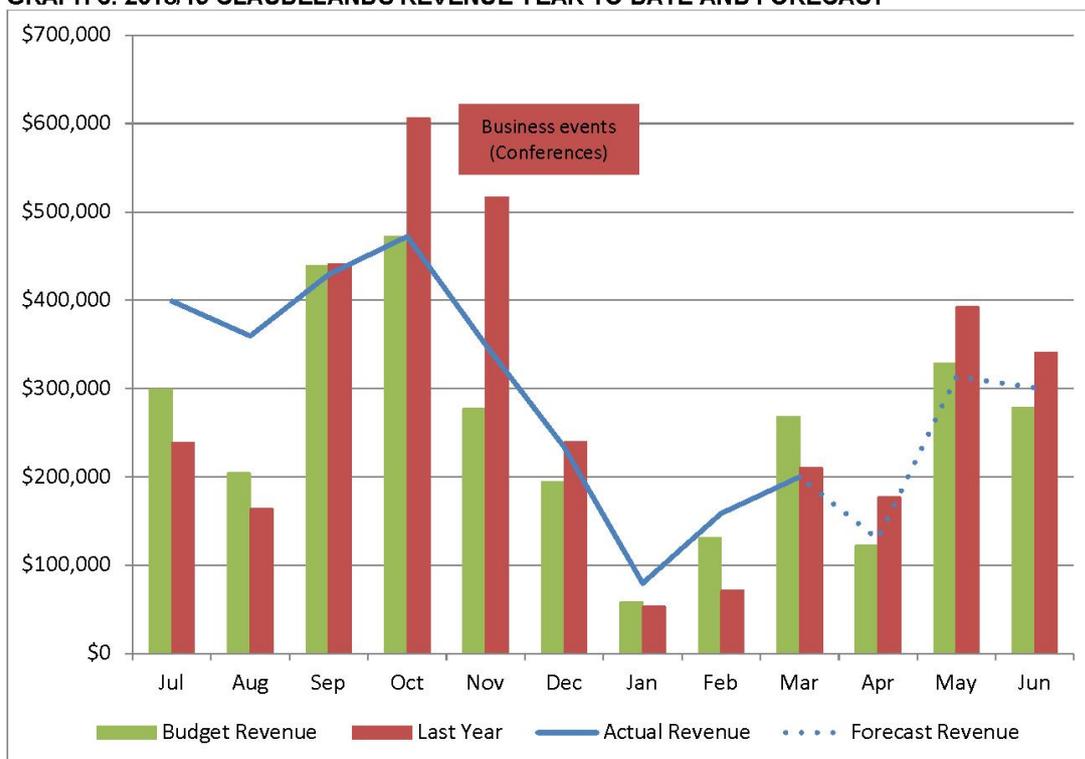




Blackcaps vs India 4th ODI, Seddon Park

2.8 2018/19 CLAUDELANDS RESULT

GRAPH 3: 2018/19 CLAUDELANDS REVENUE YEAR TO DATE AND FORECAST



2.8.1 Claudelands total revenue finished 14% above budget driven by longer conference events bringing in a higher yield. Meetings, functions and performances also finished above budget by 40%, 14% and 26% respectively. Exhibition revenue finished 5% below budget due to lower than expected yields.

2.8.2 Year-end Claudelands is forecast to finish 12% above budget with strong performance across all event types.



TABLE 3 – CLAUDELANDS FINANCIAL SUMMARY PERIOD 1 JULY 2018 – 31 MARCH 2019

	Actual YTD	Budget YTD	Variance Favourable/ (unfavourable)	Annual Budget
	\$000	\$000	\$000	\$000
Revenue				
Subsidies and Grants	0	0	0	0
Capital Revenue	0	0	0	0
Revenue from Activities	3,230	2,728	503	3,642
Total Revenue	3,230	2,728	503	3,642
Direct Operating Costs				
Cost of Sales	983	829	(154)	1,182
Personnel Costs	2,252	2,425	173	3,227
Operating and Maintenance Costs	463	482	19	571
Professional Costs	53	84	31	114
Administrative Costs	577	616	39	836
Property Costs	549	528	(21)	710
Total Direct Operating Costs	4,876	4,963	87	6,640
Direct Operating Surplus/(Deficit)	(1,646)	(2,235)	(416)	(2,998)

2.8.3 During Q3, we identified an outstanding debtor who has gone into liquidation. Last Season hired our exhibition hall at Claudelands in December 2018. The invoice amount (\$4,830) is still outstanding despite follow up for payment. Recognising this company is now in liquidation, we will be writing this debt off in Q4.



Stage set up for NZSO 'A Classical Story' Heaphy Rooms at Claudelands Feb 2019

3. ACTIVITY SUMMARY

3.1 NUMBER OF EVENTS, HIRE DAYS AND ATTENDANCE BY EVENT TYPE

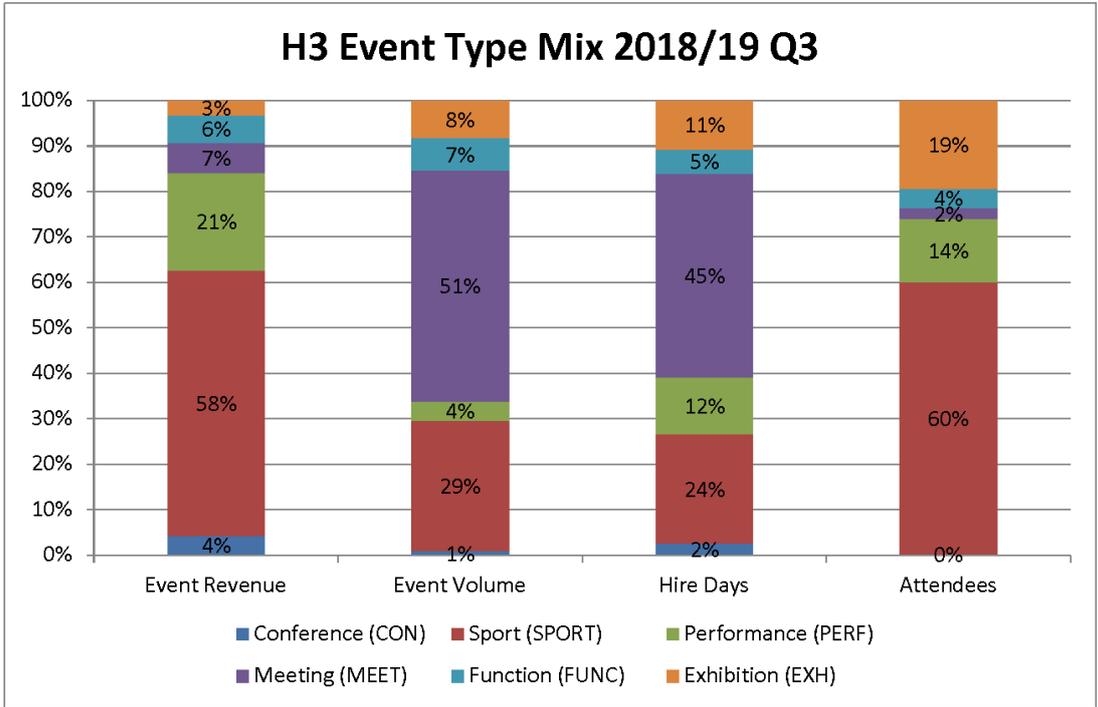
TABLE 4: FOR THE PERIOD 1 JANUARY – 31 MARCH 2019 AND YEAR TO DATE

Event Type	Number of Events Q3	YTD	Hire Days Q3	YTD	Attendance Q3	YTD
Business Events	141	519	100.25	338.75	12,175	44,160
Exhibition	20	70	20.50	107.25	33,720	139,806
Performance	10	32	23.75	88.00	24,098	52,982
Sport	69	297	45.75	160.50	104,106	161,832
Total	240	918	190.25	694.50	174,099	409,083
FY 2017/18 comparison	241	863	189.25	750.75	138,326	388,946

3.1.1 All primary markers for the business performed equal to or above in comparison to the previous year's results.

3.2 BUSINESS MIX BY EVENT TYPE

GRAPH 4: FOR THE PERIOD FOR THE PERIOD 1 JANUARY – 31 MARCH 2019





Crowd enjoying Fat Boy Slim live at Claudelands Arena - January 2019

3.3 2018-2028 10-YEAR PLAN KEY PERFORMANCE INDICATORS

TABLE 5: FOR THE PERIOD 1 JULY 2018 – 31 MARCH 2019

Measure	Annual Target	Q1	Q2	Q3	YTD	Comment
The number of people attending events at H3 Venues	438,000	111,449	123,535	174,099	409,083	We are on track to exceed the target at year end, with 549,000 attendees forecast.

4. OTHER NON-FINANCIAL KPIS

4.1 CUSTOMER SATISFACTION

TABLE 6: FOR THE PERIOD 1 JULY 2018 – 31 MARCH 2019

Survey Type	Q1	Q2	Q3	YTD	Comment
Business Events Hire Survey (1-10)	9.6	9.2	9.3	9.4	Survey results are above average for Q3 for business events and ticketed events.
Ticketed Events Attendee Survey (1-10)	8.8	8.7	8.8	8.8	

4.2 SOCIAL MEDIA HIGHLIGHTS

- 4.2.1 HLive promotes to a core email subscriber database of approximately 66,000 people. Promotion includes major events of special significance across the city including those staged within H3 venues, those supported through council's event sponsorship fund, or those of significance staged by other organisations in Hamilton and the immediate region or any other venue/event who contracts their services.
- 4.2.2 The HLive NZ Facebook page had a positive increase of 434 likes over the past quarter, going from 9,668 on 1 January 2019 to 10,102 on 31 March 2019. Reaching



the milestone of 10,000 likes in early March was celebrated with a series of ticket giveaways on the HLive Facebook page.

4.2.3 From the period 1 January to 31 March 2019, the Claudelands NZ Facebook page had an increase of 915 likes, growing from 15,094 to 16,009, while FMG Stadium Waikato’s page following grew by 271 during this period, from 6,521 to 6,792.

4.2.4 The H3 Marketing team continues to review and refine its social media approach to maximise its effectiveness. Currently video content, competitions and event announcements tend to generate the most organic reach and engagement via these channels.

4.2.5 Our top post for the last quarter was the 4 March announcement on Claudelands NZ that Disney On Ice celebrates Mickey and Friends was coming to Hamilton in August 2019. The announcement post reached over 34,479 people, gained 1,877 reactions, comments and shares, and generated 5,046 clicks through to sign up for presale access.

Claudelands NZ is 😄 feeling excited.
Published by Kylee Boswell [?] · March 4 · 🌐

Just announced: Disney On Ice celebrates Mickey And Friends is coming to Claudelands Arena this August! Tickets go on sale for Feld Priority Customers at 9am tomorrow so make sure you sign up here <https://www.disneyonice-asia.com/.../regist.../registration.html>

Performance for Your Post

34,479 People Reached

1,877 Reactions, Comments & Shares 📈

517 Like	302 On Post	215 On Shares
57 Love	28 On Post	29 On Shares
1 Haha	0 On Post	1 On Shares
13 Wow	8 On Post	5 On Shares
1,204 Comments	856 On Post	348 On Shares
85 Shares	78 On Post	7 On Shares

5,046 Post Clicks

302 Photo Views	1,229 Link Clicks 📈	3,515 Other Clicks 📈
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NEGATIVE FEEDBACK

5 Hide Post	2 Hide All Posts
0 Report as Spam	0 Unlike Page

Insights activity is reported in the Pacific time zone. Ads activity is reported in the time zone of your ad account.

4.4. PEOPLE

4.4.1 Year to date, H3's permanent staff turnover is 9.89%, with four staff members leaving H3 in Q3 against an average staff number of 61. We had no leavers in Q1 and two leavers in Q2.

4.5 HEALTH AND SAFETY

TABLE 7: INJURIES, MEDICAL TREATMENT AND LOST TIME INJURIES FOR THE PERIOD 1 JULY 2018 – 31 MARCH 2019

	Q1	Q2	Q3	YTD	Comments
Injuries	4	4	3	11	All minor (Q3)
Medical Treatment	0	1	0	1	
Lost Time Injuries	0	0	0	0	

4.5.1 The following Health and Safety actions were completed by H3 during Q3:

- New health and safety plan process implemented for small/business events. Providing staff and clients with information and templates to assist with gathering relevant information and analysis;
- Construction of new storage shed completed at Claudelands which creates efficiencies and removes some risks associated with equipment movement;
- Installation of permanent sides on Hall D at Claudelands removing hazardous temporary sides;
- Roof safety systems installed at Claudelands and FMG Stadium Waikato;
- Venue Security working group established, and action plan created to improve security - Focus on physical, process, personnel, event day and monitoring improvements;
- Emergency Response scenarios have been created and training plan developed.



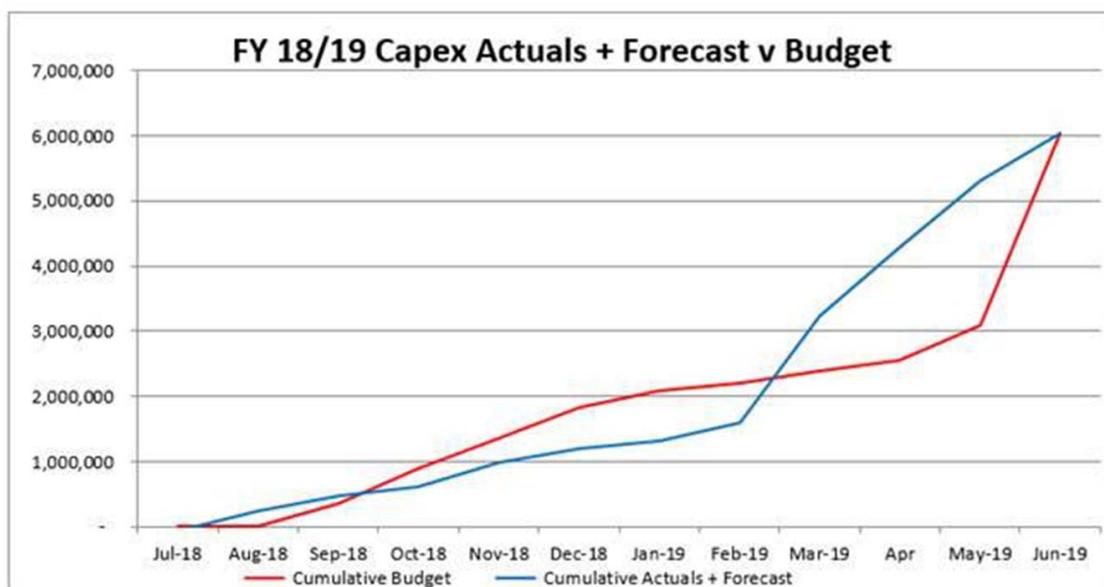


Removal of light tower heads and poles at Seddon Park for replacement project – February 2019

5. CAPEX AND ASSET MANAGEMENT

5.1 2018-19 CAPEX SPEND ACTUALS + FORECAST VERSES BUDGET

GRAPH 5: FOR THE PERIOD 1 JULY 2018 – 30 JUNE 2019



ASSET MANAGEMENT**SEDDON PARK – LIGHT TOWERS**

- 5.2 Planning and preparation for the replacement of lights has continued during Q3. The business case for full replacement of the lights was approved at the December Council meeting. The project is underway.

FMG STADIUM WAIKATO – LIGHT TOWERS

- 5.3 No further work carried out on this, pending result of the Seddon Park lights project.

FMG STADIUM WAIKATO - TIE RODS (LIGHT TOWERS)

- 5.4 During 2016/17 rust was identified on the tie rods at the stadium with remedial work undertaken to give us time to complete preparation for replacement work. Work is underway to go to tender for the work to commence in Q4.

FMG STADIUM WAIKATO – CHIEFS CORPORATE BOXES

- 5.5 The Chiefs have procured the boxes with construction expected to be completed by the end of Q4. A story wall concept is being worked through to go along the front ground level of the boxes telling the history of the Stadium. This is a Chiefs initiative and will generate additional revenue from increased rental and catering commissions for H3.

FMG STADIUM WAIKATO – TURF REPLACEMENT

- 5.6 We are planning for the replacement of the turf at the end of 2019 calendar year (within FY 2019-20). Budgeted cost is \$1.5m. Product selection and approved vendor to be finalised early in Q4 of FY18-19 year. Work will commence in November 2019.

MULTIPLE VENUES – INITIAL SEISMIC ASSESSMENTS (ISA)

- 5.7 Council's Facilities team has engaged in ISA across a range of buildings at H3 venues as part of a Council wide programme. A future update will be provided when available



The colourful crowds at the 2019 HSBC NZ Sevens at FMG Stadium Waikato – January 2019

6. HOT TOPICS

6.1 AREAS OF FOCUS

- Completion of Chiefs Corporate Hospitality Suites at FMG Stadium Waikato
- Light Tower renewal project planning at FMG Stadium Waikato and Seddon Park
- ISA and DSA building evaluations
- Event and Venue Security

6.2 UPDATE ON RECYCLING AND SUSTAINABILITY PROJECT AT H3 VENUES

6.2.1 A verbal update on the project will be provided at the meeting.

6.2.2 The H3 team worked closely with the HCC Waste Minimisation Team on recycling and waste for the 2019 NZ HSBC NZ Sevens event. The organisers use of reusable “globe let” cups made a significant impact on the amount of waste.

6.2.3 In total, 4.7 tonnes of recyclable material were collected from the event. The rate of recyclable product was 17% of the overall waste collected. The venue will continue to work with all partners (including 37 South, NZ Rugby and Sponsors) to improve food wrapping options, waste contamination, use of recycling bins and sponsored giveaway product for future events.

6.3 UPDATE ON SECURITY AT VENUES

6.3.1 For some time H3 Management have discussed concerns over security provisions across our venues and planned to introduce an increased focus in our next long-term plan. However, the March incident in Christchurch left us facing the stark reality of the need to take security matters much more seriously and quickly. Within days, H3 and HCC experienced first-hand the impact through the preparation, action and delivery of a national remembrance service in Claudelands Arena.



6.3.3 Immediately following the Christchurch event, all major event venue operators across New Zealand held joint discussion and planning sessions, coordinated by security contractors with support from NZ Police. This ensured a realistic and workable national standard approach is developed.

6.3.4 The outcome has been a range of short-term initiatives however a much fuller plan is underway. We are also working closely with Council's Risk and Insurance Manager who is leading a full organisational security plan which will become an added priority work-stream for H3's Operations team. For H3 it is not just about event day and we have identified four focus areas for this work:

- Day to day security and heighten site accessibility controls;
- Pack in and pack out days either side of events (multiple client and contractor activity on-site);
- Event day controls;
- Advanced response preparation in the case of a security breach.

6.3.5 The intention is that changes will be classed as BAU and not necessarily all that visible. However, there will be increased costs (capital and operating levels) yet to be determined. Progress and a plan on this matter will be reported back in due course.

6.4 THE YEAR AHEAD 2019/20 AND BEYOND

6.4.1 The forward sales position across H3 venues is very strong, particularly at Claudelands. At the same time H3's business development team is very busy with enquiries and quotations including some potentially large-scale conferences.

6.4.2 H3 remains challenged with peak season activity. Similarly, some impact events have been unable to secure availability at the Claudelands Arena which is increasingly under demand for larger conference activity.

6.4.3 A lack of hotel inventory in Hamilton remains our number one inhibitor to growth in the major conference business.

6.4.4 Planning ahead and activating our capital works programme will continue to challenge the business.

6.4.5 Some highlighted events in Q4 and into next financial year include:

- ANZ Premiership Netball games, Cats the Musical, The Great NZ Food Show, Women's Lifestyle Expo, The Pink Floyd Experience, The Baby Expo, Waikato Hospice Bucket List Banquet, Disney on Ice and NZ Darts Masters 2019.
- 2019/20 Super Rugby Season matches conclude at FMG Stadium Waikato and Mitre 10 Cup games commence, plus Great Britain Rugby League Lions vs Tonga match in October 2019.



Council Report

Item 7

Committee: Finance Committee

Date: 23 May 2019

Author: Natalie Young

Authoriser: Chris Allen

Position: PMO Manager

Position: General Manager
Development

Report Name: Capital Portfolio Monitoring Report

Report Status	<i>Open</i>
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Purpose

1. To inform the Finance Committee on the progress of the capital portfolio delivery against the 2018-28 10-Year Plan for the nine months ending 31 March 2019.

Staff Recommendation

That the Finance Committee receives the report.

Executive Summary

2. This report is to be read in conjunction with the:
 - a) May 2019 Annual Monitoring Report; and
 - b) May 2019 Financial Strategy Report
3. This report reflects the results for the 2018/19 financial year at the end of March 2019.
4. The 2018-19 approved capital budget is \$254.8M and is a significant increase over the previous 2017-18 budget of \$100.7M.
5. The YTD actuals for capital expenditure at the end of March 2019 are \$94.5M compared with the same period last year of \$52.4M, representing an 80% increase on last years spending.
6. This report forecasts an annual spend of \$168.5M and indicates;
 - a) \$83.4M of deferrals from 2018/19
 - b) \$5.3M of anticipated savings from 2018/19
 - c) \$1.8M of projects to be brought forward to 2018/19
 - d) \$0.6M of new projects approved for 2018/19
7. Of the \$83.4m of signalled deferrals, \$53.5M relates to projects that are underway and will be complete within the 3-year period 2018-21 and \$8.7M relates to projects where the timelines are set by third parties such as developers.

8. In addition to the capital expenditure forecast there is a revised revenue forecast of \$33.5M which is adjusted from a baseline budget for revenue for 2018/19 of \$44.8M. The movement in revenue is a result of the following items;
 - a) \$5.3M of new revenue (unbudgeted)
 - b) \$16.8M of deferred revenue (directly related to the capital expenditure deferrals)
 - c) \$0.2M of revenue for the new projects approved.
9. The YTD actuals for revenue at the end of March 2019 are \$20.1M compared with the same period last year of \$9.2M, representing a 119% increase in revenue on last year.
10. Staff consider the matters in this report have low significance and that the recommendations comply with the Council's legal requirements.

Programme Summary

11. The following definitions are relevant
 - Portfolio; refers to the HCC total capital budget \$254.8M (including approved deferrals of \$32.0M from 2017-18) in Year 1/2018-19 and \$772M over 3 years (2018-21).
 - Programme; refers to the 8 programmes that are referred to in this report, which when added together equal the Portfolio.
 - Project; refers to an individual identified project under a particular programme which may have funding from multiple activities and across multiple years
12. Refer to the attached programme reports (Attachment 1) for full programme summaries. Key highlights across the portfolio include;

Renewals and Compliance Programme
13. Activities are continuing to deliver on the 3-Year Renewals and Compliance programme. To date \$39.9m has been spent across the organisation as part of the first year of the programme. Overall, the first year budget of the 3 -Year programme was significantly larger than the later years:
 - 2018/19 budget - \$78.6M
 - 2019/20 budget - \$63.9M
 - 2020/21 budget - \$65.4M.
14. The following major renewal projects are underway:
 - Grantham street carpark
 - Zoo water supply reticulation
 - Sandford park pedestrian bridge
 - Seddon Park lights
 - Crematorium building.
15. Staff are currently finalising the details including phasing for year 2 budgets so that the programme is ready for delivery from 1 July. Many of the projects are already in the procurement phase, including a bundled contract for facilities projects that has been tendered.
16. There has been a total of \$12.4M deferrals signalled from 2018/19 to 2019/20 for this programme from a total budget of \$78.6M. All of this budget is allocated to projects which will be delivered within the 3-Year timeframe. A large portion of the deferrals are related to projects where delivery in underway but the projects will not be completed until July or August 2019.

Transport Improvement Programme

17. This programme has a significant dependency on the NZTA business case process and associated project funding assistance from NZTA. We are working closely with NZTA on these business cases but delays to this programme of work will have significant impacts on the delivery budgeted in future years.
18. The Thomas/Gordonton intersection upgrade was completed 10 April 2019.

City Wide Community Programme

19. The Hare Puke Playground was the winner of the 2019 New Zealand Playground of the year.
20. Construction of the Innes Common and Mangaiti playgrounds are underway with the Hillcrest Stadium playground scheduled for completion by the end of the financial year.

Peacocke Programme

21. A successful open day was held on 3 April 2019 for Peacocke and Southwest Hamilton with over 1000 people attending and providing feedback for various projects.

Rotokauri Programme

22. Discussions continue with major developers in this area to understand the future development in Rotokauri to ensure the appropriate spending of the capital programme.
23. A community open day is being developed for mid-June 2019 to engage with the community on the upcoming projects.

Rototuna Programme

24. The Rototuna open day was held on 19 March 2019 and was really well received by the community. The open day allowed for the discussion of a number of emerging projects including community facilities and various current future transport projects.
25. The development of the Rototuna Sports Park is nearing completion, and concept development for the planned Rototuna Village is progressing well.

Ruakura Programme

26. This programme is well advanced and on track, including construction of a new water reservoir to service the Ruakura area. The programme is well aligned with development timing and meeting key benefits of enabling growth

City Wide Waters Programme

27. Key physical works currently underway include the Pukete 3 Wastewater Treatment Plant Upgrade, the upgrade of the Western Wastewater Interceptor, and works to implement water network demand zones from the Fairfield Reservoir.
28. Physical works are progressing well in this programme.

Capital Portfolio Report

29. See Attachment 1 for the portfolio summary and programme reports.
30. See Attachment 2 for the capital expenditure by activity report.
31. A large programme of design is currently underway to prepare for a significant programme of planned physical works procurement in mid-2019.
32. Ensuring appropriate visibility of our forward works programme is important for us to ensure our contractors are aware of and can prepare for future contract opportunities. We have an industry briefing scheduled for mid-June 2019 in conjunction with the other councils in the area and NZTA to provide a 3 year forward view of the capital portfolio for the region.

Capital Expenditure to end of March 2019

Item 7

33. For the purposes of this Capital Portfolio Monitoring Report there are 4 main types of capital budget movements that will impact on the forecasted total spend for this financial year. They are;
34. **Rephasing Deferrals** – this is where the project has started or there is confidence that the project will start and will finish on time but the expenditure across the years of the project is forecast to be different than budgeted. In general, this refers to projects where we have now received construction programmes from the contractors and with them the forecasts of expenditure have been rephased.
35. **Delay Deferrals** – this is where a movement of capital expenditure is required due to delays and will result in a shift of the project end date. Some of these delays will be due to third party issues outside our control- the more usual reason being that a developer is not ready to partner with HCC as anticipated when the 2018-28 10-Year Plan was developed.
36. **Capital Savings** – this is for the recording of efficiencies and capital savings that can be attributed to the capital savings target. The capital savings translate into operating savings through consequential opex, interest and depreciation savings. The contribution of the capital savings to operating savings are established through the six-monthly Business Transformation Report.
37. The organisation has an increased focus on the capital portfolio and is putting in place disciplines to allow for the realisation of savings from projects. By regularly capturing the savings on projects the discipline of controlling scope and seeking savings from projects is becoming part of the organisational culture. There is regular checking and challenging of projects, project scopes and procurement methods to ensure that we are delivering the right outcomes to the community at the best value for money.
38. This discipline of capturing savings early to ensure no scope creep does come with risks and while we will declare the savings through this report every six weeks there will be times when situations will change, and we may no longer be able to achieve the stated savings. It is important that we provide transparency around the changes but that we are supported in what will be a fluid and changing environment.
39. **Capital Expenditure Brought Forward** – this is where a project has been brought forward to align with other projects or to enable work ahead of schedule to achieve the outcomes required in the timeframes set.

40. Work has been undertaken on the 3-year programme to understand the impact of deferrals and the alignment with the future work programmes. The following movements have been signalled out over the 3 years and resulting changes to the forecasts at year end have been made;

Capital Expenditure	2018/19	2019/20	2020/21
Baseline Budget (for 2018/19 this includes deferrals from 2017/18)	\$254.8M	\$288.6M	\$228.9M
Capital savings forecast in 2018/19	(\$5.3)M	\$0	\$0
Deferral Movements	(\$83.4)M	\$28.4M	\$55.0M
Capital expenditure to be brought forward from future years – this includes a movement from Year 5 to year 2.	\$1.8M	\$2.8M	(\$3.0)M
New Projects	\$0.6M	\$1.4M	\$0
Total Forecasted Capital Expenditure	\$168.5M	\$321.1M	\$281.0M

41. See attachment 3 for the total list of capital movements by project.
 42. The deferral movements across the 3 years have been categorised as follows;

Deferral Type	2018/19	2019/20	2020/21
Delay Deferrals	(\$29.9)M	\$13.4M	\$16.5M
Rephasing Deferrals	(\$53.5)M	\$15.0M	\$38.5M

43. These deferrals will enable us to deliver the right outcomes for the community while recognising the issues and constraints we have to deal with.
 44. A total of \$5.3M of savings have been identified from across the capital portfolio. The additional savings forecast for this financial year have been identified from the following projects;

Programme	Project	Savings 2018/19	Explanation
Rotokauri Programme	Baverstock Road Upgrade	\$0.1M	Following further investigation, it was identified that the wastewater component of the project is not required.
Ruakura Programme	Ruakura Reservoir & Bulk mains	\$1.0M	Savings come from using pre-cast methodology for reservoir construction and geotechnical design removing the need for piled foundations.
City Wide Waters Programme	Catchment Erosion Control	\$0.1M	Networks investigations have identified components of the project that are not required.
TOTAL		\$1.2M	

45. A total of \$1.8M has been brought forward to 2018/19 from further years to support work in advance of what was budgeted. There were no additional bring forwards from the last report.

Revenue to end of March 2019

46. The following table shows the movement in revenue forecasts signalled as a result of the review of the 3-year portfolio;

Revenue	2018/19	2019/20	2020/21
Baseline Revenue Budget	\$44.8M	\$65.4M	\$42.6M
New Revenue	\$5.3M	\$2.3M	\$2.3M
Revenue Deferral Movements	(\$16.8)M	\$1.3M	\$15.6M
New Projects			
- Te Awa Cycleway Remediation	\$0.2M	\$0.7M	\$0
Total Forecasted Capital Expenditure	\$33.5M	\$69.7M	\$60.5M

47. See Attachment 3 for the total list of revenue movements by project.
48. The revenue deferral movements are directly related to the movements in capital deferrals across the 3 years.
49. There has been an increase in new revenue of \$0.5 since the last report which is all related to the increased demand driven work over what was budgeted.

Work in Progress (WIP)

50. The balance of Work in Progress has increased to \$147.4m at the end of March from \$144.7m at the end of February.
51. As previously reported to the Finance committee, the Work in Progress balance has been categorised into three categories:
- Current
 - In use and being processed
 - Outstanding.
52. Current WIP is legitimate and reflects that assets cannot be capitalised until they are in use. Throughout this year reporting on Work in Progress balances and capitalisation activity has included the Work in Progress balance that is in the 'current' category.
53. Over the last 4 reported months (from December 2018 to March 2019), the percentage of WIP that is categorised as 'current' has increased month on month from 72% in December 2018 to 84% at the end of March 2019.
54. The improving trend over recent months is also represented in the decrease on WIP that is categorised as being 'outstanding' from \$14.3m in December 2018 to \$9.1m at the end of March 2019. This is expected to decrease significantly further as the financial year comes to an end.
55. The improving trends reflect the staff focus that is being placed on improving the timeliness of capitalisation and dealing with a significant amount of historic WIP that had not been capitalised that has been an issue raised by successive Audit New Zealand reviews.
56. Management focus is on clearing the remaining outstanding WIP from previous financial years before the end of the current financial year.

Key Risks

NZ Transport Agency Approval Process

- 57. We are continuing to work closely with the NZ Transport Agency on the project business case processes but the dependency on NZ Transport Agency's approval processes remains a key risk for our transport projects.
- 58. Delays to this process will impact on our ability to deliver and could have further financial implications for future years.

NZ Transport Agency Subsidy

- 59. The NZ Transport Agency have indicated that the National Land Transport Plan (NLTP) funding has been oversubscribed.
- 60. This may result in projects not achieving funding assistance as anticipated in the 10-Year Plan and financial strategy.

Construction Industry

- 61. Capacity of contract resources in the civil construction industry continues to be a potential risk to our delivery, particularly as a number of our key contractors have existing contractual commitments which may limit their ability to tender for and deliver more, so ensuring contract works packages are attractive and procured smartly is critical to effective delivery.

Professional Services

- 62. Professional service resources continue to be under pressure across the sub-regional due the increased requirements of the region and associated skills shortages within the industry. We are working with the LASS to retender the current professional services panel allowing us to have priority and efficient access to professional services.

LASS Professional Services Panel

- 63. We have received advice from consultants that they are going to take the opportunity to increase unit costs through the forthcoming retendering of the professional services panel. This will result in a resetting of the market and could have significant price implications.

Emerging Issues

Ring Road Construction

- 64. Asbestos has been identified during construction of the Ring Road.
- 65. We are working to understand and quantify the implication of this and will report any significant impacts to the Growth and Infrastructure Committee if necessary.

Te Awa Cycleway

- 66. The Te Awa Cycleway project faces potential delays as the NZ Transport Agency has signalled that they do not want to progress with any works in the Hamilton Area until the issues in the Waikato and Waipa Council areas are resolved.
- 67. Waikato and Waipa Councils are facing land acquisition issues, delaying their ability to progress the overall project. The NZ Transport Agency does not want to progress until the full cycleway is ready.

Legal and Policy Considerations

68. Staff confirm that the matters discussed in this report complies with the Council's legal and policy requirements.

Cultural Considerations

69. A review of our project planning framework is underway to ensure that programmes and projects are assessed appropriately against the appropriate cultural considerations.

Risks

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

Significance & Engagement Policy

71. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the recommendation(s) in this report has/have a low level of significance.
72. This means that the projects and programmes are in line with the decisions of the 2018-28 10-Year Plan.

Engagement

73. Community views and preferences are already known to the Council through the 2018/28 10-Year Plan.
74. Given the low level of significance determined, the engagement level is low. No engagement is required.

Attachments

Attachment 1 - Attachment 1: Portfolio Summary Report as at 31 March 2019

Attachment 2 - Attachment 2: Capital Expenditure Summary by Activity March 2019

Attachment 3 - Attachment 3: Capital Movements List for Finance Committee Report - as at 31 Mar 19 .

