

## Notice of Meeting:

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

**Date:** Tuesday 24 August 2021  
**Time:** 10.30am  
**Meeting Room:** Council Chamber and Audio Visual Link  
**Venue:** Municipal Building, Garden Place, Hamilton

Richard Briggs  
Chief Executive

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## Finance Committee *Komiti Tahua* OPEN AGENDA

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### Membership

**Chairperson** Cr R Pascoe  
*Heamana*

**Deputy Chairperson** Cr Maxine van Oosten  
*Heamana Tuarua*

<b>Members</b>	Mayor P Southgate	Cr K Naidoo-Rauf
	Deputy Mayor G Taylor	Cr A O'Leary
	Cr M Bunting	Cr S Thomson
	Cr M Gallagher	Cr E Wilson
	Cr R Hamilton	Cr D Macpherson
	Cr Vacancy	Maangai Vacancy

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

**Meeting Frequency:** Six weekly

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Becca Brooke  
Governance Manager  
*Menetia Mana Whakahaere*

**17 August 2021**

Telephone: 07 838 6727  
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.

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

**Terms of Reference:**

1. To provide direction on Council's financial strategy and monitor performance against that strategy.
2. To monitor Council's financial performance against the Council's 10 Year Plan and the impact of the financial performance on services levels and rate payers' value.
3. To monitor deferred capital expenditure.
4. To develop and monitor policy related to the following matters:
  - a) financial management;
  - b) revenue generation; and
  - c) procurement and tendering.
5. To monitor the probity of processes relating to policies developed by the Finance Committee.

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

- Approval of operating 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 to write-off outstanding accounts greater than \$10,000 (in accordance with the Debtor Management Policy).

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

- To set the direction of Council's Financial Strategy.

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

**Recommendatory Oversight of Policies and Bylaws:**

- *Funding Needs Analysis Policy*
- *Investment and Liability Management Policy*
- *Rates Remissions and Postponements Policy*
- *Rating Policy*
- *Revenue and Financing Policy*

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**1 Apologies – *Tono aroha***

**2 Confirmation of Agenda – *Whakatau raarangi take***

The Committee to confirm the agenda.

**3 Declaration of Interest – *Tauaakii whaipanga***

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 – *Aatea koorero***

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 five 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 6727.

# Council Report

**Committee:** Finance Committee

**Date:** 24 August 2021

**Author:** Narelle Waite

**Authoriser:** Becca Brooke

**Position:** Governance Advisor

**Position:** Governance Manager

**Report Name:** Confirmation of the Finance Committee Open Minutes of 15 June 2021

<b>Report Status</b>	<i>Open</i>
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## Staff Recommendation - *Tuutohu-aa-kaimahi*

That the Finance Committee confirm the Open Minutes of the Finance Committee Meeting held on 15 June 2021 as a true and correct record.

## Attachments - *Ngaa taapirihanga*

Attachment 1 - Finance Committee Open Unconfirmed Minutes - 15 June 2021

## Finance Committee

### *Komiti Tahua*

### OPEN MINUTES

Minutes of a meeting of the Finance Committee held in Council Chamber, Municipal Building, Garden Place, Hamilton and audio-visual link on Tuesday 15 June 2021 at 9.31am.

#### PRESENT

**Chairperson** Cr M van Oosten

*Heamana*

**Deputy Chairperson** Cr R Pascoe

*Heamana Tuarua*

#### Members

Deputy Mayor G Taylor (exclusively via audio-visual link)

Cr M Bunting

Cr M Gallagher

Cr R Hamilton (exclusively via audio-visual link)

Cr K Naidoo-Rauf

Cr A O'Leary (exclusively via audio-visual link)

Cr S Thomson

Cr D Macpherson

#### In Attendance

David Bryant – General Manager People and Organisational Performance

Lance Vervoort – General Manager Community

Eeva-Liisa Wright – General Manager Infrastructure Operations

Chris Allan – General Manager Development

Sean Murray – General Manager Tourism, Venues and Special Events

Tracey Musty – Financial Controller

Iain Anderson – Capital Projects

Maire Porter – City Waters Manager

Julie Sanderson – Group Business Manager Growth

Katy Nudd – Business Planning Analyst

Liz Tuck – Corporate Planning Manager

Matthew Bell – Financial Support Services Manager

#### Governance Staff

Becca Brooke – Governance Manager

Narelle Waite and Tyler Gaukrodger – Governance Advisors

#### 1. Apologies – *Tono aroha*

**Resolved:** (Cr Pascoe/Cr Macpherson)

That the apologies for partial attendance from Mayor Southgate, Crs Wilson, Thomson and Gallagher are accepted.

#### 2. Confirmation of Agenda – *Whakatau raarangi take*

**Resolved:** (Cr Pascoe/Cr van Oosten)

That the agenda is confirmed.

3. **Declarations of Interest – *Tauaakii whaipaaanga***

No members of the Council declared a Conflict of Interest.

4. **Public Forum – *Aatea koorero***

No members of the public wished to speak.

5. **Confirmation of the Finance Committee Open Minutes of 13 May 2021**

**Resolved:** (Cr Pascoe/Cr van Oosten)

That the Finance Committee confirm the Open Minutes of the Finance Committee Meeting held on 13 May 2021 as a true and correct record.

*Cr Naidoo-Rauf joined the meeting (9.34am) during discussion of the above item. She was present when the matter was voted on.*

6. **Capital Portfolio Monitoring Report**

The Capital Financial Lead introduced the report noting the report covers the period to April and provided a verbal update concerning May results. He explained that the year-end forecast was on track, the capitalisation process and outstanding Vested Assets, and the emerging supply chain risk. He then responded to the staff action of the previous meeting concerning the Capital Budget and Capital Project deferrals.

Staff responded to questions from Members concerning Capital Project deferrals including methodology of forecasting and Member oversight, the emergent supply chain risk including mitigation opportunities and agile governance process, and labour shortage solutions.

**Staff Action:** *Staff undertook to report to the Finance Committee meeting of 24 August 2021 with further details concerning potential Capital Projects deferrals.*

**Resolved:** (Cr van Oosten/Cr Macpherson)

That the Finance Committee receives the report.

*Cr Gallagher joined the meeting (9.36am) during discussion of the above item. He was present when the matter was voted on.*

7. **Annual Monitoring Report to 30 April 2021**

The Financial Controller spoke to the noting the report covered the period to April and provided a verbal update of forecasting results to June. She then responded to the previous staff action concerning investment opportunities. She responded to questions from Members concerning balancing the books and revaluations.

**Resolved:** (Cr Pascoe/Cr van Oosten)

That the Finance Committee receives the report.

8. **Financial Strategy Monitoring Report (*Recommendation to the Council*)**

The Financial Controller took the report as read. She responded to questions from Members concerning the living wage and alignment with minimum wage increases, the staff recommendation, and the net debt and balancing of the books in relation to the draft 2021-31 Long Term Plan.

**Staff Action:** Staff undertook to provide a draft of the Financial Strategy position for Debt to Revenue, Net Debt and Balancing the Books graphs inclusive of the 2021-31 Long Term Plan to the Finance Committee meeting of 24 August 2021.

**Resolved:** (Cr Pascoe/Cr van Oosten)

That the Finance Committee receives the report.

That the Finance Committee recommends that the Council:

- a) approves the capital movement as identified in paragraph 21 of the 15 June 2021 Capital Portfolio Monitoring Report;
- b) approves the significant forecast adjustments as set out in paragraphs 19 and 20 of this report; and
- c) approves the revised Financial Strategy position for Debt to Revenue, Net Debt and Balancing the Books as set out in paragraphs 22 to 24 of this report.

## 9. Non-Financial Service Performance Report Quarter three 2018-28 Long Term Plan

The Business Planning Analyst and the Corporate Planning Manager introduced the report noting that there were seven measures that would not be met this year and that there were six measures that did not have data available. Staff responded to questions from Members concerning trends for stormwater, customer service and drinking water measures and residential section supply measures.

**Staff Action:** Staff undertook to provide Members with information concerning residential section supply.

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

That the Finance Committee receives the report.

*Cr O'Leary left the meeting (11.06am) during discussion of the above item. She was not present when the matter was voted on.*

## 10. Resolution to Exclude the Public

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

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

The following motion is submitted for consideration:

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

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

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Confirmation of the Finance Committee Public Excluded Minutes of 13 May 2021	<ul style="list-style-type: none"> <li>) Good reason to withhold</li> <li>) information exists under</li> <li>) Section 7 Local Government</li> <li>) Official Information and</li> </ul>	Section 48(1)(a)

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- C2. Report on overdue debtors as at 30 April 2021 and Debt write-offs 2020/21 ) Meetings Act 1987 )
- C3. Contract 00000267/2020 Facilities Fire Systems Service - Contract Award
- C4. Renewal and Maintenance Contract Awards
- C5. Technology Service Contract Renewal

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

- |          |                                                                                                                     |                                        |
|----------|---------------------------------------------------------------------------------------------------------------------|----------------------------------------|
| Item C1. | to prevent the disclosure or use of official information for improper gain or improper advantage                    | Section 7 (2) (j)                      |
| Item C2. | to protect the privacy of natural persons                                                                           | Section 7 (2) (a)                      |
|          | to maintain the effective conduct of public affairs through protecting persons from improper pressure or harassment | Section 7 (2) (f) (ii)                 |
| Item C3. | to enable Council to carry out commercial activities without disadvantage                                           | Section 7 (2) (h)<br>Section 7 (2) (i) |
| Item C4. | to enable Council to carry out negotiations                                                                         | Section 7 (2) (i)                      |
|          | to prevent the disclosure or use of official information for improper gain or improper advantage                    | Section 7 (2) (j)                      |
| Item C5. | to enable Council to carry out negotiations                                                                         | Section 7 (2) (i)                      |

**The meeting went into Public Excluded session at 11.09am.**

**The meeting was declared closed at 12.14pm.**

# Council Report

Item 6

**Committee:** Finance Committee

**Date:** 24 August 2021

**Author:** Narelle Waite

**Authoriser:** Becca Brooke

**Position:** Governance Advisor

**Position:** Governance Manager

**Report Name:** Chair's Report

<b>Report Status</b>	<i>Open</i>
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## Recommendation - *Tuutohu*

That the Finance Committee receives the report.

## Attachments - *Ngaa taapirihanga*

Attachment 1 - Finance Committee Chair's Report - 24 August 2021

Attachment 2 - Finance Chair's Report Attachment 1 - Three Waters Guidance for Councils



## Chair's report

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The timeline of government's 3-waters reform is moving quickly. There is much information now in the public domain. Some key information is still to be released and there is still work being undertaken by DIA on behalf of the Minister. This adds to the frustration for an informed decision, leading to either second guessing or misinterpretation of the government's intent.

Many elected members around New Zealand believe reform in the sector is needed. The question is how and will the end result provide a much more resilient and cost-effective delivery of water services to our communities.

HCC has given a conditional "yes" to reform 3-waters. The devil is always in the detail and as decision day looms it will be necessary for us in a relatively short time to be all over the detail.

The proposed change is huge and will have varying but enormous outcomes for all councils. The financial effects are still to be accurately quantified. However, for Hamilton City, with 30.8% of 2021/22 residential rates costs relating to water services it is likely a similar proportion of revenue, asset loss, reduced ability to borrow for other projects, and staffing levels to all be affected. Add to these the organisation's overheads and the need to manage a significant reduction following the loss of this activity to a the new water entity.

The current position articulated by DIA, on behalf of central government, indicates to me the following major financial challenges elected members will need to grapple with in convincing their communities the way to reform is better than as present:

1. The transfer of net assets to the new entity will be without consideration. HCC staff indicate currently the council has water assets valued at around \$1.45Billion. Water related debt is estimated at \$370million. (See DIA dashboard). These figures will change probably upwards before transfer date. In addition, the water entity will gain probably without payment council IP (including Apps, asset management plans, stock in trade, and other minor assets) previously expensed, and not included in water assets reported in the Financial Statements. Elected members will need to be comfortable that such a transfer without payment reflects good stewardship and represents a responsible decision transferring assets belonging to and paid for by this community. Previously under the Cranleigh Review (2014) HCC was to "sell" net water assets to a new company and receive shares in the new company to replace the assets. This new proposal is quite different with the transferee council receiving no corresponding asset.
2. The DIA has issued a proposed governance structure for the new entity. In my view this requires careful and full scrutiny if the proposal in its present form goes ahead. My interpretation is that at best HCC elected members may have a say (along with other councils) in selecting an appointment panel who will then appoint the water entity directors, and ongoing unspecified involvement in how the entity reports back to its communities. Apart from this most interaction will be between HCC staff and water entity staff in delivery of new city infrastructure, renewals, and ongoing service delivery.



3. DIA has obtained independent financial advice on revenue and costs to operate the water entities during setup, initial years, and long term (Water Industry Commission of Scotland - WICS Report). In the long term (end of 30 years) the report estimates users will be significantly better off financially than if council continues to manage its own water delivery. WICS estimates in the year 2051 the average cost per household for 3 waters for Hamilton consumers will be \$1,220pa under reform compared with \$2,740 without. A similar significant cost saving was identified in the Cranleigh Report for Hamilton and the other councils involved in this study. There is little information released thus far on how implementation and short-term costs will be shared i.e., absorbed by the new water entity, funded by central government, passed back to councils, or charged to consumers. More information is needed on this. DIA, at the request of LGNZ, has sought a peer review on cost savings and other financial conclusions. The latest on this is that only the assumptions used in WICS have been reviewed and not the resulting financial outcomes.
4. The question has also been raised at Zone 2 meeting in Taupo in July on community consultation required by councils under the Local Government Act. Prima facie water is a strategic council asset, and a transfer would trigger a statutory consultation. Current thinking by central government appears that this is not so, and the assets can be transferred without undertaking community consultation. Legislative changes have been mentioned if this remains an issue.

The pace towards a decision has now slowed. In late July an unexpected joint report from DIA, LGNZ and Taituarā issued "Three Waters guidance for councils over the next eight weeks" (Report Attached). This report gives a moratorium until 1 October and promises no decisions will or need to be made before this date.

We need to be all over this and use the moratorium period to frame up questions and concerns we/our community will have to not only gain confidence that this model proposed by government (23 models were considered) is appropriate, but also influence change to get an acceptable outcome.

#### **Chair Recommendation**

That the Finance Committee receives the report.

**RW Pascoe**

**Chair of Finance Committee**

**Attachment 1:** Three Waters guidance for Councils over the next eight Weeks (July 2021)



## Three Waters Guidance for councils over the next eight weeks

Local Government New Zealand, Taituarā, and Te Tari Taiwhenua Internal Affairs

30 July 2021

Three Waters Guidance for councils over the next eight weeks

## Context

The Government has recently announced an integrated and extensive package of reform proposals together with a comprehensive financial support package. These announcements build on an intensive 12-month period of policy, commercial, legal and analytical work that has been progressed through a constructive partnership-based approach with the local government sector, under the oversight of a joint central-local government steering committee. Throughout this period the government has also undertaken multiple periods of engagement with local government and iwi/Māori.

The sector, through LGNZ's National Council, Taituarā and the Joint Steering Committee, have been working with the Government on their preferred model to ensure the Government's policy proposal worked within the broader local government "operating" system. We have shared the sector's concerns with DIA and challenged and tested policy as it's been developed. This has significantly influenced the shape of the reform. We are confident that there is a sufficient and evidence-based national case for change, including that the current approach to three waters service delivery is not capable of delivering the outcomes required in an affordable and sustainable way into the future.

### What's the Government's proposing?

The Government is proposing four new, large water service delivery entities. Their scale and balance sheet separation from councils means they will be able to borrow enough to fund the investment needed, a position that has been thoroughly tested with ratings agency Standard & Poors. The scale is also important to build and develop capability and capacity in the water services industry, as well as creating operating efficiencies and for effective quality and economic regulation. Without the new WSEs, councils will be directly responsible for all quality and economic regulatory obligations.

To support the sector through this massive change, LGNZ and the Crown (through DIA) jointly developed a [national-level package](#) to wrap around the reform proposals that addresses the sector's concerns and supports our communities now and into the future. The package is detailed in a [Heads of Agreement](#), signed in July, between LGNZ and the Government.

A summary of the proposed reform and support package can be found in [Appendix 1](#). [Appendix 2](#) provides an overview of the resources available to local authorities seeking further detail around the case for change and the decisions taken to date.

The Government and LGNZ have recommitted to working in partnership with the local government sector not just on these reforms, but on other challenges and opportunities. This is reflected in a [joint central/local government statement](#) released by the Government and LGNZ and underpinned by the Heads of Agreement.

Through the Heads of Agreement, the Government and LGNZ have agreed that local authorities will be provided a reasonable period from the end of the LGNZ conference through to 1 October to consider the impact of the reforms (including the financial support package) on them and their communities and an opportunity to provide feedback. The agreement and support package signal the Government's confidence in local government as a critical partner, both in this reform and in the future. We have heard strongly that Ministers want to work in partnership with our sector.

Three Waters Guidance for councils over the next eight weeks

They have committed to doing so and LGNZ has made the same commitments. That is how we can be most effective and influential going forward.

**No formal decisions are required between now and 1 October, but we are seeking feedback on the potential impacts of the proposed reform and how it could be improved.**

## The purpose of the next eight weeks

The purpose of this period is to provide time for all local authorities to:

- engage with and understand the large amount of information that has been released on the nature of the challenges facing the sector, the case for change, and the proposed package of reforms, including the recently announced support package;
- take advantage of the range of engagement opportunities to fully understand the proposal and how it affects your local authority and your community; and
- identify issues of local concern and provide feedback to LGNZ on what these are and suggestions for how the proposal could be strengthened.

You are not expected to make any formal decisions regarding the reform through this period. This is an opportunity for the sector to engage with – and provide feedback on – local impacts and possible variations to the proposed reform package outlined by the Government.

This engagement period does not trigger the need for formal consultation.

We would encourage local authorities to share your feedback with us as it arises over this period – that way we can share insights and ideas on common issues across the sector and help each other benefit from each other's work.

## Who's doing what over the next eight weeks

Over the next eight weeks:

- DIA and the Steering Group will continue to work on policy development so they can refine and enhance the model based on feedback from the sector.
- LGNZ and Taituarā will continue to support councils to understand their individual council data and the potential impacts the proposal will have on them and their communities.
- LGNZ will also facilitate workshops and council meetings to gather your feedback and provide clear guidance and ideas to DIA, the Steering Group and the Minister on the remaining unresolved areas of concern.
- The Steering Committee will maintain a role in informing ongoing policy issues, informing the implementation of the reform package, and providing oversight of and input into the transition processes.
- Councils can use this time to work through the proposal and information provided by DIA, including to test the 'no worse off'/'better off' proposition underpinning the financial support package.

Three Waters Guidance for councils over the next eight weeks

### Engagement with iwi/Māori

Over the next eight weeks, the Government will continue to lead engagement with iwi/Māori over the reform programme. You should be aware of this occurring but not let it stop you from maintaining your own constructive relationships. You should also be aware that as part of the [Heads of Agreement](#) and the funding allocation attached, it is proposed that to recognise the role that iwi/Māori will play in the new delivery system as partners, local authorities will be expected to engage with iwi/Māori in determining how it will use its funding allocation.

### What happens next - decision making and consultation

Following the engagement period, the Government will consider the feedback and suggestions provided by local authorities, in partnership with the joint steering committee. It will also consider the next steps, including the transition and implementation pathway, and revised timing for decision-making, which could accommodate the time required for any community or public consultation.

The Government will not be taking further decisions until after this engagement period.

### Engagement on boundaries

The Government is keen to engage with those most affected by boundary issues, with discussions already underway. This engagement will be ongoing and is not limited to the eight week period.

## What councils need to do over the next eight weeks

This is an opportunity for the sector to engage with the model and the proposal, at the national level and very specifically as it relates to your district/city. In this period Chief Executives should provide advice, for noting, to their council on the implications for the district/city. (Taituarā will develop a report format for chief executives to use). A decision on the advice, apart from noting, is not required, but the advice could form the basis of consultation with the community at a later date if required.

We would encourage councils to share your feedback with us as it arises over this period – that way we can share insights and ideas on common issues across the sector and help each other to benefit from each other's work.

**Local authorities are encouraged to review and consider the reform package and its implications for the communities they serve.**

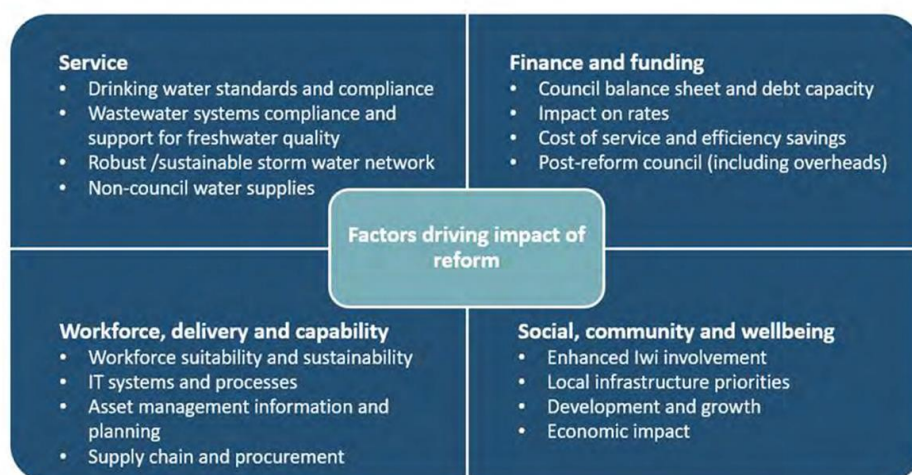
From now till 1 October, councils should carry out analysis to understand the potential impact of the reform by taking these steps:

1. Understand the key features of the proposed model and how it is intended to work (LGNZ will provide resources to help with this – see below).
2. Apply the proposed model to your circumstances (consider impacts on your community) for today and for the future (we would propose a 30 year horizon).

Three Waters Guidance for councils over the next eight weeks

3. Consider the model holistically – in terms of service, finance and funding, workforce, delivery and capability and social, cultural, environmental and economic well-being. LGNZ can help with this analysis.
4. Using the Taituarā pro forma report framework, chief executives should report the outcome of this analysis as advice to their councils, for noting. The pro forma report will specify all the parameters to be covered. Please provide a copy of the advice to LGNZ.

Local authorities are encouraged to consider the impacts of the proposed reform holistically, in terms of service outcomes, economic development and growth, finance and funding, workforce capability and social, community and economic well-being. The diagram below provides a helpful framework for thinking through these impacts. LGNZ can help with this analysis.



Local authorities are also encouraged to provide feedback or participate in targeted workshops to develop solutions on outstanding issues identified by LGNZ and the Government.

As part of the agreement between LGNZ and the Government, we are also looking for feedback on and solution refinements for issues that councils have raised that aren't fully resolved and on which the Government has said there is room for flexibility to come up with solutions that meet local needs:

1. Ensuring all communities have both a voice in the system and influence over local decisions. This includes assurance that water service entities will understand and respond appropriately to communities' needs and wants, including responding to localised concerns.
2. Effective representation on the new water service entities' oversight boards so that there is strong strategic guidance from, and accountability to, the communities they serve, including iwi/mana whenua participation. This also covers effective assurance that entities, which will remain in public ownership, cannot be privatised in future.

3. Making sure councils' plans for growth, as reflected in spatial plans, district plans or LTPs, are appropriately integrated with water services planning. This includes that planning and delivery of water infrastructure investment is integrated with transport and other related infrastructure.

You can either provide potential solutions and refinement ideas in writing to us or participate in targeted workshops. If you would like to be part of a workshop, please email [feedback@lgnz.co.nz](mailto:feedback@lgnz.co.nz).

## Appendix 1: Summary of reform proposal and support package

### Government reform package

The Government has decided, based on the substantial work undertaken over the past year in partnership with the sector, to pursue an integrated and extensive package of reform to the current system for delivering three waters services and infrastructure. The package comprises the following core components:

- establish four statutory, publicly-owned water services entities to provide safe, reliable and efficient water services;
- enable the water services entities to own and operate three waters infrastructure on behalf of local authorities, including transferring ownership of three waters assets and access to cost-effective borrowing from capital markets to make the required investments;
- establish independent, competency-based boards to govern each water services entity;
- introduce mechanisms that protect and promote the rights and interests of iwi/Māori in the new three waters service delivery system;
- introduce a series of safeguards against future privatisation of the water services entities;
- set a clear national policy direction for the three waters sector, including expectations relating to the contribution by water services entities to any new spatial / resource management planning processes;
- establish an economic regulation regime, to ensure efficient service delivery and to drive the achievement of efficiency gains, and consumer protection mechanisms; and
- develop an industry transformation strategy to support and enable the wider three waters industry to gear up for the new water services delivery system.

### Financial support package

The Government has developed, in close partnership with Local Government New Zealand, a package of \$2.5 billion to support the sector through the transition to the new water services delivery system, and to position the sector for the future. There are two broad components to this support package:

- \$2 billion of funding to invest in the future of local government and community well-being, while also meeting priorities for government investment (the “better off” component).
- \$500 million to ensure that no local authority is financially worse off as a direct result of the reform (the “no worse off” component).

Three Waters Guidance for councils over the next eight weeks



The better off component of the support package, which comprises \$1 billion Crown funding and \$1 billion from the new water services entities, is allocated to territorial authorities on the basis of a nationally consistent formula that takes into account population, relative deprivation and land area. This formula recognises the relative needs of local communities, the unique challenges facing local authorities in meeting those needs, and differences across the country in the ability to pay for those needs.

Territorial authorities will be required to demonstrate that the use of this funding supports the three waters service delivery reform objectives and other local well-being outcomes and aligns with the priorities of central and local government, through meeting some or all of the following criteria:

- supporting communities to transition to a sustainable and low-emissions economy, including by building resilience to climate change and natural hazards; and
- delivery of infrastructure and/or services that:
  - enable housing development and growth, with a focus on brownfield and infill development opportunities where those are available; and
  - support local place-making and improvements in community well-being.

The no worse off component of the support package is intended to address the costs and financial impacts on territorial authorities directly as a result of the three waters reform programme and associated transfer of assets, liabilities and revenues to new water services entities. It includes an up to \$250 million allocation to support councils to meet unavoidable costs of stranded overheads, based on:

- \$150 million allocated to councils (excluding Auckland, Christchurch and councils involved in Wellington Water) based on a per capita rate that is adjusted recognising that smaller councils face disproportionately greater potential stranded costs than larger councils;
- Up to \$50 million allocated to the Auckland, Christchurch and Wellington Water councils excluded above based on a detailed assessment of two years of reasonable and unavoidable stranded costs directly resulting from the Water Transfer, as the nationally-consistent formula is likely to overstate the stranded costs for these councils due to their significantly greater scale and population. Stranded costs should be lower with respect to Watercare and Wellington Water as these Council Controlled Organisations have already undertaken a transfer of water services responsibilities, albeit to varying degrees; and
- Up to \$50 million able to be allocated to councils that have demonstrable, unavoidable and materially greater stranded costs than provided for by the per capita rate (the process for determining this will be developed by the Department of Internal Affairs working closely with Local Government New Zealand).

The remainder of the no worse off component will be used to address adverse impacts on the financial sustainability of territorial authorities. This will require a due diligence process that will need to be worked through in the coming months.

In addition to the support package, the Government expects to meet the reasonable costs associated with the transfer of assets, liabilities and revenue to new water services entities, including staff involvement in working with the establishment entities and transition unit, and

Three Waters Guidance for councils over the next eight weeks

provision for reasonable legal, accounting and audit costs. There is an allocation for these costs within the \$296 million tagged contingency announced as part of the 2021 Budget Package for transition and implementation activities. This allocation is additional to the \$2.5 billion support package.

The Department of Internal Affairs is continuing to work with Local Government New Zealand and Taituarā, including through the joint Steering Committee process, to develop the process for accessing the various components of the support package outlined above, including conditions that would be attached to any funding. More information and guidance will be made available in the coming months.

