

Notice of Meeting:

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

Date: Tuesday 7 November 2017
Time: 9.30am
Meeting Room: Council Chamber
Venue: Municipal Building, Garden Place, Hamilton

Richard Briggs
Chief Executive

Finance Committee OPEN AGENDA

Membership

Chairperson	Cr G Mallett
Deputy Chairperson	Cr R Pascoe
Members	Mayor A King Deputy Mayor M Gallagher Cr M Bunting Cr J R Casson Cr S Henry Cr D Macpherson Cr A O'Leary Cr P Southgate Cr G Taylor Cr L Tooman Vacancy

Quorum: A majority of members (including vacancies)

Meeting Frequency: Six weekly

Becca Brooke
Governance Team Leader

1 November 2017

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

Purpose:

The Finance Committee is responsible for:

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

In addition to the common delegations on page 9, the Finance Committee is delegated the following Terms of Reference and powers:

Terms of Reference:

1. To monitor Council's financial strategy, and performance against that strategy.
2. To monitor Council's financial and non-financial performance against the Council's 10 Year Plan.
3. To approve deferred capital expenditure.
4. To develop and monitor policy related to the following matters:
 - a) financial management;
 - b) revenue generation;
 - c) procurement and tendering; and
 - d) the appointment and remuneration of directors of CCOs and COs.
5. To monitor the probity of processes relating to policies developed by the Finance Committee.
6. To provide clear direction to Council's CCOs and COs on Council's expectations, including feedback on draft statements of intent.
7. To receive six-monthly reports of Council's CCOs and COs, including on board performance.
8. To undertake any reviews of CCOs and agree CCO-proposed changes to their governance arrangements, except where reserved for Council's approval by Council.
9. To monitor Council's investments in the Municipal Endowment Fund and the Domain Endowment Fund.

The Committee is delegated the following powers to act:

- Approval of:
 - Appointments to, and removals from, CCO and CO boards; and
 - A mandate on Council's position in respect of remuneration proposals for CCO and CO board members to be presented at Annual General Meetings.
- Approval of letters of expectation for each CCO and CO.
- Approval of statements of intent for each CCO and CO.

- Approval of proposed major transactions of CCOs and COs.
- Approval or otherwise of any proposal to establish, wind-up or dispose of any holding in, a CCO or CO.
- Approval of operating and/or capital expenditure within the Long Term Plan or Annual Plan that exceeds the Chief Executive's delegation, excluding expenditure which:
 - contravenes the Council's Financial Strategy and/or annual budgeted surplus; or
 - significantly alters any level of service outlined in the applicable Long Term Plan or Annual Plan; or
 - impacts Council policy or practice, in which case the delegation is recommendatory only and the Committee may make a recommendation to the Council for approval.
- Approval of contractual and other arrangements for supply and services, and revenue generating contracts, excluding contracts or arrangements that are reserved for the Council or another Committee's approval.
- Approval of Private Development Agreements recommended by the Growth and Infrastructure Committee.
- Approval of acquisition or sale or lease of properties owned by the Council, or owned by the Municipal Endowment Fund or the Domain Endowment Fund consistent with the Municipal Endowment Fund Investment Policy, for any endowment properties.
- Approval to write-off outstanding accounts greater than \$10,000 (in accordance with the Debtor Management Policy).

The Committee is delegated the following recommendatory powers:

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

Oversight of Policies:

- *Appointment and Remuneration of Board Members of COs, CCOs and CCTOs Policy*
- *Freeholding of Council Endowment Land Policy*
- *Funding Needs Analysis Policy*
- *Investment and Liability Management Policy*
- *Municipal Endowment Fund Investment Policy*
- *Rates Remissions and Postponements Policy*
- *Rating Policy*

Revenue and Financing Policy

ITEM	TABLE OF CONTENTS	PAGE
1	Apologies	5
2	Confirmation of Agenda	5
3	Declarations of Interest	5
4	Public Forum	5
5	Finance Committee Minutes - Open - 26 September 2017	6
6	Chair's Report - 7 November 2017	11
7	New Zealand Local Government Funding Agency Limited - Annual Report 2017	
	<i>(attachments under separate cover)</i>	14
8	Waikato Regional Airport Limited - Annual Report 2017	
	<i>(attachements under separate cover)</i>	15
9	10-Year Plan Monitoring Report - For the three months 30 September 2017	16
10	2015-25 10-Year Plan Service Performance Report - Year 3, Quarter 1	63
11	Key Projects Monitoring Report - September 2017	75
12	Accessible Properties New Zealand Limited - Financial Statements and Activity Report	79
13	Civic Financial Services Limited - Annual Report 2017	110
	<i>(attachments under separate cover)</i>	
14	H3 Group Reports	111
15	Waikato Local Authority Shared Services Limited - Annual Report 2017	136
	<i>(attachments under separate cover)</i>	
16	Innovation Waikato Limited and Group - Annual Report 2017	137
	<i>(attachements under separate cover)</i>	
17	NZ Food Innovation (Waikato) Ltd Spray Dryer Two	138
18	Resolution to Exclude the Public	159

1 Apologies

2 Confirmation of Agenda

The Committee to confirm the agenda.

3 Declaration of Interest

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as an elected representative and any private or other external interest they might have.

4 Public Forum

As per Hamilton City Council's Standing Orders, a period of up to 30 minutes has been set aside for a public forum. Each speaker during the public forum section of this meeting may speak for three minutes or longer at the discretion of the Chair.

Please note that the public forum is to be confined to those items falling within the terms of the reference of this meeting.

Speakers will be put on a Public Forum speaking list on a first come first served basis in the Council Chamber prior to the start of the Meeting. A member of the Council Democracy Team will be available to co-ordinate this. As many speakers as possible will be heard within the allocated time.

If you have any questions regarding Public Forum please contact Democracy by telephoning 07 838 6439.

Council Report

Committee: Finance Committee

Date: 07 November 2017

Author: Rebecca Watson

Authoriser: Rebecca Watson

Position: Committee Advisor

Position: Committee Advisor

Report Name: Finance Committee Minutes - Open - 26 September 2017

Report Status	<i>Open</i>
----------------------	-------------

Staff Recommendation

That the Finance Committee confirms the Open Minutes of the Finance Committee Meeting held on 26 September 2017 as a true and correct record.

Attachments

Attachment 1 - Finance Committee Minutes - Open - 26 September 2017 .

Finance Committee

OPEN MINUTES

Minutes of a meeting of the Finance Committee held in Council Chamber, Municipal Building, Garden Place, Hamilton on Tuesday 26 September 2017 at 9.30am.

PRESENT

Chairperson	Cr G Mallett
Members	Deputy Mayor M Gallagher
	Cr M Bunting
	Cr J R Casson
	Cr D Macpherson
	Cr A O'Leary
	Cr P Southgate
	Cr G Taylor
	Cr L Tooman

Leave of Absence previously granted for Crs Yeung and Pascoe (Deputy Chair of Finance Committee)

In Attendance:	Richard Briggs – Chief Executive
	David Bryant - General Manager Corporate
	Lance Vervoort - General Manager Community
	Sean Murray – General Manager Major Events, Venues and Tourism
	Sean Hickey – General Manager Strategy and Communications
	Chris Allen – General Manager City Infrastructure
	Karen Saunders – City Growth Business Manager
	Chris Barton – Project Development Manager
	Natalie Young – Project Manager
	Bridget Morgan – Waters Asset Manager
	Maire Porter – City Waters Manager
	Helen Paki – Business and Planning Manager
	Nigel Ward – Communications Team Leader
	Nicola Walsh – Communications Advisor

Governance Advisors:	Becca Brooke – Governance Team Leader
	Rebecca Watson – Committee Advisor

Finance Committee 26 SEPTEMBER 2017 - OPEN

1. Apologies

Resolved: (Crs Mallett/Casson)

That the apologies from Mayor King and Councillor Henry are accepted.

2. Leave of Absence

Cr Yeung (24 August 2017 to 23 November 2017 Inclusive) and Cr Pascoe (19 September 2017 to 24 October 2017 inclusive).

3. Confirmation of Agenda

In response to questions from Committee Members, staff undertook to circulate information concerning when Accessible Properties Ltd would be reported back to Council.

Resolved: (Crs Mallett/Casson)

That the agenda is confirmed noting that Item 7 (Chair's Report) and Item C3 (Development Contributions Update) have been circulated under separate cover.

4. Declarations of Interest

No members of the Council declared a Conflict of Interest.

5. Public Forum

No members of public wished to speak.

6. Finance Committee - Open Minutes - 15 August 2017

Resolved: (Crs Mallett/Casson)

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

7. Chair's Report - Finance Committee - 26 September 2017

The Chair took the report as read. He and staff responded to questions from Committee Members concerning Claudelands and H3.

Staff undertook to circulate further information to Committee Members regarding what the annual operating deficit has been for Claudelands since it began; less the interest charges, council recharges and depreciation. The request was made for this to be provided in a table, as well as an updated projected budget for 2017/18 FY.

Resolved: (Crs Mallett/Casson)

That the Finance Committee receives the report.

Cr O'Leary Dissenting.

Cr Gallagher joined the meeting (9.37am) during the discussion of the above item. He was present when the matter was voted on.

8. 10-Year Plan Monitoring Report - For the two months 31 August 2017

The General Manager Corporate introduced the staff report, noting that the report included two months of financials and was the first monitoring report for the 2017/18 financial year. There were three corrections in the report – the last bullet point on pg 15 should read a loss of \$3.2m, not gain, pg 16 paragraph 34 should read a sum to date of \$9.3m, and on pg 27 liability has increased by \$3.2m, not reduced by \$13.9m. Staff responded to questions from Committee Members concerning maintenance tracking, DC's revenue, aquatic facilities and pensioner housing.

Staff undertook to provide Committee Members further information concerning depreciation and pensioner housing financial figures.

Resolved: (Crs Mallet/Taylor)

That the Finance Committee receives the report.

9. Key Projects Monitoring Report - July 2017

The General Manager Corporate took the report as read. Staff responded to questions from Committee Members concerning the Hamilton Ring Road extension and potential time delays.

Staff noted that a report would come back to a future Growth and Infrastructure Committee meeting concerning an update the Hamilton Ring Road.

Resolved: (Crs Mallett/Bunting)

That the Finance Committee receives the report.

10. Rotokauri Bulk Water Supply - Contract 17050

The Project Development Manager introduced the report noting that the project was funded for completion in this financial year and was currently out for public tender. He responded to a question from Committee Members concerning time frames for the completion of the project.

Resolved: (Crs Macpherson/Mallett)

That the Committee:

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

11. Resolution to Exclude the Public**Section 48, Local Government Official Information and Meetings Act 1987**

The following motion is submitted for consideration:

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

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

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Finance Committee - Public Excluded Minutes - 15 August 2017) Good reason to withhold) information exists under) Section 7 Local Government) Official Information and) Meetings Act 1987	Section 48(1)(a)
C2. Report on overdue debtors as at 31 August 2017 & Debt write-offs 2017/18)	
C3. Development Contributions Policy Update		

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

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

The meeting went into a public excluded session at 11.00am.

The meeting was declared closed at 12.34pm.

Council Report

Item 6

Committee: Finance Committee

Date: 07 November 2017

Author: Rebecca Watson

Authoriser:

Position: Committee Advisor

Position:

Report Name: Chair's Report - 7 November 2017

Report Status	<i>Open</i>
----------------------	-------------

Staff Recommendation

That the Finance Committee receives the Chair's Report.

Attachments

Attachment 1 - Chair's Report - 7 November 2017.



Chair's Report

1. Restatement of Rates Revenue

After consultation with Richard Briggs (CEO), David Bryant (GM Corporate), Tracey Musty (Financial Controller) and Garry Mallett (Finance Committee Chair) we've agreed to a material change in our reporting of Rates revenue.

The need for the change was driven by a review of the Statement of Comprehensive Revenue and Expenses (SCRE) for the two months ended 31 August 2017. This SCRE report was presented to the last Finance Committee meeting 26 September 2017 (Agenda item 8 page 21). The SCRE reported Rates for the two months ended 31 August 2017 as \$37,854,000. The reported Rates figure of \$37,854,000 was the total Rates charged for the first quarter (i.e. the three months 1 Jul – 31 Sep 2017). However Expenses and the Other Income categories reported in that SCRE were for only the two months 1 Jul – 31 Aug 2017.

(NB. The Rates revenue reported in the SCRE for three months ended 30 September 2017 on page 25 of today's agenda (7 November 2017) is \$37,976,000 which is virtually the same as the \$37,854,000 reported for two months ended 31 August 2017).

Simply put – three months of Rates revenue was reported against just two months of Expenses and Other Revenues. The additional month's Rates revenue overstated Rates revenue by approximately 50% or \$12,618,000. The overstatement of Rates revenue inflated the reported Surplus.

When the Rates revenue is correctly matched against Expenses and the Other Income categories, the Surplus for the two months ended 31 August 2017 falls by 69% from the reported \$18,173,000 to \$5,555,000.

The Rates revenue in the SCRE for the 3 months ended 30 September 2017 being reported at today's meeting (7 November 2017) and going forward will reflect the time period under review.

2. What We Need and What We Want

At today's Finance Committee meeting members will be advised that:

1. As per Council's Statement of Comprehensive Revenue and Expense, for the three months to 30 September 2017, Council has reported a surplus of \$15,652,000.
2. As per the Council's Balancing the Books measure, for the three months to 30 September 2017, Council' surplus reduces from \$15,652,000 to \$6,513,000.
3. As per Local Government Regulations measure for Balancing the Books, for the three months to 30 September 2017, Council' surplus reduces from \$15,652,000 to a **deficit** of \$662,000.

The purpose of these Balancing the Books measures (including the so-called PWC measure expected to be approved during our 10-Yr plan process) is to clearly identify and report Council's financial sustainability to Elected Members, the Executive, our lenders and our citizens and ratepayers. For example:

1. "That every day revenue pays for every days costs" and
2. "That growth pays for growth".

Hamilton City Council is the entity that provides and maintains much of Hamilton City's core infrastructure.

I am convinced that, if Council adopts the "right balance" of core infrastructure, community infrastructure and services, Council can continue to sustainably provide, for the citizens and ratepayers of Hamilton, the assets and services necessary for our city to grow and prosper. The quote marks around "right balance" are deliberate. I respect every elected member at this table will have a different definition/understanding/expectation in terms of the priority given to those assets and services.

We all know that it's difficult to respond negatively to requests from members of our community for additional assets and/or services. But often those requested additional assets/services:

1. Are outside Council's jurisdiction
2. Are for the use of a disproportionately small number of our residences and ratepayers
3. Are or could be delivered using a different delivery model e.g. new technology etc.
4. Are or could be delivered more efficiently and economically by the private and/or philanthropic sectors
5. Are outside Council's capacity (financial or otherwise) to deliver to an acceptable standard
6. Are available from elsewhere In New Zealand

Finally - I hope that when we make our decisions on these matters that we also consider the financial sustainability, not of only Council, but also of those whom we serve – the citizens and ratepayers of Hamilton. And remember;

**"You Can't Always Get What You Want, But If You Try Sometimes,
You Just Might Find, You Get What You Need."**

Councillor Garry Mallett
Chair, Finance Committee
Hamilton City Council
+64 21 741 021
garry.mallett@hcc.govt.nz

Council Report

Committee:	Finance Committee	Date:	07 November 2017
Author:	Stephen Halliwell	Authoriser:	David Bryant
Position:	Accounting Manager	Position:	General Manager Corporate
Report Name:	New Zealand Local Government Funding Agency Limited - Annual Report 2017		

Report Status	<i>Open</i>
----------------------	-------------

Purpose

1. To inform the Finance Committee regarding the New Zealand Local Government Funding Agency Limited (LGFA) Annual Report for the year ended 30 June 2017.

Staff Recommendation

That the Finance Committee receives the report.

Discussion

2. Please refer to pages 4-7 of the Annual Report for the Chair's report.
3. Please refer to pages 19-29 of the Annual Report for the Statement of Service Performance.

Attachments

Attachment 1 - LGFA Annual Report 2017 (*Under Separate Cover*)

Attachment 2 - LGFA Statement of Intent 2017 (*Under Separate Cover*) .

Council Report

Item 9

Committee: Finance Committee **Date:** 07 November 2017
Author: Iain Anderson **Authoriser:** David Bryant
Position: Business Support Team Leader **Position:** General Manager Corporate
Report Name: 10-Year Plan Monitoring Report - For the three months 30 September 2017

Report Status	<i>Open</i>
----------------------	-------------

Purpose

1. To inform the Finance Committee on the Council's financial performance against the 2017-18 Annual Plan for the three months ended 30 September 2017.

Staff Recommendation

That the Finance Committee receives the report.

Executive Summary

2. Council has an operating surplus of \$15.7m for the three months ended 30 September 2017. This result is \$14.7m favourable against the year to date budget.
3. The significant items that contribute to the \$14.7m favourable result are: favourable vested asset revenue at \$8.3m, higher revenue from development contributions of \$4.5m, favourable interest expense and interest revenue of \$0.9m and favourable revenue from user charges of \$0.9m. These are offset by a loss on interest rates Swaps of \$1.5m.
4. Council's balancing the books result is a sub-set of the operating result. The key difference is interest rate Swaps and vested assets are excluded.
5. The balancing the books result was a surplus of \$6.5m. This is \$7.7m favourable against the year to date budget.
6. The significant items that contribute to the \$7.7m favourable result are: higher revenue from development contributions at \$4.5m, favourable expenditure on maintenance and service at \$0.6m, higher revenue from user charges at \$0.9m, lower net costs for servicing debt at \$0.9k and higher capital revenue of \$0.7m.
7. Capital expenditure totalled \$14.8m for the three months ended 30 September 2017. This is \$1.8m favourable against the year to date budget of \$16.6m. The revised annual budget is to spend \$135.8m.
8. For the three months ended 30 September 2017 nine capital projects have been identified as potentially not being completed this year. These have a value of \$12.9m.

9. Overall debt for the three months ended 30 September 2017 is \$360.1m against an annual budget of \$433.6m. The debt to revenue ratio is 171% against an annual target of 205%.
10. For the three months ended 30 September 2017 Council was compliant with all treasury policy measures.

Discussion

11. The structure of this report includes the following sections:
 - a) Summary of the operating result; including Council's balancing the books result
 - b) Summary of capital expenditure
 - c) Summary of risks and opportunities
 - d) Summary of debt and treasury management
12. Attachments to this report provide more detailed analysis and explanation of the results.
13. **Operating Result**
14. This section provides a summary for the accounting result and Council's balancing the books result. It also includes a summary of the Local Government balancing the books measure.
15. The operating result relates to the overall surplus or deficit position for Council from its normal day to day operating activities. This overall result is referred to as the accounting result. This complies with accounting standards.
16. A subset of the accounting result is Council's balancing the books result.

17. **The Accounting Result**

18. The accounting result for the three months ended 30 September 2017 is a surplus of \$15.7m. This is \$14.7m favourable against the year to the date budget of \$1.0m. The annual budget is a surplus of \$8.6m.

Year to date Actual	Year to date Budget	Variance	Annual Budget
\$15.7m	\$1.0m	\$14.7m	\$8.6m

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

20. Balancing the books is an internal measure that was first adopted by Council as part of the 2012-22 10-Year Plan. This measure eliminates any gains or losses from interest rate Swaps, revenue associated with vested assets and the capital subsidy for the Ring Rd.
21. Council's balancing the books result for the three months ended 30 September 2017 is a surplus of \$6.5m. This is \$7.7m favourable against the year to the date budget of \$(1.2)m. The annual budget is to breakeven.

Year to date Actual	Year to date Budget	Variance	Annual Budget
\$6.5m	(\$1.2)m	\$7.7m	\$0.0m

22. The Financial Statements in attachment 1 show the accounting result, Council's balancing the books result; the Government's balancing the books result and Statement of Financial Position (balance sheet). Variances are explained in this attachment.
23. Group of Activities Financial Reports in attachment 2 has an individual operating statement for each of the 13 activities Council externally reports. These include comments that explain variances between year to date actual results and year to date budgets where they exceed \$100k.
24. The contributors to the overall accounting result variance of \$14.7m are:

Revenue variances:

- Higher revenue from user charges
- Lower rates remissions issued
- Higher interest received
- Higher revenue from vested assets
- Higher revenue from development contributions

Expenditure variances:

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

Losses and Gains variances:

- loss from interest rate Swaps due to higher market interest rates

25. More detailed explanations can be found in the notes in attachment 1 and attachment 2.
26. **The Local Government Balancing the books measure**
27. This is an alternate measure to Council's measure. It is prescribed under the Local Government (Financial Reporting) Regulations. The key difference being the elimination of all development contribution revenue.
28. Using this measure the actual result for the three months ended 30 September 2017 is a deficit of \$(0.7)m. This is \$3.3m favourable against the year to the date budget deficit of \$(4.0)m. The annual budget is a deficit of \$(11.1)m.

Year to date Actual	Year to date Budget	Variance	Annual Budget
(\$0.7)m	(\$4.0)m	\$3.3m	(\$11.1)m

29. Summary of Capital Expenditure

30. The Capital Expenditure Result

31. Total spend on capital expenditure for the three months ended 30 September 2017 is \$14.8m. This is \$1.8m favourable against a year to date budgets of \$16.6m. The annual budget is \$135.8m.
32. While the variance is favourable, this does not imply we have delivered capital expenditure value less than was expected but rather that the overall programme is behind where Council budgeted it would be after three months.

Year to date Actual	Year to date Budget	Variance	Annual Budget
\$14.8m	\$16.6m	\$1.8m	\$135.8m

33. The annual budget used in this section comprises the; 2017-18 Annual Plan, approved deferrals from previous years, approved risk and opportunities items and approved budget brought forward. This is the budget used for the capital expenditure report in attachment 3. The following table has the detail.

Capital Expenditure Programme for 2017-18		\$m
2016-17 Annual Plan programme		\$89.9 m
plus Approved deferrals from 2015-16		\$13.5 m
plus Approved deferrals from 2016-17		\$23.9 m
plus Approved Risk and Opportunities		\$2.9 m
plus Approved brought forward		\$5.7 m
Total Capital Expenditure Programme		\$135.8m

34. The \$14.8m year to date expenditure represents 11% of the total programme. Analysis of the total budget programme indicates that 44% is planned to be spent over the final quarter of the financial year. The following table shows the monthly cash flow for the capital programme.

Item 9

2017-18 Capital Expenditure Programme - Budget month by month												
Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
\$3.4 m	\$5.9 m	\$7.3 m	\$8.6 m	\$9.7 m	\$7.6 m	\$8.0 m	\$11.4 m	\$14.2 m	\$13.7 m	\$13.0 m	\$33.1 m	\$135.8 m

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

36. Deferred Capital Expenditure

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

38. 2017-18 Capital Deferrals

39. For the three months ended 30 September 2017 nine capital deferrals has been identified.

Estimated Capital Expenditure Deferrals for 2017/18	3rd Party	Contractual	HCC/ Other External	Total	YTD Actual Expenditure	2017-18 Annual Budget
	000's	000's	000's	000's	000's	000's
Infrastructure Projects						
CE15060 - Rotokauri stormwater infrastructure stage 1	1,350			1,350	144	2,020
CE15062 - Peacocke stormwater infrastructure stage 1	400			400	0	400
CE15092 - Roading upgrades and development in Rototuna	1,400			1,400	415	5,453
PIF12005 - Hamilton Ring Road Completion			2,000	2,000	251	7,822
CE15112 - Increase capacity of network (far east inteceptor)		2,000		2,000	4	4,126
CE15117 - Upgrade wastewater treatment plant (Pukete 3)		3,750		3,750	267	6,500
CE15148 - Upgrade or build new watermain in Ruakura		305		305	3	505
	3,150	6,055	2,000	11,205	1,085	26,826
Community Projects						
CE10021 - Crematorium Building Renewal			352	352	0	603
CE10009 - ArtsPost earthquake Strengthening			1,301	1,301	0	1,301
	0	0	1,653	1,653	0	1,904
Total Estimated Capital Deferrals	3,150	6,055	3,653	12,858	1,085	28,730

40. As time progresses and more certainly is known around deliverables and 3rd party constraints the number of deferrals will possibly increase.

41. Given the complexities and dependency on third parties, it is reasonable to expect a certain level of deferrals within the capital programme. To ensure Council does not over budget for interest expense costs an allowance of \$1.5m was made in the 2017-18 budget. This equates to deferrals of approximately \$25m in value.

42. In addition to the allowance for interest, a similar allowance is made when calculating the depreciation budget to ensure that the expense is not over stated.

43. Projects Brought Forward

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

45. The following table lists the current projects brought forward. The capital expenditure report in attachment 3 has been amended to reflect the budgets for the brought forward projects.

Projects brought forward	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Project	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
CE10003 - Waterworld operational asset renewals	5,672							
CE15156 - 25 Meter Pool						(5,672)		
Total	5,672					(5,672)		

46. Risks and Opportunities for 2017-18

47. Risks and Opportunities

48. The Risks and Opportunities schedule is used to report to elected members any significant or potentially significant changes from the approved budget. The schedule serves to track these changes and ensure these items have the appropriate visibility.

49. The approved budgets for operating areas are not amended to reflect these changes.

50. The approved budgets for Capital expenditure are amended. See section 30 for details.

51. These changes are classified into 3 categories and summarised in the following table

- Approved – by resolution of Council or Committee
- Approved – by delegated authority of the Chief Executive
- Pending - report scheduled for Council or committee

Risks and Opportunities as at 30 September 2017

Project	Date	Operating		Capital	
		Cost	Revenue	Cost	Revenue
		\$000	\$000	\$000	\$000
Approved by Council or Committee Resolution					
Aquatics - business case and contracting out investigations.	9-Mar-17	100			
Water Supply - Eastern Bulkmain repairs	23-May-17			1,840	
Stormwater - Valley Tce remedial Works	12-Sep-17			591	
Clarence St Theatre - Earthquake strengthen	19-Sep-17	150			
Central Library - Earthquake strengthen	21-Sep-17	17		705	
Waikato Regional Theatre	21-Sep-17	250			
Transportation - LED Lighting	21-Sep-17			194	
Shared Service - Waters Study	21-Sep-17	200			
Founders Theatre - Consultation	21-Sep-17	27			
Total		744	0	3,330	0
Approved under CE Delegated Authority					
Hamilton Gardens Changing Places Facility. Addition to playground toilet facilities.				135	
Hamilton Gardens Development - This sum was erroneously carried over from the previous year. The project is on track to meet the overall four year programme budget and the deferral is not required.				(518)	
Growth Scenarios (including Risk Assessment) for the 10 Year		237			
Professional Fees related to the Growth Scenarios for the 10 year plan		65			
Infrastructure Reports required for the Growth Scenarios		130			
Rates Remissions on Council Properties			250		
Total		432	250	(383)	0
Total Approved		1,176	250	2,947	0
Total Risks and Opportunities		1,176	250	3,082	0
Pending Resolutions					
Thomas/Gordonton intersection upgrade	G&I 24-Oct-17			400	
Total		0	0	400	0
Total Pending Resolutions		0	0	400	0

52. Emerging Issues

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

54. At this stage the timing and value of these issues cannot be confirmed. Once there is more certainty they will be reported in full to either Council or the appropriate committee. Otherwise they will be reported in future Risks and Opportunities.

55. The current emerging issues are:

- a. Parks and Open Spaces - River Slips – remedial options continue to be investigated for slips that occurred during late 2016 and winter months of 2017 – this includes engineer's reports, legal review and consultation with affected parties including residents and iwi. This will take some months to complete before recommendations can be reported and actioned.
- b. LED Street Lights – A report was presented to the Infrastructure and Growth committee on 12 September 2017. This project will see the upgrade of street light lamps to LED. The existing lamps will have their useful life's reduced resulting in an increase in the depreciation expense in 2017/18 and 2018/19.

- c. Seddon Park –Urgent remedial work is currently underway for the lights at Seddon Park. The work is required in order to uphold our commitment for the 2017/18 cricket season. Repairs are being carried out on 99 of the 296 light fittings. The cost is being met from the existing operating budgets across the twin Stadia.
- d. Crematorium Building – The design is currently underway and will be completed this year. The unspent budget of \$352k for construction will be deferred until next financial year. However the cost is likely to be more than the current budget and this will be reported once detailed estimates are known.

56. Debt and Treasury Management

57. Treasury Management

- 58. For the three months ended 30 September 2017 Council was fully compliant with all treasury policy measures.
- 59. The Treasury Report in attachment 4 contains further detail around the treasury compliance measures.

60. Total Overall Debt

- 61. Total Overall Debt for the three months ended 30 September 2017 is \$360.1m, which is \$73.5m less than the year end budget target of \$433.6m.

Actual for year ended	Annual Budget	Amount Remaining	Debt to Revenue
\$360.1m	\$433.6m	\$73.5m	171%

- 62. The overall debt level is significantly impacted from the Council’s cash flow, when we spend cash and when we receive cash.
- 63. The two areas that have the biggest impact on Council’s debt level are the timing of when we receive rates revenue and spending of the capital programme.
- 64. **Debt to Revenue Ratio**
- 65. This is a debt affordability measure. It compares total operating revenue, excluding capital contributions, vested asset revenue and development contributions against total overall debt.
- 66. The result for the three months ended 30 September 2017 is 171% against a target of 205%. This favourable position reflects the low overall debt position and higher revenue position.
- 67. **Interest Rate Swaps**
- 68. The movement on interest rate Swaps continue to have a material impact on Council’s operating result. These movements are a calculated value at a “point in time”. These are based on Council’s total external debt and the difference between actual interest rates and the rates that Council has locked in. They can be referred to as unrealised, because as long as the debt is allowed to reach its maturity, any gain (or loss) from interest rate movement will not be realised.
- 69. From 1 July 2017 the liability has increased from \$30.1m to \$31.7m, an increase of \$1.6m for the three months ended 30 September 2017. The unfavourable movement is due to an upward

movement in market interest rates. A graphical representation of this is shown in attachment 4.

Item 9

70. **Matters arising from the meeting held on 26 September 2017**

71. **Vested Assets**

72. The following table details the \$10.5m received for the three months ended 30 September 2017 by asset category, average life of the assets and the estimated annual depreciation expense.