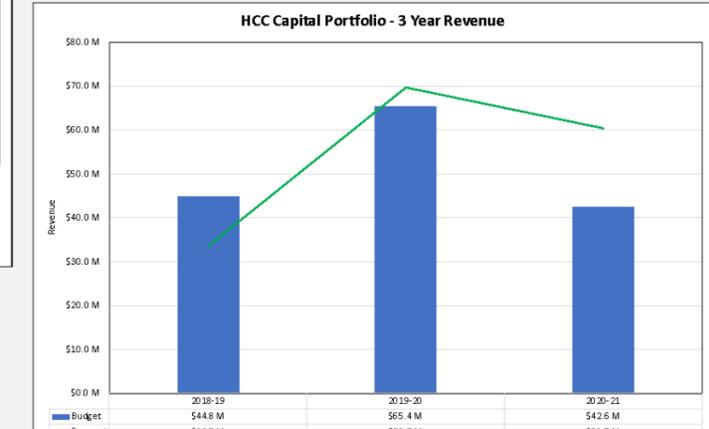
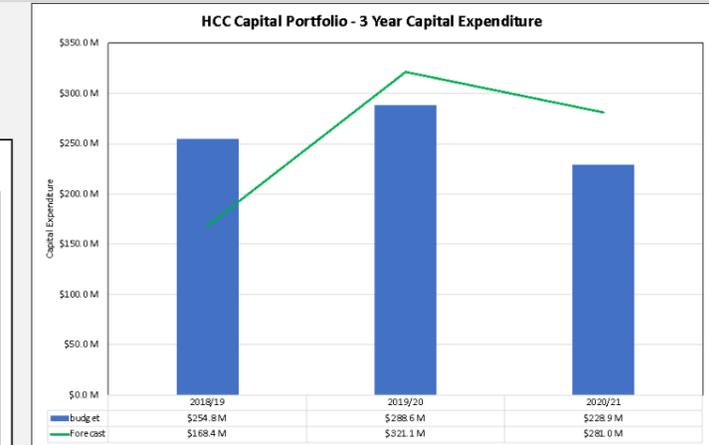
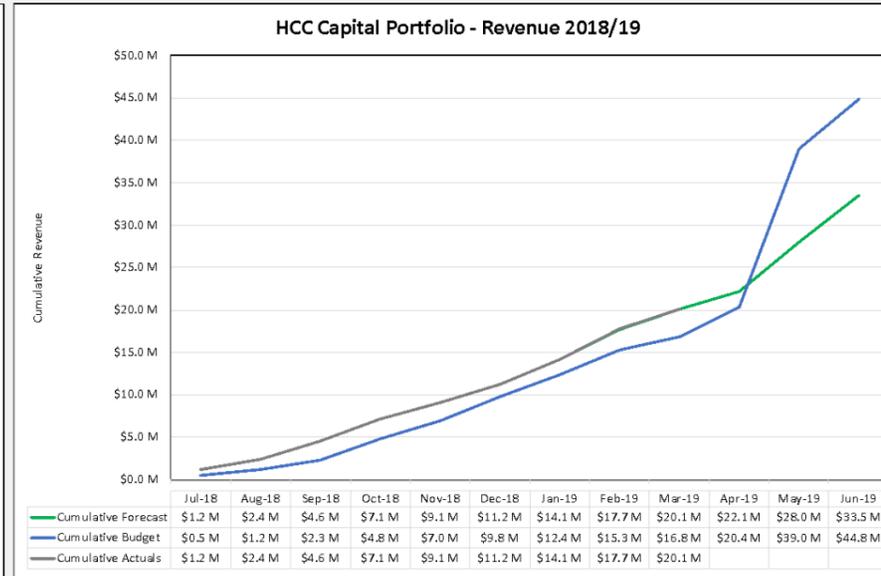
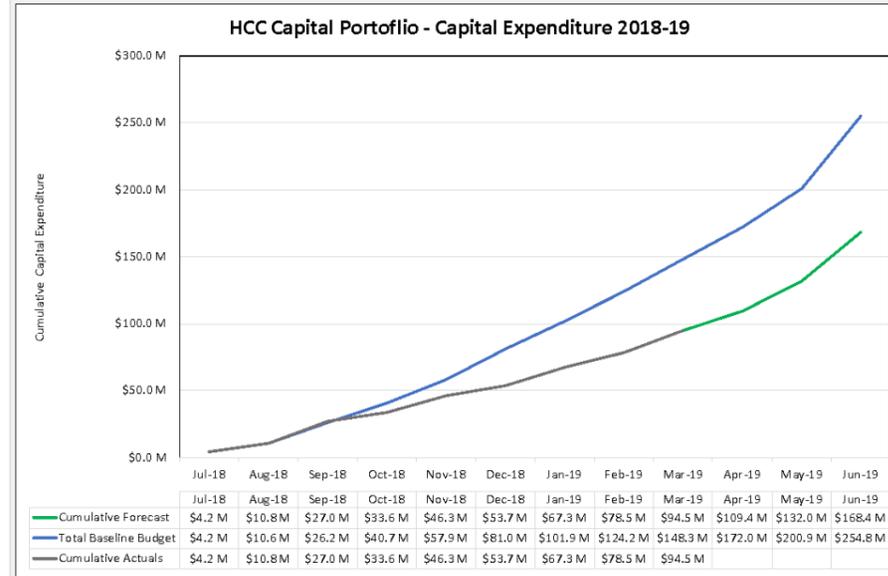
Hamilton City Council Capital Portfolio Report

Portfolio Status				
	Last Month Status	Current Month	Forecast Next Month	Comments
Scope	G	A	A	Across the portfolio, in general scope has been well defined through the 10 year plan process, or is currently being developed through business case or concept development work. A current key challenge is in the transport improvement programme where scope definition is still subject to discussions and business cases development with NZTA, but will provide a clear pathway for delivery for years 2-3. Scope definition and implementation certainty are also challenging in regard to growth, where programme delivery needs to remain agile to ensure our programmes best align with development timing and continue to enable and support land development opportunities. In general the programme is currently well aligned with the dynamic land development industry.
Time	G	G	G	Deferrals have been forecast to provide an up to date and clear picture of the time delays being faced by the portfolio. Many of these delays are a result of rephasing of budgets to align with contractor programmes for projects which are on track to be delivered. Some delays are a result of third party dependencies.
Cost	G	G	G	The forecasted capital expenditure to year end for 2018/19 is \$168.5M.
Revenue	G	G	G	The forecasted capital revenue to year end for 2018/19 is \$33.5M.

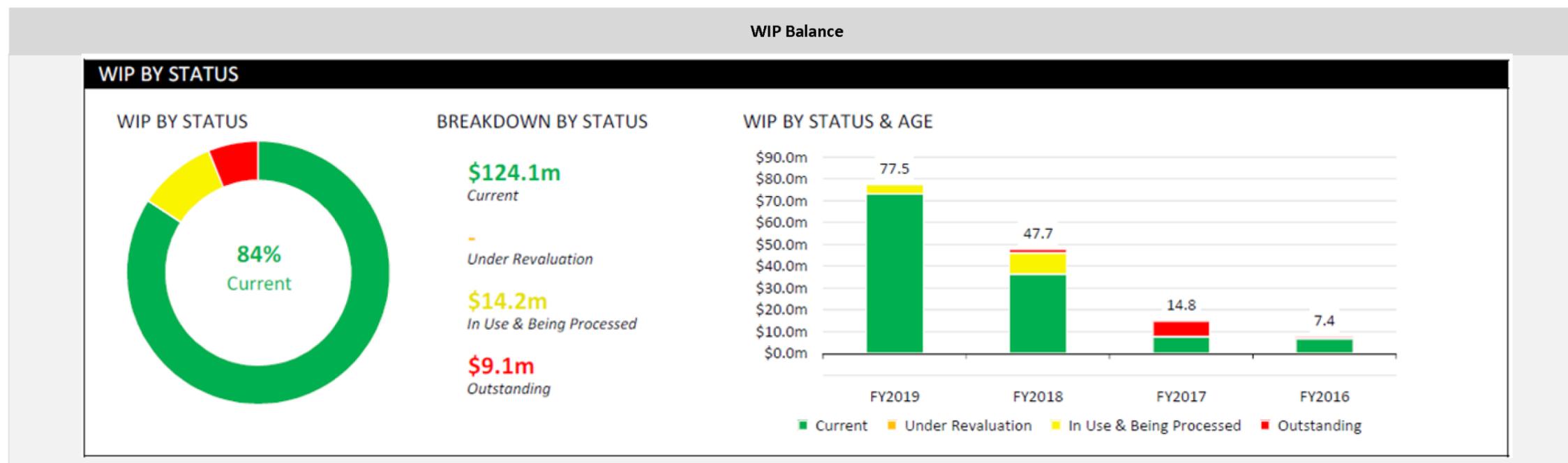
Green: Project is on track for delivery against scope, time and cost.	Amber: Project is off track but there is a plan to get it back on track.	Red: Project is off track and requires intervention.
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Portfolio Commentary/Highlights																							
<ul style="list-style-type: none"> The capital portfolio forecasted year end result for 2018-19 is made up as follows; <table border="0"> <tr><td>Approved 2018-19 Capital Expenditure</td><td>\$254.8M</td></tr> <tr><td>Indicative Savings forecast to date</td><td>(\$5.3M)</td></tr> <tr><td>Deferrals forecast to date</td><td>(\$83.4M)</td></tr> <tr><td>Projects brought Forward</td><td>\$1.8M</td></tr> <tr><td>New Projects</td><td>\$0.6M</td></tr> <tr><td>Forecasted Capital Expenditure 2018-19</td><td>\$168.5M</td></tr> </table> The capital revenue forecasted year end result for 2018/19 is made up as follows; <table border="0"> <tr><td>Budgeted 2018-19 Capital Revenue</td><td>\$44.8M</td></tr> <tr><td>Deferrals forecast to date</td><td>(\$16.8M)</td></tr> <tr><td>New unbudgeted revenue</td><td>\$5.3M</td></tr> <tr><td>New Approved Projects</td><td>\$0.2M</td></tr> <tr><td>Forecasted Capital Revenue 2018-19</td><td>\$33.5M</td></tr> </table> There has been significant investment this year in strategic planning with our partners to ensure that we are delivering the right outcomes for the community and getting our base planning completed for delivery of the 3 year portfolio. 	Approved 2018-19 Capital Expenditure	\$254.8M	Indicative Savings forecast to date	(\$5.3M)	Deferrals forecast to date	(\$83.4M)	Projects brought Forward	\$1.8M	New Projects	\$0.6M	Forecasted Capital Expenditure 2018-19	\$168.5M	Budgeted 2018-19 Capital Revenue	\$44.8M	Deferrals forecast to date	(\$16.8M)	New unbudgeted revenue	\$5.3M	New Approved Projects	\$0.2M	Forecasted Capital Revenue 2018-19	\$33.5M	
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New unbudgeted revenue	\$5.3M																						
New Approved Projects	\$0.2M																						
Forecasted Capital Revenue 2018-19	\$33.5M																						

Financial Performance



Total Capital Expenditure and Revenue at 31 March 2019																				
Programme	Status	Capex YTD Actual	Capex YTD Budget	Capex YTD Variance Fav/-Unfav	Capex Annual Budget	Forecasted Capex Deferrals	Capex Brought Forward	Forecasted Capex Savings	New Approved Projects	Capex Annual Forecast	Capex 3 Year Budget	Revenue YTD Actual	Revenue YTD Budget	Revenue YTD Variance Fav/-Unfav	Revenue Annual Budget	Forecasted Revenue Deferrals	Forecasted New Revenue	New Approved Projects	Revenue Annual Forecast	Revenue 3 Year Budget
Renewals & Compliance	G	\$39.9 M	\$53.2 M	\$13.3 M	\$78.6 M	(\$12.4)M	\$0.9 M	\$0.0 M	\$0.3 M	\$67.3 M	\$207.9 M	\$6.0 M	\$4.6 M	\$1.5 M	\$5.5 M	(\$0.3)M	\$2.3 M	\$0.0 M	\$7.6 M	\$20.5 M
Rototuna	G	\$9.5 M	\$13.1 M	\$3.6 M	\$25.3 M	(\$3.2)M	\$0.7 M	\$0.0 M	\$0.0 M	\$22.8 M	\$69.4 M	\$2.1 M	\$0.0 M	\$2.1 M	\$5.1 M	(\$0.3)M	\$0.0 M	\$0.0 M	\$4.8 M	\$8.2 M
Rotokauri	A	\$1.4 M	\$4.0 M	\$2.6 M	\$10.9 M	(\$5.7)M	\$0.0 M	(\$1.6)M	\$0.0 M	\$3.6 M	\$24.4 M	\$0.0 M	\$0.0 M	\$0.0 M	\$0.4 M	(\$0.4)M	\$0.0 M	\$0.0 M	\$0.0 M	\$1.6 M
Peacocke	G	\$9.0 M	\$19.7 M	\$10.6 M	\$38.4 M	(\$25.2)M	\$0.2 M	(\$0.1)M	\$0.0 M	\$13.2 M	\$178.0 M	\$2.3 M	\$6.6 M	(\$4.3)M	\$11.2 M	(\$8.1)M	\$0.0 M	\$0.0 M	\$3.1 M	\$43.7 M
Ruakura	G	\$6.0 M	\$9.2 M	\$3.2 M	\$15.6 M	(\$3.6)M	\$0.0 M	(\$2.0)M	\$0.0 M	\$10.0 M	\$37.5 M	\$0.0 M	\$0.0 M	\$0.0 M	\$0.2 M	(\$0.2)M	\$0.2 M	\$0.0 M	\$0.2 M	\$2.9 M
City Wide - Waters	A	\$9.1 M	\$15.8 M	\$6.7 M	\$34.5 M	(\$18.8)M	\$0.0 M	(\$1.1)M	\$0.0 M	\$14.7 M	\$105.2 M	\$2.1 M	\$0.1 M	\$2.0 M	\$0.2 M	\$0.0 M	\$2.1 M	\$0.0 M	\$2.2 M	\$1.6 M
City Wide - Community	G	\$7.9 M	\$9.5 M	\$1.6 M	\$12.6 M	(\$2.5)M	\$0.0 M	(\$0.5)M	\$0.0 M	\$9.6 M	\$25.7 M	\$0.0 M	\$0.0 M	\$0.0 M	\$0.6 M	\$0.0 M	\$0.0 M	\$0.0 M	\$0.6 M	\$7.6 M
Transport Improvement	A	\$11.7 M	\$23.7 M	\$12.0 M	\$39.0 M	(\$12.1)M	\$0.0 M	\$0.0 M	\$0.4 M	\$27.3 M	\$124.3 M	\$7.5 M	\$5.5 M	\$2.1 M	\$21.7 M	(\$7.6)M	\$0.8 M	\$0.2 M	\$15.1 M	\$66.7 M
TOTAL Portfolio	G	\$94.5 M	\$148.3 M	\$53.8 M	\$254.8 M	(\$83.4)M	\$1.8 M	(\$5.3)M	\$0.6 M	\$168.5 M	\$772.3 M	\$20.1 M	\$16.8 M	\$3.3 M	\$44.8 M	(\$16.8)M	\$5.3 M	\$0.2 M	\$33.5 M	\$152.9 M



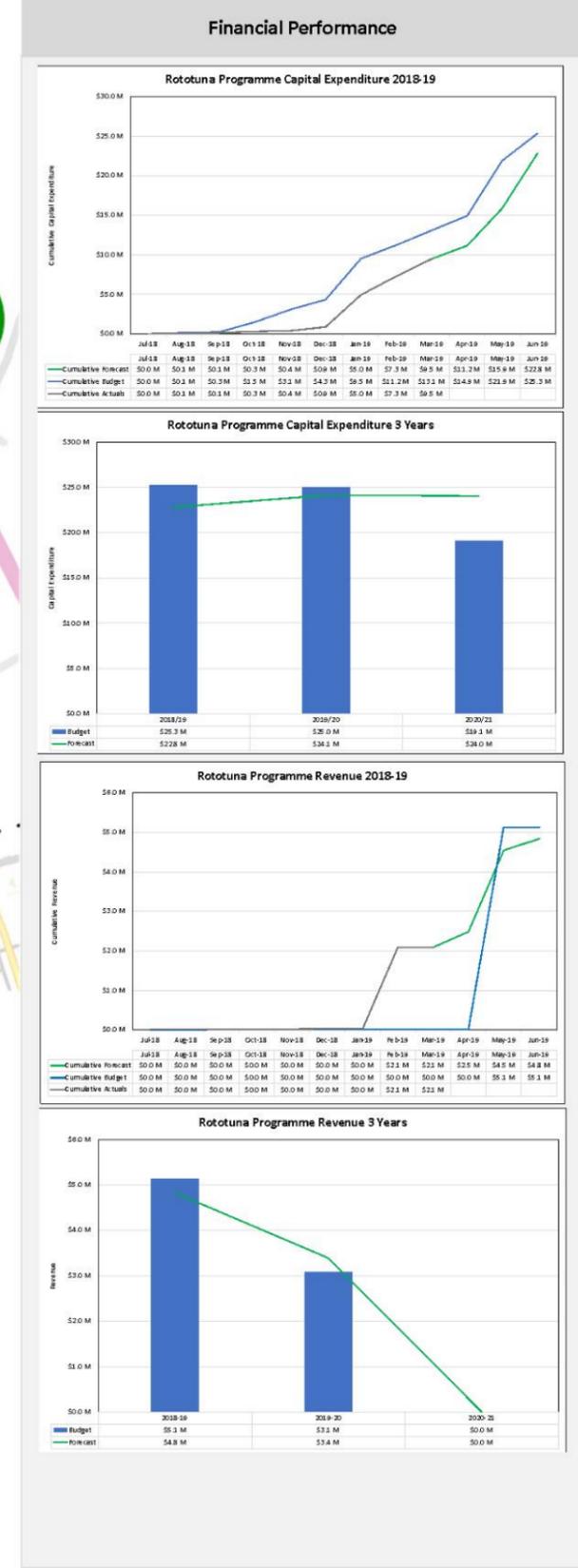
Rototuna Programme Capital Report

Programme Outcome:

Ko te aahinga o te hanga he waahi ataahua, he waahi toiora ki Rototuna

Enabling the development of an attractive and sustainable community in the Rototuna growth area.

- A public open day was held to discuss a number of emerging projects including community, development and transport to engage with the community.
- The feasibility study for the Rototuna Community Facilities project is well underway to determine the location of the library, community facilities, town square, parking, as well as the nature of any aquatic facilities and potential funding mechanisms.
- Schools are being engaged with (Primary and Secondary) in the Rototuna area to coordinate access and understand their needs in alignment with number of active projects in the area. - particularly after the Northcity upgrade removes the signals.
- The Rototuna Sports Park and Park Lane is progressing well, to increase connectivity for the community and school pupils a temporary footpath has been laid between Kimbrae Dr and Chesham St. Practical completion (95%) for the project will be done by 30 June 2019. Deferrals relating to the sports park grow-in phase, planting, etc. will be completed by 30 September 2019. The park will be in-use for the winter sports season 2020. Next financial year we have the construction of the toilets, changing rooms and maintenance shed that will service the sports park.
- Borman West/Kay Intersection is on track for completion in June 2019 this will realise the structure plan needs and improve local connectivity .
- Resolution Drive construction is underway under the Expressway Alliance with NZTA. Expected completion is 2020 in line with the Expressway Opening.
- The contract for the North City Road Corridor - Borman to the first roundabout is in progress. This improved and urbanised section of road is the first step in changing the rural environment and setting the foundations for creating a vibrant town centre and is due for completion in May 2019.
- Borman Horsham Upgrade has been given approval to proceed to a commence the Strategic Business Case and subsidy application process.
- Borman Rd stormwater pond design has begun, early engagement with developers and landowners to take advantage of opportunities in transformational delivery options is underway.
- Capital Expenditure:
 - Total capital deferrals of \$3.2M have been signalled for this programme for 2018/19 consisting of;
 - A delay deferral of \$0.6M for the Borman/Horsham Urban upgrade to align with the decision made in the LTP to move construction out to Year 7.
 - A delay deferral of \$1.0M for the North City Road Corridor Borman to Kay to align with town centre development.
 - A delay deferral of \$1.1M for the Rototuna Neighbourhood Park due to the third party dependency and the inability to secure the land required at this stage.
 - A rephasing deferral of \$0.4M for the Rototuna Sports Park due to a 3 week delay to the completion.
 - A total of \$0.7M has been brought forward for this programme to support development ahead of budgeted timing.



Resolution Drive extension – Borman road to Waikato Expressway.



North City Road upgrade – Development concept.



Item 7

Attachment 1

Rotokauri Programme Capital Report

Programme Outcome:
Ko te aaheinga o te hanga he waahi atahua, he waahi toiora ki Rotokauri
Enabling the development of an attractive and sustainable community in the Rotokauri growth area.

- Rotokauri area Open day planned for mid May.
- Permanent levels and Detailed design of Rotokauri Rd has been advanced to provide a permanent tie in for the future Everton Rd connection, the physical works timing is not funded however a temporary footpath has been fast tracked to connect the new developments with the city.
- Discussions are in progress with major developers about the future development of Rotokauri which is resulting in project deferrals and driving the 'amber' project status.eg. Arterial Designations, development upsizing, Central Swale land purchase.
- The \$6m Rotokauri bulk water supply project is now complete which provides a more resilient level of service for water supply to support growth.
- Baverstock Road urbanisation detailed design has been awarded to Beca, this will also offer integration with Zoo project and consider the advancing of urbanisation upgrade of Brymer road.
- Concept development of Rotokauri Greenway for Strategic stormwater management in the Rotokauri area is well advanced. The final designation document has been received and is ready to lodge once strategic agreements are in place with developers.

Capital Expenditure:

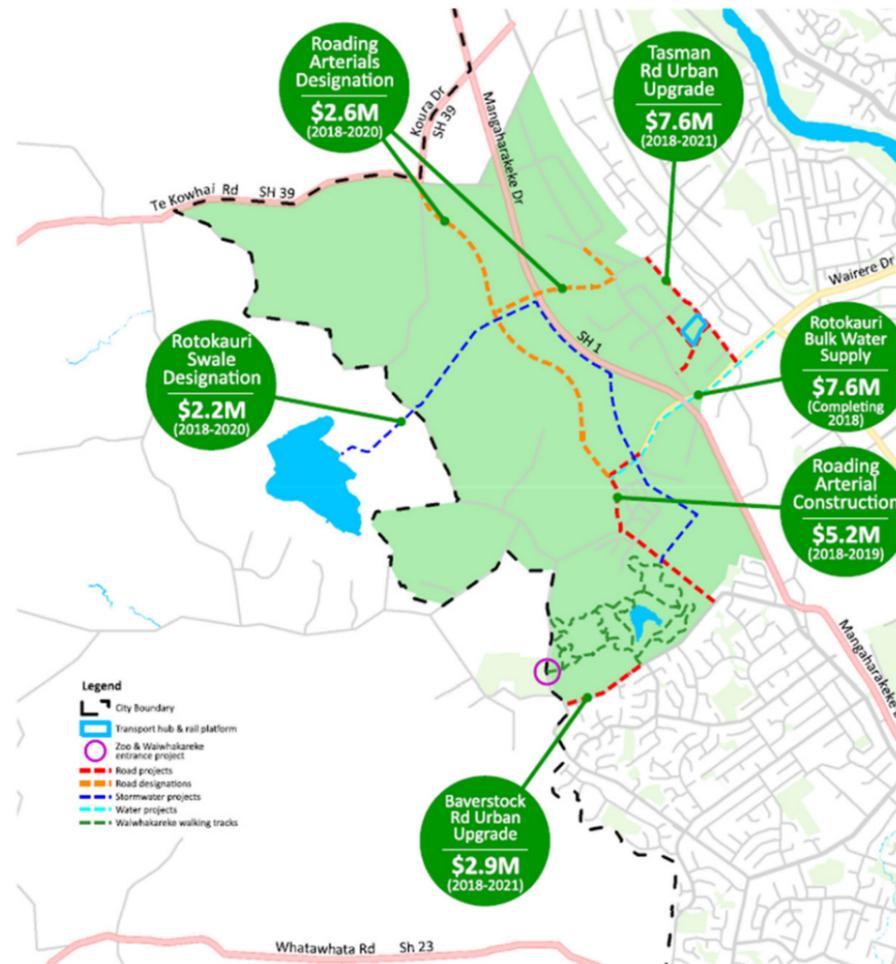
Total deferrals of \$5.7M have been signalled for this programme. This is made up of the following;

- \$2.8M for projects which have delay deferrals due to the need to align with developer timing.
- \$2.5M for a rephasing deferral for Baverstock Road Upgrade to align with the contractors construction programme.

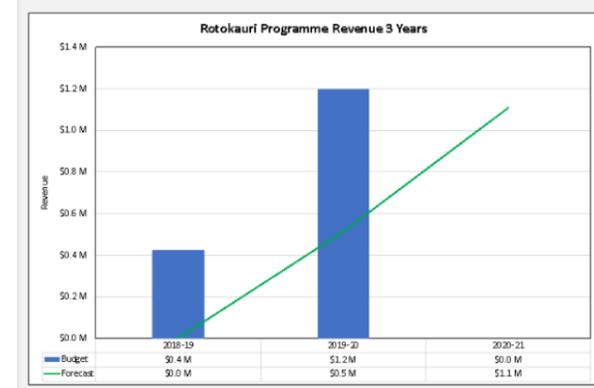
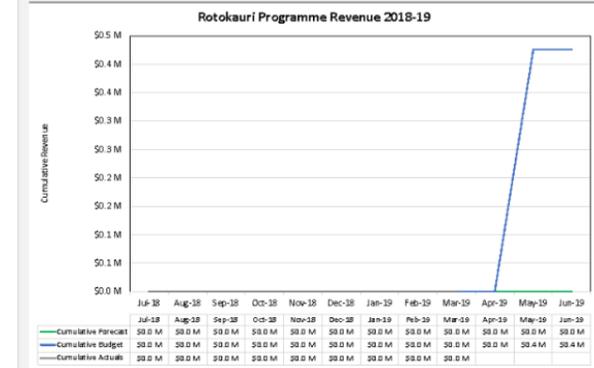
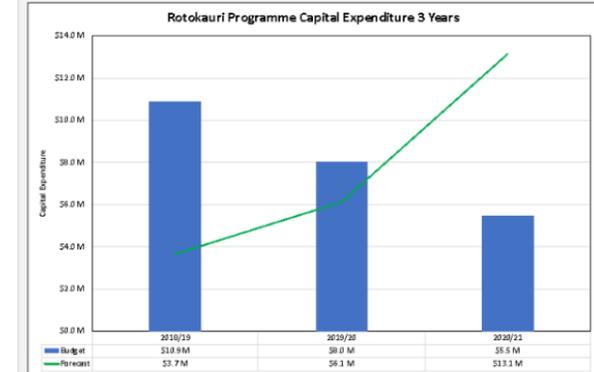
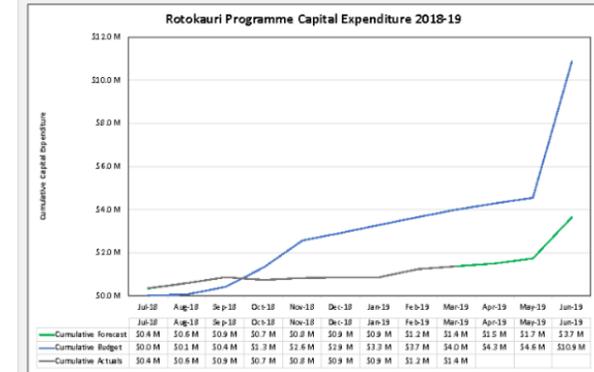
Savings of \$1.5M have been in the Rotokauri Minor Arterials Programme through achievement of the roundabout and central arterial under budget due to the implementation of the private developer agreement.

Revenue:

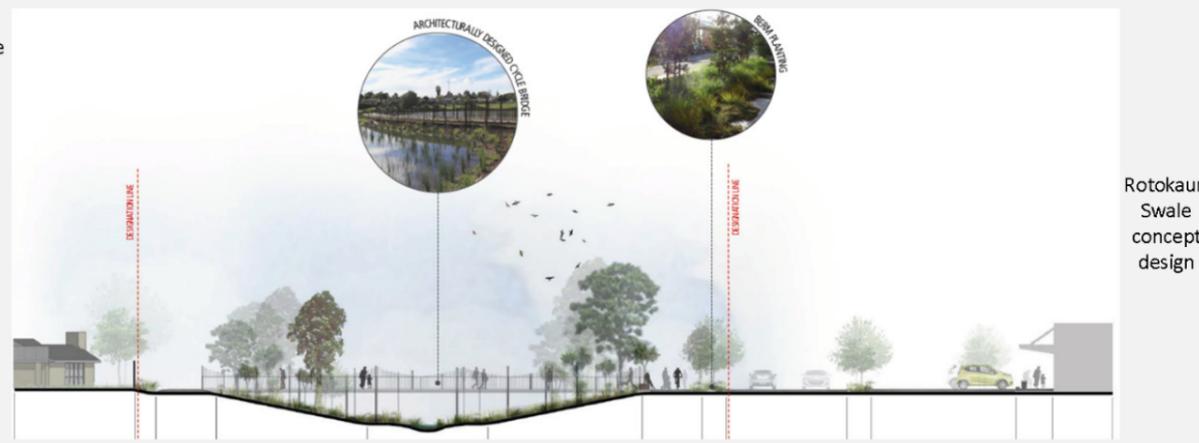
A revenue deferral of \$0.4M has been made to align with the capital expenditure deferral for Rotokauri Minor Arterials.



Financial Performance



Baverstock/Bymer/Zoo-Waiwhakareke Entrance integration opportunity



Ruakura Programme Capital Report

Programme Outcome:

Ko te aahinga o te hanga he waahi ataahua, he waahi toiora ki Ruakura
Enabling the development of an attractive and sustainable community in the Ruakura growth area.

- This programme is well advanced and on track. The Programme is well aligned with development timing and meeting key benefits of enabling growth.
- Bulk water main installation has commenced, on-track for completion in 2019.
- Reservoir construction has been publicly tendered and awarded to Spartan Construction.
- The construction of the Strategic Wastewater pipe (Far Eastern Interceptor) is contractually committed through a PDA with Chedworth Properties Ltd, physical works has commenced and is progressing well.
- Development of an NZTA Business Case regarding Spine Rd and Ruakura Rd is underway. Point of Entry is complete, currently scheduling further workshops to inform the strategic case.
- Timing of key developers needs to be understood to inform delivery approach and timing.

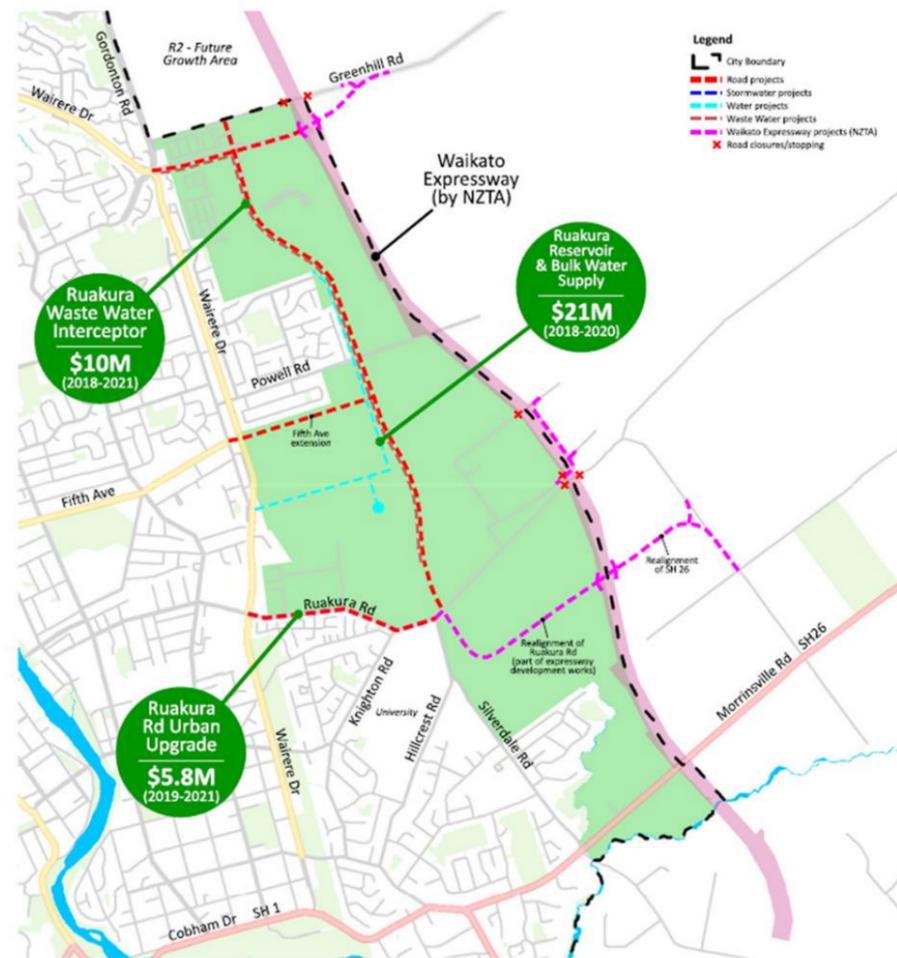
Capital Expenditure:

Total deferrals of \$3.6M have been signalled for the Ruakura Programme consisting of;

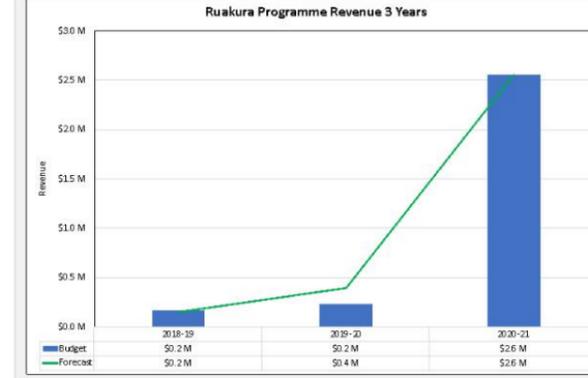
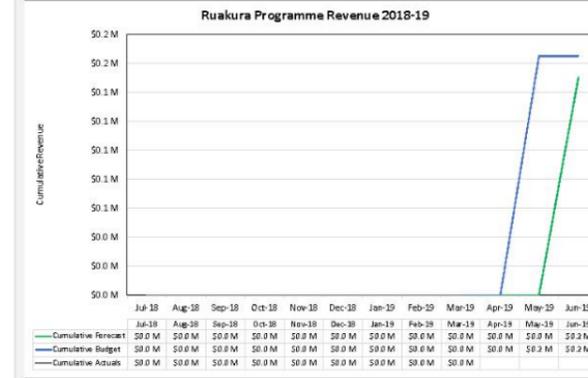
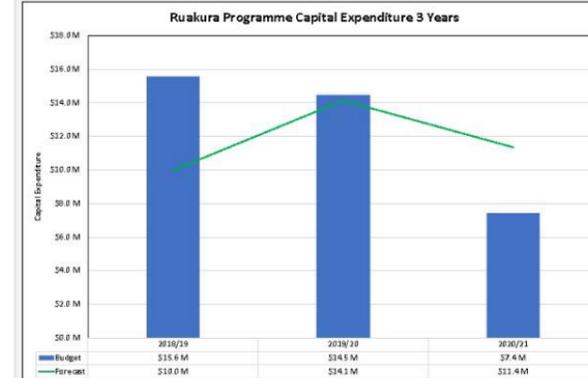
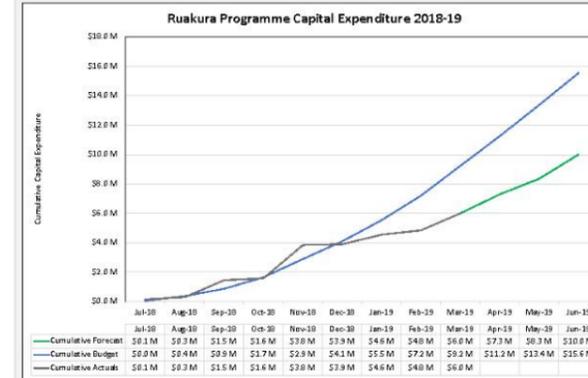
- A delay deferral of \$0.2M for the Chedworth Trunk Watermain project to align with developer timing.
- A rephasing deferral of \$2.5M for the Ruakura Reservoir and Bulkmain project in line with the contractor construction programme.
- A delay deferral of \$0.6M for the Ruakura Wastewater Pipeline in accordance with developer timing.
- \$1M of savings has been identified through this programme as a result of a cost share negotiation and procurement planning with Ruakura Developers for the Ruakura Reservoir & Bulkmain project.

Revenue:

- New, unbudgeted revenue of \$0.2M has been achieved for the Ruakura Reservoir and Bulkmain due to cost share agreement in the development of the Ruakura Private Development Agreement.



Financial Performance



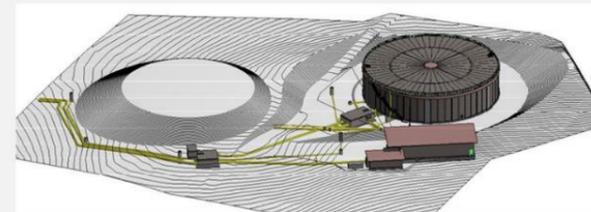
Ruakura Reservoir work is progressing.



Ruakura Inland Port overview of port and logistics area (from TGH)



Ruakura green corridor concept with walking and biking facilities (from TGH)



Ruakura Reservoir concept designs showing overall site including the first reservoir and pump house to be installed next financial year and the future proposed site for the second reservoir to be constructed Years 7 & 8 of LTP

Renewals & Compliance Programme Capital Report

Attachment 1

Item 7

Programme Outcome:

Ko te tiaki aa taatou hua hei tika moo toona whaingā.

Looking after the assets we have and making sure they are fit for purpose.