#### Better off funding allocation

Council	Allocation
Auckland	\$ 508,567,550
Ashburton	\$ 16,759,091
Buller	\$ 14,009,497
Carterton	\$ 6,797,415
Central Hawke's Bay	\$ 11,339,488
Central Otago	\$ 12,835,059
Chatham Islands	\$ 8,821,612
Christchurch	\$ 122,422,394
Clutha	\$ 13,091,148
Dunedin	\$ 46,171,585
Far North	\$ 35,175,304
Gisborne	\$ 28,829,538
Gore	\$ 9,153,141
Grey	\$ 11,939,228
Hamilton	\$ 58,605,366
Hastings	\$ 34,885,508
Hauraki	\$ 15,124,992
Horowhenua	\$ 19,945,132
Hurunui	\$ 10,682,254
Invercargill	\$ 23,112,322

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Kaikoura	\$ 6,210,668
Kaipara	\$ 16,141,395
Kapiti Coast	\$ 21,051,824
Kawerau	\$ 17,270,505
Lower Hutt	\$ 38,718,543
Mackenzie	\$ 6,195,404
Manawatu	\$ 15,054,610
Marlborough	\$ 23,038,482
Masterton	\$ 15,528,465
Matamata-Piako	\$ 17,271,819
Napier	\$ 25,823,785
Nelson	\$ 20,715,034
New Plymouth	\$ 31,586,541
Opotiki	\$ 18,715,493
Otorohanga	\$ 10,647,671
Palmerston North	\$ 32,630,589
Porirua	\$ 25,048,405
Queenstown Lakes	\$ 16,125,708
Rangitikei	\$ 13,317,834
Rotorua Lakes	\$ 32,193,519
Ruapehu	\$ 16,463,190
Selwyn	\$ 22,353,728
South Taranaki	\$ 18,196,605
South Waikato	\$ 18,564,602
South Wairarapa	\$ 7,501,228
Southland	\$ 19,212,526
Stratford	\$ 10,269,524
Tararua	\$ 15,185,454

Three Waters Guidance for councils over the next eight weeks

Tasman	\$ 22,542,967
Taupo	\$ 19,736,070
Tauranga	\$ 48,405,014
Thames-Coromandel	\$ 16,196,086
Timaru	\$ 19,899,379
Upper Hutt	\$ 18,054,621
Waikato	\$ 31,531,126
Waimakariri	\$ 22,178,799
Waimate	\$ 9,680,575
Waipa	\$ 20,975,278
Wairoa	\$ 18,624,910
Waitaki	\$ 14,837,062
Waitomo	\$ 14,181,798
Wellington	\$ 66,820,722
Western Bay of Plenty	\$ 21,377,135
Westland	\$ 11,150,183
Whakatane	\$ 22,657,555
Whanganui	\$ 23,921,616
Whangarei	\$ 37,928,327

## Appendix 2: Three Waters Reform Programme key resources

The table below summarises the key resources that have been published in relation to the Government's recent announcements around the proposed three waters service delivery reform and financial support package.

Further information is available at the three waters reform programme webpage at:

<https://www.dia.govt.nz/Three-Waters-Reform-Programme>

Title	Description
<b>Cabinet papers and decisions</b>	
<a href="#">Cabinet paper one and minute – A new system for three waters service delivery</a>	Paper summarising the case for change and seeking Cabinet agreement to the overall reform package.
<a href="#">Cabinet paper two and minute – Designing the new three waters service delivery entities</a>	Paper seeking Cabinet agreement to the proposed structure of water services entities, associated oversight, governance and ownership arrangements and mechanisms that provide for communities and consumers to have a voice within the new structure.
<a href="#">Cabinet paper three and minute – Protecting and promoting iwi/Māori rights and interests</a>	Paper summarising iwi/Māori rights and interests in the three waters service delivery reforms, and seeking agreement to a number of specific mechanisms for protecting and promoting rights and interests in the new service delivery model.
<b>Summary of case for change and reform proposal</b>	
<a href="#">Transforming the system for delivering three waters services - the case for change and summary of proposals</a>	An overview of the case for change and the Government's proposed package of reform.
<a href="#">A3 Overview of the Three Waters Reform Programme</a>	A3 summarising the case for change, proposed new delivery system.
<a href="#">Financial support package information and FAQs</a>	Overview of the financial support package, allocations and responses to frequently asked questions.

Three Waters Guidance for councils over the next eight weeks

Title	Description
<b>Models, tools and dashboards</b>	
<a href="#">Local Dashboard</a>	Dashboard of the potential impacts on local authorities with and without reform.
<a href="#">Simplified financial models</a>	Simplified versions of the financial models the Water Industry Commission for Scotland used in its analysis of the potential economic benefits of three waters reform. These models demonstrate the approach taken to calculate average household costs for each council and amalgamated entity. There are also slide packs setting out sensitivity analysis for each council and amalgamated entity to test the sensitivity of the modelling to key assumptions, including assumptions around levels of efficiency and future investment need.
<a href="#">Water Service Entities overview</a>	A short overview of the estimated position of the Water Service Entities following reform.
<b>Evidence base</b>	
<a href="#">Regulatory Impact Assessment – Decision on the reform of three waters service delivery arrangements</a>	Regulatory Impact Assessment (RIA) developed by the Department of Internal Affairs to inform the decision on whether and how to improve the system for delivering three waters services. Developed in two parts: <ul style="list-style-type: none"> <li>• a strategic RIA assessing the rationale for reform; and</li> <li>• six detailed RIA chapters assessing each of the core design choices that make up the package of policy proposals.</li> </ul>
Industry Development Study and Economic Impact Assessment (Deloitte) <a href="#">Summary A3</a> <a href="#">Full report</a>	Analysis of the potential economic impact of the proposed reform package, and the opportunities and risks for industries affected by reform.

Three Waters Guidance for councils over the next eight weeks

Title	Description
<p>Economic analysis of water services aggregation (Water Industry Commission for Scotland):</p> <p><a href="#">Final report</a></p> <p><a href="#">Supporting material part 1 - required investment</a></p> <p><a href="#">Supporting material part 2 – scope for efficiency</a></p> <p><a href="#">Supporting material part 3 – costs and benefits of reform</a></p> <p><a href="#">Supporting material part 4 – modelling the effect of ranges for key parameters for Auckland Council</a></p> <p><a href="#">Supporting material part 5 – Council outcomes under amalgamation</a></p>	<p>Second phase of analysis that builds on earlier work by making use of more up-to-date information collected through the Request for Information process and by making allowance for population growth and council-reported rates of connection. The analysis is done in three parts:</p> <ul style="list-style-type: none"> <li>• Estimated investment requirement for New Zealand's three waters infrastructure to meet quality standards;</li> <li>• Scope for efficiency gains from transformation of the three waters service delivery system, including those associated with scale; and</li> <li>• The potential economic (efficiency) impacts of various aggregation scenarios.</li> </ul>
<p><a href="#">Review of methodology and assumptions underpinning economic analysis of aggregation</a> (Farrierswier)</p>	<p>Farrierswier, a regulatory economics consultancy in Victoria, Australia with deep understanding of the water services industry, reviewed the methodology and underpinning assumptions applied by the Water Industry Commission for Scotland in its analysis of the potential benefits of reform and the extent to which this is reasonable to inform policy advice.</p>
<p><a href="#">Review of assumptions between Scotland and New Zealand Three Waters Systems</a> (Beca)</p>	<p>Beca reviewed the standards and practices in the United Kingdom three waters industry and the relevance to New Zealand given WICS has used United Kingdom data and benchmarks as part of its analysis.</p>

Three Waters Guidance for councils over the next eight weeks

# Council Report

**Committee:** Finance Committee

**Date:** 24 August 2021

**Author:** Iain Anderson

**Authoriser:** Chris Allen

**Position:** Capital Financial Lead

**Position:** General Manager  
Development

**Report Name:** Capital Portfolio Monitoring Report

<b>Report Status</b>	<i>Open</i>
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## Purpose - *Take*

1. To inform the Finance Committee of the achievements of last three years of the Capital Programme.
2. To inform the Finance Committee on the financial performance of the capital portfolio for the twelve months ended 30 June 2021. The results should be considered draft as the Annual report is subject to the audit by Audit New Zealand.

## Staff Recommendation - *Tuutohu-aa-kaimahi*

3. That the Finance Committee receives the report.

## Executive Summary - *Whakaraapopototanga matua*

4. The 2020-21 financial year is the third year of the 2018-28 LTP. Over this period Council has delivered a significant step change in the capital programme.
5. Total capital spend over the three year period has been \$589.8m. This represents a significant increase (130%) over the 3 years period of the previous Long-Term Plan where the capital expenditure was \$255.6m. More importantly Council has largely delivered on the capital expectations set by the 2018-28 10 Year Plan with most projects having been completed or in progress.
6. A report and short video have been produced reflecting on the significant projects delivered over this period.
7. This report is to be read in conjunction with the:
  - i. 30 June 2021 (24 August 2021 meeting) Annual Monitoring Report; and
  - ii. 30 June 2021 (24 August 2021 meeting) Financial Strategy Monitoring report.
8. The total capital expenditure for the year ended 30 June 2021 is \$245.3m.
9. The value of deferrals and brought forwards for 2020-21 has increased by \$7.4m to \$55.3m. These budgets will be carried forward into the new 2021-31 Long Term Plan and incorporated into the already approved budget.
10. Further savings of \$3.3m have been identified, bringing the year-to-date amount to \$9.4m. The annual impact on the operating position of these savings is approximately \$300k.



11. Capital work in progress (WIP) is \$443.7m, within this amount is \$60.5m of assets that are in service but have not yet been capitalised. These assets have been unable to be capitalised by the 30 June 2021. To negate the impact on the operating result an estimate of the depreciation amount and been made and is reflected in the Annual Monitoring Report 30 June 2021.
12. Four projects across the portfolio have been flagged as having a risk(s) that is being brought to the attention of the Finance Committee. Risks are generally considered to be associated with cost, timing, or scope.
13. Two portfolio risks have been identified:
  - i. a significant portfolio risk for 2021/31 is emerging relating to supply chain issues for materials caused by global and national demand and transport logistics; and
  - ii. the 2021-24 National Land Transport Programme will not be confirmed until early September 2021. The 2021-31 Long Term Plan assumed certain co-funding from Waka Kotahi NZTA. If these funding assumptions are not realised staff will report back with impacts of deliverability and financial strategy.
14. Staff consider the matters to be of low significance and that the recommendations comply with Council's legal requirements.

## Discussion – *Matapaki*

### Programme Summary and Significant Highlights

15. The following definitions are relevant:
  - i. Portfolio: refers to the total organisational capital work budget for 2020-21. As per the approved Annual Plan the portfolio is \$302.8m. This is subsequently modified through the Forecast;
  - ii. Programme: refers to the eight programmes that are referred to in this report, which when added together equal the portfolio; and
  - iii. Project: refers to the individual project under a particular programme. These projects may have funding from multiple activities and occur across multiple years.
16. **Attachment 1** is the Looking Back report, highlighting significant achievements.
17. **Attachment 2** is a summary table of changes to the 2020-21 capital expenditure and capital revenue. This table tracks the changes approved at each Finance Committee meeting throughout the year.
18. **Attachment 3** is a full capital project listing. This reports the overall capital budget for the 2020/21 financial year. It tracks the budget changes from the approved 10 Year plan through to the approved Annual Plan and then the budget changes through to the current forecast position for the year ended 30 June 2021.
19. Please note that we have not provided the overall portfolio summary or the 8 individual programme sheets due to providing the looking back overview. Projects that have been assessed as having a risk attached are still included, refer paragraph 45-48.

### Capital Expenditure Forecast Groups

20. For the purposes of this Capital Portfolio Monitoring report, there are three main types of capital budget movement that will impact on the forecasted total spend for this financial year. They are:
  - i. **Deferrals and Brought Forwards**: These are approved budgets where a timing change has been identified. The timing change is either, a deferral, where the budget is moved

out to a future year or a brought forward where the future budget is brought forward to the current year;

- ii. **Capital Savings:** these are permanent reductions in the budget. The savings are tied back to the Organisation savings targets established by the CE at the start of the 2018-28 10YP; and
- iii. **Other Changes:** these are new budgets that either did not previously exist or is an amendment to an existing approved budget.

21. These three types apply to all assets except the Renewals and Compliance Programme.

### **Renewals and Compliance**

- 22. This programme has been managed as a 3-year programme. This has proven to be successful in managing the renewals programme across a large and diverse range of assets. It has also allowed new projects to be accommodated within the financial envelope.
- 23. Over the past three years the total budget was \$210m, actual spend was \$197m. The difference is \$12.4m, this amount has been requested as a deferral to allow completion of the projects that were contractually committed without using budget for the new LTP.
- 24. Rather than return savings, additional projects to the value of \$17.6m have been undertaken during the 3 years without the need to request additional budget.

### **Looking Back**

- 25. Over the past three years total capital expenditure was \$589.8m, this is a significant achievement over the previous three-year period where the total capital expenditure was \$255.6m.
- 26. Staff have prepared a report highlighting some of the notable achievements and this is contained in **Attachment 1**. A video has also been produced and this will be played during the Finance Committee meeting.

### **Capital Expenditure and Revenue Actual**

- 27. The actual capital expenditure for the year ended 30 June 2021 is \$244.0m (\$190.8m). The amount in the brackets is the comparative from the previous financial year.
- 28. The actual capital revenue for the year ended 30 June 2021 is \$73.0m (\$42.4m). The amount in the brackets is the comparative from the previous financial year.

### **Capital Forecast**

- 29. This section only includes changes since the previous report to the Finance Committee on 15 June 2021.
- 30. The following table starts with the opening forecast as per the previous Finance Committee meeting and shows the additional movements through each area.

	Expenditure	Revenue
Forecast Budget as at 30 April 21	256,492	62,046
less Deferrals & b/fwds	(7,387)	0
less Savings	(3,307)	0
less Changes	(1,830)	0
<b>Forecast Budget as at 30 June 2021</b>	<b>243,968</b>	<b>62,046</b>

- 31. A summary table with all changes made this financial year is contained in **Attachment 2**. This table starts with the approved budget as per the 2020-21 Annual Plan and moves through the changes disclosed at each Finance Committee meeting.

32. A full capital schedule is contained in **Attachment 3**. This listing follows the same layout as the approved 2020-21 Annual Plan. It tracks the approved changes for the original 2018-28 10-Year Plan through to the current forecast position.

### Capital Deferrals

33. Deferrals are largely classified as either re-phasing or delay.
- I. Re-phasing - is where the project has started, or there is confidence that the project will start and 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 staff have received construction programmes from the contractors, and with them the forecasts of expenditure have been rephrased.
  - II. 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 20-21 due to third party issues outside Council control, the more usual reason being that a developer is not ready to partner with Council as anticipated when the 2018-28 10-Year Plan was developed.
34. The net value of deferrals and brought forwards for the 2020-21 financial year has increased by \$7.4m, the total value for the financial year is now \$55.3m. This is less than the \$65m that was previously reported to the Finance Committee.
35. In addition to the 2020-21 net deferrals there are a further \$15.1m from prior years. This brings the total net deferrals to \$70.5m being carried over into the 2021-31 Long-Term Plan period. Currently these deferrals are programmed for 2021-22 (Year 1) - \$50.3m and 2022-23 (Year 2) - \$20.2m.
36. For future Monitoring reports greater emphasis will be place on tracking both the deferrals and brought forward projects in relation to the financial years that are affected. This will give better visibility of the impact on deliverability and the financial strategy.

### Capital Savings

37. The Cost Saving Report from the 2018-28 10 Year Plan identified a capital savings target for 2020-21 of \$14.2m. The impact of this amount on the savings targets is the consequential savings in interest and depreciation. In other words, by not spending there is no depreciation and no interest expense.
38. Further savings of \$3.3m has been identified. This brings the total to \$9.4m. This equates to approximately \$300K in reduced depreciation and interest.

### Work in Progress (WIP)

39. The total value of WIP as at 30 June 2021 is \$443.7m, inclusive of vested assets.
40. The breakdown by status is:
- i. Current - \$383.2m (86.0%): this is legitimate WIP and reflects the assets that cannot be capitalised until they are complete and in use; this category includes; and
  - ii. Outstanding \$60.5m (14.0%): these are assets are in service, but the capitalisation process has not yet been completed. This group is treated with priority. Depreciation is applicable but not yet charged.
41. As reported previously, WIP is simply an accounting disclosure of capital expenditure. It reflects fixed assets that are not yet fully operational. Until they are complete and operational the expenditure remains classified as WIP. However, once the asset is fully operational it is required to be capitalised, it is at this point the depreciation begins.

42. Therefore, the focus is the WIP amount that is classified as outstanding. It is this balance that was getting priority to resolve before the end of the financial year. In the meantime, to ensure that we do not understate the amount of depreciation an assessment has been made and recorded as an expense on the Statement of Comprehensive Revenue and Expense.
43. Throughout the year we have reported that the priority was to reduce the outstanding to an acceptable level. At \$60.5m this is considered high and is why a desk top calculation has been posted to reflect the depreciation. It is expected that Audit New Zealand will focus on the underlying processes during the 2021 Annual Report audit. Regardless through the Development Group the Internal Auditor is leading a project in conjunction with the Asset Centre of Excellence office. This will ensure an enduring cross organisation approach and the output will be reported through the Strategic Risk and Assurance Committee.

#### **Project Risks - update**

44. The following projects have been identified which currently have a significant risk profile which is being closely monitored and managed. The only change since the last report is that the Newcastle Water Reservoir and Supply Network Upgrade has been removed in accordance with the contract award report as presented to the Infrastructure Operations Committee on 8 June 2021.

#### Wairere Drive Extension – Cambridge to Cobham

45. Timing and costs risks. This is a large complex contract with a number of significant risks that need monitoring and managing, as such this project will remain orange throughout the construction period. The significant remaining risks include bridge structure works, traffic management, contract time costs and construction cost escalation – as this contract is subject to contract cost fluctuation adjustments.

#### Te Awa Cycleway Extension

46. Timing risk. The project has an estimated completion date of December 2021 in accordance with other sections of the overall Te Awa route. Construction is underway however delivery timeframes are tight. Staff are working closely with the contractor to monitor progress and regularly review forecast timeframes to completion.

#### Rototuna Village Transport – Stage 1

47. Timing and costs risk. The first stage of the Rototuna Village transport network was planned to be the extension of Turakina Rise through to Bourn Brook Ave which was originally planned to be constructed by mid-2021, however due to the National Policy Statement on Freshwater project commencement has been delayed as staff work with Regional Council to ensure compliance. A further update on the Rototuna Village programme is provided in the project update report to this Committee meeting.

#### Ruakura Road Urban Upgrade

48. Construction of this major project is underway including significant traffic management and staged road closures over the second half of the 2021 year. Implementing closures on this section of the network is essential to deliver the upgrade works safely and efficiently – and closures are now in place. Staff are actively monitoring the network and working to implement improvements where possible to mitigate delays and disruption.

## Portfolio Risks

### Shortage and cost escalation of construction materials

49. A potentially significant portfolio risk is emerging relating to construction material and supply chain pressures. The risk is caused by both the national and international demand for certain materials as well as significant delays and increased costs of international freight. The risk consequences are project delays and escalating cost.
50. Discussions with our contractors indicate recent shortages and/or significant cost escalations for certain products such as steel, concrete, pipes, fittings, bitumen, and glass to name a few.
51. Staff are monitoring this risk carefully in conjunction with construction industry skills and labour shortages - and will provide further updates in subsequent reports to this Committee and to the Strategic Risk and Assurance Committee.
52. The risk is very likely to put pressure on budget adequacy to deliver projects over the next few years. While this risk is further dimensioned, risk analysis on each project around supply issues prior to committing to physical works procurement and contracts will be undertaken and reported to Council if necessary.

### Confirmation of Waka Kotahi NZTA funding in the 2021-24 National Land Transport Programme

53. Within the HCC 2021-31 Long Term Plan (LTP) a number of projects have been budgeted assuming co-funding from Waka Kotahi NZTA.
54. Waka Kotahi NZTAs budgeted programme will be incorporated in the 2021-24 National Land Transport Programme (NLTP), which is due to be confirmed in early September 2021.
55. Waka Kotahi NZTA have advised that funding in this upcoming NLTP is highly constrained and there is a significant risk that funding may not be available for projects which HCC have requested co-funding.
56. Key projects in our LTP which are subject to Waka Kotahi funding approvals include Borman Road Extension, Eastern Pathways (School Link and University Link), Transport Centre Upgrade, Biking and Micro mobility Programme, Ward Street Upgrade, Central City River Bridge and programmes of minor improvements.
57. Following the above-mentioned confirmation of the NLTP, a further report will be provided to the Committee to update on funding decisions and seek direction regarding any unfunded projects.

## Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

58. Staff confirm that matters and recommendations within this report comply with Council's legal and policy requirements.

## Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

59. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the 4 well-beings').
60. The subject matter of this report has been evaluated in terms of the 4 well-beings during the process of developing this report as outlined below.
61. The recommendations set out in this report are consistent with that purpose.

**Social**

62. Work is currently underway to understand social procurement opportunities across our portfolio, which involves enhanced recognition and valuing of social benefits through particularly our selection of contractors.

**Economic**

63. Delivery of our capital works portfolio is required for the city to continue to grow and generate employment and wealth.

**Environmental**

64. Across the capital portfolio, environmental consideration is integrated throughout the project life cycle, including through design, procurement and construction.
65. In the procurement phase all physical works contracts include a component to incorporate environmental and sustainability considerations into tender evaluation, where contractor initiatives such as materials reuse, energy requirements, electric vehicle utilisation, carbon offsets etc. can be valued.
66. Across the portfolio several works projects and programmes are specifically focussed on enhancing Hamilton's natural environment or ensuring effects of city development are not at the detriment of the natural environment.

**Cultural**

67. Across the portfolio, engagement and partnership with iwi is continuing at a project level, and work is underway to further align and partner at programme and portfolio levels to identify opportunities for enhanced partnership and shared outcomes. This is particularly in regard to alignment with objectives of the Waikato Tainui Environmental Plan – Tai Tumu Tai Pari Tai Ao.

**Risks - *Tuuraru***

68. There are no known risks associated with the recommendations in this report.

**Significance & Engagement Policy - *Kaupapa here whakahira/anganui*****Significance**

69. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed the matters and recommendations in this report have a low level of significance.

**Engagement**

70. Community views and preferences are already known to the Council through the 2018-28 10-Year Plan and 2019-20 Annual Plan.
71. Given the low level of significance determined, the engagement level is low, and no further engagement is required.

**Attachments - *Ngaa taapirihanga***

Attachment 1 - A Look Back....

Attachment 2 - Budget Summary Table

Attachment 3 - Full Capital Project Listing



# A LOOK BACK...

Capital Projects Portfolio at a glance

2018-21



**Hamilton  
City Council**  
Te kaunihera o Kīrikiriroa

Item 7

Attachment 1









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# IN BRIEF

## Everything we do is aimed at improving the wellbeing of Hamiltonians.

The 2018-28 Long-Term Plan was no different. Council made bold decisions and committed to a plan which looked after the city's assets and services and invested in the things that make Hamilton Kirikiriroa a great place to live.

Together, staff from across the organisation took the views and vision of Council and delivered a package of work which ensured we continued to be one of the best places in New Zealand and the world to live, work and raise families.

Some of the key areas we committed to investing in were:

- A renewals and compliance programme which was dedicated to looking after and replacing existing assets as and when we needed too.
- A community infrastructure programme which enhanced the great assets we already had and providing new community spaces and facilities for our playful city.

- Our strategic infrastructure, which would allow us to support growth throughout the city.
- A new residential area in Peacocke to the South of the city, including a new bridge across the Waikato River.
- Opening Waiwhakareke Natural Heritage Park to the public.
- A new entrance precinct at the Zoo and Waiwhakareke Natural Heritage Park.
- A new Rototuna Community Hub, including a purpose-built library.
- A transport programme which would improve safety, congestion, and transport choice (walking, cycling and public transport) for Hamiltonians.
- Upgrading a number of our busiest roads and intersections.
- Investment in improving safety of key intersections.

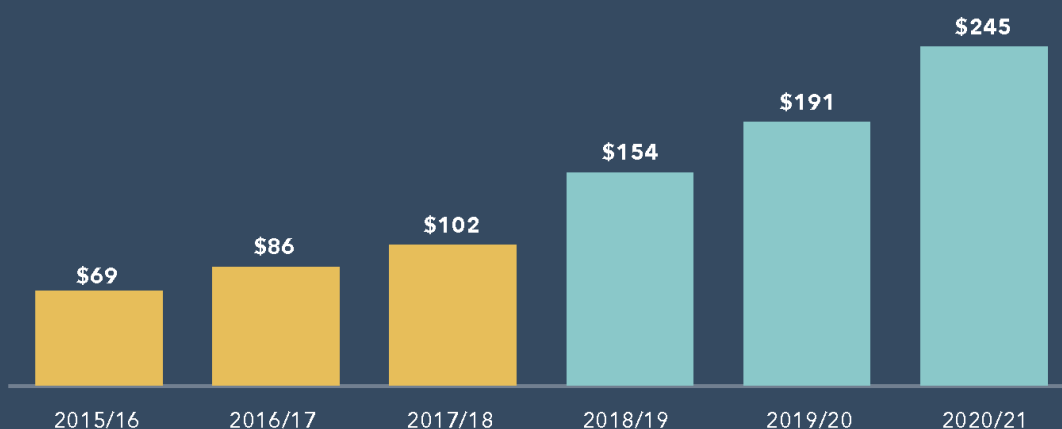
**To make this happen, there was a large increase in our Capital Projects Portfolio.**



See over the page

Our annual capital spend  
went from an average of  
**\$85 million**  
per year in 2015-18 to  
**\$197 million**  
per year in 2018-21.

CAPITAL SPEND (NZD \$M)



# SOME OF OUR CHALLENGES

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Growth cities always face challenges and Hamilton is no different. But challenges can be positive. They prompt change and demand a fresh way of thinking. They can become great opportunities for long-term good. Some of the challenges we faced across the Capital Projects Portfolio included:

**A change to the original plan** – before we start any project, we ensure that what is planned is still going to deliver the best outcomes for the community. If the outcomes shift, we may need to rescope or reprioritise the project to ensure we have the right things in place at the right time.

**COVID-19** – there is no denying the impact the pandemic has had on the construction industry. The lockdowns, access to materials, availability of specialist contractor resources and increase of costs for some materials. All these conditions have impacted the delivery of some of our projects.

**Developer agreements** – funding growth is a massive challenge because we simply cannot afford to do everything, or to do everything as quickly as we might like. To help fund growth Council may wish to enter into a Private Developer Agreement (PDA), which gives developers the certainty and flexibility to proceed with development. However, this may not always align with Councils provisional timeline which means we must work with developers and their timings to get the best outcome.

**Central Government pressure** – Hamilton, like many other growth cities is facing mammoth costs in relation to water and compliance. Changes to the National Policy Statement Freshwater Management have led us to reprioritise and change project timings or scope.

**Even with these challenges staff across all areas of Council have continued to deliver great outcomes for our city which will be felt for generations to come.**





# OUR HIGHLIGHTS

Whether you live, work, or play in Hamilton, you would have seen our team hard at work, not just helping the city to develop but also looking after what we've got.

With 2018-28 Long-Term Plan our team were tasked with the mammoth job of delivering more than \$1 billion of investment in strategic growth infrastructure in the city across 10 years.

As well as continuing to look after our core infrastructure which allow us to go about our daily lives.

This increase in delivery was evident. In the first three years of the Plan (years 2018-21) we doubled our capital expenditure to more than \$500 million.

Let's take a look back at just some of our achievements across the last three years.



# RENEWALS AND COMPLIANCE

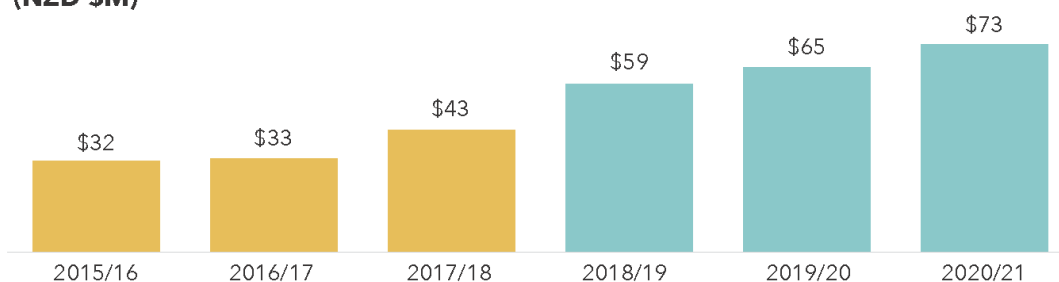
## WHAT'S IT ALL ABOUT



We have lots of assets across the city, like parks, playgrounds, footpaths, and community facilities just to name a few. To get the most out of them we need to make

sure we look after them correctly, and invest what's necessary to ensure our city facilities are well maintained.