Vested Assets			
Asset Type	Value (Revenue)	Avge Life (Years)	Estimate Annual Depreciation
	<i>000`s</i>		<i>000`s</i>
Wastewater	880	100	9
Stormwater	960	100	10
Water Supply	389	100	4
Roading	2,406	50	48
Land	5,819	0	0
Total	10,453		70

73. When budgeting for depreciation Council aligns with the vested revenue budget.

Attachments

- Attachment 1 - Financial Statements
- Attachment 2 - Group of Activities Summary Reports
- Attachment 3 - Capital Expenditure
- Attachment 4 - Treasury Report

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2017

	Note	Actual YTD	Budget YTD	Variance YTD	Annual budget	Prior year actual YTD
		\$000	\$000	\$000	\$000	\$000
Revenue						
Rates	1	37,976	37,972	4	160,765	36,934
Revenue from activities	2	11,721	10,783	938	39,867	11,392
Subsidies and grants	3	1,288	1,389	(101)	5,692	1,340
Development and financial contributions	4	7,303	2,785	4,518	11,141	2,431
Capital revenue	5	2,088	1,353	735	6,702	2,161
Interest revenue	6	1,078	500	578	2,000	517
Vested assets	7	10,453	2,145	8,308	8,581	2,606
Other revenue	8	353	373	(20)	1,189	291
Total revenue		72,260	57,300	14,960	235,937	57,672
Expenses						
Personnel costs	9	18,402	18,430	28	73,884	17,264
Depreciation and amortisation	10	15,870	15,967	97	63,870	15,444
Finance costs	11	5,156	5,455	299	21,819	4,880
Other expenses	12	15,668	16,504	836	67,783	15,763
Total expenses		55,096	56,356	1,260	227,356	53,351
Operating surplus/(deficit)		17,164	944	16,220	8,581	4,321
Unrealised gain on revaluation of interest rate swaps	13	840	-	840	-	636
Unrealised loss on revaluation of interest rate swaps	13	(2,352)	-	(2,352)	-	(4,278)
Surplus/(deficit)		15,652	944	14,708	8,581	679

COUNCIL'S BALANCING THE BOOKS MEASURE FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2017

	Note	Actual YTD	Budget YTD	Variance YTD	Annual Budget	Prior year actual YTD
		\$000	\$000	\$000	\$000	\$000
Surplus/(deficit) before tax		15,652	944	14,708	8,581	679
Adjustments for balancing the books measure						
Gains		840	-	840	-	636
Losses		(2,282)	-	(2,282)	-	(4,454)
Vested assets		10,453	2,145	8,308	8,581	2,606
Ring Road subsidy (included in Capital revenue)		128	-	128	-	12
Less Total adjustments		9,139	2,145	6,994	8,581	(1,200)
Council's Balancing the books surplus/(deficit)		6,513	(1,201)	7,714	-	1,879

**LOCAL GOVERNMENT REGULATIONS MEASURE FOR BALANCING THE BOOKS
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2017**

Note	Actual YTD \$000	Budget YTD \$000	Variance YTD \$000	Annual Budget \$000	Prior year actual YTD \$000
Surplus/(deficit) before tax	15,652	944	14,708	8,581	679
Adjustments for the Local Government Regulations measure					
Gains excl gains on investment properties	840	-	840	-	636
Losses	(2,282)	-	(2,282)	-	(4,278)
Development and financial contributions	7,303	2,785	4,518	11,141	2,431
Vested assets	10,453	2,145	8,308	8,581	2,606
Less Total adjustments	16,314	4,930	11,384	19,722	1,395
LG Regulations Balancing the books surplus/(deficit)	(662)	(3,986)	3,324	(11,141)	(716)

Notes to the Statement of Comprehensive Revenue and Expense

For the three months ending 30 September 2017

		Sep-17	Aug-17	Movement from August 17	
Revenue variances:					
1	Rates and Water by Meter	Water by meter is unfavourable after three months, this a timing variance. Rates remissions on Council properties is favourable and has been included on Risks and Opportunities.	\$0.00m	\$0.56m	\$0.55m
2	Revenue from Activities	User charges from planning and cemeteries are both performing favourably. Recoveries for the trade waste shared service is also favourable.	\$0.94m	\$0.53m	(\$0.40m)
3	Subsides and Grants	Not a material variance.	(\$0.10m)	(\$0.12m)	(\$0.02m)
4	Development contributions	Strong growth continues	\$4.52m	\$3.12m	(\$1.40m)
5	Interest Revenue	Council has drawn down cash (see balance sheet) to allow scheduled repayment of maturing debt. The benefit here will offset the interest expense.	\$0.58m	\$0.38m	(\$0.20m)
6	Vested assets	Strong growth continues	\$8.31m	\$2.15m	(\$6.15m)
6	Other (excluding vested)	Not a material variance.	(\$0.02m)	(\$0.02m)	\$0.00m
7	Capital Revenue	Higher capital contribution within Stormwater, Wastewater and Water Supply. This additional revenue is used to off-set unbudgeted capital expenditure	\$0.73m	\$0.44m	(\$0.29m)
Total Revenue variance			\$14.96m	\$7.05m	(\$7.91m)
Expenditure variances:					
8	Personnel Costs	Costs are tracking to budget.	\$0.0m	\$0.2m	\$0.17m
9	Depreciation	Overall tracking well against the budget. Please note revaluations of Parks and Opens spaces and water supply assets this year may have an impact.	\$0.1m	\$0.1m	\$0.03m
10	Finance Costs	Early indications are the favourable variance will continue and increase throughout the financial year. This is based on trend data. Also see note 5.	\$0.3m	\$0.1m	(\$0.16m)
11	Other Expenses	Due to lower expenditure in maintenance and service costs. Along with less expenditure on consultants.	\$0.8m	\$1.5m	\$0.66m
Total Expenditure variance			\$1.26m	\$1.95m	\$0.69m
Gains and Losses Variances					
12	Net Loss on interest rate swaps	The unfavourable movement is due to a decrease in market interest rates.	(\$1.5m)	(\$3.1m)	(\$1.61m)
Total Gains and Losses variance			(\$1.51m)	(\$3.12m)	(\$1.61m)
Total variance			\$14.71m	\$5.88m	(\$8.83m)

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017

	Note	Actual	Annual Budget	Prior year actual
		\$000	\$000	\$000
Assets				
Current assets				
Cash and cash equivalents	1	24,059	35,000	12,010
Receivables	2	11,707	19,142	10,827
Prepayments		1,070	1,563	871
Inventory		159	151	142
Other financial assets	1	76,040	-	8,930
Derivative financial instruments	6	-	-	150
Non-current assets held for sale		2,079	-	-
Total current assets		115,114	55,856	32,930
Non-current assets				
Property, plant and equipment	3	3,845,113	3,608,249	3,516,962
Intangible assets		20,934	19,067	19,185
Investment property		22,059	19,420	24,795
Investment in associates		7,430	7,430	7,430
Other financial assets	1	26,638	27,426	20,699
Investment in subsidiaries		8,422	8,422	8,422
Derivative financial instruments	6	699	-	1,141
Total non-current assets		3,931,295	3,690,014	3,598,634
Total assets		4,046,409	3,745,870	3,631,564
Liabilities				
Current liabilities				
Employee entitlements		8,221	5,994	5,535
Payables and deferred revenue	4	19,524	25,470	19,335
Provisions		1,257	1,781	2,009
Borrowings	5	108,418	65,300	73,419
Derivative financial instruments	6	356	-	4,875
Total current liabilities		137,776	98,545	105,173
Non-current liabilities				
Employee entitlements		1,122	886	1,068
Provisions		14,296	12,180	12,559
Borrowings	5	315,474	363,700	265,408
Derivative financial instruments	6	32,004	30,000	47,589
Total non-current liabilities		362,896	406,766	326,624
Total liabilities		500,672	505,311	431,797
Net assets		3,545,737	3,240,559	3,199,767
Equity				
Accumulated funds		1,704,420	1,639,564	1,642,835
Other reserves	7	1,841,317	1,600,995	1,556,932
Total equity attributable to Hamilton City Council		3,545,737	3,240,559	3,199,767
Total equity		3,545,737	3,240,559	3,199,767

Notes to the Statement of financial position

Note 1: Cash and financial assets

		Actual	Annual Budget	Prior year actual
		\$000	\$000	\$000
Cash and short-term deposits		24,059	35,000	12,010
Other financial assets - current	Term deposits	76,040	-	8,930
	Loan investments	-	-	-
		100,099	35,000	20,940
Other financial assets - non-current	Term deposits	4,560	5,040	-
	Loan investments	17,100	17,975	16,182
	Shares	4,978	4,411	4,517
		26,638	27,426	20,699
Total cash and financial assets		126,737	62,426	41,639

To take advantage of favourable market conditions, debt was pre-funded and the funds put on term deposit until required. \$10m term deposits mature in October 2017, and a further \$65m is maturing in December 2017.

Note 2: Rates and debtors receivables

	Actual			Prior year actual		
	\$000	\$000	\$000	\$000	\$000	\$000
Rates	Rates	Arrears	Total	Rates	Arrears	Total
Balance as at 1 July	(2,037)	3,302	1,265	(2,107)	3,072	965
Instalments to date	44,933		44,933	42,634		42,634
Penalties, adjustments & postponed	437		437	400		400
Government rebate	(826)		(826)]
Council hardship	(158)		(158)	(3,557)		(3,557)]
Other remissions	(3,364)		(3,364)]
Rates receipts	(43,928)	(1,855)	(45,783)	(41,841)	(1,661)	(43,501)
Balance as at 30 September	(4,943)	1,447	(3,497)	(4,471)	1,411	(3,060)
Water by meter			1,112			729
Sundry debtors						
Debtors			3,744			3,074
Rentals			397			369
Rates rebates Internal Affairs			768			894
NZTA			978			845
H3 debtors			1,797			916
GST refund			802			-
			8,485			6,100
Debtor accruals			4,500			6,207
Parking			3,727			3,953
Provision for doubtful debts			(2,621)			(3,100)
Total Rates and debtors receivables			11,707			10,827

Attachment 1

	Actual	Prior year actual
	\$000	\$000
Debtors ageing		
Rates	as at 30 Jun 2017	as at 30 Jun 2016
2011/12	8	
2012/13	3	
2013/14	7	Pre 2013/14 34
2014/15	15	2014/15 60
2015/16	70	2015/16 2,977
2016/17	3,197	
	3,302	3,072
Sundry debtors	as at 30 Sep 2017	as at 30 Sep 2016
Current	5,311	Current 4,739
0-30 days	2,537	0-30 days 657
30-60 days	54	30-60 days 170
60-90 days	66	60-90 days 72
>90 days	518	>90 days 462
	8,485	6,100

Note 3: Fixed assets work in progress

	Balance 1 July 2017	New WIP 2017/18	WIP capitalised 2017/18	Balance 30 Sep 2017
	\$000	\$000	\$000	\$000
Operational assets				
Land	-	-	-	-
Buildings	2,183	909	-	3,092
Land - parks and gardens	4	170	-	174
Improvements - Parks & Gardens	6,251	1,960	-	8,211
Plant & equipment	3,289	780	(7)	4,062
Finance leases	-	-	-	-
Vehicles	515	560	-	1,075
Library books	33	142	(65)	110
Leasehold improvements	-	-	-	-
Restricted assets				
Land	-	-	-	-
Heritage assets				
Museum and library	11	7	-	18
Infrastructure assets				
Land	60	-	-	60
Refuse	228	29	-	257
Roads and traffic network	14,677	3,175	(911)	16,941
Land under roads	182	41	-	223
Stormwater system	2,618	181	-	2,799
Wastewater system	8,527	1,200	-	9,727
Wastewater Treatment Plant	2,671	432	-	3,103
Water system	35,320	4,504	(100)	39,724
Water Treatment Station	2,540	49	-	2,589
Zoological				
Zoo animals	-	-	-	-
Intangible assets				
Intangible assets	4,369	661	(24)	5,006
	83,478	14,800	(1,107)	97,171
Fixed assets vested	17,000	10,453	-	27,453
Total Fixed assets work in progress	100,478	25,253	(1,107)	124,624

Attachment 1

Work in progress is a part of Council Property, plant and equipment non-current assets. Costs are recorded as work in progress until an asset becomes operational.

Note 4: Payables and deferred income

	Actual	Annual Budget	Prior year actual
	\$000	\$000	\$000
Payables and deferred income	19,524	25,470	19,335
Total Payables and deferred income	19,524	25,470	19,335

Note 5: Borrowings

	Actual	Annual Budget	Prior year actual
	\$000	\$000	\$000
Borrowings - current	108,418	65,300	73,419
Borrowings - non-current	315,474	363,700	265,408
Total external debt	423,892	429,000	338,827

The calculation for Net External Debt and Total Overall Debt is shown in the Treasury Report (attachment 5). Total Overall Debt is the Financial Strategy benchmark.

Note 6: Derivative financial instruments

	Actual	Annual Budget	Prior year actual
	\$000	\$000	\$000
Interest rate Swaps - held for trading (current asset)	-	-	(150)
Interest rate Swaps - held for trading (non-current asset)	(699)	-	(1,141)
Interest rate Swaps - held for trading (current liability)	356	-	4,875
Interest rate Swaps - held for trading (non-current liability)	32,004	30,000	47,589
Total net derivative financial instrument liabilities	31,661	30,000	51,173

The Council's unrealised loss position on interest rate Swaps is \$1.5m since 30 June 2017. This is due to an increase in current market interest rates compared to the interest rates achieved when Council transacted its interest rate swaps.

Note 7: Other reserves

	Balance 1 July 2017	Transfers into fund	Transfers out of fund	Balance 30 Sep 2017
	\$000	\$000	\$000	\$000
Total Restricted reserves	37,967	110	-	38,077
Total Council created reserves	5,378	63	-	5,441
Total Revaluation and fair value through equity reserves	1,796,950	849	-	1,797,799
Total restricted and Council created reserves	1,840,295	1,022	0	1,841,317

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

ARTS AND CULTURE
Theatres | Libraries | Museum | Arts | Active Communities
for the three months ended 30 September 2017

Year to Date Previous Year Actual	Year to Date			Annual
	Actual	Budget	Variance	Approved Budget
\$000	\$000	\$000	\$000	\$000
Revenue				
(2) Rates	(2)	(1)	(1)	(3)
(0) Water by Meter	(8)	(2)	(6)	(20)
380 Revenue from activities	443	428	15	1,588
0 Subsidies and grants	0	1	(0)	3
0 Development Contributions	0	0	0	0
5 Interest Revenue	11	5	6	20
0 Vested and Other Revenue	0	0	0	0
0 Capital revenue	0	0	0	0
384 Total revenue	445	431	14	1,589
Expenses				
1,756 Personnel costs	1,688	1,801	112	7,092
886 Depreciation and amortisation	991	921	(70)	3,683
42 Finance costs	44	45	1	181
Other Expenses				
168 - Operating & Maintenance costs	169	160	(9)	1,034
11 - Professional costs	16	14	(2)	80
1,234 - Administrative costs	1,434	1,407	(27)	5,644
205 - Property costs	212	227	15	973
4,302 Total expenses	4,554	4,575	21	18,688
(3,918) Operating surplus/(deficit)	(4,109)	(4,144)	35	(17,100)
0 Gains and losses	0	0	0	0
(3,918) Surplus/(deficit)	(4,109)	(4,144)	35	(17,100)

The comments below explain the variance between year to date actual results and year to date budgets where they exceed \$100k.
<p>Personnel costs - \$112k favourable. The majority of this variance is due to held vacancies at the Libraries resulting from the Garden Place Library closure. This will offset revenue that has also been impacted by the closure. The remaining variance is due to vacancies at the Museum that will be filled as the year progresses.</p>

RECREATION
Pools | Indoor Recreation | Zoo
for the three months ended 30 September 2017

Year to date Previous Year Actual	Year to date			Annual
	Actual	Budget	Variance	Approved budget
\$000	\$000	\$000	\$000	\$000
Revenue				
0	0	0	0	0
(25)	(6)	(21)	15	(93)
1,035	922	853	69	4,279
98	54	59	(5)	197
0	0	0	0	0
7	15	7	8	27
0	0	0	0	0
0	0	0	0	0
1,115	984	898	87	4,410
Expenses				
1,307	1,447	1,375	(72)	5,665
375	378	415	37	1,660
60	64	66	1	262
Other Expenses				
268	356	334	(22)	1,288
66	76	40	(35)	161
620	772	781	8	2,957
223	247	236	(11)	856
2,918	3,339	3,247	(93)	12,850
(1,803)	(2,355)	(2,349)	(6)	(8,440)
(1)	0	0	0	0
(1,804)	(2,355)	(2,349)	(6)	(8,440)

Attachment 2

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

Item 9

Attachment 2

PLANNING AND DEVELOPMENT
 City Planning | Planning Guidance & Compliance | Building Control
 for the three months ended 30 September 2017

Year to Date	Year to Date			Annual
	Actual	Budget	Variance	Approved Budget
Previous Year Actual	Actual	Budget	Variance	Approved Budget
\$000	\$000	\$000	\$000	\$000
Revenue				
0	0	0	0	0
0	0	0	0	0
2,421	2,216	2,098	118	8,629
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
2,421	2,216	2,098	118	8,629
Expenses				
1,437	1,654	1,703	49	6,837
0	0	0	0	0
0	0	0	0	0
Other Expenses				
239	54	88	34	353
471	255	279	24	1,115
848	1,201	1,001	(199)	3,983
3	1	2	1	7
2,997	3,164	3,073	(91)	12,296
(576)	(948)	(975)	27	(3,666)
0	0	0	0	0
(576)	(948)	(975)	27	(3,666)

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

Revenue from activities - \$118k favourable. This is due to increased activity in Planning Guidance.

Administrative costs - \$199k unfavourable. The majority of this is due to the support allocation required to cover the unbudgeted HIF Detailed Business Case which is on Risks and Opportunities Schedule and the Authority Replacement Feasibility Study which was approved by Council and offset by unspent Authority Replacement Capital Expenditure.

ECONOMIC DEVELOPMENT
 Economic Initiatives | Strategic Property Investment | CloudeLands | Stadiums
 for the three months ended 30 September 2017

Year to Date Previous Year Actual	Year to Date			Annual
	Actual	Budget	Variance	Approved Budget
\$000	\$000	\$000	\$000	\$000
Revenue				
(59) Rates	(65)	(67)	1	(267)
(17) Water by Meter	(15)	(17)	1	(107)
2,333 Revenue from activities	1,996	1,756	239	7,736
0 Subsidies and grants	0	0	0	0
0 Development Contributions	0	0	0	0
136 Interest Revenue	283	131	152	524
33 Vested and Other Revenue	0	0	0	0
0 Capital revenue	0	0	0	0
2,426 Total revenue	2,197	1,804	394	7,886
Expenses				
1,417 Personnel costs	1,449	1,491	42	5,970
1,351 Depreciation and amortisation	1,176	1,369	194	5,478
1,052 Finance costs	1,121	1,147	26	4,587
Other Expenses				
664 - Operating & Maintenance costs	812	778	(33)	3,197
124 - Professional costs	65	85	20	338
1,882 - Administrative costs	1,465	1,547	82	5,784
412 - Property costs	417	379	(37)	1,550
6,901 Total expenses	6,504	6,797	293	26,904
(4,475) Operating surplus/(deficit)	(4,306)	(4,993)	687	(19,017)
0 Gains and losses	(0)	0	(0)	0
(4,475) Surplus/(deficit)	(4,306)	(4,993)	687	(19,017)

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

Revenue from activities - \$239k favourable. Venues are favourable \$208k with the volume and mix of events.

Interest Revenue - \$152k favourable. Council has drawn down cash (see balance sheet) to allow scheduled repayment of maturing debt. The benefit here will offset the interest expense.

Depreciation - \$194k favourable. This is a timing variance due to the capitalisation of the work in progress.

SAFETY
Animal Control | Environmental Health and Public Safety
for the three months ended 30 September 2017

Year to Date Previous Year Actual \$000	Year to Date			Annual
	Actual \$000	Budget \$000	Variance \$000	Approved Budget \$000
Revenue				
0 Rates	0	0	0	0
(2) Water by Meter	0	0	0	0
1,399 Revenue from activities	1,374	1,317	56	2,163
0 Subsidies and grants	0	0	0	0
0 Development Contributions	0	0	0	0
1 Interest Revenue	2	1	1	3
0 Vested and Other Revenue	0	0	0	0
0 Capital Revenue	0	0	0	0
1,398 Total revenue	1,375	1,318	57	2,166
Expenses				
592 Personnel costs	731	715	(15)	2,876
20 Depreciation and amortisation	20	20	0	79
5 Finance costs	6	6	0	24
Other Expenses				
122 - Operating & Maintenance costs	104	313	209	816
13 - Professional costs	13	22	9	89
415 - Administrative costs	502	402	(100)	1,616
161 - Property costs	27	19	(8)	47
1,328 Total expenses	1,402	1,497	95	5,547
70 Operating surplus/(deficit)	(27)	(179)	153	(3,381)
0 Gains and losses	0	0	0	0
70 Surplus/(deficit)	(27)	(179)	153	(3,381)

The comments below explain the variance between year to date actual results and year to date budgets where they exceed \$100k.
<p>Operating & Maintenance costs - \$209k favourable. The majority of this favourable variance relates to the timing of the relocation of City Safe Operations to the Genesis Building.</p> <p>Administrative costs - \$100k unfavourable. The majority of this is due to the support allocation required to cover the unbudgeted HIF Detailed Business Case which is on Risks and Opportunities Schedule and the Authority Replacement Feasibility Study which was approved by Council and offset by unspent Authority Replacement Capital Expenditure.</p>

COMMUNITY SUPPORT
Community Development | Emergency Management | Housing
for the three months ended 30 September 2017

Year to Date	Year to Date			Annual
	Actual	Budget	Variance	Approved Budget
Previous Year Actual				
\$000	\$000	\$000	\$000	\$000
Revenue				
(0) Rates	(0)	(0)	0	(2)
(0) Water by Meter	1	(0)	2	(6)
24 Revenue from activities	43	23	20	96
0 Subsidies and grants	0	0	0	0
0 Development Contributions	0	0	0	0
0 Interest Revenue	1	0	0	1
0 Vested and Other Revenue	0	0	0	0
0 Capital revenue	0	0	0	0
24 Total revenue	44	22	22	89
Expenses				
314 Personnel costs	313	292	(21)	1,173
45 Depreciation and amortisation	39	47	8	186
3 Finance costs	3	3	0	12
Other Expenses				
53 - Operating & Maintenance costs	153	168	14	715
29 - Professional costs	22	6	(16)	38
805 - Administrative costs	758	744	(14)	2,409
46 - Property costs	56	57	2	230
1,295 Total expenses	1,344	1,316	(27)	4,763
(1,271) Operating surplus/(deficit)	(1,299)	(1,294)	(5)	(4,674)
0 Gains and losses	0	0	0	0
(1,271) Surplus/(deficit)	(1,299)	(1,294)	(5)	(4,674)

Attachment 2

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

Item 9

Attachment 2

GOVERNANCE
Governance and Public Affairs
for the three months ended 30 September 2017

Year to Date	Year to Date			Annual
	Actual	Budget	Variance	Approved Budget
Previous Year Actual				
\$000	\$000	\$000	\$000	\$000
Revenue				
0 Rates	0	0	0	0
0 Water by Meter	0	0	0	0
11 Revenue from activities	6	4	1	18
0 Subsidies and grants	0	0	0	0
0 Development Contributions	0	0	0	0
0 Interest Revenue	0	0	0	0
9 Vested and Other Revenue	0	0	0	0
0 Capital Revenue	0	0	0	0
21 Total revenue	6	4	1	18
Expenses				
108 Personnel costs	45	74	29	297
0 Depreciation and amortisation	0	0	0	0
0 Finance costs	0	0	0	0
Other Expenses				
1 - Operating & Maintenance costs	5	7	2	28
15 - Professional costs	55	58	4	265
1,083 - Administrative costs	1,149	1,265	116	5,088
0 - Property costs	0	0	0	0
1,208 Total expenses	1,254	1,405	151	5,679
(1,187) Operating surplus/(deficit)	(1,248)	(1,400)	152	(5,661)
0 Gains and losses	0	0	0	0
(1,187) Surplus/(deficit)	(1,248)	(1,400)	152	(5,661)

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

Administrative costs - \$116k favourable. Overhead allocations are favourable due to favourable professional service variances from support areas. This variance is due to timing and is expected to reduce by year end.

PARKS AND GREEN SPACES
 Hamilton Gardens | Community Parks | Sports Parks | Cemeteries and Crematorium
 for the three months ended 30 September 2017

Year to Date Previous Year Actual	Year to Date			Annual
	Actual	Budget	Variance	Approved Budget
\$000	\$000	\$000	\$000	\$000
Revenue				
0 Rates	(2)	0	(2)	0
(21) Water by Meter	(10)	(24)	14	(96)
579 Revenue from activities	749	549	200	2,536
0 Subsidies and grants	0	0	0	7
0 Development Contributions	1	0	1	0
38 Interest Revenue	79	36	42	146
0 Vested and Other Revenue	0	0	0	0
652 Capital revenue	300	297	3	1,639
1,248 Total revenue	1,117	858	259	4,232
Expenses				
563 Personnel costs	606	594	(11)	2,369
927 Depreciation and amortisation	1,143	1,045	(98)	4,180
338 Finance costs	360	368	8	1,473
Other Expenses				
740 - Operating & Maintenance costs	537	620	82	3,299
15 - Professional costs	53	59	6	215
2,761 - Administrative costs	2,882	2,870	(12)	11,458
168 - Property costs	198	186	(12)	751
5,511 Total expenses	5,779	5,742	(36)	23,745
(4,263) Operating surplus/(deficit)	(4,662)	(4,884)	222	(19,514)
(155) Gains and losses	0	0	0	0
(4,418) Surplus/(deficit)	(4,662)	(4,884)	222	(19,514)

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

Revenue from activities - \$200k. Cemetery revenue is \$172k favourable due to a high number of cremations and cemetery plot sales. This variance is consistent with previous year trends and a budget increase is proposed for the 2018-28 ten year plan.

RUBBISH AND RECYCLING
 Refuse Collection | Waste Minimisation | Landfill Site Management
 for the three months ended 30 September 2017

Year to Date Previous Year Actual \$000	Year to Date			Annual
	Actual \$000	Budget \$000	Variance \$000	Approved Budget \$000
Revenue				
0 Rates	0	0	0	0
0 Water by Meter	0	0	0	0
82 Revenue from activities	84	88	(4)	353
146 Subsidies and grants	150	138	13	550
0 Development Contributions	0	0	0	0
3 Interest Revenue	6	3	3	12
0 Vested and Other Revenue	0	0	0	0
0 Capital revenue	0	0	0	0
231 Total revenue	240	229	12	915
Expenses				
1 Personnel costs	5	0	(5)	0
97 Depreciation and amortisation	65	102	37	409
29 Finance costs	31	32	1	126
Other Expenses				
1,174 - Operating & Maintenance costs	1,229	1,290	61	5,251
26 - Professional costs	49	67	18	258
401 - Administrative costs	468	452	(15)	1,785
10 - Property costs	11	13	2	53
1,738 Total expenses	1,858	1,957	99	7,883
(1,506) Operating surplus/(deficit)	(1,617)	(1,728)	111	(6,968)
0 Gains and losses	0	0	0	0
(1,506) Surplus/(deficit)	(1,617)	(1,728)	111	(6,968)

Attachment 2

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

Item 9

Attachment 2

STORMWATER
Stormwater Network | Catchment Management
for the three months ended 30 September 2017

Year to Date	Year to Date			Annual
	Actual	Budget	Variance	Approved Budget
Previous Year Actual	Actual	Budget	Variance	Approved Budget
\$000	\$000	\$000	\$000	\$000
Revenue				
0 Rates	0	0	0	0
0 Water by Meter	0	0	0	0
32 Revenue from activities	9	19	(10)	173
0 Subsidies and grants	0	0	0	0
0 Development Contributions	0	0	0	0
8 Interest Revenue	16	8	9	30
0 Vested and Other Revenue	0	0	0	0
34 Capital revenue	118	13	105	53
74 Total revenue	143	39	104	256
Expenses				
0 Personnel costs	0	0	0	0
2,188 Depreciation and amortisation	2,034	2,064	30	8,256
111 Finance costs	119	121	3	486
Other Expenses				
71 - Operating & Maintenance costs	22	48	26	220
78 - Professional costs	(19)	69	88	294
480 - Administrative costs	573	478	(94)	1,895
190 - Property costs	91	89	(3)	354
3,118 Total expenses	2,821	2,870	49	11,505
(3,045) Operating surplus/(deficit)	(2,677)	(2,830)	153	(11,250)
(20) Gains and losses	0	0	0	0
(3,065) Surplus/(deficit)	(2,677)	(2,830)	153	(11,250)

Attachment 2

The comments below explain the variance between year to date actual results and year to date budgets where they exceed \$100k.
Capital revenue - \$105k favourable due to unbudgeted 3rd party contributions to physical works of \$101k. Increased revenue received is offset by a corresponding increased capital expenditure.

Item 9

Attachment 2

TRANSPORTATION
 Transport Network | Transport Centre | Parking Management
 for the three months ended 30 September 2017

Year to Date Previous Year Actual \$000	Year to Date			Annual
	Actual \$000	Budget \$000	Variance \$000	Approved Budget \$000
Revenue				
(35) Rates	(35)	(36)	1	(142)
(0) Water by Meter	(1)	0	(1)	(11)
1,366 Revenue from activities	1,373	1,119	254	3,741
1,095 Subsidies and grants	1,083	1,192	(109)	4,935
0 Development Contributions	0	0	0	0
172 Interest Revenue	358	166	192	664
249 Vested and Other Revenue	249	272	(23)	1,090
1,215 Capital revenue	1,281	1,018	264	4,905
4,062 Total revenue	4,309	3,732	578	15,182
Expenses				
200 Personnel costs	183	192	9	770
4,391 Depreciation and amortisation	4,573	4,577	4	18,309
1,760 Finance costs	1,875	1,918	43	7,673
Other Expenses				
2,321 - Operating & Maintenance costs	2,392	2,323	(69)	9,795
69 - Professional costs	90	198	108	815
1,548 - Administrative costs	1,662	1,922	261	7,357
560 - Property costs	678	587	(91)	2,301
10,849 Total expenses	11,453	11,718	265	47,020
(6,787) Operating surplus/(deficit)	(7,144)	(7,986)	843	(31,839)
0 Gains and losses	77	0	77	0
(6,787) Surplus/(deficit)	(7,066)	(7,986)	920	(31,839)

The comments below explain the variance between year to date actual results and year to date budgets where they exceed \$100k.
<p>Revenue from activities - \$254k favourable. Revenue from on-street parking (\$99k) and off-street parking (\$106k) are trending ahead of budget forecasts.</p> <p>Subsidies and grants - \$109k unfavourable. The level of subsidy received is directly related to the level of expenditure, currently maintenance expenditure is favourable.</p> <p>Interest Revenue - \$192k favourable. Council has drawn down cash (see balance sheet) to allow scheduled repayment of maturing debt. The benefit here will offset the interest expense.</p> <p>Capital Revenue - \$264k favourable. Unbudgeted NZTA subsidy was received for Ring Road completion (\$128k). Other projects are progressing ahead of forecast timing, including Minor Improvements and Replacement of Road Base.</p> <p>Professional costs - \$108k favourable. The main contributor to this variance is costs associated with consultancy engagements (\$135k) which have not yet been realised. It is expected this variance will be addressed over the coming months.</p> <p>Administrative costs - \$261k favourable. Support Unit costs associated with operating the Transportation activity are \$222k favourable. This is expected to be addressed over the coming months.</p>

SEWERAGE
Sewerage Collection | Sewerage Treatment and Disposal
for the three months ended 30 September 2017

Year to Date Previous Year Actual	Year to Date			Annual
	Actual	Budget	Variance	Approved Budget
\$000	\$000	\$000	\$000	\$000
Revenue				
0 Rates	0	0	0	0
(10) Water by Meter	(11)	(10)	(1)	(40)
633 Revenue from activities	920	912	8	3,370
0 Subsidies and grants	0	0	0	0
0 Development Contributions	0	0	0	0
83 Interest Revenue	173	80	93	321
0 Vested and Other Revenue	0	0	0	0
176 Capital revenue	229	13	216	53
882 Total revenue	1,311	995	316	3,704
Expenses				
0 Personnel costs	0	0	(0)	0
2,282 Depreciation and amortisation	2,272	2,328	57	9,313
785 Finance costs	837	856	19	3,424
Other Expenses				
740 - Operating & Maintenance costs	882	961	79	4,524
10 - Professional costs	(15)	46	62	289
827 - Administrative costs	979	964	(14)	5,599
653 - Property costs	563	574	12	2,141
5,297 Total expenses	5,517	5,730	214	25,290
(4,415) Operating surplus/(deficit)	(4,206)	(4,735)	529	(21,586)
0 Gains and losses	0	0	0	0
(4,415) Surplus/(deficit)	(4,206)	(4,735)	529	(21,586)

The comments below explain the variance between year to date actual results and year to date budgets where they exceed \$100k.
<p>Capital revenue - \$216k favourable due to unbudgeted 3rd party contributions of \$180k for physical works being received and higher than anticipated number of paid connections. Increased revenue from received is offset by a corresponding increased capital expenditure.</p>

WATER SUPPLY
Water Treatment and Storage | Water Distribution
for the three months ended 30 September 2017

Year to Date Previous Year Actual \$000	Year to Date			Annual
	Actual \$000	Budget \$000	Variance \$000	Approved Budget \$000
Revenue				
0 Rates	0	0	0	0
2,074 Water by Meter	1,743	2,028	(285)	8,111
24 Revenue from activities	21	20	2	164
0 Subsidies and grants	0	0	0	0
0 Development Contributions	0	0	0	0
65 Interest Revenue	136	63	73	252
0 Vested and Other Revenue	0	0	0	0
84 Capital revenue	160	13	146	53
2,247 Total revenue	2,059	2,124	(64)	8,579
Expenses				
1 Personnel costs	3	0	(3)	0
1,755 Depreciation and amortisation	1,753	1,786	34	7,146
802 Finance costs	855	875	20	3,498
Other Expenses				
262 - Operating & Maintenance costs	432	494	62	2,228
33 - Professional costs	6	51	45	309
1,176 - Administrative costs	1,177	1,278	100	4,872
611 - Property costs	430	400	(30)	1,641
4,640 Total expenses	4,656	4,884	228	19,693
(2,393) Operating surplus/(deficit)	(2,596)	(2,761)	164	(11,114)
0 Gains and losses	(7)	0	(7)	0
(2,393) Surplus/(deficit)	(2,604)	(2,761)	157	(11,114)

The comments below explain the variance between year to date actual results and year to date budgets where they exceed \$100k.
<p>Water by Meter - \$285k unfavourable due to a variance in the timing of billing.</p> <p>Capital Revenue - \$146k favourable due to unbudgeted 3rd party contributions of \$23k for physical works being received and a higher than anticipated number of paid connections. Increased revenue received is offset by a corresponding increased capital expenditure.</p> <p>Administrative costs - \$100k favourable due to a delay in payment of a \$103k tradewaste invoice for the Waiora treatment plant.</p>