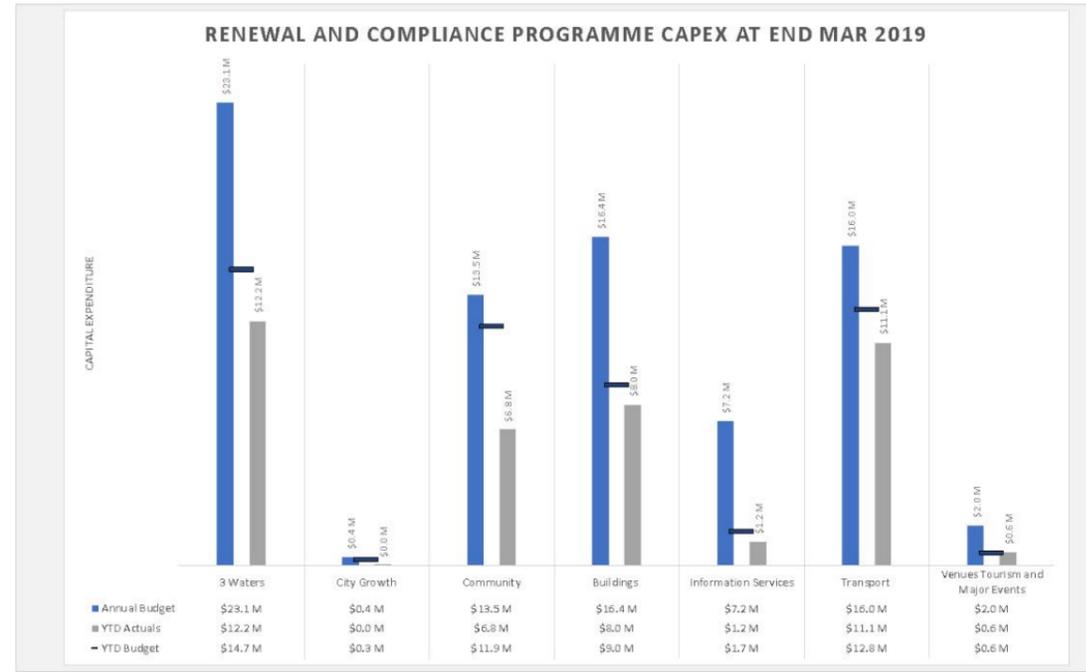
- Significant progress has been made with delivery of the larger renewals and compliance programme with little increase in staff resource. This is an enforced efficiency that is not recognizable in the financial performance metrics of the organisation. Attention needs to be appropriately drawn to this matter.
- Resourcing for planning of future programmes and capitalization activities needs to be closely monitored as other organisational priorities (Kookiri) ramp up.
- There is confidence that the pipeline planning for year 2/3 will place the organisation in a good place for successful delivery of the R and C programme
- There are a number of great examples of cross team collaboration with the delivery of the programme - Development group delivering Zoo water reticulation works using the contract for water renewals.
- A change to the financial delegations is being sought at this finance committee meeting through a separate paper to give an increased ability to reprioritise and manage the renewals and compliance programme as a 3 year programme.

Capital Expenditure:

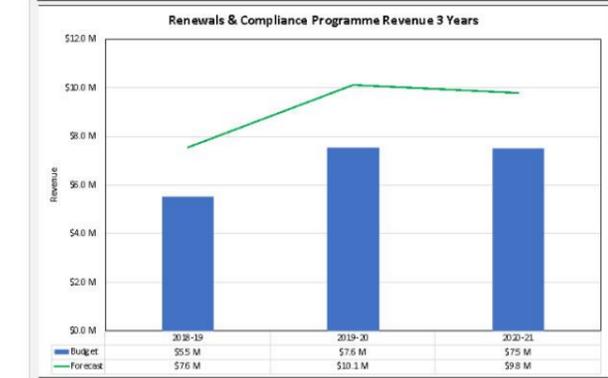
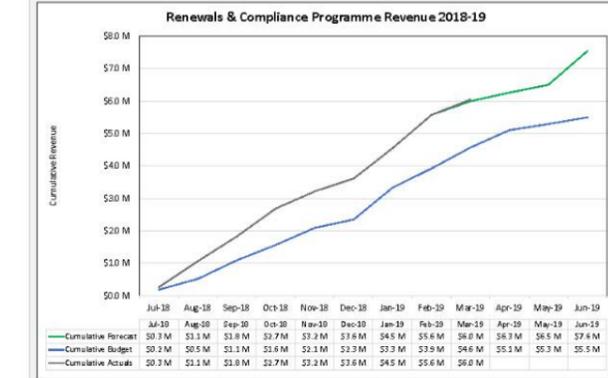
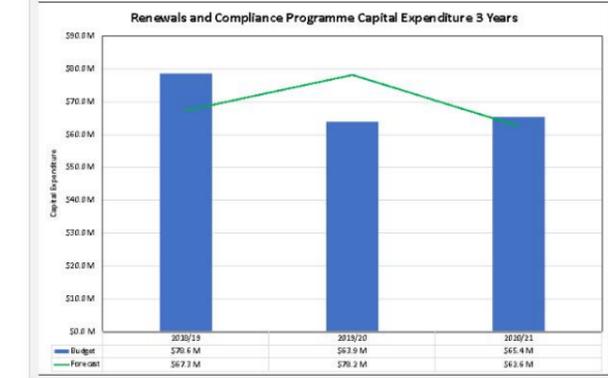
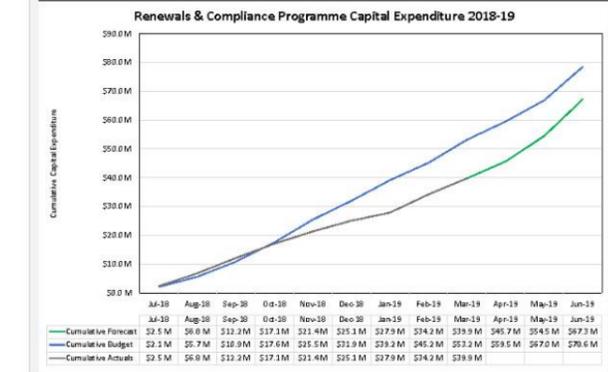
- Total deferrals of \$12.4M have been signalled for a variety projects throughout the programme which will not be delivered this financial year but are still programmed to be delivered with the 3 year programme.
- \$250,000 has been added to this programme for the Cemeteries Management System renewal which was budgeted as operating but requires capital funding. This is a transfer of operating budget to capital budget.
- A total of \$0.9k has been brought forward from future years due to reprioritisation of projects.

Revenue:

- The additional revenue of \$2.3M for this programme is for the NZTA funding for footpaths.
- There is a \$0.3M deferral which is directly related to capital deferrals.



Financial Performance



The interior of the Centre Place carpark lift has been replaced.



Wymer Fish passage



The Ranfurly Bridge has been completed in Ranfurly Park, Fairfield.

Citywide Waters Programme Capital Report

Programme Outcome:

He wai tonu ka whai ture, ka haapai hoki i te tupuranga

Ensuring the provision of essential water services that allow for future growth and compliance

This programme is comprised of 5 sub-programmes:

- Wastewater Network Strategic Upgrades
- Water Network Strategic Upgrades
- Stormwater Network Improvements
- Water and Wastewater Treatment Plant Capacity Upgrade
- Integrated Catchment Management Plans

Key physical works currently underway include the Pukete 3 wastewater treatment plant upgrade, the upgrade of the western wastewater interceptor, and works to implement water network demand zone from the Fairfield reservoir. Physical works are generally progressing well.

A number of projects are currently in the pipeline for implementation from next year, including the upgrades of the Hillsborough and Dinsdale wastewater pump stations, wastewater network upgrades to improve the Snell Drive pump station, the Wairoa 2 water treatment plant upgrade, works to improve water network supply from the Newcastle reservoir, as well as a programme of stormwater network improvements across the city with a focus on erosion control in relation to development areas. All works are currently on-track with no significant variances to baseline programmes.

Revenue in 2019/20 is significantly in excess of budget as it primarily relates to waters connections in relation to land development works (overall cost neutral to council – direct recovery of costs).

Budgeted revenue across this programme in 2019/20 and 2020/21 primarily relate to WRC cost-share for the stormwater network improvements. Realisation of the WRC cost-share is currently at risk, the extent of this risk is being further understood and potential mitigation plans are currently being developed.

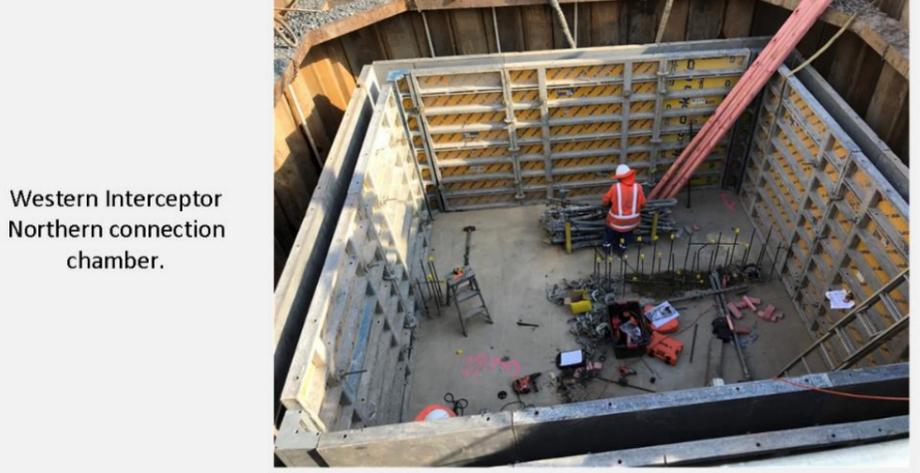
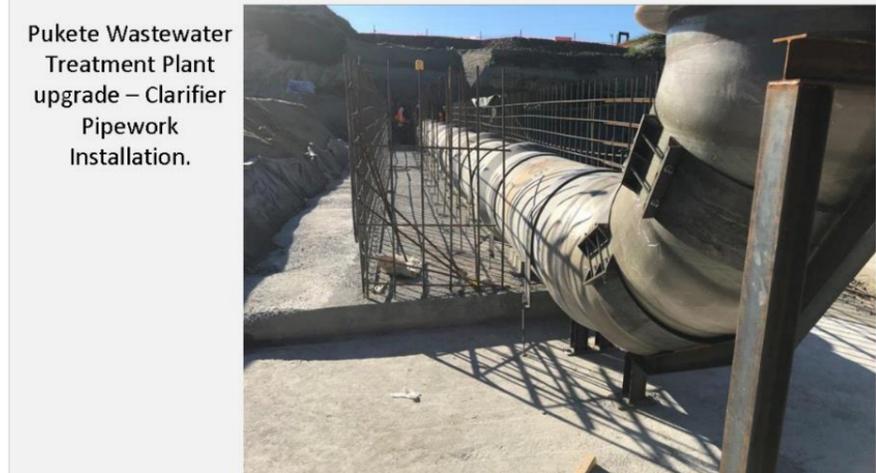
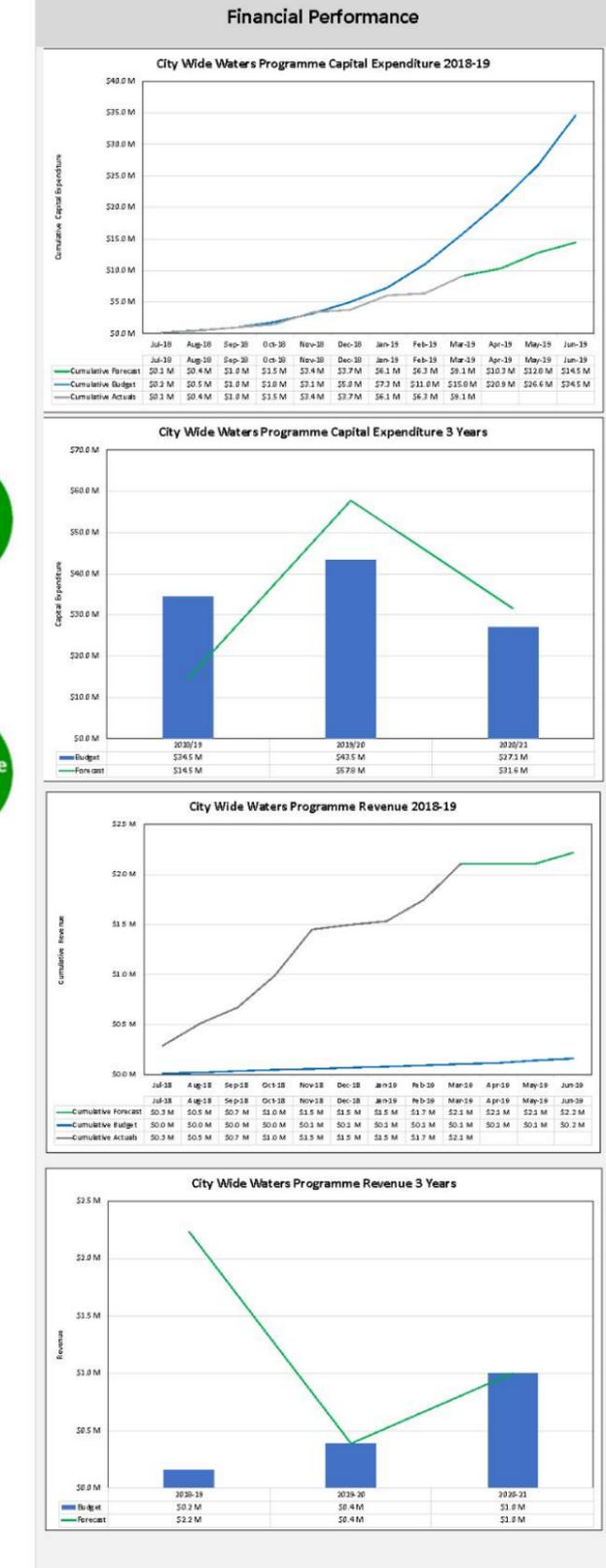
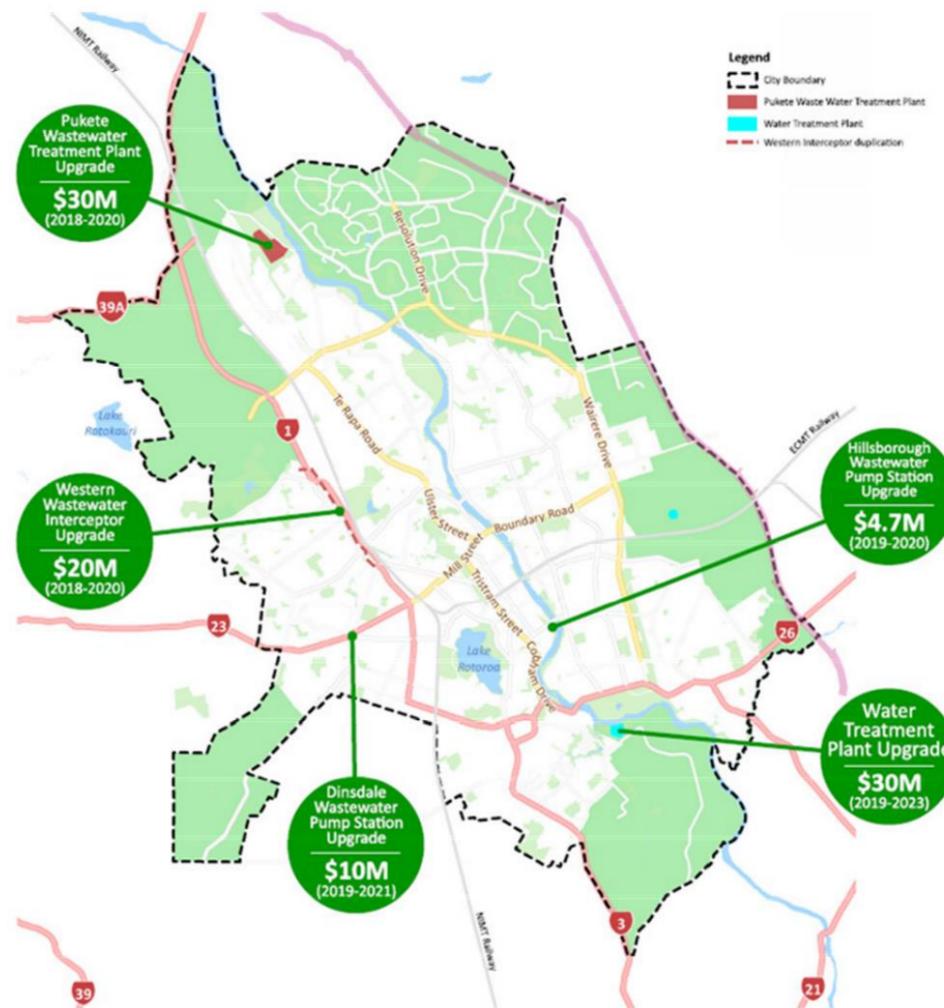
Capital Expenditure:

Total deferrals of \$18.8M have been made for 2018/19 consisting of:

- A delay deferral of \$1.1M for the DMA – Hillcrest Reservoir Zone to allow for extended investigation work.
- A rephasing deferral of \$7.6M from 2018/19 out to 2019/20 and 2020/21 for the Pukete Wastewater Treatment Plant Upgrade to align with the contractor programme of works.
- A rephasing deferral of \$2.2M is signalled for the Wairoa Wastewater Treatment Plant Upgrade to align with the programme of works.
- A rephasing deferral of \$1.3M is signalled for the Dinsdale Pump Station Upgrade to allow for works over 3 years.
- A rephasing deferral of \$3.3M is signalled for the Hillsborough Pump Station due to unexpected complexities in design. This is not expected to impact on the project end date.
- A rephasing deferral of \$2.7M is signalled for the Western Interceptor Duplication to align with the contractors programme.
- A \$1M savings has been identified in relation to the Western Interceptor Duplication following award of the contract.

Revenue:

Additional revenue of \$2.1M YTD has been received by this programme in relation to the customer service connections and the development upsizing contributions. This revenue is demand driven and is not budgeted.



Citywide Community Programme Capital Report

Programme Outcome:

Whakapai atu te mauri o nga waahi taangata me nga waahi wairua auaha
Improving the vibrancy of our social and creative spaces

- The design team are developing a concept design for the Zoo / Waiwhakareke Shared Entry Precinct which will be used in stakeholder engagement in May 2019. Resource Consent and Outline plan have been granted by HCC and WDC. Funding applications have been submitted to TIF, lotteries and PGF.
- Construction of Innes Common and Mangaiti playgrounds are underway. Consultation on Hillcrest playground is complete and design is being finalised. All equipment has been ordered.
- Waiwhakareke development project facing platform challenges due to soil makeup, options being explored to over come.
- The Central City Jetty project is fully consented and options are being explored to meet budget parameters and ensure alignment with other related projects.
- The Hamilton Gardens Development Programme Year One Civil Works contract has been awarded. Given the delay in obtaining resource consent, the civil works contract will carry over until August 2019. Planning and Construction for the Visitor Centre and Forecourts has been put on hold and will commence when there is clarity around the Hamilton Gardens Management Plan.
- The VOTR Boardwalk has been put on hold until dependencies related to the theatre and central city park are understood. A funding application has been made to the Provisional Growth Fund for \$1.23m for construction of paths and stairs from VOTR to the Museum and \$0.5m for a bridge feasibility study.
- Funding of \$200k has been approved in the draft 2019/20 Annual Plan to undertake a CBD Masterplan, incorporating the Central City Park.
- Construction of the Clyde Park cricket block is complete and growing in well. The shed is due to be completed by the end of April.

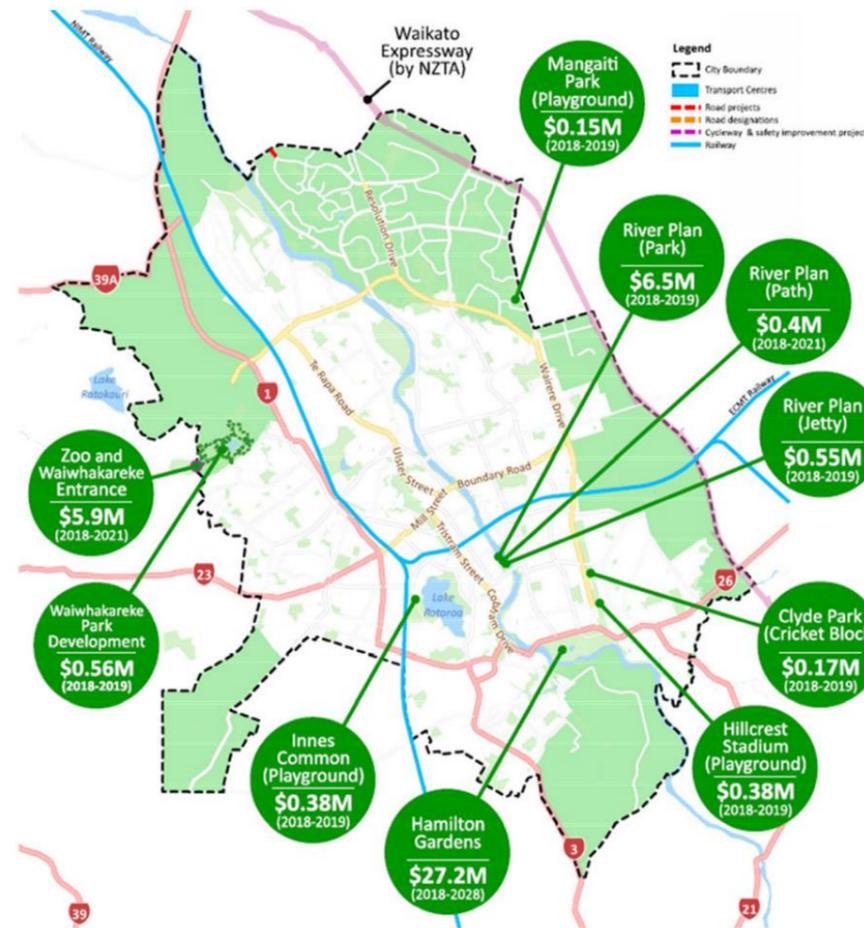
Capital Expenditure:

Total capital deferrals of \$2.5M have been made for this programme consisting of:

- Land Purchase deferral of \$0.4M as we await opportunities to acquire land as they arise.
- Hamilton Gardens Development delay deferral of \$1.2M to align with the contractors programme.
- Central City Jetty delay deferral of \$0.5M to allow for development of options to support funding requirements which currently exceed budget and alignment with other projects.
- VOTR Boardwalk deferral of \$0.4M to await outcome from Provincial Growth Fund application.
- Innes Common Playground delay deferral of \$0.1M to allow for increased engineering of the park area.

Revenue:

- This programme is on track to achieve the \$0.6M for the Playground Development Programme and the Hamilton Gardens Development Programme.

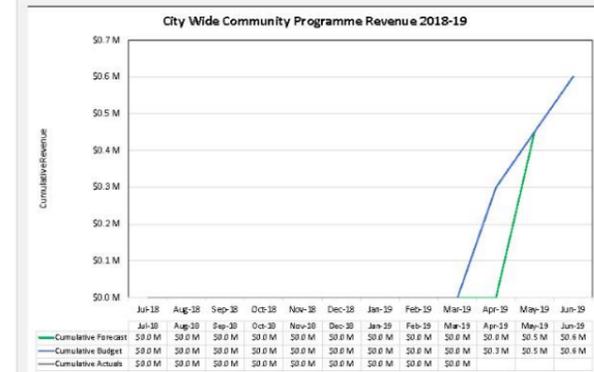
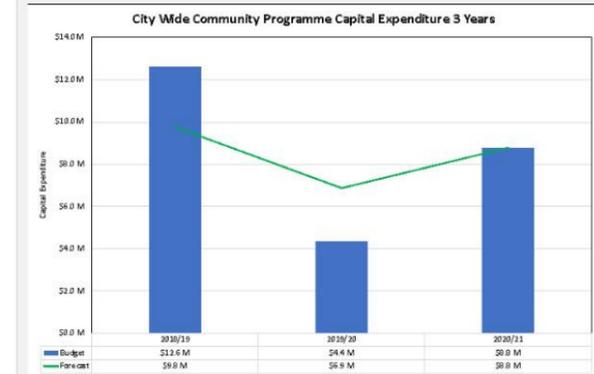
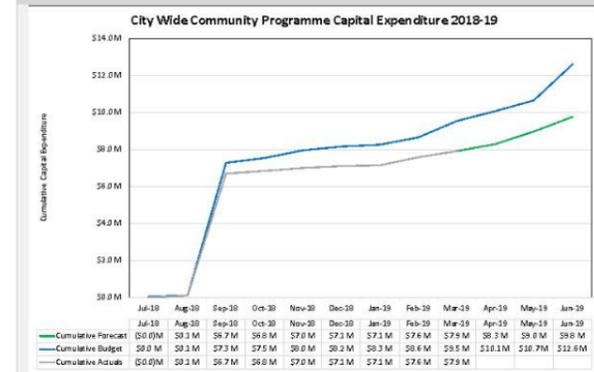


The opening of Hare Puke Playground, winner of 2019 New Zealand Playground of the year.



Baroque Theatre Garden concept diagram – part of the Hamilton Gardens Development Programme.

Financial Performance

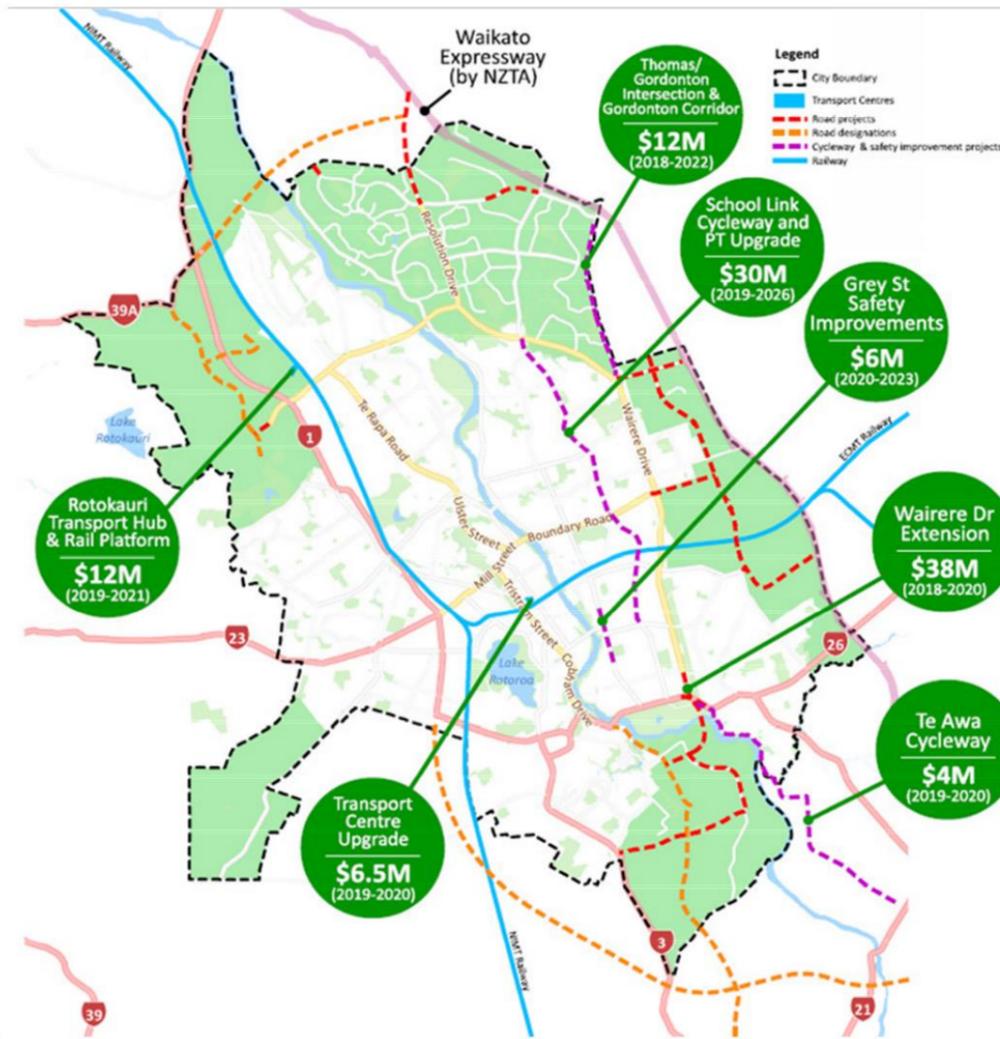


Transport Improvement Programme Capital Report

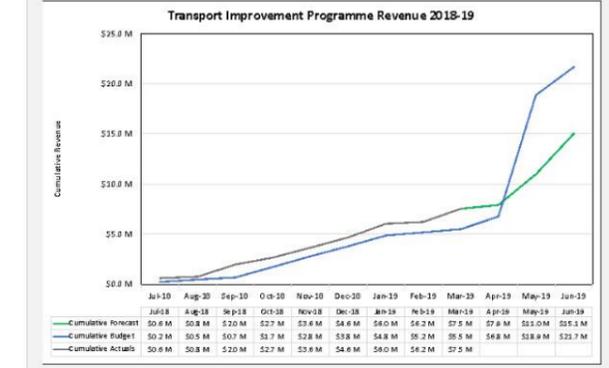
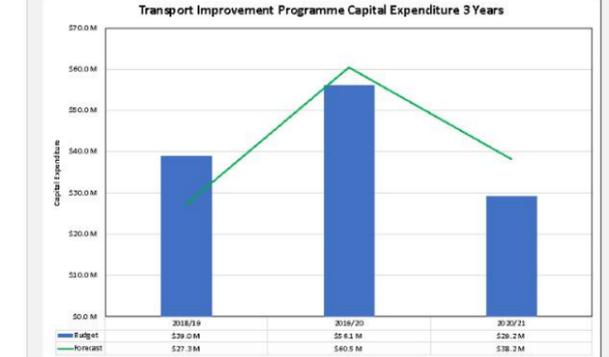
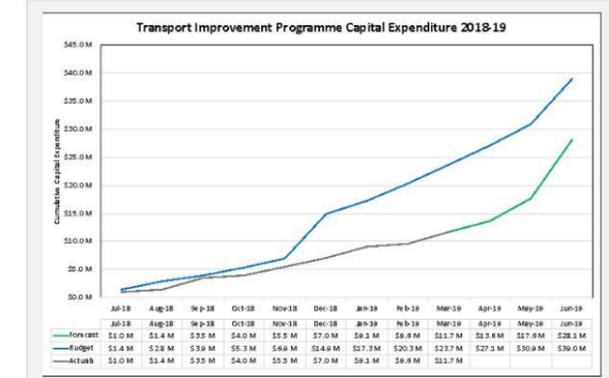
Programme Outcome:
Kia tika ano te hanga rori maa;
- Aahienga whakatupu
- Whakapai atu haumarū, me
- Whakawhaanui atu ngā koowhiringa waka
Delivering a balanced transport system through;
- Enabling growth
- Improving safety, and
- Improving transport choice

- There is a significant dependency for this programme on the strategic planning and NZTA business case processes this financial year to be able to deliver the capital programme for the next 3 years.
- Strategic planning for Mass Transit and the Auckland to Hamilton Plan will provide key direction for this programme.
- School links public transport and cycleway business case development is underway with a planned completion and approval date of 30 June 2019. Detailed design and physical works to commence in 19/20.
- Te Awa Cycleway design is underway and construction is on track for next year as budgeted. WDC is experiencing land usage issues which could impact the overall project.
- Wairere Drive Extension physical works have commenced. Overall project is on track. Tree removal along Cobham Drive was successful and the on and off ramp construction is underway.
- Thomas/Gordonton intersection upgrade was completed on 10 April 2019.
- The Business case for the Gordonton Rd corridor is underway and will be completed by June 2019. Physical works for the Gordonton Cycle Way project will commence in June.
- The Rotokauri Transport Hub Project is subject to the business case for the rail services from Hamilton to Auckland. If the business case for rail is approved the Rail Platform and associated infrastructure will be required to be in place by October 2019. Land procurement is on track and detailed design including the Tasman Road urban upgrade is underway.
- The Transport Centre Upgrade is subject to a business case and work on this has commenced.
- Te Awa Cycleway Remediation - Planning is underway. Awaiting response for funding.
- Minor Safety works, Integrated Transport Initiatives and Bus-Stop Infrastructure physical works is underway.

- Capital Expenditure:**
total capital deferrals of \$12.1M has been made for this programme.
- \$5.7M of this is a rephasing deferral for the Ring Road Project to align with the contractors work programme.
 - \$1.6M of this is a deferral for the Rotokauri Rail Platform and Tasman Road works to align with expected delivery programme.
 - \$1M of this is for the Gordonton Road Corridor due to a third party dependency for a land purchase
 - A number of delay deferrals have been signalled for projects where we are working on the business case process with NZTA.
- Revenue:**
- Total revenue deferrals of \$7.6M have been signalled for this programme and are directly associated with the capital expenditure deferrals for projects with NZTA subsidy.



Financial Performance



Pedestrian traffic lights have been put in place on Masters Ave in Hillcrest.



Thomas/Gordonton Road Intersection has been completed this month.



The Cobham Drive / Wairere Drive Ring road.

Peacocke Programme Capital Report

Attachment 1

Item 7

Programme Outcome:
Ko te aahinga o te hanga he waahi ataahua, he waahi toiora ki Peacocke
Enabling the development of an attractive and sustainable community in the Peacocke growth area.

- Land acquisition is tracking well in accordance with the business case, however remains a risk to the programme with several difficult conversations with landowners
- Investigation and design for the lead network infrastructure is underway and on track
- The bridge investigation and design is on track with stakeholder and Council engagement underway for bridge form and aesthetic
- SH3/Ohaupo Intersection and East-West Arterial is due to commence construction this summer with enabling works commencing in May 2019
- Land has been purchased for Stage 1 Neighbourhood Park, as per the 10 Year Plan (refer point A on map)
- A Notice of Requirement for approximately 14ha northern sports part is being prepared (refer point B on map)
- A successful open day was held on 3 April 2019 for Peacocke and Southwest Hamilton with over 1000 people attending and providing feedback for various projects

Capital Expenditure:

Total capital deferrals of \$25.2M have been signalled for this programme consisting of:

- A rephasing deferral of \$11.0M from 2018/19 to 2020/21 to align with the revised programme of works.
- A rephasing deferral of \$14.2M for the Land Acquisition Programme to align with the expected programme.

The capital spending for the Peacocke Programme is gaining momentum as the professional services contracts are in place and work is progressing.

Revenue:

- The revenue received to date for this programme is NZTA subsidy received for design and investigation works and land acquisition.
- A revenue deferral of \$8.2M has been signalled and is directly related to the capital expenditure deferrals for projects with NZTA funding.