## RENEWALS AND COMPLIANCE EXPENDITURE (NZD \$M)



## WHAT WE'VE SPENT (2018-21)



**EXPENDITURE**  
**\$197**  
**MILLION TOTAL**

**EXTERNAL FUNDING**  
**\$25.8**  
**MILLION TOTAL**

**The Renewals and Compliance programme is broken down into six activity-based subprogrammes:**

- Three Waters
- Transportation
- Community
- Venues, Tourism and Major Events
- Information Services
- Corporate Buildings and Fleet.

Over the last three years (2018-21) Council has overseen a planned Renewals and Compliance Programme, which has had the flexibility to ensure the assets with the highest priority were renewed.

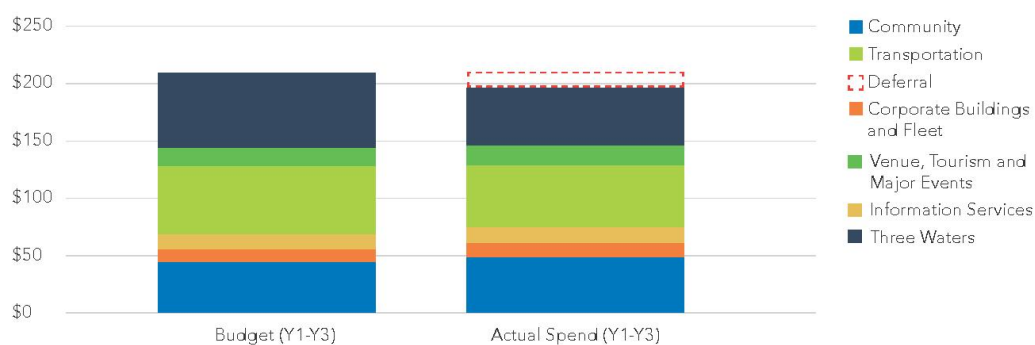


Determining the priority of the asset is based on condition and modelling. However, sometimes we need to reprioritise our work because some assets have not needed to be renewed as early as we had planned, or other assets have come to the end of their life before we had anticipated.

The effect of these changes can be seen in the graph below, which shows the spending on each of our different subprogrammes and activity types.

The Transportation subprogramme is largely co-funded with Waka Kotahi NZ Transport Agency funding.

#### RENEWALS AND COMPLIANCE CAPITAL BUDGET AND ACTUAL SPEND (NZD \$M)



## A playful city

During the last three years around \$50 million was spent on buildings which support our visitor and community-based services and the operational assets. This included some replacements that were not forecasted in the 2018-28 Long-Term Plan but through reprioritisation of the wider Renewals and Compliance Programme we were able to progress with these extra works.

A big focus for us in the 2018-28 Long-Term Plan was the need to improve drainage and facilities at our sports parks, as well as improvements to toilets and changing facilities in several parks.

### WHAT WE'VE ACHIEVED



### PARKS AND OPEN SPACES

With more than 200 parks across more than 1,196 hectares of green space this activity looks after our playgrounds, skate parks, natural areas, open spaces, sports parks, and community amenities such as public toilets.

- We reinstated and resurfaced the Grantham Street carpark.
- New pedestrian access bridges for Ranfurly and Sandford parks were installed.
- Six sports parks have had a range of irrigation and drainage improvements completed, including Resthills, Elliot, Ashurst, Mahoe, Galloway and Gower parks.
- Major erosion work in Days Park was completed.
- Park furniture across multiple parks were renewed including signage, seats, tables and bins.
- Boundary fencing around several of our parks was replaced.
- Melville Park Playground and Skate Park

were renewed to create a multi-use recreation area.

- Major playground renewals happened at Discovery and Jansen Parks.
- Lake Domain got its lights replaced.
- New Memorial Park and Matakanohi Park got footpaths renewed.
- Porritt Stadium toilets and changing rooms were renewed and upgraded.
- Several parks across the city got paths, signage, fencing, seats, tables, and bins renewed.
- The Ferrybank revetment wall (a protective covering to safeguard against erosion) was rebuilt.
- Hamilton Lake Domain playground got renewed which improved accessibility.
- Minogue Park got a fenced dog area.
- The Elliot Park/Nawton Skate Park was renewed to create a multi-use recreation area.
- Playground renewals happened at Glenview Park, Crawshaw Park, Hayes Paddock and Tauhara Park.
- The artificial cricket surfaces at Innes Common and Te Kootii Park got renewed.

### AQUATICS



- There was an internal fit out/upgrade at Gallagher Aquatic Centre.
- The splashpad was renewed at Waterworld.
- We renewed the 50m pool bulkhead (a movable end which separates the main pool from the smaller pool).
- We renewed the diving platform equipment at Waterworld.
- Continued to replace pool equipment to modern day standards





### New and upgrades to toilet and changing rooms

at Swarbrick, Hillcrest, Galloway and Flagstaff parks.

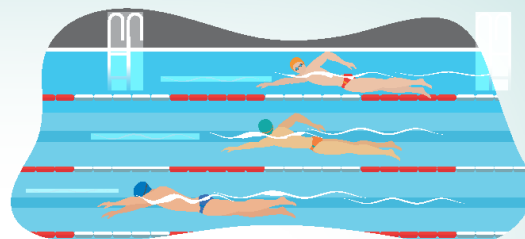
### The Minogue Park netball courts

got resurfaced and the toilets and changing rooms upgraded!



### Sports park drainage was renewed and upgraded

at Gower Park, Mahoe Park and Galloway Park, Ashurst Park, Elliot Park and Resthills Park.



### Completed a major renewal at Waterworld.

### The Hamilton i-SITE Visitor Information Centre

was relocated to the ArtsPost building.

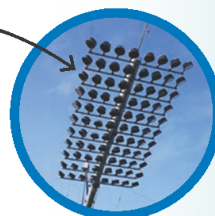


### Turf replacement

at FMG Stadium Waikato.



### Seddon Park sports lights replacement.



### Part of the Hamilton section of the Te Awa cycleway was enhanced

with Ministry of Business, Innovation and Employment (MBIE) support - a partnership which won the 2020 Infrastructure New Zealand Excellence in Social Impact Award.



## LIBRARIES

Most of the renewal focus for the libraries has been on improving the quality and functionality of our library buildings to meet the demand for library and community spaces.

- Lots of renewals of operational assets such as shelving, trolleys, signage, furniture, and archival cabinets were completed.
- There was a roof renewal for our Central Library.
- We created a Makerspace area and renovated the entrance of the Central City Library.
- We implemented new technology to streamline how we manage and process our library collection.
- Glenview Library was refurbished.
- Across all our libraries over the three years we got 80,369 new physical collection items and 19,224 eBook/ eAudio items.
- Chartwell Library's courtyard was refurbished to provide a functional outside space.
- The St Andrews Library refurbishment was completed!

## WAIKATO MUSEUM

Over the last three years (2018-21), the renewal of assets at the Museum have been ongoing. The major investments have been related to building and property assets.



- Upgrades to the lighting and shelving in multiple galleries.
- We started planning and investigation for a roof renewal in the future.
- We renewed the retaining wall at ArtsPost.
- New flooring for Exscite and ArtsPost was completed.
- A renewal of audio-visual equipment for exhibition and display was completed.
- We renewed building assets including lights and air conditioning elements.

## HAMILTON ZOO

The 2018-28 Long-Term Plan included an increase in funding which was based on implementation of the Hamilton Zoo Master Plan. During the last three years the Programme prioritised renewals required to maximise benefits for animals, keepers, and visitors.

- We replaced the walkway in the bird aviary.
- We replaced the water pipes across the site and initial plans for comprehensive stormwater upgrade were delivered.
- Several key service roads and visitor paths were renewed.
- Parrot Court's new South American aviary was completed.
- Relocation of play elements to create play spaces across the Zoo ahead of the renewed playground at the Entrance Precinct.
- Work was completed on the chimpanzee enclosure safety enhancements.
- The eel exhibit was upgraded and includes interactive elements.
- Works to the cheetah enclosure were completed and it now houses the four brothers.



- We continued with planning the programme of stormwater improvements.
- We renewed our mobility scooter to offer more accessibility options.
- We replaced the tuatara exhibit with modern enclosure with support from a kind bequest.

## HAMILTON GARDENS

Work continued to support the success of the Hamilton Gardens and looked to increase the economic contribution it makes to our city.

- We renewed our irrigation assets.
- We replaced retaining walls, paths and paving.
- We installed awnings at the cafe providing more shelter for visitors.
- Renewal of mobility scooter supporting accessibility options for visitors.
- We renewed multiple assets (irrigation, paths and fencing) in the themed gardens.
- Replacement of nursery assets including an updated shade house, irrigation and bedding benches.

## VENUES, TOURISM AND MAJOR EVENTS

For this activity we had a clear objective. To maintain what we have, meet customer expectations, improve safety and ensuring our venues embrace advancements in technology. During the three years, security also emerged as an emerging priority.

- The Claudelands barn roof renewal, storage and shed construction was completed!
- We digitised our venues with fibre cabling, media walls and digital signage.
- The Brian Perry Stand passenger lift was replaced at FMG Stadium Waikato.
- Claudelands got a spruce up with carpet renewals, kitchen floor replacement and Claudelands Digital Signal Processor renewal.
- The Seddon Park staff facilities were upgraded.





## Keeping it flowing

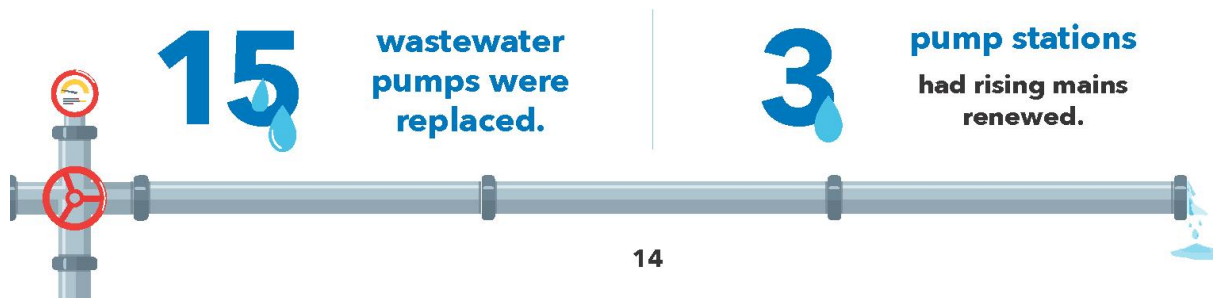
This activity has focussed on identifying the assets which need replacing to ensure our three waters networks and treatment plants can continue to deliver to world class standards.

- Across the three years we renewed around 25km of watermain.
- Streams around Wymer Terrace and Waterford Road have had fish passages constructed which allows freshwater fish and other organisms to complete their lifecycles.
- Across the three years we replaced around 25km of old wastewater pipes.
- We completed several erosion control projects across the city.
- Many of the city's wastewater pump stations had assets renewed.
- We put in extra storage at the Seddon Road wastewater pump station.
- A range of valve, pipes, treatment and pumping assets were replaced at both treatment plants - Waiora and Pukete.

## Caring for our community

### CEMETERY AND CREMATORIUM

- We completed the new accessible toilet block at Hamilton Cemetery.
- We did a major rebuild of our crematorium including renewal of associated assets.
- We renewed fencing, paths and the pergola.
- We replaced the Park Chapel AV system increasing capability to meet demand for live streamed services.
- Signage was replaced and upgraded.
- Development of the Melia Lawn got underway.
- We replaced and upgraded the cemetery management system.



## Getting around

This activity is extensive and is made up of roads, footpaths, cycleways, bus shelters, the transport centre, traffic signals, signs and everything required to have an integrated transport network for different modes of transport.

- We installed more than 40 new bus shelters across the city.
- LED solar lights were installed in either our existing or new bus shelters improving safety.
- Accessible kerbs were installed at locations across the city.

### We ensured traffic signals, lanterns, poles and signs are renewed

when at end of life or replaced following being damaged.

Across the city we replaced the streetlights with LED lamps. This was made possible by making the most of available funding from Waka Kotahi NZ Transport Agency, resulting in better lighting with far less light spill! And ongoing power savings for the city. An all round great outcome for Hamiltonians.

**45km**  
of footpaths renewed.

**136km**  
of resealing done  
on our roads.

# CITY-WIDE COMMUNITY

## WHAT'S IT ALL ABOUT



We are committed to improving the vibrancy of our social and creative spaces. Working in partnership with the community and our partners we are developing parks, natural areas, sports and pool facilities, libraries and our visitor destinations to provide the community with places where they can come together and enjoy.

## WHAT WE'VE SPENT (2018-21)



### EXPENDITURE

# \$18.3

MILLION

### EXTERNAL FUNDING

# \$1.2

MILLION

## WHAT WE'VE ACHIEVED



## A playful city

### PLAYGROUND DEVELOPMENT

We upgraded the following neighbourhood and destination playgrounds:

- Hillcrest Stadium
- Innes Common
- Mangaiti Park
- Lake Domain
- Hayes Paddock
- Glenview Park
- Tauhara Park
- Nawton/Elliot Skate Park.

**Melville Park Skate Park (won the Sport Waikato Outstanding Active Space Initiative Award)**

### WAIWHAKAREKE NATURAL HERITAGE PARK

The Park was opened to the public for the first time in November 2019 with a toilet block, tracks and a platform overlooking the lake.







## HAMILTON GARDENS

In alignment with the Hamilton Gardens Development Master Plan we ticked off several key pieces of work including:

- Completion of the Mansfield, Picturesque and Surrealist gardens.
- Hamilton Club Summerhouse and toilet block.
- Civil works commenced for the next four gardens.
- The Egyptian Garden and Palm Court construction got underway.

## RIVER PLAN

- We purchased central park properties for future development.
- The development of the Victoria on the River boardwalk was put on hold until dependencies related to the theatre were understood. We are now working with Momentum on the Embassy Park upgrade and theatre access.

## ZOO WAIWHAKAREKE ZOO ENTRY PRECINCT

- The construction on the entry precinct (stage one) got underway.

**New Ferrybank Jetty has been completed!**



# ROTOTUNA

## WHAT'S IT ALL ABOUT



The Rototuna growth area is being developed into a unique and vibrant community where people can live, work, play and visit.

## WHAT WE'VE SPENT (2018-21)



### EXPENDITURE

# \$38.2

MILLION

### EXTERNAL FUNDING

# \$7.5

MILLION

**Kori Kori Road upgrade  
was completed.**



## WHAT WE'VE ACHIEVED



## A playful city

### KORIKORI SPORTS PARK

We completed the park and it has:

- Five new soccer fields
- two grass cricket pitches
- toilets and changing room facilities.

### SPORTS PARK DEVELOPMENT

Work is underway on the basic development of Hare Puke, Mangaiti and Te Manatu parks.



### ROTOTUNA VILLAGE

Underway! Once complete it will include a library, open spaces and supporting infrastructure.

## Getting around

### ROADING UPGRADES

- The upgrade of North Ridge Drive was completed!
- First section of North City Road was completed – the second section will be done as part of the Rototuna Village.
- Significant pedestrian and cycling connections have been constructed and completed.





### RESOLUTION DRIVE EXTENSION

This project is being delivered by Waka Kotahi NZ Transport Agency with funding from Council and is currently underway.

### WAIKATO EXPRESSWAY UNDERPASS

Completed! This underpass provides a safe connection for the communities either side of the Waikato Expressway.



**Construction of the final  
section of Borman Road (west)  
to Kay Road was completed!**

### Keeping it flowing WATER PIPES

We have installed approximately 6km water pipes across the Rototuna community.

### NORTHRIDGE DRIVE STORMWATER WETLAND

We completed the stormwater wetland.

## Planning for our future

### DEVELOPER UPSIZING

We contributed \$2.6 million to ensure that transportation and waters infrastructure constructed by developers was sized to cater for future growth.

### LAND PURCHASE

Staff are working to secure an additional park to meet the 500m walking distance requirements of the Open Spaces Provision Policy.



# RUAKURA

## WHAT'S IT ALL ABOUT



We want to ensure Hamiltonians enjoy a connected, vibrant, attractive, and prosperous Ruakura. It will become New Zealand's largest integrated development, which will be anchored by a 30ha inland port operation. Once developed, Ruakura will become home for up to 8000 Hamiltonians, and will deliver major economic, social, environmental, and cultural benefits to the Waikato and New Zealand.

## WHAT WE'VE ACHIEVED



### Keeping it flowing

#### RUAKURA RESERVOIR

The new 12ML water reservoir has been completed! Being delivered on time and on budget. The project was also nominated for the Civil Contractors New Zealand Category 4 Waikato award - projects with a value of more than 10 million.



## WHAT WE'VE SPENT (2018-21)



### EXPENDITURE

# \$26.9

MILLION

### EXTERNAL FUNDING

# \$6.3

MILLION

## FAR EASTERN WASTEWATER INTERCEPTOR (LARGE WASTEWATER PIPE)

We completed the first stage of this major wastewater pipe in July 2019 in partnership with Chedworth Properties Ltd. Stage two is being done under a Private Developer Agreement (PDA) and the timing is dictated by the developer – Tainui Group Holdings.







## Getting around

### **RUAKURA ROAD UPGRADE**

Underway! This project will be completed to align with the opening of the Waikato Expressway.

### **RUAKURA STAGE ONE - KEY TRANSPORT CONNECTIONS**

Underway! This project is being done as a partnership project between Hamilton City Council, Tainui Group Holdings and the MBIE Provincial Development Unit.



# ROKOKAURI-NORTHWEST

## WHAT'S IT ALL ABOUT



We want to ensure Hamiltonians enjoy a connected, vibrant, attractive and prosperous Rotokeauri-Northwest community. The Rotokeauri-Northwest growth cell refers to Rotokeauri Stage 1, Rotokeauri Stage 2 and Te Rapa North (including Te Awa Lakes).

Rotokeauri-Northwest is a key location in the Northern Growth Corridor of the Hamilton-Waikato Metro Spatial Plan (HW-MSP) and continued work is being done to ensure we can plan and deliver great wellbeing outcomes for the Rotokeauri-Northwest neighbourhood that will one day be home for up to 20,000 people.

## WHAT WE'VE SPENT (2018-21)



### EXPENDITURE

# \$9.5

MILLION

### EXTERNAL FUNDING

# \$1.3

MILLION

## WHAT WE'VE ACHIEVED



### Planning for our future

#### ROKOKAURI GREENWAY

The greenway designation is completed and will protect the strategic corridors which manage stormwater to support future development in the area. It will also improve the biodiversity of the area by creating a green passage for our flora and fauna.

#### ROKOKAURI ARTERIAL DESIGNATION

This project is underway and will protect the transport corridors from future land development.





## Getting around

### BAVERSTOCK ROAD UPGRADE

Completed!

### ROKOKAURI ROAD UPGRADE

Completed!

### TE WETINI DRIVE

Construction is underway and will extend Te Wetini Drive from Akoranga Road to the new Rotokauri north-south road. This is being delivered by a developer via a PDA agreement.



# PEACOCKE

## WHAT'S IT ALL ABOUT



To ensure Hamiltonians enjoy a connected, vibrant, attractive and prosperous Peacocke community.

Peacocke is being built with the support from the Government's Housing Infrastructure Fund, made up of a \$180.3 million 10-year interest-free loan and \$110.1 million of Waka Kotahi NZ Transport Agency subsidies. The Peacocke programme will deliver a new bridge; a transport network that caters for public transport, pedestrians, and cyclists; parks; and strategic water, wastewater and stormwater networks. Other work includes protecting and enhancing the environment, including the extensive gully system, opening the area to the Waikato River, and investigating community facilities which are also important parts of creating a new community in Peacocke. When completed, Peacocke will be home for up to 20,000 Hamiltonians.

## WHAT WE'VE SPENT (2018-21)



### EXPENDITURE

# \$114.8

MILLION

### EXTERNAL FUNDING

# \$35.2

MILLION

## WHAT WE'VE ACHIEVED



### Getting around

#### OHAUPO ROAD (SH3) INTERSECTION

This project was completed and operational six months ahead of schedule! This new roundabout includes separate walkway/cycling facilities and will serve as a gateway to Peacocke from the south.

#### BRIDGE OVER THE WAIKATO RIVER AND SURROUNDING TRANSPORT NETWORK

Construction of a new bridge and surrounding transport network is now underway. The network will be a key connection into Peacocke from Hillcrest and the eastern suburbs.

### Keeping it flowing

#### NORTHERN WASTEWATER PIPELINES

Work is underway to build two new wastewater pipelines to connect Peacocke with the city's existing wastewater network. Construction is well ahead of schedule.

#### WASTEWATER PUMP STATION

Design for the pump station and associated works is complete and the project is out for tender. Construction is expected to start in late-2021.





**Peacocke's first park,  
Te Inuwai Park, is now open!**



hectares of gully restoration and installed 80 artificial bat roosts. Some are already being used by our native long-tailed bats. Plans for another six hectares of gully restoration is ready to go.

## Planning for our future

### LAND FOR PROJECTS

37 of the 39 properties needed for construction have been secured to allow for the current and future transport and service corridors.

## A playful city

### PARKS

14.5ha for the northern sports park has been purchased to develop at a later date.

## Looking after our environment

### ENVIRONMENTAL MONITORING AND MANAGEMENT PLAN

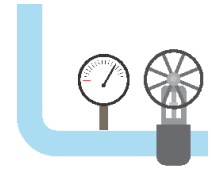
Our plan was certified! We have completed one of two lizard habitats, two

### MANGAKOOTUKUTUKU INTEGRATED CATCHMENT MANAGEMENT PLAN (ICMP)

This plan sets the direction for managing watercourses, stormwater, wastewater and water supplies in Peacocke and surrounding suburbs. It's in the final draft stage awaiting sign off by Waikato Regional Council.



# CITY-WIDE WATERS



## WHAT'S IT ALL ABOUT



We are making sure we can provide essential water, wastewater and stormwater services for future growth and compliance.

## WHAT WE'VE SPENT (2018-21)



### EXPENDITURE

# \$78.7

MILLION

### EXTERNAL FUNDING

# \$6.4

MILLION

## WHAT WE'VE ACHIEVED



### Keeping it flowing

#### WATER AND WASTEWATER TREATMENT PLANT UPGRADES

The treatment plant upgrades have been managed as a programme of works across the two sites to ensure cost efficiencies and ensure works are delivered when needed.

The major capacity upgrade of the wastewater treatment plant is now complete and included a new chemical storage facility, interstage pump station, bioreactors and clarifiers.

The major capacity upgrade of the water treatment plant is in progress and includes a new chemical storage facility, interstage pump station, clarifier replacement, sand filters and balancing tank.

#### MASTER PLANS

Essential to how we plan for growth, these documents have been updated and are being implemented.

#### INTEGRATED CATCHMENT MANAGEMENT PLANS (ICMPS)

ICMPs completed:    ICMPs underway:

- Rotokauri
- Mangaheka
- Otama-ngenge
- Te Awa O Katapaki
- Te Rapa
- Mangakootukutuku







### **The Hillsborough Pump Station upgrade was completed!**

#### **FLOOD VIEWER**

This new online tool has been developed to display the best available flood information for part of the city to the public.

#### **WATER NETWORK UPGRADES**

A demand management area (DMA) around our Fairfield Water Reservoir is complete and a Newcastle DMA is now under construction. These allow us to better utilise our reservoirs to provide a more effective and robust water supply to Hamiltonians.

#### **DEVELOPER UPSIZING**

Working with developers we contributed \$1.3 million to ensure the waters infrastructure constructed by developers is sized to cater for future population.

#### **EROSION CONTROL**

Erosion remediation and mitigation works in the Waitawhiriwhiri and Kirikiriroa catchments are underway.



### **Western Wastewater Interceptor (large wastewater pipe) was completed.**

**2.4km of wastewater pipe was installed underground along Mangaharakeke Drive connecting to our existing network.**

#### **WASTEWATER PUMP STATION UPGRADES**

Planning and design work has been completed, ready for future work planned in the current Long-Term Plan.

# CITY-WIDE TRANSPORT



## WHAT'S IT ALL ABOUT



We want a city that's easy to live in, explore and connect to. Delivering a balanced transport system through enabling growth, improving safety, and improving transport choice.

## WHAT WE'VE SPENT (2018-21)



### EXPENDITURE

**\$102.7**  
MILLION

### EXTERNAL FUNDING

**\$61**  
MILLION

## WHAT WE'VE ACHIEVED



### Getting around

#### RAISED SAFETY PLATFORMS (RSPS), TRAFFIC LIGHTS AND PEDESTRIAN CROSSINGS

Improvements have been completed across the city to make it safer and easier for pedestrians and cyclists.

#### INTERSECTION UPGRADES

Upgrades to improve safety were completed at:

- Angelesea Street/Bryce Street
- Bankwood Road/Comries Road
- Palmerston Street.



#### RING ROAD – WAIRERE DRIVE EXTENSION

Construction continued on this transformational road project.

#### TE AWA RIVER RIDE

The Hamilton section (Hamilton to Cambridge) of the Te Awa River Ride (which is partly funded from central government stimulus investment) is underway.





## EASTERN PATHWAYS/ TE ARA O TE RAWHITI

The business case is underway and has been submitted to Waka Kotahi NZ Transport Agency for approval. This project is centred around The University of Waikato and schools on the eastern side of the city.

Once the project is completed it will provide a safer environment for cycling and walking and improve the priority of public transport to the educational facilities in this area.



## The award winning Rotokauri Transport Hub was completed!

This project supports the Hamilton to Auckland passenger rail service, Te Huia. And our contractor Downer was the winner of the Civil Contractors New Zealand Category 4 Waikato award - projects with a value of more than 10 million.

## CLAUDELANDS BRIDGE CYCLEWAY

Completed.

## TE AWA RIVER RIDE REMEDiation WORKS (LONDON STREET)

Completed and open for the public to use and enjoy.



## The Thomas Road/Gordonton Road intersection upgrade was completed!

The award winning upgrade (Trafinz Leadership Award 2019) included installing raised safety platforms on the intersection approaches, with the aim of improving safety at signalised intersections. We were the first in New Zealand to introduce these platforms at a signalised intersection!