CAPITAL EXPENDITURE
for the three months ended 30 September 2017

Type	Note	Deferral	Year to Date Expenditure			Annual Budget			Capital Revenue		
			Actual	Budget	Variance	2017-18 Approved Budget	Approved Deferrals & Brought forward	Total Capital Budget	Actual	2017-18 Approved Budget	Total Capital Revenue Budget
			\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
ARTS AND CULTURE											
Libraries											
CE10005 - Library collection purchases	R		179	276	97	1,091	0	1,091			0
CE10006 - Library asset renewal	R		7	30	23	177	0	177			0
CE10007 - Library building asset renewal programme	R		0	14	14	37	705	742			0
Total libraries			186	320	134	1,305	705	2,010	0	0	0
Museum											
CE10008 - Museum asset renewal	R		32	68	37	93	45	138			0
CE10009 - ArtsPost earthquake strengthening	R	Yes		20	20	1,301	0	1,301			0
CE10010 - Public art support fund	R			38	38	81	19	100			0
CE10011 - Museum activity building renewals	R		37	64	27	254	0	254			0
Total Museum			69	190	121	1,729	64	1,793	0	0	0
Hamilton City Theatres											
CE10013 - Technical services equipment renewals	R		(2)	113	114	450	0	450			0
Total Hamilton City Theatres			(2)	113	114	450	0	450	0	0	0
TOTAL ARTS AND CULTURE			253	622	369	3,484	769	4,253	0	0	0
ECONOMIC DEVELOPMENT											
Claudlands and Stadia											
CE10040 - Business administration plant and equipment	R			13	13	52	0	52			0
CE10041 - Claudlands plant and equipment	R			162	162	648	0	648			0
CE10042 - Seddon Park plant and equipment	R			13	13	52	0	52			0
CE10043 - Waikato Stadium plant and equipment	R		116	29	(88)	114	0	114			0
CE10044 - Turf services plant and equipment	R			18	18	73	0	73			0
CE10045 - Claudlands property renewals	R		31	0	(31)		0	0			0
CE10046 - Seddon Park property renewals	R		(0)	83	83	330	0	330			0
CE10047 - Waikato Stadium property renewals	R		5	107	102	267	309	576			0
CE10048 - Stadia building renewals	R		4	182	177	686	100	786			0
CE10049 - Claudlands building renewals	R			2	2	9	0	9			0
Total Claudlands and Stadia			156	608	451	2,231	409	2,640	0	0	0
Strategic Property											
CE10052 - Strategic property renewals	R			2	2	8	0	8			0
CE10053 - Tenancy inducement renewals	R			19	19	75	0	75			0
Total Strategic Property			0	21	21	83	0	83	0	0	0
TOTAL ECONOMIC DEVELOPMENT			156	628	472	2,314	409	2,723	0	0	0
PARKS AND GREEN SPACES											
Cemeteries and Crematorium											
CE10021 - Building renewals cemeteries	R	Yes		0	0	603	0	603			0
CE10022 - Renewal of crematorium assets	R			0	0	31	0	31			0
CE10023 - Hamilton Park east and west cemeteries renewals	R			0	0	8	0	8			0
CE15024 - Hamilton Park cemetery, burial and ash lawn extension	G		26	26	(0)	36	0	36			0
Total Cemeteries and Crematorium			26	26	(0)	678	0	678	0	0	0
Hamilton Gardens											
CE10026 - Hamilton Gardens renewals	R			54	54	158	0	158			0
CE10028 - Hamilton Gardens building renewals	R		16	21	5	48	0	48			0
CE15027 - Proposed development programme	G		630	555	(75)	2,744	135	2,879	(296)	(297)	(1,639)
Total Hamilton Gardens			646	630	(16)	2,950	135	3,085	(296)	(297)	(1,639)
Parks											
CE10029 - Toilet and changing room renewals	R			15	15	156	0	156			0
CE10030 - Building renewals parks and open spaces	R		1	0	(1)	0	0	0			0
CE10032 - Parks and open spaces assets and playgrounds renewals	R		21	100	79	1,231	0	1,231	(4)		0
CE15033 - Land purchase future reserves	G		170	170	(0)	229	497	726			0
CE15036 - Playground development programme	G		9	40	31	906	0	906			0
CE16001 - Victoria on the River (VOTR) Development	LOS		1,482	1,478	(4)	743	2,967	3,710			0
CE17004 - River Plan	LOS		28	30	2	1,250	0	1,250			0
Total Parks			1,711	1,833	121	4,515	3,464	7,979	(4)	0	0
Sports Parks											
CE10031 - Sports area renewals	R		30	29	(1)	91	0	91			0
CE15164 - Rototuna Park option 1	G			2	2	745	0	745			0
Total Sports Parks			30	31	0	836	0	836	0	0	0
TOTAL PARKS AND GREEN SPACES			2,413	2,519	106	8,979	3,599	12,578	(300)	(297)	(1,639)
RECREATION											
Aquatic Facilities											
CE10001 - Aquatic facilities building renewals	R		306	311	5	211	2,071	2,282			0
CE10003 - Waterworld operational asset renewals	R		56	20	(36)	249	8,254	8,503			0
CE10004 - Gallagher Aquatic Centre operational asset renewal	R		68	102	35	154	64	218			0
Total Aquatic Facilities			430	433	3	614	10,389	11,003	0	0	0

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

CAPITAL EXPENDITURE
for the three months ended 30 September 2017

Type	Note	Deferral	Year to Date Expenditure			Annual Budget			Capital Revenue		
			Actual	Budget	Variance	2017-18 Approved Budget	Approved Deferrals & Brought forward	Total Capital Budget	Actual	2017-18 Approved Budget	Total Capital Revenue Budget
			\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Hamilton Zoo											
CE10015 - Zoo animal enclosure renewals	R		33	0	(33)	144	0	144			0
CE10016 - Zoo building renewals	R		8	43	35	84	0	84			0
CE10017 - Property renewals	R		1	0	(1)		0	0			0
CE10020 - Zoo animal replacement	R		0	12	11	41	22	63			0
CE19019 - Zoo Safety Improvements	R			0	0	250	0	250			0
Total Hamilton Zoo			41	55	14	519	22	541	0	0	0
TOTAL RECREATION											
			472	489	17	1,133	10,411	11,544	0	0	0
SAFETY											
CE10037 - CCTV renewals	R			0	0	40	0	40			0
CE10038 - Animal education and control building - security fencing			4	0	(4)		0	0			0
TOTAL SAFETY			4	0	(4)	40	0	40	0	0	0
RUBBISH AND RECYCLING											
CE10054 - Replacement of closed landfill assets	R		3	0	(3)	233	0	233			0
CE10056 - Replacement of RTS & HOC assets	R		0	0	(0)	7	0	7			0
CE15055 - Closed landfill management	LOS		26	0	(26)	180	0	180			0
TOTAL RUBBISH AND RECYCLING			29	0	(29)	420	0	420	0	0	0
STORMWATER											
CE10058 - Replacement of stormwater assets	R		95	30	(65)	637	591	1,228			0
CE15059 - Rototuna stormwater infrastructure	G		0	65	65	600	0	600	(101)		0
CE15060 - Rotokauri stormwater infrastructure stage 1	G	Yes	144	100	(44)	520	1,500	2,020			0
CE15062 - Peacocke stormwater infrastructure stage 1	G	Yes		0	0	0	400	400			0
CE15064 - Stormwater pipe upgrade - growth	G		5	0	(5)	131	0	131			0
CE15066 - Existing network improvements in new areas	G		21	0	(21)	104	0	104			0
CE15067 - Comprehensive stormwater consent implementation	LOS		3	20	17	182	0	182			0
CE15068 - Stormwater customer connections to the network	G		50	13	(37)	52	0	52	(17)	(13)	(53)
CE15162 - Integrated catchment management plan	LOS		77	124	47	812	640	1,452			0
TOTAL STORMWATER			396	352	(44)	3,038	3,131	6,169	(118)	(13)	(53)
TRANSPORT											
Parking Management											
CE10070 - Replacement of parking enforcement equipment	R		388	570	182	5	689	694			0
CE10071 - Parking building renewal	R		10	50	40	200	0	200			0
Total Parking Management			398	620	222	205	689	894	0	0	0
Transportation Network											
CE10072 - Replacement of footpath	R		323	448	124	1,790	0	1,790			0
CE10073 - Replacement of street furniture	R			0	0	60	0	60	(1)		0
CE10074 - Replacement of drainage (kerb and channel)	R		283	249	(34)	1,001	0	1,001	(144)	(127)	(510)
CE10075 - Replacement of road base	R	1	296	60	(236)	1,950	0	1,950	(151)	(31)	(994)
CE10076 - Road resurfacing	R		1,078	1,260	182	4,946	0	4,946	(550)	(643)	(2,528)
CE10077 - Replacement of bridges and culverts	R		32	30	(2)	155	0	155	(16)	(15)	(77)
CE10078 - Replacement of retaining walls and structures	R		0	0	0	45	0	45	0	0	(23)
CE10079 - Replacement of environmental controls	R			0	0	5	0	5		0	(3)
CE10080 - Replacement of lighting	R	2	43	299	256	428	0	428	(22)	(152)	(204)
CE10081 - Replacement of traffic equipment	R		87	75	(12)	358	0	358	(44)	(38)	(184)
CE10082 - Replacement of street signs	R			8	8	30	0	30		(4)	(15)
CE10098 - Building and property renewals	R		(9)	8	17	200	0	200			0
CE10166 - LED Streetlight Renewals	R		11	0	(11)		194	194	(9)		0
CE15085 - Minor improvements to transport network	LOS	3	263	15	(248)	664	0	664	(134)	(8)	(342)
CE15086 - Bus stop infrastructure	LOS		3	26	23	117	0	117	6		0
CE15087 - Network upgrades to allow new development	G		18	0	(18)	182	0	182			0
CE15088 - Roading upgrades and development in Peacocke stage 1	G		144	56	(88)	52	547	599		0	(27)
CE15089 - Roading upgrades and development in Peacocke stage 2	G		180	75	(105)	783	1,398	2,181			0
CE15090 - Roading upgrades and development in Rotokauri stage 1	G	4	85	310	225	3,281	1,453	4,734			0
CE15092 - Roading upgrades and development in Rototuna	G	Yes	415	405	(10)	3,504	1,949	5,453	(72)		0
CE15093 - Roading upgrades and development in Ruakura	G		1	0	(1)	0	0	0			0
CE15094 - Traffic signal improvements	G		4	0	(4)		0	0	(0)		0
CE15095 - Integrated transport initiatives	G		83	15	(68)	937	0	937	(10)		0
PIF12005 - Hamilton Ring Road Completion	G	Yes	251	400	149		7,822	7,822	(128)		0
Total Transportation Network			3,590	3,738	148	20,488	13,363	33,851	(1,276)	(1,018)	(4,905)
TOTAL TRANSPORT			3,988	4,358	370	20,693	14,052	34,745	(1,276)	(1,018)	(4,905)

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

CAPITAL EXPENDITURE
for the three months ended 30 September 2017

	Type	Note	Deferral	Year to Date Expenditure			Annual Budget			Capital Revenue		
				Actual	Budget	Variance	2017-18 Approved Budget	Approved Deferrals & Brought forward	Total Capital Budget	Actual	2017-18 Approved Budget	Total Capital Revenue Budget
				\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
SEWERAGE												
CE10100 - Replacement of wastewater pump stations	R			21	100	79	814	0	814			0
CE10101 - Replacement of wastewater assets	R	5		1,036	750	(286)	4,354	0	4,354			0
CE15103 - Increase capacity of wastewater pump stations	LOS			15	0	(15)	440	250	690			0
CE15104 - Wastewater pipe upgrade - growth	G				0	0	312	0	312			0
CE15105 - Increase capacity of wastewater network - Rototuna	G			0	0	0	0	1,253	1,253	(50)		0
CE15106 - Wastewater network upgrades to allow development	G				5	5	83	0	83	(34)		0
CE15107 - Increase capacity of network in Rotokauri stage 1	G			5	25	20	1,154	397	1,551			0
CE15111 - Increase capacity of network throughout the city	G			18	80	62	3,178	3,996	7,174			0
CE15112 - Increase capacity of network (far east interceptor)	G	Yes		4	0	(4)	3,124	1,002	4,126			0
CE15114 - Increase capacity of network (bulk storage)	G			15	175	160	837	0	837			0
CE15161 - Wastewater master plan	R			10	45	35	178	0	178			0
CE10115 - Replacement of wastewater treatment plant assets	G			36	170	134	1,879	0	1,879			0
CE15116 - Upgrade wastewater treatment plant systems	LOS			54	50	(4)	364	0	364			0
CE15117 - Upgrade wastewater treatment plant (Pukete 3)	G	Yes		267	275	8	6,500	0	6,500			0
CE15120 - Wastewater treatment plant compliance	LOS			19	47	28	521	0	521			0
CE15121 - Wastewater customer connections to the network	G			122	13	(109)	52	0	52	(146)	(13)	(53)
TOTAL SEWERAGE				1,621	1,735	114	23,790	6,898	30,688	(229)	(13)	(53)
WATER SUPPLY												
CE10123 - Replacement of watermains	R			586	650	64	3,400	1,840	5,240			0
CE10124 - Replacement of water meters, valves and hydrants	R			230	60	(170)	334	0	334			0
CE15126 - Upgrade or build new watermains in Rototuna	G			3	75	72	395	413	808	(23)		0
CE15127 - Water pipe upgrade - growth	G				0	0	312	0	312			0
CE15128 - Upgrade/build new watermains in Rotokauri stage 1	G			76	200	124	7,474	114	7,588			0
CE15130 - Upgrade/build new watermains in Peacocke stage 1	G				0	0	238	0	238			0
CE15132 - Water network upgrades to allow new development	G				0	0	83	0	83			0
CE15133 - Water demand management - network water loss	LOS			23	104	81	416	0	416			0
CE15134 - Water demand management - Pukete reservoir zone	LOS				0	0	104	0	104			0
CE15136 - Water demand management - Dinsdale reservoir zone	LOS			63	11	(52)	11	0	11			0
CE10138 - Replacement of treatment plant and reservoir assets	R			159	89	(70)	981	0	981			0
CE15139 - Water treatment plant compliance - minor upgrades	LOS	6		263	61	(202)	676	0	676			0
CE15140 - Rototuna reservoir and associated bulk mains	G	7		1,126	802	(324)	52	1,300	1,352			0
CE15141 - Water demand management - Hillcrest reservoir zone	LOS			152	200	48	1,520	0	1,520			0
CE15144 - Upgrade water treatment plant	G	8		1,750	1,300	(450)	2,750	828	3,578			0
CE10145 - Tools of trade renewals	R			3	13	10	52	0	52			0
CE15146 - Water customer connections	G			139	13	(126)	52	0	52	(137)	(13)	(53)
CE15148 - Upgrade or build new watermains in Ruakura	G	Yes		3	0	(3)	505	505	505			0
CE15158 - Water model	LOS			44	0	(44)	684	684	684			0
CE15159 - Water master plan	G			1	0	(1)	0	0	0			0
CE15166 - Fluoride free water source	LOS			3	0	(3)	0	0	0			0
PIF12031 - New structure to extract water from the Waikato River	LOS			1	0	(1)	0	0	0			0
TOTAL WATER SUPPLY				4,625	3,578	(1,048)	18,850	5,684	24,534	(160)	(13)	(53)
CORPORATE SERVICES												
Corporate Buildings												
CE10151 - Renewals program	R			1	191	190	1,044	0	1,044			0
Total Corporate Buildings				1	191	190	1,044	0	1,044	0	0	0
Information Services												
CE10152 - IS Network and infrastructure	R	9		42	247	205	636	209	845			0
CE10153 - Core business applications	R	10		108	405	297	896	532	1,428			0
CE10154 - Minor applications	R			10	12	2	11	20	31			0
CE15155 - Mobility and e-services	LOS			0	103	103	589	138	727			0
CE10156 - Lease funding of equipment	R	11		21	313	292	791	0	791			0
CE15157 - Authority replacement	LOS	12			477	477	996	105	1,101			0
Total Information Services				181	1,557	1,376	3,919	1,004	4,923	0	0	0
Performance												
CE10158 - Replacement of fleet vehicles	R			560	520	(40)	2,080	0	2,080			0
Total Performance				560	520	(40)	2,080	0	2,080	0	0	0
DC Funding Model and DC Assessment Tool and Growth Model												
CE16002 - DC Funding Model, Assessment Tool & Growth Model	G			101	0	(101)	0	0	0			0
Total DC Funding Model, DC Assessment Tool & Growth Model				101	0	(101)	0	0	0	0	0	0
Customer Services												
CE17001 - Customer Services Projects	LOS				38	38	100	0	100			0
Total Performance				0	38	38	100	0	100	0	0	0
Level 1 Office Reshuffle (Commenced June 2017)												
CE17006 - Level 1 Office Reshuffle (Commenced June 2017)	R			1	0	(1)	0	0	0			0
Total Performance				1	0	(1)	0	0	0	0	0	0
TOTAL CORPORATE SERVICES				843	2,306	1,464	7,143	1,004	8,147	0	0	0
TOTAL COUNCIL				14,800	16,586	1,787	89,884	45,957	135,841	(2,082)	(1,353)	(6,702)

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

**Capital Expenditure Variance Explanations: Variances greater than \$200k.
for the three months ended 30 September 2017**

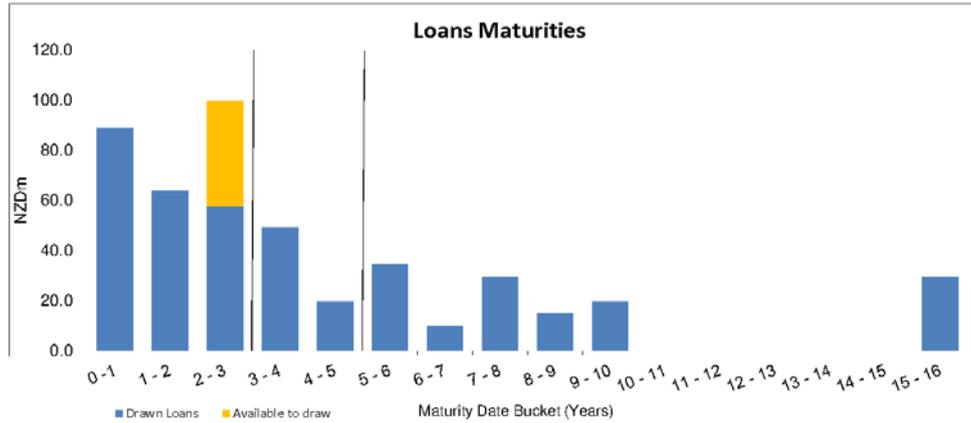
	YTD Variance \$000
<p>1 CE10075 - Replacement of road base Delivery is progressing slightly ahead of the originally anticipated program.</p>	(236)
<p>2 CE10080 - Replacement of lighting Current underspend due to the introduction of the LED streetlighting project.</p>	256
<p>3 CE15085 - Minor improvements to transport network Delivery is progressing slightly ahead of the originally anticipated program.</p>	(248)
<p>4 CE15090 - Roading upgrades and development in Rotokauri stage 1 3rd Party development agreements progressing slightly slower than anticipated. Overall program on-track.</p>	225
<p>5 CE10101 - Replacement of wastewater assets Delivery is progressing slightly ahead of the originally anticipated program.</p>	(286)
<p>6 CE15139 - Water treatment plant compliance - minor upgrades Works are ahead of schedule and anticipated to be delivered on budget.</p>	(202)
<p>7 CE15140 - Rototuna reservoir and associated bulk mains Overall program on-track, delivery slightly ahead of cashflow baseline.</p>	(324)
<p>8 CE15144 - Upgrade water treatment plant Hamilton South Pipeline installation progressing slightly ahead of baseline cashflow. Overall program on-track.</p>	(450)
<p>9 CE10152 - IS Network and infrastructure The Unified Communications project is on-track for delivery. The variance is due to the a timing difference as the estimated ordering and delivery of the required equipment was earlier than needed.</p>	205
<p>10 CE10153 - Core business applications The Document System, CM9 and Office 2016 upgrades are on track and scheduled for delivery in November. There is a variance due to the timing of the receipt of the vendor invoices which are expected to be processed in November which will realign the phasing. The commencement of the project to replace the ArcGIS and CityView systems has been delayed due as further work work on the optimal solution architecture needing to be finalised before the project commences.</p>	297
<p>11 CE10156 - Lease funding of equipment The variance is due to delays in the replacement of equipment through the standard quarterly lease cycles. These are now in progress and expired equipment is currently being installed.</p>	292
<p>12 CE15157 - Authority replacement This funding has been authorised to be used on the DC Funding Model, DC Assessment Tool and Growth Model.</p>	477

TREASURY REPORT
for the three months ended 30 September 2017

Policy Compliance		Policy	Result @ 30-Sep-17	Policy Compliance
Fixed rate maturity	all years	within annual parameters	achieved for all years	✓
Funding maturity	0 - 3 years	15% - 60%	46%	✓
	3 - 5 years	15% - 60%	18%	✓
	5 years plus	10% - 60%	36%	✓
Liquidity ratio	minimum	110%	119%	✓
Counterparty credit risk	maximum	\$75m per bank	achieved	✓

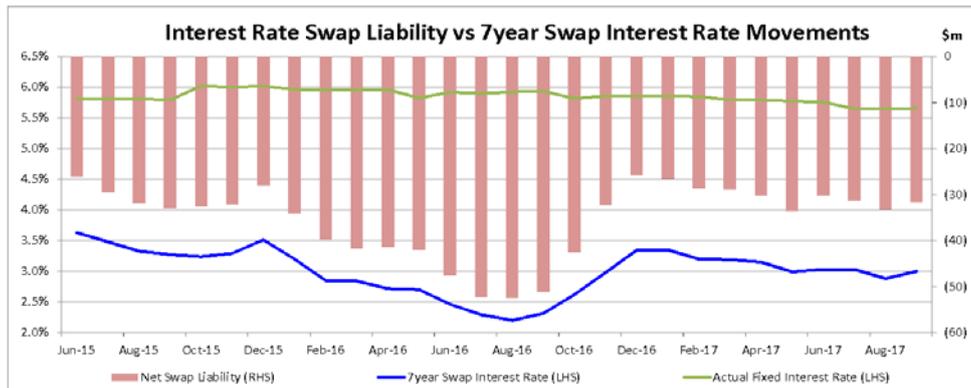
Comments on policy breaches

There are no breaches of policy.



Debt and Cash Investments (\$'000's)	Result @	Budget @	Variance
	30-Sep-17	30-Jun-18	Fav. / (Unfav.)
External debt	423,893	429,000	5,107
less Cash investments	(104,367)	(35,000)	69,367
Net external debt	319,526	394,000	74,474
add Cash-backed reserves	40,613	39,583	(1,030)
Total overall debt	360,139	433,583	73,444

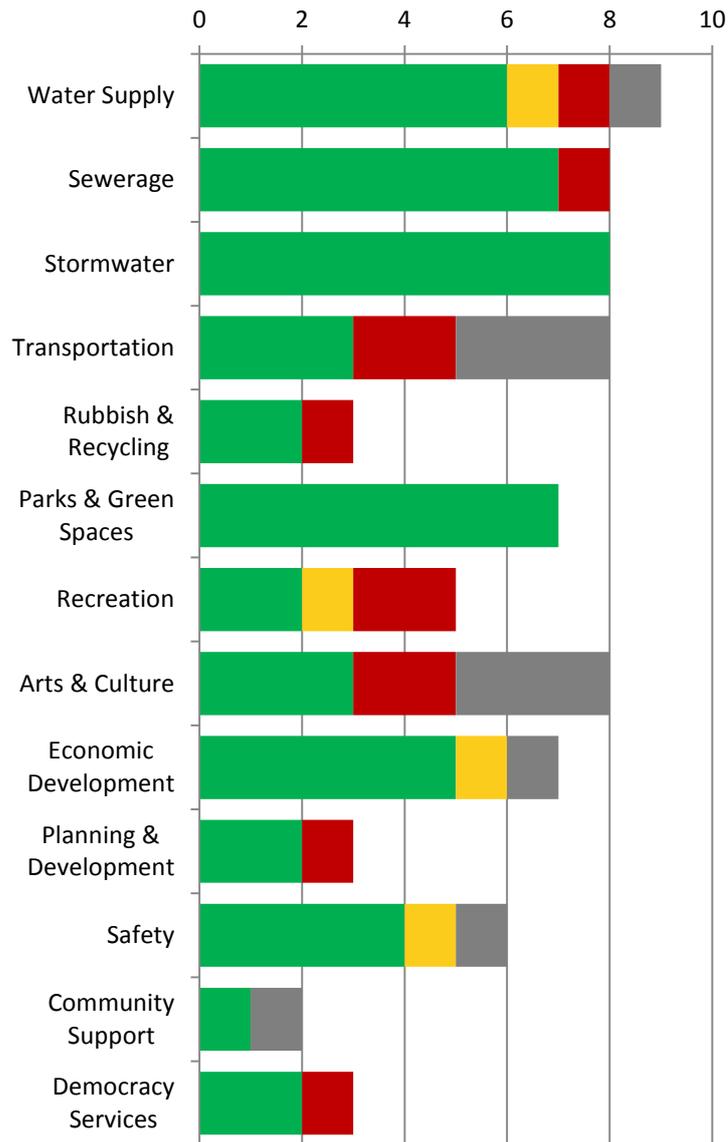
Gross cost of funds (12 month rolling average)	5.33%	5.09%	-0.25%
--	-------	-------	--------



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

Activity Group Status – Quarter 1 2017/18

Item 10



- 7. Staff consider the matter has low significance and that the recommendation complies with Council’s legal requirements.

Financial Considerations

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

Risks

- 9. There are no known risks associated with the committee receiving this report.

Attachments

Attachment 1 - 2015-25 10 Year Plan Update - Year 3, Quarter 1

2015-25 10 Year Plan 10-Year Plan Indicators
Quarter 1, Year 3 (2017/18)



#	LEVEL OF SERVICE	MEASURE	ANNUAL TARGET	QUARTER 1 Jul-Sep	
				Result	Comment
Water Supply					
1	Water that is safe to drink	The extent to which the Council's water supply complies with: a) Part 4 of the drinking-water standards (bacteria compliance criteria)	Achieve Compliance	Achieved	The assessment is based on the internal WINZ database reporting tool. Compliance is not formally assessed until July 2018. End of year result is expected to be achieved.
2		b) Part 5 of the drinking-water standards (protozoal compliance criteria)	Achieve Compliance	Achieved	The assessment is based on the internal WINZ database reporting tool. Compliance is not formally assessed until July 2018. End of year result is expected to be achieved.
3	The water network will be well maintained	The percentage of real water loss from the Council's networked reticulation system	No more than 16%	No Data	This is an annual measure that will be calculated in quarter 4 (2018). The most recent result was 16%, calculated in May 2017. End of year result is expected to be achieved.
4	The water supply will be managed so demand does not outstrip the available capacity.	The average consumption of drinking water per Hamilton resident, per day	No more than 400 litres per resident per day	311	Water consumption is tracking at the expected level for this time of year. The level of water consumption historically increases over summer period, but end of year result is expected to be achieved.
5	The council will provide a quality service	The total number of complaints received by the Council about any of the following per 1000 connections to the Council's networked reticulation system: Drinking water clarity, taste, odour, pressure or flow, continuity of supply; or the Council's response to any of these issues.	No more than 5 complaints per 1000 connections	0.7% (complaints per 1000 connections)	A total of 43 complaints were received. 14 were for discoloured water, 6 for low water pressure, and 22 for "no water". End of year result is expected to be achieved.
6	A timely response if there is a problem with the water supply	The median response times for the following when the Council attends a call-out in response to a fault or unplanned interruption to its water reticulation system: A) Attendance for urgent call-outs: From the time that Council receives notification to the time that service personnel reach the site.	No more than 60 minutes	61	There was a 20% increase in the number of service requests received in quarter one, the majority of which have been water related. The increased numbers have resulted in longer response times and a marginal exceedance of the target for this quarter. End of year result is expected to be achieved.
7		B) Resolution of urgent call-outs: From the time that the Council receives notification to the time that service personnel confirm resolution of the fault or interruption.	No more than 5 hours	3.15	Median time for resolution of an urgent callout is on track.

#	LEVEL OF SERVICE	MEASURE	ANNUAL TARGET	QUARTER 1 Jul-Sep	
				Result	Comment
8	A timely response if there is a problem with the water supply	C) Attendance for non-urgent call-outs: From the time that Council receives notification to the time that service personnel reach the site.	No more than 5 days	 8	A change to the way in which initial response to service requests are managed was implemented during quarter 1. As a result of this change, data has defaulted to the longer work order resolution time. An improvement to the work order initial response process has been implemented to ensure response times are accurately and consistently recorded. The improvements to the work order initial response process and the impact on reported attendance times will be closely monitored to ensure that the target for this measure is achieved at year end.
9		D) Resolution of non-urgent call-outs: From the time that the Council receives notification to the time that service personnel confirm resolution of the fault or interruption.	No more than 10 days	 8.2	The median resolution of non-urgent callouts is on track.
Sewerage					
10	The sewerage system to be adequately designed and maintained.	The number of dry weather sewerage overflows from the Council's sewerage system, per 1000 sewerage connections to the system.	No more than 5 overflows per 1000 connections	 0.1% (per 1000 connections)	There have been 3 overflows in dry weather. All were due to mechanical failure at the pumping station.
11		The Council's compliance with its resource consents for discharge from its sewerage system: a) The number of abatement notices.	No more than 1 abatement notice	 0	No abatement notices received.
12	The sewerage system will be managed in a way that does not unduly impact on the environment.	b) The number of infringement notices.	0 infringement notices	 0	No infringement notices received.
13		c) The number of enforcement orders.	0 enforcement orders	 0	No enforcement orders received.
14		d) The number of convictions.	0 convictions	 0	No convictions received.
15	The Council will provide a quality service.	The total number of complaints received by the Council about any of the following, per 1000 connections to its sewerage system: Sewerage odour, sewerage system faults or blockages, and the Council's response to any of these issues.	No more than 25 complaints per 1000 connections	 3.1% (per 1000 connections)	There were 176 complaints received in quarter 1. They were regarding General Complaints (22), Noise (1), Odour (5), Overflow (145) and Uncategorised (3). A majority of the Overflows were due to blockages (including thrusting damages) within the sewer network rather than system incapacity.
16	A timely response if there is a problem with the sewerage system.	The median response times for the following when the Council attends to sewerage overflows resulting from a blockage or other fault in the Council's sewerage system: a) Attendance time: From the time that the Council receives notification to the time that service personnel reach the site.	No more than 60 minutes	 81	Reasons for the extended response times recorded in this quarter are currently under investigation. Regular monitoring of response times is to be completed to improve results by year end.
17		b) Resolution time: From the time that the Council receives notification to the time that service personnel confirm resolution of the blockage or other fault.	No more than 5 hours	 2.5	End of year result is expected to be achieved.

#	LEVEL OF SERVICE	MEASURE	ANNUAL TARGET	QUARTER 1 Jul-Sep	
				Result	Comment
Stormwater					
18	The stormwater system will be adequately designed and managed.	a) The number of flooding events that occur within the city	No more than 1 flooding event	 0	No flooding of habitable floors were reported as a result of an issue with the storm water network. One event was reported involving flooding as a result of an issue with private infrastructure (internal downpipes).
19		b) For each flooding event, the number of habitable floors affected per 1000 properties connected to the Council's stormwater system	No more than 1 per 1000 properties connected	 0% (per 1000 properties connected)	No flooding of habitable floors were reported as a result of an issue with the storm water network. One event was reported involving flooding as a result of an issue with private infrastructure (internal downpipes).
20	The stormwater system will be managed in a way that does not unduly impact on the environment.	The Council's compliance with its resource consents for discharge from its stormwater system: a) The number of abatement notices	No more than 1 abatement notice	 0	No abatement notices received.
21		b) The number of infringement notices	0 infringement notices	 0	No Infringement notices received.
22		c) The number of enforcement orders	0 enforcement orders	 0	No Enforcement Orders received.
23		d) The number of convictions	0 convictions	 0	No Convictions received.
24		The number of complaints received by the Council about the performance of its stormwater system, per 1000 properties connected to the Council's stormwater system.	No more than 10 complaints per 1000 properties connected	 0.4% (per 1000 properties connected)	There were 25 complaints received. Rainfall was above average throughout the period and resulted in an increase in complaints. However, the measure is still on track.
25	A timely response if there is a flooding event.	The median response time to attend a flooding event, measured from the time that the Council receives notification to the time that service personnel reach the site.	No more than 60 minutes	 0	No flooding events impacting on habitable floors were reported.
Transport					
26	A Transport network that is safe to use.	The change from the previous financial year in the number of fatalities and serious injury crashes on Hamilton's local road network	Two less deaths or serious injuries than the previous financial year	No Data	ANNUAL REPORT RESULT FOR 2016/17: There was 1 death and 46 serious injuries on record for a total of 47 deaths/serious injuries. INTERIM RESULT Q1 2017/18: There has been 1 death and 9 serious injuries on record for a total of 10 fatal and serious injuries year to date.
27	The Council will invest in making biking safer.	The change from the previous financial year in the number of deaths and serious injuries involving cyclists on Hamilton's roads.	Decreasing trend	No Data	ANNUAL REPORT RESULT 2016/17: There was 1 death and 3 serious injuries on record for a total of 4 deaths/serious injuries involving cyclists. INTERIM RESULT Q1 2017/18: There is 1 serious injury on record involving a cyclist year to date.
28	Roads to be kept in good condition.	The average quality of ride on Hamilton's sealed local road network, measured by smooth travel exposure	At least 86% smooth travel exposure	 87%	The measure is on track to be met by year end.