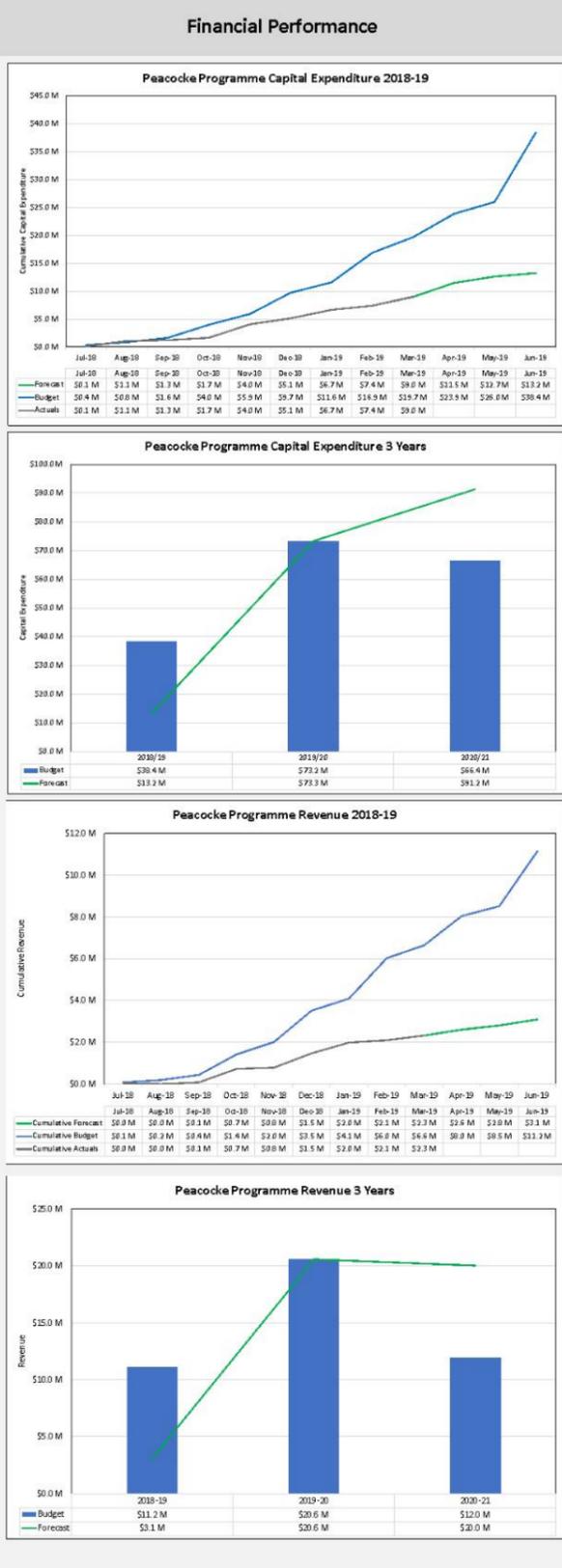
Peacocke & southwest Hamilton Your Neighbourhood information expo held 3rd April 2019



Geotechnical testing of the bridge site



Peacocke team site visit to the bridge site and Whatukoruru pa March 2019



CAPITAL EXPENDITURE
for the nine months ended 31 March 2019

	Type	YTD Expenditure			Annual Budget			Capital Revenue	
		Actual	Total YTD Budget	Variance	2018/19 Approved Budget	2017/18 Deferrals	Total Capital Budget	Actual	Annual Capital Revenue Budget
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
ARTS AND COMMUNITY									
Libraries									
CE10005 - Library collection purchases	R	820	832	12	1,135		1,135	0	0
CE10006 - Library asset renewal	R	95	98	3	121		121	0	0
CE10007 - Library building asset renewal programme	R	283	323	40	343		343	0	0
CE19015 - Libraries Facilitation Plan	LOS	24	80	56	80		80	0	0
Total libraries		1,221	1,333	112	1,679	0	1,679	0	0
Theatres									
CE10013 - Technical services equipment renewals	R	262	232	(30)	386	0	386	0	0
Total Theatres		262	232	(30)	386	0	386	0	0
Community Development									
CE19070 - Community Facilities Building Renewals	R	51	49	(2)	49	0	49	0	0
Total Community Development		51	49	(2)	49	0	49	0	0
TOTAL ARTS AND COMMUNITY		1,534	1,614	80	2,114	0	2,114	0	0
VENUES, TOURISM AND MAJOR EVENTS									
CE10041 - Claudelands plant and equipment	R	150	16	(134)	214	200	414	0	0
CE10042 - Seddon Park plant and equipment	R	5	0	(5)	2	52	54	0	0
CE10043 - Waikato Stadium plant and equipment	R	13	172	159	330		330	0	0
CE10044 - Turf services plant and equipment	R	25	26	1	52		52	0	0
CE10046 - Seddon Park property renewals	R	23	23	0	60	160	220	0	0
CE10047 - Waikato Stadium property renewals	R	71	21	(50)	33		33	(2)	2
CE10048 - Stadia building renewals	R	1,881	899	(982)	3,070		3,070	0	0
CE10049 - Claudelands building renewals	R	531	327	(204)	413		413	0	0
CE15050 - Claudelands capital improvement programme	LOS	98	0	(98)	100		100	0	0
CE15051 - Stadia capital improvement function	LOS	183	663	480	970		970	0	0
TOTAL VENUES, TOURISM AND MAJOR EVENTS		2,979	2,147	(832)	5,244	412	5,656	(2)	2
PARKS AND RECREATION									
Pools									
CE10001 - Aquatic facilities building renewals	R	4,132	4,238	106	442	3,911	4,353	0	0
CE10003 - Waterworld operational asset renewals	R	489	581	92	734		734	0	0
CE10004 - Gallagher Aquatic Centre operational asset renewal	R	53	180	127	185		185	0	0
Total Pools		4,674	4,999	325	1,361	3,911	5,272	0	0
Cemeteries and Crematorium									
CE10021 - Building renewals cemeteries	R	687	1,440	753	1,679	318	1,997	0	0
CE10022 - Renewal of crematorium assets	R	30	24	(6)	21	24	45	0	0
CE10023 - Hamilton Park east and west cemeteries renewals	R	28	35	7	53		53	0	0
CE19001 - Hamilton Park Cemetery Accessible Toilet Block	LOS	48	455	407	427	28	455	0	0
CE15024 - Hamilton Park cemetery, burial and ash lawn extension	G	18	15	(3)	75		75	0	0
Total Cemeteries and Crematorium		810	1,969	1,158	2,255	370	2,625	0	0
Community Parks									
CE10029 - Toilet and changing room renewals	R	57	104	47	104		104	0	0
CE10030 - Building renewals parks and open spaces	R	9	83	74	83		83	0	0
CE10032 - Parks and open spaces assets and playgrounds renewals (R)	R	193	933	740	1,349		1,349	(9)	9
CE19004 - Destination Parks Renewals	R	24	750	726	977		977	0	0
CE15036 - Playground development programme	LOS	232	625	393	900		900	0	0
CE16001 - Victoria On The River Development	LOS	0	0	0	0		0	0	0
CE17004 - River Plan	LOS	6,626	7,000	374	7,000	962	7,962	0	0
CE19012 - Day's Park Erosion Remediation	LOS	53	242	189	242		242	0	0
CE19013 - Pooches and Parks	LOS	22	177	155	177		177	0	0
CE19014 - Waiwhakareke Natural Heritage Park Development	LOS	258	550	292	710		710	0	0
CE19022 - Alternative Weed Control	LOS	20	20	0	20		20	0	0
CE15033 - Land Purchase future Reserves	G	139	0	(139)		541	541	0	0
CE19007 - Peacocke Parks Development	G	2,115	0	(2,115)	2,250		2,250	0	0
CE19009 - Rototuna Parks Development	G	0	0	0	1,094		1,094	0	0
Total Community Parks		9,729	10,484	755	14,905	1,503	16,408	(9)	9
Sports Parks									
CE10031 - Sports area renewals	R	289	318	29	473		473	0	0
CE19003 - Parks Toilets Development/Upgrade	LOS	790	1,052	262	1,052		1,052	0	0
CE15035 - Rototuna Park Development	G	1,342	2,725	1,383	3,862	69	3,931	0	0
CE19005 - Sports Park Development (G)		139	0	(139)	0	0	0	0	0
Total Sports Parks		2,560	4,095	1,535	5,387	69	5,456	0	0
TOTAL PARKS AND RECREATION		17,773	21,546	3,774	23,909	5,853	29,762	(9)	9
VISITOR ATTRACTIONS									
Hamilton Gardens									
CE10026 - Hamilton Gardens renewals	R	151	225	74	210	15	225	0	0
CE10028 - Hamilton Gardens building renewals	R	42	40	(2)	50		50	0	0
CE19023 - Hamilton Gardens Development	LOS	463	1,276	813	1,900	486	2,386	0	0
Total Hamilton Gardens		656	1,541	885	2,160	501	2,661	0	0
Hamilton Zoo									
CE10015 - Zoo animal enclosure renewals	R	47	388	341	388		388	0	0
CE10016 - Zoo building renewals	R	24	33	10	33		33	0	0
CE10017 - Property renewals	R	91	49	(42)	49		49	0	0
CE10020 - Zoo animal replacement	R	9	45	36	60		60	0	0
CE19021 - Water and Stormwater Reticulation	R	170	845	676	845		845	0	0
CE19019 - Zoo Safety Improvements	LOS	230	1,767	1,537	1,710	57	1,767	0	0
CE19020 - Hamilton Zoo Improvement programme	LOS	4	75	71	75		75	0	0
CE19030 - Zoo and Waiwhakareke Entrance Precinct	LOS	106	220	114	250		250	0	0
Total Hamilton Zoo		681	3,421	2,741	3,409	57	3,466	0	0

CAPITAL EXPENDITURE
for the nine months ended 31 March 2019

	Type	YTD Expenditure			Annual Budget			Capital Revenue	
		Actual	Total YTD Budget	Variance	2018/19 Approved Budget	2017/18 Deferrals	Total Capital Budget	Actual	Annual Capital Revenue Budget
Waikato Museum									
CE10008 - Museum asset renewal	R	69	110	40	110		110	0	0
CE19028 Collection Acquisition Fund	R	35	50	15	50		50	0	0
CE10010 - Public art support fund	R	56	82	26	30	58	88	(42)	42
CE10011 - Museum activity building renewals	R	73	138	66	589	41	630	0	0
CE10009 - ArtsPost earthquake strengthening	LOS	98	0	(98)	800		800	0	0
Total Waikato Museum		331	380	49	1,579	99	1,678	(42)	42
TOTAL VISITOR ATTRACTIONS		1,668	5,342	3,674	7,148	657	7,805	(42)	42
SAFETY									
CE10037 - CCTV renewals	R	0	50	50	50		50	0	0
TOTAL SAFETY		0	50	50	50	0	50	0	0
RUBBISH AND RECYCLING									
CE10054 - Replacement of closed landfill assets	R	40	290	250	519		519	0	0
CE10056 - Replacement of RTS & HOC assets	R	17	324	307	342		342	0	0
CE15055 - Closed landfill management	LOS	92	75	(17)	90		90	0	0
TOTAL RUBBISH AND RECYCLING		149	689	540	951	0	951	0	0
STORMWATER									
CE10058 - Replacement of stormwater assets	R	663	455	(208)	516	397	913	0	0
CE15067 - Comprehensive stormwater consent implementation	LOS	40	30	(10)	30		30	0	0
CE19026 - Erosion Control Works	LOS	34	1,003	969	1,306		1,306	(41)	41
CE15059 - Rototuna stormwater infrastructure	G	3,891	4,100	209	4,532		4,532	0	0
CE15060 - Rotokauri stormwater infrastructure stage 1	G	171	375	204	900	1,275	2,175	0	0
CE15062 - Peacocke stormwater infrastructure stage 1	G	14	56	43	998		998	0	0
CE15063 - Peacocke stormwater infrastructure stage 2	G	29	145	116	2,334		2,334	0	0
CE15064 - Stormwater pipe upgrade - growth	G	28	70	42	150		150	0	0
CE15066 - Existing network improvements in new areas	G	49	75	26	105		105	(94)	94
CE15068 - Stormwater customer connections to the network	G	403	36	(367)	50		50	(280)	244
CE15162 - Integrated catchment management plan	G	628	1,130	502	920	558	1,478	0	0
TOTAL STORMWATER		5,950	7,475	1,525	11,841	2,230	14,071	(415)	379
TRANSPORT									
Parking Management									
CE10069 - Resurfacing off street carparks	R	0	0	0	25		25	0	0
CE10070 - Replacement of parking enforcement equipment	R	8	83	75	188	83	271	0	0
CE10071 - Parking building renewal	R	206	687	481	408	279	687	0	0
Total Parking Management		214	770	556	621	362	983	0	0
Transport Network									
CE10072 - Replacement of footpath	R	3,210	3,691	481	4,552		4,552	(1,667)	1,667
CE10074 - Replacement of drainage (kerb and channel)	R	1,425	1,148	(277)	1,531		1,531	(752)	168
CE10075 - Replacement of road base	R	218	1,148	929	1,192		1,192	(115)	(465)
CE10076 - Road resurfacing	R	4,065	4,446	380	4,986		4,986	(2,145)	(118)
CE10077 - Replacement of bridges and culverts	R	177	935	758	1,245		1,245	(94)	(381)
CE10080 - Replacement of lighting	R	1,409	645	(764)	1,185		1,185	(821)	492
CE10081 - Replacement of traffic equipment	R	591	254	(338)	365		365	(312)	192
CE10098 - Building and property renewals	R	115	252	137	252		252	(80)	80
CE15085 - Minor improvements to transport network	LOS	1,542	1,500	(41)	2,000		2,000	(813)	48
CE15086 - Bus stop infrastructure	LOS	305	488	182	650		650	(147)	(102)
CE19052 - Intersection Safety Upgrade Programme	LOS		150	150	310		310	0	0
CE19054 - Bridge Safety Improvements	LOS	0	130	130	130		130	0	(66)
CE19062 - Bridge Resilience Programme	LOS		290	290	500		500	0	(148)
CE19064 - Transport Centre Rejuvenation	LOS	18	713	695	950		950	(10)	(354)
CE15087 - Network upgrades to allow new development	G	127	60	(67)	175		175	0	0
CE15088 - Roading upgrades and development in Peacocke stage 1	G	845	2,401	1,556	3,868		3,868	(442)	(783)
CE15089 - Roading upgrades and development in Peacocke stage 2	G	4,090	12,544	8,454	20,638	468	21,106	(1,985)	(3,431)
CE15090 - Roading upgrades and development in Rotokauri stage 1	G	140	2,960	2,820	8,247		8,247	0	0
CE15092 - Roading upgrades and development in Rototuna	G	6,151	6,769	618	15,284	3,206	18,490	(4,162)	839
CE15093 - Roading upgrades and development in Ruakura	G	43	140	97	325		325	0	0
CE15095 - Integrated transport initiatives	G	827	1,125	298	1,500		1,500	(434)	(140)
CE19057 - Biking Plan Implementation	G	465	1,717	1,251	3,750		3,750	(30)	(124)
CE19058 - Mass Transit	G	63	6,570	6,507	6,750		6,750	0	(75)
CE19037 - Hamilton Transport Model	G		10	10	50		50	0	0
CE19036 - Ring Road	G	5,523	9,672	4,149	12,122	3,931	16,053	(4,037)	4,037
CE19038 - Rotokauri rail platform	G	72	250	178	750		750	0	0
Total Transport Network		31,423	60,006	28,583	93,307	7,605	100,912	(18,045)	1,338
TOTAL TRANSPORT		31,637	60,776	29,139	93,928	7,967	101,895	(18,045)	1,338
WASTEWATER									
Wastewater Reticulation									
CE10100 - Replacement of wastewater pump stations	R	707	635	(72)	1,058		1,058	0	0
CE10101 - Replacement of wastewater assets	R	2,963	2,776	(187)	3,036		3,036	0	0
CE15103 - Increase capacity of wastewater pump stations	LOS	64	435	371	323	500	823	0	0
CE15104 - Wastewater pipe upgrade - growth	G		175	175	300		300	0	0
CE15105 - Increase capacity of wastewater network - Rototuna	G	48	90	42	312		312	0	0
CE15106 - Wastewater network upgrades to allow development	G	220	40	(180)	80		80	(174)	174
CE15107 - Increase capacity of network in Rotokauri stage 1	G	2	265	263	681		681	0	0
CE15109 - Increase capacity of network in Peacocke stage 1	G	8	154	146	189		189	0	0
CE19040 - Increase capacity network Peacocke Stage 2	G	385	2,704	2,319	4,090		4,090	0	0
CE15111 - Increase capacity of network throughout the city	G	29	250	221		250	250	0	0
Total Wastewater Reticulation		4,426	7,524	3,098	10,069	750	10,819	(174)	174

CAPITAL EXPENDITURE
for the nine months ended 31 March 2019

	Type	YTD Expenditure			Annual Budget			Capital Revenue	
		Actual	Total YTD Budget	Variance	2018/19 Approved Budget	2017/18 Deferrals	Total Capital Budget	Actual	Annual Capital Revenue Budget
Wastewater Treatment Plant									
CE15160 - Wastewater model	R		40	40	70		70	0	0
CE10115 - Replacement of wastewater treatment plant assets	R	1,228	2,056	828	2,632	1,105	3,737	0	0
CE19029 - Wastewater Seismic Strengthening	LOS	769	347	(422)	100	297	397	0	0
CE15120 - Wastewater treatment plant compliance	LOS	232	791	559	1,657		1,657	0	0
CE15161 - Wastewater Master Plan	G	117	90	(27)	150		150	0	0
CE15117 - Upgrade wastewater treatment plant (Pukete 3)	G	4,514	7,400	2,886	10,000	5,232	15,232	0	0
CE15121 - Wastewater customer connections to the network	G	629	36	(593)	50		50	(726)	690
CE19041 - Increase capacity WW Far East Network	G	1,535	2,665	1,130	2,000	2,065	4,065	0	0
CE19042 - Increase capacity WW South Network	G	647	1,485	838	3,300		3,300	0	0
CE19043 - Increase capacity WW West Network	G	1,265	3,550	2,285	6,963	535	7,498	0	0
CE19044 - Increase capacity WW East Network	G		150	150	250		250	0	0
CE19050 - Increase capacity WW Central Network	G	155	1,435	1,280	3,664		3,664	0	0
Total Wastewater Treatment Plant		11,090	20,044	8,954	30,836	9,234	40,070	(726)	690
TOTAL WASTEWATER		15,516	27,568	12,052	40,905	9,984	50,889	(900)	864
WATER SUPPLY									
Water Reticulation									
CE10123 - Replacement of watermains	R	2,368	1,724	(644)	2,744		2,744	0	0
CE10124 - Replacement of water meters, valves and hydrants	R	497	700	203	1,135		1,135	0	0
CE10145 - Tools of trade renewals	R	22	0	(22)	50		50	0	0
CE15133 - Water demand management - network water loss	LOS	858	320	(538)	500		500	0	0
CE15126 - Upgrade or build new watermains in Rototuna	G	803	795	(8)	1,625		1,625	0	0
CE15127 - Water pipe upgrade - growth	G	26	175	149	300		300	0	0
CE15128 - Upgrade/build new watermains in Rotokauri stage 1	G	1,120	826	(294)	576	500	1,076	0	0
CE15130 - Upgrade/build new watermains in Peacocke stage 1	G	1	0	(1)			0	0	0
CE16004 - Eastern Bulk Main Slip	G	50	312	262	800	247	1,047	0	0
CE19046 - Upgrade/Build New Watermains - Peacockes Stage 2	G	908	112	(796)	163		163	0	0
CE15132 - Water network upgrades to allow new development	G	27	40	13	80		80	(160)	160
CE15134 - Water demand management - Pukete reservoir zone	G		0	0	135		135	0	0
CE15135 - Upgrade/build distribution watermains in Peacocke	G	3	80	77	85		85	0	0
CE15137 - Water demand management - Newcastle reservoir zone	G	10	25	15	50		50	0	0
Total Water Reticulation		6,691	5,109	(1,582)	8,243	747	8,990	(160)	160
Water Treatment Plant									
CE10138 - Replacement of treatment plant and reservoir assets	R	1,167	1,479	312	2,101	68	2,169	0	0
CE15158 - Water model	R	85	245	160	60	339	399	0	0
CE15139 - Water treatment plant compliance - minor upgrades	LOS	322	1,220	898	1,610		1,610	0	0
CE15141 - Water demand management - Hillcrest reservoir zone	G	54	340	286	1,119		1,119	0	0
CE15144 - Upgrade water treatment plant	G	141	800	659	1,900	910	2,810	0	0
CE15146 - Water customer connections	G	364	36	(328)	50		50	(634)	598
CE15148 - Upgrade or build new watermains in Ruakura	G	0	300	300	500		500	0	0
CE15159 - Water master plan	G	16	57	41	150		150	0	0
CE19045 - Ruakura Reservoir & Associated Bulk Mains	G	4,410	6,125	1,715	9,698	976	10,674	0	0
CE19049 - Water Demand Management - Fairfield Reservoir Zone	G	333	0	(333)	514		514	0	0
Total Water Treatment Plant		6,893	10,602	3,709	17,702	2,293	19,995	(634)	598
TOTAL WATER SUPPLY		13,584	15,711	2,127	25,945	3,040	28,985	(793)	757
OVERHEAD AND SUPPORT UNITS									
Facilities									
CE10151 - Renewals program	R	542	1,404	862	1,651		1,651	0	0
CE19034 - Key Control Project	R	23	44	21	44		44	0	0
CE10158 - Replacement of fleet vehicles	R	1,951	2,551	600	3,401		3,401	0	0
Total Facilities		2,516	3,999	1,483	5,096	0	5,096	0	0
Information Services									
CE10152 - Network and infrastructure	R	35	836	801	968	549	1,517	0	0
CE10153 - Core business applications	R	367	794	427	775	325	1,100	0	0
CE10154 - Minor applications	R		25	25	25		25	0	0
CE10156 - Lease funding of equipment	R	400	121	(279)	1,287		1,287	0	0
CE15155 - Mobility and eservices	R	162	632	470	355	529	884	0	0
CE19024 - IS Major Upgrades	R	169	430	261	1,898		1,898	0	0
CE15157 - Authority replacement	R	0	425	425		425	425	0	0
Total Information Services		1,133	3,262	2,129	5,308	1,828	7,136	0	0
Customer Services									
CE19025 - Smart Hamilton Initiatives	LOS	1	189	188	250		250	0	0
CE17001 - Customer Services Projects	LOS	31	100	69		100	100	0	0
Total Customer Services		32	289	257	250	100	350	0	0
Strategic Property									
CE10053 - Tenancy inducement renewals	R		54	54	75		75	0	0
Total Strategic Property		0	54	54	75	0	75	0	0
TOTAL OVERHEADS AND SUPPORT UNITS		3,681	7,604	3,923	10,729	1,928	12,657	0	0
TOTAL COUNCIL		94,471	150,524	56,053	222,764	32,071	254,835	(20,207)	3,392

Total Capital and Revenue Movements as at 31 March 2019

Capital Movements Summary

	2018/19	2019/20	2020/21	2021/22	2022/23
Baseline Budget - Capital	\$254,834,680	\$288,558,073	\$228,912,319	\$213,451,094	\$200,704,198
Savings	(\$5,321,810)	\$0	\$0	\$0	\$0
Deferral Movements	(\$83,418,397)	\$28,381,568	\$55,036,829	\$0	\$0
Projects Brought Forward	\$1,765,000	\$2,764,898	(\$2,954,200)	\$0	(\$1,575,698)
New Projects	\$630,000	\$1,370,000	\$0	\$0	\$0
New Total Capital Budget	\$168,489,473	\$321,074,539	\$280,994,948	\$213,451,094	\$199,128,500

Revenue Movements Summary

	2018/19	2019/20	2020/21	2021/22	2022/23
Baseline Budget - Revenue	(\$44,840,256)	(\$65,431,295)	(\$42,586,169)	(\$50,670,790)	(\$53,285,022)
New Revenue	(\$5,299,872)	(\$2,300,000)	(\$2,300,000)	(\$2,300,000)	(\$2,300,000)
Deferral Movements	\$16,822,165	(\$1,255,226)	(\$15,566,939)	\$0	\$0
New Projects - Te Awa Cycleway Remediation	(\$193,800)	(\$698,700)	\$0	\$0	\$0
New Total Revenue Budget	(\$33,511,763)	(\$69,685,221)	(\$60,453,108)	(\$52,970,790)	(\$55,585,022)

List of Deferrals as at 31 March 2019

Delay Deferrals							
Programme	Project	Deferral Type	Reason	2018/19	2019/20	2020/21	Explanation
City Wide Community	Land Purchase - Deferral	Delay Deferral	Third Party Dependency	(\$399,100)	\$399,100	\$0	\$141,900 spent this year and the remaining budget to be deferred until land is available.
City Wide Waters Programme	Network Improvement Programme	Delay Deferral	Other	(\$1,090,000)	\$1,090,000	\$0	DMA - Hillcrest Reservoir Zone: deferrals of \$1,090,000 signalled to allow asset team to undertake network investigations.
Rotokauri Programme	Arterial Designations	Delay Deferral	Third Party Dependency	(\$836,000)	(\$1,339,097)	\$2,175,097	Deferral of \$836,000 indicated for 2018/19 and \$1,339,097 for 2019/20 out to 2020/21 to align with Development timing. Discussions with developers are progressing but budget is not expected to be spent as budgeted.
Rotokauri Programme	Arthur Porter Drive Connection	Delay Deferral	Third Party Dependency	(\$499,000)	(\$501,000)	\$1,000,000	Deferral signalled of \$499,000 from 2018/19 and \$501,000 from 2019/20 to 2020/21 to align with developer timing.
Rotokauri Programme	Rotokauri Central Swale	Delay Deferral	Third Party Dependency	(\$1,275,000)	\$0	\$1,275,000	Deferral signalled of \$1,275,000 from 2018/19 to 2020/21 for the Rotokauri Swale due to ongoing third party land purchase negotiations with developers.
Rotokauri Programme	Southern Arterials - Te Wetini & Central	Delay Deferral	Third Party Dependency	(\$2,000,000)	\$500,000	\$1,500,000	\$2m signalled for deferral for Te Wetini Drive Extension construction to align with developer timing.
Rotokauri Programme	Transport Upsizing Programme	Delay Deferral	Third Party Dependency	(\$690,000)	(\$1,010,000)	\$1,700,000	Deferral of \$690,000 signalled for Road 0357.1 Gilchrist Road Collector Rotokauri to align with the Arterial Designations deferral to align with developer timing.
Rototuna Programme	North City Road Corridor Borman to Kay	Delay Deferral	Other	(\$1,000,000)	(\$2,848,415)	\$3,848,415	Deferrals of \$1M from 2018/19 and \$2,848,415 from 2019/20 to 2020/21 identified within this project to align with the town centre development.
Rototuna Programme	Rototuna Network - Neighbourhood Park	Delay Deferral	Third Party Dependency	(\$1,094,000)	\$1,094,000	\$0	Delay deferral - related to the land requirements and the inability to secure land at this stage due to third party dependency.
Transport Improvement Programme	Mass Transit	Delay Deferral	Other	(\$600,000)	\$600,000	\$0	Deferral of \$600,000 signalled as part of the Hamilton to Auckland corridor discussion
Transport Improvement Programme	Rotokauri Park and Ride	Delay Deferral	Other	(\$1,600,000)	\$1,600,000	\$0	Deferral of \$1,600,000 for Rotokauri rail platform and Tasman Road works - works will commence next year.
Transport Improvement Programme	School Link & University Route	Delay Deferral	Other	(\$1,780,135)	\$1,780,135	\$0	This project requires a business case to be developed with NZTA. The business case is expected to be completed this financial year with construction to commence in 2019/20.
Transport Improvement Programme	Transport Centre Upgrade & Bus Shed	Delay Deferral	Other	(\$700,000)	\$700,000	\$0	This project requires a business case to be developed with NZTA. The business case is expected to be completed this financial year with construction to commence in 2019/20.
Transport Improvement Programme	Gordonton Road Corridor	Delay Deferral	Third Party Dependency	(\$1,000,000)	\$1,000,000	\$0	Gordonton Road roundabouts - Thomas/Puketaha - \$1m deferral signalled due to risk of third party land purchase not being completed.
Renewals & Compliance Programme	Service counter at St Andrews and Dinsdale	Delay Deferral	Other	(\$18,000)	\$18,000	\$0	This project has been deferred to align with the implementation of the RFID project.
Renewals & Compliance Programme	Council Chambers Renewals Project	Delay Deferral	Other	(\$214,406)	\$214,406	\$0	Deferral of \$214,406 signalled to allow works to be completed in 2019/20 in alignment with elected members period of absence.
Renewals & Compliance Programme	Replacement of Closed Landfill assets	Delay Deferral	Other	(\$325,000)	\$325,000	\$0	A deferral of \$325,000 from 2018/19 to 2019/20 is required to support the renewal of the stage 2 gas extraction system at Rototuna Landfill. Renewal has been rescheduled to allow a more robust assessment of compliance requirements.
Rototuna Programme	Boman/Horsham Urban Upgrade	Delay Deferral	Other	(\$590,000)	\$590,000	\$0	Deferrals signalled due to the realignment of work with the decision made in the LTP ie the movement of construction out to year 7.
Rototuna Programme	Stormwater Upsize Programme	Delay Deferral	Third Party Dependency	\$0	(\$1,071,920)	\$1,071,920	\$1,071,920 deferred from 2019/20 to 2020/21 to align with developer timing.
Ruakura Programme	Chedworth Trunk Watermain Upsize	Delay Deferral	Third Party Dependency	(\$200,000)	\$200,000	\$0	Developer upsizing deferral of \$200k to align with developer timing.
Ruakura Programme	Ruakura Spine Road Strategic Line - 450mm	Delay Deferral	Third Party Dependency	\$0	(\$288,357)	\$288,357	\$288,357 rephased from 2019/20 to 2020/21 to align with developer timing.
Ruakura Programme	Ruakura Wastewater Pipeline	Delay Deferral	Third Party Dependency	(\$610,000)	(\$3,033,500)	\$3,643,500	\$3,643,500 deferral made from 2019/20 to 2020/21 in accordance with developer timing for installation of this line. This is a cost contribution from HCC only.
City Wide Community	Central City Jetty	Delay Deferral	Other	(\$482,200)	\$482,200	\$0	\$482,200 deferral from 2018/19 to 2019/20 of physical works to allow for business case to be developed to support increased funding requirements.
City Wide Community	VOTR Boardwalk	Delay Deferral	Other	(\$358,400)	\$358,400	\$0	\$358,400 deferral from 2018/19 to 2019/20 as physical works have been put on hold pending the Provincial Growth Fund application.
City Wide Community	Innes Common - Playground	Delay Deferral	Other	(\$78,500)	\$78,500	\$0	Due to the need for increased engineering of the park area of the playground there will be a delay in the completion of the playground.
Renewals and Compliance Programme	Various Projects within the Renewals and Compliance Areas	Delay Deferral	Other	(\$10,828,838)	\$10,828,838	\$0	This is a variety of projects from across the renewals and compliance programme which are not going to be delivered this financial year but are still programmed to be delivered within the 3 year programme.
Rototuna Programme	Walking/Cycling Network	Delay Deferral	Third Party Dependency	(\$134,000)	\$134,000	\$0	\$134k to be deferred from 18/19 to 19/20 in accordance with third party timeframes (Waikato Expressway) for construction and opening of expressway underpass, which is required for construction of the path link from Kimbrae Drive to Landsdale development.
Ruakura Programme	Ruakura Road Upgrade	Delay Deferral	Other	(\$265,000)	\$265,000	\$0	\$265k expenditure and associated \$165k revenue deferred from 18/19 to 19/20 in accordance with current NZTA business case development programme.
Transport Improvement Programme	Hamilton Transport Model	Delay Deferral	Other	(\$25,000)	\$25,000	\$0	\$25,000 deferred from 18/19 to 19/20 in accordance with current NZTA business case development programme.
Transport Improvement Programme	Intersection Safety and Capacity Upgrades	Delay Deferral	Other	(\$280,000)	\$280,000	\$0	\$280k expenditure and associated \$76k revenue deferred from 18/19 to 19/20 in accordance with current NZTA business case development programme.
Transport Improvement Programme	Te Awa Cycle Way Remediation	Delay Deferral	Other	(\$330,000)	\$330,000	\$0	\$330k expenditure and associated \$193.8k revenue deferred from 18/19 to 19/20 in accordance with current NZTA business case development programme.
City Wide Waters Programme	ICMP Programme	Delay Deferral	Other	(\$162,000)	\$162,000	\$0	\$162k deferral to align with the planned works programme for the ICMP programme.
City Wide Waters Programme	Water Master Plan	Delay Deferral	Other	(\$60,000)	\$60,000	\$0	\$60k deferred from 18/19 to 19/20 in accordance with updated consultant delivery timeframes - contractually committed
City Wide Waters Programme	WW Network BC Concept Developmnt & Design	Delay Deferral	Other	(\$175,000)	\$175,000	\$0	\$175k deferred from 18/19 to 19/20 to enable strategic direction to be finalised to direct concept and design work
City Wide Waters Programme	Snell Drive Pump Station	Delay Deferral	Other	(\$200,000)	\$200,000	\$0	\$200k deferred from 2018/19 to 19/20 in accordance with updated delivery programme which includes integration opportunities with the Peacocke strategic WW design and construction.
Total Delay Deferrals				(\$29,899,579)	\$13,397,290	\$16,502,289	

Rephasing Deferrals							
Programme	Project	Deferral Type	Reason	2018/19	2019/20	2020/21	Explanation
City Wide Waters Programme	Pukete WWTP Upgrade	Rephasing Deferral	Align with contractor programme	(\$7,632,000)	\$6,132,000	\$1,500,000	Deferral of \$7,632,000 of the 2018/19 budget out to 2019/20 and 2020/21 to align with contractor cash flow projection of the programme of works for the Pukete WWTP Upgrade.