**We're committed to  
building a city that  
supports growth but also  
maintains the special  
qualities and environment  
which makes Hamilton  
Kirkiriroa a fantastic city.**

Hamilton City Council  
Garden Place, Private Bag 3010, Hamilton

 /HamiltonCityCouncil

 @hamiltoncitycouncil

 07 838 6699

[hamilton.govt.nz](https://www.hamilton.govt.nz)

**Summary of Changes to the Capital Budget**  
for the 2020-21 Financial Year

Finance Committee Meeting Date	6/10/2020	2/12/2020	16/02/2021	23/03/2021	13/05/2021	15/06/2021	24/08/2021	
Expenditure in 000's	Aug-20	Oct-20	Nov-20	Jan 21	Mar-21	Apr-21	Jun-21	Total
Opening Budget as at 1 July 2020	302,844	302,844	311,453	290,273	283,378	286,807	268,940	256,492
Deferrals & b/fwds	4,072	(21,180)	(6,905)	(9,833)	(7,535)	(6,542)	(7,387)	(55,310)
Savings					(3,882)	(2,253)	(3,307)	(9,442)
Changes	4,538		10	13,262	(6,450)	(3,654)	(1,830)	5,876
<b>Closing Expenditure Budget (Forecast)</b>	<b>302,844</b>	<b>311,453</b>	<b>290,273</b>	<b>283,378</b>	<b>286,807</b>	<b>268,940</b>	<b>256,492</b>	<b>243,968</b>
Revenue in 000's	Aug-20	Oct-20	Nov-20	Jan 21	Mar-21	Apr-21	Jun-21	Total
Opening Budget as at 1 July 2020	58,634	58,634	62,237	62,237	60,077	72,951	72,547	62,046
Deferrals & b/fwds	3,130		(2,159)	(2,179)				(1,208)
Savings								0
Changes	473			15,052	(404)	(10,501)		4,620
<b>Closing Revenue Budget (Forecast)</b>	<b>58,634</b>	<b>62,237</b>	<b>62,237</b>	<b>60,077</b>	<b>72,951</b>	<b>72,547</b>	<b>62,046</b>	<b>62,046</b>





LIST OF CAPITAL PROJECTS

For the 2020-21 Financial Year

		2020-21 Annual Plan	2020-21 Forecast Changes as at 31	2020-21 Forecast Changes as at 30	2020-21 Forecast Changes as at 31	2020-21 Forecast Changes as at 31	2020-21 Forecast Changes as at 30	2020-21 Forecast Changes as at 30 June 2021			
Type		Annual Plan 2020/21	Revised Budget as at 31 October 2020	Revised Budget as at 30 November 2020	Revised Budget as at 31 January 2021	Revised Budget as at 31 March 2021	Revised Budget as at 30 April 2021	Deferrals and B/fwds	Approved Changes	Savings	Revised Budget as at 30 June 2021
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Arts and Culture											
CE10005 - Library collection purchases	R	1,229	1,292	1,292	1,292	1,292	1,292	-	-	-	1,292
CE10006 - Library asset renewal	R	147	273	273	273	273	273	-	-	-	273
CE10007 - Library building asset renewal programme	R	893	989	989	989	989	989	(170)	-	-	819
CE19015 - Libraries facilitation plan	LOS	-	-	-	-	-	-	-	-	-	-
CE19016 - Libraries strategic plan	LOS	-	-	-	-	-	-	-	-	-	-
CE19017 - Rototuna community facilities	G	9,500	1,697	1,556	1,556	1,106	1,106	(105)	-	-	1,000
CE19070 - Community Facilities building renewals	R	128	250	250	250	250	150	-	-	-	150
Total Arts and Culture		11,898	4,501	4,359	4,359	3,909	3,809	(276)	-	-	3,533
City Planning and Development											
CE10037 - CCTV renewals and development	R	54	45	45	45	96	96	-	-	-	96
Total City Planning and Development		54	45	45	45	96	96	-	-	-	96
Corporate Services											
CE10053 - Tenancy inducement renewals	R	109	115	115	115	115	115	-	(73)	-	41
CE10151 - Renewals program	R	2,271	1,998	1,998	2,460	2,170	1,761	-	-	-	1,761
CE10152 - Network and infrastructure	R	2,023	1,888	1,888	1,888	1,888	1,888	(199)	-	-	1,689
CE10153 - Core business applications	R	1,498	1,470	1,470	1,470	1,470	1,470	(301)	695	-	1,864
CE10154 - Minor applications	R	64	121	121	121	121	121	-	-	-	121
CE10156 - Lease funding of equipment	R	1,578	1,578	1,578	1,578	1,578	1,578	-	-	-	1,578
CE10158 - Replacement of fleet vehicles	R	2,372	2,552	2,552	2,552	2,552	2,552	(567)	(551)	-	1,435
CE15155 - Mobility and eservices	R	564	551	551	551	551	551	-	-	-	551
CE17001 - Customer Service Projects	R	51	51	51	51	-	-	-	-	-	-
CE19024 - IS major upgrades	R	1,467	1,470	1,470	1,470	1,470	1,470	-	-	-	1,470
CE19025 - Smart Hamilton Initiatives	LOS	271	262	262	262	262	262	-	(208)	-	54
CE19032 - Civic Square upgrade project	R	541	541	541	541	541	541	-	(541)	-	-
CE19033 - Duke Street workshop replacement	R	60	187	187	187	187	187	-	-	-	187
CE19034 - Key Control project	R	-	-	-	-	-	-	-	-	-	-
CE19035 - Building Management Systems Council upgrade project	R	-	-	-	-	-	-	-	-	-	-
Total Corporate Services		12,869	12,786	12,786	13,248	12,907	12,498	(1,067)	(678)	-	10,753
Parks and Recreation											
CE10001 - Aquatic facilities building renewals	R	320	444	444	444	502	502	-	-	-	502
CE10003 - Waterworld operational asset renewals	R	410	413	413	413	444	444	-	166	-	610
CE10004 - Gallagher Aquatic Centre operational asset renewal	R	57	75	75	75	75	30	(30)	-	-	-
CE10021 - Building renewals cemeteries	R	-	-	-	-	-	-	-	-	-	-
CE10022 - Renewal of crematorium assets	R	137	129	129	129	129	129	-	-	-	129
CE10023 - Hamilton Park east and west cemeteries renewals	R	282	304	314	314	314	314	(2)	21	-	334
CE10029 - Toilet and changing room renewals	R	113	355	355	355	355	355	-	-	-	355
CE10030 - Building renewals parks and open spaces	R	124	1	1	1	1	1	-	-	-	1
CE10031 - Sports area renewals	R	1,668	1,483	1,483	1,483	1,323	1,323	(400)	(626)	-	297
CE10032 - Parks and open spaces assets and playgrounds renewals	R	1,850	3,282	3,282	3,282	3,282	3,082	(230)	(297)	-	2,556
CE15024 - Hamilton Park cemetery, burial and ash lawn extension	G	97	97	97	97	97	97	-	-	-	97
CE15033 - Land purchase future reserves	G	-	406	406	406	406	-	-	-	-	-
CE15035 - Rototuna Park development	G	699	731	731	731	731	731	-	-	-	731
CE15036 - Playground development programme	LOS	700	-	-	-	-	-	-	-	-	-
CE17004 - River Plan	LOS	935	902	902	902	902	902	-	-	(42)	860
CE19001 - Hamilton Park cemetery accessible toilet block	LOS	-	-	-	-	-	-	-	-	-	-
CE19002 - Cemetery land acquisition	G	-	-	-	-	-	-	-	-	-	-
CE19003 - Parks Toilets development/upgrade	LOS	2,068	2,303	2,303	2,303	2,303	2,303	(20)	-	-	2,283
CE19004 - Destination Parks Renewals	R	4,426	4,454	4,454	4,454	4,454	4,454	(640)	207	-	4,021
CE19005 - Sports Park development	G	2,166	2,163	2,163	2,163	1,363	1,363	(303)	-	-	1,061
CE19006 - Te Rapa Sportsdrome building renewals	R	-	-	-	-	-	-	-	-	-	-
CE19007 - Peacocke Parks development	G	9,994	10,004	10,004	10,004	10,004	9,443	(365)	-	-	9,078
CE19009 - Rototuna Parks development	G	-	-	-	-	-	-	-	-	-	-
CE19010 - Te Manatu Park development	G	402	402	402	402	402	402	(105)	-	-	296
CE19012 - Day's Park erosion remediation	LOS	-	-	-	-	-	-	-	-	-	-
CE19013 - Pooches and Parks	LOS	95	87	87	87	87	87	-	(30)	-	57

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		2020-21 Annual Plan	2020-21 Forecast Changes as at 31	2020-21 Forecast Changes as at 30	2020-21 Forecast Changes as at 31	2020-21 Forecast Changes as at 31	2020-21 Forecast Changes as at 30	2020-21 Forecast Changes as at 30 June 2021			
Type		Annual Plan 2020/21	Revised Budget as at 31 October 2020	Revised Budget as at 30 November 2020	Revised Budget as at 31 January 2021	Revised Budget as at 31 March 2021	Revised Budget as at 30 April 2021	Deferrals and B/fwds	Approved Changes	Savings	Revised Budget as at 30 June 2021
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
CE19014 - Waiwhakareke Natural Heritage Park development	LOS	-	5	5	5	5	5	-	-	-	5
CE19022 - Alternative Weed Control	LOS	-	-	-	-	-	-	-	-	-	-
CE19071 - Sports Park Drainage	LOS	1,361	1,318	1,318	1,318	1,478	1,478	-	-	-	1,478
Total Parks and Recreation		27,901	29,360	29,370	29,370	28,659	27,447	(2,095)	(559)	(42)	24,751
Rubbish and Recycling											
CE10054 - Replacement of closed landfill assets	R	1,144	1,143	1,143	1,143	1,143	1,143	(150)	(973)	-	19
CE10056 - Replacement of RTS & HOC assets	R	239	300	300	300	280	280	(40)	-	-	240
CE15055 - Closed landfill management	LOS	77	80	80	80	80	80	-	(43)	-	37
CE19027 - Refuse drop off points	G	43	43	43	43	43	43	(43)	-	-	-
Total Rubbish and Recycling		1,503	1,567	1,567	1,567	1,547	1,547	(234)	(1,016)	-	297
Sewerage											
CE10100 - Replacement of wastewater pump stations	R	806	816	816	816	816	816	-	118	-	934
CE10101 - Replacement of wastewater assets	R	4,751	4,693	4,693	5,293	5,193	5,193	(1,033)	(80)	-	4,080
CE10115 - Replacement of wastewater treatment plant assets	R	2,042	1,779	1,779	1,779	1,779	1,244	(229)	555	-	1,570
CE15103 - Increase capacity of wastewater pump stations	LOS	1,473	1,657	1,657	1,706	1,706	1,706	(1,117)	-	-	589
CE15104 - Wastewater pipe upgrade - growth	G	325	632	632	632	632	168	83	-	-	251
CE15105 - Increase capacity of wastewater network - Rototuna	G	625	733	628	628	281	183	-	-	-	183
CE15106 - Wastewater network upgrades to allow development	G	87	119	119	119	119	-	15	-	-	15
CE15107 - Increase capacity of network in Rotokauri stage 1	G	949	834	834	1,854	1,854	1,197	(695)	-	-	502
CE15109 - Increase capacity of network in Peacocke stage 1	G	559	449	449	449	449	449	(214)	-	-	235
CE15111 - Increase capacity of network throughout the city	G	-	-	-	-	-	-	-	-	-	-
CE15117 - Upgrade wastewater treatment plant (Pukete 3)	G	8,170	7,595	7,595	7,595	7,595	7,595	1,118	-	-	8,713
CE15120 - Wastewater treatment plant compliance	LOS	3,253	3,472	3,472	3,472	3,392	3,392	(481)	(442)	-	2,469
CE15121 - Wastewater customer connections to the network	G	54	54	54	54	54	54	-	-	-	54
CE15160 - Wastewater model	R	623	1,051	1,051	1,051	1,051	(55)	93	-	-	38
CE15161 - Wastewater master plan	G	163	140	140	140	140	140	-	-	(107)	33
CE19029 - Wastewater seismic strengthening	LOS	108	138	138	138	138	138	-	(138)	-	-
CE19040 - Increase capacity network Peacocke Stage 2	G	13,022	12,933	12,933	12,933	12,933	12,933	(11,837)	-	-	1,096
CE19041 - Increase capacity WW far east network	G	2,956	-	-	-	-	-	-	-	-	-
CE19042 - Increase capacity WW south network	G	10,283	6,798	6,798	6,798	6,798	6,798	6,915	-	-	13,713
CE19043 - Increase capacity WW west network	G	11,285	11,006	11,006	9,039	8,293	7,287	5	-	(407)	6,885
CE19044 - Increase capacity WW east network	G	3,085	3,063	3,063	1,278	660	288	17	-	-	305
CE19050 - Increase capacity WW central network	G	1,935	1,913	1,913	2,413	2,413	2,341	(23)	-	-	2,318
CE19072 - Increase capacity of network in Te Rapa	G	-	-	-	-	-	-	-	-	-	-
Total Sewerage		66,553	59,874	59,769	58,187	56,376	51,867	(7,381)	12	(514)	43,984
Stormwater											
CE10058 - Replacement of stormwater assets	R	587	633	633	2,120	1,820	1,322	(309)	(30)	-	984
CE15059 - Rototuna stormwater infrastructure	G	3,691	3,437	40	40	40	-	-	-	-	-
CE15060 - Rotokauri stormwater infrastructure stage 1	G	773	773	773	2,093	1,685	(418)	292	-	-	(126)
CE15062 - Peacocke stormwater infrastructure stage 1	G	927	702	702	702	702	702	6	-	-	708
CE15063 - Peacocke stormwater infrastructure stage 2	G	8,277	9,993	9,993	9,993	9,993	9,993	(6,556)	-	-	3,436
CE15064 - Stormwater pipe upgrade - growth	G	163	319	319	319	319	279	(255)	-	-	24
CE15066 - Existing network improvements in new areas	G	114	195	195	195	195	180	(189)	-	-	(9)
CE15067 - Comprehensive stormwater consent implementation	LOS	74	81	81	130	130	130	(33)	(60)	-	37
CE15068 - Stormwater customer connections to the network	G	54	54	54	54	54	54	-	-	-	54
CE15162 - Integrated catchment management plan	G	951	762	762	762	762	762	(29)	-	-	733
CE19026 - Erosion control works	LOS	2,200	2,732	6,466	6,466	5,466	5,296	548	(416)	-	5,428
Total Stormwater		17,811	19,680	20,017	22,874	21,166	18,301	(6,526)	(506)	-	11,269
Transport											
CE10069 - Resurfacing off street carparks	R	-	-	-	-	-	-	-	-	-	-
CE10070 - Replacement of parking enforcement equipment	R	414	440	440	440	440	440	(401)	-	-	39
CE10071 - Parking building renewal	R	60	379	379	379	379	379	-	(352)	-	28
CE10072 - Replacement of footpath	R	5,079	5,543	5,543	5,543	5,543	5,543	-	-	-	5,543
CE10074 - Replacement of drainage (kerb and channel)	R	1,708	857	857	857	857	857	-	-	-	857

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Type		Annual Plan 2020/21	Revised Budget as at 31 October 2020	Revised Budget as at 30 November 2020	Revised Budget as at 31 January 2021	Revised Budget as at 31 March 2021	Revised Budget as at 30 April 2021	Deferrals and B/fwds	Approved Changes	Savings	Revised Budget as at 30 June 2021
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
CE10075 - Replacement of road base	R	1,330	1,789	1,789	1,789	1,789	1,789	-	-	-	1,789
CE10076 - Road resurfacing	R	5,563	6,620	6,620	6,620	6,620	6,620	-	622	-	7,242
CE10077 - Replacement of bridges and culverts	R	2,548	2,894	2,894	2,894	2,894	2,894	(100)	(222)	-	2,572
CE10080 - Replacement of lighting	R	2,860	2,327	2,327	2,327	2,327	2,327	-	-	-	2,327
CE10081 - Replacement of traffic equipment	R	402	305	305	305	305	305	-	-	-	305
CE10098 - Building and property renewals	R	13	-	-	-	-	-	-	-	-	-
CE15085 - Minor improvements to transport network	LOS	2,166	2,882	2,882	2,882	2,882	2,882	-	-	(72)	2,810
CE15086 - Bus stop infrastructure	LOS	704	1,060	1,060	1,060	1,060	1,060	(95)	-	-	965
CE15087 - Network upgrades to allow new development	G	190	238	238	238	68	18	20	-	-	38
CE15088 - Roading upgrades and development in Peacocke stage 1	G	2,907	1,701	1,701	1,701	3,201	6,101	(2,163)	-	-	3,938
CE15089 - Roading upgrades and development in Peacocke stage 2	G	25,742	23,708	23,708	23,708	23,708	23,308	13,158	-	-	36,466
CE15090 - Roading upgrades and development in Rotokauri stage 1	G	12,659	9,174	8,627	8,433	8,085	7,993	(988)	44	317	7,366
CE15092 - Roading upgrades and development in Rototuna	G	11,899	14,463	10,591	9,694	9,251	8,816	(1,634)	-	(1,193)	5,989
CE15093 - Roading upgrades and development in Ruakura	G	8,854	8,238	8,238	10,007	537	537	3,472	-	(176)	3,833
CE15095 - Integrated transport initiatives	G	2,475	2,805	2,805	2,805	2,805	2,805	-	-	(71)	2,734
CE15096 - Cross city connector	G	-	-	-	-	-	-	-	-	-	-
CE15097 - Northern river crossing	G	-	-	-	-	-	-	-	-	-	-
CE19036 - Ring Road	G	13,977	13,156	13,156	13,156	13,156	13,156	2,278	-	-	15,434
CE19037 - Hamilton transport model	G	500	500	500	500	500	500	(500)	-	-	-
CE19038 - Rotokauri rail platform	G	500	7,090	7,090	7,090	7,090	7,090	(322)	-	-	6,768
CE19052 - Intersection safety upgrade programme	LOS	1,881	-	-	-	-	-	-	-	-	-
CE19054 - Bridge safety improvements	LOS	3,764	3,763	3,763	3,763	3,763	3,763	-	(3,353)	-	410
CE19057 - Biking plan implementation	G	10,450	10,747	10,747	10,747	8,397	6,897	(154)	-	(96)	6,648
CE19058 - Mass transit	G	5,877	5,278	5,278	5,278	5,278	5,278	(1,317)	-	-	3,961
CE19062 - Bridge resilience programme	LOS	-	-	-	-	-	-	-	-	-	-
CE19063 - Intersection capacity upgrade programme	G	452	1,175	1,175	1,175	1,175	1,175	(250)	-	(691)	234
CE19064 - Transport Centre rejuvenation	LOS	1,407	1,448	148	148	148	148	300	-	(298)	149
CE19065 - Modal access on bridges programme	G	-	-	-	-	-	-	-	-	-	-
Total Transport		126,380	128,580	122,861	123,540	112,259	112,682	11,304	(3,261)	(2,280)	118,445
Venues Tourism and Major Events											
CE10040 - Business administration plant and equipment	R	33	74	74	74	74	74	-	-	-	74
CE10041 - Claudelands plant and equipment	R	503	423	423	423	423	423	-	-	-	423
CE10042 - Seddon Park plant and equipment	R	-	-	-	-	-	-	-	-	-	-
CE10043 - Waikato Stadium plant and equipment	R	356	416	416	416	416	416	-	(130)	-	286
CE10044 - Turf services plant and equipment	R	54	54	54	54	54	54	-	-	-	54
CE10046 - Seddon Park property renewals	R	314	851	851	851	810	410	(492)	130	-	48
CE10047 - Waikato Stadium property renewals	R	579	634	634	634	924	1,433	(538)	(50)	-	845
CE10048 - Stadia building renewals	R	1,319	1,383	1,383	1,383	1,403	1,803	(601)	50	-	1,252
CE10049 - Claudelands building renewals	R	774	571	571	571	571	571	-	-	-	571
CE15050 - Claudelands capital improvement programme	LOS	49	204	204	204	204	204	(267)	-	-	(63)
CE15051 - Stadia capital improvement function	LOS	429	818	818	818	839	839	-	-	-	839
CE19031 - i-Site building renewals	R	-	-	-	-	-	-	-	-	-	-
CE10013 - Technical services equipment renewals	R	422	467	467	467	467	467	-	-	-	467
Total Venues Tourism and Major Events		4,830	5,895	5,895	5,895	6,185	6,694	(1,899)	-	-	4,795
Visitor Attractions											
CE10008 - Museum asset renewal	R	52	22	22	22	222	222	(198)	-	-	24
CE10009 - ArtsPost earthquake strengthening	LOS	-	-	-	-	-	-	-	-	-	-
CE10010 - Public art support fund	R	132	99	99	99	99	(127)	130	-	-	3
CE10011 - Museum activity building renewals	R	533	893	893	893	893	893	(395)	-	-	498
CE10015 - Zoo animal enclosure renewals	R	312	559	559	559	559	559	(247)	(106)	-	206
CE10016 - Zoo building renewals	R	13	21	21	21	21	21	-	-	-	21
CE10017 - Property renewals	R	18	40	40	40	40	40	(115)	-	-	(75)
CE10020 - Zoo animal replacement	R	161	102	102	102	102	102	-	(60)	-	42
CE10026 - Hamilton Gardens renewals	R	168	180	180	180	180	210	(46)	-	-	164
CE10028 - Hamilton Gardens building renewals	R	12	112	112	112	112	112	-	-	-	112
CE19018 - Museum loading bay	LOS	-	-	-	-	-	-	-	-	-	-
CE19019 - Zoo safety improvements	LOS	1,014	981	981	981	981	981	-	-	-	981
CE19020 - Hamilton Zoo improvement programme	LOS	81	-	-	-	125	125	(46)	-	-	79

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CE19021 - Water and stormwater reticulation	R	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
CE19023 - Hamilton Gardens development	LOS	193	207	207	207	207	7	-	-	-	7
CE19028 - Collection acquisition fund	R	3,014	3,138	1,988	1,988	2,068	1,988	(650)	-	(12)	1,326
CE19030 - Zoo and Waiwhakareke Entrance Precinct	LOS	97	130	130	130	130	130	(100)	-	-	30
		5,477	4,587	4,587	4,587	2,387	2,387	284	-	-	2,672
Total Visitor Attractions		11,278	11,071	9,921	9,921	8,126	7,650	(1,383)	(166)	(12)	6,089
Water Supply											
CE10123 - Replacement of watermains	R	2,292	1,888	1,888	2,488	5,338	4,788	(41)	(144)	-	4,603
CE10124 - Replacement of water meters, valves and hydrants	R	2,097	2,647	2,647	2,647	197	197	(5)	(50)	-	142
CE10138 - Replacement of treatment plant and reservoir assets	R	2,969	2,943	2,943	2,943	2,653	1,873	(93)	138	-	1,918
CE10145 - Tools of trade renewals	R	54	74	74	74	74	74	-	(47)	-	28
CE15126 - Upgrade or build new watermains in Rototuna	G	1,526	1,528	1,402	1,251	1,152	652	27	-	(65)	614
CE15127 - Water pipe upgrade - growth	G	325	631	631	1,366	1,366	1,166	(149)	-	(393)	624
CE15128 - Upgrade/build new watermains in Rotokauri stage 1	G	61	61	61	61	61	61	(61)	-	-	-
CE15130 - Upgrade/build new watermains in Peacocke stage 1	G	-	-	-	-	-	-	-	-	-	-
CE15132 - Water network upgrades to allow new development	G	87	164	164	164	164	164	2,214	-	-	2,378
CE15133 - Water demand management - networkwater loss	LOS	-	-	-	952	952	467	237	-	-	704
CE15134 - Water demand management - Pukete reservoir zone	G	-	-	-	-	-	-	-	-	-	-
CE15135 - Upgrade/build distribution watermains in Peacocke	G	623	577	577	577	577	577	(114)	-	-	463
CE15137 - Water demand management - Newcastle reservoir zone	G	2,313	2,282	2,282	2,282	2,282	1,051	(18)	-	-	1,034
CE15139 - Water treatment plant compliance - minor upgrades	LOS	2,089	2,238	2,238	2,238	2,238	2,168	56	(226)	-	1,998
CE15141 - Water demand management - Hillcrest reservoir zone	G	-	256	256	256	256	256	44	-	-	301
CE15144 - Upgrade water treatment plant	G	2,058	1,979	1,979	1,979	2,289	2,318	616	(138)	-	2,797
CE15146 - Water customer connections	G	54	54	54	54	54	54	-	-	-	54
CE15148 - Upgrade or build new watermains in Ruakura	G	217	-	-	-	-	-	-	-	-	-
CE15158 - Water model	R	585	597	597	597	597	597	(197)	(400)	-	1
CE15159 - Water master plan	G	-	27	27	27	27	-	-	-	-	-
CE16004 - Eastern Bulk Main Slip	G	658	978	978	978	978	978	(30)	(369)	-	579
CE19045 - Ruakura reservoir & associated bulk mains	G	2,486	1,419	1,419	761	761	761	13	-	-	774
CE19046 - Upgrade/build new watermains in Peacocke Stage 2	G	1,272	1,280	1,280	1,280	1,280	1,280	(331)	-	-	948
CE19047 - Water Demand Management - Maeroa reservoir zone	G	-	-	-	-	-	-	-	-	-	-
CE19048 - Water Demand Management - Hamilton South reservoir zone	G	-	-	-	-	-	-	-	-	-	-
CE19049 - Water Demand Management - Fairfield reservoir zone	G	-	-	-	-	-	-	-	-	-	-
CE19073 - Upgrade/build new watermains in Te Rapa	G	-	-	-	-	-	-	-	-	-	-
Total Water Supply		21,768	21,625	21,499	22,976	23,297	19,484	2,170	(1,237)	(458)	19,958
Renewals and Compliance Movements - will be found through programme reprioritisation by 30 June 2021*		-	(4,709)	(4,709)	(5,171)	(5,585)	(5,581)	-	5,581	-	-
Grand Total		302,844	290,275	283,380	286,810	268,942	256,494	(7,387)	(1,830)	(3,307)	243,970

Note numbers correspond to explanatory comments. These are found following this statement.

\*The renewals and compliance programme is being managed as a 3 year programme. This approach allows staff to activity manage the required works and where appropriate undertake projects previously not part of the programme. The \$4.7m represents the value of new projects undertaken in the previous year, this balance will need to be found from savings throughout the remainder of 2020-21.

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# Council Report

Item 8

**Committee:** Finance Committee

**Date:** 24 August 2021

**Author:** Tracey Musty

**Authoriser:** David Bryant

**Position:** Financial Controller

**Position:** General Manager People and Organisational Performance

**Report Name:** Annual Monitoring Report to 30 June 2021

<b>Report Status</b>	<i>Open</i>
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## **Purpose - *Take***

1. To inform the Finance Committee on Council's financial performance for the twelve months ended 30 June 2021.

## **Staff Recommendation - *Tuutohu-aa-kaimahi***

2. That the Finance Committee receives the report.

## **Executive Summary - *Whakaraapopototanga matua***

3. This report is to be read in conjunction with the:
  - i. 30 June 2021 (24 August 2021 meeting) Capital Portfolio Monitoring Report
  - ii. 30 June 2021 (24 August 2021 meeting) Financial Strategy Monitoring Report
4. This report is based on the draft financial statements at 30 June 2021. Audit NZ commenced review of Council's financials on 9 August 2021 and figures may be subject to change during the audit period.
5. The 30 June 2021 draft financial results show a positive variance of \$76.2m against the annual budget and a favourable variance in the balancing the books result of \$7.1m against the annual budget.
6. There is a positive result in fees and charges, due to increased consenting, an increased number of visitors to Council's visitor destinations and increased H3 event activity. The 2020/21 budget also included an assumption that Council facilities would remain at Covid-19 level 2 until December 2020. Revenue budgets were adjusted accordingly.
7. Development Contribution (DC) revenue is favourable against budget. The domestic housing market bounced back after the Covid-19 slowdown which meant DCs returned a favourable variance against budget of \$5.6m.
8. Additional operational revenue received offsets the overspend in expenditure across projects such as the Te Awa cycleway remediation, and in planning, where fees and charges offset increased expenditure on personnel and consultants.
9. Unbudgeted water reform stimulus projects, funded by the Department of Internal Affairs (DIA), is offset by the additional expenditure.

10. An increase in personnel costs, as a result of the Te Awa Cycleway remediation, is offset by the increased operational contributions from the Ministry of Business, Innovation and Employment (MBIE).
11. A key area to note is the favourable result in administration expense. \$12m of the Waikato Regional Theatre grant has been re-phased to years 2022 and 2023 as part of the 2021-2031 Long Term Plan.
12. Depreciation is favourable against budget due to a variance of \$1.5m as a result of a delay in the completion of the transportation revaluation.
13. Finance costs are favourable to budget due to the impact of reduced interest rates and the fact that debt is lower than budgeted. A saving of \$4.5m was realised in this area.
14. The annual revaluation on investment property has resulted in a gain in fair value of \$9.7m. This is in line with favourable financial movements in the market and increased demand for commercial and development land.
15. Council's treasury position is favourable. This has reduced the need for further borrowing and debt remains well below budget. This is a result of the favourable cash position held at the end of the last financial year and the increase in the DC and fees and charges area.
16. Council's fixed rate hedging at 30 June 2021 is 44%. Council is well hedged after executing its deferral strategy in 2020. PwC Treasury Advisors recommend that Council remains patient and allows hedging to reduce by attrition.
17. Council saw a gain of \$22.6m on the revaluation of swaps at 30 June 2021. This is not a cash gain, but rather an accounting/book entry and reflects the market swap rate movement as reflected in **Attachment 3**.
18. Staff consider the matters in this report have low significance and that the recommendations comply with Council's legal requirements.

## Discussion - *Matapaki*

### Operating Results

#### The accounting results

19. The Statement of Comprehensive Revenue and Expense discloses the accounting result in accordance with accounting standards.
20. The accounting result for the twelve months ended 30 June 2021 is a surplus of \$142.2m. This is \$76.2m favourable against the budget surplus of \$66m.