#	LEVEL OF SERVICE	MEASURE	ANNUAL TARGET	QUARTER 1 Jul-Sep	
				Result	Comment
29	Roads will be adequately maintained.	The percentage of Hamilton's sealed local road network that is resurfaced each year	5.75%	 0.5%	The 2017/18 work programme will see 5% of the roading network resurfaced to ensure the integrity of our sealed local road network is maintained. Since the target of 5.75% was set in the 2015-25 10 Year Plan, further asset data has been collected on the condition of the network. With this additional information and applying good asset management practice the 2017/18 work programme (5%) will ensure Council: 1) maintains the integrity of our sealed local road network; 2) applies 'value for money' principles; and 3) does not over invest in resurfacing.
30	Footpaths will be kept in good condition.	The percentage of footpaths within Hamilton that fall within the service standard for the condition of footpaths that is set out in the Council's Asset Management Plan	97%	 96%	Based on funding, the planned 2017/18 footpath renewals programme may not meet the service standard of less than five faults per 100m. This will be monitored over the course of the year to see if it can be brought inline with the target however this is unlikely. For discussion in the 2018-28 10 Year Plan, additional budget has been identified for this activity to reduce the number of faults (i.e. increase repairs). This has also been captured in the updated Activity Management Plan.
31	A timely response to requests for service.	The percentage of customer service requests relating to roads and footpaths responded to within five working days	95%	 98%	The most common complaint related to street lighting. Other common complaints were related to signage, rubbish and footpath. Monthly break down: July 99% (447/451) August 97% (545/558) September 98% (449/457)
32	Predictable vehicle travel times for peak time trips.	The percentage of extra time taken for vehicles to travel key routes in the city during peak travel times	No more than 50%	No Data	This is a 6 monthly measure that will be calculated in November 2017.
33	Parking in the central city will be managed effectively.	The percentage of on-street car parks in the central city high demand parking areas that are full between 10am - 4pm on weekdays	No more than 85%	 69%	Data is based on the bi-annual Automatic Number Plate Recognition survey, last completed in September. This is the last time this figure will be derived from an Automatic Number Plate Recognition survey. Manual car surveys are being replaced by the more accurate sensor based data that will be available next quarter.
Rubbish and Recycling					
34	Reliable rubbish and recycling collections.	The number of weeks with more than 20 complaints about uncollected kerbside household rubbish and recycling	0 weeks	 0	On track for the quarter.
35	Reliable rubbish and recycling collections.	The percentage of customer complaints about uncollected kerbside rubbish and recycling resolved within 24 hours	95%	 100%	On track for this quarter.
36	The Council will promote and encourage recycling and reuse.	The percentage of waste recovered for recycling through the kerbside collection	At least 30%	 25%	Further significant improvements in the percentage of waste recovered for recycling are not anticipated to be achieved until service improvements are implemented. These improvements include the long term waste education, communication, marketing and engagement strategy and any future changes to expand the level of service of the kerbside recycling collection. Elected members are scheduled to discuss the level of service for rubbish and recycling in December 2017. It is unlikely that the target level of performance will be achieved this year.

#	LEVEL OF SERVICE	MEASURE	ANNUAL TARGET	QUARTER 1 Jul-Sep	
				Result	Comment
Parks and Green Spaces					
37	The Council will protect, restore and enhance Hamilton's beautiful green landscape	The quantity of public green space in the city.	No net loss.	2.9	There was 2.861 hectares of land gained during quarter 1. This is made up of Peacocks Esplanade (0.7553 hectares) and Dixon Road (2.1059 hectares).
38	The Council will protect, restore and enhance Hamilton's beautiful green landscape	The number of street trees in the city	Annual growth in the number of street trees	54	There were 54 new street trees planted this quarter, and none were removed.
39	The Council will protect, restore and enhance Hamilton's beautiful green landscape	The number of native plants planted in Council-owned natural areas each year	At least 25,000 each year	53,136	The majority of planting takes place in quarter one due to the spring weather. The annual target has already been exceeded.
40	Destination playgrounds will be completed as planned.	Delivery of the destination playgrounds programme	1 new destination playground	0	Planning has started on the Hare Puke Playground. It is due to be delivered in 2018.
41	The Council will invest in sports fields	The number of hours of play provided per week by the Council's sports fields during winter	836 hours	836	Maintenance and renovations of sportsfields ensure levels of service continue to be met.
42	The Hamilton Gardens programme will be completed as planned	Delivery of the four-year Hamilton Gardens development programme.	Hamilton Gardens development programme completed by 2017/18	On Track	The overall Programme is on track. Some tenders have come in higher than estimated and various strategies are in place to ensure the project is completed within budget. The jetty project has been delayed till early next year because a separate Resource Consent is now required, this won't affect the overall Development Project completion date. The Concept Garden is being prepared for an opening in late January.
43	The Hamilton Gardens programme will be completed as planned	The estimated number of visitors to the Hamilton Gardens each year	Annual increase in the number of visitors to the Gardens, reaching at least 1.2 million by 2024/25	0.13% increase	Estimated visitor numbers have increased from the same quarter last year (84,831 vs 84,938). The estimate includes the enclosed sector and is based on vehicle counts with an estimated average of 2.5 people per vehicle. The Enclosed Sector had a 15 per cent decrease in visitation, while the Information Centre had a 31 per cent decrease due to the Centre's closure for renovations during August and September and very wet weather during this quarter. In quarter 1, promotion focused on the tourist market in conjunction with Hamilton Waikato Tourism, Trenz, Explore and other promotional channels. Next quarter the focus will be on activities that generate income for the Gardens, particularly guided tours and venue hire.

#	LEVEL OF SERVICE	MEASURE	ANNUAL TARGET	QUARTER 1 Jul-Sep	
				Result	Comment
Recreation					
44	Hamilton Zoo will provide unique visitor and learning experiences.	The number of visits to Hamilton Zoo each year	At least 120,000	 26,403	Patronage has decreased 17% on the same quarter last year, partly attributed to the adverse weather. Marketing initiatives in place for the next quarter include the Hamilton Zoo themed scavenger hunt on November 15 (runs to end of December), increased engagement with schools and through social media and media releases and increased encounter opportunities during the peak school holiday period and Christmas/New Year.
45	Hamilton Zoo will provide unique visitor and learning experiences.	The number of students participating in Zoo education programmes each year	At least 8,000	 1,472	Unsettled and relatively wet weather has affected the Zoo education numbers this quarter with results below the target. Four schools with approximately 186 students either cancelled or postponed. Schools eligible for Zoofari funding started visiting this quarter, bringing in 89 students from 3 schools. Approximately 1839 students from 25 schools have already booked the next quarter. There are also 15 schools who applied for the Zoofari funding yet to confirm their visit. Zoo staff are in the process of contacting eligible schools for Zoofari who have not yet applied.
46	Council pools will provide opportunities for recreation, learning and leisure.	The number of visits to Waterworld and Gallagher Aquatic Centre each year	At least 580,000	 120,560	Visitor numbers were down compared to Quarter 1 last year in-part due to the Hydroslide being closed for maintenance during August and the school holidays being moved by a week and now falling in October. Numbers will be effected in Quarter 2 by the Steam/Sauna/Spa and hydrotherapy areas being closed for maintenance. Visitor numbers will be reduced in 2018 when the refurbishment of Waterworld takes place, plans are in place to help mitigate losses and still provide pool access to Hamilton. These factors will impact on the target being met by year end.
47	Council pools will provide opportunities for recreation, learning and leisure.	The number of students participating in aquatic education classes at Council pools	At least 28,000	 5,100	Numbers were down by approx. 2000 students compared to quarter 1 last year. This is related to some schools pulling out and/or not booking due to transport costs. Marketing activities with schools are currently in progress. The Aquatic Education class numbers in 2018 will be affected by the refurbishment of Waterworld and Water safety NZ no longer providing funding support to the programme. Numbers will also be affected by the swim teachers focusing more on Learn to Swim as it provides more revenue. We have introduced dual roles which will bring the cost of running the aquatic education classes programme down. These factors will impact on the target being met by year end.
48	Council pools will provide opportunities for recreation, learning and leisure.	The number of people participating in learn to swim classes at Council pools	At least 40,000	 13,858	Learn to Swim numbers are higher than Quarter 1 last year. This is due to a successful sponsorship programme with Winger. Learn to Swim numbers may be effected by the refurbishment of the Waterworld pools in 2018. Plans are in place to try and mitigate loss of students.

#	LEVEL OF SERVICE	MEASURE	ANNUAL TARGET	QUARTER 1	
				Result	Comment
Arts and Culture					
49	A modern and relevant library service	The number of physical and online visits to the libraries each year	1% increase each year	 -11.79%	<p>There were 310,710 visitors during quarter 1, 2016/17 and 274,086 visitors during quarter 1, 2017/18. Community library visits have increased from the same period last year and Pop Central visits have increased since its opening. Overall visitor numbers have decreased due to the closure of the Central Library. Constraints of limited space and services available at Pop Central also contribute to this quarter's decrease. The virtual visits for this quarter have experienced a minimal decrease and this aligns with the introduction of the new Library Management System.</p> <p>Staff continue to explore the capability of the Library Management System with the outcome to extend and improve access for online resources and eCollections for library customers. Staff are also continuing to investigate, plan and deliver innovative services for Pop Central and the Community Libraries. These factors will impact on the target being met by year end.</p>
50	A modern and relevant library service	Use of library collections, both print and electronic	1% increase each year	 -6.96%	<p>There were 351,050 issues during quarter 1, 2016/17 and 326,625 issues during quarter 1, 2017/18. The temporary closure of the Central Library limits access to specialised collections and is a contributing factor to the decline of use of the library collections. However, the community libraries collections have continued to increase during this quarter. The eCollections usage continues to demonstrate a steady growth with the eAudio and eMagazines being the top performers for quarter 1.</p> <p>Staff will continue to manage the community library collections through the regular refreshment of stock for each location. Staff will also continue to promote and utilise the new Library Management System to access to eCollections. The temporary closure of the central library is likely to have an impact on the target being met by year end.</p>
51	A modern and relevant library service	The number of people attending events, programmes and classes at the libraries	1% increase each year	 6.14%	<p>There were 9142 attendees in quarter 1 2016/17 and 9703 attendees in quarter 1 2017/18. In response to the temporary closure, staff have investigated community collaborations and alternative library venues. Due to last year's change in layout at Chartwell library, the event space has created more room for medium sized events and programmes. However, a venue for large sized events has been a challenge to secure. Library staff will continue to develop alternative plans and amend services during the temporary closure of the Central Library.</p>
52	A modern and relevant library service	The ratio of e-Books to print books purchased	14% e-books	No Data	This is an annual measure and will be reported on in quarter 4.
53	Waikato museum to share and celebrate our region's history, creative and diversity	The number of visits to Waikato Museum each year	At least 118,000	 40,700	<p>Visitors to the museum have exceeded expectations in quarter 1 by 35%. The record numbers achieved during July and August due to the end of the extremely successful Permian Monsters exhibition, bumper school holiday visitors and Bob Janke exhibition.</p> <p>A variety of events and exhibitions over the year will continue to bring in visitors.</p>

#	LEVEL OF SERVICE	MEASURE	ANNUAL TARGET	QUARTER 1 Jul-Sep	
				Result	Comment
54	Waikato museum to share and celebrate our region's history, creative and diversity	The number of children and students visiting the Museum for education each year	At least 8,000	 2,668	Visits to the museum for education have exceeded expectations in quarter 1. The Permian Monsters exhibition attracted strong school bookings for the duration of the Exhibition. Milk Matters and Excite packages were also popular with schools at the end of August and beginning of September. Teachers have received education newsletters and flyers about important exhibitions and term 4 featured programmes. In Quarter 3 we will have another blockbuster Archimedes and we are expecting this to be as popular with schools.
55	Theatres will be well used	The number of people attending events at Founders Theatre each year	At least 75,000	0 No events due to closure	Founders Theatre was closed on 1 March 2016. Audit NZ confirmed that as the measure is included in the 2015-2025 10-Year Plan, a result in 2017/18 must be recorded.
56	Theatres will be well used	The total number of hire days across Founders Theatre	At least 190	0 No events due to closure	Founders Theatre was closed on 1 March 2016. Audit NZ confirmed that as the measure is included in the 2015-2025 10-Year Plan, a result in 2017/18 must be recorded.
Economic Development					
57	Our venues should be well used	The total number of hire days across the Claudelands facilities each year	At least 520	 139	Current hire day forecasting shows this target will be met.
58	Our venues should be well used	The number of people attending events at Claudelands each year.	At least 190,000	 71,943	Current attendance forecasting shows this target will be met.
59	Our venues should be well used	The total number of hire days across the stadium facilities each year	At least 420	 97	As reported in 2016/17, the calculation basis for hire days in 2017/18 resulted in inflated target setting expectations. In 2016/17 we achieved 337 hire days (target 420 days). We are forecasting that this measure will not be met by year end due to the inflated target setting.
60	Our venues should be well used	The number of people attending events at the stadiums each year	At least 200,000	 32,625	Current attendance forecasting shows this target will be met.
61	A financial return on the Council's commercial property investments	The financial return on the Council's commercial property investments	7%	 8.7%	The measure is on track for quarter 1. Returns are consistent.
62	In-depth economic monitoring	Quarterly and annual economic analysis of Hamilton's economy to be produced	Quarterly and annual monitoring or reports produced	 Achieved	Quarterly reports have been produced and circulated.
63	Growth in Hamilton and Waikato region visitor economy	The percentage of growth in the visitor economy of the Hamilton and Waikato region	2.8% growth annually	No Data	This is measured by the Ministry of Business, Innovation and Employment's (MBIE) Monthly Regional Tourism Estimates (MRTEs). Tourism spending in the Hamilton and Waikato Regional Tourism Organisation (RTO) area for the year ending June 2017 was \$1.442B, up eight per cent on the year ending June 2016. Note: The target for this measure was set based on a different data series that is no longer produced by MBIE.

#	LEVEL OF SERVICE	MEASURE	ANNUAL TARGET	QUARTER 1 Jul-Sep	
				Result	Comment
Planning and Development					
64	The Council will provide an adequate supply of land for housing	The number of years of residential land supply zoned and ready for development in greenfield areas	At least 5 years	 6.5	The measure is currently on track.
65	Planning and building consents will be processed on time	The percentage of non-notified resource consent applications processed within statutory timeframes	100%	 100%	All 201 consents were processed within the timeframe.
66	Planning and building consents will be processed on time.	The percentage of building consents processed within statutory timeframes	100%	 99.3%	There were 148 of 149 consents processed within the statutory timeframe in quarter 1. The timeframe was exceeded for one consent due to information being allocated to the incorrect Building Review Officer. The KPI cannot be achieved for the year as the 100% target cannot be reached now.
Safety					
67	The Council will work with others to improve perceptions of safety in the central city.	The percentage of central city users surveyed who feel very safe or reasonably safe in the central city during the daytime	At least 80%	No Data	The latest survey was in June 2017 where 83% of those surveyed feel very safe or reasonably safe in the central city during the daytime. This is a 4% increase on the previous year. The survey is done annually and will be completed again in 2018.
68	A reliable response to requests for graffiti	The percentage of graffiti removal jobs completed within two working days	95%	 99.6%	There were 732 of 735 graffiti removal jobs completed within two working days in quarter 1.
69	A reliable response to requests for noise	The percentage of complaints about excessive noise responded to within 30 minutes.	95%	 99.1%	There were 631 of 637 complaints responded to within 30 minutes. The contractor, Waikato Security Services, continue investigating noise complaints within the 30 minutes.
70	A reliable response to requests for dog control	The percentage of urgent requests for dog control responded to within 60 minute	100%	 100%	All 61 urgent requests for dog control were responded to within 60 minutes.
71	Premises selling food will be regularly monitored.	The percentage of high risk premises selling food inspected at least once each year for compliance with the current food safety requirements (excluding those premises subject to the new Food Act 2014 regime)	100%	 75%	75% of high risk premises were inspected in quarter 1. The lower result is due to significant staff shortage during September. Additional contract staff have been employed and all outstanding inspections will be completed in October. The KPI is expected to be achieved by year end.
72	Premises selling liquor will be regularly monitored.	The percentage of high risk premises selling liquor monitored annually	100%	 100%	Eight high risk premises selling liquor were inspected in quarter 1.

#	LEVEL OF SERVICE	MEASURE	ANNUAL TARGET	QUARTER 1 Jul-Sep	
				Result	Comment
Community Support					
73	The Council to always be ready for an emergency	Hamilton's overall capability for an emergency event, assessed against the Ministry of Civil Defence criteria	75%	No Data	An initial capability assessment was completed by the Ministry of Civil Defence Management. The result provides the baseline for which we can benchmark our progress yearly going forward. This is an annual measure.
74	Council grants will be used effectively	The value of services leveraged for every \$1 of community grant funding provided	\$3.00 worth of services leveraged for every \$1 provided	 \$14.93	A multi-Year Community Grant was allocated for the three years 2015-18. \$868,000 was granted to 27 organisations to support operational costs. The total operational expenses for these 27 organisations totals \$12,960,000, creating a ratio of \$14.93 worth of services leveraged for every \$1 provided by Council. The remainder of the community assistance funding \$292,000 will be allocated in the final quarter through the Single-Year Community Grant.
Democracy Services					
75	Timely and open access to public information.	The percentage of official information requests responded to within 20 working days.	100%	 100%	All official information requests were responded to within the timeframe for this quarter.
76	Timely and open access to public information.	The number of complaints about Council withholding information upheld by the Ombudsman.	0 complaints upheld	 0	No complaints about Council withholding information were received from the ombudsman.
77	Timely and open access to public information.	The percentage of Council meeting agendas circulated at least two working days prior to the meeting.	100%	 92.3%	Of the 13 agendas that were distributed, 1 agenda did not meet the statutory time frame due to a late report (circulated under separate cover) being included as part of the agenda. The annual target cannot be met as one agenda included a late report.

Council Report

Item 11

Committee: Finance Committee **Date:** 07 November 2017
Author: Natalie Young **Authoriser:** David Bryant
Position: PMO Manager **Position:** General Manager Corporate
Report Name: Key Projects Monitoring Report - September 2017

Report Status	<i>Open</i>
----------------------	-------------

Purpose

1. To inform the Finance Committee on the status of Key Projects underway at Hamilton City Council for the period ending 30 September 2017.
2. The September Key Projects Status Summary is attached to this report.

Staff Recommendation

That the Finance Committee receives the report.

Background

3. A project is determined as a key project by Council. Council can request for a project to be included in the key project reporting when they require regular visibility of the project's status and progress.

Discussion

4. The following seven projects have a green status indicating that they are on track to be delivered within scope, budget and schedule:
 - Hamilton Gardens Development
 - North City Road Urban Upgrade
 - Rototuna Reservoir and Bulk Watermains Development
 - Rototuna Town Centre – New Agreement Phase
 - Victoria on the River – Stage 2 Works
 - Waiora 2 Water Treatment
 - Western Rail Trail
5. The following two projects have an amber status indicating that there is a risk of exceeding scope, budget or schedule:

6. **Hamilton Ring Road Upgrade and Extension**
7. The project is currently in amber as construction phase funding is yet to be confirmed by HCC or NZTA and land procurement is still unresolved.
8. The plan is to commence site enabling works in early 2018, as per the report to the 24 October 2017 Growth & Infrastructure Committee meeting.
9. **Pukete 3 Wastewater Treatment Plant Upgrade**
10. The project is currently in amber as the design completion and subsequent physical works contract award is slightly delayed from baseline.
11. The program is in place to award the contract in early 2018.
12. The overall cost risk is pending market pricing. If realised this will be addressed in the Contract Award report and 10 Year Plan requirements.
13. **Risk**
14. The project risks are identified on a project specific basis and are actively managed and monitored by the assigned project manager in conjunction with the relevant project governance/GM project sponsor.
15. Any change to the risk profile or risk rating is included in the key projects status summary report for each project.
16. There has been a risk increase for the following project:
17. **Victoria on the River (VOTR) Stage 2 Works**
18. The risk to the Victoria on the River project has been increased due to complaints from neighbours regarding the extension south and cosmetic cracking to their apartments. This is being dealt with through the lawyers. Elected members will be kept up to date by the project team.

Attachments

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

Key Projects Status Summary Report - September 2017

Total Number of Projects	Count	Project Status	Risk Ratings
Project Status – On Track	8	Green	Increased = ↑
Project Status – Needs to be Monitored	1	Amber	Unchanged = →
Project Status – Needs urgent management attention	0	Red	Decreased = ↓

Project/ Programme Name	Project Sponsor	Project Manager	Start date	Expected completion date	Total project budget	Total project cost TD	2017/18 budget	YTD spend 2017/18	Project Status	Project Exception Report	Risks
Hamilton Gardens Development	Lance Vervoort	Helen Paki	02-Jun-14	31-Dec-18	\$ 7,239,306	\$ 5,213,070	\$ 2,655,810	\$ 629,574	Green	The office, meeting room and information centre have been completed. Work is progressing on the Surrealist, Mansfield and Picturesque Gardens including the two courtyards. A jetty resource consent application has been lodged with HCC and Regional Council. Overall project is now on track but needs to be monitored as tenders have been coming in higher than budgeted and contracts are being negotiated and managed. Various strategies have been put in place to ensure the total programme will be delivered within budget. No change to risks or risk ratings	→
Hamilton Ring Road Upgrade and Extension (Wairere Drive Extension)	Andrew Parsons	Tahl Lawrence	01-Jul-03	30-Jun-20	\$ 84,310,999	\$ 76,795,966	\$ 7,822,000	\$ 251,498	Amber	Project currently in amber as construction phase funding is yet to be confirmed by HCC or NZTA and land procurement is still unresolved. Plan to commence site enabling works in early 2018, as per the report to 24 October 2017 Growth & Infrastructure Committee meeting. No change to risks or risk ratings	→
North City Road Urban Upgrade	Andrew Parsons	Chris Barton	01-Jul-15	23-Dec-21	\$ 8,126,000	\$ 757,301	\$ 2,098,000	\$ 105,181	Green	On-track. Agreement with developers regarding construction and cost share now in place. No change to risks or risk ratings	→
Pukete 3 Wastewater Treatment Plant Upgrade	Andrew Parsons	Barry Hu	01-Jul-15	30-Jun-20	\$ 18,354,000	\$ 2,039,145	\$ 6,500,000	\$ 266,680	Amber	Amber – Design completion and subsequent physical works contract award slightly delayed from baseline. Program in place to award contract in early 2018. Overall cost risk pending market pricing – if realised will be addressed in Contract Award report. No change to risks or risk ratings	→
Rototuna Reservoir and Bulk Watermains Development	Andrew Parsons	Lance Haycock	01-Mar-15	31-Aug-17	\$ 21,370,000	\$ 21,507,362	\$ 1,352,000	\$ 1,125,848	Green	Opening ceremony was held on 11 September 2017 by Mayor Andrew King. Final site works and commissioning being completed. No change to risks or risk ratings	→

D-2497282

1

Rototuna Town Centre – New Agreement Phase	Lance Vervoort	Helen Paki	02-Apr-13	31-Oct-17	\$ 3,839,300	\$ 3,286,376	\$ 0.00	\$ 0.00		On track. Consent has been lodged and still being processed. No change to risks or risk ratings	→
Victoria on the River (VOTR) Stage 2 works	Lance Vervoort	Gina Hailwood	01-May-16	28-Feb-18	\$ 7,823,496	\$ 4,007,963	\$ 4,787,000	\$ 971,467		Project in progress. Boardwalks completed. Precast panels for terraces are 90% complete. Paving and concrete surface treatments have started. Furniture is being produced off site. Resource consent has been submitted for the extension of the boardwalk. Planting is 90% complete for the lower river bank areas. Risk to project has increased due to increased complaints from neighbours regarding the extension south and cosmetic cracking to their apartments.	↑
Waioira 2 Water Treatment Plant Upgrade	Andrew Parsons	Barry Hu	01-Jul-15	30-Jun-21	\$ 28,746,000	\$ 4,815,516	\$ 3,578,000	\$ 1,750,263		Project currently on track. Hamilton South pipeline installation progressing well. No change to risks or risk ratings	→
Western Rail Trail	Chris Allen	Simon Crowther	01-Jul-15	31-Aug-17	\$ 7,146,000	\$ 6,954,450	\$ 0.00	\$ 0.00		Project planting completed in June 2017. From 9 July the Killarney Road traffic signals were switched on. All project related physical works are now complete. Final invoices are being followed up for some service providers still outstanding for the Killarney Road traffic signals. Financial summary and closure report are being completed. No change to risks or risk ratings	→

Council Report

Item 12

Committee: Finance Committee **Date:** 07 November 2017
Author: Tracey Musty **Authoriser:** David Bryant
Position: Financial Controller **Position:** General Manager Corporate
Report Name: Accessible Properties New Zealand Limited - Financial Statements and Activity Report

Report Status	<i>Open</i>
----------------------	-------------

Purpose

- To inform the Finance Committee regarding Accessible Properties New Zealand Limited's
 - Audited financial statements for the full year ended 30 June 2017
 - Half-year activity report for the period ended 30 June 2017.

Staff Recommendation

That the Finance Committee receives the report.

Executive Summary

- Accessible Properties New Zealand Limited ("Accessible") purchased Hamilton City Council's Pensioner Housing Portfolio on 7 March 2016 for \$23m.
- The purchase price was split with \$4.2m paid on settlement and the \$18.8m balance payable on 7 March 2019.
- The conditions of sale require Accessible to report regularly to the Council on various aspects of their performance.
- Accessible is fully compliant with the conditions of the Agreement for Sale and Purchase.
- Staff consider the matters in this report have low significance and that the recommendations comply with the Council's legal requirements.

Reporting Schedule

- The information tabulated below is evaluated by staff to ensure compliance. The information is reported to the Finance Committee every six months in March and September. Staff will report by exception at any time if deemed necessary.

Report	Frequency	Period	Due Date
Q1 Management Accounts	3 months	July - September	31 October
Q2 Management Accounts	3 months	October - December	28 February

Q3 Management Accounts	3 months	January - March	30 April
Q4 Management Accounts	3 months	April - June	31 August
Audited Annual Accounts	12 months	July - June	31 October
Q1 & Q2 Activity Report	6 months	July - December	28 February
Q3 & Q4 Activity Report	6 months	January - June	31 August

Discussion

8. Audited Financial Statements

9. Accessible is required to provide quarterly and annual management accounts (Attachment 1):
- Clause 13.2(c) Quarterly and Annual reporting on Accessible's financial position during the period of vendor financing (three years ending 7 March 2019)
10. The financial statements must contain profit and loss, a balance sheet, and sufficient information to allow the Council to ensure that Accessible is complying with the financial covenants in the Agreement for Sale and Purchase.
11. The financial statements attached have been audited by accounting firm KPMG.
12. Council's Finance Unit has reviewed Accessible's audited financial statements for the year ending 30 June 2017 and confirms that they show compliance with the agreed financial covenants and other clauses in the agreements between the Council and Accessible.

Financial Covenants (banking covenants in favour of Westpac)		
Measure	Result	Compliance
<u>Quasi Equity Ratio</u> Shareholders' funds not less than 50% of adjusted tangible assets	66.3%	Compliant
<u>Cash Flow Available for Debt Service (CFADS) Ratio</u> CFADS ratio at least 1.00 times the Debt Servicing Costs	3.85 times	Compliant

13. Half-year Activity Reports

14. Accessible is required to provide regular activity reports (Attachment 2):
- Schedule 1 Part 1 (Encumbrance for Donny Avenue) and Schedule 1 Part 2 (Encumbrance for All Other Properties) Appendix 2 Clause 6 six monthly reporting on tenancy related matters during the lifespan of "current tenants".
15. The activity reports must describe:
- The number of units occupied during the period;
 - How many units were occupied by current tenants (in occupation at sale date 7 March 2016) and how many utilised for social housing purposes;
 - The rental paid for each unit during the period;
 - Any rent increases made during the period, and the basis on which such rent increases were calculated;

- The maintenance spent on the properties during the period.
16. Council's Community Unit has reviewed Accessible's activity report for the period ending 30 June 2017 and confirms that the report shows compliance with the agreed encumbrances and other clauses in the agreements between the Council and Accessible.

Encumbrance (Utilisation and Activity)		
Measure	Result	Compliance
<u>Social Housing</u> Continue to utilise the portfolio for social housing		Compliant
<u>Minimum Number</u> No fewer than 344 social housing units available for continuous occupation	344	Compliant
<u>Current Tenants</u> Current Tenants (as at date of sale) to remain in occupancy	275	Compliant
<u>Bi-Annual Reports</u> Bi-annual reports detailing information in 16 above		Compliant

Legal and Policy Considerations

17. Staff confirm that this matter complies with the Council's legal and policy requirements.

Risks

18. There are no risks associated with providing this information to Council.

Significance

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

Attachments

Attachment 1 - Accessible Properties Limited - Audited Financial Statements 30 June 2017

Attachment 2 - Accessible Properties Limited - Activity Report 30 June 2017 .



Accessible Properties Economic Entity Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

<u>Index</u>	<u>Page</u>
Statement of Comprehensive Revenue and Expense	1
Statement of Changes in Equity	2
Statement of Financial Position	3
Cash Flow Statement	4
Notes to the Financial Statements	5 - 14
Auditor's Report	15



Accessible Properties New Zealand Limited
Statement of Comprehensive Revenue and Expense
For the year ended 30 June 2017

	Notes	2017 \$000	2016 \$000
Revenue			
Operating income		12,363	5,100
Other income		51	13
	2	<u>12,414</u>	<u>5,113</u>
Expenses			
Operating expenses	3	7,428	2,830
Depreciation	6	1,831	1,065
Interest		3,552	1,373
		<u>12,811</u>	<u>5,268</u>
Net (Deficit) from Operations		<u>(397)</u>	<u>(155)</u>
NON OPERATING			
Other Income			
Government Grants	2	574	2,724
Other Expenses			
Net change in Fair Value of Interest Rate Swaps used for Hedging		(6,343)	(551)
Net Non Operating Surplus		<u>(5,769)</u>	<u>2,173</u>
TOTAL COMPREHENSIVE INCOME & EXPENSE FOR THE YEAR		<u>(6,166)</u>	<u>2,018</u>

The accompanying notes form part of these accounts



Page 1

Item 12

Attachment 1



Accessible Properties New Zealand Limited
Statement of Changes in Equity
 For the year ended 30 June 2017

	Notes	2017 \$000	2016 \$000
EQUITY AT 1 JULY		47,111	39,793
Total Comprehensive Income & Expense		(6,166)	2,018
Shares Issued	10,14	31,000	5,300
EQUITY AT 30 JUNE		71,945	47,111

The accompanying notes form part of these accounts



Page 2



Accessible Properties New Zealand Limited
Statement of Financial Position
 As at 30 June 2017

	Notes	2017 \$000	2016 \$000
ASSETS			
Current Assets			
Cash and Cash Equivalents	4	3,933	1,139
Receivables from Exchange Transactions	5	2,052	166
		<u>5,985</u>	<u>1,305</u>
Non Current Assets			
Property, Plant & Equipment	6	234,109	84,996
		<u>234,109</u>	<u>84,996</u>
TOTAL ASSETS		<u>240,094</u>	<u>86,301</u>
LIABILITIES			
Current Liabilities			
Payables under Exchange Transactions	7	1,369	831
Employee Benefits	9	95	63
Borrowings	8,14	156	1,044
		<u>1,620</u>	<u>1,938</u>
Non Current Liabilities			
Employee Benefits	9	49	34
Borrowings	8,14	158,772	35,852
Derivative Liabilities	8	7,708	1,366
		<u>166,529</u>	<u>37,252</u>
TOTAL LIABILITIES		<u>168,149</u>	<u>39,190</u>
NET ASSETS		<u>71,945</u>	<u>47,111</u>
EQUITY	10	<u>71,945</u>	<u>47,111</u>

On behalf of the Board of Governance

PAUL ADAMS, Chair

RALPH JONES, Director
 Wellington, 23 August 2017



The accompanying notes form part of these accounts



Accessible Properties New Zealand Limited
Cash Flow Statement
 For the year ended 30 June 2017

	Notes	2017 \$000	2016 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Operations		10,528	5,093
Payments to Suppliers & Employees		(6,843)	(2,407)
Interest Paid		(2,813)	(1,142)
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	11	<u>872</u>	<u>1,544</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant & Equipment	6	(150,945)	(13,415)
Government Grants received		574	4,329
NET CASH (OUTFLOW) USED IN INVESTING ACTIVITIES		<u>(150,371)</u>	<u>(9,086)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in Borrowings	8	121,293	881
Cash Proceeds from Issuing Shares	10,14	31,000	5,300
NET CASH INFLOW FROM FINANCING ACTIVITIES		<u>152,293</u>	<u>6,181</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>2,794</u>	<u>(1,361)</u>
Add Opening Cash and Cash Equivalents Brought Forward		1,139	2,500
Ending Cash and Cash Equivalents Carried Forward		3,933	1,139

The accompanying notes form part of these accounts



NOTES TO THE FINANCIAL STATEMENTS

Note 1 About these financial statements

Accessible Properties New Zealand Limited (APNZL) is a company incorporated and domiciled in New Zealand and registered under the Companies Act 1993.