City Wide Waters Programme	Wairoa 2 WTP Upgrade	Rephasing Deferral	Align with contractor programme	(\$2,160,000)	\$2,160,000	\$0	Deferral of \$2,160,000 identified to align with contractor cash flow forecast for the programme of works at Wairoa WTP
City Wide Waters Programme	Dinsdale PS Upgrade	Rephasing Deferral	Rephasing within completion date	(\$1,268,280)	(\$731,720)	\$2,000,000	This project is scheduled to be carried out over 3 years into the 2021/22 period and this deferral of budget is not expected to impact on the project completion date.
City Wide Waters Programme	Hillsborough Pump Station	Rephasing Deferral	Align with contractor programme	(\$3,324,120)	\$2,324,120	\$1,000,000	Delays in design due to unexpected complexities. Majority of construction to be undertaken next financial year with some work expected to carry over to 2020/21.
City Wide Waters Programme	Western Interceptor Duplication - Mid Section	Rephasing Deferral	Align with contractor programme	(\$2,700,000)	\$2,700,000	\$0	Financial deferral signaled to align with contractors work programme.
Ruakura Programme	Ruakura Reservoir & Bulkheads	Rephasing Deferral	Align with contractor programme	(\$2,500,000)	\$2,500,000	\$0	Deferral of \$2,500,000 signaled for Ruakura Reservoir in line with contractor construction programme.
Transport Improvement Programme	Ring Road - Cambridge to Cobham	Rephasing Deferral	Align with contractor programme	(\$5,740,000)	(\$3,260,000)	\$9,000,000	Financial deferral signaled to align with contractors work programme.
City Wide Community Programme	Hamilton Gardens Development Programme	Rephasing Deferral	Align with contractor programme	(\$1,200,000)	\$1,200,000	\$0	Deferral of \$1,200,000 signalled to align with the civil works programme.
Renewals & Compliance Programme	Crematorium Building Renewal project budget	Rephasing Deferral	Align with contractor programme	(\$789,900)	\$789,900	\$0	This project will span two financial years. This deferral seeks to align the budget with the remaining physical works in 2019/20.
Renewals & Compliance Programme	Cemeteries Accessible toilets	Rephasing Deferral	Align with contractor programme	(\$200,000)	\$200,000	\$0	Deferral of \$200,000 signalled to align with the contractor programme.
Rotokauri Programme	Baverstock Road Upgrade	Rephasing Deferral	Align with contractor programme	(\$437,000)	\$437,000	\$0	Deferral of \$437,000 for Baverstock Rpad Collector from 2018/19 to 2019/20 to align with construction programme.
Peacocke Programme	Peacocke Network Infrastructure Programme	Rephasing Deferral	Rephasing within completion date	(\$11,041,398)	(\$333,022)	\$11,374,420	Deferral of \$11,041,398 from 2018/19 and \$333,022 to 2020/21 to align with the revised programme of work.
Peacocke Programme	Land Acquisition Programme	Rephasing Deferral	Rephasing within completion date	(\$14,160,120)	\$500,000	\$13,660,120	Deferral of \$14,160,120 from 2018/19 from 2019/20 to 2020/21 to rephase the land acquisition in line with expected programme.
Rototuna Programme	Rototuna Sports Park Development & Park Lane	Rephasing Deferral	Other	(\$366,000)	\$366,000	\$0	\$366,000 deferral from 2018/19 to 2019/20 due to 3 week delay in the completion date for the project.
	Total Rephasing Deferrals		TOTAL	(\$53,518,818)	\$14,984,278	\$38,534,540	
	Total Deferrals			(\$83,418,397)	\$28,381,568	\$55,036,829	

Signalled in previous Finance Reports

List of Other Capital Movements as at 31 March 2019

Capital to be Brought Forward

Programme	Project	2018/19	2019/20	2020/21	2021/22	2022/23	Explanation
Renewals and Compliance Programme	Various Projects	\$865,000	\$1,889,200	(\$2,754,200)	\$0	\$0	This is the reprioritisation of the renewals and compliance programme to bring forward some priority projects.
Peacocke Programme	Peacocke Network Stage Two - Community/Sports Park	\$200,000	\$0	(\$200,000)	\$0	\$0	This capital movement was approved at the 21 February 2019 Finance Committee Meeting and was required to allow for the Notice of Requirement to be issued to secure land for a sports park in Peacocke.
Rototuna Programme	North Ridge Road Urban Upgrade	\$0	\$1,575,698	\$0	\$0	(\$1,575,698)	This request requires funding from Year 5 of the LTP to be brought forward to Year 2. This funding will allow for the development of the road to support development in this area ahead of what was initially predicted.
Rototuna Programme	SW Upsize Programme	\$700,000	(\$700,000)	\$0	\$0	\$0	This request requires funding from 2019/20 to be brought forward to 2018/19 to support the construction of the wetland required to support development in this area.
	Total Capital Movements	\$1,765,000	\$2,764,898	(\$2,954,200)	\$0	(\$1,575,698)	

2018/19 Savings

Programme	Project	Savings 2018/19
Rotokauri Programme	Baverstock Road Upgrade	(\$65,000)
Ruakura Programme	Ruakura Reservoir & Bulk mains	(\$1,000,000)
City Wide Waters Programme	Otamaengenge - Catchment Erosion control	(\$44,000)
City Wide Waters Programme	Mangaheka - Catchment Erosion control	(\$69,000)
City Wide Community	Central City Park / River plan	(\$494,971)
City Wide Waters Programme	Western Interceptor Duplication - Mid Section	(\$1,000,000)
Peacocke Programme	Peacocke Network Stage One - Neighbourhood Parks	(\$148,839)
Rotokauri Programme	Southern Arterials - Te Wetini & Central	(\$1,500,000)
Ruakura Programme	Ruakura FEI	(\$1,000,000)
	Total Savings	(\$5,321,810)

New Projects added to Portfolio

Programme	Project	Approved Changes 2018/19	Approved Changes 2019/20	Explanation
Renewals and Compliance Programme	Cemeteries Management System	\$250,000	\$0	This project was budget as operating cost. This is a transfer of operating budget to capital budget to allow for the appropriate delivery of the project.
Transport Improvement Programme	Te Awa Cycle Way Remediation	\$380,000	\$1,370,000	As approved at the December 2018 Finance Committee subject to NZTA funding.
	Total New Projects	\$630,000	\$1,370,000	

Signalled in previous Finance Reports

Revenue Movements as at 31 March 2019

Revenue Deferrals - Directly Related to the Capital Deferrals

Programme	Project	2018/19	2019/20	2020/21
Transport Improvement Programme	Mass Transit	\$204,000	(\$204,000)	\$0
Transport Improvement Programme	Intersection Safety and Capacity Upgrades	\$156,800	(\$156,800)	\$0
Renewals and Compliance Programme	Bridge Embankment Seismic Stabilisation	\$255,000	(\$255,000)	\$0
Transport Improvement Programme	Mass Transit	\$102,000	(\$102,000)	\$0
Ruakura Programme	Ruakura Road Upgrade	\$165,000	(\$165,000)	\$0
Transport Improvement Programme	Te Awa Cycle Way Remediation	\$193,800	(\$193,800)	\$0
Transport Improvement Programme	Gordonton Road Corridor	\$612,000	(\$612,000)	\$0
Transport Improvement Programme	Ring Road - Cambridge to Cobham	\$4,190,200	\$2,199,800	(\$6,390,000)
Transport Improvement Programme	Rotokauri Park and Ride	\$856,800	(\$856,800)	\$0
Transport Improvement Programme	School Link & University Route	\$907,869	(\$907,869)	\$0
Transport Improvement Programme	Transport Centre Upgrade & Bus Shed	\$384,500	(\$384,500)	\$0
Rototuna Programme	Borman/Horsham Urban Upgrade	\$300,900	(\$300,900)	\$0
Rotokauri Programme	Arterial Designations	\$426,000	\$683,643	(\$1,109,643)
Peacocke Programme	Peacocke Network Infrastructure Programme	\$2,845,566	\$0	(\$2,845,566)
Peacocke Programme	Peacocke Land Acquisition Programme	\$5,221,730	\$0	(\$5,221,730)
	Total Revenue Deferrals	\$16,822,165	(\$1,255,226)	(\$15,566,939)

New Revenue

Programme 2	Project	2018/19	Explanation
City Wide Waters Programme	Customer Service Connections	(\$1,639,618)	Demand driven and offset directly by expenses
City Wide Waters Programme	General Strategic Upgrades and Development Upsizing	(\$427,724)	PDA and developer driven
Transport Renewals & Compliance Programme	125 Footpath Renewal	(\$2,300,000)	New revenue from NZTA
Ruakura Programme	Ruakura Reservoir & Bulkheads	(\$150,000)	Early completion of the trunk water network which is subject to development cost share in accordance with the Ruakura Private Developer Agreement. \$150,000 of revenue which was not budgeted has been added to this project.
Transport Improvement Programme	Gordonton Road Corridor	(\$782,530)	Additional funding successfully secured from NZTA TEFAR funding for the Thomas Gordonton Intersection.
	Total New Revenue	(\$5,299,872)	

New Projects Revenue

Programme 2	Project	2018/19	2019/20	2020/21
Transport Improvement Programme	Te Awa Cycle Way Remediation	(\$193,800)	(\$698,700)	\$0
	Total Revenue from New Projects	(\$193,800)	(\$698,700)	\$0

	Signalled in previous Finance Reports
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Accounting Result		
For the nine months ended 31 March 2019		
YTD Actual	YTD Forecast	YTD Variance
\$43.2M	\$48.1M	\$(4.9)M

7. The annual forecast has been adjusted to reflect the forecasting adjustments that are explained in Paragraph 29 below.

Annual Accounting Result		
Annual Forecast	Annual Budget	Forecasting Variance
\$68.8M	\$76.3M	\$(7.5)M

Balancing the books result

8. The balancing the books result for the nine months ended 31 March 2019 is \$9.5M. This is \$5.8M favourable against a year-to date forecast of \$3.6M.

Balancing the Books		
For the nine months ended 31 March 2019		
YTD Actual	YTD Forecast	YTD Variance
\$9.5M	\$3.6M	\$5.8M

9. The Annual balancing the books result is currently forecast to be \$10.1M favourable. The majority of this favourability is not savings but relates to operational maintenance and professional services work that is behind schedule. Significant effort is being made to catch up on planned work, however current workloads have meant that some of this work will now be completed in the 2019/20 financial year. Capital programmes deferred to future years which attract subsidies have also had a favourable impact on forecast change.

Annual Balancing the Books Result		
Annual Forecast	Annual Budget	Forecasting Variance
\$0.7M	\$(9.4)M	\$10.1M

10. The Local Government balancing the books result for the nine months ended 31 March 2019 is \$19.5M. This is \$7.1M favourable against a year-to date forecast of \$12.4M.

Understanding the variances

11. The Statement of Comprehensive Revenue and Expense, Statement of Financial Position, and accompanying notes are contained in Attachment 1.
12. Individual Everyday Revenue and Expense statements for each of the Council's 12 activities, overheads and general are contained in Attachment 2.
13. A reconciliation of the accounting result to the balancing the books result is provided after the Statement of Comprehensive Revenue and Expense.
14. Year-to-date variances between actual and forecast that are greater than \$0.1M are explained in each of the activity statements.

Operating revenue

15. Total Operating revenue YTD exceeds forecast by \$3.3M.
16. Rates are \$0.4M favourable YTD, which is due to greater than expected growth.
17. Fees and user charges are \$1.2M favourable YTD, the majority of which arise in the following activities:
 - a) Venues, Tourism and Major Events \$0.9M favourable.
 - b) Planning and Development \$0.2M favourable.
 - c) Water Supply \$0.1M favourable.
 - d) Wastewater \$(0.1)M unfavourable.
 - e) Transport \$0.1M favourable.
18. Subsidies and Grants are \$0.2M favourable YTD, which arise predominantly from Transport and Rubbish & Recycling.
19. Interest revenue is \$1.2M favourable YTD due to higher than budgeted term deposits.
20. Other Revenue is \$0.3M favourable YTD.
 - a) Transport \$0.1M favourable.
 - b) Overheads \$0.2M favourable.

Please refer to the activity statements for variance explanations.

Expenses

21. Total Expenses are \$1.6M favourable YTD against forecast.
22. Personnel costs are \$0.4M favourable YTD, the majority of which arise in the following activities:
 - a) Democracy \$0.1M favourable.
 - b) VTME \$0.2M favourable.
 - c) Arts & Community \$0.1M favourable.
 - d) Wastewater \$0.1M favourable.
 - e) Stormwater \$0.2M favourable.
 - f) Overheads \$(0.3)M unfavourable.
23. Professional costs are \$0.9M favourable, the majority of which arise in the following activities:
 - a) Visitor Attractions \$0.1M favourable.
 - b) Democracy \$0.1M favourable.
 - c) Stormwater \$0.1M favourable.
 - d) Wastewater \$0.1M favourable.
 - e) Water Supply \$0.2M favourable.
 - f) Overheads \$0.3M favourable.

24. Administration costs \$0.5M favourable made up of small variances across the activities.
- Planning and Development \$0.2M favourable.
 - Democracy \$0.1M favourable.
 - VTME \$0.2M favourable.

Development contributions revenue

25. Development contributions revenue YTD actuals of \$17.4M are \$4.3M ahead of YTD forecast of \$13.1M. The DC revenue forecast has potential to be increased for the next three months however timing and recognition of DC's are variable and unpredictable.

Vested assets revenue

26. The timing and recognition of vested assets relies on being aware of when the s224c (clearance of title) is issued. Like DC revenue, vested assets revenue is variable month to month. Elevated levels of development activity results in more vested assets but timing is not easy to predict. \$19.2M of vested assets were received for the first nine months of the financial year.
27. Vested assets revenue has been budgeted at \$30M for 2018/19. This budget is broken down by class of asset on page 99 of the 10-Year Plan.

Vested Assets		
For the nine months ended 31 March 2019		
YTD Actual	YTD Forecast	YTD Variance
\$19.2M	\$22.5M	\$(3.3)M

Asset class	YTD Actual \$000	Annual Budget \$000	Life Range (Years)	Estimated Annual Depreciation \$000
Wastewater	2,371	3,000	15-100	27
Stormwater	3,125	5,100	30-100	37
Water Supply	1,042	1,800	50-80	12
Roading	5,862	8,000	12-140	111
Parks and Recreation [#]	230	-	-	-
Land		12,100		-
Land – Under Roads	4,397	-		-
Land – Local Purpose Reserves [*]	44	-		-
Land – Recreation Reserves	1,095	-		-
Land – Restricted ⁺	42	-		-
Land - Infrastructure	949	-		-
Total	19,158	30,000		187

[#] Playground

* 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 serves to the community and cannot be disposed of due to legal or other restrictions.

28. The addition of vested assets increases the operating and maintenance costs for Council, as well as depreciation. An estimate of operating and maintenance costs and depreciation expense has been made in the 10-Year Plan to support the annual vested assets budget.

Forecasting

Forecasting adjustments 2018/19

29. Forecast financial budgets will provide a revised year-end result.
30. The annual budget will be forecast monthly to reflect:
- Changes to capital budgets approved by the Capital Investment Board under delegation.
 - Changes to operating budgets approved by CE or GM under delegation.
 - Changes as a result of a Council decision.
 - Changes recommended to the Finance Committee.
31. The annual forecast is \$(7.5)M unfavourable compared to annual budget. The ongoing impact of these changes will be addressed as part of the 2019/20 Annual Plan:

The new changes for this month are as follow:

March 2019	\$000
Capital Contributions favourable New water connections have increased for the three waters.	350
Operating Costs favourable This is due to a decrease for Planning Waters and Transport mainly in Consultancy and Operating & Maintenance Costs.	524
Revenue favourable across activities Fees and Charges for Building Control and Water, higher than expected Water by Meter charges offset by Parking Infringement Income trending down back to budget.	275

Emerging Issues

32. There are no new emerging issues that have been identified in this period which could have a financial impact on operating budgets in the current year and/or which could require forecasting adjustments to a future year.

Emerging issues from previous report:

- There were no emerging issues in previous report.

Debt and Treasury Management

Treasury Management

33. Council is fully compliant with all treasury policy measures as at 31 March 2019.
34. Refer to the Treasury Report in Attachment 3 for further detail.

Debt and Cash Investments

External debt, cash investments, and net debt as at 31 March 2019 is shown in the table below.

Debt and Cash Investments			
As at 31 March 2019			
	YTD Actual	Annual Budget	Variance
External Debt	\$400M	\$510M	\$110M
Cash Investments	\$(83)M	\$(55)M	\$28M
Net Debt	\$317M	\$455M	\$138M

35. Net debt as at 31 March 2019 is \$138M lower than the annual budget largely due to the timing of spend in the capital programme and a favourable YTD Revenue position.
36. Cash investments are higher than budgeted due to maturity of debt that expired in March 2019 and remaining rolling term deposits. Also refer to Paragraph 19.

Interest Rate Risk Management

37. The movement on interest rate swaps relates 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 on maturity of each interest rate swap contract no interest gain or loss eventuates.
38. As at 31 March 2019 our net unrealised loss on revaluation of interest rate swaps was \$(9.7M) and our liability balance was \$42.3M. The liability balance is increasing due to the impact of the market swap rate dropping against our fixed swap rate.

Legal and Policy Considerations

39. Staff confirm that the matters in this report complies with the Council's legal and policy requirements.

Cultural Considerations

40. In accordance with our obligation under the Local Government Act 2002, staff confirm that the content of this report has taken into consideration any cultural matters where possible to recognise and respect the Council's responsibility to take appropriate account of the principles of the Treaty of Waitangi, and to maintain and improve opportunities for Māori to contribute to local government decision-making processes.

Sustainability Considerations

41. This report addresses matter of financial sustainability. No other considerations have been identified relevant to the matters in this report.

Risks

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

Significance and Engagement Policy

Significance

43. Having considered the Significance and Engagement Policy, staff have assessed that the matters in this report have a low significance.

Engagement

44. Given the low level of significance determined, the engagement level is low. No engagement is required.

Attachments

Attachment 1 - Attachment 1 - Everyday Revenue + Expense by Activity March 2019

Attachment 2 - Attachment 2 - Financial Statements March 2019

Attachment 3 - Attachment 3 - Treasury Council report March 2019 .

COUNCIL
for the nine months ended 31 March 2019

YTD 2017/18	YTD Actual	YTD Forecast	YTD Variance Fav/(Unfav)	Annual Approved Budget	Annual Forecast	Annual Variance Fav/(Unfav)
\$000	\$000	\$000	\$000	\$000	\$000	\$000
Everyday revenue						
120,366 Rates	134,698	134,268	430	179,713	180,665	952
28,232 Fees and user charges	30,255	29,017	1,238	35,284	37,909	2,625
3,948 Subsidies and grants	5,446	5,293	153	7,120	7,229	109
2,466 Interest revenue	3,280	2,113	1,167	2,475	3,500	1,025
5,176 Other revenue	5,661	5,375	286	10,860	8,325	(2,535)
4,684 Plus NZTA capital subsidy on renewals	5,906	5,899	7	5,084	7,400	2,316
5,740 Plus DC interest	5,574	4,598	976	6,131	6,131	0
0 Less HIF fair value benefit	(169)	(115)	(54)	(4,233)	(1,400)	2,833
170,612 Total everyday revenue	190,651	186,448	4,203	242,434	249,759	7,325
Everyday expenses						
55,839 Personnel costs	58,324	58,676	352	83,168	78,701	4,467
48,091 Depreciation and amortisation	52,873	52,873	0	68,473	70,679	(2,206)
14,628 Finance costs	14,895	14,905	10	22,010	20,287	1,723
27,806 Operating and maintenance costs	32,467	32,284	(183)	46,466	44,932	1,534
5,477 Professional costs	5,095	6,015	920	13,268	12,030	1,238
8,607 Property costs	8,747	8,737	(10)	12,067	11,871	196
12,954 Other costs	13,475	13,752	277	12,454	16,550	(4,096)
(3,400) Internal capital recoveries	(4,675)	(4,404)	271	(5,872)	(5,872)	0
0 Less HIF discounting	(10)	(1)	9	(197)	(91)	(106)
170,002 Total everyday expenses	181,191	182,837	1,646	251,837	249,087	2,750
610 Everyday surplus/(deficit)	9,460	3,611	5,849	(9,403)	672	10,075
Capital revenue						
3,902 Capital contributions	4,786	5,097	(311)	4,744	4,589	(155)
5,395 NZTA capital subsidy	15,421	14,048	1,373	40,096	27,694	(12,402)
(4,684) Less NZTA capital subsidy on renewals	(5,906)	(5,899)	(7)	(5,084)	(7,400)	(2,316)
20,749 Development contributions	17,395	13,138	4,257	17,518	17,518	0
(5,740) Less DC interest	(5,574)	(4,598)	(976)	(6,131)	(6,131)	0
36,357 Vested assets	19,158	22,500	(3,342)	30,000	30,000	0
55,979 Total capital revenue	45,280	44,286	994	81,143	66,270	(14,873)
0 HIF fair value and discounting adjustment	159	114	63	4,036	1,309	(2,727)
56,589 OPERATING SURPLUS/(DEFICIT)	54,899	48,011	6,888	75,776	68,251	(7,525)
GAINS AND LOSSES						
1,590 Gains	1,174	47	1,127	565	565	0
(4,824) Losses	(12,916)	0	(12,916)	0	0	0
(3,234) Total gains and losses	(11,742)	47	(11,789)	565	565	0
53,355 SURPLUS/(DEFICIT)	43,157	48,058	(4,901)	76,341	68,816	(7,525)

DEMOCRACY SERVICES
Governance and Public Affairs | Partnership with Maaori
for the nine months ended 31 March 2019

YTD 2017/18	YTD Actual	YTD Forecast	YTD Variance Fav/(Unfav)	Annual Approved Budget	Annual Forecast	Annual Variance Fav/(Unfav)
\$000	\$000	\$000	\$000	\$000	\$000	\$000
Everyday revenue						
0 Rates	0	0	0	0	0	0
19 Fees and user charges	15	21	(6)	27	27	0
0 Subsidies and grants	0	0	0	0	0	0
0 Interest revenue	0	0	0	0	0	0
2 Other revenue	0	0	0	0	0	0
21 Total everyday revenue	15	21	(6)	27	27	0
Everyday expenses						
143 Personnel costs	196	308	112	421	410	11
0 Depreciation and amortisation	0	0	0	0	0	0
0 Finance costs	0	0	0	0	0	0
11 Operating and maintenance costs	31	29	(2)	39	39	0
291 Professional costs	237	326	89	435	435	0
0 Property costs	0	0	0	0	0	0
920 Other costs	1,042	1,158	116	1,545	1,545	0
1,365 Total everyday expenses	1,506	1,821	315	2,440	2,429	11
(1,344) Everyday surplus/(deficit)*	(1,491)	(1,800)	309	(2,413)	(2,402)	11
(1,344) OPERATING SURPLUS/(DEFICIT)	(1,491)	(1,800)	309	(2,413)	(2,402)	11

* Everyday surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

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

Personnel costs are \$112k favourable. This variance all sits in the Mayoral Support Services line and is because the Mayor has not recruited his
Other costs are \$116k favourable. This is due to underspends in the councillor services cost center in the following account codes: councillor conferences (\$40k), travel and accommodation (\$17k), council memberships (\$12k) and internet and webhosting (\$10k).

The comments below explain the variance between annual approved budget and annual forecast where they exceed \$150k.

There are no significant variances to explain.

Attachment 2

VENUES, TOURISM AND MAJOR EVENTS

Claudelands | FMG Stadium Walkato | Seddon Park | I-SITE | Tourism and Events Funding
for the nine months ended 31 March 2019

YTD 2017/18	YTD Actual	YTD Forecast	YTD Variance Fav/(Unfav)	Annual Approved Budget	Annual Forecast	Annual Variance Fav/(Unfav)
\$000	\$000	\$000	\$000	\$000	\$000	\$000
Everyday revenue						
92 Rates	113	94	19	124	124	0
4,504 Fees and user charges	5,000	4,120	880	5,432	5,432	0
0 Subsidies and grants	0	0	0	0	0	0
465 Interest revenue	318	205	113	240	339	99
649 Other revenue	516	562	(46)	742	742	0
5,710 Total everyday revenue	5,947	4,981	966	6,538	6,637	99
Everyday expenses						
4,333 Personnel costs	4,186	4,362	176	6,268	5,858	410
3,459 Depreciation and amortisation	3,872	3,929	57	5,230	5,230	0
2,281 Finance costs	1,463	1,460	(3)	1,992	1,858	134
3,224 Operating and maintenance costs	3,553	3,306	(247)	4,332	4,332	0
171 Professional costs	206	232	26	318	318	0
1,087 Property costs	1,155	1,068	(87)	1,461	1,461	0
1,430 Other costs	1,321	1,516	195	1,882	1,882	0
15,985 Total everyday expenses	15,756	15,873	117	21,483	20,939	544
(10,275) Everyday surplus/(deficit)*	(9,809)	(10,892)	1,083	(14,945)	(14,302)	643
Capital revenue						
300 Capital contributions	2	0	2	100	100	0
300 Total capital revenue	2	0	2	100	100	0
(9,975) OPERATING SURPLUS/(DEFICIT)	(9,807)	(10,892)	1,085	(14,845)	(14,202)	643

* Everyday surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

VENUES, TOURISM AND MAJOR EVENTS

Claudeland's | FMG Stadium Waikato | Seddon Park | I-SITE | Tourism and Events Funding
for the nine months ended 31 March 2019

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

Fees and user charges are \$880k favourable. The mix and volume of events across our venues continues to be favourable compared to the forecast phasing set. The favourable variance at Claudeland's is attributed to a higher than forecasted level of fees and charges relating to business events.

Current forecasts indicates we will be above budget at year end.

Interest revenue is \$113k favourable. This is due to term deposits being greater than budget.

Personnel costs are \$176k favourable. This is due to vacancies across the group. There have been several roles which have not been required this financial year. In addition there have been changes in the level and mix of staff.

Operating and maintenance costs are \$247k unfavourable. This is due to the increase in volume of events. The cost of sales has increased accordingly.

Other costs are \$195k favourable. The major reason for the variance is timing in event leverage spend.

The comments below explain the variance between annual approved budget and annual forecast where they exceed \$100k.

Personnel costs annual forecast is \$410k favourable. This variance is due to the distribution of the vacancy factor across the VTME Group. The overall reduction is due to vacant roles that have occurred throughout the year and will contribute to the vacancy savings allocation.

Finance Costs annual forecast is \$134k favourable. Overall finance costs (interest expense) for Council are favourable. This is due to the overall debt being lower than budget.

VISITOR ATTRACTIONS

Hamilton Gardens | Waikato Museum | Hamilton Zoo

for the nine months ended 31 March 2019

YTD 2017/18	YTD Actual	YTD Forecast	YTD Variance Fav/(Unfav)	Annual Approved Budget	Annual Forecast	Annual Variance Fav/(Unfav)
\$000	\$000	\$000	\$000	\$000	\$000	\$000
Everyday revenue						
423 Rates	475	447	28	595	595	0
2,031 Fees and user charges	2,224	2,113	111	2,872	2,780	(92)
64 Subsidies and grants	51	63	(12)	85	85	0
12 Interest revenue	29	19	10	22	31	9
57 Other revenue	155	106	49	141	141	0
2,587 Total everyday revenue	2,934	2,748	186	3,715	3,632	(83)
Everyday expenses						
5,538 Personnel costs	5,868	5,804	(64)	7,930	7,699	231
1,420 Depreciation and amortisation	1,580	1,594	14	2,163	2,163	0
100 Finance costs	132	132	0	180	168	12
1,172 Operating and maintenance costs	1,536	1,643	107	2,306	2,318	(12)
241 Professional costs	225	319	94	494	479	15
610 Property costs	590	672	82	951	951	0
380 Other costs	386	423	37	573	534	39
9,461 Total everyday expenses	10,317	10,587	270	14,597	14,312	285
(6,874) Everyday surplus/(deficit)*	(7,383)	(7,839)	456	(10,882)	(10,680)	202
Capital revenue						
1,370 Capital contributions	42	0	42	300	300	0
1,370 Total capital revenue	42	0	42	300	300	0
(5,504) OPERATING SURPLUS/(DEFICIT)	(7,341)	(7,839)	498	(10,582)	(10,380)	202

* Everyday surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

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

Fees and user charges \$111k favourable. Zoo fees and charges \$122k favourable due to increased patronage. No forecast adjustment added in case adverse weather impacts negatively on school holiday visitor numbers.

Operating and maintenance costs \$107k favourable. Building maintenance tracking to forecast at the Museum and Hamilton Gardens.

The comments below explain the variance between annual approved budget and annual forecast where they exceed \$100k.

Personnel costs annual forecast is \$231k favourable. This is due to the vacancy factor being allocated across activities.

ARTS AND COMMUNITY
Libraries | Community Development | Arts Promotion | Theatres
for the nine months ended 31 March 2019

YTD 2017/18	YTD Actual	YTD Forecast	YTD Variance Fav/(Unfav)	Annual Approved Budget	Annual Forecast	Annual Variance Fav/(Unfav)
\$000	\$000	\$000	\$000	\$000	\$000	\$000
Everyday revenue						
(7) Rates	(11)	(15)	4	(24)	(24)	0
434 Fees and user charges	366	362	4	588	433	(155)
0 Subsidies and grants	0	1	(1)	2	2	0
25 Interest revenue	0	0	0	0	0	0
80 Other revenue	39	50	(11)	66	66	0
532 Total everyday revenue	394	398	(4)	632	477	(155)
Everyday expenses						
3,967 Personnel costs	3,914	4,048	134	5,697	5,367	330
2,490 Depreciation and amortisation	2,028	2,005	(23)	3,364	3,454	(90)
120 Finance costs	3	3	0	4	4	0
333 Operating and maintenance costs	515	533	18	1,646	752	894
92 Professional costs	319	331	12	615	625	(10)
438 Property costs	500	570	70	764	757	7
1,598 Other costs	1,367	1,423	56	1,973	1,927	46
9,038 Total everyday expenses	8,646	8,913	267	14,063	12,886	1,177
(8,506) Everyday surplus/(deficit)*	(8,252)	(8,515)	263	(13,431)	(12,409)	1,022
(8,506) OPERATING SURPLUS/(DEFICIT)	(8,252)	(8,515)	263	(13,431)	(12,409)	1,022

* Everyday surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

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

Personnel costs are \$134k favourable. Due to vacancies at the Libraries. Positions have since been filled and any variances are included as per the vacancy factor

The comments below explain the variance between annual approved budget and annual forecast where they exceed \$100k.

Fees and user charges annual forecast is \$155k unfavourable. The contract with Waikato District Council rate payers to use Hamilton Library facilities has been amended. A fixed amount of memberships have been purchased 2018/19 and the revenue has reduced to reflect this.

Personnel costs annual forecast is \$330k favourable. This is due to the vacancy factor being allocated across activities.

Operating and Maintenance annual forecast is \$894k favourable. This includes Founders Theatre demolition costs of \$807k that are now expected to be undertaken 2020/21.

YTD 2017/18	YTD Actual	YTD Forecast	YTD Variance Fav/(Unfav)	Annual Approved Budget	Annual Forecast	Annual Variance Fav/(Unfav)
\$000	\$000	\$000	\$000	\$000	\$000	\$000
Everyday revenue						
(104) Rates	(95)	(141)	46	(196)	(196)	0
5,180 Fees and user charges	4,859	4,853	6	6,534	6,534	0
106 Subsidies and grants	5	5	0	7	7	0
201 Interest revenue	374	241	133	282	399	117
116 Other revenue	141	164	(23)	330	197	(133)
5,499 Total everyday revenue	5,284	5,122	162	6,957	6,941	(16)
Everyday expenses						
8,397 Personnel costs	8,544	8,493	(51)	11,850	11,371	479
3,791 Depreciation and amortisation	4,419	4,384	(35)	5,898	5,938	(40)
1,100 Finance costs	1,721	1,719	(2)	2,344	2,186	158
3,002 Operating and maintenance costs	4,393	4,233	(160)	6,893	6,143	750
310 Professional costs	377	408	31	529	508	21
876 Property costs	858	894	36	1,212	1,212	0
506 Other costs	525	483	(42)	920	664	256
(142) Internal capital recoveries	(16)	0	16	0	0	0
17,840 Total everyday expenses	20,821	20,614	(207)	29,646	28,022	1,624
(12,341) Everyday surplus/(deficit)*	(15,537)	(15,492)	(45)	(22,689)	(21,081)	1,608
Capital revenue						
28 Capital contributions	10	0	10	300	300	0
32 Total capital revenue	12	0	12	300	300	0
(12,309) OPERATING SURPLUS/(DEFICIT)	(15,525)	(15,492)	(33)	(22,389)	(20,781)	1,608

* Everyday surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

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

Interest revenue is \$133k favourable. This is due to term deposits being greater than budget.

Operating and maintenance costs are \$160k unfavourable. The programme of works for parks and aquatics are ahead of budget and is expected to be on track at year end.

The comments below explain the variance between annual approved budget and annual forecast where they exceed \$100k.

Interest revenue annual forecast is \$117k favourable. This is due to term deposits being greater than budget.

Other revenue annual forecast is \$133k unfavourable. Income received for properties purchased in Victoria Street (Central City Park) was originally budgeted in Parks and has been moved to City Growth as these are Investment Properties.

Personnel costs annual forecast is \$479k favourable. This is due to the vacancy factor being allocated across activities.

Finance Costs annual forecast is \$158k favourable. Overall finance costs (interest expense) for Council are favourable. This is due to the overall debt being lower than budget.

Operating and Maintenance annual forecast is \$750k favourable. This is due to the municipal demolition costs that are expected to be undertaken 2019/20.

Other costs annual forecast is \$256k favourable. This is due to the cemetery management system that will not be implemented this year.

Attachment 2

SAFETY

Animal Education and Control | Environmental Health | Alcohol Licensing | Public Safety | Civil Defence
for the nine months ended 31 March 2019

YTD 2017/18	YTD Actual	YTD Forecast	YTD Variance Fav/(Unfav)	Annual Approved Budget	Annual Forecast	Annual Variance Fav/(Unfav)
\$000	\$000	\$000	\$000	\$000	\$000	\$000
Everyday revenue						
(3) Rates	(1)	0	(1)	0	0	0
1,981 Fees and user charges	1,792	1,803	(11)	2,139	2,049	(90)
0 Subsidies and grants	0	0	0	0	0	0
4 Interest revenue	0	0	0	0	0	0
21 Other revenue	15	23	(8)	31	31	0
2,003 Total everyday revenue	1,806	1,826	(20)	2,170	2,080	(90)
Everyday expenses						
2,540 Personnel costs	2,639	2,610	(29)	3,568	3,333	235
65 Depreciation and amortisation	116	151	35	173	173	0
16 Finance costs	0	0	0	0	0	0
829 Operating and maintenance costs	791	833	42	1,176	1,070	106
123 Professional costs	98	131	33	211	143	68
45 Property costs	46	43	(3)	53	53	0
114 Other costs	114	73	(41)	107	107	0
3,728 Total everyday expenses	3,800	3,841	41	5,288	4,879	409
(1,725) Everyday surplus/(deficit)*	(1,994)	(2,015)	21	(3,118)	(2,799)	319
(1,725) OPERATING SURPLUS/(DEFICIT)	(1,994)	(2,015)	21	(3,118)	(2,799)	319

* Everyday surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

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

There are no significant variances to explain.

The comments below explain the variance between annual approved budget and annual forecast where they exceed \$100k.

Personnel costs annual forecast is \$235k favourable. This is due to the vacancy factor being allocated across activities.

Operating and maintenance costs annual forecast is \$106k favourable. Reduction of Tag Busters, Animal Control and City Safe operating costs.

PLANNING AND DEVELOPMENT
City Planning | Planning Guidance | Building Control
for the nine months ended 31 March 2019

YTD 2017/18	YTD Actual	YTD Forecast	YTD Variance Fav/(Unfav)	Annual Approved Budget	Annual Forecast	Annual Variance Fav/(Unfav)
\$000	\$000	\$000	\$000	\$000	\$000	\$000
Everyday revenue						
0 Rates	0	0	0	0	0	0
6,472 Fees and user charges	8,551	8,338	213	9,253	11,162	1,909
0 Subsidies and grants	0	0	0	0	0	0
181 Interest revenue	119	77	42	90	127	37
2 Other revenue	1	0	1	0	0	0
6,655 Total everyday revenue	8,671	8,415	256	9,343	11,289	1,946
Everyday expenses						
5,941 Personnel costs	5,981	6,018	37	8,929	8,315	614
5 Depreciation and amortisation	2	3	1	4	4	0
877 Finance costs	550	549	(1)	749	699	50
209 Operating and maintenance costs	157	238	81	358	283	75
1,409 Professional costs	1,213	1,251	38	2,055	1,421	634
25 Property costs	27	16	(11)	21	21	0
756 Other costs	834	998	164	1,000	1,396	(396)
(66) Internal capital recoveries	(86)	0	86	0	0	0
9,156 Total everyday expenses	8,678	9,073	395	13,116	12,139	977
(2,501) Everyday surplus/(deficit)*	(7)	(658)	651	(3,773)	(850)	2,923
(2,501) OPERATING SURPLUS/(DEFICIT)	(7)	(658)	651	(3,773)	(850)	2,923

* Everyday surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

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

Fees and user charges are \$213k favourable. This is due to increased revenue in the Planning Guidance department from higher activity. This is linked to the reasons for the increase in Building Control revenue and is demand driven.

Professional costs are \$38k favourable. This is largely due to an underspend on professional costs in the City Growth Admin cost centre, which the planning and development group get 32% of. This is due to the timing of the REEP project and how the roll out has occurred. The budget will be spent in the next few months as the project moves into the customer journey mapping phase.

Other costs are favourable by \$164k. This is due to a provision for Weathertight Homes in the budget and the provision is yet to be released.

The comments below explain the variance between annual approved budget and annual forecast where they exceed \$100k.

Fees and user charges annual forecast is \$1,909k favourable. Fees and user charges are \$1,909k favourable. This variance is largely due to higher than budgeted activity for duplexes, townhouses or apartments and large commercial building consents. We have already exceeded our year to date budgeted number of consents by 141% and there are still 4 months remaining in the financial year. As such, we have made a forecast adjustment to revenue to reflect this higher than budgeted consent numbers.

The new district plan encourages building of multiple duplexes, townhouses or apartments on one section. At the time the budget was set there was no historic information on the uptake of this type of development. Therefore, it was difficult to predict the level of consents of this nature which would be processed this financial year. In addition, while information about building of large commercial building may be available to the council, it is difficult to know the financial year

Personnel costs annual forecast is \$614k favourable. This is due to the vacancy factor being allocated across activities.