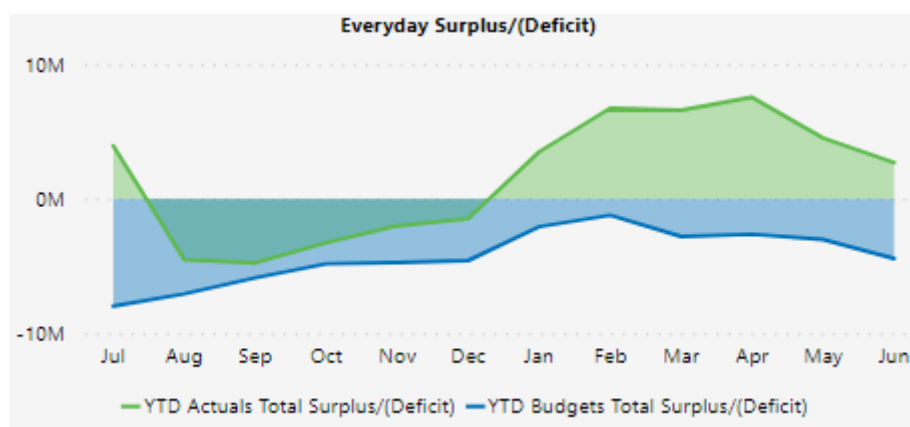
Accounting Result		
YTD Actual	Budget	Variance
<b>\$142.2m</b>	<b>\$66m</b>	<b>\$76.2m</b>

### Balancing the books result

21. The balancing the books result for the twelve months ended 30 June 2021 is \$2.7m. This is \$7.1m favourable against a budget deficit of \$4.4m.

Balancing the Books		
YTD Actual	Budget	Variance
<b>\$2.7m</b>	<b>(\$4.4m)</b>	<b>\$7.1m</b>

The graph below illustrates a YTD actual to YTD budget movement during the year on the balancing the books result. It shows that, since December 2020, Council's everyday YTD revenues was sufficient to cover the everyday YTD expenditures.

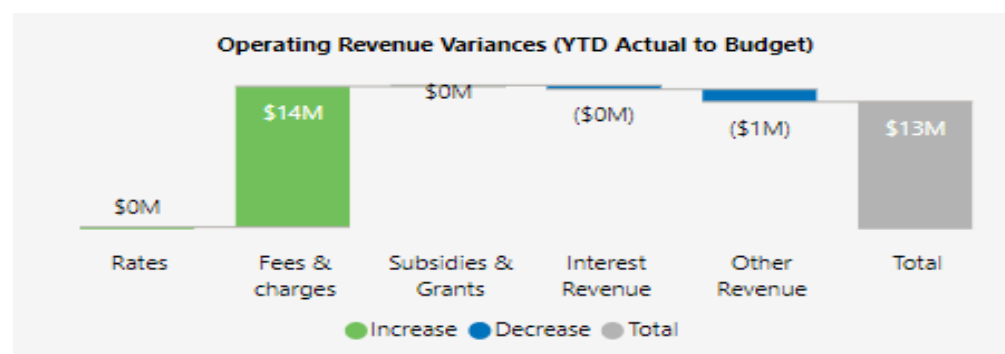


### Understanding material variances

22. The Statement of Comprehensive Revenue and Expense is contained in **Attachment 1**.
23. Individual Everyday Revenue and Expense statements for each of the Council's activities are contained in **Attachment 2**.
24. A reconciliation of the accounting result to the balancing the books result is provided after the Statement of Comprehensive Revenue and Expense.

### Operating Revenue

25. Total Operating Revenue is \$12.9m favourable to the annual budget.

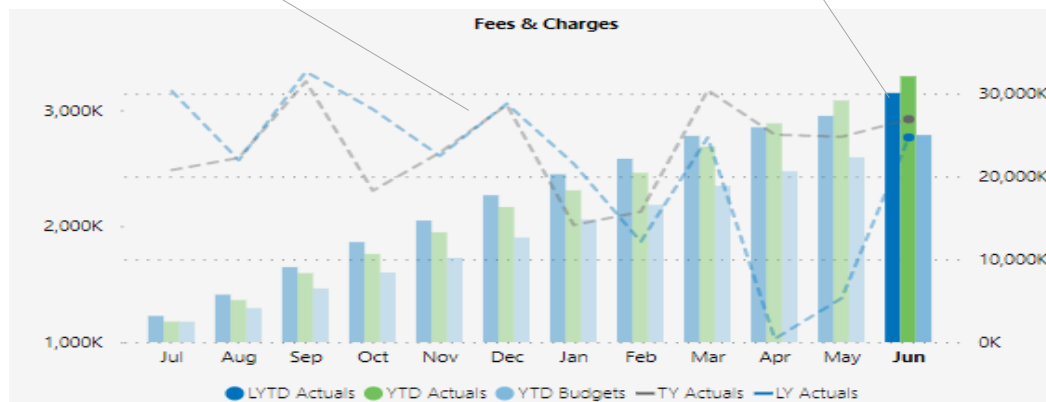




26. Fees & Charges contributed the largest share of the favourable variance in Operating Revenue and exceeds budget by \$14.3m.

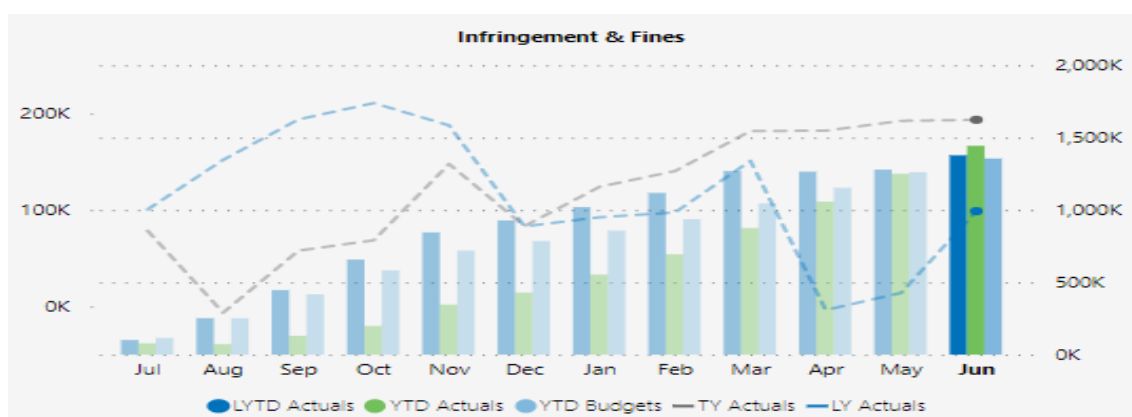
Line graph is monthly: axis values on the left-hand side

Bar graph is YTD: axis values on the right-hand side



The bar chart compares Last Year to Date Actuals (LYTD Actuals), Year to Date Actuals (YTD Actuals) and Year To Date Budgets (YTD Budgets). These values are reflected on the vertical axis to the right-hand side. The line chart above compares This Year Actuals (TY Actuals) and Last Year Actuals (LY Actuals) at each month. These values are reflected on the vertical axis to the left-hand side.

27. At 30 June 2021, the actual for fees & user charges was \$32m which tracked above budget by \$7.1m (above last year actuals by \$2m). This favourable result is due to increased event activity in Venues, Tourism and Major Events and attractive visitor numbers at Council's visitor destinations. Revenue from building consents has remained consistent despite an anticipated downturn as reflected in the budget.
28. Operating contributions provided \$6.2m towards the favourable variance in Fees & Charges. This is due to an unbudgeted grant received from the MBIE for the shovel ready project upgrade of the Te Awa Cycleway. This revenue offsets the cost of the project as the expenditure is incurred. Funds received from the DIA are also included, and offset expenditure on the water reform stimulus projects. Operating contributions from Waka Kotahi for Innovating Streets projects are also included in the contributions amount and is offsetting expenditure.
29. Other Revenue is unfavourable by \$1.3m. The unfavourable variance in the fair value HIF loan adjustment of \$2.9m is largely offset by a favourable variance in insurance claims received of \$0.9m and rental income of \$0.4m and petrol tax income of \$0.2m.
30. During the year the infringement & fines revenue tracked below budget due to the Covid-19 delayed start (October 2020) of the issuing of traffic infringement fines. The actual for infringement & fines at 30 June 2021 was \$1.4m. This was slightly favourable to budget and last year actual by year-end.





31. Please refer to the activity statements (**Attachment 2**) for material variance explanations.

### Capital Revenue

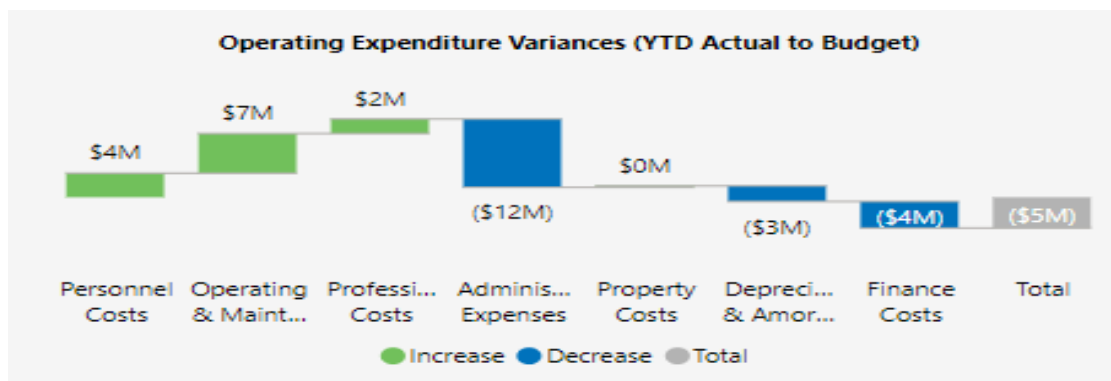
32. Total Capital Revenue is \$20.9m favourable to budget.
33. DCs exceeded budget by \$5.6m. Large developments (especially residential subdivisions and non-residential) do not pay required DCs in a smooth, linear fashion but in large amounts when development milestones are met.
34. Capital subsidies and contributions exceeded budget by \$14.3m. Projects attracting Waka Kotahi subsidies have progressed faster than anticipated and resulted in a favourable variance to budget of \$3.7m. The favourable variance in capital contributions of \$10.3m is due to Waka Kotahi contributing to the construction cost of the Hamilton Ring Road, DIA funding for water reform stimulus projects and Council receiving capital contributions for the instalment of new water and wastewater connections.
35. Vested assets exceeded budget by \$1m.
36. 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 2018-28 10-Year Plan to support the annual vested assets budget.

Asset class	YTD Actual \$000	Annual Budget \$000	Life Range (Years)	Estimated Annual Depreciation \$000
Wastewater	2,651	3,287	15-100	33
Stormwater	4,651	5,508	30-100	58
Water Supply	1,476	1,920	50-80	18
Roading	9,379	21,764	12-140	188
Parks and Recreation	445	-		-
Land – Under Roads	9,966	-		-
Land – Recreation Reserve	1,154	-		-
Land - Infrastructure	3,762	-		-
<b>Total</b>	<b>33,484</b>	<b>32,479</b>		<b>297</b>

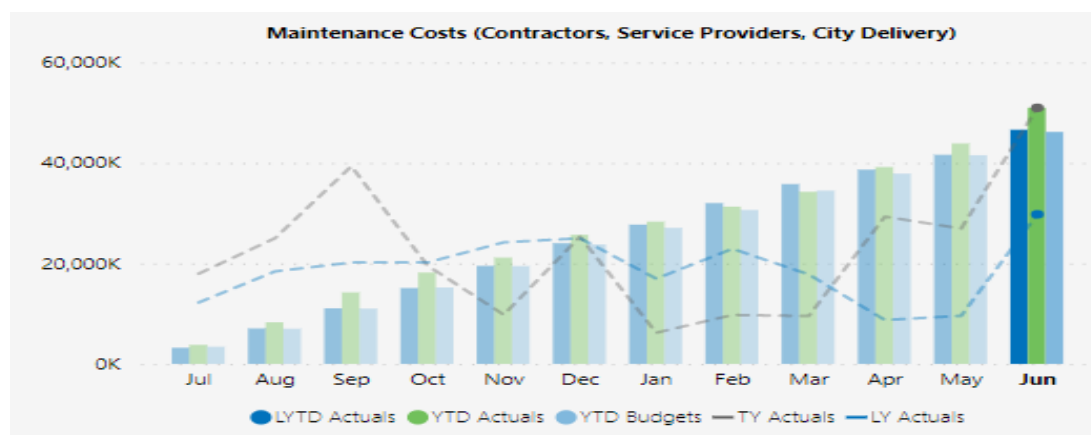
37. Through the 2018-28 10-Year Plan, increased funding was made available for maintenance on new vested assets for three waters and transportation activities. The nature of vested infrastructure assets are that they have a long useful life and generally do not require significant direct maintenance in the first 10 years of operation.

## Operating Expenditure

38. Total Operating Expenditure exceeded budget by \$5.2m. Favourable variances in Administration Expenses, Finance Costs and Depreciation offset unfavourable variances. Unfavourable variances are due to Personnel Costs, Operating & Maintenance Costs and Professional Costs as explained below.



39. Personnel Costs are unfavourable to budget by \$4m. This is mainly due to recruitment and other personnel costs being unfavourable to budget by \$1.9m. Staff remuneration budgets of \$0.5m relating to the Te Awa Cycleway project is offset by funding received from the MBIE. Staff remuneration and training development budgets are favourable to budget by \$1.3m.
40. Operating & Maintenance Costs are unfavourable to budget by \$6.7m. Increased expenditure on contractors as reflected:



41. Contractors and service providers contributed an actual of \$46.1m for the year. This is \$4.3m unfavourable against a budget of \$41.8m. This is due to additional reactive maintenance work in water services, increased cost of transportation maintenance works and building maintenance required on Council buildings. Unbudgeted expenditure incurred on the Te Awa Cycleway remediation and water reform stimulus projects, which is funded by the MBIE and DIA. This is offset by the revenue as mentioned in paragraph 27.
42. Professional Costs are unfavourable to budget by \$2.4m. Part of this consists of an overspend in the Planning Guidance Unit related to an increase in workload. This is offset by an underspend in personnel costs in Planning & Development. Unbudgeted water reform stimulus projects make up \$2.4m of the spend to date. This is offset by contributions received from the DIA.
43. Please refer to the activity statements (**Attachment 2**) for material variance explanations.

## Gains and Losses

44. The 30 June 2021 adjustment on non-cash revaluation of Council's Financial borrowing instruments resulted in a \$22.6m gain. See **Attachment 3** for swap interest rate movement.
45. Loss on Property, plant and equipment is \$5.4m for this financial year. The losses are due to the tidying and improvement of asset management systems for revaluation purposes, and existing assets being replaced due to development requirements.

## Treasury Management

46. Council's compliance with its treasury policy measures at 30 June 2021 is as follows:

<b>Counterparty credit risk</b>	max	\$75m per bank	Achieved	✓
<b>Liquidity ratio</b>	min	110%	120%	✓
<b>Funding maturity</b>	0 - 3 years	15% - 60%	46%	✓
	3 - 5 years	15% - 60%	20%	✓
	5 years +	10% - 60%	34%	✓
<b>Fixed rate debt maturity</b>	All years	Within annual parameters	Achieved	✓

## Interest Rate Risk Management

47. 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.
48. At 30 June 2021 Council's fixed rate hedging is 44%. This falls within our debt interest rate policy parameters which requires a minimum fixed rate of 40% and a maximum fixed rate of 95%.
49. Our gross cost of funds over a 12-month rolling average is 2.2%.

## Debt and Cash Investments

50. The Debt Forecast and the Debt to Revenue ratio form part of our Financial Strategy and is addressed within the Financial Strategy Monitoring Report.

Treasury Performance			
	Actual	Annual Budget	Variance
<b>Cash Investments</b>	\$62.5m	\$86.1m	(\$23.6m)
<b>Total External Debt</b>	\$528.7m	\$716.8m	(\$188.1m)
<b>Finance Cost on Borrowings</b>	\$12.2m	\$14.6m	(\$2.4m)

## Legal and Policy Considerations - Whaiwhakaaro-aa-ture

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

## Wellbeing Considerations - Whaiwhakaaro-aa-oranga tonutanga

52. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').

- 53. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report.
- 54. The recommendations set out in this report are consistent with that purpose.
- 55. Economic wellbeing is managed through the efficient monitoring of Council's financial results. Diligent management of Council's budget and regular review of forecasts is required to ensure Council is operating effectively and policy compliance is met.
- 56. The environmental, social and cultural wellbeings are not directly impacted by the annual monitoring report. However, the efficient review and management of Council's financial position supports the wider business in their delivery of key objectives that enhance these wellbeings.

**Risks - *Tuuraru***

- 57. There are no known risks associated with the decisions of this report.

**Significance & Engagement Policy - *Kaupapa here whakahira/anganui*****Significance**

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

**Engagement**

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

**Attachments - *Ngaa taapirihanga***

Attachment 1 - Statement of Comprehensive Revenue and Expense

Attachment 2 - Council Activities

Attachment 3 - Treasury Position

**STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE**  
**FOR THE MONTH ENDED 30 JUNE 2021**

Attachment 1

Item 8

\$000		\$000		\$000		\$000	
YTD 2019/20		YTD Actual	Annual Approved Budget	Annual Variance Fav/(Unfav)	% Annual Budget Spent		
<b>Operating Revenue</b>							
191,728	Rates	200,276	200,066	210	100%		
38,215	Fees & Charges	46,559	32,260	14,299	144%		
10,963	Subsidies & Grants	7,342	7,227	115	102%		
1,431	Interest Revenue	844	1,250	(406)	68%		
7,411	Other Revenue	9,023	10,298	(1,275)	88%		
<b>249,749</b>	<b>TOTAL OPERATING REVENUE</b>	<b>264,044</b>	<b>251,101</b>	<b>12,943</b>	<b>105%</b>		
<b>Capital Revenue</b>							
32,198	Development Contributions	28,095	22,504	5,591	125%		
42,446	Capital Revenue	72,978	58,634	14,344	124%		
49,147	Vested Assets	33,484	32,479	1,005	103%		
<b>123,791</b>	<b>TOTAL CAPITAL REVENUE</b>	<b>134,556</b>	<b>113,617</b>	<b>20,940</b>	<b>118%</b>		
<b>373,539</b>	<b>TOTAL REVENUE</b>	<b>398,600</b>	<b>364,717</b>	<b>33,883</b>	<b>109%</b>		
<b>Expenditure</b>							
83,359	Personnel Costs	87,879	83,802	(4,077)	105%		
50,895	Operating & Maintenance Costs	59,629	52,927	(6,702)	113%		
13,313	Professional Costs	16,258	13,820	(2,437)	118%		
24,706	Administration Expenses	24,832	36,367	11,535	68%		
9,922	Property Costs	10,250	10,017	(234)	102%		
17,726	Finance Costs	12,656	17,124	4,468	74%		
73,381	Depreciation & Amortisation Expense	72,092	74,727	2,635	96%		
<b>273,303</b>	<b>TOTAL EXPENDITURE</b>	<b>283,597</b>	<b>288,785</b>	<b>5,188</b>	<b>98%</b>		
<b>100,237</b>	<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>115,004</b>	<b>75,932</b>	<b>39,071</b>	<b>151%</b>		
<b>Gains and Losses</b>							
(12,258)	Net gain/(loss) on revaluation of interest rate swaps	22,617		22,617			
	Gain on fair value of investment properties	9,700	593	9,107	1636%		
(7,022)	Property, plant and equipment net gain/(loss)	(5,078)	(10,457)	5,379	49%		
<b>(19,280)</b>	<b>TOTAL GAINS AND LOSSES</b>	<b>27,239</b>	<b>(9,864)</b>	<b>37,103</b>	<b>(276%)</b>		
<b>80,956</b>	<b>TOTAL SURPLUS/(DEFICIT)</b>	<b>142,242</b>	<b>66,068</b>	<b>76,174</b>	<b>215%</b>		

Refer to Activity Statements for variances against budget.

Attachment 1



## BALANCING THE BOOKS RESULT FOR THE MONTH ENDED 30 JUNE 2021

\$000		\$000	\$000	\$000	\$000
YTD 2019/20		YTD Actual	Annual Approved Budget	YTD Variance Fav/(Unfav)	% Annual Budget Spent
80,956	Surplus/(Deficit)	142,242	66,068	76,174	215%
	Remove capital revenue				
(49,147)	Vested assets	(33,484)	(32,479)	(1,005)	103%
(23,505)	Part of Development and Financial contributions	(20,218)	(14,627)	(5,591)	138%
(26,199)	Capital Subsidy (excluding subsidy on transport renewals)	(41,459)	(37,736)	(3,723)	110%
(9,113)	Other Capital Contributions	(22,765)	(12,496)	(10,269)	182%
(754)	Other items not considered everyday operating revenue	(1,330)	(4,217)	2,887	32%
	Remove (gains)/losses				
19,280	All Gains/(Losses)	(27,239)	9,864	(37,103)	(276%)
	Remove other expenses				
126	Other items not considered everyday operating expenses	6,961	21,189	(14,228)	33%
(8,355)	EVERYDAY SURPLUS/(DEFICIT)	2,708	(4,433)	7,141	(61%)

## LOCAL GOVERNMENT BALANCING THE BOOKS MEASURE FOR THE MONTH ENDED 30 JUNE 2021

\$000		\$000	\$000	\$000	\$000
YTD 2019/20		YTD Actual	Annual Approved Budget	YTD Variance Fav/(Unfav)	% Annual Budget Spent
80,956	Surplus/(deficit)	142,242	66,068	76,174	215%
	Adjustments for the Local Government Regulations measure				
(51)	Gains excluding gains on investment properties		(593)	593	0%
12,258	Net (Gain)/Loss on derivative financial instruments	(22,617)		(22,617)	
(32,198)	Development and Financial contributions	(28,095)	(22,504)	(5,591)	125%
(49,147)	Vested assets	(33,484)	(32,479)	(1,005)	103%
(69,137)	Total adjustments	(84,196)	(55,576)	(28,620)	
11,819	LG Regulations balancing the books surplus/(deficit)	58,047	10,493	47,554	553%

## FOR THE MONTH ENDED 30 JUNE 2021

\$000		\$000		\$000	
YTD 2019/20		YTD Actual	Annual Approved Budget	Annual Variance Fav/(Unfav)	% Annual Budget Spent
<b>Everyday Revenue</b>					
191,728	Rates**	200,276	200,066	210	100%
38,215	Fees & Charges	46,559	32,260	14,299	144%
10,963	Subsidies & Grants	7,342	7,227	115	102%
1,431	Interest Revenue	844	1,250	(406)	68%
7,411	Other Revenue	9,023	10,298	(1,275)	88%
<b>249,749</b>	<b>Total Everyday Revenue</b>	<b>264,044</b>	<b>251,101</b>	<b>12,943</b>	<b>105%</b>
<b>Everyday Expenditure</b>					
83,359	Personnel Costs	87,879	83,802	(4,077)	105%
50,895	Operating & Maintenance Costs	59,629	52,927	(6,702)	113%
13,313	Professional Costs	16,258	13,820	(2,437)	118%
24,778	Administration Expenses	24,832	36,367	11,535	68%
9,922	Property Costs	10,250	10,017	(234)	102%
17,726	Finance Costs**	12,656	17,124	4,468	74%
73,381	Depreciation & Amortisation Expense**	72,092	74,727	2,635	96%
19,280	Gains & Losses	(27,239)	9,864	37,103	(276%)
<b>292,655</b>	<b>Total Everyday Expenditure</b>	<b>256,358</b>	<b>298,649</b>	<b>42,291</b>	<b>86%</b>
<b>(42,906)</b>	<b>Everyday Surplus/(Deficit)*</b>	<b>7,686</b>	<b>(47,548)</b>	<b>55,234</b>	<b>(16%)</b>
<b>Capital Revenue</b>					
32,198	Development Contributions**	28,095	22,504	5,591	125%
42,446	Capital Revenue	72,978	58,634	14,344	124%
49,147	Vested Assets**	33,484	32,479	1,005	103%
<b>123,791</b>	<b>Total Capital Revenue</b>	<b>134,556</b>	<b>113,617</b>	<b>20,940</b>	<b>118%</b>
<b>80,884</b>	<b>Operating Surplus/(Deficit)</b>	<b>142,242</b>	<b>66,068</b>	<b>76,174</b>	<b>215%</b>

**Material variances as explained below:****Finance Costs\*\*:** \$4,468k favourable.

Overall finance cost (interest expense) for Council is favourable. This is due to the debt being lower than budget.

**Depreciation & Amortisation Expense\*\*:** \$2,635k favourable.

The favourable result relates to a delay in the completion of the transport revaluation.

**Development Contributions\*\*:** \$5,591k favourable.

Large developments do not pay required DC's in a smooth, linear fashion, but in large amounts when development milestones are met. This is why the quantum of DC's will vary significantly quarter by quarter. During the first quarter of the year two retirement home developments and a large residential subdivision paid significant DC's.

**Vested Assets\*\*:** \$1,005k favourable.

More vested assets have been received than budgeted.

## Attachment 2

**DEMOCRACY**  
Governance and Public Affairs | Partnership with Māori  
**FOR THE MONTH ENDED 30 JUNE 2021**

\$000		\$000		\$000		\$000	
YTD 2019/20		YTD Actual	Annual Approved Budget	Annual Variance Fav/(Unfav)		% Annual Budget Spent	
<b>Everyday Revenue</b>							
2,883	Rates**	3,021	3,021	( )		100%	
166	Fees & Charges	5	2	3		220%	
	Subsidies & Grants						
	Interest Revenue						
( )	Other Revenue	3		3			
<b>3,049</b>	<b>Total Everyday Revenue</b>	<b>3,028</b>	<b>3,023</b>	<b>5</b>		<b>100%</b>	
<b>Everyday Expenditure</b>							
446	Personnel Costs	455	696	240		65%	
57	Operating & Maintenance Costs	30	41	11		73%	
842	Professional Costs	533	402	(131)		133%	
1,488	Administration Expenses	1,587	1,693	106		94%	
	Property Costs						
	Finance Costs**						
	Depreciation & Amortisation Expense**						
	Gains & Losses						
<b>2,834</b>	<b>Total Everyday Expenditure</b>	<b>2,606</b>	<b>2,832</b>	<b>226</b>		<b>92%</b>	
<b>214</b>	<b>Everyday Surplus/(Deficit)*</b>	<b>422</b>	<b>191</b>	<b>231</b>		<b>221%</b>	
<b>Capital Revenue</b>							
	Capital Revenue						
	<b>Total Capital Revenue</b>						
<b>214</b>	<b>Operating Surplus/(Deficit)</b>	<b>422</b>	<b>191</b>	<b>231</b>		<b>221%</b>	

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

\*\* Rates Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution and Vested Assets variances are explained in the Council activity statements

**Material variances as explained below:**

**Personnel Costs: \$240k favourable.**

The favourable variance is due to a vacancy held in the Mayoral Support Services Office and an underspend on Elected Members' training and development budget.

## Attachment 2

## VISITOR ATTRACTIONS

Hamilton Gardens | Waikato Museum | Hamilton Zoo

### FOR THE MONTH ENDED 30 JUNE 2021

\$000		\$000			
YTD 2019/20		YTD Actual	Annual Approved Budget	Annual Variance Fav/(Unfav)	% Annual Budget Spent
<b>Everyday Revenue</b>					
15,046	Rates**	15,798	15,787	11	100%
2,531	Fees & Charges	3,361	1,563	1,798	215%
90	Subsidies & Grants	81	85	(4)	95%
13	Interest Revenue	8	12	(5)	62%
136	Other Revenue	114	87	27	131%
<b>17,816</b>	<b>Total Everyday Revenue</b>	<b>19,361</b>	<b>17,534</b>	<b>1,827</b>	<b>110%</b>
<b>Everyday Expenditure</b>					
8,454	Personnel Costs	8,836	8,407	(430)	105%
2,872	Operating & Maintenance Costs	2,983	3,068	85	97%
330	Professional Costs	320	231	(90)	139%
543	Administration Expenses	513	565	52	91%
441	Property Costs	444	471	27	94%
154	Finance Costs**	107	133	26	80%
2,182	Depreciation & Amortisation Expense**	2,136	2,199	62	97%
9	Gains & Losses	203		(203)	
<b>14,983</b>	<b>Total Everyday Expenditure</b>	<b>15,543</b>	<b>15,073</b>	<b>(470)</b>	<b>103%</b>
<b>2,833</b>	<b>Everyday Surplus/(Deficit)*</b>	<b>3,818</b>	<b>2,461</b>	<b>1,357</b>	<b>155%</b>
<b>Capital Revenue</b>					
125	Capital Revenue	600	1,000	(400)	
<b>125</b>	<b>Total Capital Revenue</b>	<b>600</b>	<b>1,000</b>	<b>(400)</b>	<b>60%</b>
<b>2,958</b>	<b>Operating Surplus/(Deficit)</b>	<b>4,418</b>	<b>3,461</b>	<b>957</b>	<b>128%</b>

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

\*\* Rates Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution and Vested Assets variances are explained in the Council activity statements

#### Material variances as explained below:

##### Fees & Charges: \$1,798k favourable.

One of the assumptions included in the 2020/21 budget was that Council facilities would remain at Covid-19 level 2 until December 2020. Revenue budgets were reduced accordingly. An earlier than expected exit from level 2 to level 1 has resulted in Visitor Attractions revenue tracking well in advance of budget.