The consolidated financial statements of APNZL (the controlling entity) for the year ended 30 June 2017 comprise the controlling entity and its controlled entities, AP Holdings Tauranga Limited (APHT Ltd), AP Holdings Tauranga 2016 Limited Partnership (APHT LP), AP Properties Tauranga Limited (APPT Ltd) and AP Properties Tauranga 2016 Limited Partnership (APPT LP). Together the economic entity is referred to as the "Group". The ultimate controlling entity of the Group is IHC New Zealand Incorporated.

The Group is primarily involved in the management and provision of social and affordable rental housing within New Zealand.

Basis of Preparation

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with Public Benefit Entity (PBE) Standards issued by the External Reporting Board (XRB) or the New Zealand Accounting Standards Board of the XRB, as applicable for Tier 2 not-for-profit entities.

The Group was formed on 2 December 2016 and commenced operations on 31 March 2017. As this is the first year of operation for the Group, the comparative figures have not included the subsidiaries.

The financial statements have been prepared on the historical cost basis except for Interest Rate Swaps, which are measured at fair value. The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any objective evidence of impairment. Any impairment loss is recognised in the Statement of Comprehensive Revenue and Expense.

These financial statements are presented in New Zealand dollars and are rounded to the nearest thousand.

The financial statements have been prepared exclusive of GST.

The Group is exempt from income tax under section CW 42(1) (a) of the Income Tax Act 2007. The Group has been granted tax exempt status and is registered as charities under the Charities Act 2005.

Estimates and judgements are made in applying the Group's accounting policies. The areas of significant estimation and judgements are:

- Note 8 – Fair value measurement of interest rate swaps used for hedging
- Note 9 – Employee Benefits





Note 2 Revenue
Exchange Revenue

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and revenue can be reliably measured.

Non-exchange Revenue

Government grants are recognised as revenue in the Statement of Comprehensive Revenue and Expense only to the extent which conditions associated with the transfer have been met. Grants received whereby the conditions of transfer have not been met is recognised as a liability, and is subsequently recognised as revenue on a proportional basis as conditions are satisfied.

Revenue includes the following:

	2017 \$000	2016 \$000
Revenue from exchange transactions		
Property management fees, rental income and other revenue	12,414	5,113
Revenue from non-exchange transactions (transfers)		
Government Grants	574	2,724
	<u>12,988</u>	<u>7,837</u>

The Group has secured grants totalling \$29.980 million for the development of new social housing units of which \$29.308 million has been received. The total anticipated project expenditure is \$68.200 million. These grants represent 40% to 50% of the total costs of the projects. The Group has recognised \$574,000 of this in the current financial year (2016: \$2.724 million). It is expected the remaining funds will be received prior to 30 June 2018.





Note 3 Expenses

Expenses include the following:

	2017	2016
	\$000	\$000
Personnel costs		
Salaries and wages	1,660	1,094
Employee benefits and other employee costs	462	66
	<u>2,122</u>	<u>1,160</u>
Other expenses		
Rental and operating lease costs	197	140
Other costs	5,109	1,530
	<u>5,306</u>	<u>1,670</u>
	<u>7,428</u>	<u>2,830</u>

During the year the Group has incurred \$22,575 in audit fees.

Note 4 Cash and Cash Equivalents

Cash at bank earns interest at floating rates based on daily bank deposit rates. The carrying amounts of cash and cash equivalents represent fair value and for accounting are classified as loans and receivables.

Note 5 Accounts Receivable

Receivables from exchange and recoverables from non-exchange transactions, which generally have 30-90 day terms, are recognised at cost less impairment losses. Exchange transactions for accounting are classified as loans and receivables.

	2017	2016
	\$000	\$000
Receivables from exchange transactions		
Trade receivables	1,709	120
Prepayments and other debtors	343	46
	<u>2,052</u>	<u>166</u>





Note 6 Property, Plant & Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Costs include expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

During the period APNZL and APPT LP executed a sale and purchase agreement and a capacity contract which resulted in APPT LP purchasing properties in Tauranga comprising almost all of the Housing New Zealand stock in the region. Concurrently APNZL agreed to make these properties available to the Ministry of Social Development under a Capacity Contract. The freehold land and freehold buildings are subject to an encumbrance limiting use for exclusive social housing use.

Subsequent expenditure that increases the economic benefits derived from the asset are capitalised.

Depreciation of property, plant and equipment, other than freehold land, is calculated on a straight-line basis over the estimated useful life of the asset.

The estimated useful lives for the current period are as follows:

Freehold Buildings	40 years
Furniture and Fittings	5 years
Leasehold Improvements	10 years

	Furniture and fittings	Leasehold improvements	Freehold land	2017 \$000 Freehold buildings	Work in progress	Total
At 1 July 2016 net of accumulated depreciation	10	-	30,123	51,627	3,236	84,996
Additions	16	8	79,587	73,717	672	154,000
Transfer of Work in Progress to Freehold Land and Buildings	-	-	-	-	(3,056)	(3,056)
Depreciation charged for the year	(6)	-	-	(1,825)	-	(1,831)
At 30 June 2017 net of accumulated depreciation	20	8	109,710	123,519	852	234,109
At 30 June 2017						
Cost	39	8	109,711	127,350	852	237,960
Accumulated depreciation	(19)	-	-	(3,832)	-	(3,851)
Net carrying amount	20	8	109,711	123,518	852	234,109



Note 7 Accounts Payable

Payables under exchange transactions are stated at amortised cost and for accounting are classified as other financial liabilities.

	2017	2016
	\$000	\$000
Payables under exchange transactions		
Trade liabilities	300	581
Other liabilities	977	213
Employee entitlements	92	37
	1,369	831

Note 8 Borrowings

Subsequent to initial recognition, term borrowings are measured at fair value using the effective interest method and for accounting are classified as other financial liabilities.

Derivative financial instruments comprise interest rate swaps to manage interest rate risk exposure. Derivatives are recognised initially at fair value; attributable transaction costs are recognised in surplus or deficit as incurred. Subsequent to initial recognition, derivatives are measured at fair value by a registered trading bank, and changes therein are recognised immediately in surplus or deficit.

Interest rate swaps are classified for accounting as fair value hedging instruments.

	2017	2016
	\$000	\$000
Current		
Intercompany Loan (Note 14)	122	1,010
Housing Innovation Fund Loan	34	34
	156	1,044
Non current		
Intercompany Loan (Note 14)	420	431
Housing Innovation Fund Loan	638	672
Hamilton City Council Loan	17,487	16,749
Term Loans	140,227	18,000
Derivative Liabilities	7,708	1,366
	166,480	37,218





	2017	2016
	\$000	\$000
Total		
Intercompany Loan (Note 14)	542	1,441
Housing Innovation Fund Loan	672	706
Hamilton City Council Loan	17,487	16,749
Term Loans	140,227	18,000
Derivative Liabilities	7,708	1,366
	166,636	38,262

Westpac

APNZL has entered into a Multi Option Credit Facility (MOCL) with Westpac New Zealand, with a credit limit of \$24.5 million (2016: \$24.5 million) and an expiry date of 30 June 2019. This facility is secured by a first registered General Security Agreement with the Group in favour of Westpac New Zealand, together with registered first mortgages over the Group's assets to at least \$28.7 million. At 30 June 2017, \$20.5 million of this facility was drawn down (2016: \$18.0 million). APNZL has drawn down four tranches, three of which are hedged with an interest rate swap in order to fix the loans with the right to break each swap after three years. The interest rate applying to each swap is the effective interest rate for each tranche drawn down under the MOCL.

APPT LP has entered into a syndicated facilities agreement with Westpac NZ with an expiry date of 31 March 2022. The facility is secured by a first ranking mortgage against every property held by APPT LP. APPT LP has the loan hedged with Westpac Banking Corporation with an interest rate swap in order to fix the loan with the right to break the swap after five years. The interest rate applying to the swap is the effective interest rate.

Westpac	2017	Swap	Swap	Interest	2016	Interest
	\$000	Term	Maturity Date	Rate	\$000	Rate
Tranche 1	8,000	5 years	9 May 2019	6.350%	8,000	6.350%
Tranche 2	7,000	7 years	2 Sep 2021	6.470%	7,000	6.470%
Tranche 3	3,000	3 years	2 Jun 2018	5.365%	3,000	5.365%
Tranche 4	2,500	-	-	3.400%	-	-
Tranche 5	120,811	15 years	31 March 2032	4.096%	-	-
	141,311				18,000	

Housing Innovation Fund Term Loan

The Housing Innovation Fund Term Loan is a 25 year loan received in June 2012 from Housing New Zealand and is interest free for the first 10 years with monthly repayment amounts of \$2,800 before the interest commencement date.



Hamilton City Council Loan

The Group purchased a social housing portfolio from the Hamilton City Council (HCC) during the year ended 30 June 2016. The HCC provided an \$18.8 million interest free Term Loan, repayable in full on 7 March 2019.

This loan has been discounted at 4.41% in order to determine the fair value of the Term Loan on acquisition. The fair value of the Term Loan as at 30 June 2017 is \$17.49 million (2016: \$16.75 million). Nominal interest expense is charged to the Statement of Comprehensive Revenue and Expense over the term of the loan.

Note 9 Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised and are measured at the amounts expected to be paid when the liabilities are settled.

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees based on a projection of historical trends. Expected future payments are discounted using the average bank lending rates.

	2017 \$000	2016 \$000
Current		
Long service leave	4	3
Annual leave	86	56
Sick Leave	5	4
	95	63
Non current		
Long service leave	49	34
	49	34
Total		
Long service leave	53	37
Annual leave	86	56
Sick Leave	5	4
	144	97





Note 10 Equity

	2017 \$000	2016 \$000
Share Capital	50,871	19,871
Retained Earnings	21,074	27,240
	<u>71,945</u>	<u>47,111</u>

Share Capital	2017 \$000	2016 \$000
Ordinary Shares (50,150,850) 2016:(19,150,850)	<u>50,871</u>	<u>19,871</u>

100 shares issued June 4, 2010 amount to \$720,000
 5,960,000 shares issued August 30, 2012 amount to \$5,960,000
 5,090,750 shares issued June 26, 2014 amount to \$5,090,750
 2,800,000 shares issued December 19, 2014 amount to \$2,800,000
 5,300,000 shares issued December 15, 2015 amount to \$5,300,000
 31,000,000 shares issued March 31, 2017 amount to \$31,000,000

Fully paid ordinary shares carry one vote per share, carry the right to dividends, and rank equally on wind-up.

Retained Earnings	2017 \$000	2016 \$000
Balance 1 July	27,240	25,222
Total Comprehensive Income and Expense	(6,166)	2,018
Balance 30 June	<u>21,074</u>	<u>27,240</u>



Note 11 Reconciliation of Net Surplus with Net Cash Inflow / (Outflow) from Operating Activities

	2017 \$000	2016 \$000
Reported Net Surplus	(6,166)	2,018
Add non cash items:		
Depreciation	1,831	1,065
Net change in Fair Value of Interest Rate Swaps used for Hedging	6,343	551
Notional Interest	739	231
Add / (less) item classified as investing activities:		
Increase in Government Grants	(574)	(4,329)
Movements in working capital:		
(Increase) / Decrease in accounts receivable	(1,886)	1,584
Increase / (Decrease) in accounts payable	538	425
Increase / (Decrease) in provisions and other liabilities	47	(1)
Net cash inflow / (outflow) from operating activities	872	1,544

Note 12 Leasing and Capital Commitments

Payments made under operating leases are recognised in surplus or deficit on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Lease commitments under non-cancellable operating leases:

	2017 \$000	2016 \$000
Payable:		
Not later than one year	96	129
Later than one year and not later than five years	167	225
Later than five years	-	-
	263	354

The outstanding balance for contracts entered into for capital expenditure during the year not completed by 30 June 2017 is \$100,000 (2016: \$938,000). There are commitments to capital expenditure under the Social Housing Units Grants as disclosed in Note 2.





Note 13 Contingent Liabilities

During the period APNZL and APPT LP executed a sale and purchase agreement and a capacity contract which resulted in APPT LP purchasing properties in Tauranga comprising almost all of the Housing New Zealand stock in the region. Concurrently APNZL agreed to make these properties available to the Ministry of Social Development under a Capacity Contract. The initial term of the Capacity Contract is 25 years with one right of renewal for a further term between 15 and 25 years. A first ranking encumbrance ensuring use as social housing has been placed on each property.

APNZL has assessed the encumbrance, Crown Retained Interest and the Capacity Contract as an executory contract defined in PBE IPSAS 19.18 as a contract under which both parties have not performed their obligations, or performed their obligations to an equal extent. Neither the assets nor liabilities with respect to unperformed obligations are recognised within these financial statements. Assets and liabilities in respect of performed obligations are not recognised within these financial statements as they are also considered equal in value.

In addition to the grants for the development of social housing as outlined in Note 2, APNZL has an agreement with the Ministry of Social Development for grants totalling \$15.7 million for the development of social housing contingent on the identification of qualifying projects. The total anticipated project expenditure is \$31.4 million.

The Group has no other contingent liabilities. (2016: Nil)

Note 14 Transactions with Related Parties

The Group is charged certain expenses relating to motor vehicle leases, administration, and audit fees by its ultimate controlling entity, IHC New Zealand Incorporated (IHC) totalling \$723,000 (2016: 683,000).

The Fixed Term Loan between IHC and the Group of \$431,000 (2016: \$441,000) is a 30 year table loan. Interest is charged at the rate of 4.50% per annum.

At year end inter-entity balances totalling \$110,000 are payable to related entities. These balances are repayable on demand with no interest payable.

The Group charges IHC and its controlled entity certain expenses relating to property management. The total charged during the year was \$1.72 million (2016: \$1.65 million).

On 31 March 2017 IHC acquired an additional 31 million fully paid ordinary shares. The funds were applied by the Group to acquire properties. Refer to Note 13.

APNZL is charged certain expenses relating to property rentals by its wholly-owned subsidiary, APPT LP net totalling \$4,247 million (2016: nil).

The total value of Directors Fees payable during the year was \$63,000 (2016: \$12,000)





Note 15 Events Subsequent to Balance Date

There have been no other events subsequent to balance date and up to time of approval of these financial statements that materially affect the position as it existed at that date.





Independent Auditor's Report

To the shareholder of Accessible Properties New Zealand Limited

Report on the consolidated financial statements

Opinion

In our opinion, the accompanying consolidated financial statements of Accessible Properties New Zealand Limited (the company) and its subsidiaries (the Group) on pages 1 to 15:

- i. present fairly in all material respects the Group's financial position as at 30 June 2017 and its financial performance and cash flows for the year ended on that date; and
- ii. comply with Public Benefit Entity Standards Reduced Disclosure Regime (Not-For-Profit).

We have audited the accompanying consolidated financial statements which comprise:

- the consolidated statement of financial position as at 30 June 2017;
- the consolidated statements of comprehensive revenue and expense, changes in equity and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.



Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)") (ISAE). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the group in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report.

Our firm has also provided other services to the group in relation to accounting advice. This matter has not impaired our independence as auditor of the group. The firm has no other relationship with, or interest in, the group.



Use of this Independent Auditor's Report

This report is made solely to the shareholder as a body. Our audit work has been undertaken so that we might state to the shareholder those matters we are required to state to them in the Independent Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholder as a body for our audit work, this report, or any of the opinions we have formed.

© 2017 KPMG, a New Zealand partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.



Responsibilities of the Directors for the consolidated financial statements

The Directors, on behalf of the group, are responsible for:

- the preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting practice in New Zealand (being Public Benefit Entity Standards Reduced Disclosure Regime (Not-For-Profit));
- implementing necessary internal control to enable the preparation of a consolidated set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.



Auditor's Responsibilities for the Audit of the consolidated financial statements

Our objective is:

- to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an Independent Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of these consolidated financial statements is located at the External Reporting Board (XRB) website at:

https://www.xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page3.aspx

This description forms part of our Independent Auditor's Report.

KPMG
Wellington

23 August 2017

REPORT

On
MANAGEMENT OF ACQUIRED
HAMILTON CITY COUNCIL HOUSING
From
1 July 2016 to 30 June 2017 (12 Months)

ACCESSIBLE PROPERTIES NEW ZEALAND LTD

31 August 2017



Activity report for the period ending 30 June 2017 excluding 41 Donny Avenue

1. Use of Properties:

Responses below are numbered the same as in the encumbrance instruments on titles:

a) *Number of Units Occupied During the Period:*

As at 30 June 2017: 334 of 338 units were occupied (4 vacancies, 99% occupancy)
There were 17 vacancies at the date of handover.

b) *Number of Units Occupied by Original Tenants:*

As at 30 June 2017: 269 original tenants remained (tenants at time of hand-over)
There were 31 new tenant placements in the period.

c) *Rental Paid for Each Unit:*

Attached is a schedule of rentals charged for units as at 30 June 2017. This shows both rentals paid by tenants and IRRS contributions from MSD.

d) *Rent Increases During the Period:*

- There have been no increases in rental for original tenants.
- Newly-placed tenants pay substantially less than lower quartile market rental for units, and current weekly rentals are calculated on affordability for people on beneficiary-level incomes, and are as follows:

1 Bedroom single occupancy (small unit)	\$130
1 Bedroom double single occupancy	\$135
1 Bedroom double occupancy	\$170
2 Bedroom	\$210
- MSD rent setting is based on Lower Quartile Bond data for suburb.

e) *Maintenance Expenditure:*

The total maintenance expenditure on the portfolio for the twelve months to 30 June 2017 was \$819,000.

Accessible Properties - Hamilton City Council Portfolio July 2016 - June 2017
 Excluding 41 Donny Avenue

Property Building name	Suburb	City	Lease Start Date	Lease Expiry Date	Property rent pa	Tenant Weekly		MSD Subsidy	Transfer to another Property
						Rental			
169 Bankwood Road, Unit 1	Chartwell	Hamilton	7-Mar-16		6812		131		
169 Bankwood Road, Unit 2	Chartwell	Hamilton	7-Mar-16		6812		131		
169 Bankwood Road, Unit 3	Chartwell	Hamilton	7-Mar-16		6812		131		
169 Bankwood Road, Unit 4	Chartwell	Hamilton	27-Jun-16		8840		170		
169 Bankwood Road, Unit 5	Chartwell	Hamilton	7-Mar-16		6812		131		
169 Bankwood Road, Unit 6	Chartwell	Hamilton	7-Mar-16		8268		159		
169 Bankwood Road, Unit 7	Chartwell	Hamilton	7-Mar-16		6812		131		
169 Bankwood Road, Unit 8	Chartwell	Hamilton	7-Mar-16		6812		131		
169 Bankwood Road, Unit 9	Chartwell	Hamilton	7-Mar-16	25-Jun-17	6812		131		
169 Bankwood Road, Unit 9	Chartwell	Hamilton		Vacant			0		
169 Bankwood Road, Unit 9	Chartwell	Hamilton	29-Jun-17		7020		135		
169 Bankwood Road, Unit 10	Chartwell	Hamilton	29-Apr-16		9724		52	135	
169 Bankwood Road, Unit 11	Chartwell	Hamilton	7-Mar-16		6812		131		
169 Bankwood Road, Unit 12	Chartwell	Hamilton	7-Mar-16		6812		131		
169 Bankwood Road, Unit 13	Chartwell	Hamilton	7-Mar-16		6812		131		
169 Bankwood Road, Unit 14	Chartwell	Hamilton	7-Mar-16		6812		131		
169 Bankwood Road, Unit 15	Chartwell	Hamilton	7-Mar-16		6812		131		
169 Bankwood Road, Unit 16	Chartwell	Hamilton	7-Mar-16		6812		131		
169 Bankwood Road, Unit 17	Chartwell	Hamilton	7-Mar-16		6812		131		
169 Bankwood Road, Unit 18	Chartwell	Hamilton	7-Mar-16		8268		159		
169 Bankwood Road, Unit 19	Chartwell	Hamilton	7-Mar-16		6812		131		
16 Crosher Place, Unit 1	Silverdale	Hamilton	7-Mar-16		5876		113		
16 Crosher Place, Unit 2	Silverdale	Hamilton	7-Mar-16	29-Aug-16	5876		113		transfer
16 Crosher Place, Unit 2	Silverdale	Hamilton	10-Oct-16		9100		175	54	
16 Crosher Place, Unit 3	Silverdale	Hamilton	7-Mar-16	1-Jan-17	5876		113		
16 Crosher Place, Unit 3	Silverdale	Hamilton	2-Jan-17		6760		130		
16 Crosher Place, Unit 4	Silverdale	Hamilton	7-Mar-16		5876		113		
16 Crosher Place, Unit 5	Silverdale	Hamilton	7-Mar-16		5876		113		
16 Crosher Place, Unit 6	Silverdale	Hamilton	7-Mar-16		5876		113		
16 Crosher Place, Unit 7	Silverdale	Hamilton	7-Mar-16		5876		113		
16 Crosher Place, Unit 8	Silverdale	Hamilton	7-Mar-16	4-Jun-17	5876		113		
16 Crosher Place, Unit 8	Silverdale	Hamilton		Vacant					
16 Crosher Place, Unit 9	Silverdale	Hamilton	7-Mar-16	13-Apr-17	5876		113		
16 Crosher Place, Unit 9	Silverdale	Hamilton	24-Apr-17		6760		130		
16 Crosher Place, Unit 10	Silverdale	Hamilton	7-Mar-16		5876		113		
16 Crosher Place, Unit 11	Silverdale	Hamilton	7-Mar-16	23-Nov-16	5876		113		
16 Crosher Place, Unit 11	Silverdale	Hamilton	12-Dec-16		8996		173	65	
16 Crosher Place, Unit 12	Silverdale	Hamilton	7-Mar-16	17-Jul-16	5876		113		
16 Crosher Place, Unit 12	Silverdale	Hamilton	19-Sep-16		6760				
16 Crosher Place, Unit 12A	Silverdale	Hamilton	7-Mar-16	12-Sep-16	5876		113		
16 Crosher Place, Unit 12A	Silverdale	Hamilton	26-Sep-16		9100		175	96	
16 Crosher Place, Unit 14	Silverdale	Hamilton	7-Mar-16		5876		113		
16 Crosher Place, Unit 15	Silverdale	Hamilton	7-Mar-16		5876		113		
16 Crosher Place, Unit 16	Silverdale	Hamilton	7-Mar-16		5876		113		
16 Crosher Place, Unit 17	Silverdale	Hamilton	7-Mar-16		5876		113		
16 Crosher Place, Unit 18	Silverdale	Hamilton	7-Mar-16		5876		113		
16 Crosher Place, Unit 19	Silverdale	Hamilton	7-Mar-16		5876		113		
16 Crosher Place, Unit 20	Silverdale	Hamilton	7-Mar-16		5876		113		
16 Crosher Place, Unit 21	Silverdale	Hamilton	7-Mar-16	26-Jun-16	6812		131		
16 Crosher Place, Unit 21	Silverdale	Hamilton	8-Aug-16		14040		270		
16 Crosher Place, Unit 22	Silverdale	Hamilton	7-Mar-16	29-May-16	5876		113		
16 Crosher Place, Unit 22	Silverdale	Hamilton	13-Jun-16		6812		131		transfer
16 Crosher Place, Unit 23	Silverdale	Hamilton	7-Mar-16		6812		131		
16 Crosher Place, Unit 24	Silverdale	Hamilton	7-Mar-16	17-Jul-16	6812		131		
16 Crosher Place, Unit 24	Silverdale	Hamilton	29-Aug-16		8840		170		
16 Crosher Place, Unit 25	Silverdale	Hamilton	7-Mar-16		6812		131		
16 Crosher Place, Unit 26	Silverdale	Hamilton	7-Mar-16		5876		113		
16 Crosher Place, Unit 27	Silverdale	Hamilton	7-Mar-16		5876		113		
16 Crosher Place, Unit 28	Silverdale	Hamilton	7-Mar-16	9-Jan-17	5876		113		
16 Crosher Place, Unit 28	Silverdale	Hamilton	13-Feb-17		5876		113		
16 Crosher Place, Unit 29	Silverdale	Hamilton	7-Mar-16	16-Feb-17	5876		113		transfer
16 Crosher Place, Unit 29	Silverdale	Hamilton	13-Mar-17		9100		175	96	
16 Crosher Place, Unit 30	Silverdale	Hamilton	7-Mar-16		5876		113		
16 Crosher Place, Unit 31	Silverdale	Hamilton	7-Mar-16		5876		113		
16 Crosher Place, Unit 32	Silverdale	Hamilton	7-Mar-16		5876		113		
16 Crosher Place, Unit 33	Silverdale	Hamilton	7-Mar-16		5876		113		
16 Crosher Place, Unit 34	Silverdale	Hamilton	7-Mar-16		5876		113		
16 Crosher Place, Unit 35	Silverdale	Hamilton	7-Mar-16	3-Aug-16	5876		113		
16 Crosher Place, Unit 35	Silverdale	Hamilton	22-Aug-16	19-Mar-17	6760		130		
16 Crosher Place, Unit 35	Silverdale	Hamilton	3-Apr-17		6760		130		

Accessible Properties - Hamilton City Council Portfolio July 2016 - June 2017
Excluding 41 Donny Avenue

Property Building name	Suburb	City	Lease Start Date	Lease Expiry Date	Property rent pa	Tenant Weekly		Transfer to another Property
						Rental	MSD Subsidy	
187 Clarkin Road, Unit 1	Fairfield	Hamilton	7-Mar-16	14-May-16	6812	131		
187 Clarkin Road, Unit 1	Fairfield	Hamilton	3-Jun-16		6760	130		
187 Clarkin Road, Unit 2	Fairfield	Hamilton	7-Mar-16		6812	131		
187 Clarkin Road, Unit 3	Fairfield	Hamilton	7-Mar-16		6812	131		
187 Clarkin Road, Unit 4	Fairfield	Hamilton	7-Mar-16		6812	131		
187 Clarkin Road, Unit 5	Fairfield	Hamilton	7-Mar-16		6812	131		
187 Clarkin Road, Unit 6	Fairfield	Hamilton	7-Mar-16		6812	131		
187 Clarkin Road, Unit 7	Fairfield	Hamilton	7-Mar-16		6812	131		
187 Clarkin Road, Unit 8	Fairfield	Hamilton	7-Mar-16		6812	131		
187 Clarkin Road, Unit 9	Fairfield	Hamilton	7-Mar-16		6812	131		
187 Clarkin Road, Unit 10	Fairfield	Hamilton	7-Mar-16		6812	131		
187 Clarkin Road, Unit 11	Fairfield	Hamilton	7-Mar-16		8268	159		
187 Clarkin Road, Unit 12	Fairfield	Hamilton	7-Mar-16		6812	131		
187 Clarkin Road, Unit 13	Fairfield	Hamilton	7-Mar-16		6812	131		
187 Clarkin Road, Unit 14	Fairfield	Hamilton	7-Mar-16		6812	131		
187 Clarkin Road, Unit 15	Fairfield	Hamilton	7-Mar-16		8268	159		
187 Clarkin Road, Unit 16	Fairfield	Hamilton	7-Mar-16		6812	131		
187 Clarkin Road, Unit 17	Fairfield	Hamilton	7-Mar-16		6812	131		
187 Clarkin Road, Unit 18	Fairfield	Hamilton	7-Mar-16		6812	131		
187 Clarkin Road, Unit 19	Fairfield	Hamilton	8-Mar-16		6812	131		
187 Clarkin Road, Unit 20	Fairfield	Hamilton	7-Mar-16		6812	131		
187 Clarkin Road, Unit 21	Fairfield	Hamilton	7-Mar-16		6812	131		
187 Clarkin Road, Unit 22	Fairfield	Hamilton	7-Mar-16		6812	131		
187 Clarkin Road, Unit 23	Fairfield	Hamilton	7-Mar-16		6812	131		
187 Clarkin Road, Unit 24	Fairfield	Hamilton	7-Mar-16	17-Feb-17	6812	131		transfer
187 Clarkin Road, Unit 24	Fairfield	Hamilton	20-Feb-17		7020	135		
187 Clarkin Road, Unit 25	Fairfield	Hamilton	7-Mar-16		8268	159		
187 Clarkin Road, Unit 26	Fairfield	Hamilton	4-Apr-16		7020	135		
187 Clarkin Road, Unit 27	Fairfield	Hamilton	7-Mar-16		6812	131		
22 Stokes Crescent, Unit 1	Maeroa	Hamilton	7-Mar-16		6812	131		
22 Stokes Crescent, Unit 2	Maeroa	Hamilton	7-Mar-16		6812	131		
22 Stokes Crescent, Unit 3	Maeroa	Hamilton	7-Mar-16		6812	131		
22 Stokes Crescent, Unit 4	Maeroa	Hamilton	11-Apr-16		9360	52	128	
22 Stokes Crescent, Unit 5	Maeroa	Hamilton	7-Mar-16	10-Oct-16	6812	131		
22 Stokes Crescent, Unit 5	Maeroa	Hamilton	5-Dec-16		7020	135		
22 Stokes Crescent, Unit 6	Maeroa	Hamilton	7-Mar-16	17-May-17	6812	131		
22 Stokes Crescent, Unit 6	Maeroa	Hamilton	22-May-17		7020	135		
22 Stokes Crescent, Unit 7	Maeroa	Hamilton	7-Mar-16		6812	131		
22 Stokes Crescent, Unit 8	Maeroa	Hamilton	7-Mar-16		6812	131		
24 Gibson Road, Unit 1	Dinsdale	Hamilton	7-Mar-16		6812	131		
24 Gibson Road, Unit 2	Dinsdale	Hamilton	4-Apr-16		5824	65	47	
24 Gibson Road, Unit 3	Dinsdale	Hamilton	7-Mar-16		6812	131		
24 Gibson Road, Unit 4	Dinsdale	Hamilton	7-Mar-16	17-Apr-16	6812	131		
24 Gibson Road, Unit 4	Dinsdale	Hamilton	25-Apr-16		6136	86	32	
24 Gibson Road, Unit 5	Dinsdale	Hamilton	7-Mar-16	17-Apr-16	6812	112		
24 Gibson Road, Unit 5	Dinsdale	Hamilton	25-Apr-16		6136	96	22	
24 Gibson Road, Unit 6	Dinsdale	Hamilton	7-Mar-16	13-Feb-17	5876	113		
24 Gibson Road, Unit 6	Dinsdale	Hamilton	13-Feb-17		6760	130		
24 Gibson Road, Unit 7	Dinsdale	Hamilton	7-Mar-16		6812	131		
24 Gibson Road, Unit 8	Dinsdale	Hamilton	7-Mar-16		6812	131		
24 Gibson Road, Unit 9	Dinsdale	Hamilton	7-Mar-16		6812	131		
24 Gibson Road, Unit 10	Dinsdale	Hamilton	7-Mar-16		5876	113		
24 Gibson Road, Unit 11	Dinsdale	Hamilton	7-Mar-16		5876	113		
24 Gibson Road, Unit 12	Dinsdale	Hamilton	7-Mar-16		5876	113		
24 Gibson Road, Unit 12A	Dinsdale	Hamilton	7-Mar-16		5876	113		
24 Gibson Road, Unit 14	Dinsdale	Hamilton	7-Mar-16	7-Aug-16	5876	113		
24 Gibson Road, Unit 14	Dinsdale	Hamilton	3-Oct-16	26-Feb-17	7020	135		
24 Gibson Road, Unit 14	Dinsdale	Hamilton	6-Mar-17		6760	130		
24 Gibson Road, Unit 15	Dinsdale	Hamilton	22-Apr-16		7020	135		
24 Gibson Road, Unit 16	Dinsdale	Hamilton	7-Mar-16	12-Jun-16	6812	131		
24 Gibson Road, Unit 16	Dinsdale	Hamilton	20-Jun-16		7020	135		
24 Gibson Road, Unit 17	Dinsdale	Hamilton	7-Mar-16		6812	131		
24 Gibson Road, Unit 18	Dinsdale	Hamilton	7-Mar-16		6812	131		
24 Gibson Road, Unit 19	Dinsdale	Hamilton	7-Mar-16		5876	113		
24 Gibson Road, Unit 20	Dinsdale	Hamilton	7-Mar-16		5876	113		
24 Gibson Road, Unit 21	Dinsdale	Hamilton	7-Mar-16	9-Sep-16	6812	131		
24 Gibson Road, Unit 21	Dinsdale	Hamilton	3-Oct-16		7020	135		
24 Gibson Road, Unit 22	Dinsdale	Hamilton	7-Mar-16		6812	131		
24 Gibson Road, Unit 23	Dinsdale	Hamilton	7-Mar-16		6812	131		
24 Gibson Road, Unit 24	Dinsdale	Hamilton	7-Mar-16	25 May 2017	5876	113		
24 Gibson Road, Unit 24	Dinsdale	Hamilton	29-May-17		6760	130		
24 Gibson Road, Unit 25	Dinsdale	Hamilton	7-Mar-16		6812	131		
24 Gibson Road, Unit 26	Dinsdale	Hamilton	7-Mar-16		6812	131		

Accessible Properties - Hamilton City Council Portfolio July 2016 - June 2017
Excluding 41 Donny Avenue