Professional costs annual forecast is \$634k favourable. This is largely due to underspend in consulting in the City Planning department. The underspend in City Planning is due to a number of factors, including the following:

- Delays in detailed scoping and initiating key projects resulting from structural changes in the City Growth Group
- Delays in commencing work on important plan changes until receiving final authority from Council to initiate key plan changes in the first quarter of 2019
- Delays associated with significant private plan changes applicants wanting to re-schedule expected hearing dates from 2018 until mid to late 2019
- Receiving less than anticipated Special Housing Area requests in the second stage of Expressions of Interest resulting from changes in Government policy

Other costs annual forecast is \$396k unfavourable. This is due to a provision made for a legal claim which the Building Control unit are dealing with. There has also been a \$100k budget added for IT spend in the Building Control department. This is for enhancements to the end to end online building consent process.

for the nine months ended 31 March 2019

YTD 2017/18	YTD Actual	YTD Forecast	YTD Variance Fav/(Unfav)	Annual Approved Budget	Annual Forecast	Annual Variance Fav/(Unfav)
\$000	\$000	\$000	\$000	\$000	\$000	\$000
Everyday revenue						
6,260 Rates	6,703	6,502	201	8,107	8,488	381
(94) Fees and user charges	107	5	102	(215)	(49)	166
0 Subsidies and grants	0	0	0	0	0	0
311 Interest revenue	648	417	231	489	692	203
0 Other revenue	0	0	0	0	0	0
6,477 Total everyday revenue	7,458	6,924	534	8,381	9,131	750
Everyday expenses						
2,657 Personnel costs	2,899	2,897	(2)	4,152	3,884	268
5,284 Depreciation and amortisation	6,214	6,117	(97)	7,662	8,002	(340)
2,409 Finance costs	2,987	2,983	(4)	4,068	3,794	274
2,357 Operating and maintenance costs	2,271	2,434	163	3,448	3,448	0
121 Professional costs	142	252	110	745	745	0
1,246 Property costs	1,314	1,310	(4)	1,754	1,754	0
50 Other costs	52	62	10	82	82	0
(937) Internal capital recoveries	(1,160)	(1,120)	40	(1,494)	(1,494)	0
13,187 Total everyday expenses	14,719	14,935	216	20,417	20,215	202
(6,710) Everyday surplus/(deficit)*	(7,261)	(8,011)	750	(12,036)	(11,084)	952
Capital revenue						
401 Capital contributions	793	796	(3)	50	810	760
401 Total capital revenue	793	796	(3)	50	810	760
(6,309) OPERATING SURPLUS/(DEFICIT)	(6,468)	(7,215)	747	(11,986)	(10,274)	1,712

* Everyday surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

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

Rates are \$201k favourable. Water by meter revenue is favourable due to a higher than anticipated level of water use in some sectors year to date.

Fees and user charges are \$102k favourable. Predominantly due to higher than expected revenue from the water supply's sub-division engineering fees, and a trade waste accrual error has overstated the favourable result.

Interest revenue is \$231k favourable. This is due to term deposits being greater than budget.

Operating and maintenance costs are \$163k favourable. Project planning to be reprogrammed to 2019/2020.

Professional costs are \$110k favourable. Project planning to be reprogrammed to 2019/2020.

The comments below explain the variance between annual approved budget and annual forecast where they exceed \$100k.

Rates annual forecast is \$381k favourable. Water by meter revenue is favourable due to a higher than anticipated level of water use in some sectors to date. This additional revenue will offset the cost of illegal dumping under the Rubbish and Recycling activity.

Fees and user charges annual forecast is \$166k favourable. This is increased subdivision engineering fees (\$76k) and fees for water drawn from hydrants, particularly during February 2019 (\$50k).

Interest revenue annual forecast is \$203k favourable. This is due to term deposits being greater than budget.

Personnel costs annual forecast is \$268k favourable. This is due to the vacancy factor being allocated across activities.

Depreciation and amortisation annual forecast is \$340k unfavourable. This is due to the impact of the three-waters asset revaluation, which resulted in higher than budgeted asset values.

Finance Costs annual forecast is \$274k favourable. Overall finance costs (interest expense) for Council are favourable. This is due to the overall debt being lower than budget.

Capital contributions annual forecast is \$760k favourable. Contributions towards new water connections exceed budget due to higher than budgeted applications. This revenue will offset capital installation costs.

YTD 2017/18	YTD Actual	YTD Forecast	YTD Variance Fav/(Unfav)	Annual Approved Budget	Annual Forecast	Annual Variance Fav/(Unfav)
\$000	\$000	\$000	\$000	\$000	\$000	\$000
Everyday revenue						
(38) Rates	(34)	(31)	(3)	(41)	(41)	0
3,606 Fees and user charges	3,450	3,563	(113)	4,466	4,542	76
0 Subsidies and grants	0	0	0	0	0	0
396 Interest revenue	730	470	260	551	779	228
13 Other revenue	0	0	0	0	0	0
3,977 Total everyday revenue	4,146	4,002	144	4,976	5,280	304
Everyday expenses						
3,092 Personnel costs	3,245	3,362	117	4,941	4,585	356
6,858 Depreciation and amortisation	8,973	8,753	(220)	9,778	11,034	(1,256)
2,358 Finance costs	3,363	3,359	(4)	4,581	4,273	308
4,210 Operating and maintenance costs	4,647	4,642	(5)	6,463	6,413	50
114 Professional costs	311	365	54	742	672	70
1,473 Property costs	1,376	1,364	(12)	2,087	1,897	190
58 Other costs	141	116	(25)	149	149	0
(768) Internal capital recoveries	(984)	(962)	22	(1,283)	(1,283)	0
17,395 Total everyday expenses	21,072	20,999	(73)	27,458	27,740	(282)
(13,418) Everyday surplus/(deficit)*	(16,926)	(16,997)	71	(22,482)	(22,460)	22
Capital revenue						
649 Capital contributions	900	901	(1)	50	915	865
649 Total capital revenue	900	901	(1)	50	915	865
(12,769) OPERATING SURPLUS/(DEFICIT)	(16,026)	(16,096)	70	(22,432)	(21,545)	887

* Everyday surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

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

Fees and charges are \$113k unfavourable. This variance is the result of an accrual error and will be corrected in April 2019.

Interest Revenue is \$260k favourable. This is due to term deposits being greater than budget.

Personnel costs are \$117k favourable. This is predominantly due to short term vacancies within the City Waters team.

Depreciation and amortisation annual forecast is \$220k unfavourable. This is due to the impact of the three-waters asset revaluation, which resulted in higher than budgeted asset values.

The comments below explain the variance between annual approved budget and annual forecast where they exceed \$100k.

Interest Revenue annual forecast is \$228k favourable. This is due to term deposits being greater than budget.

Personnel costs annual forecast is \$356k favourable. This is due to the vacancy factor being allocated across activities.

Depreciation and amortisation annual forecast is \$1.3m unfavourable. This is due to the impact of the three-waters asset revaluation, which resulted in higher than budgeted asset values.

Finance Costs annual forecast is \$308k favourable. Overall finance costs (interest expense) for Council are favourable. This is due to the overall debt being lower than budget.

Property costs annual forecast is \$100k favourable. This is the level of expected energy saving at the Wastewater Treatment Plant, predominantly associated with electricity.

Capital contributions annual forecast is \$865k favourable. Contributions towards new wastewater connections exceed budget due to higher than budgeted applications. This revenue will offset capital installation costs.

for the nine months ended 31 March 2019

YTD 2017/18	YTD Actual	YTD Forecast	YTD Variance Fav/(Unfav)	Annual Approved Budget	Annual Forecast	Annual Variance Fav/(Unfav)
\$000	\$000	\$000	\$000	\$000	\$000	\$000
Everyday revenue						
0 Rates	0	(1)	1	(1)	(1)	0
304 Fees and user charges	222	186	36	202	240	38
0 Subsidies and grants	0	0	0	0	0	0
37 Interest revenue	200	129	71	151	214	63
0 Other revenue	0	0	0	0	0	0
341 Total everyday revenue	422	314	108	352	453	101
Everyday expenses						
1,935 Personnel costs	2,062	2,210	148	3,047	2,969	78
6,100 Depreciation and amortisation	7,184	7,047	(137)	8,776	9,186	(410)
334 Finance costs	919	918	(1)	1,252	1,168	84
700 Operating and maintenance costs	652	568	(84)	765	765	0
162 Professional costs	(47)	10	57	294	132	162
284 Property costs	310	294	(16)	392	392	0
32 Other costs	34	36	2	48	48	0
(728) Internal capital recoveries	(800)	(721)	79	(961)	(961)	0
8,819 Total everyday expenses	10,314	10,362	48	13,613	13,699	(86)
(8,478) Everyday surplus/(deficit)*	(9,892)	(10,048)	156	(13,261)	(13,246)	15
Capital revenue						
150 Capital contributions	415	416	(1)	64	444	380
150 Total capital revenue	415	416	(1)	64	444	380
(8,328) OPERATING SURPLUS/(DEFICIT)	(9,477)	(9,632)	155	(13,197)	(12,802)	395

* Everyday surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

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

Personnel costs are \$148k favourable. This is predominantly due to short term vacancies within the City Waters team.

Depreciation and amortisation annual forecast is \$137k unfavourable. This is due to the impact of the three-waters asset revaluation, which resulted in higher than budgeted asset values.

The comments below explain the variance between annual approved budget and annual forecast where they exceed \$100k.

Depreciation and amortisation annual forecast is \$410k unfavourable. This is due to the impact of the three-waters asset revaluation, which resulted in higher than budgeted asset values.

Professional costs annual forecast is \$162k favourable. \$102k of this is removing the 2017/18 accrual reversal error where capital costs were accrued incorrectly to an operational budget, with the remaining \$60k expected underspend on resource consent compliance.

Capital contributions annual forecast is \$380k favourable. Contributions towards new stormwater connections exceed budget due to higher than budgeted applications. This revenue will offset capital installation costs.

YTD 2017/18	YTD Actual	YTD Forecast	YTD Variance Fav/(Unfav)	Annual Approved Budget	Annual Forecast	Annual Variance Fav/(Unfav)
\$000	\$000	\$000	\$000	\$000	\$000	\$000
Everyday revenue						
3,708 Rates	25	(4)	29	(9)	(9)	0
3,065 Fees and user charges	3,068	2,949	119	3,080	3,852	772
3,347 Subsidies and grants	4,841	4,762	79	6,460	6,532	72
819 Interest revenue	846	545	301	638	902	264
1,858 Other revenue	2,102	2,008	94	2,520	2,678	158
4,684 Plus NZTA capital subsidy on renewals	5,906	5,899	7	5,084	7,400	2,316
17,481 Total everyday revenue	16,788	16,159	629	17,773	21,355	3,582
Everyday expenses						
3,389 Personnel costs	3,941	3,987	46	6,219	5,439	780
14,015 Depreciation and amortisation	13,715	13,904	189	18,652	18,652	0
5,283 Finance costs	3,896	3,890	(6)	5,306	4,949	357
7,621 Operating and maintenance costs	9,281	9,195	(86)	12,269	12,569	(300)
374 Professional costs	337	337	0	1,322	1,072	250
1,772 Property costs	1,716	1,722	6	2,325	2,325	0
660 Other costs	949	928	(21)	772	1,222	(450)
(210) Internal capital recoveries	(1,173)	(1,262)	(89)	(1,683)	(1,683)	0
32,904 Total everyday expenses	32,662	32,701	39	45,182	44,545	637
(15,423) Everyday surplus/(deficit)*	(15,874)	(16,542)	668	(27,409)	(23,190)	4,219
Capital revenue						
1,004 Capital contributions	2,624	2,984	(360)	3,880	1,720	(2,160)
5,395 NZTA capital subsidy	15,421	14,048	1,373	40,096	27,694	(12,402)
(4,684) Less NZTA capital subsidy on renewals	(5,906)	(5,899)	(7)	(5,084)	(7,400)	(2,316)
1,715 Total capital revenue	12,139	11,133	1,006	38,892	22,014	(16,878)
(13,708) OPERATING SURPLUS/(DEFICIT)	(3,735)	(5,409)	1,674	11,483	(1,176)	(12,659)

* Everyday surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

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

Fees and user charges are \$119k favourable. This is mainly due to increased recoveries of costs, such as trench reinstatement fees.

Interest revenue is \$301k favourable. This is due to term deposits being greater than budget.

Depreciation and amortisation annual forecast is \$189k favourable. The favourable result from capital projects not completed for capitalisation at the expected and budgeted timeframe is currently being reassessed to identify correct phasing and/or savings.

Capital contributions are \$360k unfavourable. This is due to the State Highways contribution to the Ring Road as there was less spend over February 2019 and March 2019 than anticipated.

NZTA capital subsidy (excluding renewals) is \$1.4m favourable. (Total capital subsidy is \$1.373m favourable, of which only \$7k favourable relates to subsidy on renewals) This is mainly due NZTA giving the go-ahead to claim for the historical land purchase at Resolution Drive ahead of expectations.

The comments below explain the variance between annual approved budget and annual forecast where they exceed \$100k.

Fees and user charges annual forecast is \$722k favourable. This reflects the favourable trend of Parking fees and recoveries of costs added to infringements (\$362k). \$130k is a one-off recovery for State Highways maintenance early in the year. Favourable trends of additional subdivision engineering fees (\$190k) and Ooh! Media (formerly Adshel) as a result of digital advertising (\$90k) have also been captured.

Interest revenue annual forecast is \$264k favourable. This is due to term deposits being greater than budget.

Other revenue annual forecast is \$158k favourable. Parking infringement trends have been extrapolated to the full year; this is offset by increased cost of collection. There is also a reduction in commercial rents from Jan 2019 while the Transport Centre is renovated.

NZTA capital subsidy on renewals annual forecast is \$2.3m favourable. This is a programme newly approved by NZTA. The Footpath Renewals programme was not eligible for NZTA subsidy at the time budgets were prepared so only costs were included, not the subsidy.

Personnel costs annual forecast is \$780k favourable. Expected savings due to vacancies.

Finance Costs annual forecast is \$357k favourable. Overall finance costs (interest expense) for Council are favourable. This is due to the overall debt being lower than budget.

Operating and maintenance costs annual forecast is \$300k unfavourable. Due to late advice by KiwiRail, work on the Te Kowhai level crossing was unbudgeted.

Professional costs annual forecast is \$250k favourable. An underspend to the end of the year is forecast based on currently signed contracts. An allowance has been made for additional approvals: Parking Management Plan \$75k (G&I approval 23-Oct-18) and Youth Bus initiative \$25k (Council chair), being funded by additional Parking revenue above.

Other costs annual forecast is \$450k unfavourable. Recognition that the budget of sending unpaid Parking infringements to Court (filing fees and commission) was inadequate, especially in light of increased infringements.

Capital contributions annual forecast is \$2.2m unfavourable. Most of this is a deferral to future years of components of the Ring Road project which impacts on the 43.4% State Highways contribution from NZTA (\$2.5m capital revenue deferral). The balance of \$332k is a recategorisation of revenue from an operating grant to a capital contribution; it relates to funds received from WRC for Bus Stop Infrastructure.

NZTA capital subsidy (excluding renewals) annual forecast is \$14.7m unfavourable. (Total capital subsidy is \$12.4m unfavourable, of which \$2.3m favourable relates to subsidy on renewals as explained above, therefore subsidy on capital is \$14.7m unfavourable.) Of this, \$13.1m relates to Capital programmes deferred to future years which attract subsidy. \$1.3m is Thomas-Gordonton intersection subsidy over-budgeted; it has been adjusted for NZTA's Targeted Enhanced Financial Assistance Rate (TEFAR).

RUBBISH AND RECYCLING
Refuse Collection | Waste Minimisation | Landfill Site Management
for the nine months ended 31 March 2019

YTD 2017/18	YTD Actual	YTD Forecast	YTD Variance Fav/(Unfav)	Annual Approved Budget	Annual Forecast	Annual Variance Fav/(Unfav)
\$000	\$000	\$000	\$000	\$000	\$000	\$000
Everyday revenue						
0 Rates	0	0	0	0	0	0
(187) Fees and user charges	(94)	(48)	(46)	(64)	(64)	0
432 Subsidies and grants	474	425	49	566	566	0
15 Interest revenue	16	10	6	12	17	5
320 Other revenue	337	334	3	445	445	0
580 Total everyday revenue	733	721	12	959	964	5
Everyday expenses						
1,020 Personnel costs	1,099	1,124	25	1,595	1,517	78
334 Depreciation and amortisation	426	374	(52)	436	476	(40)
87 Finance costs	73	73	0	1,267	1,261	6
3,698 Operating and maintenance costs	3,909	4,068	159	5,317	5,402	(85)
348 Professional costs	168	163	(5)	247	247	0
35 Property costs	36	51	15	68	68	0
92 Other costs	49	115	66	(1,486)	(1,386)	(100)
(170) Internal capital recoveries	(75)	(81)	(6)	(108)	(108)	0
5,444 Total everyday expenses	5,685	5,887	202	7,336	7,477	(141)
(4,864) Everyday surplus/(deficit)*	(4,952)	(5,166)	214	(6,377)	(6,513)	(136)
(4,864) OPERATING SURPLUS/(DEFICIT)	(4,952)	(5,166)	214	(6,377)	(6,513)	(136)

* Everyday surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

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

Operating and maintenance costs are \$159k favourable. This is predominantly due to timing of waste minimisation grant payments and education and engagement programmes scheduled now to be implemented in the last quarter.

The comments below explain the variance between annual approved budget and annual forecast where they exceed \$100k.

Other costs annual forecast is currently \$100k unfavourable. This is due to a reclassification of the waste minimisation grant offset to Operating and maintenance costs.

YTD 2017/18	YTD Actual	YTD Forecast	YTD Variance Fav/(Unfav)	Annual Approved Budget	Annual Forecast	Annual Variance Fav/(Unfav)
\$000	\$000	\$000	\$000	\$000	\$000	\$000
Everyday revenue						
(179) Rates	(194)	(199)	5	(265)	(265)	0
917 Fees and user charges	696	754	(58)	969	969	0
0 Subsidies and grants	75	38	37	0	38	38
1 Interest revenue	0	0	0	0	0	0
1,606 Other revenue	1,965	1,793	172	2,247	2,405	158
2,345 Total everyday revenue	2,542	2,386	156	2,951	3,147	196
Everyday expenses						
12,887 Personnel costs	13,752	13,453	(299)	18,552	17,954	598
4,271 Depreciation and amortisation	4,343	4,613	270	6,337	6,337	0
51 Finance costs	45	53	8	70	70	0
471 Operating and maintenance costs	726	645	(81)	928	858	70
1,721 Professional costs	1,508	1,888	380	5,262	5,232	30
714 Property costs	820	734	(86)	979	979	0
6,361 Other costs	6,661	6,731	70	8,890	9,004	(114)
(374) Internal capital recoveries	(377)	(258)	119	(343)	(343)	0
26,102 Total everyday expenses	27,478	27,859	381	40,675	40,091	584
(23,757) Everyday surplus/(deficit)*	(24,936)	(25,473)	537	(37,724)	(36,944)	780
(23,757) OPERATING SURPLUS/(DEFICIT)	(24,936)	(25,473)	537	(37,724)	(36,944)	780

* Everyday surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

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

Other revenue is \$172k unfavourable. Income received for properties purchased in Victoria Street (Central City Park) was originally budgeted in Parks and has been moved to City Growth as these are Investment Properties.

Personnel costs is \$299k unfavourable. Additional costs associated with the inclusion of the GM Growth Funding and Analytics, which was a role established and not entered into the 10YP budget. Also includes contracted staff backfill positions of staff involved in the project Kookiri financial systems upgrade.

Depreciation and amortisation is \$270k favourable. The favourable result from capital projects not completed for capitalisation at the expected and budgeted timeframe is currently being reassessed to identify correct phasing and/or savings.

Professional costs are \$380k favourable. Market research and Information Services projects will start later than budgeted. There is also an underspend in consultants across Smart Hamilton Initiatives. This will be spent in the coming months.

The comments below explain the variance between annual approved budget and annual forecast where they exceed \$100k.

Other revenue annual forecast is \$158k favourable. Income received for properties purchased in Victoria Street (Central City Park) was originally budgeted in Parks and has been moved to City Growth as these are Investment Properties.

Personnel costs annual forecast is \$598k favourable. This is due to the vacancy factor. The overall reduction is due to vacant roles that have occurred throughout the year and will contribute to the vacancy savings allocation. This is partially offset by the inclusion of salary for the GM Growth Funding and Analytics which was a role established and not entered into the 10YP budget.

Other costs annual forecast is \$114k unfavourable. This is due to the ongoing licence and IT support for the DC Growth Model. This cost was intended to be included in the 10 Year Plan but was incorrectly excluded.

GENERAL
for the nine months ended 31 March 2019

YTD 2017/18	YTD Actual	YTD Forecast	YTD Variance Fav/(Unfav)	Annual Approved Budget	Annual Forecast	Annual Variance Fav/(Unfav)
\$000	\$000	\$000	\$000	\$000	\$000	\$000
Everyday revenue						
110,213 Rates	127,717	127,615	102	171,424	171,994	570
0 Fees and user charges	0	0	0	0	0	0
0 Subsidies and grants	0	0	0	0	0	0
0 Interest revenue	0	0	0	0	0	0
451 Other revenue	390	335	55	4,337	1,620	(2,717)
0 Plus NZTA capital subsidy on renewals	0	0	0	0	0	0
5,740 Less DC interest	5,574	4,598	976	6,131	6,131	0
0 Less HIF fair value benefit	(169)	(115)	(54)	(4,233)	(1,400)	2,833
116,404 Total everyday revenue	133,512	132,433	1,079	177,659	178,345	686
Everyday expenses						
0 Personnel costs	0	0	0	0	0	0
0 Depreciation and amortisation	0	0	0	0	30	(30)
(388) Finance costs	(255)	(232)	23	197	(142)	339
(19) Operating and maintenance costs	6	(83)	(89)	526	539	(13)
0 Professional costs	0	0	0	0	0	0
0 Property costs	0	0	0	0	0	0
0 Other costs	0	(312)	(312)	(4,000)	(624)	(3,376)
0 Less HIF discounting	(10)	(1)	9	(197)	(91)	(106)
(407) Total everyday expenses	(259)	(628)	(369)	(3,474)	(288)	(3,186)
116,811 Everyday surplus/(deficit)*	133,771	133,061	710	181,133	178,633	(2,500)
Capital revenue						
20,745 Development contributions	17,393	13,138	4,255	17,518	17,518	0
(5,740) Less DC interest (everyday revenue section)	(5,574)	(4,598)	(976)	(6,131)	(6,131)	0
36,357 Vested assets	19,158	22,500	(3,342)	30,000	30,000	0
51,362 Total capital revenue	30,977	31,040	(63)	41,387	41,387	0
0 HIF fair value and discounting adjustment	0	0	0	4,036	1,309	2,727
168,173 OPERATING SURPLUS/(DEFICIT)	164,748	164,101	647	226,556	221,329	227
1,590						0

* Everyday surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

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

Rates is \$102k favourable. Due to unexpected growth.

DC interest is \$976k favourable. This is due to the DC interest budget being set before a final DC interest figure could be accurately calculated.

Other costs \$312k unfavourable. Credit budget that represents efficiency savings that have been identified in other activities.

Development contributions (net of DC interest) is \$4,255k favourable. Council have experienced high growth activity in the first eight months of the financial year, which has meant higher than expected DC revenue.

Vested assets are \$3,342k unfavourable. The annual budget for vested assets is \$30M and the budget phasing assumes an even amount of revenue each month. In practice, vested assets revenue is unpredictable in its timing.

The comments below explain the variance between annual approved budget and annual forecast where they exceed \$100k.

Rates annual forecast is \$570k favourable. Due to unexpected growth.

Other revenue annual forecast is \$2.72m unfavourable. \$2.83m is due to the reduced draw down on Housing Infrastructure Fund (HIF) due to project deferral. This is partially offset by dividend increase received from the Waikato Airport.

HIF fair value benefit annual forecast is \$2.83m favourable. Elimination of non cash benefit associated with the Housing Infrastructure Fund (HIF) draw down.

Finance Costs annual forecast is \$339k favourable. Overall finance costs include interest revenue as surplus borrowings have been reinvested.

Other costs annual forecast is \$3,376k unfavourable. This represents vacancy factor savings that have been deducted from activity salary budgets.

HIF fair value discounting is \$106k unfavourable. Discounting adjustment associated with the elimination of non cash benefit associated with the Housing Infrastructure Fund (HIF) draw down.

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE
FOR THE NINE MONTHS ENDED 31 MARCH 2019

Attachment 1

YTD 2017/18		YTD Actual	YTD Forecast	YTD Variance Fav/(Unfav)	Annual Approved Budget	Annual Forecast	Annual Variance Fav/(Unfav)
\$000		\$000	\$000	\$000	\$000	\$000	\$000
	Revenue						
	Operating revenue						
120,366	Rates	134,698	134,268	430	179,713	180,665	952
28,232	Fees and user charges	30,255	29,017	1,238	35,284	37,909	2,625
3,948	Subsidies and grants	5,446	5,293	153	7,120	7,229	109
2,466	Interest revenue	3,280	2,113	1,167	2,475	3,500	1,025
5,176	Other revenue	5,661	5,375	286	10,860	8,325	(2,535)
160,188	Total Operating revenue	179,340	176,066	3,274	235,452	237,628	2,176
	Capital revenue						
20,749	Development contributions	17,395	13,138	4,257	17,518	17,518	-
9,297	Capital revenue	20,207	19,145	1,062	44,840	32,283	(12,557)
36,357	Vested assets	19,158	22,500	(3,342)	30,000	30,000	-
66,403	Total Capital revenue	56,760	54,783	1,977	92,358	79,801	(12,557)
226,591	Total revenue	236,100	230,849	5,251	327,810	317,429	(10,381)
	Expenses						
55,839	Personnel costs	58,324	58,676	352	83,168	78,701	4,467
48,091	Depreciation and amortisation expense	52,873	52,873	-	68,473	70,679	(2,206)
14,628	Finance costs	14,895	14,905	10	22,010	20,287	1,723
28,218	Operating and maintenance costs	32,462	32,368	(94)	46,466	44,919	1,547
5,477	Professional costs	5,095	6,015	920	13,268	12,030	1,238
9,142	Administration costs	8,805	9,264	459	6,582	10,690	(4,108)
8,607	Property costs	8,747	8,737	(10)	12,067	11,871	196
170,002	Total expenses	181,201	182,838	1,637	252,034	249,177	2,857
56,589	Operating surplus/(deficit)	54,899	48,011	6,888	75,776	68,252	(7,524)
	Gains and losses						
(2,275)	Net gain/(loss) on revaluation of interest rate swaps	(9,657)	-	(9,657)	-	-	-
198	Gain on fair value of investment properties	-	47	(47)	565	565	-
(1,157)	Property, plant and equipment net gain/(loss)	(2,086)	-	(2,086)	-	-	-
(3,234)	Total gains and losses	(11,743)	47	(11,790)	565	565	
53,355	Total surplus/(deficit)	43,156	48,058	(4,902)	76,341	68,817	(7,524)

Refer to Activity Statements for variances against budget.

**BALANCING THE BOOKS RESULT
FOR THE NINE MONTHS ENDED 31 MARCH 2019**

Attachment 1

YTD 2017/18		YTD Actual	YTD Forecast	YTD Variance Fav/(Unfav)	Annual Approved Budget	Annual Forecast	Annual Variance Fav/(Unfav)
\$000		\$000	\$000	\$000	\$000	\$000	\$000
53,355	Surplus/(deficit)	43,156	48,058	(4,902)	76,341	68,817	(7,524)
	Remove capital revenue						
(36,357)	Vested assets	(19,158)	(22,500)	3,342	(30,000)	(30,000)	-
(15,009)	Part of development and financial contributions	(11,821)	(8,540)	(3,281)	(11,387)	(11,387)	-
(712)	Capital subsidy (excluding subsidy on transport renewals)	(9,515)	(8,149)	(1,366)	(35,012)	(20,294)	14,718
(3,902)	Other capital contributions	(4,786)	(5,097)	311	(4,744)	(4,589)	155
-	Other items not considered everyday operating revenue	(169)	(115)	(54)	(4,233)	(1,400)	2,833
	Remove (gains)/losses						
3,234	All (gains)/losses	11,743	(47)	11,790	(565)	(565)	-
	Remove other expenses						
-	Other items not considered everyday operating expense:	10	1	9	197	91	(106)
609	Everyday surplus/(deficit)	9,460	3,611	5,849	(9,403)	673	10,076

**LOCAL GOVERNMENT BALANCING THE BOOKS MEASURE
FOR THE NINE MONTHS ENDED 31 MARCH 2019**

YTD 2017/18		YTD Actual	YTD Forecast	YTD Variance Fav/(Unfav)	Annual Approved Budget	Annual Forecast	Annual Variance Fav/(Unfav)
\$000		\$000	\$000	\$000	\$000	\$000	\$000
53,355	Surplus/(deficit)	43,156	48,058	(4,902)	76,341	68,817	(7,524)
	Adjustments for the Local Government Regulations measure						
(198)	Gains excluding gains on investment properties	-	(47)	47	(565)	(565)	-
4,824	Losses	12,916	-	12,916	-	-	-
(20,749)	Development and financial contributions	(17,395)	(13,138)	(4,257)	(17,518)	(17,518)	-
(36,357)	Vested assets	(19,158)	(22,500)	3,342	(30,000)	(30,000)	-
(52,480)	Total adjustments	(23,637)	(35,685)	12,048	(48,083)	(48,083)	-
875	LG Regulations balancing the books surplus/(deficit)	19,519	12,373	7,146	28,258	20,734	(7,524)

**STATEMENT OF FINANCIAL POSITION
FOR THE NINE MONTHS ENDED 31 MARCH 2019**

Attachment 1

YTD 2017/18		Note	Actual	Annual Budget
\$000			\$000	\$000
	Assets			
	Current assets			
18,152	Cash and cash equivalents		77,249	49,500
11,804	Receivables	1	18,720	17,910
1,972	Prepayments		2,432	1,670
159	Inventory		126	160
6,040	Other financial assets	2	2,077	2,125
38,127	Total current assets		100,604	71,365
	Non-current assets			
3,882,472	Property, plant and equipment		4,172,196	4,371,324
21,016	Intangible assets		18,680	22,283
22,059	Investment property		25,255	23,175
	Other financial assets		-	-
15,851	- Investment in CCOs and other similar entities		9,823	8,978
34,490	- Other investments		5,680	5,500
50,341	Total other financial assets		15,503	14,478
	Investment in associates		7,430	7,430
737	Derivative financial instruments	4	1,002	
3,976,625	Total non-current assets		4,240,066	4,438,690
4,014,752	Total assets		4,340,670	4,510,055
	Liabilities			
	Current liabilities			
27,056	Payables and deferred revenue		31,796	33,250
5,204	Employee entitlements		8,161	6,420
1,194	Provisions		1,503	337
98,372	Borrowings	3	12,500	83,300
270	Derivative financial instruments	4	546	4,628
132,096	Total current liabilities		54,506	127,935
	Non-current liabilities			
1,122	Employee entitlements		966	1,100
14,296	Provisions		15,100	24,413
250,909	Borrowings	3	387,428	427,194
32,891	Derivative financial instruments	4	42,735	19,025
299,218	Total non-current liabilities		446,229	471,732
431,314	Total liabilities		500,735	599,667
3,583,438	Net assets		3,839,935	3,910,388
	Equity			
1,742,930	Accumulated funds		1,840,484	1,801,331
1,840,508	Other reserves		1,999,452	2,109,057
3,583,438	Total equity attributable to Hamilton City Council		3,839,936	3,910,388
3,583,438	Total equity		3,839,936	3,910,388

**NOTES TO THE STATEMENT OF FINANCIAL POSITION
FOR THE NINE MONTHS ENDED 31 MARCH 2019**

Attachment 1

Attachment 2

Item 8

Note 1: Rates and debtors receivables

	Actual			Actual Mar-2018		
	\$000	\$000	\$000	\$000	\$000	\$000
Rates	Rates	Arrears	Total	Rates	Arrears	Total
Balance as at 1 July	(2,355)	3,319	964	(2,037)	3,302	1,265
Instalments to date	153,351	-	153,351	134,757	-	134,757
Penalties, adjustments & postponed	771	-	771	883	-	883
Government rebate	(1,240)	-	(1,240)	(1,145)	-	(1,145)
Council hardship	(228)	-	(228)	(229)	-	(229)
Other remissions	(5,981)	-	(5,981)	(3,373)	-	(3,373)
Rates receipts	(146,115)	(3,003)	(149,119)	(129,786)	(3,046)	(132,832)
Balance as at 30 June	(1,798)	316	(1,482)	(929)	255	(674)
Water by meter			1,422			1,327
Sundry debtors						
Debtors			2,299			3,118
Rentals			440			389
Rates rebates Internal Affairs			43			137
NZTA			4,503			1,389
H3 debtors			1,521			855
GST refund			-			0
			8,806			5,888
Debtor accruals			9,483			4,395
Parking			3,233			3,390
Provision for doubtful debts			(2,742)			(2,522)
Total Rates and debtors receivables			18,721			11,804

Sundry debtors ageing	Actual		Actual Mar-2018	
	\$000		\$000	
	as at 31 March 2019		as at 28 March 2018	
Current	7,506		4,371	
0-30 days	425		717	
30-60 days	82		228	
60-90 days	40		51	
>90 days	712		520	
	8,764		5,888	

Note 2: Other financial assets - current

	Actual	Actual Mar-2018
	\$000	\$000
Term deposits	-	6,040
Loan investments	2,077	-
Total other financial assets - current	2,077	6,040

Note 3: Borrowings

	Actual	Annual budget	Actual Mar-2018
	\$000	\$000	\$000
Borrowings - current	12,500	83,300	98,372
Borrowings - non-current	387,428	427,194	250,909
Total external debt	399,928	510,494	349,281

Note 4: Derivative financial instruments

	Actual	Annual budget	Actual Mar-2018
	\$000	\$000	\$000
Interest rate Swaps (current asset)	-	-	-
Interest rate Swaps (non-current asset)	(1,002)	-	-
Interest rate Swaps (current liability)	546	4,628	(1)
Interest rate Swaps (non-current liability)	42,735	19,025	270
Total net derivative financial instrument liabilities	42,279	23,653	32,891

TREASURY REPORT

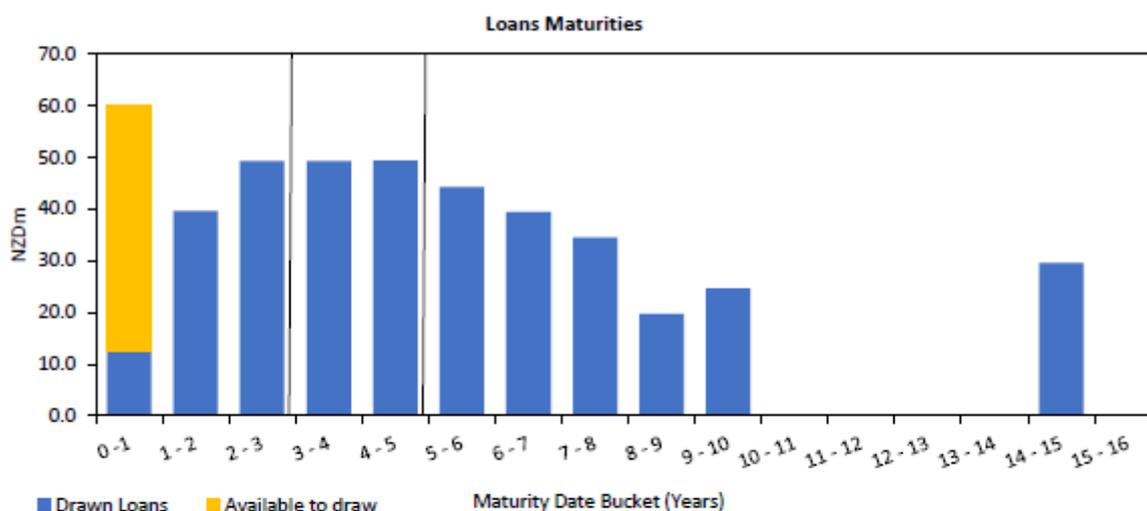
for the nine months ended 31 March 2019

Policy Compliance	Policy	Result @ 31-Mar-19	Policy Compliance
Fixed rate debt maturity	all years	within annual parameters	achieved for all years ✓
Funding maturity	0 - 3 years	15% - 60%	34% ✓
	3 - 5 years	15% - 60%	22% ✓
	5 years plus	10% - 60%	44% ✓
Liquidity ratio	minimum	110%	114% ✓
Counterparty credit risk	maximum	\$75m per bank	achieved ✓

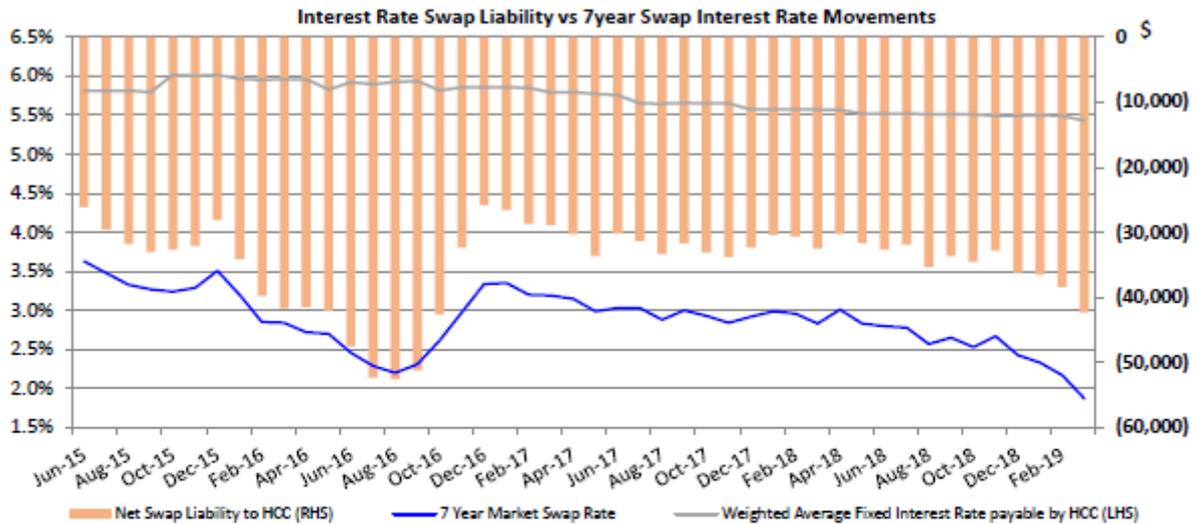
Comments on policy breaches

There are no breaches of policy.