##### Personnel Costs: (\$430k) unfavourable.

Staff vacancies are below levels experienced in previous years. The workforce has been more stable than envisaged and savings from vacancies have not been achieved.

##### Gains & Losses: (\$203k) unfavourable.

The unfavourable result is due to asset data correction as part of the Asset Management improvement programme and data integrity review (Rhododendron path).

##### Capital Revenue: (\$400k) unfavourable.

Zoo Waiwhakareke Entrance third party contributions of \$900k haven't been acquired during the 2020/21 year, however the capital works this would have funded are now happening in 2021/22 financial year. The capital revenue needed for this will be part of the 2021/22 financial year target. This is partially offset by \$400k contributions received for the Hamilton Gardens Summer House and \$120k for the Tuatara House at the Zoo.

## Attachment 2

## VENUES, TOURISM AND MAJOR EVENTS

Claudelands | FMG Stadium Waikato | Seddon Park | i-SITE | Tourism and Events Funding

## FOR THE MONTH ENDED 30 JUNE 2021

\$000		\$000	\$000	\$000	\$000
YTD 2019/20		YTD Actual	Annual Approved Budget	Annual Variance Fav/(Unfav)	% Annual Budget Spent
<b>Everyday Revenue</b>					
14,968	Rates**	15,662	15,664	(3)	100%
5,736	Fees & Charges	5,265	2,803	2,463	188%
4	Subsidies & Grants				
140	Interest Revenue	82	79	3	104%
736	Other Revenue	818	742	75	110%
<b>21,583</b>	<b>Total Everyday Revenue</b>	<b>21,827</b>	<b>19,288</b>	<b>2,538</b>	<b>113%</b>
<b>Everyday Expenditure</b>					
5,892	Personnel Costs	5,761	5,731	(30)	101%
5,150	Operating & Maintenance Costs	4,762	3,067	(1,696)	155%
174	Professional Costs	140	296	155	47%
1,767	Administration Expenses	1,786	1,793	7	100%
1,014	Property Costs	1,167	886	(281)	132%
1,704	Finance Costs**	1,184	1,477	293	80%
5,326	Depreciation & Amortisation Expense**	5,270	5,480	210	96%
18	Gains & Losses	331		(331)	
<b>21,044</b>	<b>Total Everyday Expenditure</b>	<b>20,401</b>	<b>18,729</b>	<b>(1,672)</b>	<b>109%</b>
<b>539</b>	<b>Everyday Surplus/(Deficit)*</b>	<b>1,426</b>	<b>560</b>	<b>866</b>	<b>255%</b>
<b>Capital Revenue</b>					
40	Capital Revenue	326	200	126	163%
<b>40</b>	<b>Total Capital Revenue</b>	<b>326</b>	<b>200</b>	<b>126</b>	<b>163%</b>
<b>580</b>	<b>Operating Surplus/(Deficit)</b>	<b>1,752</b>	<b>760</b>	<b>992</b>	<b>231%</b>

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

\*\* Rates Revenue, Finance Costs, Depreciation &amp; Amortisation Expenses, Development Contribution and Vested Assets variances are explained in the Council activity statements

**Material variances as explained below:****Fees & Charges: \$2,463k favourable.**

A favourable variance due to a conservative budget as a result of the Covid-19 environment. Event activity remained better than expected at year end.

**Operating & Maintenance Costs: (\$1,696k) unfavourable.**

An unfavourable variance due to an increase in cost of sales. The cost of sales increase is relative to the additional revenue gained by better than expected event activity. An increase in maintenance costs was continuously challenged.

**Professional Costs: \$155k favourable.**

Favourable variance due to tight management of costs in this area to drive savings.

**Property Costs: (\$281k) unfavourable.**

Venue electricity budgets were reduced as part of the Covid-19 revised budget. Expected downtime did not eventuate due to better than expected event activity.

**Gains & Losses: (\$331k) unfavourable.**

An unfavourable variance related to the loss on disposal of carpet at Claudelands and loss on disposal on the passenger lift at FMG Stadium. The carpet was replaced as part of the renewals and compliance programme. Further work is required to line asset valuations up with replacement programmes.



## Attachment 2

**ARTS AND COMMUNITY**  
 Libraries | Community Development | Arts Promotion | Theatres  
**FOR THE MONTH ENDED 30 JUNE 2021**

\$000		\$000		\$000		\$000	
YTD 2019/20		YTD Actual	Annual Approved Budget	Annual Variance Fav/(Unfav)	% Annual Budget Spent		
<b>Everyday Revenue</b>							
16,633	Rates**	17,432	17,424	9	100%		
426	Fees & Charges	590	501	90	118%		
1	Subsidies & Grants	142	2	140	7097%		
	Interest Revenue		66	(66)	0%		
	Other Revenue	1		1			
<b>17,061</b>	<b>Total Everyday Revenue</b>	<b>18,166</b>	<b>17,992</b>	<b>174</b>	<b>101%</b>		
<b>Everyday Expenditure</b>							
5,768	Personnel Costs	6,255	5,828	(427)	107%		
727	Operating & Maintenance Costs	885	1,041	156	85%		
300	Professional Costs	190	191	1	99%		
2,474	Administration Expenses	11,071	23,932	12,861	46%		
225	Property Costs	260	279	19	93%		
3	Finance Costs**	2	3	1	80%		
2,767	Depreciation & Amortisation Expense**	2,774	2,906	132	95%		
3	Gains & Losses	54		(54)			
<b>12,268</b>	<b>Total Everyday Expenditure</b>	<b>21,491</b>	<b>34,180</b>	<b>12,689</b>	<b>63%</b>		
<b>4,793</b>	<b>Everyday Surplus/(Deficit)*</b>	<b>(3,325)</b>	<b>(16,188)</b>	<b>12,863</b>	<b>21%</b>		
<b>4,793</b>	<b>Operating Surplus/(Deficit)</b>	<b>(3,325)</b>	<b>(16,188)</b>	<b>12,863</b>	<b>21%</b>		

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

\*\* Rates Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution and Vested Assets variances are explained in the Council activity statements

**Material variances as explained below:**

**Subsidies & Grants: \$140k favourable.**

Contributions received include \$134k from The Department of Internal Affairs for the New Zealand Libraries Partnership Programme costs.

**Personnel Costs: (\$427k) unfavourable.**

Staff vacancies are below levels experienced in previous years. The workforce has been more stable than envisaged and savings from vacancies were achieved.

**Operating & Maintenance Costs: \$156k favourable.**

The 2020/21 budget included \$100k to cope with cleaning of facilities expected due to Covid-19. This amount was not required due to earlier exit from levels 3 and 2.

**Administration Expenses: \$12,861k favourable.**

The Waikato Theatre Grant has been re-phased to align with the funding deed, which was approved by Council in February 2021. The grant has been re-phased as part of the 2021-2031 Long Term Plan.

## Attachment 2

## PARKS AND RECREATION

Community Parks | Natural Areas | Streetscapes | Sports Parks | Playgrounds | Cemeteries and Crematorium | Pools | Indoor Recreation

## FOR THE MONTH ENDED 30 JUNE 2021

\$000		\$000	\$000	\$000	\$000
YTD 2019/20		YTD Actual	Annual Approved Budget	Annual Variance Fav/(Unfav)	% Annual Budget Spent
<b>Everyday Revenue</b>					
28,014	Rates**	29,283	29,325	(42)	100%
6,337	Fees & Charges	8,491	6,297	2,194	135%
4	Subsidies & Grants	16	7	9	231%
163	Interest Revenue	96	142	(46)	68%
166	Other Revenue	685	76	609	898%
<b>34,684</b>	<b>Total Everyday Revenue</b>	<b>38,572</b>	<b>35,848</b>	<b>2,724</b>	<b>108%</b>
<b>Everyday Expenditure</b>					
12,212	Personnel Costs	13,663	12,257	(1,406)	111%
6,899	Operating & Maintenance Costs	9,013	7,579	(1,434)	119%
905	Professional Costs	840	726	(113)	116%
715	Administration Expenses	676	697	20	97%
905	Property Costs	1,004	1,051	47	96%
2,006	Finance Costs**	1,396	1,738	342	80%
5,835	Depreciation & Amortisation Expense**	6,140	5,947	(192)	103%
159	Gains & Losses	1,764		(1,764)	
<b>29,636</b>	<b>Total Everyday Expenditure</b>	<b>34,496</b>	<b>29,994</b>	<b>(4,502)</b>	<b>115%</b>
<b>5,048</b>	<b>Everyday Surplus/(Deficit)*</b>	<b>4,076</b>	<b>5,854</b>	<b>(1,778)</b>	<b>70%</b>
<b>Capital Revenue</b>					
1,180	Development Contributions**	1,363	1,196	167	114%
1,052	Capital Revenue	195	100	95	195%
	Vested Assets**	2,091		2,091	
<b>2,232</b>	<b>Total Capital Revenue</b>	<b>3,649</b>	<b>1,296</b>	<b>2,353</b>	<b>281%</b>
<b>7,280</b>	<b>Operating Surplus/(Deficit)</b>	<b>7,724</b>	<b>7,150</b>	<b>575</b>	<b>108%</b>

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

\*\* Rates Revenue, Finance Costs, Depreciation &amp; Amortisation Expenses, Development Contribution and Vested Assets variances are explained in the Council activity statements

## Material variances as explained below:

**Fees & Charges: \$2,194k favourable.**

Third party contributions have been received from the MBIE to upgrade the Te Awa Cycleway. Aquatics are \$401k ahead of budget. One of the assumptions included in the 2020/21 budget was that Council facilities would remain at Covid-19 level 2 until December 2020. Revenue budgets were reduced accordingly. An earlier than expected exit from level 2 to level 1 has resulted in Aquatics revenue tracking well in advance of budget. Revenue was received from a third party to deliver additional work.

**Other Revenue: \$609k favourable.**

Includes \$511k proceeds for Waterworld insurance claims.

**Personnel Costs: (\$1,406k) unfavourable.**

Costs associated with the Te Awa Cycleway construction funded by the MBIE \$500k. Aquatics are \$345k unfavourable mainly as the workforce has been more stable than envisaged. Additional work was delivered which has been offset by revenue from a third party.

**Operating & Maintenance Costs: (\$1,434k) unfavourable.**

The unfavourable Parks variance includes \$700k Te Awa Cycleway costs funded by the MBIE. The unfavourable Aquatics variance includes \$800k of compliance, safety and reactive maintenance works (plant and building) required to meet standards and service levels. Part of which has been recovered from Council's insurer.

**Professional Costs: (\$113k) unfavourable.**

The unfavourable Parks variance includes Te Awa Cycleway costs that are funded by the MBIE. Expenditure at Waterworld is \$87k ahead of budget and includes costs to remedy plant defects, part of which has been recovered from Council's insurer.

**Gains & Losses: (\$1,764k) unfavourable.**

\$1.2m of the unfavourable variance is the writedown of the Stadium Bowling Club buildings which have been gifted to Kaute Pasifika. The remainder of the variance is due to the disposal of various assets.

## FOR THE MONTH ENDED 30 JUNE 2021

\$000		\$000		\$000	
YTD 2019/20		YTD Actual	Annual Approved Budget	Annual Variance Fav/(Unfav)	% Annual Budget Spent
<b>Everyday Revenue</b>					
3,860	Rates**	4,045	4,047	(2)	100%
2,114	Fees & Charges	2,316	1,938	378	120%
49	Subsidies & Grants	50	53	(2)	96%
	Interest Revenue				
38	Other Revenue	89	31	59	292%
<b>6,061</b>	<b>Total Everyday Revenue</b>	<b>6,500</b>	<b>6,068</b>	<b>432</b>	<b>107%</b>
<b>Everyday Expenditure</b>					
4,131	Personnel Costs	4,128	4,004	(124)	103%
1,084	Operating & Maintenance Costs	1,246	1,238	(8)	101%
96	Professional Costs	122	97	(25)	125%
421	Administration Expenses	265	293	28	91%
32	Property Costs	27	33	6	82%
	Finance Costs**				
67	Depreciation & Amortisation Expense**	82	70	(12)	117%
	Gains & Losses				
<b>5,832</b>	<b>Total Everyday Expenditure</b>	<b>5,869</b>	<b>5,735</b>	<b>(135)</b>	<b>102%</b>
<b>230</b>	<b>Everyday Surplus/(Deficit)*</b>	<b>631</b>	<b>333</b>	<b>298</b>	<b>189%</b>
<b>Capital Revenue</b>					
	Capital Revenue				
	<b>Total Capital Revenue</b>				
<b>230</b>	<b>Operating Surplus/(Deficit)</b>	<b>631</b>	<b>333</b>	<b>298</b>	<b>189%</b>

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

\*\* Rates Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution and Vested Assets variances are explained in the Council activity statements

## Material variances as explained below:

**Fees & Charges: \$378k favourable.**

Revenue is higher than budget in the Environmental Control and Liquor Licensing units due to increases in demand. Specifically there have been more applications for manager certificates and remote liquor licenses. The increase in remote liquor licenses is a result of the Covid-19 lockdowns and businesses reshaping how they operate in order to continue operations through lockdowns.

**Personnel Costs: (\$124k) unfavourable.**

Personnel cost increase is result of various factors including additional overtime, leave accumulation and H&S equipment for animal control.

## Attachment 2

## PLANNING AND DEVELOPMENT

City Planning | Planning Guidance | Building Control

### FOR THE MONTH ENDED 30 JUNE 2021

\$000		\$000			
YTD 2019/20		YTD Actual	Annual Approved Budget	Annual Variance Fav/(Unfav)	% Annual Budget Spent
<b>Everyday Revenue</b>					
5,743	Rates**	6,008	6,010	(1)	100%
11,255	Fees & Charges	11,941	8,474	3,467	141%
287	Subsidies & Grants	70			
52	Interest Revenue	31	30	1	104%
10	Other Revenue	2		2	
<b>17,348</b>	<b>Total Everyday Revenue</b>	<b>18,052</b>	<b>14,513</b>	<b>3,538</b>	<b>124%</b>
<b>Everyday Expenditure</b>					
8,809	Personnel Costs	9,546	10,272	726	93%
429	Operating & Maintenance Costs	333	408	75	82%
4,018	Professional Costs	3,868	2,236	(1,633)	173%
1,467	Administration Expenses	5,695	1,378	(4,317)	413%
65	Property Costs	50	64	14	78%
640	Finance Costs**	445	555	110	80%
1	Depreciation & Amortisation Expense**	3		(3)	
	Gains & Losses				
<b>15,428</b>	<b>Total Everyday Expenditure</b>	<b>19,940</b>	<b>14,912</b>	<b>(5,028)</b>	<b>134%</b>
<b>1,919</b>	<b>Everyday Surplus/(Deficit)*</b>	<b>(1,889)</b>	<b>(399)</b>	<b>(1,490)</b>	<b>473%</b>
<b>Capital Revenue</b>					
	Capital Revenue				
	<b>Total Capital Revenue</b>				
<b>1,919</b>	<b>Operating Surplus/(Deficit)</b>	<b>(1,889)</b>	<b>(399)</b>	<b>(1,490)</b>	<b>473%</b>

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

\*\* Rates Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution and Vested Assets variances are explained in the Council activity statements

#### Material variances as explained below:

##### Fees & Charges: \$3,467k favourable.

This is due to higher than budgeted levels of activity in the Planning Guidance and Building Control units.

Revenue from building and planning has been difficult to predict since the Covid-19 lockdown as the reality of the economic situation evolves. The budget was set to reflect the Treasury forecasted downturn. Revenue in the planning guidance area continued to increase in June, revenue in the building consenting area stabilised. It is unclear when a level of certainty and predictability will return to this market.

##### Personnel Costs: \$726k favourable.

Holding funds from City Planning restructure while these roles are repurposed to deliver the District Plan Change work. Recruitment of senior planning staff for Planning Guidance is proving challenging and the work is currently being sent out to consultants.

##### Professional Costs: (\$1,633k) unfavourable.

This is due to overspend in the Planning Guidance unit. This overspend is offset by an underspend in Personnel Costs and is related to the increase in workload which is evidenced by a higher than budgeted level of revenue. There has also been a higher than budgeted spend in Building Control's legal expenses due to ongoing legal claims.

## Attachment 2

# WATER SUPPLY

Water Treatment | Water Storage | Water Distribution

## FOR THE MONTH ENDED 30 JUNE 2021

\$000		\$000			
YTD 2019/20		YTD Actual	Annual Approved Budget	Annual Variance Fav/(Unfav)	% Annual Budget Spent
<b>Everyday Revenue</b>					
28,147	Rates**	28,906	28,695	211	101%
112	Fees & Charges	1,107	(155)	1,262	(714%)
2	Subsidies & Grants				
319	Interest Revenue	235	218	16	108%
29	Other Revenue				
<b>28,610</b>	<b>Total Everyday Revenue</b>	<b>30,248</b>	<b>28,758</b>	<b>1,490</b>	<b>105%</b>
<b>Everyday Expenditure</b>					
3,296	Personnel Costs	3,002	2,904	(97)	103%
2,559	Operating & Maintenance Costs	2,767	3,332	565	83%
448	Professional Costs	1,546	1,024	(522)	151%
76	Administration Expenses	67	68	1	98%
1,898	Property Costs	1,966	1,974	8	100%
3,474	Finance Costs**	2,417	3,016	599	80%
8,562	Depreciation & Amortisation Expense**	8,386	8,502	116	99%
565	Gains & Losses	532		(532)	
<b>20,878</b>	<b>Total Everyday Expenditure</b>	<b>20,682</b>	<b>20,821</b>	<b>139</b>	<b>99%</b>
<b>7,732</b>	<b>Everyday Surplus/(Deficit)*</b>	<b>9,566</b>	<b>7,938</b>	<b>1,629</b>	<b>121%</b>
<b>Capital Revenue</b>					
7,352	Development Contributions**	6,437	4,359	2,079	148%
798	Capital Revenue	3,835	54	3,781	7085%
2,182	Vested Assets**	1,468	1,920	(452)	76%
<b>10,333</b>	<b>Total Capital Revenue</b>	<b>11,741</b>	<b>6,333</b>	<b>5,408</b>	<b>185%</b>
<b>18,065</b>	<b>Operating Surplus/(Deficit)</b>	<b>21,307</b>	<b>14,270</b>	<b>7,036</b>	<b>149%</b>

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

\*\* Rates Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution and Vested Assets variances are explained in the Council activity statements

### Material variances as explained below:

#### Fees & Charges: \$1,262k favourable.

The favourable variance is due to funds received from the DIA for the Water Reform Stimulus project to offset operational expenditure, including professional costs and personnel costs.

#### Operating & Maintenance Costs: \$565k favourable.

The favourable variance is predominantly due to less reactive maintenance works than expected on the water reticulation network and the Water Treatment Plant. This favourable variance will partly offset the unfavourable variance in the wastewater activity resulting from a higher level of reactive maintenance work required on the wastewater network and plant.

#### Professional Costs: (\$522k) unfavourable.

The unfavourable variance is due to Water Reform Stimulus projects underway and is 100% offset by funds received from the DIA. (See Fees & Charges above)

#### Gains & Losses: (\$532k) unfavourable.

Unfavourable variance is due to the disposal of various assets.

#### Capital Revenue: \$3,781k favourable.

Contributions toward new connections exceed budget due to increased applications. This revenue will offset capital installation costs. Funds received from the DIA to offset Water Reform Stimulus capital expenditure is also part of the favourable variance.



## Attachment 2

## WASTEWATER

Wastewater Collection | Wastewater Treatment | Wastewater Disposal

## FOR THE MONTH ENDED 30 JUNE 2021

\$000		\$000		\$000		\$000	
YTD 2019/20		YTD Actual	Annual Approved Budget	Annual Variance Fav/(Unfav)	% Annual Budget Spent		
<b>Everyday Revenue</b>							
29,301	Rates**	30,639	30,639	1	100%		
4,800	Fees & Charges	6,629	5,546	1,082	120%		
5	Subsidies & Grants						
318	Interest Revenue	188	271	(83)	69%		
	Other Revenue						
<b>34,424</b>	<b>Total Everyday Revenue</b>	<b>37,456</b>	<b>36,456</b>	<b>1,000</b>	<b>103%</b>		
<b>Everyday Expenditure</b>							
5,590	Personnel Costs	6,055	5,959	(96)	102%		
5,552	Operating & Maintenance Costs	6,636	5,231	(1,405)	127%		
829	Professional Costs	2,294	2,318	24	99%		
190	Administration Expenses	185	200	14	93%		
1,993	Property Costs	1,961	2,087	126	94%		
3,912	Finance Costs**	2,722	3,396	674	80%		
13,053	Depreciation & Amortisation Expense**	11,976	12,723	747	94%		
661	Gains & Losses	441		(441)			
<b>31,780</b>	<b>Total Everyday Expenditure</b>	<b>32,270</b>	<b>31,914</b>	<b>(356)</b>	<b>101%</b>		
<b>2,645</b>	<b>Everyday Surplus/(Deficit)*</b>	<b>5,186</b>	<b>4,542</b>	<b>644</b>	<b>114%</b>		
<b>Capital Revenue</b>							
12,698	Development Contributions**	10,095	7,378	2,717	137%		
1,265	Capital Revenue	2,001	54	1,946	3696%		
4,784	Vested Assets**	4,134	3,287	847	126%		
<b>18,747</b>	<b>Total Capital Revenue</b>	<b>16,229</b>	<b>10,719</b>	<b>5,510</b>	<b>151%</b>		
<b>21,392</b>	<b>Operating Surplus/(Deficit)</b>	<b>21,416</b>	<b>15,261</b>	<b>6,155</b>	<b>140%</b>		

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

\*\* Rates Revenue, Finance Costs, Depreciation &amp; Amortisation Expenses, Development Contribution and Vested Assets variances are explained in the Council activity statements

**Material variances as explained below:****Fees & Charges: \$1,082k favourable.**

The favourable variance is due to funds received from the DIA for the Water Reform Stimulus project to offset operational expenditure including professional costs and personnel costs.

**Operating & Maintenance Costs: (\$1,405k) unfavourable.**

The unfavourable variance is predominantly due to increased frequency of reactive wastewater maintenance and inspections required to reduce the risk of overflows to sensitive environments. Costs partially offset by underspend in Water activities.

**Property Costs: \$126k favourable.**

The favourable variance is due to lower than budgeted spend on electricity and gas charges.

**Gains & Losses: (\$441k) unfavourable.**

Unfavourable variance is due to the disposal of various assets.

**Capital Revenue: \$1,946k favourable.**

Contributions toward new connections exceed budget due to increased applications. This revenue will offset capital installation costs. Funds received from the DIA to offset Water Reform Stimulus capital expenditure is also part of the favourable variance.

## FOR THE MONTH ENDED 30 JUNE 2021

\$000		\$000			
YTD 2019/20		YTD Actual	Annual Approved Budget	Annual Variance Fav/(Unfav)	% Annual Budget Spent
<b>Everyday Revenue</b>					
6,581	Rates**	6,896	6,897	(1)	100%
370	Fees & Charges	839	289	551	291%
2	Subsidies & Grants				
87	Interest Revenue	52	116	(64)	44%
	Other Revenue				
<b>7,041</b>	<b>Total Everyday Revenue</b>	<b>7,787</b>	<b>7,301</b>	<b>486</b>	<b>107%</b>
<b>Everyday Expenditure</b>					
2,008	Personnel Costs	2,046	1,965	(81)	104%
775	Operating & Maintenance Costs	972	312	(659)	311%
226	Professional Costs	430	458	27	94%
43	Administration Expenses	41	41	(1)	101%
473	Property Costs	461	374	(87)	123%
1,069	Finance Costs**	744	928	184	80%
9,866	Depreciation & Amortisation Expense**	9,950	9,752	(198)	102%
267	Gains & Losses	756		(756)	
<b>14,727</b>	<b>Total Everyday Expenditure</b>	<b>15,400</b>	<b>13,829</b>	<b>(1,570)</b>	<b>111%</b>
<b>(7,686)</b>	<b>Everyday Surplus/(Deficit)*</b>	<b>(7,613)</b>	<b>(6,528)</b>	<b>(1,085)</b>	<b>117%</b>
<b>Capital Revenue</b>					
1,408	Development Contributions**	2,263	2,854	(591)	79%
444	Capital Revenue	1,569	104	1,464	1506%
5,953	Vested Assets**	6,703	5,508	1,195	122%
<b>7,805</b>	<b>Total Capital Revenue</b>	<b>10,535</b>	<b>8,466</b>	<b>2,069</b>	<b>124%</b>
<b>119</b>	<b>Operating Surplus/(Deficit)</b>	<b>2,922</b>	<b>1,938</b>	<b>984</b>	<b>151%</b>

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

\*\* Rates Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution and Vested Assets variances are explained in the Council activity statements

## Material variances as explained below:

**Fees & Charges: \$551k favourable.**

The favourable variance is due to funds received from the DIA for the Water Reform Stimulus project. This offsets operational expenditure for approved projects and costs including professional services costs.

The favourable variance is also due to funds received from the Waikato Regional Council to offset additional expenditure on stream maintenance.

**Operating & Maintenance Costs: (\$659k) unfavourable.**

The unfavourable variance is predominantly due to increased frequency of reactive stormwater maintenance in the last few months as well as additional works completed for stream maintenance as part of the Project Watershed programme. The latter cost is recoverable from the Waikato Regional Council and is offset by a favourable variance in Fees & Charges.

**Gains & Losses: (\$756k) unfavourable.**

The unfavourable result is due to a developer initiated replacement of the stormwater assets to accommodate increased run off from the area. While the write off is significant, Council will be receiving a greater valued asset as a result of the upsize.

**Capital Revenue: \$1,464k favourable.**

Contributions toward new connections exceed budget due to increased applications. This revenue will offset capital installation costs. Funds received from the DIA to offset Water Reform Stimulus capital expenditure is also part of the favourable variance.