Property Building name	Suburb	City	Lease Start Date	Lease Expiry Date	Property rent pa	Tenant Weekly		MSD Subsidy	Transfer to another Property
						Rental			
30 Yvonne Street, Unit 1	Melville	Hamilton	7-Mar-16		6812		131		
30 Yvonne Street, Unit 2	Melville	Hamilton	7-Mar-16		8268		159		
30 Yvonne Street, Unit 3	Melville	Hamilton	7-Mar-16		6812		131		
30 Yvonne Street, Unit 4	Melville	Hamilton	7-Mar-16	19-Jun-16	6812		131		
30 Yvonne Street, Unit 4	Melville	Hamilton	20-Jun-16		7020		135		
30 Yvonne Street, Unit 5	Melville	Hamilton	7-Mar-16		6812		131		
30 Yvonne Street, Unit 6	Melville	Hamilton	7-Mar-16		6812		131		
30 Yvonne Street, Unit 7	Melville	Hamilton	7-Mar-16		6812		131		
30 Yvonne Street, Unit 8	Melville	Hamilton	7-Mar-16		6812		131		
30 Yvonne Street, Unit 9	Melville	Hamilton	7-Mar-16		6812		131		
30 Yvonne Street, Unit 10	Melville	Hamilton	7-Mar-16		6812		131		
30 Yvonne Street, Unit 11	Melville	Hamilton	7-Mar-16		6812		131		
30 Yvonne Street, Unit 12	Melville	Hamilton	7-Mar-16		6812		131		
30 Yvonne Street, Unit 13	Melville	Hamilton	7-Mar-16		8268		159		
310 Peachgrove Road, Unit 1	Fairfield	Hamilton	7-Mar-16	17-Jul-16	6812		131		
310 Peachgrove Road, Unit 1	Fairfield	Hamilton	15-Aug-16		14560		280		
310 Peachgrove Road, Unit 2	Fairfield	Hamilton	7-Mar-16		6812		131		
310 Peachgrove Road, Unit 3	Fairfield	Hamilton	7-Mar-16		6812		131		
310 Peachgrove Road, Unit 4	Fairfield	Hamilton	7-Mar-16	22-May-16	6812		131		
310 Peachgrove Road, Unit 4	Fairfield	Hamilton	2-Jun-16		7020		135		
310 Peachgrove Road, Unit 5	Fairfield	Hamilton	7-Mar-16		6812		131		
310 Peachgrove Road, Unit 6	Fairfield	Hamilton	7-Mar-16		6812		131		
310 Peachgrove Road, Unit 7	Fairfield	Hamilton	7-Mar-16		6812		131		
310 Peachgrove Road, Unit 8	Fairfield	Hamilton	7-Mar-16	30-Apr-17	6812		131		
310 Peachgrove Road, Unit 8	Fairfield	Hamilton	1-May-17		7020		135		
310 Peachgrove Road, Unit 9	Fairfield	Hamilton	7-Mar-16		6812		131		
310 Peachgrove Road, Unit 10	Fairfield	Hamilton	7-Mar-16		6812		131		
310 Peachgrove Road, Unit 11	Fairfield	Hamilton	7-Mar-16		6812		131		
310 Peachgrove Road, Unit 12	Fairfield	Hamilton	7-Mar-16		6812		131		
310 Peachgrove Road, Unit 12A	Fairfield	Hamilton	7-Mar-16		6812		131		
310 Peachgrove Road, Unit 14	Fairfield	Hamilton	7-Mar-16		6812		131		
310 Peachgrove Road, Unit 15	Fairfield	Hamilton	7-Mar-16		6812		131		
310 Peachgrove Road, Unit 16	Fairfield	Hamilton	7-Mar-16		6812		131		
310 Peachgrove Road, Unit 17	Fairfield	Hamilton	7-Mar-16		6812		131		
310 Peachgrove Road, Unit 18	Fairfield	Hamilton	7-Mar-16		6812		131		
310 Peachgrove Road, Unit 19	Fairfield	Hamilton	7-Mar-16		6812		131		
310 Peachgrove Road, Unit 20	Fairfield	Hamilton	7-Mar-16		6812		131		
4 Korimako Street, Unit 1	Frankton	Hamilton	7-Mar-16		6812		131		
4 Korimako Street, Unit 2	Frankton	Hamilton	7-Mar-16		6812		131		
4 Korimako Street, Unit 3	Frankton	Hamilton	7-Mar-16		6812		131		
4 Korimako Street, Unit 4	Frankton	Hamilton	7-Mar-16		6812		131		
4 Korimako Street, Unit 5	Frankton	Hamilton	7-Mar-16		6812		131		
4 Korimako Street, Unit 6	Frankton	Hamilton	7-Mar-16		6812		131		
4 Korimako Street, Unit 7	Frankton	Hamilton	7-Mar-16	1-May-16	6812		131		
4 Korimako Street, Unit 7	Frankton	Hamilton	13-Jun-16		7020		135		
4 Korimako Street, Unit 8	Frankton	Hamilton	7-Mar-16		6812		131		
4 Korimako Street, Unit 9	Frankton	Hamilton	7-Mar-16		6812		131		
4 Korimako Street, Unit 10	Frankton	Hamilton	7-Mar-16		6812		131		
4 Korimako Street, Unit 11	Frankton	Hamilton	7-Mar-16		6812		131		
4 Korimako Street, Unit 12	Frankton	Hamilton	7-Mar-16		6812		131		
4 Korimako Street, Unit 13	Frankton	Hamilton	7-Mar-16		6812		131		
4 Korimako Street, Unit 14	Frankton	Hamilton	7-Mar-16		6812		131		
4 Korimako Street, Unit 15	Frankton	Hamilton	7-Mar-16		6812		131		
4 Korimako Street, Unit 16	Frankton	Hamilton	7-Mar-16		6812		131		
4 Korimako Street, Unit 17	Frankton	Hamilton	7-Mar-16		6812		131		
4 Korimako Street, Unit 18	Frankton	Hamilton	7-Mar-16		6812		131		
1 Sullivan Crescent	Claudelands	Hamilton	7-Mar-16		6812		131		
2 Sullivan Crescent	Claudelands	Hamilton	7-Mar-16		6812		131		
3 Sullivan Crescent	Claudelands	Hamilton	7-Mar-16		6812		131		
4 Sullivan Crescent	Claudelands	Hamilton	7-Mar-16		6812		131		
5 Sullivan Crescent	Claudelands	Hamilton	7-Mar-16		6812		131		
6 Sullivan Crescent	Claudelands	Hamilton	7-Mar-16		6812		131		
7 Sullivan Crescent	Claudelands	Hamilton	7-Mar-16		6812		131		
8 Sullivan Crescent	Claudelands	Hamilton	7-Mar-16		6812		131		
9 Sullivan Crescent	Claudelands	Hamilton	7-Mar-16		8268		159		
10 Sullivan Crescent	Claudelands	Hamilton	7-Mar-16		6812		131		
11 Sullivan Crescent	Claudelands	Hamilton	7-Mar-16		6812		131		
12 Sullivan Crescent	Claudelands	Hamilton	7-Mar-16		8268		159		
13 Sullivan Crescent	Claudelands	Hamilton	7-Mar-16		8268		159		
14 Sullivan Crescent	Claudelands	Hamilton	7-Mar-16	5-Mar-17	6812		131		
14 Sullivan Crescent	Claudelands	Hamilton	27-Mar-17		7020		135		
15 Sullivan Crescent	Claudelands	Hamilton	7-Mar-16	24-Apr-16	6812		131		
15 Sullivan Crescent	Claudelands	Hamilton	2-May-16		7020		135		
16 Sullivan Crescent	Claudelands	Hamilton	7-Mar-16		6812		131		
17 Sullivan Crescent	Claudelands	Hamilton	7-Mar-16		6812		131		
18 Sullivan Crescent	Claudelands	Hamilton	7-Mar-16		6812		131		
19 Sullivan Crescent	Claudelands	Hamilton	7-Mar-16		6812		131		

**Accessible Properties - Hamilton City Council Portfolio July 2016 - June 2017
Excluding 41 Donny Avenue**

Property Building name	Suburb	City	Lease Start Date	Lease Expiry Date	Property rent pa	Tenant Weekly		MSD Subsidy	Transfer to another Property
						Rental			
46A Matai Street, Unit 1	Maeroa	Hamilton	7-Mar-16		6812		131		
46A Matai Street, Unit 2	Maeroa	Hamilton	7-Mar-16	22-May-16	6812		131		
46A Matai Street, Unit 2	Maeroa	Hamilton	30-May-16	20-Nov-16	7020		135		
46A Matai Street, Unit 2	Maeroa	Hamilton	25-Nov-16		7316.4		141		
46A Matai Street, Unit 3	Maeroa	Hamilton	7-Mar-16		6812		131		
46A Matai Street, Unit 4	Maeroa	Hamilton	7-Mar-16		6812		131		
46A Matai Street, Unit 5	Maeroa	Hamilton	7-Mar-16		6812		131		
46A Matai Street, Unit 6	Maeroa	Hamilton	7-Mar-16		6812		131		
46A Matai Street, Unit 7	Maeroa	Hamilton	7-Mar-16		6812		131		
46A Matai Street, Unit 8	Maeroa	Hamilton	7-Mar-16		8268		159		
46A Matai Street, Unit 9	Maeroa	Hamilton	7-Mar-16		6812		131		
46A Matai Street, Unit 10	Maeroa	Hamilton	7-Mar-16		8268		159		
46A Matai Street, Unit 11	Maeroa	Hamilton	7-Mar-16		6812		131		
46A Matai Street, Unit 12	Maeroa	Hamilton	7-Mar-16		6812		131		
52 Comries Road, Unit 1	Chartwell	Hamilton	7-Mar-16	15-May-16	5876		113		
52 Comries Road, Unit 1	Chartwell	Hamilton	3-Jun-16		6760		130		
52 Comries Road, Unit 2	Chartwell	Hamilton	7-Mar-16		5876		113		
52 Comries Road, Unit 3	Chartwell	Hamilton	7-Mar-16		5876		113		
52 Comries Road, Unit 4	Chartwell	Hamilton	7-Mar-16		5876		113		
52 Comries Road, Unit 5	Chartwell	Hamilton	7-Mar-16		5876		113		
52 Comries Road, Unit 6	Chartwell	Hamilton	7-Mar-16	13-Jan-17	5876		113		
52 Comries Road, Unit 6	Chartwell	Hamilton	13-Feb-17		6760		130		
52 Comries Road, Unit 7	Chartwell	Hamilton	7-Mar-16	17-Jul-16	5876		113		
52 Comries Road, Unit 7	Chartwell	Hamilton	18-Jul-16		6760		130		
52 Comries Road, Unit 8	Chartwell	Hamilton	7-Mar-16		5876		113		
52 Comries Road, Unit 9	Chartwell	Hamilton	7-Mar-16	2-Jun-17	5876		113		
52 Comries Road, Unit 9	Chartwell	Hamilton	19-Jun-17		6812		131		
52 Comries Road, Unit 10	Chartwell	Hamilton	7-Mar-16		5876		113		
52 Comries Road, Unit 11	Chartwell	Hamilton	7-Mar-16		5876		113		
52 Comries Road, Unit 12	Chartwell	Hamilton	7-Mar-16		5876		113		
52 Comries Road, Unit 12A	Chartwell	Hamilton	7-Mar-16		5876		113		
52 Comries Road, Unit 14	Chartwell	Hamilton	7-Mar-16		5876		113		
52 Comries Road, Unit 15	Chartwell	Hamilton	7-Mar-16		5876		113		
52 Comries Road, Unit 16	Chartwell	Hamilton	11-Apr-16		5876		113		
52 Comries Road, Unit 17	Chartwell	Hamilton	7-Mar-16	18-Jun-17	5876		113		
52 Comries Road, Unit 17	Chartwell	Hamilton							
52 Comries Road, Unit 17	Chartwell	Hamilton	10-Jul-17		6760		130		
52 Comries Road, Unit 18	Chartwell	Hamilton	7-Mar-16		5876		113		
52 Comries Road, Unit 19	Chartwell	Hamilton	7-Mar-16		5876		113		
52 Comries Road, Unit 20	Chartwell	Hamilton	7-Mar-16		5876		113		
52 Comries Road, Unit 21	Chartwell	Hamilton	7-Mar-16		5876		113		
52 Comries Road, Unit 22	Chartwell	Hamilton	7-Mar-16	29-May-16	5876		113		
52 Comries Road, Unit 22	Chartwell	Hamilton	16-Jun-16		6760		130		
52 Comries Road, Unit 23	Chartwell	Hamilton	7-Mar-16		6812		131		
52 Comries Road, Unit 24	Chartwell	Hamilton	7-Mar-16		6812		131		
52 Comries Road, Unit 25	Chartwell	Hamilton	7-Mar-16	12-Jun-16	5876		113		
52 Comries Road, Unit 25	Chartwell	Hamilton	4-Jul-16	1-May-17	7020		135		
52 Comries Road, Unit 25	Chartwell	Hamilton	2-May-17		7020		135		
52 Comries Road, Unit 26	Chartwell	Hamilton	2-May-16		7020		135		
36 Chequers Ave, Unit 27	Chartwell	Hamilton	7-Mar-16		6812		131		
36 Chequers Ave, Unit 28	Chartwell	Hamilton	7-Mar-16		6812		131		
36 Chequers Ave, Unit 29	Chartwell	Hamilton	7-Mar-16	5-Sep-16	6812		131		
36 Chequers Ave, Unit 29	Chartwell	Hamilton	10-Oct-16		7020		135		
36 Chequers Ave, Unit 30	Chartwell	Hamilton	7-Mar-16		8268		159		
36 Chequers Ave, Unit 31	Chartwell	Hamilton	7-Mar-16		6812		131		
36 Chequers Ave, Unit 32	Chartwell	Hamilton	7-Mar-16		6812		131		
36 Chequers Ave, Unit 33	Chartwell	Hamilton	7-Mar-16		6812		131		
36 Chequers Ave, Unit 34	Chartwell	Hamilton	7-Mar-16		6812		131		
36 Chequers Ave, Unit 35	Chartwell	Hamilton	7-Mar-16		6812		131		
36 Chequers Ave, Unit 36	Chartwell	Hamilton	7-Mar-16		6812		131		

Accessible Properties - Hamilton City Council Portfolio July 2016 - June 2017
Excluding 41 Donny Avenue

Property Building name	Suburb	City	Lease Start Date	Lease Expiry Date	Property rent pa	Tenant Weekly Rental	MSD Subsidy	Transfer to another Property
81 Livingstone Avenue, Unit 1	Nawton	Hamilton	7-Mar-16		6812	131		
81 Livingstone Avenue, Unit 2	Nawton	Hamilton	7-Mar-16		6812	131		
81 Livingstone Avenue, Unit 3	Nawton	Hamilton	7-Mar-16		6812	131		
81 Livingstone Avenue, Unit 4	Nawton	Hamilton	7-Mar-16		6812	131		
81 Livingstone Avenue, Unit 5	Nawton	Hamilton	7-Mar-16		6812	131		
81 Livingstone Avenue, Unit 6	Nawton	Hamilton	7-Mar-16		6812	131		
81 Livingstone Avenue, Unit 7	Nawton	Hamilton	7-Mar-16		6812	131		
81 Livingstone Avenue, Unit 8	Nawton	Hamilton	7-Mar-16	28-May-17	6812	131		transfer
81 Livingstone Avenue, Unit 8	Nawton	Hamilton	26-Jun-17		6760	130		
81 Livingstone Avenue, Unit 9	Nawton	Hamilton	7-Mar-16		6812	131		
81 Livingstone Avenue, Unit 10	Nawton	Hamilton	7-Mar-16	7-Oct-16	6812	131		
81 Livingstone Avenue, Unit 10	Nawton	Hamilton	17-Oct-16		7020	135		
81 Livingstone Avenue, Unit 11	Nawton	Hamilton	7-Mar-16		6812	131		
81 Livingstone Avenue, Unit 12	Nawton	Hamilton	7-Mar-16		6812	131		
81 Livingstone Avenue, Unit 12A	Nawton	Hamilton	7-Mar-16		6812	131		
81 Livingstone Avenue, Unit 14	Nawton	Hamilton	7-Mar-16		6812	131		
81 Livingstone Avenue, Unit 15	Nawton	Hamilton	7-Mar-16		6812	131		
81 Livingstone Avenue, Unit 16	Nawton	Hamilton	7-Mar-16		6812	131		
81 Livingstone Avenue, Unit 17	Nawton	Hamilton	7-Mar-16		6812	131		
81 Livingstone Avenue, Unit 18	Nawton	Hamilton	7-Mar-16	19-Feb-17	6812	131		transfer
81 Livingstone Avenue, Unit 18	Nawton	Hamilton	1-May-17		7020	135		
81 Livingstone Avenue, Unit 19	Nawton	Hamilton	7-Mar-16	1-Apr-16	6812	131		
81 Livingstone Avenue, Unit 19	Nawton	Hamilton	25-Apr-16	31-Jan-17	11024	88	124	
81 Livingstone Avenue, Unit 19	Nawton	Hamilton	13-Feb-17		7020	135		
81 Livingstone Avenue, Unit 20	Nawton	Hamilton	7-Mar-16	15-May-16	6812	131		transfer
81 Livingstone Avenue, Unit 20	Nawton	Hamilton	6-Jun-16	5-Mar-17	7020	135		
81 Livingstone Avenue, Unit 20	Nawton	Hamilton	13-Mar-17		7020	135		
81 Livingstone Avenue, Unit 21	Nawton	Hamilton	7-Mar-16		6812	131		
81 Livingstone Avenue, Unit 22	Nawton	Hamilton	7-Mar-16	5-Mar-17	6812	131		
81 Livingstone Avenue, Unit 22	Nawton	Hamilton	3-Apr-17		7020	135		
81 Livingstone Avenue, Unit 23	Nawton	Hamilton	7-Mar-16		6812	131		
81 Livingstone Avenue, Unit 24	Nawton	Hamilton	7-Mar-16		6812	131		
81 Livingstone Avenue, Unit 25	Nawton	Hamilton	7-Mar-16		8564.4	165		
81 Livingstone Avenue, Unit 26	Nawton	Hamilton	7-Mar-16	20-Nov-16	6812	131		
81 Livingstone Avenue, Unit 26	Nawton	Hamilton	5-Dec-16		7020	135		
81 Livingstone Avenue, Unit 27	Nawton	Hamilton	7-Mar-16		7108.4	137		
81 Livingstone Avenue, Unit 28	Nawton	Hamilton	7-Mar-16		6812	131		
81 Livingstone Avenue, Unit 29	Nawton	Hamilton	7-Mar-16		7108.4	137		
81 Livingstone Avenue, Unit 30	Nawton	Hamilton	7-Mar-16		6812	131		
81 Livingstone Avenue, Unit 31	Nawton	Hamilton	7-Mar-16		7108.4	137		
81 Livingstone Avenue, Unit 32	Nawton	Hamilton	7-Mar-16		6812	131		
81 Livingstone Avenue, Unit 33	Nawton	Hamilton	7-Mar-16		6812	131		
81 Livingstone Avenue, Unit 34	Nawton	Hamilton	7-Mar-16		6812	131		
9 Walker Terrace, Unit 1	Dinsdale	Hamilton	7-Mar-16		6812	131		
9 Walker Terrace, Unit 2	Dinsdale	Hamilton	7-Mar-16		6812	131		
9 Walker Terrace, Unit 3	Dinsdale	Hamilton	7-Mar-16		6812	131		
9 Walker Terrace, Unit 4	Dinsdale	Hamilton	7-Mar-16		6812	131		
13 Graham Street, Unit 1	Hamilton East	Hamilton	7-Mar-16		5876	113		
13 Graham Street, Unit 2	Hamilton East	Hamilton	7-Mar-16		5876	113		
13 Graham Street, Unit 3	Hamilton East	Hamilton	7-Mar-16		5876	113		
13 Graham Street, Unit 4	Hamilton East	Hamilton	7-Mar-16	6-Jun-16	5876	113		
13 Graham Street, Unit 4	Hamilton East	Hamilton	13-Jun-16		6760	130		
13 Graham Street, Unit 5	Hamilton East	Hamilton	7-Mar-16	10-Jul-16	5876	113		
13 Graham Street, Unit 5	Hamilton East	Hamilton	18-Jul-16		6760	130		
13 Graham Street, Unit 6	Hamilton East	Hamilton	7-Mar-16		5876	113		
13 Graham Street, Unit 7	Hamilton East	Hamilton	7-Mar-16		10036	193		
13 Graham Street, Unit 8	Hamilton East	Hamilton	7-Mar-16	9-Apr-17	10036	193		
13 Graham Street, Unit 8	Hamilton East	Hamilton	13-Apr-17	10-Jun-17	10920	210		
13 Graham Street, Unit 8	Hamilton East	Hamilton	19-Jun-17		5720	110		
13 Graham Street, Unit 9	Hamilton East	Hamilton	7-Mar-16		5876	113		
13 Graham Street, Unit 10	Hamilton East	Hamilton	18-Apr-16		6760	130		
13 Graham Street, Unit 11	Hamilton East	Hamilton	7-Mar-16		5876	113		
13 Graham Street, Unit 12	Hamilton East	Hamilton	7-Mar-16		5876	113		
13 Graham Street, Unit 14	Hamilton East	Hamilton	7-Mar-16		5876	113		
13 Graham Street, Unit 15	Hamilton East	Hamilton	4-Apr-16		9360	65	115	
13 Graham Street, Unit 16	Hamilton East	Hamilton	7-Mar-16		5876	113		
13 Graham Street, Unit 17	Hamilton East	Hamilton	7-Mar-16	13-Nov-16	5876	113		
13 Graham Street, Unit 17	Hamilton East	Hamilton	28-Nov-16		9360	65	115	
13 Graham Street, Unit 18	Hamilton East	Hamilton	7-Mar-16		5876	113		
13 Graham Street, Unit 19	Hamilton East	Hamilton	7-Mar-16	30-Apr-17	5876	113		
13 Graham Street, Unit 19	Hamilton East	Hamilton	22-May-17		6760	130		
13 Graham Street, Unit 20	Hamilton East	Hamilton	7-Mar-16		5876	113		
13 Graham Street, Unit 21	Hamilton East	Hamilton	7-Mar-16	11-Jun-17	5876	113		
13 Graham Street, Unit 21	Hamilton East	Hamilton	Vacant					
13 Graham Street, Unit 22	Hamilton East	Hamilton	7-Mar-16	16-Jun-16	5876	113		
13 Graham Street, Unit 22	Hamilton East	Hamilton	20-Jun-16		9412	65	116	
13 Graham Street, Unit 23	Hamilton East	Hamilton	7-Mar-16		5876	113		
19 Graham Street, Unit 24	Hamilton East	Hamilton	7-Mar-16		6812	131		
19 Graham Street, Unit 25	Hamilton East	Hamilton	7-Mar-16		6812	131		
19 Graham Street, Unit 26	Hamilton East	Hamilton	7-Mar-16		6812	131		
19 Graham Street, Unit 27	Hamilton East	Hamilton	7-Mar-16		6812	131		
19 Graham Street, Unit 28	Hamilton East	Hamilton	7-Mar-16	23-Mar-16	6812	131		
19 Graham Street, Unit 28	Hamilton East	Hamilton	4-Jul-16		7020	135		
19 Graham Street, Unit 29	Hamilton East	Hamilton	7-Mar-16		6812	131		

Accessible Properties - Hamilton City Council Portfolio July 2016 - June 2017
Excluding 41 Donny Avenue

Property Building name	Suburb	City	Lease Start Date	Lease Expiry Date	Property rent pa	Tenant Weekly		MSD Subsidy	Transfer to another Property
						Rental			
19 Graham Street, Unit 30	Hamilton East	Hamilton	7-Mar-16		6812		131		
19 Graham Street, Unit 31	Hamilton East	Hamilton	7-Mar-16	4-Jun-17	8268		159		
19 Graham Street, Unit 31	Hamilton East	Hamilton	7-Jun-17		7020		135		
19 Graham Street, Unit 32	Hamilton East	Hamilton	7-Mar-16		6812		131		
19 Graham Street, Unit 33	Hamilton East	Hamilton	7-Mar-16		6812		131		
19 Graham Street, Unit 34	Hamilton East	Hamilton	7-Mar-16		6812		131		
19 Graham Street, Unit 35	Hamilton East	Hamilton	7-Mar-16		6812		131		
19 Graham Street, Unit 36	Hamilton East	Hamilton	7-Mar-16		6812		131		
19 Graham Street, Unit 37	Hamilton East	Hamilton	7-Mar-16		6812		131		
19 Graham Street, Unit 38	Hamilton East	Hamilton	7-Mar-16		6812		131		
19 Graham Street, Unit 39	Hamilton East	Hamilton	7-Mar-16	25-Jun-17	6812		131		transfer
19 Graham Street, Unit 39	Hamilton East	Hamilton	26-Jun-17		8840		170		
19 Graham Street, Unit 40	Hamilton East	Hamilton	7-Mar-16		6812		131		
19 Graham Street, Unit 41	Hamilton East	Hamilton	7-Mar-16	22-May-16	6312		121		
19 Graham Street, Unit 41	Hamilton East	Hamilton	26-May-16		9360		52	128	
20 English Street, Unit 1	St Andrews	Hamilton	7-Mar-16	8-May-16	6812		131		
20 English Street, Unit 1	St Andrews	Hamilton	11-Jul-16		9100		52	123	
20 English Street, Unit 2	St Andrews	Hamilton	7-Mar-16		6812		131		
20 English Street, Unit 3	St Andrews	Hamilton	7-Mar-16		6812		131		
185 Sandwich Rd, Unit 1	St Andrews	Hamilton	7-Mar-16	26-Feb-17	5876		113		
185 Sandwich Rd, Unit 1	St Andrews	Hamilton	3-Apr-17		6760		130		
185 Sandwich Rd, Unit 2	St Andrews	Hamilton	7-Mar-16		5876		113		
185 Sandwich Rd, Unit 3	St Andrews	Hamilton	7-Mar-16		8268		159		
185 Sandwich Rd, Unit 4	St Andrews	Hamilton	7-Mar-16		6812		131		
185 Sandwich Rd, Unit 5	St Andrews	Hamilton	23-May-16	17-Jul-16	9880		52	123	transfer
185 Sandwich Rd, Unit 5	St Andrews	Hamilton	18-Jul-16		7020		135		
185 Sandwich Rd, Unit 6	St Andrews	Hamilton	7-Mar-16	30-Apr-16	9464		52	130	transfer
185 Sandwich Rd, Unit 6	St Andrews	Hamilton	20-Jun-16		9204		52	125	
29 Dinsdale Rd, Unit 1	Dinsdale	Hamilton	7-Mar-16		6812		131		
29 Dinsdale Rd, Unit 2	Dinsdale	Hamilton	7-Mar-16		6812		131		
29 Dinsdale Rd, Unit 3	Dinsdale	Hamilton	7-Mar-16		6812		131		
29 Dinsdale Rd, Unit 4	Dinsdale	Hamilton	7-Mar-16		6812		131		
29 Dinsdale Rd, Unit 5	Dinsdale	Hamilton	7-Mar-16	9-Apr-17	6812		131		
29 Dinsdale Rd, Unit 5	Dinsdale	Hamilton	24-Apr-17		7020		135		
29 Dinsdale Rd, Unit 6	Dinsdale	Hamilton	7-Mar-16		6812		131		
29 Dinsdale Rd, Unit 7	Dinsdale	Hamilton	7-Mar-16		6812		131		
29 Dinsdale Rd, Unit 8	Dinsdale	Hamilton	7-Mar-16	28-May-17	6812		131		
29 Dinsdale Rd, Unit 8	Dinsdale	Hamilton	5-Jun-17		7020		135		
29 Dinsdale Rd, Unit 9	Dinsdale	Hamilton	7-Mar-16		6812		131		
29 Dinsdale Rd, Unit 10	Dinsdale	Hamilton	7-Mar-16		6812		131		
29 Dinsdale Rd, Unit 11	Dinsdale	Hamilton	7-Mar-16	20-Mar-16	6812		131		
29 Dinsdale Rd, Unit 11	Dinsdale	Hamilton	11-Apr-16		8840		170		
29 Dinsdale Rd, Unit 12	Dinsdale	Hamilton	7-Mar-16		6812		131		
29 Dinsdale Rd, Unit 12A	Dinsdale	Hamilton	7-Mar-16		6812		131		
26 Rothwell Street, Unit 1	Dinsdale	Hamilton	7-Mar-16		6812		131		
26 Rothwell Street, Unit 2	Dinsdale	Hamilton	7-Mar-16		6812		131		
26 Rothwell Street, Unit 3	Dinsdale	Hamilton	7-Mar-16		6812		131		
26 Rothwell Street, Unit 4	Dinsdale	Hamilton	7-Mar-16		6812		131		
26 Rothwell Street, Unit 5	Dinsdale	Hamilton	7-Mar-16	26-May-17	6812		131		
26 Rothwell Street, Unit 5	Dinsdale	Hamilton	5-Jun-17		7020		135		

Accessible Properties Rent Setting

1 Bedroom single occupancy (small unit)	\$130.00
1 Bedroom double single occupancy	\$135.00
1 Bedroom double occupancy	\$170.00
2 Bedroom	\$210.00

MSD rent setting is based on Lower Quartile Bond data for suburb

	Jun-16	Jun-17
Vacancies at time of Possession	17	17
Vacancies at Balance date	3	4
Remaining Original HCC Clients	301	269
New tenants	34	65
Total Amount of current tenancies	335	334

Activity report for the period ending 30 June 2017 for 41 Donny Avenue

2. Use of Properties:

Responses below are numbered the same as in the encumbrance instruments on titles:

f) Number of Units Occupied During the Period:

As at 30 June 2017: 6 of 6 units were occupied (0 vacancies, 100% occupancy)
There were 0 vacancies at the date of handover.

g) Number of Units Occupied by Original Tenants:

As at 30 June 2017: 6 original tenants remained (tenants at time of hand-over)
There were 0 new tenant placements.

h) Rental Paid for Each Unit:

Attached is a schedule of rentals charged for units as at 30 June 2017. This shows both rentals paid by tenants and IRRS contributions from MSD.

i) Rent Increases During the Period:

- There have been no increases in rental for original tenants.

j) Maintenance Expenditure:

The total maintenance expenditure on the portfolio for the twelve months to 30 June 2017 was \$32,000.

Accessible Properties - Hamilton City Council Portfolio July 2016 - June 2017

41 Donny Avenue

Property Building name	Suburb	City	Lease Start Date	Lease Expiry Date	Property rent pa	Tenant Weekly Rental	MSD Subsidy	Transfer to another Property
41 Donny Avenue, Unit 1	Chartwell	Hamilton	7-Mar-16		6812	131		
41 Donny Avenue, Unit 2	Chartwell	Hamilton	7-Mar-16		8268	159		
41 Donny Avenue, Unit 3	Chartwell	Hamilton	7-Mar-16		6812	131		
41 Donny Avenue, Unit 4	Chartwell	Hamilton	7-Mar-16		8268	159		
41 Donny Avenue, Unit 5	Chartwell	Hamilton	7-Mar-16		6812	131		
41 Donny Avenue, Unit 6	Chartwell	Hamilton	7-Mar-16		8268	159		

	Jun-16	Jun-17
Vacancies at time of Possession	0	0
Vacancies at Balance date	0	0
Remaining Original HCC Clients	6	6
New tenants	0	0
Total Amount of current tenancies	6	6

ITEM 13

Council Report

Committee:	Finance Committee	Date:	07 November 2017
Author:	Stephen Halliwell	Authoriser:	David Bryant
Position:	Accounting Manager	Position:	General Manager Corporate
Report Name:	Civic Financial Services Limited - Annual Report 2017		

Report Status	<i>Open</i>
----------------------	-------------

Purpose

1. To inform the Finance Committee regarding the Civic Financial Services Limited (CivicFS) Annual Report for the year ended 31 December 2016.

Staff Recommendation

That the Finance Committee receives the report.

Discussion

2. Please refer to pages 2-5 of the Annual Report for the Directors' report.
3. Please refer to page 21 of the Annual Report for a comparison with the Statement of Intent.

Attachments

Attachment 1 - CivicFS Annual Report December 2016 (*Under Separate Cover*)

Attachment 2 - CivicFS Statement of Intent December 2016 (*Under Separate Cover*) .

Council Report

Committee:	Finance Committee	Date:	07 November 2017
Author:	Sean Murray	Authoriser:	Sean Murray
Position:	General Manager Venues, Tourism and Major Events	Position:	General Manager Venues, Tourism and Major Events
Report Name:	H3 Group Reports		

Report Status	<i>Open</i>
----------------------	-------------

Purpose

1. To inform the Finance Committee on the performance of the H3 Group including financial and non-financial reporting.
2. The report covers the periods Quarter 4 and Year End 2016-17 and Quarter 1 2017-18.

Staff Recommendation

That the Finance Committee receives the report.