Fixed rate debt maturity



Debt and Cash Investment (\$000)	Result @ 31-Mar-19	Budget @ 30-Jun-19	Variance Fav/(Unfav)
External debt	399,928	510,494	110,566
less Cash investments	(82,979)	(55,000)	27,979
Net debt	316,949	455,494	138,545
Gross cost of funds (12 month rolling average)	4.74%	4.31%	-0.43%



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

Definitions

Fixed rate debt maturity is a 15 year forward looking policy that guides our fixed and floating rate mix and shows how we are tracking.

Funding maturity is a policy that guides our debt maturity and the purpose is to spread our debt maturities. There are three policy tranches.

Liquidity ratio is a measure to show that in an event that we will need short term cash we will be sufficiently covered.

Counterparty credit risk is a measure that acts to spread all our treasury transactions across banks to reduce risk of having all our eggs in one basket.

External debt is all debt held externally with LGFA, banks, MBIE and lease liabilities.

Cash investments is the total of all amounts in our bank account (General and Treasury account), term deposits and LGFA borrower notes. (1.6% of all LGFA loans held by LGFA as an investment for HCC).

Gross cost of funds shows our actual interest expense over average debt.

Swaps are financial instruments that basically swap a floating rate for a fixed rate (vice versa). We use these to provide us certainty in fixing interest rates.

Swap liability is our unrealised loss on swaps and totals each swap difference between deal date rate and market value for a certain period. Can only be realised if a swap is broken.

Council Report

Item 9

Committee: Finance Committee

Date: 23 May 2019

Author: Katy Nudd

Authoriser: Sean Hickey

Position: Business Planning Analyst

Position: General Manager Strategy and Communications

Report Name: 10-Year Plan 2018-28 Non-financial Organisational Performance Reporting Quarter Three

Report Status	<i>Open</i>
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Purpose

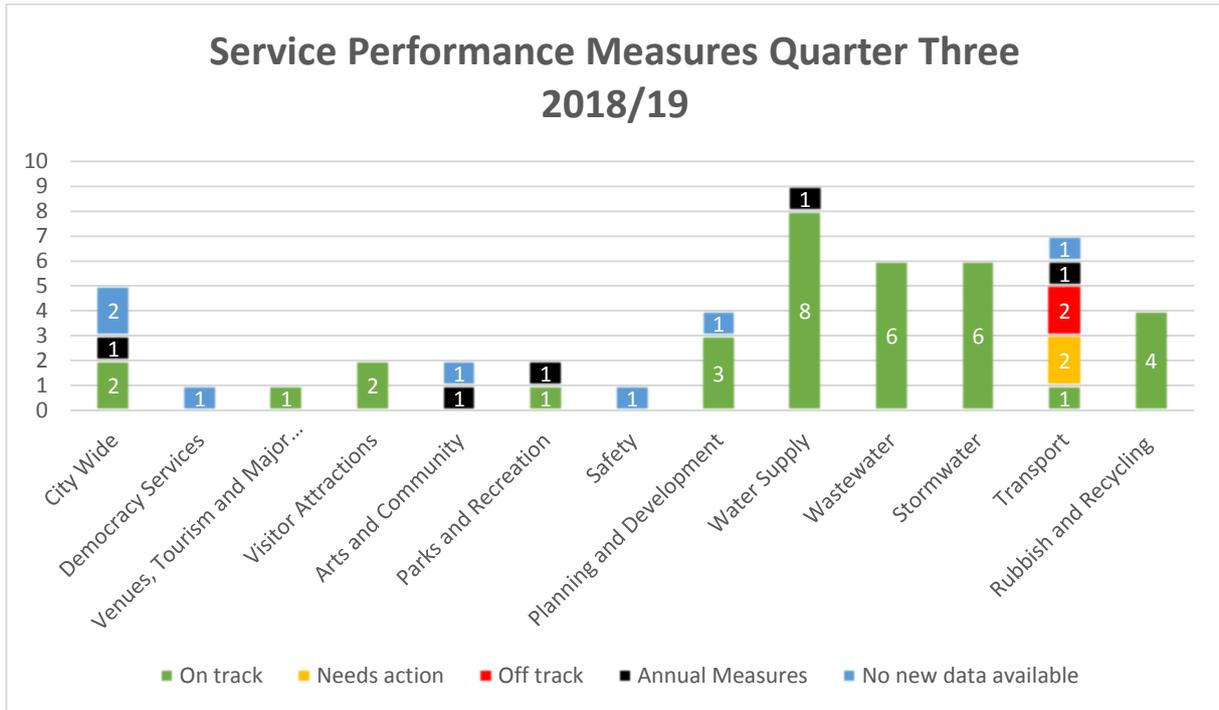
1. To inform the Finance Committee on the quarter 3 (January – March 2019) Non-Financial Organisational Performance results from Year 1 of the 2018-28 10-Year Plan.

Staff Recommendation

That the Finance Committee receives the report.

Executive Summary

2. This report is to update Council on the results from quarter three (January – March 2019) for the Service Performance Measures.
3. The structure of the report has been set to provide an overview of each activity, the community focused non-financial indicators and key highlights for each activity.
4. There are 50 outcome performance indicators. The progress as at the end of quarter three (January – March 2019) is:
 - 34 (68%) on track to achieve the annual target (Green);
 - 2 (4%) need corrective action to get back on track (Orange);
 - 2 (4%) are off track (Red);
 - 7 (16%) have no new data available (Blue); and
 - 5 (8%) no data reported yet as they are annual (Black)
5. A summary of the progress of each 10-Year Plan Activity is shown in the below graph.



Background

6. The 10-Year Plan 2018-28 was adopted in June 2018. It sets out the outcomes we aim to deliver for our community, through the activities we undertake. Within each activity outlined in the 10-Year Plan, we have nominated key non-financial performance indicators as progress markers towards the achievement of the outcomes. In the 10-Year Plan 2018-28, the non-financial performance indicators selected focus on measures that indicate delivery of outcomes to the community.
7. We are required to report back to the community every year in the Annual Report on the non-financial performance indicators. Council receives an interim report for quarters 1-3 at the Finance Committee on the progress of the non-financial indicators. With the year end position forming part of the Annual Report.
8. Key highlights for each activity are now being captured in the organisational performance indicators system and reported to Council alongside the non-financial performance indicators.

Cultural Considerations

9. No cultural considerations have been identified relevant to the matters in this report.

Significance & Engagement Policy

Significance

10. Having considered the Significance and Engagement Policy, staff have assessed that the report has a low level of significance.

Engagement

11. Given the low level of significance determined, the engagement level is low. No engagement is required.

Attachments

Attachment 1 - 10-Year Plan 2018-28 Non-financial Organisational Performance Reporting Q3 2018
19 .

Item 9

DELIVERING ON OUR COMMUNITY OUTCOMES

Our community outcomes are:

A great river city: Our city embraces its natural environment and has green spaces, features and community facilities that make it a great place to live, work, play and visit.

A city that embraces growth: Our city has infrastructure that meets our current demands, supports growth and helps build a strong economy.

A council that is best in business: Our council is customer focused, financially sustainable and has the best people delivering the best outcomes for the city.

In the 10-Year Plan we said we would measure our progress towards these outcomes by the following indicators:

What we are Measuring	Target	Actual Performance	
We want to know what Hamiltonians think of our city.	Maintain or increase on the 81% of residents who think Hamilton is a great place to live.	The next Quality of Life survey will be in 2020. 	
	Maintain or increase on the 60% of residents are proud of how Hamilton looks and feels.	The next Quality of Life survey will be in 2020. 	
What we are Measuring	Target	Actual Performance	Forecast Year End Position
The Gross Domestic Product (GDP) of Hamilton.	The annual average percentage change in the GDP growth for Hamilton, is greater than 2.8%.	An estimate by Infometrics has Hamilton economic growth at 3.30% over the 12 months to December 2018. 	We expect Hamilton to be in line with national forecasted GDP growth of a little below 3%. 
	The result presented is at December 2018 due to a time lag between when the data is available from Infometrics. The December 2018 quarter estimate provided by Infometrics had Hamilton City's GDP 12-month growth forecast as being above the NZ provisional estimate of 2.7%.		
What we are Measuring	Target	Actual Performance	Forecast Year End Position
Our debt to revenue ratio in the Financial Strategy.	The Financial Strategy net debt to revenue ratio limit is 230%. To achieve this the 2018/19 forecast net debt to revenue ratio is 165%.	For the nine months ended 30 March 2019, our net debt to revenue ratio was 121%. 	We expect to remain within the Financial Strategy limit. 
	Since the last quarter, the 2018/19 net debt to revenue ratio forecast has moved from 132% to 121% and remains on-track. Deferral of capital projects into future years has had a positive impact on Council's financial strategy limits, including the debt to revenue ratio.		

What we are Measuring	Target	Actual Performance	Forecast Year End Position
How positively our customers rate when asked about how easy we are to do business with.	This is a new measure and 2018/19 will be used to set a baseline.	Customer Point of Service Surveying is underway with the first surveying taking place in December. We are on track to provide baseline information and set targets for next year. 	

DEMOCRACY SERVICES

The Democracy Services activity is about how we provide Hamiltonians with excellent governance and sound leadership for the city.

In the 10-Year Plan we said we would measure how we deliver this activity by:

What we are Measuring	Target	Actual Performance
How many residents believe we make decisions that are in the best interests of the city.	Maintain or increase on the 47% of residents who think we make decisions that are in the best interests of the city.	The next Quality of Life survey will be in 2020. 

We have been working on delivering the aspirations we stated in the 10-Year Plan as demonstrated by the following highlights.

Highlights
<p>Planning for Elections 2019 has begun. A project plan and communications plan have been developed and the Elections page on the HCC website has been launched. A dedicated website for the Hamilton local government elections is being developed and is expected to launch in the next couple of months.</p> <p>The Council adopted refreshed Standing Orders (meeting proceedings and conduct protocols) in March 2019. The 2014 version of Standing Orders has been substantially rewritten to ensure the document remains relevant and to make it easier for Elected Members, staff and the public to understand both the intent and the application of provisions. The refreshed Standing Orders have been 'plain-languaged', readability and navigation between sections has been improved, greater clarity of meaning and application has been provided and clauses have been added to address gaps in the 'old' Standing Orders.</p>

VENUES, TOURISM AND MAJOR EVENTS

The Venues, Tourism and Major Events activity is about showcasing and leveraging Hamilton's event venues, visitor attractions and services. It includes Claudelands, FMG Stadium Waikato, Seddon Park, i-SITE Visitor Information Centre and tourism and event funding.

In the 10-Year Plan we said we would measure how we deliver this activity by:

What we are Measuring	Target	Actual Performance	Forecast Year End Position
The use of the stadia (FMG Stadium Waikato and Seddon Park) and Claudelands	Over 438,000 people will attend events at the stadia and Claudelands.	Between January – March 174,099 people attended events. Year to date; 409,083 people have attended events.	We expect to exceed the target of 438,000 with a forecast of 549,000 attendees.
	<p>H3 Venues hosted a wide variety of events between January – March 2019. There were more events, hire days and attendees compared to the previous year. The attendees' variance is driven by more people attending the 2019 HSBC NZ Sevens 2019 than in 2018, plus additional impact events, such as Nitro Circus at FMG Stadium Waikato.</p> <p>The updated forecast of 549,000 attendees is based on bookings in the system which indicates estimated attendance of 543,500 (based on YTD actuals, forecast attendees entered and a cancellation probability factored in) plus additional attendees (5,500) forecasted on expected future bookings, modelled off historical data. The forecast will continue to be adjusted throughout the year.</p>		

We have been working on delivering the aspirations we stated in the 10-Year Plan as demonstrated by the following highlights.

Highlights
<p>Between January – March 2019, H3 attracted and delivered 240 events in total, spread across various event types - business events, exhibitions, performance and sports.</p> <p>In 2018/19, 11 events were approved to receive funding from the Event Sponsorship Fund totalling \$312,000. Between January - March, the following sponsored events took place in Hamilton:</p> <ul style="list-style-type: none"> • North Island Colgate Games • Hamilton Gardens Arts Festival • Balloons Over Waikato

VISITOR ATTRACTIONS

The Visitor Attractions activity is about providing our community and visitors with memorable experiences. The activity includes the Hamilton Gardens, Waikato Museum and Hamilton Zoo.

In the 10-Year Plan we said we would measure how we deliver this activity by:

What we are Measuring	Target	Actual Performance	Forecast Year End Position
Residents and non-residents interest in the range of programmes and experiences we offer.	Maintain or increase visitation to the Hamilton Enclosed Gardens. This is a new measure and 2018/19 will be used to set a baseline.	Between January – March 2019 149,949 people visited the Enclosed Garden. Year to date 372,052 people have visited the enclosed gardens.	The target for the year is expected to be achieved.
	Favourable weather conditions and a significant increase in visitor numbers during January compared with the previous year saw the Hamilton Enclosed Gardens welcome 149,949 visitors (7.1% ahead of the target for the quarter). We are monitoring the number of people visiting the enclosed gardens to determine the 2019/20 baseline target. The is data is collected via track counters. Previous 10-Year Plan measures included visitation numbers to the whole Hamilton Garden complex.		
	At least 250,000 visitations to the Waikato Museum and Hamilton Zoo.	Between January – March 2019 the combined visitation for Hamilton Zoo and Museum is 72,649. This breaks down to; Waikato Museum 36,841. Hamilton Zoo 35,808. Year to date there has been combined visitation of 207,505 people. This breaks down to; Waikato Museum 98,701 Hamilton Zoo 108,804	Hamilton Zoo and Waikato Museum remain on track to achieve their combined visitation target for 2018/19.
Visitation to Hamilton's premium attractions has continued to increase with the Hamilton Zoo and Waikato Museum combined visitation up 8.4% on this quarter's target.			

We have been working on delivering the aspirations we stated in the 10-Year Plan as demonstrated by the following highlights.

Highlights

The Hamilton Gardens Arts Festival took place during February-March and saw 139 performances over 10 days across 54 acres. 6,710 people attended ticketed shows and over 30,000 attended free or by koha events of which an estimated 5,000 attended the Twilight Symphony. New programming initiatives to inspire the 18-30 year-old audience delivered promising outcomes and provides a foundation to build on.

The Waikato Museum provided 46 public programmes with 3,887 attendees between January - March. The Children's Day event in March saw an impressive 1,200 visitors in one day.

Anecdotal feedback was overwhelmingly positive that the 50 Greatest Photographs of National Geographic exhibition attributed to increased visitor numbers, with an increase of 12% during this period compared to the same period the previous year. Scarface Claw has also been a popular exhibition for all ages. The book signing by Dame Lynley Dodd exceeded all expectations with over 330 books being signed.

Hamilton Zoo has been busy with the filming of a kids travel web series, 'Fanimals', and an international TV commercial all filmed during February and March. The Zoo also saw several successful animal transfers including Red Panda, Tenzing whose latest adventure saw him transfer to Tasmania Zoo as part of the breeding program to continue the conservation efforts for the species. Media exposure and engagement has been great this quarter with the Waikato Times documenting summer time at the Zoo and the Zoo's upcoming 50th anniversary, as well as the Zoo's Facebook followers ticking over the 13,000 mark.

ARTS AND COMMUNITY

The Arts and Community activity is about providing community facilities and development assistance. The activity includes Community Development, Libraries, Arts promotion and Theatre.

In the 10-Year Plan we said we would measure how we deliver this activity by:

What we are Measuring	Target	Actual Performance	Forecast Year End Position
How satisfied our customers are with our libraries.	The percentage of customers satisfied with libraries. This is a new measure and 2018/19 will be used to set a baseline.	Customer Point of Service Surveying is underway with the first surveying taking place in December 2018. We are on track to provide baseline information and set targets for next year.	
			
What we are Measuring	Target	Actual Performance	
The number of residents who feel a sense of community with others in their neighbourhood.	Maintain or increase on the 56% of residents who feel a sense of community with others in their neighbourhood.	The next Quality of Life survey will be in 2020.	
			

We have been working on delivering the aspirations we stated in the 10-Year Plan as demonstrated by the following highlights.

Highlights
A Funding Expo was held at the Hamilton Gardens Pavilion during March providing an opportunity for community groups to connect with funders. Over 500 people attended this event which was organised and hosted by a collaborative group of funders.
Hamilton Libraries have delivered and hosted several diverse events with a focus on inclusion. The annual Summer Reading Programme, a school holiday literacy initiative had over 500 children participating and resulted in over 4,000 reading hours throughout January. The introduction of a Rainbow Storytime celebrated diversity and inclusion with books from our collection read and shared by Drag Queens Erica and Coco Flash.
The Libraries team have also worked with the Waikato Women's Refuge to launch their book "Stand by Me". Over 120 people attended the launch which included a speech by Hon Nanaia Mahuta who gave an overview of the involvement with Waikato Women's Refuge.

PARKS AND RECREATION

The Parks and Recreation activity is about ensuring access to a wide range of recreational and leisure activities and attractive outdoor spaces for all Hamiltonians to enjoy. The activity includes community parks, natural areas, streetscapes, sports parks, cemeteries and crematorium, pools and indoor recreation.

In the 10-Year Plan we said we would measure how we deliver this activity by:

What we are Measuring	Target	Actual Performance	Forecast Year End Position
How accessible parks and open spaces are across the city.	76% of households that have access to a neighbourhood park or open space within 500 metres walking distance.	Total residential households within 500m walking distance to a neighbourhood reserve is 79.11% up from 77.51% in 2017/18. We have had 3 new reserves come online. <ul style="list-style-type: none"> One in Rototuna – due to increased accessibility. One in Peacocke – An increased subdivision has been completed and the residential coverage has increased One in Ruakura – due to increased accessibility and also increased subdivision of residential land. 	
What we are Measuring	Target	Actual Performance	Forecast Year End Position
How satisfied customers are with pools and community facilities.	The percentage of customers satisfied with pools and community facilities. This is a new measure and 2018/19 will be used to set a baseline.	Customer Point of Service Surveying is underway with the first surveying taking place in December 2018. We are on track to provide baseline information and set targets for next year. 	

We have been working on delivering the aspirations we stated in the 10-Year Plan as demonstrated by the following highlights.

Highlights
The Open Spaces and Facilities team held three successful drop-in sessions for the public and stakeholders involving playgrounds, skateparks and the Biodiversity Strategy. These sessions have been a great way to interact and gain ideas from the residents who use our open spaces and facilities.
After sending out a questionnaire to all registered dog owners and the wider public, Innes Common has been selected as the existing dog park where a fenced dog area will be constructed. The fenced area will be completed by June and will allow dogs to be off lead within the fenced area.
Between January - March the sports fields renewals programme for 2018/19 was completed. This allows more playing and training hours for our community sports teams, schools and clubs by providing an improved playing surface through drainage and upgrading playing surface levels.

SAFETY

The Safety activity is about ensuring Hamilton is a place where people feel safe and are protected from risks to their health and wellbeing. The activity includes public safety, animal education and control, environmental health, alcohol licensing and civil defence.

In the 10-Year Plan we said we would measure how we deliver this activity by:

What we are Measuring	Target	Actual Performance
The central city users perception of feeling safe in the central city during the day.	At least 80% of central city users surveyed feel very safe or reasonably safe in the central city during daytime.	The central city survey is an annual survey and the next scheduled survey is due in April 2019. 

We have been working on delivering the aspirations we stated in the 10-Year Plan as demonstrated by the following highlights.

Highlights
<p>In the three months from January to March 2019:</p> <ul style="list-style-type: none"> • 100% (60/60) of dog control requests were responded to in under 60 minutes • 100% (749/749) of graffiti removal requests were acted on within two working days • 96% (1796/1866) of noise complaints were responded to in less than 30 minutes <p>Civil Defence Emergency Management saw four HCC staff deployed to Nelson in February in support of the national response to the fires in Pigeon Valley, Wakefield. This was a hugely valuable learning experience for our staff.</p>

PLANNING AND DEVELOPMENT

The Planning and Development activity is about city planning that supports the growth of the city while ensuring Hamilton's unique environment is protected. The activity includes city planning, planning guidance and building control.

In the 10-Year Plan we said we would measure how we deliver this activity by:

What we are Measuring	Target	Actual Performance	Forecast Year End Position
How many years supply of residential and business land zoned and ready with infrastructure to be used.	There will be at least three years capacity of residential zoned land supplied with development infrastructure in the city.	There is currently 3.40 years of capacity of residential land zoned and supplied with development infrastructure in the city. 	It is expected that the supply of residential land can be maintained. 
	There will be at least three years capacity of business zoned land supplied with development infrastructure in the city.	Six monthly measure due to be reported again in quarter four. 	
	Council is working to ensure there is a plentiful supply of land, serviced by infrastructure, for residential development so that land availability is not limited by delays in coming to the market. A plentiful supply of land promotes competition in the market and can help play a part in keeping house price growth down.		
What we are Measuring	Target	Actual Performance	Forecast Year End Position
If consents are processed in a timely fashion. <i>"Average processing days" is the average number of working days used in processing consents, which excludes all stop clock days."</i>	On average it will take 18 working days to process a building consent.	The average processing days for January – March 2019 was 16.76 days. 	It is expected the processing days average can be maintained at 18 or below. 
	The average number of processing days remains on track with building consents over the past nine months taking on average 17 working days. 453 consents were processed between January – March 2019, compared to 570 in October to December 2018 period.		
	On average it will take 18 working days to process a non-notified land use and subdivision resource consents.	The average processing days for January – March 2019 was 16.30 days. 	It is expected the processing days average can be maintained at 18 or below. 
	The January – March 2019 result has increased from an average of 14.80 working days to 16.30 working days, however remains on track to be at or below target. 190 consents were processed between January – March 2019, increasing from 178 during the October – December 2018 period.		

We have been working on delivering the aspirations we stated in the 10-Year Plan as demonstrated by the following highlights.

Highlights
In March 2019 203 residential dwellings, contained in 109 building consents, were consented which was the highest single month since electronic records starts in 1990s.
In the first nine months of the 2018-19 year, the total number of processed resource consent applications increased by 6.5%, to the previous fiscal year.

WATER SUPPLY

The Water Supply activity is about providing Hamilton residents and businesses with a reliable, high-quality and safe treated water supply. The activity includes water treatment and storage and water distribution.

In the 10-Year Plan we said we would measure how we deliver this activity by:

What we are Measuring	Target	Actual Performance	Forecast Year End Position
If the water we supply meets the New Zealand Drinking Water Standards.	Compliance with the drinking water standards for (a) bacteria.	Internal assessment of data indicates that quarterly compliance with the DWSNZ bacterial criteria was achieved (January – March 2019). 	Based on an internal assessment annual compliance is expected to be achieved. 
	Water quality complies with the drinking water standards for (b) protozoa.	Internal assessment of Waiora Treatment Plant data indicates that quarterly compliance with DWSNZ was achieved for all protozoa criteria (January – March 2019). 	Based on an internal assessment annual compliance is expected to be achieved. 
	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 Drinking Water Standards NZ was completed in August 2018 for the 2017/18 year and Hamilton City Council was assessed as being fully compliant.		
What we are Measuring	Target	Actual Performance	
How much water is lost from the system between the water treatment plant and the household or customer.	No more than 16% of real water loss from the water network infrastructure in the city.	This is an annual measure that will be calculated in June 2019. 	

What we are Measuring	Target	Actual Performance	Forecast Year End Position
How successful our water conservation campaigns are.	On average Hamilton residents use no more than 400 litres of drinking water per day.	Average consumption between January – March was 403 litres per resident per day. Year to date the average consumption is 354 litres per resident per day.	It is expected the annual average water consumption per resident per day will be below 400 litres.
	<p>Water use in January – March 2019 saw historical records being exceeded due to a long, dry summer and resulted in high levels of water being used outside. Water alert level 2 (as part of the Smart Water program) was initiated in early January as a result of increasing consumption.</p> <p>Monitoring of water use and Waikato River and Lake Taupo water levels will continue. As the weather cools, outdoor water use traditionally reduces.</p>		
What we are Measuring	Target	Actual Performance	Forecast Year End Position
Customers and community satisfaction with the quality of the water.	No more than 5 complaints per 1,000 connections about drinking water clarity, taste, odour, pressure, continuity of supply and our response to any of these issues.	The January – March 2019 result is 0.86 complaints per 1,000 connections. The year to date result is 2.31 was per 1,000 connections.	It is expected the annual target of less than 5 complaints per 1,000 will be achieved.
	<p>A total of 51 complaints were received between January – March 2019. 30 complaints related to the continuity of supply, 14 related to low water pressure, 5 related to the clarity of the water and 2 related to taste and odour.</p> <p>Continuity complaints were associated with the closing of valves in the network for the completion of new connections and pipe renewal works. Pressure complaints were reported during periods of high demand predominantly in the elevated north-eastern parts of the city and reported clarity issues were related to air entrainment in pipelines following connection of new mains.</p>		

What we are Measuring	Target	Actual Performance	Forecast Year End Position
How quickly we respond to urgent and non-urgent issues and resolve the problem.	The median attendance time for urgent call-outs, is no more than 60 minutes, from the time that we received notification to the time that our service personnel reach the site.	The January – March 2019 result is 27 minutes. The year to date median attendance time is 34 minutes. 	It is expected the median attendance time will be maintained below 60 minutes. 
	The median resolution time of urgent call-outs, is no more than 5 hours, from the time that we received notification to the time that our service personnel confirm the fault or interruption has been resolved.	The January – March 2019 result is 2.2 hours. The year to date median resolution time is 2.1 hours. 	It is expected the median resolution time will be maintained below 5 hours. 
	The median attendance time, in working days, for non-urgent call-outs, is no more than 5 business days from the time that we received notification to the time that our service personnel reach the site.	The January – March 2019 result is 7 days. The year to date median attendance time is 4 days. 	It is expected the median attendance time will be maintained below 5 business days. 
	Year to date we remain on target and expect to remain on target. The increase in attendance times of non-urgent call-outs during January – March is attributed to the large number of water related service requests received during the summer period and the prioritisation of urgent calls during the holiday period in January. There has been increased focus on response times during February and March which has resulted in improved customer response times.		
The median resolution time, in working days, of non-urgent call-outs, is no more than 10 business days, from the time we received notification to the time that our service personnel confirm the fault or interruption has been resolved.	The January – March 2019 result is 7 days. The year to date median resolution time is 4 days. 	It is expected the median resolution time will be maintained below 10 business days. 	

We have been working on delivering the aspirations we stated in the 10-Year Plan as demonstrated by the following

Highlights
Following exceptionally high water use from mid-January through to mid-March 2019, water use in late March declined to more sustainable levels and water restrictions were removed from Saturday 6 April 2019.
There was a significant input by staff over the summer successfully managing the high water demand and responding to inquiries and reports of inappropriate water use or water leaks.

WASTEWATER

The Wastewater activity is about providing our city with reliable and sustainable wastewater services to protect both the health of our people and our waterways. The activity includes wastewater collection and wastewater treatment and disposal.

In the 10-Year Plan we said we would measure how we deliver this activity by:

What we are Measuring	Target	Actual Performance	Forecast Year End Position
How well the network operates.	No more than 5 overflows per 1,000 connections in dry weather.	The January – March 2019 result is 0.62 per 1,000 connections. With a year to date result of 1.61 per 1,000 connections. 	It is expected the annual target will be achieved. 
	There was a total of 42 overflow events of which 36 were dry weather events. The majority of these events were the result of blockages in the network. On-going education and maintenance initiatives are planned to continue.		
What we are Measuring	Target	Actual Performance	Forecast Year End Position
If we are operating within our resource consent conditions.	No more than one abatement notice, issued for spillage from the wastewater system.	Council has complied with all resource consents. 	It is expected compliance will continue to be achieved. 
	Zero infringement notices, enforcement orders and convictions issued for spillage from the wastewater system.	Council has complied with all resources consents. 	In August 2018, Waikato Regional Council filed a charging document against Hamilton City Council under Section 15(1)(a) of the Resource Management Act (RMA) for a discharge of wastewater from the Bridge Street wastewater pumping station into the Waikato river that occurred in February 2018. The matter is still before the court and we expect an outcome in June 2019. 

What we are Measuring	Target	Actual Performance	Forecast Year End Position
Customer and community satisfaction with the quality of the wastewater system.	No more than 25 complaints per 1,000 connections about wastewater odour, system faults or blockages and complaints about our response to issues with its wastewater system.	The January – March 2019 result is 3.86 per 1,000 connections. With a year to date result of 12.56 per 1,000.	It is expected the annual target will be achieved.
	<p>A total of 225 complaints received relating to wastewater system faults. 116 were related to sewer overflows or blockages, 10 were related to odour issues, 1 in relation to noise and 98 were general complaints.</p> <p>The majority of the reported overflows continue to be the result of blockages within the sewer network rather than system incapacity and the most common cause of blockages and overflows were tree roots and fat accumulation.</p> <p>General complaints relate to issues that are not defined within the reporting system and Department of Internal Affairs (DIA) reporting measure definitions. The most common 'general complaint' types are road damage near a wastewater manhole and safety concerns around public assets in private property. Improvements are underway to align reporting codes to assist with defining complaints.</p>		
What we are Measuring	Target	Actual Performance	Forecast Year End Position
How quickly we attend to issues and resolve the problem.	The median attendance time for call-outs, no more than 60 minutes, from the time that we receive notification to the time that our service personnel reach the site.	The January – March 2019 result is 29 minutes. The year to date median attendance time is 38 minutes.	It is expected the median attendance time will be maintained below 60 minutes.
	The median resolution time of call-outs, no more than five hours, from the time that we received notification to the time that our service personnel confirm the fault or interruption has been resolved.	The January – March 2019 result is 2.5 hours. The year to date median resolution time is 2.7 hours	It is expected the median resolution time will be maintained below 5 hours.

We have been working on delivering the aspirations we stated in the 10-Year Plan as demonstrated by the following highlights.

Highlights

A forum was held between City Waters and Plumbers within Hamilton. The purpose of the forum was to promote and build relationships with the plumbers working within Hamilton and Council around the 3 Waters Infrastructure. Feedback has been positive with further forums to be held on a more regular basis.

Our annual compliance assessment against resource consent conditions for the Pukete Wastewater Treatment Plant has recently been completed and Waikato Regional Council has assessed the site as being fully compliant. The assessment has been made against nine resource consents for a variety of activities, including the main discharge of treated wastewater effluent to the Waikato River. The treatment of effluent is a difficult and complex activity and this is an outstanding result which reflects the hard work put in by the Council staff across multiple units. It also shows our resolve to be at the very forefront of wastewater treatment in the region and our commitment to being A Great River City. This is the first time since 2009 that full compliance has been achieved for the Wastewater Treatment Plant site

STORMWATER

The Stormwater activity is about providing our city with services that protect people and properties from flooding and manage the quality of our stormwater. The activity covers the stormwater network of collection, conveyance, treatment and discharge services.

In the 10-Year Plan we said we would measure how we deliver this activity by:

What we are Measuring	Target	Actual Performance	Forecast Year End Position
The number of times the stormwater system has affected habitable buildings.	No more than 1 flooding event will occur within the city.	No flooding events have occurred in January – March 2019. Year to date there have been no flooding events that have affected habitable floors. 	It is expected that the target will be achieved. 
	No more than 1 per 1,000 properties, habitable floors will be affected per flooding event.	No flooding of habitable floors has occurred in January – March 2019. Year to date there have been no flooding events that have affected habitable floors. 	It is expected that the target will be achieved. 
	<p>There was 1 report of flooding during between January – March 2019, however this did not meet the definition of a flooding event as it only impacted the grounds adjacent to a watercourse and did not enter private property.</p> <p>Currently we are on track to meet the target, however, March to June are historically our highest risk months for flooding events. Planned maintenance and proactive monitoring of weather patterns will continue to be used to reduce this risk.</p>		
What we are Measuring	Target	Actual Performance	Forecast Year End Position
If we are operating within our resource consent conditions.	No more than one abatement notice, related to the management of the stormwater system.	Council has complied with all resource consents. 	It is expected compliance will continue to be achieved. 
	Zero infringement notices, enforcement orders and convictions related to the management of the stormwater system.	Council has complied with all resources consents. 	Is it expected compliance will continue to be achieved. 

What we are Measuring	Target	Actual Performance	Forecast Year End Position
How fast we will respond to the issue.	The median response time, is no more than 60 minutes from the time that we received notification to the time that our service personnel reach the site of the flooding event.	No flooding of habitable floors has occurred in January – March 2019, hence no response time recorded. Year to date there have been no flooding events that have affected habitable floors.	It is expected the median response time will be maintained below 60 minutes.
What we are Measuring	Target	Actual Performance	Forecast Year End Position
Customer and community satisfaction with the effectiveness of the stormwater system.	No more than 10 complaints per 1,000 properties connected about the performance of the stormwater system.	The January – March 2019 result is 0.36 per 1,000 connections. With a year to date result of 2.42 per 1,000 connections.	It is expected the annual target will be achieved.
A total of 23 complaints were received between January – March 2019 relating to requests for watercourse clearance and kerb and channel connections.			

We have been working on delivering the aspirations we stated in the 10-Year Plan as demonstrated by the following highlights.

Highlights
A particularly dry summer saw very few requests relating to stormwater.
Ongoing routine maintenance continued to ensure resilience of the network over the wetter winter months.

TRANSPORT

The Transport activity is about Hamilton being a city that is easy to get around. The activity includes the transport network and parking management.

In the 10-Year Plan we said we would measure how we deliver this activity by:

What we are Measuring	Target	Actual Performance	Forecast Year End Position
How effectively we manage peak hour traffic flows with minimal unnecessary delays on the road.	No more than 50% of extra time taken for vehicles to travel key routes in the city during peak travel times compared to non-peak.	Data is collected on a 6-monthly basis. The next result will be available in June 2019. 	End of year target is expected to be achieved. 
Number of cyclists biking into the central city.	At least 1,380 cyclists biking into the central city.	Data is collected on an annual basis. The survey was completed in March 2019. The survey carried out was a manual count at 23 selected points on the perimeter of the Central City. The Manual counting was carried out at set times in the morning (7.00am-9.00am) and afternoon (4.30pm-6.00pm) and only cyclists were included. The results will be available in June 2019. 	
The impact of safety improvements on reducing death and serious harm on Hamilton roads.	A decrease from the previous financial year in the number of fatalities and serious injury crashes on Hamilton's local road network.	<p>July 2018 – March 2019 interim result: There have been 3 deaths on record, this is a reduction from 4 in 2017/18</p> <p>July 2018– March 2019 interim result: There have been 35 serious injuries on record, this is a reduction from 52 in 2017/18</p>	Although we expect to achieve a reduction in the number of deaths and serious injuries compared to 2017/18, we have shown the status of this measure as 'orange' to reflect that we need a continued focus on road safety in line with our Vision Zero philosophy 
Hamilton City Council has adopted Vision Zero as the philosophy for road safety in the city, an aspiration to achieve zero deaths and serious injuries within Hamilton City. Staff continue to work closely with the NZ Police to better understand the opportunities for changes to the road environment or educations campaigns because of this and other serious crashes.			