## Attachment 2

**TRANSPORT**  
 Transport Network | Transport Centre | Parking Management  
**FOR THE MONTH ENDED 30 JUNE 2021**

\$000		\$000		\$000		\$000	
YTD 2019/20		YTD Actual	Annual Approved Budget	Annual Variance Fav/(Unfav)	% Annual Budget Spent		
<b>Everyday Revenue</b>							
34,000	Rates**	35,604	35,634	(30)	100%		
3,460	Fees & Charges	5,029	4,016	1,013	125%		
9,795	Subsidies & Grants	6,453	6,498	(44)	99%		
369	Interest Revenue	218	312	(94)	70%		
2,622	Other Revenue	2,834	2,568	266	110%		
<b>50,246</b>	<b>Total Everyday Revenue</b>	<b>50,138</b>	<b>49,027</b>	<b>1,111</b>	<b>102%</b>		
<b>Everyday Expenditure</b>							
5,742	Personnel Costs	5,099	5,004	(95)	97%		
16,245	Operating & Maintenance Costs	14,416	12,910	(1,506)	112%		
812	Professional Costs	1,623	1,183	(440)	137%		
953	Administration Expenses	929	716	(213)	130%		
2,189	Property Costs	2,162	2,120	(42)	102%		
4,531	Finance Costs**	3,152	3,934	781	80%		
19,842	Depreciation & Amortisation Expense**	19,238	21,719	2,481	89%		
5,925	Gains & Losses	225	10,457	10,232	2%		
<b>56,238</b>	<b>Total Everyday Expenditure</b>	<b>46,844</b>	<b>58,043</b>	<b>11,199</b>	<b>80%</b>		
<b>(5,992)</b>	<b>Everyday Surplus/(Deficit)*</b>	<b>3,294</b>	<b>(9,016)</b>	<b>12,310</b>	<b>(35%)</b>		
<b>Capital Revenue</b>							
9,559	Development Contributions**	7,936	6,717	1,220	118%		
38,721	Capital Revenue	64,452	57,122	7,331	113%		
36,228	Vested Assets**	19,087	21,764	(2,677)	88%		
<b>84,508</b>	<b>Total Capital Revenue</b>	<b>91,476</b>	<b>85,602</b>	<b>5,873</b>	<b>107%</b>		
<b>78,516</b>	<b>Operating Surplus/(Deficit)</b>	<b>94,770</b>	<b>76,586</b>	<b>18,184</b>	<b>124%</b>		

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

\*\* Rates Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution and Vested Assets variances are explained in the Council activity statements

**Material variances as explained below:**

**Fees & Charges: \$1,013k favourable.**

The favourable result is due to the higher than expected offstreet parking income, revenue from vehicle crossing inspections due to increased demand for inspections and operating contributions from Waka Kotahi towards innovating street projects which is offsetting the unfavourable variance in Operating & Maintenance Costs below.

**Other Revenue: \$266k favourable.**

The favourable variance is due to a higher than expected proportion of Petrol tax received this year.

**Operating & Maintenance Costs: (\$1,506k) unfavourable.**

The unfavourable variance is mainly due to transportation maintenance in particular drainage and pavement works being higher than budget. Innovating street projects are offset by additional revenue as mentioned above. The unfavourable variance also includes previous year capital projects in Rotorua not progressing and the cost was reclassified as operational expenditure.

**Professional Costs: (\$440k) unfavourable.**

The unfavourable variance is due to Innovating Street projects which are offset by additional revenue as mentioned above. Professional and legal advice obtained for various major project agreements also forms part of the unfavourable variance. A significant portion of this cost is recovered from developers and capital projects.

**Administration Expenses: (\$213k) unfavourable.**

The unfavourable variance is due to innovating street projects which are offset by additional revenue as mentioned above.

**Gains & Losses: \$10,232k favourable.**

The favourable variance is due to the vesting of the Ring Road and Resolution Drive not going ahead in this financial year as the project has not been completed.

**Capital Revenue: \$7,331k favourable.**

Revenue from Waka Kotahi subsidies are tracking above budget due to projects progressing faster than anticipated.

**RUBBISH AND RECYCLING**  
 Refuse Collection | Waste Minimisation | Landfill Site Management  
**FOR THE MONTH ENDED 30 JUNE 2021**

\$000		\$000			
YTD 2019/20		YTD Actual	Annual Approved Budget	Annual Variance Fav/(Unfav)	% Annual Budget Spent
<b>Everyday Revenue</b>					
6,871	Rates**	7,193	7,200	(7)	100%
(151)	Fees & Charges	(103)	(69)	(35)	151%
647	Subsidies & Grants	529	583	(54)	91%
7	Interest Revenue	4	4		107%
374	Other Revenue	402	444	(42)	91%
<b>7,749</b>	<b>Total Everyday Revenue</b>	<b>8,025</b>	<b>8,162</b>	<b>(137)</b>	<b>98%</b>
<b>Everyday Expenditure</b>					
1,183	Personnel Costs	1,365	1,371	6	100%
5,450	Operating & Maintenance Costs	7,750	8,213	464	94%
329	Professional Costs	323	293	(29)	110%
4,477	Administration Expenses	(3,557)	(1,152)	2,405	309%
53	Property Costs	46	57	12	80%
217	Finance Costs**	373	339	(34)	110%
563	Depreciation & Amortisation Expense**	553	564	11	98%
	Gains & Losses	494		(494)	
<b>12,271</b>	<b>Total Everyday Expenditure</b>	<b>7,345</b>	<b>9,686</b>	<b>2,341</b>	<b>76%</b>
<b>(4,523)</b>	<b>Everyday Surplus/(Deficit)*</b>	<b>680</b>	<b>(1,524)</b>	<b>2,204</b>	<b>-45%</b>
<b>Capital Revenue</b>					
	Capital Revenue				
	<b>Total Capital Revenue</b>				
<b>(4,523)</b>	<b>Operating Surplus/(Deficit)</b>	<b>680</b>	<b>(1,524)</b>	<b>2,204</b>	<b>-45%</b>

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

\*\* Rates Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution and Vested Assets variances are explained in the Council activity statements

**Material variances as explained below:**

**Operating & Maintenance Costs: \$464k favourable.**

The favourable result is due to slightly lower costs than expected with Waste Management during their contract extension. Kerbside refuse tonnage is lower than modelled for the new service, bin maintenance costs are lower than modelled and some billing was delayed due to contractor processes.

**Administration Expenses: \$2,405k favourable.**

The favourable result is due to the annual adjustment of the landfill provision. This year the provision is favourable to budget due to lower interest rates than expected and lower capital and operational costs budgeted for the landfill for the next 30 years.

## Attachment 2

## OVERHEADS

CE's Office | Corporate | Strategy and Communications | Strategic Property

## FOR THE MONTH ENDED 30 JUNE 2021

\$000		\$000	\$000	\$000	\$000
YTD 2019/20		YTD Actual	Annual Approved Budget	Annual Variance Fav/(Unfav)	% Annual Budget Spent
<b>Everyday Revenue</b>					
(287)	Rates**	(287)	(277)	(10)	104%
1,058	Fees & Charges	1,090	1,055	35	103%
76	Subsidies & Grants				
	Interest Revenue				
2,140	Other Revenue	2,415	2,029	386	119%
2,987	<b>Total Everyday Revenue</b>	3,218	2,808	411	115%
<b>Everyday Expenditure</b>					
21,560	Personnel Costs	21,643	20,405	(1,238)	106%
3,096	Operating & Maintenance Costs	7,837	7,539	(298)	104%
4,003	Professional Costs	4,021	4,865	845	83%
10,166	Administration Expenses	6,016	6,066	49	99%
633	Property Costs	700	621	(79)	113%
43	Finance Costs**	23	70	47	33%
5,317	Depreciation & Amortisation Expense**	5,586	5,520	(66)	101%
(583)	Gains & Losses	(9,420)	(593)	8,827	1589%
44,235	<b>Total Everyday Expenditure</b>	36,406	44,494	8,088	82%
(41,248)	<b>Everyday Surplus/(Deficit)*</b>	(33,187)	(41,686)	8,499	80%
<b>Capital Revenue</b>					
	Capital Revenue				
	<b>Total Capital Revenue</b>				
(41,248)	<b>Operating Surplus/(Deficit)</b>	(33,187)	(41,686)	8,499	80%

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

\*\* Rates Revenue, Finance Costs, Depreciation &amp; Amortisation Expenses, Development Contribution and Vested Assets variances are explained in the Council activity statements

**Material variances as explained below:****Other Revenue: \$386k favourable.**

Other Revenue represents rental revenue on the Council's investment property portfolio which is favourable to budget. The favourable variance is due to the budget being adjusted to reflect uncertainty as a result of Covid-19.

**Personnel Costs: (\$1,238k) unfavourable.**

Personnel costs are unfavourable due to expenditure on externally contracted staff to cover vacancies and deliver organisation wide projects. Additionally, the workforce has been more stable and therefore savings from vacancies are not being achieved.

**Operating & Maintenance Costs: (\$298k) unfavourable.**

Operating & Maintenance costs are unfavourable due to unbudgeted costs associated with the Covid-19 response, including additional cleaning and personal protective equipment purchases.

**Professional Costs: \$845k favourable.**

Professional costs are unfavourable largely due to delayed timing of consultant spend on IS projects.

**Gains & Losses: \$8,827k favourable.**

Favourable variance is due to the disposal of various assets and the revaluation gain on strategic properties.

## FOR THE MONTH ENDED 30 JUNE 2021

\$000		\$000		\$000		\$000	
YTD 2019/20		YTD Actual	Annual Approved Budget	YTD Variance Fav/(Unfav)		% Annual Budget Spent	
<b>Everyday Revenue</b>							
(32)	Rates**	75		75			
	Fees & Charges						
	Subsidies & Grants						
(38)	Interest Revenue	(68)		(68)			
1,160	Other Revenue	1,396	4,321	(2,925)		32%	
1,090	<b>Total Everyday Revenue</b>	1,403	4,321	(2,918)		32%	
<b>Everyday Expenditure</b>							
(100)	Personnel Costs	25	(1,000)	(1,025)		-3%	
	Operating & Maintenance Costs		(1,052)	(1,052)		0%	
	Professional Costs		(500)	(500)		0%	
	Administration Expenses		(200)	(200)		0%	
	Property Costs						
(26)	Finance Costs**	91	1,535	1,444		6%	
	Depreciation & Amortisation Expense**		(654)	(654)		0%	
12,258	Gains & Losses	(22,617)		22,617			
12,133	<b>Total Everyday Expenditure</b>	(22,501)	(1,871)	20,630		1203%	
(11,042)	<b>Everyday Surplus/(Deficit)*</b>	23,904	6,192	17,712		386%	
<b>Capital Revenue</b>							
	Development Contributions**						
	Capital Revenue						
	Vested Assets**						
	<b>Total Capital Revenue</b>						
(11,042)	<b>Operating Surplus/(Deficit)</b>	23,904	6,192	17,712		386%	

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

\*\* Rates Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution and Vested Assets variances are explained in the Council activity statements

#### Material variances as explained below:

**Gains & Losses: \$22,617k favourable.**

Movement in market interest rates have resulted in a gain in the fair value of interest rate swaps.

**Note: negative budgets**

The negative budgets are due to CEO savings target which is set to the whole organisation. This nets out across the Council.



## TREASURY REPORT

### Year to date 30 June 2021

Attachment 3

### Investment and Cash Position

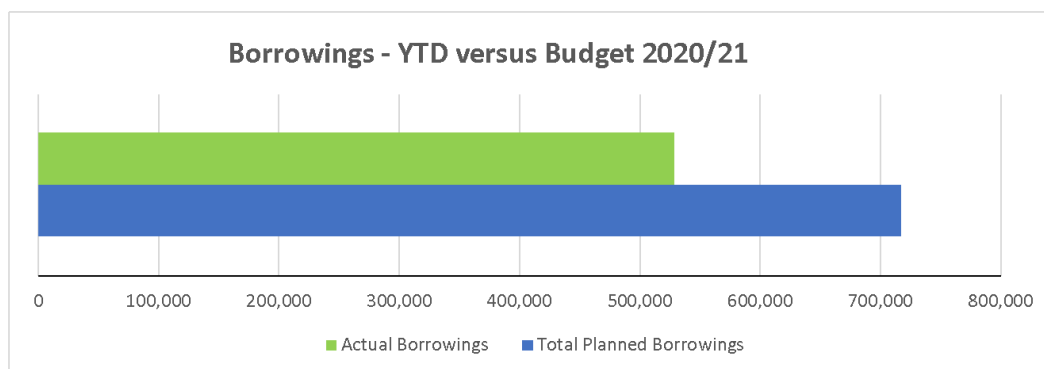
Treasury cash investments consist of:

Cash Investments	Actual \$000 Jun-21	Budget \$000 Jun-21	Variance \$000 Fav/ (Unfav)
Cash on call	42,490	not apportioned	not apportioned
Term deposit	10,000	not apportioned	not apportioned
Closing bank balances	1,907	not apportioned	not apportioned
LGFA borrower notes	8,130	not apportioned	not apportioned
<b>Total cash investments</b>	<b>62,527</b>	<b>86,144</b>	<b>(23,617)</b>

The Council's investments are managed on a regular basis, with sufficient minimum immediate cash reserves maintained. To best manage funding gaps, Council's financial investment maturities are matched with Council's forecast cash flow requirements.

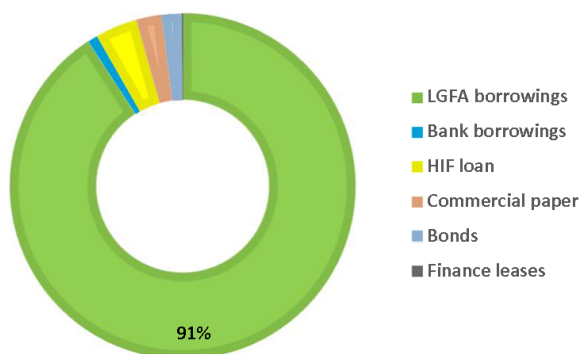
### Borrowing Position

Council borrowings is the external portion of debt held with the Local Government Funding Agency (LGFA), banks, Ministry of Business, Innovation and Employment and finance lease liabilities.



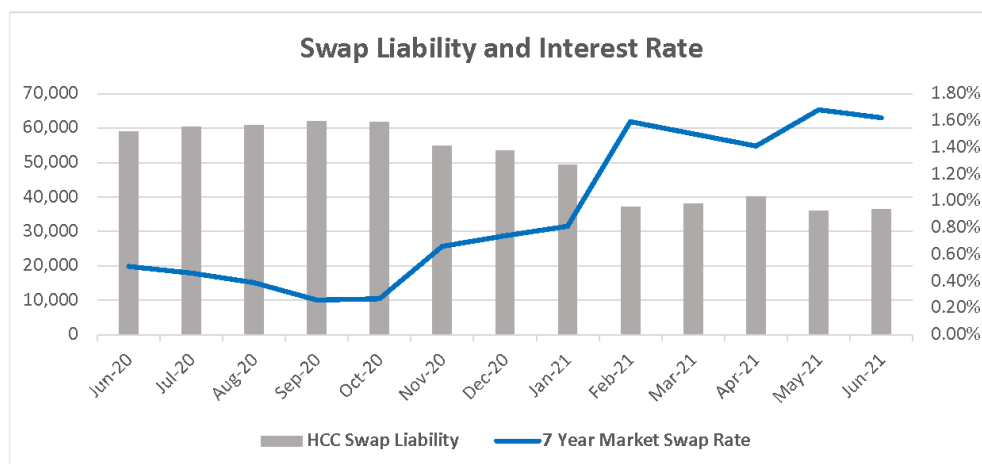
Borrowing debt has decreased at 30 June 2021. Loan repayments to the LGFA of \$50m were made on 15 May 2021. This repayment was covered by a term deposit with maturity dates set a few days prior to the 15 May 2021 debt maturities.

The LGFA remains our most favoured and low cost source of funding.



## Interest Rates

Council manages interest rate risk to reduce uncertainty relating to interest rate fluctuations through fixing of interest costs. The exposure to interest rate risk is managed and mitigated through the risk control limits as set out in the Investment and Liability Management Policy.



There is an inverse relationship between the HCC swap liability and the market swap interest rate. As the market swap interest rate increases the HCC swap liability decreases and a gain is then recognised on the interest rate swap. Conversely, a decrease in the market swap interest rate results in an increase in the HCC swap liability and a loss is then recognised on the interest rate swap.

The effect of the change in the 7 year market swap rate on the monthly movement of the HCC swap liability is indicated below:

Month	7 Year Market Swap Rate	Movement in Swaps \$000 Fav/ (Unfav)
Jun-20	0.51%	(545)
Jul-20	0.46%	(1,479)
Aug-20	0.39%	(432)
Sep-20	0.26%	(1,152)
Oct-20	0.27%	204
Nov-20	0.66%	6,968
Dec-20	0.74%	1,378
Jan-21	0.81%	4,069
Feb-21	1.59%	12,251
Mar-21	1.50%	(948)
Apr-21	1.41%	(1,948)
May-21	1.68%	4,032
Jun-21	1.62%	(327)

# Council Report

**Committee:** Finance Committee **Date:** 24 August 2021  
**Author:** Candice Swanepoel **Authoriser:** David Bryant  
**Position:** Business Performance Accountant **Position:** General Manager People and Organisational Performance  
**Report Name:** Financial Strategy Monitoring Report

<b>Report Status</b>	<i>Open</i>
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## Purpose - *Take*

1. To inform the Finance Committee on the status of the 2018-28 10-Year Plan Financial Strategy at 30 June 2021.
2. To seek a recommendation from the Finance Committee that the Council approves the capital movement as set out in the Capital Portfolio Monitoring Report and the significant forecast adjustments as set out in the Annual Monitoring Report.

## Staff Recommendation - *Tuutohu-aa-kaimahi* (Recommendation to the Council)

3. That the Finance Committee receives the report.
4. That the Finance Committee recommends that the Council:
  - a) approves the capital movement as identified in paragraph 30 of the 24 August 2021 Capital Portfolio Monitoring Report;
  - b) approves the significant forecast adjustments as set out in paragraphs 19 and 20 of this report; and
  - c) approves the revised Financial Strategy position for Debt to Revenue, Net Debt and Balancing the Books as set out in paragraphs 22 to 24 of this report.

## Executive Summary - *Whakaraapopototanga matua*

5. This report is to be read in conjunction with the:
  - i. 30 June 2021 (24 August 2021 meeting) Annual Monitoring Report; and
  - ii. 30 June 2021 (24 August 2021 meeting) Capital Portfolio Monitoring Report.
6. This report provides a forecast update of the key 10-Year Plan Financial Strategy metrics.
7. Forecasting changes made since the adoption of the 10-Year Plan show an improvement in the Financial Strategy measures;
  - i. debt to revenue is 149% and favourable against a budget of 229%;
  - ii. net debt is \$499M and favourable against a budget of \$684M; and
  - iii. balancing the books is \$3M and favourable against a budget of (\$4M).

8. Staff consider the matters in this report have low significance and that the recommendations comply with Council's legal requirements.

## Background - *Koorero whaimaarama*

### Financial Strategy

9. One key goal of the 10-Year Plan Financial Strategy is to maintain or better the balancing the books result, so the need to borrow to fund everyday expenses is eliminated. Not borrowing to fund everyday expenses maintains Council's borrowing capacity to fund investment in community and infrastructure initiatives.
10. The Financial Strategy (pages 67-71, 2018-28 10-Year Plan) is designed to:
  - a) fund everyday expenses from everyday revenues;
  - b) maintain service levels and assets;
  - c) create surpluses to repay debt;
  - d) support investment in community, infrastructure and growth initiatives; and
  - e) fund investments from debt.
11. The key outcomes are:
  - a) balancing the books in 2023/24 (this was updated in the 2020/21 Annual Plan);
  - b) maintaining a Debt to Revenue Ratio of less than 230%; and
  - c) setting rates increases for existing ratepayers at 9.7% (2018/19) and 3.8% per annum thereafter for existing ratepayers.

### Significant Forecasting assumptions

12. Any changes in significant forecasting assumptions (pages 72-81, 2018-28 10-Year Plan) will result in changes to the Financial Strategy outcomes.
13. The following forecasting assumptions directly impact the Financial Strategy:
  - a) **Growth:** revenue budgets for rates, development contributions, building and resource consents are linked to growth assumptions based on the National Institute of Demographic and Economic Analysis (NIDEA) Low projections;
  - b) **Interest on borrowing;** and
  - c) **Inflation:** forecast by Business and Economic Research Ltd (BERL) under contract to Taituarā (formerly SOLGM), with a modification for the Waikato. Waikato is experiencing higher inflation on capital projects than is being experienced across the rest of New Zealand.
14. These assumptions will be considered and, if necessary, adjusted in each Annual Plan.

### Financial Strategy Significant Forecast Adjustments

15. This report forecasts the debt to revenue measure and balancing the books measure compared with the 10-Year Plan budget.
16. The forecast takes account of changes:
  - a) to capital budgets approved by the Capital Investment Board, under delegation;
  - b) to operating expenditure approved by staff under delegation;
  - c) by Council decision; and
  - d) recommendations by other Council Committees to the Council, that are not yet approved.

## Discussion - *Matapaki*

17. Significant forecasting adjustments since the 15 June 2021 Council meeting, outlined below, as compared to the 10-Year Plan budget.
18. Numbers in brackets represent an adverse outcome.
19. Capital revenue, capital savings, re-phasing, and delay deferrals from 2020/21 to future years as detailed in the Capital Portfolio Monitoring Report, paragraph 20.

Capital Adjustments – Financial Strategy Impact								
\$000	2021	2022	2023	2024	2025	2026	2027	2028
Balancing the Books	1,133	1,189	1,248	1,309	1,343	1,408	1,476	1,547
Net Debt	24,114	25,303	26,551	27,860	29,203	30,612	32,088	33,635

20. Favourable adjustments to operating revenue and expenditure as detailed in Attachment 2 of the Annual Monitoring Report.

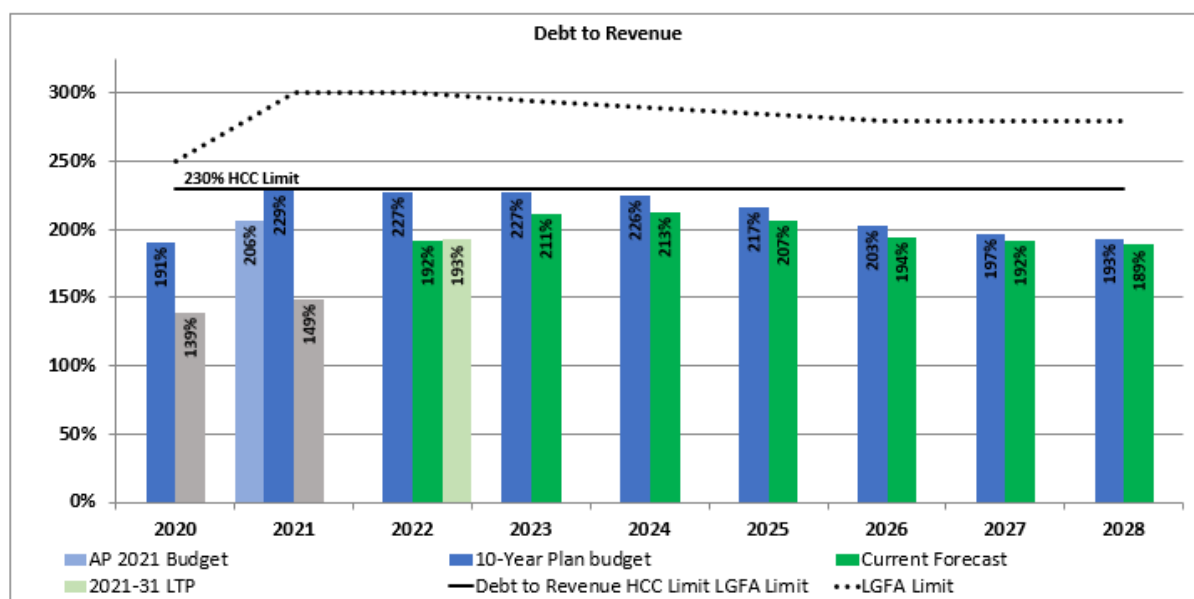
Operating Adjustments – Financial Strategy Impact								
\$000	2021	2022	2023	2024	2025	2026	2027	2028
Balancing the Books	6,087	176	185	194	199	208	218	229
Net Debt	3,569	3,745	3,930	4,123	4,322	4,531	4,749	4,978

## Financial Strategy Graphs

21. The following graphs show the 10-Year Plan budgets, annual plan forecast, the total of all Council approved changes listed in **Attachment 1** and the significant forecast adjustments as set out in paragraph 19 and 20. These significant forecast adjustments are subject to decision by the Finance Committee or Council.

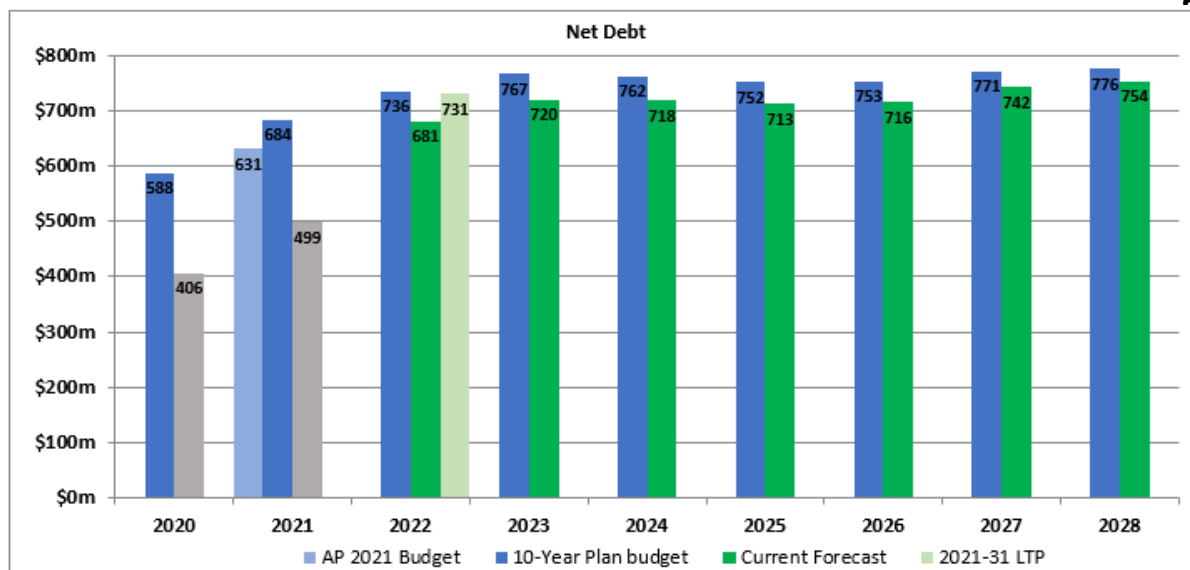
### Debt to Revenue

22. The Debt to Revenue graph includes all adjustments identified in this report and shows that debt to revenue of 149% is favourable against the 10-Year Plan budget of 229%.



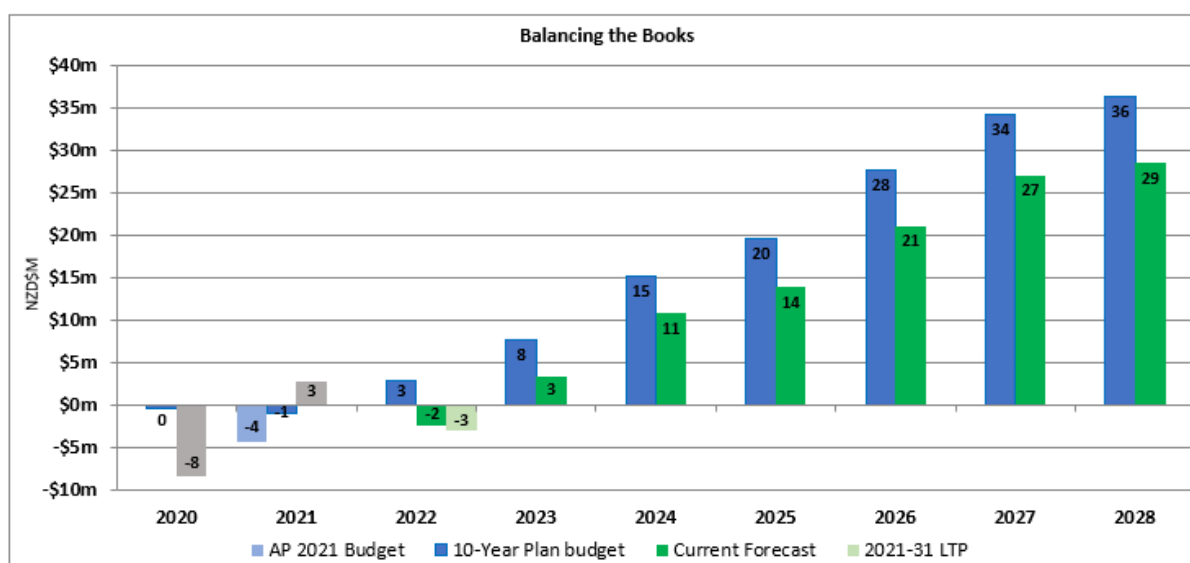
## Net Debt

23. The Net Debt graph shows a decrease in net debt against the 10-Year Plan. Net debt for 2020/21 is \$499M.



## Balancing the Books

24. The 2020/21 balancing the books result is \$3M and is favourable against a budget of (\$4M).



## Risks to the Financial Strategy

25. The debt to revenue margin on debt capacity has retained the resilience that has built up since the national lockdown period. Annual plan budgets for 2020/21 included the anticipated impacts of Covid-19 which have not been as severe as expected. It should be considered in the context of the extent of change that has occurred already since the plan was adopted, the impact on expected revenue and the amount of spending that occurred.