Executive Summary

3. The intention of this report is to provide a more focused commentary on H3 Group activity, which includes Claudelands Events Centre, FMG Stadium Waikato, Seddon Park and residual activity related to the Founders Theatre.
4. H3 increasingly operates as a single business with its customers spread across venues as demand and capacity constraints dictate in peak months.
5. The financial reporting of H3 activity is also reported to the Finance Committee within the 10-Year Plan Monitoring Report. The venues are separated across the 'Arts and Culture' and 'Economic Development' activity categories.

Attachments

Attachment 1 - H3 Q4 and Year End Report 2016-17

Attachment 2 - H3 Q1 Report 2017-18 .

H3 Group 2016/17 Quarter 4 Report



1 July 2016 – 30 September 2017

- H3 Group is a business unit within the Venues, Tourism and Major Events Group at Hamilton City Council, responsible for event facilities.
- The Venues, Tourism and Major Events Group purpose is to maximise the value to Hamilton from its major events, venues and tourism opportunities.
- H3's purpose is to attract and deliver exceptional event experiences.

1. Highlights

1.1 Summary of Activity April - June 2017

- H3 venues hosted a wide variety of events in Q4, with University of Waikato Graduation, Pasifika by Nature, ANZ Premier Netball, Great NZ Food Show, Pink Floyd Experience, Mary Poppins Auditions, Women's Lifestyle Expo, Hospice Waikato and Montana Catering Bucket List Banquet, The Careers Expo (2000), Punjabi Cultural Concert (1,200), NZSO Concert (800) taking place at Claudelands and the Chiefs vs Irish and British Lions at FMG Stadium Waikato which saw a capacity crowd (29,000)
- The fourth quarter represented 29% of the year's event days, 31% of attendance numbers and 29% of revenue.

1.2 2016/17 Year in Review

- It was a big year for events across all of the H3's event facilities. As well as public ticketed events and exhibitions, there were also around 550 conferences, meetings and functions at Council's venues which were attended by over 59,000 people.
- At Claudelands, significant exhibition events included consumer shows such as The Waikato Baby Expo, The Craft and Quilt Fair, The Waikato Home and Garden Show, The Waikato A&P Show, The Waikato Show, the Great New Zealand Food Show, The Women's Lifestyle Expo and the weekly Hamilton Farmers Market. Claudelands also hosted a number of school prize-givings and High School and Tertiary graduation ceremonies across the year.
- A number of performance (music and theatre) shows entertained ticket buyers with The Wiggles, Disney on Ice, Ultimate Bowie, Menopause the Musical, NZ Symphony Orchestra concerts, Tainui Primary School Kapa Haka competition, The Gruffalo, Grease the Musical, 7 Days Live Comedy Show, Jim Jeffries, Jimmy Barnes, Peppa Pig LIVE!, Pink Floyd Experience and Boney M all taking place at Claudelands.
- Over 22,000 people attended sports events matches, watching Waikato Bay of Plenty



Magic Netball games in the 2016 Championships and the inaugural 2017 ANZ Premiership Netball Series and the Silver Ferns vs. South Africa match of the SANZEA Quad Series. The venue also held the Hamilton Christmas Trusts' Christmas Carols Concert and family fan zone for the Chiefs vs The British and Irish Lions match, which were both free for people to attend.

- FMG Stadium Waikato hosted a number of Mitre 10 cup matches, the All Blacks vs Argentina match, the Wellington Phoenix vs Central Coast Mariners, Gallagher Chiefs Super Rugby matches and also the Vodafone Warriors vs. St George Illawara Dragons NRL match. The busy year culminated with the Chiefs vs. The British and Irish lions match, attended by over 25,000 patrons and the venue being announced as the new venue for the New Zealand leg of the HSBC World Rugby Sevens in 2018 and 2019.
- Seddon Park had a highly successful cricket season, including eight domestic matches and five international test matches including Blackcaps vs. Pakistan and one day Internationals against Australia and South Africa. Seddon Park also hosted an additional game of the ANZ Cricket series, relocated from Napier. Attendance across the international games was over 17,000 which was an increase from the 2015/16 season.
- Founders Theatre remained closed throughout 2016/17, with only essential maintenance taking place on the site. In July 2016, public consultation on the future of Founders concluded with a total of 2,279 submissions received. Feedback through the public engagement process clearly indicated that Hamilton and Waikato residents valued the need for a performing arts theatre and saw a facility as vitally important community infrastructure.
- The future of the current Founders Theatre remains to be determined. Further details on the costs and logistics of several options (such as re-opening the building for a different use, reinstating Founders or demolishing and returning to a reserve) will be reported back to the Council in late 2017, as will progress with the development of a new Hamilton based Waikato Regional Theatre. In the meantime, the loss of Founders Theatre has driven reduced revenue to H3 and notable operating cost increases at Claduelands.

1.3 Key Suppliers

- The tender for the provision (non-exclusive) of Audio Visual (AV) equipment H3 venues was awarded at the end of Q4 to Vidcom New Zealand Limited.
- The catering contract with Montana catering was renewed as schedule with some variations to the prior arrangements at FMG Stadium and Seddon Park.

1.4 Social Media Highlights



Claudelands | FMG Stadium Waikato | Seddon Park | Founders Theatre | Technical Services | Turf Services
a / 800 Heaphy Terrace, Hamilton 3214, PO Box 9094, Waikato Mail Centre Hamilton 3240, New Zealand | p / +64 7 929 3000 | w / h3group.co.nz

- From the period 1 April to 30 June, followers on the Claudelands Facebook page steadily increased from 9,471 to 10,617, while FMG Stadium Waikato's page had a slight increase from 5,644 to 5,843.
- The HLIVENZ Facebook page which launched on 1 March this year had the most dramatic increase over this period – going from 1,061 followers on 1 April to 6,134 followers on 30 June.
- HLIVE Promotes major events of special significance across the city including those staged within H3 venues, those supported through council's event sponsorship fund or those of national significance staged by other organisations in Hamilton and the immediate region held at venues managed by H3 or any other venue/event who contracts their services.
- Engagement on the page peaked on 26 May when followers were asked to show their support to help bring Paw Patrol Live to Hamilton. This post received 41,843 'reactions, comments and shares', was clicked 81,210 times, and was seen by 798,804 people – resulting in 2,913 new page followers.



2. H3 Financial Summary

2.1 For the Period 1 July 2016 – 30 June 2017

Prior YTD Actual 2015/16 \$000		Year to Date		Variance	Annual
		Actual \$000	Budget \$000	Favourable/ (Unfavourable) \$000	Budget \$000
	Revenue				
	Subsides and Grants	0	0	0	0
6,286	Revenue from Activities	6,196	5,991	205	5,991
<u>6,296</u>	Total Revenue	<u>6,196</u>	<u>5,991</u>	<u>205</u>	<u>5,991</u>
	Direct Operating Costs				
1,588	Cost of Sales	2,056	1,355	(701)	1,355
4,565	Personnel Costs	4,660	4,696	36	4,696
1,803	Operating and Maintenance Cost	2,123	1,856	(267)	1,856
363	Professional Costs	600	386	(214)	386
986	Administrative Costs	438	501	63	501
1,565	Property Costs	1,434	1,477	43	1,477
10,869	Total Direct Operating Costs	11,312	10,272	(1,039)	10,272
(4,573)	Direct Operating Surplus / (Deficit)	(5,115)	(4,281)	(1,244)	(4,281)
	Indirect Revenue				
437	Interest Income	417	393	(24)	393
	Indirect Overhead Costs				
5,583	Depreciation and Amortisation	5,809	5,294	(515)	5,294
2,491	HCC Overhead Allocation	2,644	2,494	(149)	2,494
3,717	Finance Costs	3,144	3,519	375	3,519
11,791		11,597	11,307	(290)	11,307
(11,354)	Net Indirect Costs	(11,180)	(10,914)	(314)	(10,914)
(15,927)	Net Surplus/(Deficit)	(16,295)	(15,195)	(1,100)	(15,195)
					0
(181)	Gains and Losses	(88)	0	(88)	0
(181)	Total Gains and (Losses)	(88)	0	(88)	0
					0
(16,108)	Surplus/(Deficit)	(16,383)	(15,195)	(1,188)	(15,195)

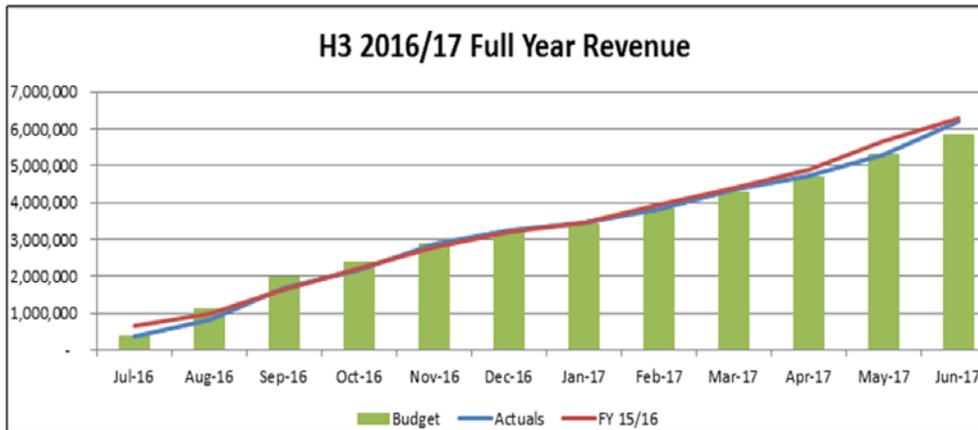


2.2 Revenue

2016/17 H3 Full Year Revenue

- H3's revenue activity within the final quarter was above budget, and in line with forecast from previous report. The mix of events remains variable, with Sports at Stadia bringing a strong return, being 35% above budget. The 2016/17 budget took into account revenue from fewer impact events and the closure of Founders.
- Business Events across the venues continue to be our potential for growth. Meetings are up 35% from last year, and our outlook is expected to remain consistent with FY16-17.

Graph 1: 2016/17 H3 Full Year Revenue

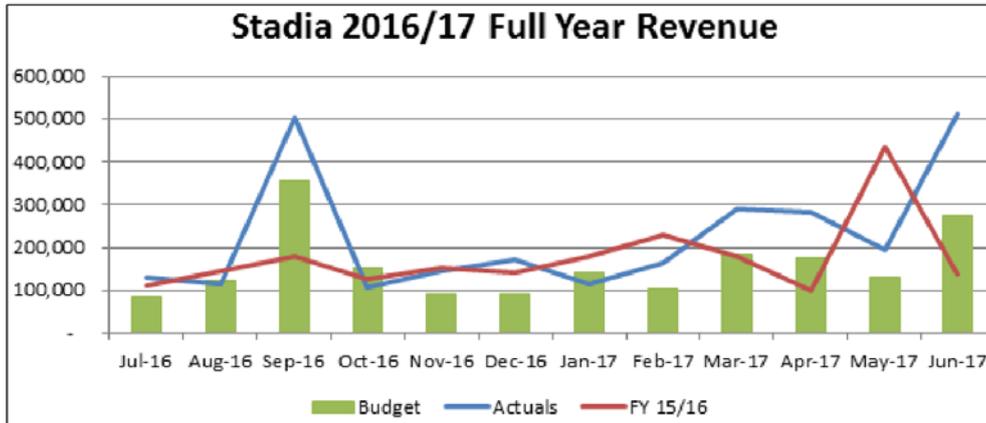


2016/17 FMG Stadium Waikato Full Year Revenue

- FMG Stadium event revenue was \$322k over budget in Q4 and above forecast by 19%, due to higher than forecasted yield from Chiefs vs Lions Tour game in June 2017.



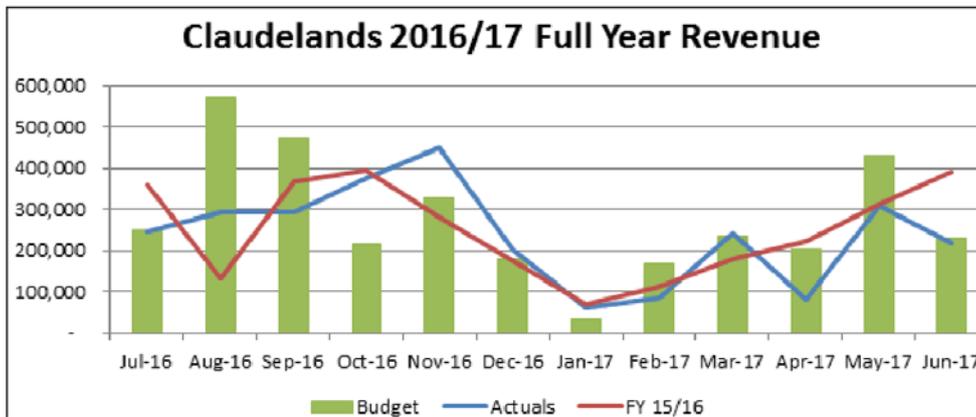
Graph 2: 2016/17 Stadia Full Year Revenue



2016/17 Claudelands Full Year Revenue

- The full year event revenue was below budget by 21% due to lower conference event revenue. There is one less conference in Q4 than budgeted, with the yield of those held, being lower than budgeted. This resulted in a budget variance of \$262k.
- Performance activity volume has remained strong; however the attendance at these has been lower than budgeted, resulting in the \$127k reduced revenue impact. This is expected to be ongoing, as a continued affect from the Founders closure.

Graph 3: 2016/17 Claudelands Full Year Revenue



2.3 Operating Expenditure

Cost of Sales

- The increased cost of sales has been by the impact of increased sporting stadia events (offset by incremental stadia revenues), along with theatre event costs at Claudelands (Founders Theatre impact).



Operating & Maintenance Costs

- Increased maintenance costs at our Stadia were the primary driver for this movement, with flood damage at Seddon Park, and increased painting schedule due to rust prevention at FMG Stadium. In addition, unscheduled maintenance costs were incurred due to identification of rusting within the tie rods at FMG Stadium.

Professional Costs

- The variance in this cost category relates to additional consultants engaged due to:
- Founders Theatre closure impact
- Major maintenance consulting and planning (compliance)
- Associated S17A Service Review reports

2.4 Indirect Expenditure

Depreciation

- This variance is due to the useful lives of the building assets being reassessed as part of the latest revaluation carried out June 2016.
- The revaluation was completed after the FY16-17 budgets were set. The revaluation included Founders Theatre, which also had a reduced useful life applied due to the closure.

Finance Costs

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

3. Activity Snapshot

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

Table 2: For the period 1 July 2016 – 30 June 2017

Event Type	Number of Events		Hire Days		Attendance	
	Q4	YTD	Q4	YTD	Q4	YTD
Business Events	153	550	131	398	15,601	59,342
Exhibition	21	66	59	175	58,975	185,916
Performance	10	34	19	101	10,068	63,143
Sport	45	276	39	168	75,289	203,692
Total	229	926	248	840	159,933	512,093
FY 2015/16 comparison	233	792	318	770	147,514	328,739

- Events have decreased by 2% in Q4 from same period last year, due to less sport training sessions. Business events volumes have increased by 29 (23%) and there

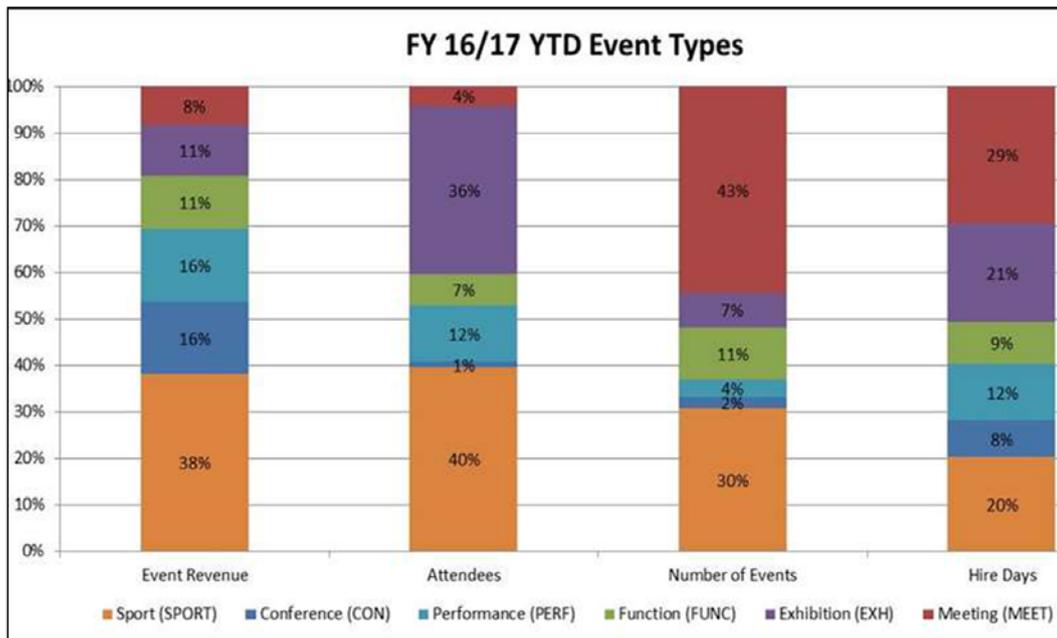


were an additional 16 exhibitions due to the Farmer's Markets.

- Training sessions for sport events have caused the decrease in hire days in Q4, due to a change in the way these events are now entered in the event booking management system. Business events hire days have increased by 28% year on year, and performance hire days have decreased by 42% due to no Disney on Ice event this year.
- Attendee volumes has increased by 8% overall from last year, driven by the Farmers Market attendance which has brought in an additional 29,000 attendees from Q4 last year.
- Full year, event volumes have increased 17% year on year, hire days 9% and attendance 56%.

3.2 2016/17 Business Mix by Event Type

Graph 4: For the period 1 July 2016 – 30 June 2017



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

Table 3: For the period 1 July – 30 June 2017

Measure	Annual Target	Q1	Q2	Q3	Q4	Overall Status	Comment
The total number of people attending events at Founders each year	At least 70,000 people	0 No events due to closure	Founders Theatre was closed on 1 March 2016. Audit NZ confirmed that as the measure is included in the 2015-2025 10-Year Plan, a result in 2016/17 must be recorded.				
The total number of hire days across Founders Theatre	At least 180 days	0 No events due to closure	Founders Theatre was closed on 1 March 2016. Audit NZ confirmed that as the measure is included in the 2015-2025 10-Year Plan, a result in 2016/17 must be recorded.				
The total number of hire days across the Claudelands facilities each year	At least 510 days	155	126	76	150	Off Track	503 hire days in total. Target 510 hire days. Despite the hire days being below target, attendance and financial results finished ahead of target and show higher yielding events took place at Claudelands.
The number of people attending events at Claudelands each year	At least 180,000 people	102,589	86,750	37,174	84,438	On Track	310,951 people attended events at Claudelands. Target was achieved.
The total number of hire days across the stadium facilities each year	At least 420	86	80	74	98	Off Track	337 hire days in total. Target 420 hire days. Despite the hire days being below target, attendance and financial results finished ahead of target and show higher yielding events took place at Stadia.
The number of people attending events at the stadiums each year.	At least 200,000	47,565	23,778	54,299	75,550	On Track	201,142 people attended events at Stadia. Target was achieved.



5. Other Non-Financial Key Performance Indicators

5.1 Customer satisfaction

Table 4: H3 Customer Satisfaction for the period 1 July – 30 June 2017

	Q1	Q2	Q3	Q4	FY
Business Events Hire Survey (1-10)	8.7	9.1	9.4	9.3	9.0
Ticketed Events Attendee Survey (1-10)	8.2	8	8.4	8.6	8.3

5.2 People

- Year to date, H3's permanent staff turnover is 11.48%.
- This equals one leaver in Q1, three leavers in Q2, two leavers in Q3 and one leaver in Q4, out of an average of 61 staff.

5.3 Health and Safety

Table 5: Injuries, Medical Time and Lost Time Injuries for H3 Staff for the period 1 July – 30 June 2017

	Q1	Q2	Q3	Q4	Comments
Injuries	8	7	2	5	3 other injuries occurred but were non H3 staff
Medical Time	2	4	0	5	Medical treatment (not medical time)
Lost Time Injuries	0	1	0	0	

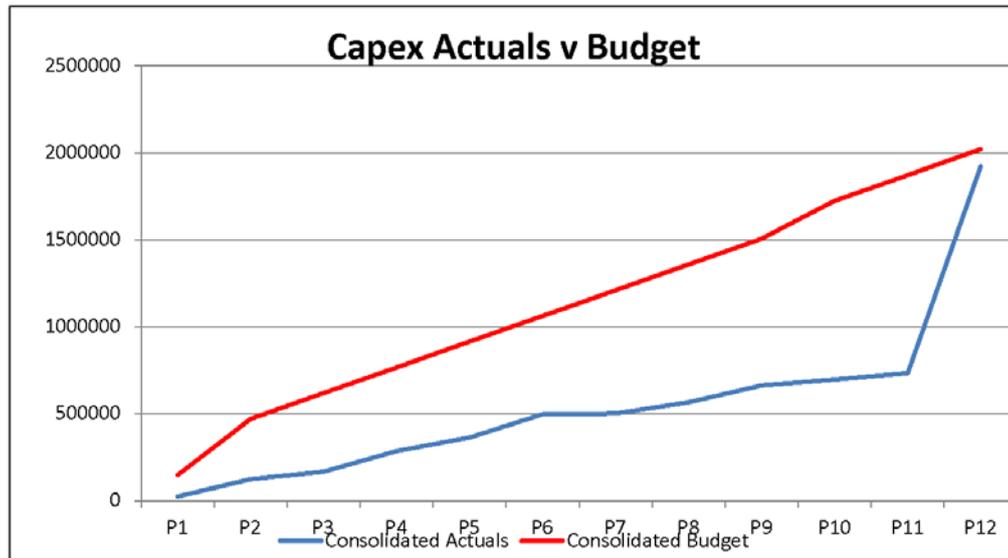
- The following Health and Safety actions have been completed in H3 during Q4:
 - Work at heights and manual handling training completed by Technical Services staff
 - Investigating handrail for the roof of the Brian Perry Stand at FMG Stadium Waikato
 - Process for hanging and rigging in exhibition halls has been implemented to ensure H3 have control and management of this activity as there is risk to this activity
 - 44 H3 staff, including managers, directors and GM attended the Civil Defense Emergency Operations Foundation course
 - 2 H3 managers have been trained in ICAM Investigation Techniques



6. CAPEX and Asset Management

6.1 2016-17 Capex Spend Actuals vs Budget

Graph 5: For the period 1 July 2016 – 30 June 2017



6.2 Key Capital Projects

- A summary of the capital projects, including renewals, undertaken across the 2016-17 year were:

Claudlands Total \$414k	<ul style="list-style-type: none"> Oval concrete/tarseal \$191k Lower Holman refurb \$123k Minor capital \$99k
FMG Stadium Waikato Total \$350k	<ul style="list-style-type: none"> Kitchen equip \$171K CCTV upgrade \$55k Minor capital \$124k
Seddon Park Total \$781k	<ul style="list-style-type: none"> Path project \$552k Wicket block \$100k Outfield \$71k Minor capital \$58k
H3 Technical Services Total \$298k	Equipment renewals \$298k
H3 Turf Services	<ul style="list-style-type: none"> Equipment renewals \$97k



6.3 Asset Management

Seddon Park Light towers

- The refurbishment of the light towers is required due to water ingress in the fittings, causing a significant number to fail. We have been experiencing a number of failures, which may cause compliance issues for international games in the upcoming summer. To avoid this, we need to undertake an interim measure of maintenance until the full replacement of the towers using LED lighting is undertaken. The funding for replacement is in our capital renewal programme in the 2018-19 financial year.

FMG Stadium Waikato Tie Rods

- Rust has been identified on the tie rods at the stadium. During Q4 of FY16/17 we have incurred consultants and maintenance costs to understand the extent of the issue. A plan around some remedial work has been identified and buys us 18 months of time to complete the full work required. During 2017-18 the design work will be completed, with the replacement of the tie rods to occur during the 2018-19 financial year.

FMG Stadium Waikato Chiller

- The air conditioning chiller at the stadium has signs of potential failure. Recognising the criticality of this, we have advanced the work to replace this, which was scheduled within the current LTP in 2019-20. The design work has been completed, and we are currently underway with the procurement plan.

7. Hot Topics

7.1 Major Events

- Planning continues for Rugby League World Cup events scheduled for FMG Stadium Waikato in and November 2017.
- Ticket sales for the Rugby League World Cup 2017 in November are tracking as expected.
- Planning is also underway for the World Sevens in February 2018





H3 Group 2017/18 Quarter 1 Report

1 July 2017 – 30 September 2017

- H3 Group is a business unit within the Venues, Tourism and Major Events Group at Hamilton City Council, responsible for event facilities.
- The Venues, Tourism and Major Events Group purpose is to maximise the value to Hamilton from its major events, venues and tourism opportunities.
- H3's purpose is to attract and deliver exceptional event experiences.

1. Highlights

1.1 Summary of Activity July – September 2017

- H3 venues hosted a wide variety of events in Q1. This is traditionally a busy time for the business.
- Some of these events included two NZ Symphony Orchestra concerts, 2017 Australasian Rescue Challenge, 7 Days Live Broadcast, Rhys Darby's Mystic Time Bird show, The Wiggles 'Wiggle around NZ', The Flight Centre Travel Show, The Best Comedy Show on Earth, One Night of Queen, The Craft and Quilt Fair 2017, Silver Ferns vs England Netball match, the Waikato Home and Garden Show plus Paw Patrol Live! the highlighting the variety of events that can take place at Claudelands. In addition to these ticketed events, the venue also hosted a number of business events such as conferences and meetings.
- At FMG Stadium Waikato, the Chiefs vs Brumbies match in July saw a good crowd attend. (18,000) The Stadium also hosted club rugby finals and ITM Cup rugby matches in July, August and September.
- The first quarter saw over 104,000+people attend events at H3 venues.

1.2 Key Suppliers

- The tender for the provision of Ticketing Services for H3 Venues was put to tender in Q1 and is due to be awarded in Q2.

1.3 Social Media Highlights

- HLIVE promotes major events of special significance across the city including those staged within H3 venues, those supported through council's event



Claudelands | FMG Stadium Waikato | Seddon Park | Founders Theatre | Technical Services | Turf Services
 a / 800 Heaphy Terrace, Hamilton 3214, PO Box 9094, Waikato Mail Centre Hamilton 3240, New Zealand | p / +64 7 929 3000 | w / h3group.co.nz

- sponsorship fund or those of national significance staged by other organisations in Hamilton and the immediate region held at venues managed by H3 or any other venue/event who contracts their services. The HLIVENZ Facebook page which launched on 1 March this year had an increase of 647 likes going from 6,134 to 6,781. Engagement on the page peaked on 27 July when followers entered a competition associated with the '7Days says sorry to Hamilton' show. Followers were asked to say sorry to someone who deserves an apology. This post received 366 reactions, comments and shares', was clicked 947 times, and was seen by 13,783 people.
- From the period 1 July to 30 September, followers on the Claudelands Facebook page steadily increased from 10,617 to 11,630, while FMG Stadium Waikato's page had a slight increase from 5,843 to 5,945.



2. H3 Financial Summary

2.1 For the Period 1 July 2017 – 30 September 2017

Prior YTD Actual 2016- 17		Actual YTD	Budget YTD	Variance favourable/ (unfavourable)	Annual Budget
\$000		\$000	\$000	\$000	\$000
	Revenue				
0	Subsidies and Grants	0	0	0	0
1,638	Revenue from Activities	1,431	1,280	151	5,776
1,638	Total Revenue	1,431	1,280	151	5,776
	Direct Operating Costs				
509	Cost of Sales	480	363	(117)	1,561
1,179	Personnel Costs	1,211	1,266	55	5,053
294	Operating and Maintenance Costs	333	380	47	1,479
102	Professional Costs	35	31	(4)	121
306	Administrative Costs	266	317	51	1,136
377	Property Costs	391	361	(30)	1,517
2,767	Total Direct Operating Costs	2,715	2,716	1	10,868
(1,129)	Direct Operating Surplus/(Deficit)	(1,284)	(1,436)	150	(5,092)
	Indirect Revenue				
135	Interest Income	212	98	114	393
	Indirect Overhead Costs				
1,519	Depreciation and Amortisation	1,380	1,546	167	6,186
595	HCC Overhead Allocation	697	666	(30)	2,648
791	Finance Costs	843	862	19	3,449
2,905		2,919	3,075	156	12,283
(2,770)	Net Indirect Costs	(2,707)	(2,977)	269	(11,890)
(3,898)	Net Surplus/(Deficit)	(3,991)	(4,413)	421	(16,982)
0	Gains and Losses	(0)	0	(0)	0
0	Total Gains and (Losses)	(0)	0	(0)	0
(3,898)	Surplus/(Deficit)	(3,991)	(4,413)	421	(16,982)



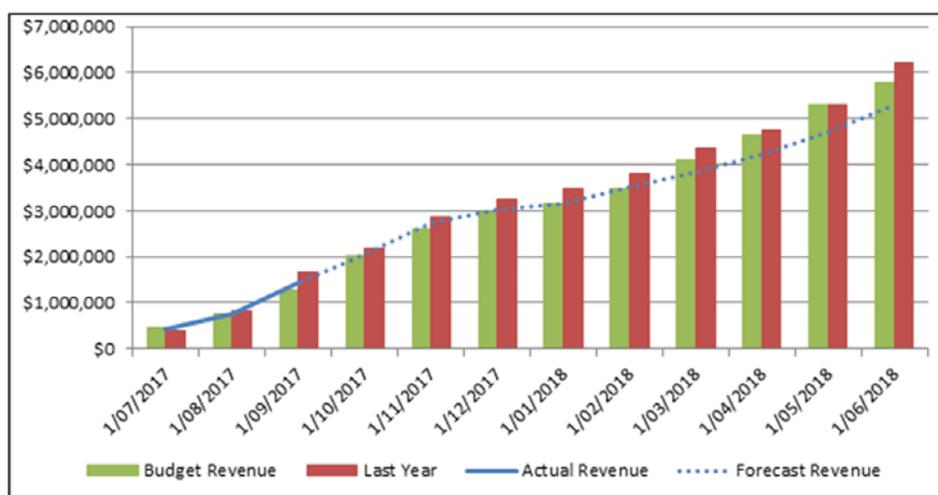
2.2 Q1 Revenue Summary

- Overall revenue is up by 11%. Business events and sport have driven this increase. A number of varied theatre based events have been held at Claudelands, showcasing the versatility of the venue.
- Q1 finished \$151k over budget across all revenue streams.
- Conferences were up \$55k due to 17% more attendees than budget. Conference volumes and hire days were on budget.
- Functions and meetings were \$51k over budget. Functions were slightly longer in duration than budgeted (by 15%).
- We are ahead in volume of meetings, currently at 150, compared to 91 in the last year same period and a budget of 80. The meetings were of shorter duration and lower average revenue per event, overall achieving \$28k over budget.

2.3 2017/18 H3 Revenue Forecast

- We are forecasting to be at budget levels at full year. Q3 and Q4 revenue is currently projected to be below budgeted, due to yield around sports events.
- Functions revenue is also down \$102k, due to 21 less events than budget.
- Overall at year end, we have 27% more revenue generating events than budget, 30% more Revenue generating attendees and 20% more revenue generating hire days over budget.

Graph 1: 2017/18 H3 Revenue Forecast

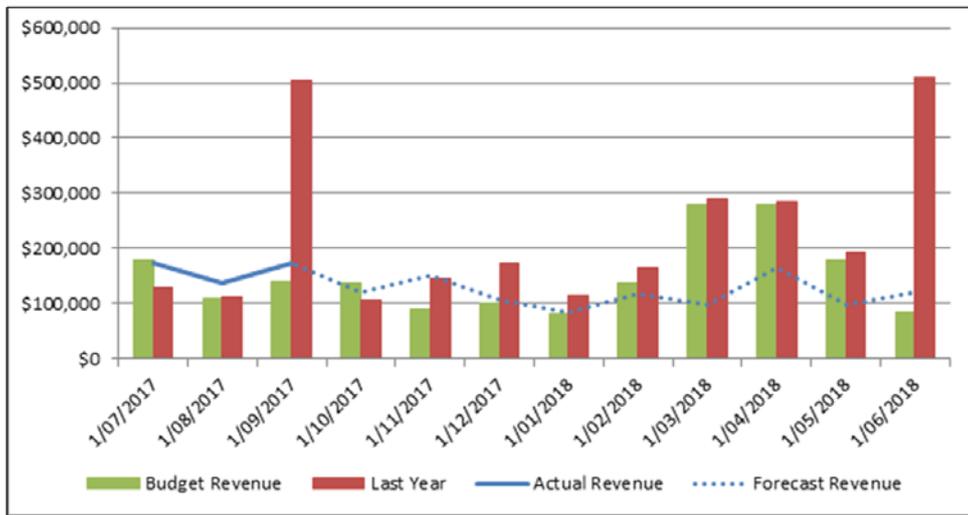


Claudelands | FMG Stadium Waikato | Seddon Park | Founders Theatre | Technical Services | Turf Services
 a / 800 Heaphy Terrace, Hamilton 3214, PO Box 9094, Waikato Mail Centre Hamilton 3240, New Zealand | p / +64 7 929 3000 | w / h3group.co.nz

2.4 2017/18 Stadia Revenue Forecast

- The main revenue driver at Stadia is sports events. We are taking a conservative approach to forecasting including no revenue from the upcoming Sevens tournament.
- Q1 result shows us \$54k ahead of budget. This was partially due to additional revenue recognition carried over from the Lions vs Chiefs game in June 2017.
- We have no international rugby matches this financial year, which is reflected in the comparisons to last year.
- For the full year, we are challenged in meeting the budget level. Current forecast shows us at \$1.54m, vs budget of \$1.8m.