What we are Measuring	Target	Actual Performance	Forecast Year End Position
The quality of the ride, with a higher percentage indicating more roads providing a smooth ride.	At least 86% smooth travel exposure rating across the sealed road network.	The annual survey was completed in July 2018 and showed 85% smooth travel exposure. A targeted reseal programme has been developed based on this data and we expect to see an improved result when the next survey is undertaken in the 2019/20 year. 	
	<p>In the previous two quarters of the non-financial Service Performance Measures Report, this measure has been incorrectly reported, with a forecasted year end position of green or on track. The 2018/19 annual survey took place in July 2018 with a smooth travel exposure rating of 85% across the sealed road network.</p> <p>The result is below target predominantly due to some rough collector roads on the network. These collector roads are scheduled as part of our regular maintenance programme.</p>		
What we are Measuring	Target	Actual Performance	Forecast Year End Position
How well we understand and plan for the need to resurface roads.	At least 4% of Hamilton's sealed local road network that is resurfaced each year.	The July – March 2019 result is 2.00%. 	Currently we are forecasting that we will achieve a result of 3.9% of resurfacing to the local road network. 
	<p>Over 80% of our planned renewal programme was completed through January – March 2019. Renewal data is still being captured in the system at the time of reporting, so the result reported does not reflect the actual levels of resurfacing completed to date.</p> <p>The reason for the lower forecast result is due to having to defer some smaller resurfacing projects and prioritise resources to larger key projects such as Arthur Porter Dr and Thomas / Gordonton intersection.</p> <p>We are monitoring this closely and are working towards identifying smaller resurfacing projects that can be completed.</p>		

What we are Measuring	Target	Actual Performance	Forecast Year End Position
The percentage of footpaths that meet the service level.	At least 97% of footpaths fall within the service standard for the condition of footpaths as set out in the Transport Activity Management Plan <i>(The percent of the footpath network with no more than 5 faults per 100 meters)</i>	The July 2018 – March 2019 result is 76%. 	End of year target will not be achieved. P3 faults are monitored only, we continue to focus on addressing P4 and P5 faults. 
<p>There has been 6.7km of footpath renewals completed in January – March 2019, with 15km completed year to date.</p> <p>The result of 76% includes all footpath faults including categories P3 (Acceptable - ongoing monitoring required), P4(Poor - intervention required) or P5(Very Poor - Safety issue).</p> <p>The city-wide audit of footpath condition by Scooter Man has provided us with a high-quality view of the condition of footpaths, this has identified more P3 categorised faults. The P3 faults are not included as part of an intervention strategy but are actively monitored. The audit has been an invaluable data collection exercise that will be used to inform future footpath work programmes.</p> <p>Currently 98% of the footpath network have no more than 5 category P4 or P5 faults per 100 meters. This indicates that current intervention strategies are delivering the targeted level of service for P4 and P5 faults.</p>			
What we are Measuring	Target	Actual Performance	Forecast Year End Position
The percentage of requests responded to within five working days.	At least 96% of customer service requests relating to roads and footpaths responded to within five working days.	The January – March 2019 result is 97.41%. With a year to date result of 98.03%. 	The annual target is expected to be achieved. 
<p>January – March 2019 saw a significant increase in the number of service requests logged, up 319 on October – December 2018.</p> <p>Of the 1623 service requests received 42 were not responded to in five working days. The most common request types related to footpath issues, damaged or missing street signs, and illegal dumping.</p>			

We have been working on delivering the aspirations we stated in the 10-Year Plan as demonstrated by the following highlights.

Highlights

Work continued on the Thomas Rd/Gordonton Rd intersection upgrade, and is due to be operational in early April. As well as the traffic lights, other safety measures have also been put in place at the intersection and along the Gordonton Rd corridor including a new 60kmh speed limit and the introduction of raised safety platforms (RSPs) — a new safety innovation being implemented in partnership with NZ Transport Agency.

Work started in March on the Anzac Parade/Memorial Drive intersection and at the Killarney Road/Ellis Street intersection to improve safety for people who walk or bike through these busy areas. The Anzac Parade/Memorial Drive intersection will be upgraded with a wider footpath and a new raised platform for pedestrians. At the Killarney Road/Ellis Street intersection pedestrian refuge islands will be installed, footpaths widened, and an accessible raised kerb installed at one of the Killarney Road bus stops.

'Kids on Bikes' courses started in February across a number of Hamilton primary schools. This is ran by our School Travel Coordinators and supported by Sports Waikato and Cycling New Zealand. This is the second year of the programme and includes eight schools and the Enderley Community Centre. The Programme sees students taught cycling and safety skills.

RUBBISH AND RECYCLING

The Rubbish and Recycling activity is about protecting the health of Hamiltonians and the environment by providing a reliable kerbside rubbish and recycling collection service and promoting waste minimisation and resource recovery. The activity includes landfill site management, refuse and recycling collection and waste minimisation.

In the 10-Year Plan we said we would measure how we deliver this activity by:

What we are Measuring	Target	Actual Performance	Forecast Year End Position
How effective our waste minimisation education is working.	At least 30% of waste recovered for recycling through the kerbside collection.	The January – March 2019 result is 35.08%. With a year to date result of 32.57%. 	End of year target is expected to be achieved. 
<p>This figure reflects an increase in the volume of paper, cardboard and glass recycling through the kerbside collections.</p> <p>Historically there is an increase in the volumes of glass recycling over the summer holiday period, however there has been an observed increase in paper and cardboard volumes. This is likely the result of educational campaigns and a general increase in public awareness and enthusiasm regarding waste minimisation as a result of nationwide debate and discussion around waste minimisation.</p>			
What we are Measuring	Target	Actual Performance	Forecast Year End Position
How much waste is diverted from landfill at our solid waste facilities.	At least 16,000 tonnes per annum of waste received at Council operated waste facilities that is diverted from landfill.	The January – March 2019 result is 5,981 tonnes diverted from landfill. With a year to date result of 14,521 tonnes diverted from landfill. 	The annual target is expected to be achieved. 
<p>The amount of waste received at Council operated waste facilities that is diverted from landfill is on track. This result is likely to be influenced by recent educational campaigns and a general increase in public awareness and enthusiasm regarding waste minimisation as a result of nationwide debate and discussion around waste minimisation.</p>			
What we are Measuring	Target	Actual Performance	Forecast Year End Position
How often our rubbish is not collected.	Zero weeks where there are more than 20 complaints about uncollected kerbside rubbish and recycling.	There have been no weeks of more than 20 complaints of uncollected recycling. 	The annual target is expected to be achieved. 

What we are Measuring	Target	Actual Performance	Forecast Year End Position
The percentage of complaints resolved within 24 hours.	At least 95% of customer complaints about uncollected kerbside rubbish and recycling resolved within 24 hours.	The January – March 2019 result is 95.31%. With a year to date result of 95.29%	Due to the October – December 2018 results, there is only a small margin for further non-conformance for the remainder of the year. Increased communication with the contractor and regular monitoring of service delivery is continuing and is aimed at reducing the number of missed collections not resolved within 24 hours.
<p>There were 3 complaints received between January – March 2019 that were not resolved within 24 hours. The frequency of operational meetings with the contractor has increased and weekly updates of customer enquires/complaints are being provided to the contractor, this will help to identify trends in collection routes to improve performance in this area.</p>			

We have been working on delivering the aspirations we stated in the 10-Year Plan as demonstrated by the following highlights.

Highlights
<p>Our annual compliance assessment against resource consent conditions for the Horotiu landfill has recently been completed and Waikato Regional Council has assessed the site as having a high level of compliance. The management of closed landfills is a difficult and complex activity, and this is an outstanding result which reflects the hard work put in staff.</p> <p>For a second year Waste Minimisation staff provided waste minimisation guidance and reduction initiatives at the HSBC New Zealand Sevens tournament held at FMG Stadium Waikato.</p>

Council Report

Committee:	Finance Committee	Date:	23 May 2019
Author:	Claire Foster	Authoriser:	Jen Baird
Position:	Property Officer	Position:	General Manager City Growth
Report Name:	Domain Endowment Lease - Freeholding - 189 Fox Street		

Report Status	<i>Open</i>
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Purpose

- To recommend the sale of the Council's freehold interest in Domain Endowment land described in the Schedule and physically located at 189 Fox Street, Hamilton. The property is shown bordered in red on Attachment 1 of this report.

Staff Recommendation

- That the Finance Committee:
 - approves the sale of the freehold interest described in the Schedule to the lessee for a price of \$380,000 (Three hundred and Eighty Thousand Dollars) including GST (if any); and
 - authorises the Chief Executive to prepare and execute an Agreement for Sale and Purchase; and any other instruments required to give effect to this resolution.

SCHEDULE

All that piece of land situated in the city of Hamilton containing 675m² (more or less) being Lot 7 DPS 1200 and being all the fee simple land comprised in Certificate of Title 198604 situated at 189 Fox Street, Hamilton.

Executive Summary

- The Lessee (a private individual) owns the leasehold interest in the land and all the improvements. The lessee has requested to freehold the land in accordance with the Council's Freeholding of Council Endowment Land Policy ("Freeholding Policy") which provides for the freeholding of Endowment leases upon application from the Lessee. All the Council's costs associated with the freeholding (including, but not limited to, valuation and legal fees) are paid by the applicant.
- The freeholding of Domain Endowment land must proceed at 100% of the current market value of land based on independent valuation.
- The land has been valued at \$380,000 including GST (if any).

Background

6. Hamilton City Council owns land originally acquired by endowment from the Crown to be held by the Council for the purposes of the Domain Endowment Fund, the proceeds from which are used to reduce the rates requirement of the city.
7. The Council owns freehold interest in the Domain Endowment lands. The land is subject to perpetually renewable 21-year term leases. The leasehold interest in 189 Fox Street is owned by the lessee.
8. On 6 December 2018, the Council received an application from the Lessee to freehold the property at 189 Fox Street. The form and content of the application complied with the Council's Freeholding Policy.

Financial Considerations

9. In line with the Council's Freeholding Policy, the current market value of the land, based on an unencumbered freehold title and excluding all lessee improvements, as assessed by a registered valuer at \$380,000 including GST (if any).
10. All proceeds from the sale of Domain Endowment land are credited to the Domain Endowment Fund.
11. The land currently generates a 3.3% annual return of \$12,600. Net sale proceeds of \$380,000 will generate a 4.7% annual return of \$17,860.
12. The balance of the Domain Endowment Cash Reserve is \$7,780,679 (as at 30 April 2019).
13. The annual Hamilton City Council rates (paid by the lessee) are \$2,345.43 including GST.

Legal and Policy Considerations

14. Staff confirm that the staff recommendation complies with the Council's legal and policy requirements.

Cultural Considerations

15. The recommendation does not impact on the cultural interests of Hamilton's people and communities.

Sustainability Considerations

16. There are no sustainability considerations in relation to this recommendation.

Risks

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

Significance & Engagement Policy

Significance

18. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the matter(s) in this report has/have a low level of significance.

Engagement

19. Given the low level of significance determined, the engagement level is low. No engagement is required.

Item 10

Attachments

Attachment 1 - Aerial Map - 189 Fox Street, Hamilton .



Print Size: A4 Portrait

189 Fox Street

Scale: 1 : 500

25

50 Meters

Print Date:01-05-2019

Cadastral Information is from Land Information New Zealand, Crown Copyright Reserved.

Disclaimer: Hamilton City Council does not guarantee that the data shown on this map is 100% correct. Use of this information is in conjunction with the GIS Conditions of Use Agreement. Please visit www.hamilton.govt.nz for details.

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Council Report

Committee:	Finance Committee	Date:	23 May 2019
Author:	Paul Gower	Authoriser:	Chris Allen
Position:	Programme Manager – Assets and Growth	Position:	General Manager Development
Report Name:	Extension of Delegation for Management of 3-Year Renewals and Compliance Capital Programme		

Report Status	<i>Open</i>
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Purpose

- To seek approval to extend the Delegated Authority to the Chief Executive to manage the Renewals and Compliance programme within the 3-year financial envelope. This would include:
 - timing of projects across years 1-3
 - management of expenditure budgets at an entire programme level (noting that some individual projects expenditure will be either under or over the budget provision).

Staff Recommendation *(Recommendation to Council)*

That the Finance committee:

- receives the report and;
- recommends the Council approve changes to the Delegations to Positions Policy as shown in Attachment 1 to this report, to enable more flexibility in the management of the 3-Year Renewals and Compliance capital programme.

Discussion

- The Council is nine months into the delivery of the 2018-28 10-Year Plan and to ensure best value is delivered to the community through the Renewals and Compliance programme, there is an ongoing need for prioritisation changes to ensure we are looking after our assets.
 - Closed land fill – Project is renewal of current assets to manage gas from a closed land fill. The need for the project is being retested with consent requirements and the consenting authority (Waikato Regional Council). The project will only occur if still required. Funding would be reallocated to address funding shortfall in other parts of the programme. Currently the budget saving could not formally be applied to offset needs in other parts of the programme.

3. These routine type decisions that require Committee or Council approval, create delays in delivery and lengthen agendas for Governance meetings of Council.
4. With any extension of delegation, there is a need to balance the increased agility of programme with controls that retain the trust and confidence in the planning and delivery of the programme. Several controls are already in place and these will be extended to provide assurance over decisions made by Management under any extended delegation.
5. The Renewals and Compliance programme is one of the 8 programmes that make up the Council's capital portfolio for the 2018-28 10-Year Plan. The other capital programmes are:
 - Citywide community
 - Citywide waters
 - Transport improvement
 - Peacocke
 - Rototuna
 - Rotokauri
 - Ruakura
6. The Renewals and Compliance programme is made up of projects and sub-programmes of work that deliver:
 - **Renewals:** projects / programmes required to replace existing assets that are at the end of their useful life and an equivalent asset is still required to deliver a service to the community.
 - **Compliance:** level of service projects / programmes that are of the highest importance and regarded as a 'must' if the service continues to be delivered by Council. Examples of these types of projects include – agreed Health and Safety issues that require capital investment, compliance projects to meet required standards / consent conditions.
7. The Renewals and Compliance programme is managed by staff across the Council through activity-based steering groups and an overarching Renewals and Compliance steering group made up of senior staff from across the organisation.
8. The current financial delegation policy settings mean that staff are sometimes unable to react quickly and make changes to the timing and budgets for projects. Timely decisions are required to make the most of opportunities for procurement, efficient delivery and management of risk.
9. Issues emerge throughout each financial year that staff need the agility to make decisions in response to. The existing delegation settings would require staff to get Finance Committee or Council approval for the following examples of decisions from this years programme of work:
 - The building renewals sub-programme – need to reprioritise expenditure to deal with unplanned failure and higher than planned costs associated with passenger lifts and various leaking roofs. This has resulted in need to delay some previously planned renewals that are of lower priority and to apply any savings from any projects to assist funding of these required works. Current funding in the 10-Year Plan does not align with the estimates for the reprioritised programme.
 - Waters sub-programme – Treatment Plants – Approximately \$2m less expenditure on renewals and compliance works at treatment plants in part due to better aligning works with future plant upgrades. This has resulted in under expenditure in year 1 and allowed bringing forward of \$920k of reticulation and pump station renewals from future years to mitigate existing risks in the reticulation network. This would be a movement of

expenditure across different capital budgets and financial years and beyond the current delegation of Chief Executive to bring forward up to \$500k.

- Museum roof – Delay of expenditure from year 1 to year 2 to align project with seismic assessment programme. This would currently be subject to a confirmation by Council of a deferral from year 1 to year 2.
10. In the 2018-28 10-Year Plan, Council, through its guiding financial principles, placed a focus on looking after our existing assets and continuing to deliver the services it currently does to the community. The plan included a budget increase of approximately 70% in 2018/19 from 2017/18 for renewals and compliance type projects. In total the budget to replace existing assets and deliver required compliance projects for the first 3 years is \$207.9M:
 - 2018/19 budget - \$78.6M
 - 2019/20 budget - \$63.9M
 - 2020/21 budget - \$65.4M.
 11. Most of the funding provisions for the Renewals and Compliance programme were developed in mid-2017 and these were based on the information contained in Asset Management Plans (AMPs). Some of the initial estimated financial requirements in AMPs were smoothed between financial years during the development of the 10-Year Plan to assist delivery and financing of the programme.
 12. The Renewal budgets were developed on estimating the annual replacement requirements for Council's approximately 370,000 individual assets. The combined value of these assets is approximately \$4 Billion. Data and assumptions used to develop the renewal funding provisions in the 10-Year Plan budget includes:
 - Observed and / or modelled asset condition data to estimate the remaining life of an asset and in what financial year replacement will be required
 - Asset performance information to identify assets that require replacement as they were not providing the required service
 - Asset risk profile to identify more critical assets that may need earlier replacement to minimise risk
 - Asset valuation data to estimate the cost of replacement
 - The most recent contract rates and project costs at the time to refine the estimated cost of replacement
 - Inflation rates based on forecast year of expenditure to estimate cost of replacement at an estimated point in time
 - Assumptions on compliance requirements and outcomes of third party discussions on timing and funding.
 13. These assumptions create a Renewals programme that needs the flexibility to be dynamic and challenged as new information is obtained. By having the ability to deliver a more dynamic programme, it assists the Renewals and Compliance objective to 'look after Councils existing assets' by investing in the right assets, at the right time, for the right investment or cost to deliver the best value to ratepayers.
 14. At times the underlying assumptions that were used to develop the 10-Year Plan budgets are not what happens. There are unforeseen failures of assets that need to be fixed. This is where the life of the asset doesn't reach the assumed life left in the asset. It may present as:
 - an unplanned failure (resulting in a reactive renewal) or

- a shortened remaining life (resulting in a bringing forward of a renewal or new renewal into the 10-Year Plan).
15. Without the ability to easily adjust to new information and circumstances, there is a risk that too much focus is placed on spending up to a budget on a pre-set timeframe and programme of works and innovation is not achieved. This may limit innovation in delivery and will not provide the best outcome in many situations.
 16. Greater flexibility will allow for innovation in the prioritisation and delivery of the capital programme. The delegation provides an important tool as the organisation works to transform capital delivery and deliver significant savings as part of the reimagining local government agenda.

Recommended Approach

17. An extension to the existing Financial delegations to the Chief Executive is proposed. The extended delegation would be to enable the Chief Executive to make decisions to:
 - adjust budget timing of projects to changing circumstances and / or information that influences priorities
 - reallocate underspending of funding provision to new identified renewal priorities (due to unforeseen or imminent failures) or to address project cost increases
 - respond to procurement opportunities / benefits through timing of works
 - respond to reasonable changes to funding provisions as projects progress and more information is known to inform budgets or cost confidence increases
 - make necessary changes to budgets and timing of projects without requiring low-value administrative processes resulting in costly delays and ‘project churn’
 - make the right whole of cost decisions about replacements rather than ‘limp things along’ with maintenance expenditure.
18. The extended delegation to the Chief Executive would exist alongside the following controls:
 - Any decisions will be subject to Council’s normal procurement processes
 - The total 3-year budget (in this case 2018-21) for Renewals and Compliance programme will be a financial limit for the programme
 - Any reprioritisation of expenditure (and any related revenue) will need to fit within Financial Strategy parameters for borrowing
 - Reprioritisation decisions will be subject to increased reporting to Council
 - A decision from Council will be gained for decisions that have an impact on a level of service that is expected by the community.
19. The current description of delegations are contained in the [Delegations to Position Policy](#) (see page 10). It is proposed that an additional delegation and expressed as an extra column in the below table is created. Attachment 1 contains a track changed version of the pages of the policy that are proposed for change.

Expenditure Type – Refer to Terms of Delegation below

Unexpended Budget - (Operating and Capital)	Overspends/ Unbudgeted (Operating and Capital)	Capex – B/Fwd	Contracts	Purchase/Sale of Land	Debt Write-off	Legal Proceedings	Financial Operations (Admin disbursements)	Development Contributions
Limited to the approved budget	\$250,000	\$500,000	\$3,000,000 Total contract term not exceeding 5 years including renewals For contracts not going to tender: \$250,000 (subject to same restriction above on contract term).	\$3,000,000	\$10,000	\$500,000 for weather-tight building claims (leaky buildings) \$250,000 for all other legal proceedings	Limited to the approved budget	\$1,500,000

20. The proposed column to be added would read as follows (the following text describing the terms of the delegation would be added in the wording of the policy).

Reprioritised budget – Renewals and Compliance programme
\$1,000,000 (within years 1-3 of any approved 10-Year Plan)
For individual movements of budget between capital projects and activity classes and timing (subject to terms of delegation below).

21.

Reprioritised budget – Renewals and Compliance programme

1. The Renewals and Compliance Programme will be managed and reported as a programme against 3-year periods being 2018-21, 2021-24. Reprioritisation changes to the programme can be:
 - a) between projects and / or activity classes (e.g. stormwater)
 - b) related to timing of expenditure on a project (e.g. reprioritised from year 2 to year 1).
2. Any reprioritisation of budgets should be reported to the relevant Council Committee following use of this delegation. Reporting should include:
 - a) programme expenditure to demonstrate that the 3-year funding provision is not exceeded
 - b) providing assurance that the limits in the Financial strategy are not breached by any expenditure changes from the 10-Year Plan Renewal and Compliance budgets
 - c) reporting by 10-Year Plan activity (and group of activity) to give assurance that the Renewals and Compliance expenditure for the 3-year period is spread appropriately across Councils services

Financial Considerations

21. The proposed delegation is to be exercised within the existing 3-Year Renewal and Compliance budget.
22. Any implications on the limits within the Financial Strategy will be tested that with applying the delegation. This will identify if there are any unanticipated consequences from changes in timing of budgeted expenditure.

23. The financial impact of the Renewals and Compliance programme is considered when the 10-Year Plan was/is approved.

Legal and Policy Considerations

24. Staff confirm that there are no known legal considerations and the recommendation complies with the Council's legal and policy requirements.

Cultural Considerations

25. Any cultural considerations will be identified and addressed on a project by project basis as the programme is delivered.

Sustainability Considerations

26. Any sustainability considerations will be identified and addressed on a project by project basis as the programme is delivered.

Risks

27. There is an increased risk of non-delivery for the programme if the delegation is not approved. Without the delegation this will result in less flexibility for delivery and may negatively impact the ability to access contractors or align projects for optimal and least cost delivery.

Significance & Engagement Policy

Significance

28. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the recommendation(s) in this report has/have a low level of significance.

Engagement

29. Given the low level of significance determined, the engagement level is low. No engagement is required.

Attachments

Attachment 1 - Renewals and Compliance - Delegations Policy .

Financial Delegations

1. The limits of the specified sum(s) applicable to various financial transactions delegated to the Chief Executive (and other specified officers, as applicable) under this Policy or otherwise, are as follows²:

Unexpended budget – (operating and Capital)	Overspends / unbudgeted (Operating and Capital)	Capex B/Fwd	Contracts	Sale and Purchase of Land	Debt write off	Legal proceedings	Financial Operations (Admin disbursements)	Development Contributions	Reprioritised budget – Renewals and Compliance programme
Limited to the approved budget	\$250,000	\$500,000	\$3,000,000 Total contract term not exceeding 5 years including renewals For contracts not going to tender: \$250,000 (subject to same restriction above on contract term).	\$3,000,000	\$10,000	\$500,000 for weather-tight building claims (leaky buildings) \$250,000 for all other legal proceedings	Limited to the approved budget	\$1,500,000	\$1,000,000 (within years 1-3 of any approved 10-Year Plan) For individual movement of budget between capital projects and activity classes and timing (subject to terms of delegation below)

- a. There is a cumulative cap of \$1,000,000 per financial year for the aggregate total (whole of Council) of all unbudgeted items, overspends and operational expenditure (Opex) brought forward and approved under delegated authority during that financial year. Any significant overspends or underspends will be recorded and reported to the Finance Committee on a quarterly basis.
- b. The \$250,000 delegated financial limit for contracts not going to tender shall not apply in the following situations:
- For Private Developer Agreements, which is a contract with a developer to upsize or deliver infrastructure on behalf of the Council in a new subdivision or development that will eventually vest in the Council;
 - For appointment of utility service providers to relocate, connect or alter utility services for the purpose of capital works budgeted within the applicable Long Term Plan, where a provider is the only possible supplier by virtue of being the owner of, or otherwise being legally responsible for, the relevant utility infrastructure. Examples of such utility service providers include, but is not limited to, Transpower, WEL Networks and Kiwirail.

The Chief Executive must ensure that appropriate mechanisms are in place and implemented to ensure, as far as is reasonably possible, the Council obtains Best Value from any appointed utility service provider.

² The delegated financial authority limits specific to General Managers, Executive Directors and officers are set out in the Council's Management Policy - *Financial Delegations to Officers*.

The Chief Executive's general delegated authority limit (\$3,000,000 and a term not exceeding 5 years, including renewals) shall apply for contracts under 1(b)(i) and 1(b)(ii) above.

Expenditure Types – Terms of Delegation

Unexpended Budget

2. Operating and capital expenditure including deferred capital expenditure (approved by Council resolution) that has been budgeted in the applicable Long Term Plan/Annual Plan and not yet spent. All expenditure must comply with the requirements of Council's Procurement Policy.

Overspend and Unbudgeted

3. Any expenditure on an item that exceeds the amount budgeted for that item in the applicable Long Term Plan/Annual Plan or is not budgeted but required to deliver the level of service and outcomes outlined in the applicable Long Term Plan/Annual Plan e.g. contract or project cost over-run.

4. A Local Civil Defence Controller has an uncapped delegated financial authority in the event of a declared or non-declared emergency, subject to the conditions and reporting provisions in this Policy (See: Local Civil Defence Controller above).

Capex – Capital Expenditure Brought Forward

5. Capital expenditure occurring in financial periods in advance of the planned expenditure timeframe in the applicable Long Term Plan. This delegation is to the Chief Executive, General Managers and Executive Directors only (limits apply to officers in accordance with the Hamilton City Council Management Policy - Financial Delegations to Officers) and cannot be further delegated.

Contracts

6. The delegated financial authority limit for contracts applies on a 'per contract' basis. For clarity, the delegated financial authority limits apply to contracts involving revenues receivable by Council, including contracts and agreements with promoters and relating to the organising of events.

7. The Approved Contract Sum is the aggregate of all amounts most likely to be paid to the contractor (including retentions made, or to be made in respect of a contract), or amounts received from the other party (as applicable), for that contract, over the life of the contract. Disaggregation of supplies or contractual arrangements in order to comply with this requirement is expressly prohibited.

8. For the purposes of determining whether a specified officer has the necessary delegated financial authority in relation to a contract that involves both; (a) expenditure (payable by Council) and (b) revenue (receivable by Council), the Approved Contract Sum for that contract is the greater of either the expenditure or revenue in that contract. That is, there must be no offset of expenditure and revenues.

9. If a contract has been approved by Council resolution, the Chief Executive, or relevant General Manager or Executive Director (as appropriate), can:

- a. execute the contract (other than those contracts required to be signed under the Council's seal);
- b. authorise payments up to the Approved Contract Sum or delegate the authorisation of payments to a nominated position; or
- c. (if applicable) correct and re-issue invoices, issue credit notes or refunds up to the Approved Contract Sum, in relation to revenue receivable by Council under an approved contract.

10. If a contract has been approved under this Policy or by management delegation:

- d. the payment/s or any correction to invoices (as applicable) must be authorised by an officer with the correct financial delegated authority for that payment or invoice³;
- e. a brief summary of such contracts are to be reported quarterly to Elected Members.

For clarity, no reporting is required under section 10(b) above for contracts approved by Council or a Committee.

11. Contracts exceeding five years total term (including renewals) must be authorised by Council or the relevant Committee⁴.

12. All contracts approved by the Chief Executive or management under delegated authority in sections 1(1.b)(1.b.i) and 1(1.b)(1.b.ii) are to be reported to the Growth and Infrastructure Committee for noting on a quarterly basis.

Purchase/Sale of Land

13. Includes any expenditure occurring in respect to the purchase and sale of land where the purchase or sale is provided for in the applicable Long Term Plan/Annual Plan either separately or as an integral part of a project, or authorised by a resolution of Council. For clarity, the purchase and sale of land includes the acquisition or disposal of land under the provisions of the Public Works Act 1981.

14. In exercising this delegation, the Chief Executive is permitted to negotiate sale and purchase of land, where appropriate, at not less than 90% of the estimated market value determined by a registered valuer.

Debt Write-off

15. The delegated financial authority limit applies on a 'per debtor' basis.

16. Irrespective that the Chief Executive, General Managers, Executive Directors and Financial Controller may have delegated authority to write-off bad debts⁵, all such debts written off must be reported to the next Finance Committee meeting on an aggregate basis for each Group.

Legal Proceedings

17. The delegated financial authority is determined on a per proceeding basis.

18. Includes commencing or defending, negotiating, settling or withdrawing from legal proceedings (including prosecutions and claims) on the Council's behalf in any New Zealand court or tribunal. The Chief Executive is also delegated the authority to take all steps necessary to enforce any court or tribunal judgment in favour of the Council, and to recover debts owing to the Council, subject to the delegated financial authority limit.

19. All legal claims or other proceedings undertaken by, or on behalf of, the Chief Executive, for an amount in excess of \$100,000 are to be reported to the next meeting of Council or the relevant Committee.

Financial Operation

20. Subject to any Council or management policies, the Chief Executive, General Manager Corporate and Financial Controller are each delegated the authority to operate (including opening and closing accounts) all of the Council's bank accounts, investment accounts, sinking funds, loan accounts, special funds, tax related matters, and other financial matters including exercising signing authority where appropriate. This includes payment of regular sums for administrative matters such as: power, heat

and light; tax and GST payments; rates; etc.

Reprioritised budget – Renewals and Compliance programme

21. The Renewals and Compliance Programme will be managed and reported as a programme against 3-year periods being 2018-21, 2021-24. Reprioritisation changes to the programme can be:

- a) between projects and / or activity classes (e.g. stormwater)
- b) related to timing of expenditure on a project (e.g. reprioritised from year 2 to year 1).

22. Any reprioritisation of budgets should be reported to the relevant Council Committee following use of this delegation. Reporting should include:

- a) programme expenditure to demonstrate that the 3-year funding provision is not exceeded
- b) providing assurance that the limits in the Financial strategy are not breached by any expenditure changes from the 10-Year Plan Renewal and Compliance budgets
- c) reporting by 10-Year Plan activity (and group of activity) to give assurance that the Renewals and Compliance expenditure for the 3-year period is spread appropriately across Councils services

³ For management delegations, refer to Council's Management Policy - Financial Delegations to Officers.

⁴ Refer to the Governance Structure.

⁵ Refer to the Management Policy – Financial Delegations to Officers

Council Report

Committee: Finance Committee **Date:** 23 May 2019
Author: Stephen Pennruscoe **Authoriser:** Lance Vervoort
Position: Content and Heritage Manager **Position:** General Manager Community
Report Name: Contract 15216 Supply of Library Collection Materials right of renewal

Report Status	<i>Open</i>
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Purpose

1. To inform the Committee on Contract 15216: Supply of Library Materials with Wheelers Book Club LTD.
2. To seek approval for staff to exercise the two-year right of renewal within the contract.

Staff Recommendation

That the Finance Committee:

- a) receives the report; and
- b) approve the right of renewal to the value of \$1,500,000 for Contract No. 15216: Supply of Library Collection Materials with Wheelers Book Club LTD.

Executive Summary

3. Contract No. 15216: Supply of Library Collection Materials with Wheelers Book Club LTD provides shelf-ready books and e-content to Hamilton City Libraries. The outsourcing contract provides around 70 percent of new material to Libraries each year.
4. The initial three-year term of the contract is about to end, the contract contains a right of renewal clause which would extend the contract for a further two-year period.
5. The total contract expenditure is forecasted to be \$2,400,000 at 30 June 2019. If renewed, the total value of the contract would be \$3,900,000. This exceeds Chief Executive delegation and requires committee approval.
6. Staff recommend the Committee approve the right of renewal to the value of \$1,500,000.

Background

7. At the 21 April 2016 Finance Committee [[Agenda](#), [Minutes](#)] the following was resolved relating to Contract 15216 for Supply of Library Collection Material:

Resolved: (Her Worship the Mayor Hardaker/Cr Chesterman) That:

- a) the report be received;

b) the tender submitted by Wheeler Book Club Limited for Contract 15216 for Supply of Library Collection Material is accepted by Hamilton City Council;

c) The Chief Executive is delegated to negotiate and approve final contract terms with Wheeler Book Club Limited based on the Hamilton City Council Request for Proposal;

d) the Approved Contract Term is set at three years with a right of renewal of two years at Councils sole discretion; and

e) the Approved Contract Sum for the first three years of the contract is set One Million Nine Hundred Thousand Dollars (\$1,950,000) being the estimated total spend over the first three years of the contract

8. In 2018/2019 a variation to increase the value of the contract to \$2,400,000 in order to cover increased vendor supply was approved by the Chief Executive.
9. Staff consider the decision in this report has a low significance and that the recommendations comply with the Council's legal requirements.

Discussion

10. Contract No. 15216: Supply of Library Collection Materials is a contract for the provision of outsourced shelf-ready books and e-content for Hamilton City Libraries. The current contractor is Wheelers Book Club LTD.
11. The Contract, which commenced on 1 July 2016 and will expire on 30 June 2019, includes a renewal clause which would enable the extension of this contract for two years. A decision on the right of renewal is required. Due to the total value of the contract this exceeds Chief Executive delegations and requires committee approval.
12. Wheelers Book Club LTD is performing the duties required under this contract to a high standard and a good working relationship has been developed with the Hamilton City Libraries team.
13. The HCC procurement team have led preliminary discussions with Wheelers around the potential renewal. They have indicated that they would accept a renewal offer for this contract with no price increase.
14. The contract represents good value for money for Council. The discounts and shelf ready costs received through the contract could not be achieved, at this time, by Libraries if services were delivered in-house.
15. Currently there are only two suppliers, in the New Zealand market, capable of fulfilling the contract. It is not anticipated that there will be any savings to be made through retendering at this time, in fact it is likely to cost the Council more and introduce a delay and disruption to the current phased purchasing programme.
16. Staff recommend that the two-year period of renewal be approved, extending the expiry date to 30 June 2021. The value of this extension is expected to be \$1,500,000 or \$750,000 per year.

Financial Considerations

17. The total budget available for Libraries collection renewals for the 2019/2020 and 2020/2021 financial years is included in the table below. The contract renewal represents \$750,000 annually and is budgeted within the 10 Year Plan. The balance of the expenditure will be through other specialist suppliers.

Year	Total Budget	Contract Expenditure	Other Collections Expenditure
2019/2020	\$1,181,500	\$750,000	\$431,500
2020/2021	\$1,229,200	\$750,000	\$479,200

Legal and Policy Considerations

18. Staff confirm that the matters in this report complies with the Council's legal and policy requirements.

Cultural Considerations,

19. The Contract meets the values set out in the [Libraries Bicultural Commitment](#).
20. The selection and acquisition of Maaori Collections are outlined in the [Libraries' Collection Profile](#).

Sustainability Considerations

21. The Sustainability Principles that are supported by this decision are:
- Sustainability Principle 1: Council includes environmental, economic, social, and cultural considerations in its decision-making criteria.

Risks

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

Significance & Engagement Policy

Significance

23. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the recommendation(s) in this report has/have a low level of significance.

Engagement

24. Given the low level of significance determined, the engagement level is low. No engagement is required.

Attachments

There are no attachments for this report.

Resolution to Exclude the Public

Section 48, Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

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

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

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Confirmation of Finance Committee Meeting Minutes - Public Excluded - 9 April 2019) Good reason to withhold information exists under Section 7 Local Government Official Information and Meetings Act 1987	Section 48(1)(a)
C2. Report on overdue debtors as at 30 April 2019 & Debt write-offs 2018/19)	
C3. 2015-19 Fujitsu Hosting and Managed Infrastructure and Application Services Contract Value Confirmation		

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

Item C1.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C2.	to protect the privacy of natural persons to maintain the effective conduct of public affairs through protecting persons from improper pressure or harassment	Section 7 (2) (a) Section 7 (2) (f) (ii)
Item C3.	to avoid the unreasonably, likely prejudice to the commercial position of a person who supplied or is the subject of the information	Section 7 (2) (b) (ii)