## Emerging Issues

26. The Annual and Capital Portfolio Monitoring Report lists emerging issues that could impact the capital portfolio and consequently debt and the balancing the books result across the remainder of the 10-Year Plan.



### **Legal and Policy Considerations - *Whaiwhakaaro-aa-ture***

27. Staff confirm that the staff recommendations in this report comply with Council's legal and policy requirements.

### **Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga***

28. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the 4 well-beings').
29. The subject matter of this report has been evaluated in terms of the 4 well-beings during the process of developing this report.
30. The recommendations set out in this report are consistent with that purpose.
31. This report addresses matters of financial sustainability. No other considerations have been identified relevant to the matters in this report.

### **Risks - *Tuuraru***

32. There are no risks associated with the recommendations in this report, noting the recommendations are based on decisions that have been made in the context of assumptions that may change.

### **Significance & Engagement Policy - *Kaupapa here whakahira/anganui***

#### **Significance**

33. 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**

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

### **Attachments - *Ngaa taapirihanga***

Attachment 1 - Register of Significant Forecast Changes

## Register of Significant Forecast Changes

The follow significant forecasting changes have previously been approved.

\$000's

BB= Balancing the books impact

ND = Net Debt impact

Numbers in brackets have an adverse impact.

Date	Change	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
2018/19 Financial Year	Balancing the books	11,551	(4,596)	(4,875)	(6,236)	(1,589)	1,587	2,533	2,969	1,575	(485)
	Net Debt	95,525	65,083	29,322	34,362	40,886	45,823	50,346	54,953	59,596	64,160
Date	Change	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
2019/20 Financial Year	Balancing the books	-	4,736	3,561	(466)	(1,473)	(1,806)	(2,100)	(2,442)	(2,903)	(3,287)
	Net Debt	-	116,725	85,362	6,756	(13,783)	(19,904)	(25,722)	(32,048)	(40,928)	(48,069)
Date	Change	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
23-Jul-20	Annual Plan Budget Adjustments	BB	-	-	(17,201)	3,099	(1,359)	(4,715)	(5,943)	(6,703)	(5,706)
		ND	-	-	(32,528)	(38,173)	(43,223)	(48,559)	(54,138)	(60,034)	(66,259)
	Infrastructure Operations Staff Remuneration - additional resources	BB	-	-	(1,337)	(1,354)	(1,359)	(1,454)	(1,548)	(1,655)	(1,768)
		ND	-	-	(1,337)	(2,691)	(4,050)	(5,504)	(7,052)	(8,708)	(10,475)
	Infrastructure Operations Staff Remuneration - revenue recovery	BB	-	-	427	458	491	525	559	598	639
		ND	-	-	427	885	1,376	1,901	2,460	3,058	3,697
	Growth Programmes Funding	BB	-	-	(575)	(28)	(30)	(31)	(32)	(34)	(35)
		ND	-	-	(575)	(604)	(634)	(665)	(697)	(730)	(766)
	Living Wage	BB	-	-	(387)	(467)	(500)	(536)	(571)	(610)	(652)
		ND	-	-	(387)	(854)	(1,354)	(1,890)	(2,461)	(3,071)	(3,723)
	Suburban Response Team Funding	BB	-	-	(260)	(13)	(13)	(14)	(14)	(15)	(16)
		ND	-	-	(260)	(273)	(286)	(300)	(315)	(330)	(346)
	Council owned dwellings	BB	-	-	(55)	(3)	(3)	(3)	(3)	(3)	(3)
		ND	-	-	(55)	(58)	(60)	(63)	(66)	(70)	(73)
	Community welfare package	BB	-	-	(488)	(3)	(3)	(3)	(3)	(3)	(4)
		ND	-	-	(60)	(62)	(66)	(69)	(72)	(76)	(79)
	Rent relief to community groups	BB	-	-	(79)	(4)	(4)	(4)	(4)	(5)	(5)
		ND	-	-	(79)	(83)	(87)	(91)	(96)	(100)	(105)
	Rate relief to community groups	BB	-	-	(35)	(2)	(2)	(2)	(2)	(2)	(2)
		ND	-	-	(35)	(37)	(39)	(41)	(42)	(45)	(47)
	Business response centre	BB	-	-	(110)	(5)	(6)	(6)	(6)	(6)	(7)
		ND	-	-	(110)	(115)	(121)	(127)	(133)	(139)	(146)
	Business support fund	BB	-	-	(274)	(14)	(14)	(15)	(15)	(16)	(17)
		ND	-	-	(274)	(288)	(302)	(317)	(332)	(348)	(365)
	Capital Programme deferrals	BB	-	-	2,740	460	563	703	751	1,029	1,008
		ND	-	-	58,306	9,778	11,981	14,956	16,318	22,369	21,910
	Postpone Municipal Pool demolition by one year	BB	-	-	658	(640)	1	1	1	1	1
		ND	-	-	658	18	19	20	21	22	23
	Close public display houses at Hamilton Garden Nursery	BB	-	-	88	4	5	5	5	5	5
		ND	-	-	88	92	97	101	106	111	117
	Stop digitisation of Library heritage collection	BB	-	-	274	14	14	15	15	16	17
		ND	-	-	274	288	302	317	332	348	365
	CBD parking trial to cease from 1 January 2021	BB	-	-	438	22	23	24	24	26	27
		ND	-	-	438	460	483	507	531	557	583
	Extend resourcing for civic/city events	BB	-	-	(44)	(2)	(2)	(2)	(2)	(3)	(3)
		ND	-	-	(44)	(46)	(48)	(51)	(53)	(56)	(58)
Date	Change	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
11-Aug-20	Capital Deferrals and NZTA capital subsidy deferred	BB	-	-	(12)	(175)	(184)	(193)	(198)	(208)	(218)
		ND	-	-	(263)	(3,733)	(3,917)	(4,111)	(4,309)	(4,517)	(4,734)
	Forecast changes from Annual Monitoring report	BB	-	-	89	94	98	103	106	111	116
	ND	-	-	1,902	1,996	2,095	2,198	2,304	2,415	2,531	
Date	Change	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
6-Oct-20	Capital Deferrals and NZTA capital subsidy deferred	BB	-	-	49	(71)	(75)	(78)	(81)	(84)	(88)
		ND	-	-	(1,445)	(1,517)	(1,592)	(1,670)	(1,751)	(1,835)	(1,923)
	Forecast changes from Annual Monitoring report	BB	-	-	-	-	-	-	-	-	-
	ND	-	-	-	-	-	-	-	-	-	-
Date	Change	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
2-Dec-20	Capital Deferrals and NZTA capital subsidy deferred	BB	-	-	1,043	(14)	49	52	53	56	58
		ND	-	-	22,194	(300)	1,049	1,101	1,154	1,209	1,268
	Forecast changes from Annual Monitoring report	BB	-	-	(1,014)	(50)	(52)	(55)	(56)	(59)	(62)
		ND	-	-	(1,014)	(1,064)	(1,116)	(1,171)	(1,228)	(1,287)	(1,349)
	Municipal Endowment Fund	BB	-	-	(1,834)	(1,924)	(2,019)	(2,118)	(2,173)	(2,278)	(2,388)
	ND	-	-	(39,013)	(40,937)	(42,956)	(45,074)	(47,248)	(49,526)	(51,914)	
Date	Change	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
16-Feb-21	Capital Deferrals and NZTA capital subsidy deferred	BB	-	-	235	247	259	271	278	292	306
		ND	-	-	4,999	5,245	5,504	5,776	6,054	6,346	6,652
Date	Change	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
23-Mar-21	Capital Deferrals and NZTA capital subsidy deferred	BB	-	-	466	489	513	538	552	579	607
		ND	-	-	9,911	10,400	10,913	11,451	12,003	12,582	13,188
	Forecast changes from Annual Monitoring report	BB	-	-	25,713	1,491	1,564	1,642	1,684	1,765	1,850
	ND	-	-	30,229	31,720	33,284	34,926	36,610	38,375	40,225	
Date	Change	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
13-May-21	Capital Deferrals and NZTA capital subsidy deferred	BB	-	-	881	925	970	1,018	1,044	1,095	1,148
		ND	-	-	18,748	19,673	20,643	21,661	22,706	23,800	24,948
	Forecast changes from Annual Monitoring report	BB	-	-	703	15	15	16	17	17	18
	ND	-	-	299	314	329	346	362	380	398	
Date	Change	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
15-Jun-21	Capital Deferrals and NZTA capital subsidy deferred	BB	-	-	53	56	59	62	63	66	69
		ND	-	-	1,134	1,190	1,249	1,310	1,373	1,439	1,509
	Forecast changes from Annual Monitoring report	BB	-	-	(1,028)	(100)	(105)	(110)	(113)	(118)	(124)
	ND	-	-	(2,028)	(2,128)	(2,233)	(2,343)	(2,456)	(2,575)	(2,699)	
2020/21	Change	2021	2022	2023	2024	2025	2026	2027	2028		
Balancing the books	9,125	2,502	(1,106)	(4,366)	(5,613)	(6,148)	(5,228)	(3,699)			
	Net Debt	70,101	(10,903)	(12,762)	(15,477)	(20,116)	(20,434)	(27,647)			

# Council Report

**Committee:** Finance Committee **Date:** 24 August 2021  
**Author:** Cory Lang **Authoriser:** Blair Bowcott  
**Position:** Building Control Manager **Position:** General Manager Growth  
**Report Name:** Weathertight Annual Update

<b>Report Status</b>	<i>Open</i>
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## Purpose - *Take*

1. To inform the Finance Committee on the current status and provision for weathertight claims.

## Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Finance Committee receives the report.

## Executive Summary - *Whakaraapopototanga matua*

3. There has been a considerable change to Council's weathertight claims position since staff last reported to the Finance Committee of 11 August 2020 [[Agenda](#), [Minutes](#)].
4. One weathertight claim has been settled and two have been actively progressed in the previous 12 months.
5. We are currently awaiting a decision from the Hamilton High Court for one of these claims and the other is due to be heard for the second time in the Weathertight Homes Tribunal.
6. Staff consider the matters in this report have low significance and that the recommendations comply with the Council's legal requirements.

## Background - *Koorero whaimaarama*

7. The Building Act 1991 changed building controls from a prescriptive system to a more performance-based regime and as a result, some timber-framed buildings constructed primarily between 1994 and 2004 were subsequently found to have weathertightness issues.
8. As awareness of the issue of 'leaky buildings' grew, the scale and scope of the damage started to become apparent; legislation was quickly introduced to provide some redress and assistance to the owners of these buildings.
9. The Weathertight Homes Resolution Services Act 2002 was first introduced to provide faster and more flexible legal options and assistance. This was followed several years later by the Weathertight Homes Resolution Services Act 2006 (WHRS) which streamlined and refined the earlier process.

10. The key features of WHRS are:
  - i. new criteria to be eligible for mediation and adjudication services;
  - ii. a new Weathertight Homes Tribunal to undertake adjudications; and
  - iii. new assessment reports that focus on the eligibility of claims.
11. WHRS provides assessment, evaluation, mediation and adjudication services to homeowners.
12. The eligibility criteria in order to establish a claim is:
  - i. the dwelling must have been built or subject to alterations and a claim lodged within 10 years of the Code Compliance Certificate being issued;
  - ii. the dwelling is a leaky building; and
  - iii. damage to the dwelling has resulted due to it being a leaky building.
13. The assessor's report is then provided to an evaluation panel which considers the report and decides whether, in the panel's opinion, the claim is eligible to proceed further; to mediation or adjudication.
14. Hamilton City Council has only four claims remaining under the WHRS, one of which is currently before the Tribunal; all other Weathertightness claims are filed through the High Court.
15. Owners of leaky homes face significant financial and emotional stress as a result of having to deal with the situation they find themselves in. Many people do not have the resources to repair their dwellings and find themselves caught in a litigation process which is expensive and very time consuming. Meanwhile, they live in homes that continue to deteriorate.

### Discussion - *Matapaki*

16. A financial provision for all weathertight claims is in place and is updated on an annual basis.
17. The estimated settlements are calculated based on the quantum claimed (if known) and Council's likely exposure. Estimates are subject to change throughout the management of the claim to resolution. Specific case management of each claim is undertaken to minimise the Council's exposure and settlement.
18. The provision for the 2021/22 financial year has been updated and split based on the claim type to differentiate between weathertight claims and building defect claims.
19. A summary of the Building Unit Claims 2021/22 provision totalling \$3.006m is provided in the table below.

Weathertight Claims as at 01 July 2021		
Claim Type	Number of Claims	(\$000)
Commercial Claims	1	500
Dormant Claims	3	250
Active Claims	3	1,756
Building Defect Claims as at 01 July 2021		
Claim Type	Number of Claims	(\$000)
Active Claims	2	500
Total estimated settlements		3,006

20. The number of Building defect/Weathertight claims has reduced since the August 2020 report. Two claims have been settled and one has been withdrawn through the WHRS.
21. This leaves four remaining WHRS claims with one active and three dormant. The remaining three weathertight claims are filed through the High Court.

### Financial Considerations - *Whaiwhakaaro Puutea*

22. As noted earlier in the report, a financial provision for weathertight claims and building defect claims is in place totalling \$3.006M.
23. The financial implications of this matter are as follows:
  - i. Council has some financial exposure due to “joint and several liability” provisions in law. Councils have been left in the position where the primary contributors to the weathertightness issue, being contractors and developers, have been able to wind up their companies and avoid contribution. This has meant that in some cases councils have had to absorb a greater share of the monetary contribution to the homeowner.
  - ii. Costs are minimized as much as possible where a small number of experienced staff and experts are actively engaged in managing each claim.

### Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

24. Staff confirm that this matter complies with Council’s legal and policy requirements and the relevant legislation.

### Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

25. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future (‘the 4 wellbeings’).
26. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report.
27. The recommendations set out in this report are consistent with that purpose.
28. There are no known social, economic, environmental or cultural considerations associated with the recommendations of this report.

### Risks - *Tuuraru*

29. In terms of current legal and financial risk, these claims are mitigated through the utilisation of subject matter experts and active case management processes, which we continue to monitor on a regular basis. Future claims cannot be determined but Hamilton City Council has a small number of claims in comparison to the other metro councils.
30. The number of claims for all councils is detailed on the Ministry of Business, Innovation and Employment website. These can, in some cases, reflect a greater number of claims due to delay in notification of settled claims.

Number of Weathertight Claims Comparison for Metro Councils as at 30 June 2021		
Metro Council	Number of Individual Household Unit Claims	Number of Actual Claims
Auckland City Council	1386	220
Christchurch City Council	31	26
Hamilton City Council	13	4
Tauranga City Council	19	10
Wellington City Council	104	19

**Significance & Engagement Policy - *Kaupapa here whakahira/anganui*****Significance**

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

**Engagement**

32. Given the low level of significance determined, no engagement is required.

**Attachments - *Ngaa taapirihanga***

There are no attachments for this report.



# Council Report

**Committee:** Finance Committee

**Date:** 24 August 2021

**Author:** Rebecca Whitehead

**Authoriser:** Lance Vervoort

**Position:** Business and Planning Manager

**Position:** General Manager Community

**Report Name:** Zoo Waiwhakareke Entry Precinct Stage 1B - Project Funding Options

<b>Report Status</b>	<i>Open</i>
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## Purpose - *Take*

1. To inform the Finance Committee on the outcome of external funding applications for Zoo Waiwhakareke Stage 1B.
2. To seek approval from the Finance Committee to proceed with the construction of Zoo Waiwhakareke Entry Precinct Stage 1B in line with **Option 3**.

## Staff Recommendation - *Tuutohu-aa-kaimahi*

3. That the Finance Committee:
  - a) receives the report;
  - b) approves the completion of the full scope of Zoo Waiwhakareke Entry Precinct stage 1B as set out in the staff report;
  - c) approves a reduction in expected external revenue for stage 1B of \$1,170,000 in 2021/2022; and
  - d) notes that the corresponding external revenue expectation of \$1,170,000 will be planned for the zoo animal enclosure in 2026/2027.

## Executive Summary - *Whakaraapopototanga matua*

4. The Zoo-Waiwhakareke Entry Precinct project develops shared public facilities and strong links between the Hamilton Zoo and Waiwhakareke Natural Heritage Park, two of Hamilton City's key destinations.
5. The 2019/20 Annual Plan approved a phased approach to the construction of the Entry Precinct project and approved funding for Stage 1 was \$8.6M with \$1.8M to be found through external funding.
6. Stage 1A is advancing on schedule and is currently tracking under budget.
7. The Stage 1B works have been included in the current contract as Separable Portions meaning that they can be instructed under the contract once funding is confirmed.
8. There is an urgency to instruct the works to obtain pricing efficiencies and to take advantage of the tendered prices, noting the risk of escalating material costs in the current environment.

9. Construction of Stage 1B is currently reliant on achieving the external funding targets. To date only \$630K of the \$1.8M external funding target has been achieved.
10. A decision is required on whether to progress stage 1B in line with the current 1A construction or to pause and deliver later when external funding/capital revenue is achieved.
11. The report outlines three options for the delivery of stage 1B. Staff recommend **Option 3** – that Stage 1B is completed now and that the external funding/capital revenue target is transferred to another Zoo project.
12. Staff consider the decision in this report to have low significance and that the recommendations comply with Council's legal requirements.

### **Background - *Koorero whaimaarama***

13. The Zoo-Waiwhakareke Entry Precinct project develops shared public facilities and strong links between the Hamilton Zoo and Waiwhakareke Natural Heritage Park, two of Hamilton City's key destinations. In combination these sites will create a premier conservation destination within the city.
14. The Council's approval in the 2019/20 Annual Plan for a phased approach to the construction of the Entry Precinct project in three separate stages created a way forward after 2018-28 10 Year Plan funding, based low-cost confidence estimates, was confirmed to be insufficient to deliver the total project.
15. The 3 stages of the Entry Precinct project are:
  - i. Stage 1 - visitor arrival facilities;
  - ii. Stage 2 - shared carpark, improved pedestrian safety and multi-modal transport connections; and
  - iii. Stage 3 - an education/function centre.
16. Stage 1 was established as 2 phases stage 1A (visitor arrival centre, public café and toilets, physical connections, and access between the two sites) and 1B (entry elements, tower, Rongoa Walkway and covered canopy on the Waiwhakareke side).
17. Stage 1B included those components which were identified as likely to attract external funding support (that is, entry elements, tower, Rongoa Walkway and canopy).
18. Approved funding for Stage 1 was \$8.6M with \$1.8M to be found through external funding.
19. Stage 1A commenced in February 2021 and will be completed by December 2021, to scope and on time and on budget.
20. To support financial and time cost efficiencies in project delivery, contracts for Stage 1 included the components of 1B as 'Separable Portions' meaning these elements could be instructed within the contract if funding was secured.
21. This Separable Portion approach ensures that there are competitive prices for the work and that efficiencies are achieved by using a contractor who is already established on site. If the works were to be undertaken by a separate contract it is estimated that the costs could be \$70-100,000 more expensive due to additional procurement costs and contractor establishment.
22. Construction of Stage 1B is currently reliant on achieving the external funding targets.

## Discussion - *Matapaki*

Item 11

23. External funding targets for Stage 1B have not been achieved despite staff submitting comprehensive applications to several funders whose criteria was strongly aligned with the Waiwhakareke elements. These have included submissions to Waikato Regional Council, Lotteries, Trust Waikato, Tourism Infrastructure Fund, Provincial Growth Fund, Government Shovel Ready.
24. To date \$630K funding has been achieved from Vibrant Hamilton Trust, WEL and EB Firth. This leaves an outstanding external funding/capital revenue target of \$1.17M.
25. Feedback from funders has indicated that despite strong alignment, post Covid, they are significantly over-subscribed, and many worthy projects are not able to be funded.
26. During this time there has been a shift within the funding sector towards social impact funding and more funders are investing in projects that deliver more strongly against these social outcomes including social entrepreneurship and enterprise, education, health, civil and human rights and environmental sustainability and climate.
27. Staff are disappointed that the considerable effort that has gone into applications for external funding that had seemed very promising has not resulted in achieving the external funding target for this project.
28. By contrast the Hamilton Zoo had very strong year in 2020/2021. Visitation was 167,170, up by 15% on any previous year. This increase saw revenue from Fees and Charges exceeding budget by \$1.06M.
29. This indicates the Zoo is growing in popularity. Stage 1A and 1B improvements will greatly enhance the appeal and profile of the Zoo and Waiwhakareke as a combined visitor destination.
30. There is an urgency to instruct the works to obtain the pricing efficiencies previously advised and to take advantage of the tendered prices, noting the risk of escalating material costs in the current environment.
31. It is an option to delay Stage 1B, in full or in part, until the external funding/ capital revenue is sourced however staff believe that for the Entry Precinct project to deliver the intended community outcomes, it is highly desirable that the Stage 1B works should be completed in their entirety and within the original timeframe.

## Options

32. Staff have assessed that there are 3 reasonable and viable options for the Finance Committee to consider. This assessment reflects the level of significance identified in paragraph 60.
33. The options are set out in the table below.

Option	Description	Benefits	Risks
1	Put all of Stage 1B on hold until external funding/capital revenue can be secured.	Budgeted capital revenue achieved	External funding is not secured, and project cannot proceed.  Cost increases due to delayed delivery.  Community dissatisfaction.

<b>2</b>	<p>Reduce the scope of 1B projects to be delivered now to match the capital revenue/ external funding secured. Defer the remaining projects.</p> <p>Within this proposal option the Entry Elements and Canopy would be delivered. The tower and Rongoa Boardwalk would be delayed until external funding could be secured.</p>	<p>Budgeted capital revenue partly achieved</p> <p>Some project components delivered</p>	<p>External funding is not secured, and some project components cannot proceed.</p> <p>Some cost increases and material delay due to deferred delivery.</p> <p>Community dissatisfaction.</p>
<b>3</b>	<p>Complete stage 1B now.</p> <p>Transfer residual capital revenue target to a future animal enclosure project in 2026/2027.</p> <p>Value engineer to manage current known material cost escalation.</p>	<p>All project components completed</p> <p>Projects delivered on time</p> <p>Cost escalation and supply chain issues minimised</p>	<p>Budgeted capital revenue not fully achieved year 1</p>

34. Staff recommend **Option 3** because it enables the delivery of the full project, to schedule, without incurring cost increases or negative budget impacts.
35. This proposal is a one off due to the unique project circumstances and opportunity through positive revenue variance to ensure that there is no effect on the financial strategy.
36. The shortfall of \$1,170,000 in the external revenue target will be moved to another Zoo project in later years to ensure capital revenue targets across the 10 Years are maintained.
37. If the recommendation is not approved, part or all of Stage 1B of the project will be put on hold until external funding/capital revenue can be secured, noting that the overall cost of the projects will likely increase due to supply chain impacts.

### Financial Considerations - *Whaiwhakaaro Puutea*

38. The total costs to complete stage 1A and 1B of the Zoo Waiwhakareke Entry Precinct project are \$8.6M. Costs to deliver 1B components are \$1.8M.
39. Funding for this project has been spread over three financial years 2018/2019, 2019/2020 and 2020/2021. \$3.2M in 2018-2020 and the remaining \$5.4M in 2020/2021.
40. The project has an external funding/capital revenue target of \$1.8M. To date \$630k capital revenue has been achieved.
41. Higher than expected visitation at the Zoo in 2020/2021 resulted in a positive operational revenue variance of \$1.06M.
42. Staff recommend progressing stage 1B now.
43. Staff will continue to value engineer stage 1A and Stage 1B works.
44. The shortfall in the external revenue target will be moved to another Zoo project in later years to ensure capital revenue targets across the 10 Years are maintained.

45. Staff can confirm that this would have a neutral effect on the financial strategy and has no impact on Council's Balancing the Books or Debt to Revenue measures.

Capital Expenditure	Budget	Projected	Variance
Stage 1A budget	\$6,800,000	\$6,800,000	\$0
Stage 1B Budget	\$1,800,000	\$1,800,000	\$0
External Revenue	-\$1,800,000	-\$630,000	-\$1,170,000
<b>Net Capex Expenditure</b>	<b>\$6,800,000</b>	<b>\$7,940,000</b>	<b>-\$1,170,000</b>

46. If Option 2 is approved, staff recommend that the following projects are deferred:

Project	Budget	Deferred to year
Tower	\$500,000	2022/2023
Rongoa Board Walk	\$270,000	2022/2023

47. Funding for these components has not been achieved to date. They could be completed as separate projects as funding is achieved.

#### **Legal and Policy Considerations - *Whaiwhakaaro-aa-ture***

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

#### **Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga***

49. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
50. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report as outlined below.
51. The recommendations set out in this report are consistent with that purpose.

#### **Social**

52. The Zoo Waiwhakareke Shared Entry Precinct provides significant social benefit to residents in this area through providing a community hub, which will support community development and liveability of this area.
53. The Zoo Waiwhakareke Shared Entry Precinct will enable social development through providing additional opportunities for individuals to engage with the natural environment within the city. The space will also offer increased opportunities for social connections and interactions for residents.

#### **Economic**

54. Delivery of the Zoo Waiwhakareke Shared Entry Precinct will contribute to Hamilton's economic capacity and will attract visitors to Hamilton and the Waikato. The precinct will also reinforce those natural areas as visitor destination and therefore economic value to the community is increased.

## Environmental

55. Delivery of the Zoo Waiwhakareke Shared Entry Precinct along with the Brymer Road Urban Upgrade projects will support sustainable transport modes including walking and cycling through providing enhanced network connectivity, both for recreation and commuter purposes.
56. Development of the Zoo Waiwhakareke Shared Entry Precinct will provide opportunities to increase community awareness about indigenous biodiversity and increase the potential that residents and visitors take a greater interest in the value of restoring natural areas.

## Cultural

57. Delivery of the Zoo Waiwhakareke Shared Entry Precinct has the potential to enhance individual's cultural connection to natural areas. This can lead to a greater expression of cultural values over time.
58. For Maaori, caring for and connecting with nature is an integral part of kaitiakitanga (the way in which Maaori manage the natural environment based on Maaori worldviews).
59. Throughout development of the Zoo Waiwhakareke Shared Entry Precinct design, consultation and engagement has been undertaken with Te Haa o te Whenua o Kirikiriroa (THaWK) to ensure Mana Whenua values are expressed through the project.

## Risks - *Tuuraru*

60. Risks for each option are identified in paragraph 32 of the report. Project related risks are being managed through Council's project management practices.

## Significance & Engagement Policy - *Kaupapa here whakahira/anganui*

### Significance

61. 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

62. Community views and preferences are already known to the Council through previous stakeholder engagement.
63. Throughout development of the Zoo Waiwhakareke Shared Entry Precinct design, consultation and engagement has been undertaken with Te Haa o te Whenua o Kirikiriroa (THaWK).
64. Given the low level of significance determined, the engagement level is low. No engagement is required.

## Attachments - *Ngaa taapirihanga*

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 the Finance Committee Public Excluded Minutes of 15 June 2021	) 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 June 2021 and Debt write-offs 2020/21		
C3. Rototuna Village - Construction Contract Award Delegations		
C4. Renewal of Natural Gas Contract		
C5. Information Services - Adobe and Datacom Contract Renewals		
C6. Information Services - Microsoft and Cisco Security Contract Renewals		
C7. Information Service Contract - Houston Productivity Solutions Ltd		

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

Item C1.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C2.	to protect the privacy of natural persons to maintain the effective conduct of public affairs through protecting persons from improper pressure or harassment	Section 7 (2) (a) Section 7 (2) (f) (ii)
Item C3.	to enable Council to carry out commercial activities without disadvantage	Section 7 (2) (h) Section 7 (2) (i)

Item C4.	to enable Council to carry out negotiations to enable Council to carry out commercial activities without disadvantage to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (h) Section 7 (2) (j)
Item C5.	to enable Council to carry out negotiations	Section 7 (2) (i)
Item C6.	to enable Council to carry out negotiations	Section 7 (2) (i)
Item C7.	to enable Council to carry out negotiations	Section 7 (2) (i)