Graph 2: 2017/18 Stadia Revenue forecast

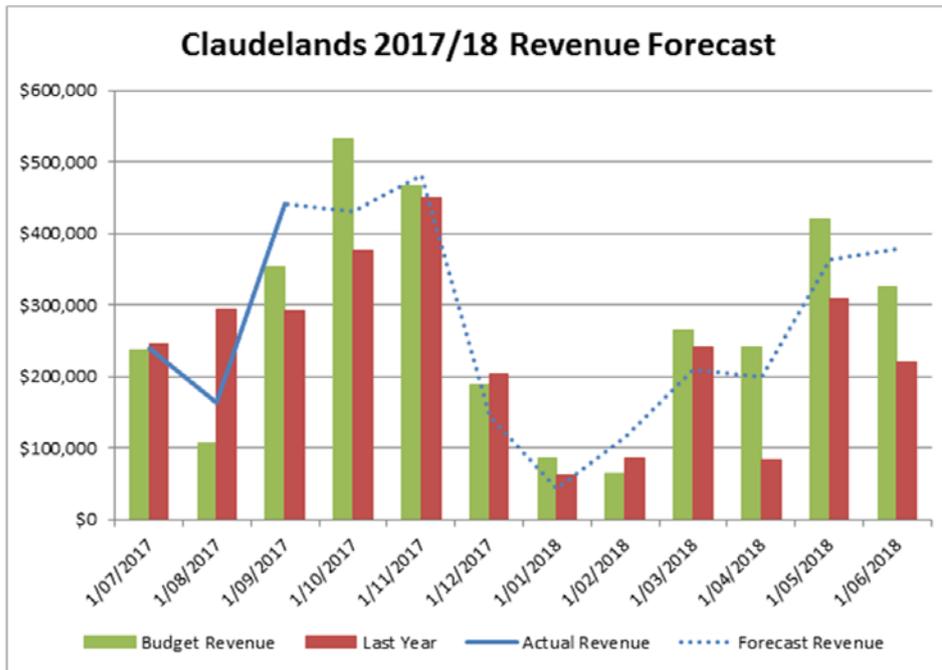


2.5 2017/18 Claudelands Revenue Forecast

- Claudelands revenue is tracking in line with the seasonal pattern, as demonstrated below.
- Current forecast shows we are on track to meet budget. This has been supported by our bookings at expected volumes and yield budgeted.



Graph 3: 2017/18 Claudelands Revenue forecast



Operating Expenditure

Cost of Sales

- With a number of theatre type events happening in the quarter, the direct event costs has been higher than budgeted, (\$130k). With the ongoing varying mix of events and timing, this will fluctuate over the year.
- We are constantly challenged on managing these costs, in line with clients expectations, and expect this to continue through the year.

Operating & Maintenance Costs

- Costs are in line with budgeted to end of first quarter. Maintenance costs will continue to challenge this year, due to significant upcoming major maintenance. These relate to our Stadia, and are linked with the capital programme.

Professional Costs

- Costs are in line with budget, and will be managed ongoing.



2.6 Indirect Expenditure

Depreciation

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

Finance Costs

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

3. Activity Snapshot

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

Table 2: For the period 1 July 2017 – 30 September 2017

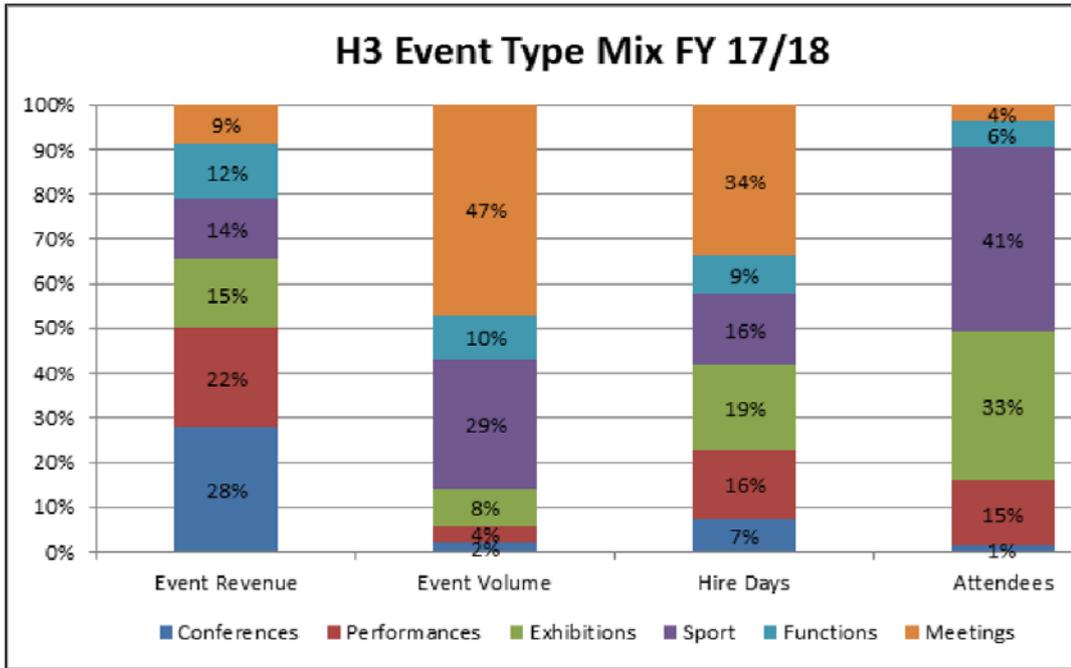
Event Type	Number of Events		Hire Days		Attendance	
	Q1	YTD	Q1	YTD	Q1	YTD
Business Events	203	203	128.50	128.50	12,679	12,679
Exhibition	19	19	25.00	25.00	38,075	38,075
Performance	10	10	41.75	41.75	21,209	21,209
Sport	107	107	40.75	40.75	32,605	32,605
Total	339	339	236.00	236.00	104,568	104,568
FY 2016/17 comparison	248	248	237.00	237.00	150,154	150,154

- The difference in attendance between Q1 2016/17 and Q1 2017/18 relates primarily to three events that brought significant patronage being Brick Man Experience 'Lego' Exhibition (July 2016),) Disney on Ice (August 2016) and All Blacks vs. Argentina (September 2016). Although we held more events in Q1 2017/18 than in Q1 2016/17, the attendance per event was lower.



3.2 2017/18 Business Mix by Event Type

Graph 4: For the period 1 July 2017 – 30 September 2017



Claudelands | FMG Stadium Waikato | Seddon Park | Founders Theatre | Technical Services | Turf Services
 a / 800 Heaphy Terrace, Hamilton 3214, PO Box 9094, Waikato Mail Centre Hamilton 3240, New Zealand | p / +64 7 929 3000 | w / h3group.co.nz

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

4.1 Table 3: For the period 1 July – 30 September 2017

Measure	Annual Target	Q1	Overall Status	Comment
The total number of people attending events at Founders each year	At least 70,000 people	0 No events due to closure	0 No events due to closure	Founders Theatre was closed on 1 March 2016. Audit NZ confirmed that as the measure is included in the 2015-2025 10-Year Plan, a result in 2016/17 must be recorded.
The total number of hire days across Founders Theatre	At least 180 days	0 No events due to closure	0 No events due to closure	Founders Theatre was closed on 1 March 2016. Audit NZ confirmed that as the measure is included in the 2015-2025 10-Year Plan, a result in 2016/17 must be recorded.
The total number of hire days across the Claudelands facilities each year	At least 510 days	139	On Track	Current hire day forecasting shows this target will be met
The number of people attending events at Claudelands each year	At least 185,000 people	71,943	On Track	Current attendance forecasting shows this target will be met
The total number of hire days across the stadium facilities each year	At least 420	97	Off Track	As reported in 2016/17, the calculation basis for hire days in 2017/18 resulted in inflated target setting expectations. Like 2016/17, we are not expecting this target will be met by year end.
The number of people attending events at the stadiums each year.	At least 200,000	32,625	On Track	Current attendance forecasting shows this target will be met



5. Other Non-Financial Key Performance Indicators

5.1 Customer satisfaction

Table 4: H3 Customer Satisfaction for the period 1 July – 30 September 2017

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

5.2 People

- Year to date, H3's permanent staff turnover is 3.14%.
- This equals two leavers in Q1 out of an average of 63.5 staff.

5.3 Health and Safety

Table 5: Injuries, Medical Time and Lost Time Injuries for H3 Staff for the period 1 July – 30 September 2017

	Q1	Comments
Injuries	4	1 other injury occurred to a non HCC staff as a result of their event activity
Medical Time	1	
Lost Time Injuries	0	

- The following Health and Safety actions have been completed in H3 during Q1:
 - A second H&S Representative has been appointed for Claudelands
 - Key staff completed an evaluation of forklift use at H3 Venues. Actions were identified and to be implemented. Key messages have been communicated to staff
 - Installation of a temporary handrail on the roof of the Brian Perry Stand at FMG Stadium Waikato
 - Improvement to the process and equipment for use of the reduction curtain in the Arena has been implemented. The improvement reduces



staff body stressing and increases efficiency. Engineering issues were identified during the process of investigation and implementation. Engineer has signed off on the work.

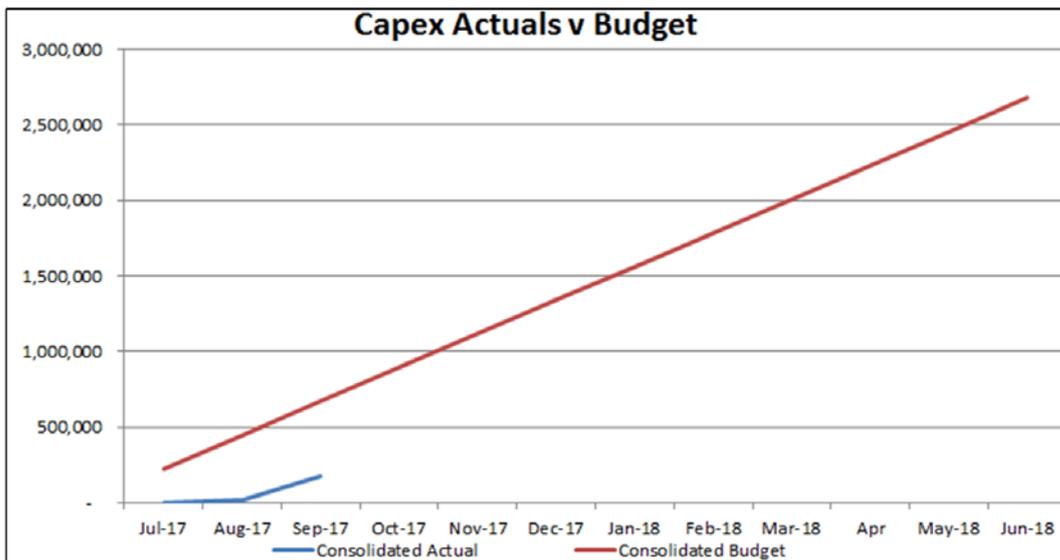
- 33 H3 staff including GM attended Delivery of Emergency Welfare in a Civil Defense Centre training.

6. CAPEX and Asset Management

6.1 2016-17 Capex Spend Actuals vs Budget

- We anticipate capex expenditure on run on plan for the year.

Graph 5: Capex Spend Actuals vs Budget for the period 1 July 2017 – 30 September 2017



6.2 Asset Management

Seddon Park Light Towers – Update

- The refurbishment of the light towers is required due to water ingress in the fittings, causing a significant number to fail. We have been undertaking the removal, repair and re-instatement of the fittings to ensure we are ready for the upcoming summer. Planning is also underway for the full replacement of the flood lighting solution that has been included in our capital renewal programme in 2018-19.



FMG Stadium Waikato Tie Rods – Update

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

FMG Stadium Waikato Chiller- Update

- The air conditioning chiller at the stadium has now started to fail and we have limited cooling capacity. Recognising the criticality of this, we had advanced the work to replace this, which was scheduled within the current LTP in 2019-20.
- Replacement plant has been ordered from overseas and is due in February 2018. In the interim we are working through contingency plans to manage the situation until the new plant has arrived and can be installed.

7. Hot Topics

7.1 Major Events

- Planning continues for Rugby League World Cup events scheduled for FMG Stadium Waikato in and November 2017.
- Ticket sales for the Rugby League World Cup 2017 in November are tracking as expected.
- Planning is also underway for the World Sevens in February 2018

7.2 Waikato Regional Theatre Project

- The full concept design recommendation including confirmation of the preferred location is due to be reported to Council in August 2017. In September 2017, Council approved unbudgeted funding of \$250,000 in 2017/18 to contribute towards work on the next stage of the design development for the Waikato Regional Theatre. Public engagement activity will take place in October and November and a funding option is due to be reported back to Council in December 2017.



Council Report

Committee:	Finance Committee	Date:	07 November 2017
Author:	Blair Bowcott	Authoriser:	Blair Bowcott
Position:	Executive Director Special Projects	Position:	Executive Director Special Projects
Report Name:	NZ Food Innovation (Waikato) Ltd Spray Dryer Two		

Report Status	<i>Open</i>
----------------------	-------------

Purpose

- To inform the Finance Committee on a NZ Food Innovation (Waikato) Ltd proposal to take a minority shareholding in a new company located at Waikato Innovation Park which will build and operate a second Spray Dryer.
- This report is to be read in conjunction with a report of the same name in the Public Excluded portion of this agenda.

Staff Recommendation

- That the Finance Committee:
 - approves the Spray Dryer Two proposal by NZ Food Innovation (Waikato) Ltd;
 - notes that no Council direct investment is required in this proposal;
 - notes the NZ Food Innovation (Waikato) Ltd will invest \$1.4m from existing cashflows in a new company to be established to build and operate a Spray Dryer and receive a 10% shareholding in the company;
 - notes the development of Spray Dryer Two aligns with the approved Innovation Waikato Ltd and Group of companies 2017-2018 Statement of Intent.

Executive Summary

- NZ Food Innovation (Waikato) Ltd (NZFIWL) have operated a successful food development and commercialisation Spray Dryer since 2011. This plant is operating at capacity and beyond.
- NZFIWL have identified an opportunity to develop a second Spray Dryer facility and prepared a summary business case outlining this proposal.
- A new entity will be established and NZFIWL will take a minority 10% shareholding in this company. No direct Council investment is required.
- NZFIWL post the restructure of WIPL will be ultimately owned (70%) by Council.
- The new Spray Dryer facility is planned for completion by 30 June 2019.
- Staff consider the matters in this report have low significance and that the recommendations comply with the Council's legal requirements.

Background

10. NZ Food Innovation (Waikato) Ltd (NZFIWL) entered into an agreement with the Crown in 2011 to “build a certified, open access food development and commercialisation spray drying facilities in the Waikato, related primarily to dairy and horticulture products. The objective of the project is to achieve a material improvement in new product development and innovation capability and financial performance of the New Zealand food industry in the dairy and horticultural sectors.” Funding received from the Crown by way of a grant to progress this initiative was \$3.9m.
11. In 2014 the government funded a further \$3.0m for a wetside processing plant to allow high value nutritional powders to be mixed and subsequently dried.
12. The balance of funding for NZFIWL has come from Bank borrowings using the property assets of Waikato Innovation Park Ltd (WIPL) as Security.
13. NZFIWL is currently a subsidiary of WIPL (the WIPL shareholding stake in the company is 70%), with the balance of 30% shareholding held by Callaghan Innovation. WIPL is owned 100% by Council.
14. NZFIWL has delivered on this commitment by building, commissioning and operating the Spray Dryer facility ahead of plan culminating with a record 308 days production and \$53m of exports achieved in the year ending 30th June 2017.

Discussion

15. With the pending sale of WIPL, the shares of NZFIWL will be transferred to a newly established company 100% owned by Council called Waikato Innovation Growth Ltd (WIG). This is part of the restructure of WIPL described in the report to Council on 21 September 2017. A portion of the sale proceeds from WIPL (\$4m) will be transferred by Council as new equity to NZFIWL, to pay down debt required as part of the separation of WIPL from NZFIWL. The reduction in debt will also improve the assets/equity/debt ratios of NZFIWL
16. NZFIWL owns a specialised asset in Spray Dryer One, a plant which is focused on product development and commercialisation of products, primarily infant formulas for export, working with the dairy, sheep and goat milk industry. The plant is unique in the New Zealand food innovation network. The current plant is operating at and beyond capacity, and has done so for the last two years, and has significant future demand from companies not able to be serviced.
17. The financial results of NZFIWL (as part of the Innovation Waikato Ltd Group of Companies) are outlined in a separate report to the Finance Committee on today's agenda. In summary NZFIWL is performing ahead of budget and generating positive cashflows which is used to repay debt and allow the company to contemplate new opportunities. The proposal outlined in this report is the major strategic opportunity that the NZFIWL board have identified for the company into the future.
18. With the present dryer now full, extra capacity is required to meet the needs of NZFIWL customers, particularly the fast-growing sheep milk industry. An extra 900,000 litres of milk are expected in the 2019/2020 season.

Key points in the summary Business Case

19. A summary business case prepared by NZFIWL for Council and Callaghan Investments consideration is included in Attachment 1.
20. This summary outlines a proposal by NZFIWL to establish a:
 - a) Second Dairy Processing Drying facility adjacent to the existing Open Access development Dryer

- b) Ownership of this second dryer will be held under a separate entity comprised of present customers of the industry who now look to expand their business development
- c) The second dryer is to be built at a fixed cost of \$45m.
21. NZFIWL will manage the new plant under contract.
 22. NZFIWL will invest \$1.4 m plus receive a further \$1.4m ex gratia as promotor, for a total 10% shareholding.
 23. Funding will come from NZFIWL operating cash flows.
 24. This is not a major transaction for NZFIWL therefore within Director's delegated authority but Shareholder support is being sought.
 25. Proposal is in line with Statement of Intent 2017/2018 objectives which included a 10% investment in new dryer once binding agreement of WIPL property sale received.
 26. Present dryer is full at 308 days a year.
 27. Financial modelling indicates a ROI of 10% at owners discounted prices.
 28. Existing NZFIWL dryer sustainability is enhanced through shared management costs and intellectual property charge.
 29. Growth in sheep milk industry in the Waikato region requires extra capacity.
 30. Government presently funds primary growth grants of \$12m to support growth of sheep milk industry.
 31. The present Dryer has delivered \$53m p.a. in exports and \$136m of capital investment in mainly the Waikato.
 32. The new dryer will deliver \$129m p.a. in exports plus further major capital investments in the Waikato.
 33. Financial exposure for new company will be de-risked through Take or Pay sales contracts

Strategic Alignment

34. This proposal aligns with a major funding program of the Ministry of Primary Industry to support the development of the Sheep Milk industry: <https://www.mpi.govt.nz/funding-and-programmes/primary-growth-partnership/primary-growth-partnership-programmes/sheep-horizon-three/>.
35. This proposal also aligns with the objectives in the Statement of Intent as approved by Hamilton City Council for the 2017-2018 year (se Attachment 2):
 - Commitment by private capital to establish increased spray drying capacity alongside the existing dryer will be deferred until the sale of the property assets is approved.
 - If a sale is approved a 10% minority interest in new spray dryer is planned to increased open access space for the sheep industry customers.
 - Approval of both shareholders is obtained before private investment is agreed or NZFIWL commits to the new spray dryer.
36. The sale of Waikato Innovation Park Ltd is expected to be completed by 30 November 2017. Given the requirement to have the plant fully operational by 30 June 2019, there is a requirement to have approval by February 2018 to allow building to commence.

Financial Considerations

37. There are no direct financial implications for Hamilton City Council.

Legal and Policy Considerations

38. There are no legal or policy implications for Hamilton City Council.

39. The proposed transaction by NZFIWL does not constitute a major transaction under the Companies Act 2002.

Risk

40. A full assessment of risks associated with the Spray Dryer Two proposal has been conducted by NZFIWL.

41. The construction of the Spray Dryer Two at Waikato Innovation Park will require the appropriate water and wastewater infrastructure connections to the council's network. The NZFIWL management team and board are aware of the capacity limitations that exist in the water and wastewater network in the Ruakura area, until the infrastructure subject to the agreement between Council and TGH is provided. NZFIWL staff are working with Council City Development staff on appropriate temporary solutions until the strategic infrastructure is provided.

Attachments

Attachment 1 - Summary Business Case (OPEN content only)

Attachment 2 - Waikato Innovation Park Statement of Intent 2017/2018 .



Proposed Dryer Two at Waikato Innovation Park.

Managed by Food Waikato

Available for public distribution pages 1-4

Key points:

1. Food Waikato is proposing to establish a
 - a. A second Dairy Processing Drying facility adjacent to the existing Open Access development Dryer.
 - b. Ownership of this second dryer will be held under a separate entity comprised of present customers of the Industry development dryer who now look to expand their business development.
 - c. The second dryer is to be built at a fixed price cost of \$45m.
2. Food Waikato will manage the new plant under contract.
3. Food Waikato will invest \$1.4 m plus receive a further \$1.4m ex gratia as promotor, for a total 10% shareholding.
4. Funding for this equity stake will come from Food Waikato operating cash flows.
5. This is not a major transaction for Food Waikato therefore within Directors delegated authority but Shareholder support is being sought.
6. Proposal is in line with Statement of Intent objectives which included a 10% investment in new dryer once a binding agreement of WIPL property sale is received.
7. The Present dryer facility is at full capacity, with contracted utilisation at 308 days per year
8. A sizeable list of potential customers for the Open Access development dryer remains.
9. Financial modelling indicates a ROI of 10% at owners discounted prices
10. Existing Food Waikato dryer sustainability is enhanced through shared management costs and IP charge
11. Growth in the sheep milk industry in the Waikato region requires extra capacity.
12. Government presently funds primary growth grants of \$12.m to support the growth of the sheep milk industry
13. Present Dryer has delivered \$53m p.a. in exports and \$136m of capital investment in mainly the Waikato
14. The new Dryer will deliver \$129m p.a. in exports plus further major capital investments in the Waikato
15. Financial exposure for the new company will be de-risked through Take or Pay sales contracts

Background

The NZ Food Innovation Waikato (FoodWaikato) entered into an agreement with the Crown in 2011 to " *build a certified, open access food development and commercialisation spray drying facilities in the Waikato, related primarily to dairy and horticulture products. The objective of the project is to achieve a material improvement in new product development and innovation*



capability and financial performance of the New Zealand food industry in the dairy and horticultural sectors.” Funding received was \$3.9 m

In 2014 the government funded a further \$3.0m for a wet-side processing plant to allow high value nutritional powders to be mixed and subsequently dried. The balance of funding has come from Bank borrowings using the property assets of Waikato Innovation Park as Security. Food Waikato is presently owned, 70% by Hamilton City Council and 30% by Callaghan Innovation.

FoodWaikato has delivered on this commitment by building, commissioning and operating the Spray Dry facility ahead of plan culminating with a record 308 days production and \$53 million of exports achieved in the year ending 30th June 2017.

With the present dryer now full, extra capacity is required to meet the needs of FoodWaikato customers, particularly the fast-growing sheep milk industry. An extra 900,000 litres of milk are expected in the 2019/2020 season.

Strategy Alignment:

The Ministry of Primary production has just commenced a major funding program to support the development of the Sheep Milk Industry

<https://www.mpi.govt.nz/funding-and-programmes/primary-growth-partnership/primary-growth-partnership-programmes/sheep-horizon-three/>

Programme start: July 2016

Length: 6 years

PGP funding: \$12.56 million

Industry funding: \$18.83 million

Commercial partner: Spring Sheep Dairy NZ Limited Partnership

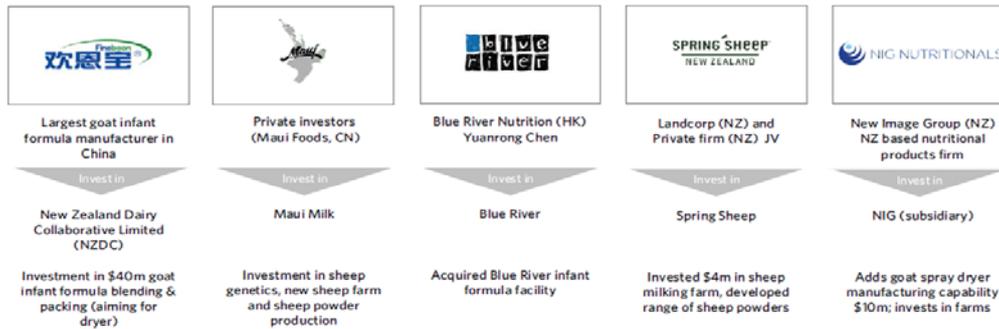
Estimated potential economic benefits to NZ: The programme's financial goal is \$200 million annual gross revenue for New Zealand's sheep dairy industry by 2030. The programme's aspirational target is annual gross revenue of \$700 million by 2030.

The Investors Guide to The Dairy Industry written by Coriolis, dated 2015 and 2017; contain analysis to assist with business strategy and government policy. The report identified Goat Infant formula as a fast-growing category, while sheep milk was emerging.

The ability to scale up will remain an industry problem when identifying manufacturing options. Landcorp, an SOE invested into Spring Sheep Dairy to develop the sheep milk industry. This created and the ability to manufacture at volume, sufficient to create a small high valued export market. FoodWaikato provided the manufacturing capability and have gone on to support Maui Milk and Blue River Dairy. FoodWaikato have played a significant part in all 5 listed companies listed in the 2017 Investors Guide (below). In fact, the five company have manufactured \$103M of exports through the FoodWaikato factory over the past 3 years. New Image has gone on to build their own plant investing a further \$25M.



New Zealand is building capability across the supply chain in niche dairy, with significant investment in both goat and sheep industries



Economic benefit:

To date **\$136 million** has been invested on farm or in plant as a result of the present **\$53,000,000 exports per year** from the existing spray dryer.

An assumption of the potential benefits from increased capacity has been reviewed. The export value generated from plant two is expected to exceed **\$208m**. In addition to this considerable capital on farm supply, research and marketing will also be invested

	Share %	days - year	Prod Value / kg	Total Value
Sheep Milk	35	98	\$ 30.00	\$ 58,310,000
Nutritional Ingredients	35	98	\$ 85.00	\$ 108,290,000
Goat Nutritionals	20	56	\$ 35.00	\$ 33,320,000
Sheep Nutritionals	10	28	\$ 35.00	\$ 8,092,000
Total				\$ 208,012,000

Statement of Intent Alignment:

The Statement Intent for the WIPL Group as approved by Hamilton City Council for the 2017-2018 year contained the following objectives

1. Commitment by private capital to establish increased spray drying capacity alongside the existing dryer will be deferred until the sale of the property assets is approved.
2. If a sale is approved a 10% minority interest in new spray dryer is planned to increased open access space for the sheep industry customers.
3. Approval of both shareholders is obtained before private investment is agreed or NZFIW commits to the new spray dryer.



The property sale completion date is expected to be 30th November 2017. Given the requirement to have the plant fully operational by 30th June 2019 there is therefore a requirement to have full approval by February 2018 to allow building to commence.

Recommendation:

That Hamilton City Council note the Dryer two proposal for a net investment attributed to HCC of \$980,000 from Food Waikato's cash flows, and its alignment with the Waikato Regional Economic Strategy for added value primary production and the 2017-2018 statement of Intent.

Waikato Innovation Park

"Growing Technology Business"



**Innovation Waikato Ltd (IWL)
and Group of Companies**

Including:

- Waikato Innovation Park Ltd (WIPL)
- New Zealand Food Innovation (Waikato) Ltd (NZFIW)

Statement of Intent

20th June 2017

2017 / 2018

1.0 Introduction

Innovation Waikato Ltd (IWL) and Waikato Innovation Park Ltd (WIPL) became a CCO on 9 October 2013 upon the vesting of assets from Katolyst Trust to Hamilton City Council (HCC).

This statement is presented by the Directors in accordance with s.64 (1) Local Government Act 2002 and sets out the Board's intentions for the Company for the year ended 30 June 2018 plus estimates for the years ending 30th June 2019 and 2020.

Subsidiaries

HCC owns Innovation Waikato Ltd which is the shell non-operating company that owns the assets of Waikato Innovation Park Ltd (WIPL) which has one subsidiary company, namely New Zealand Food Innovation (Waikato) Ltd (NZFIW).

2.0 Corporate Intent

The Waikato Innovation Park has identified its core purpose and key objectives that recognise the strategic intent of the business:

Core Purpose

To promote research, development, commercialisation and marketing by new and existing entities or individuals of new products, processes, technologies and or quality improvements. To actively promote economic development by supporting the growth of business that contributes to New Zealand's export economy.

The focus of the Park is on innovation and technology-led businesses that enhance New Zealand's competitive advantage and alignment with the region's economic export development strategy, particularly in areas such as:

- Agriculture
- Agribusiness
- Food Processing
- Value Add to Food Products from primary production
- Horticulture
- Environmental sustainability
- Enabling Information and Communication Technology

3.0 Achievements to date

Waikato Innovation Park has three streams of Business, as follows:

3.1 Regional Economic Development through the Business Growth team by:

- a) Facilitating research and development business funding by representing Callaghan Innovation. In the last three years \$44.9 million of funding has been secured within the region.
- b) Facilitating capacity building for export businesses by representing NZTE training voucher system. In the last three years \$1.1 million of funding has been secured.
- c) Managing Business Mentors in the Waikato region.

The Business growth team group is a vital part of the Waikato economic ecosystem establishing multiple business to business networks and holding key economic knowledge events.

3.2 Property development with a technology innovation theme

A very successful property business has been established focusing on agriculture, Agri-Tech Food and IT based tenants with 50 tenant companies and approximately 562 employees currently occupying the Park.

The total of tenanted space is 11,840 square metres. Tenant's sales are now a combined \$427 million with 39% of the tenants working with other tenants in collaborative ventures. Sixty eight percent of the Park's tenants exported their products and services.

3.3 Food Innovation

The spray dryer was successfully commissioned in July 2012 and initially met Dairy Goat Cooperative's customer requirements to allow it to expand its sales and supply. As a result Dairy Goat Cooperative made an investment of \$68million in a plant on its own site.

A further \$3million investment by Callaghan Innovation allowed a full infant formula blending plant of \$5.7million and ingredient warehouse to be established. It allows specialty ingredients such as vitamins, minerals and oils to be 'wet blended' with milk or fruit juice prior to being spray dried to powder in the facility. Since the upgrade, there has been increase in goat and sheep fresh milk production.

NZFIW are fully booked until June 2018 for drying of fresh goat and sheep milk production plus infant formula nutritionals from those bases. There remains a small amount of space for one-day trials. As a result NZFIW is now contributing, through manufacturing, approximately \$50million of exports per year.

4.0 Key assumptions

The Statement of Intent assumes:

1. That the WIPL Board has adopted the masterplan for the building growth at the Waikato Innovation Park.
2. That Hamilton City Council, after providing seed capital, intends to sell its shares in the property division of Waikato Innovation Park Limited. The sale requires Ministerial approval therefore it is assumed that no sale of the property division is made within the period covered by this statement of intent.
3. The Financials included in the Statement of Intent reflects only the status quo situation with growth in property buildings, including only those that can be financed through bank lending.
4. As consequence of the deferred sale there is no budget for the injection of capital into NZFIW and therefore no Investment is the budget for the second Dryer.
5. The assumptions and financials in the Statement of Intent will be reviewed upon a signed agreement with an investor for the sale by HCC of the property division.

5.0 Nature and Scope of Activities to be Undertaken

Key Objectives

The key objectives that can be achieved during the years ending June 2018 to 2020:

Regional Business Partner Division

WIPL will contribute to a successful economic growth strategy, in collaboration with other regional agencies, NZTE and Callaghan Innovation. WIPL will specialise in funding grants from Callaghan innovation and NZTE, incubation, clustering, mentoring and business to business collaboration. A key focus for the 2017/2018 year is participation in Maori economic development.

New Zealand Food Innovation Waikato Limited 2017-2018

1. 290 days of product development production via the spray dryer contributing \$50million to the regional economy.
2. Commitment by private capital to establish increased spray drying capacity alongside the existing dryer will be deferred until the sale of the property assets is approved.
3. If a sale is approved a 10% minority interest in new spray dryer is planned to increased open access space for the sheep industry customers. No allowance has been made for this investment until Key Assumption 5 is undertaken
4. Approval of both shareholders is obtained before private investment is agreed or NZFIW commits to the new spray dryer.
5. Resource consents obtained for a new spray dryer facility.

6. Assist with the development of new valued added sheep milk industry products and the international launch of one substantial new product.

2018-2019

1. 290 days of product development production via the spray dryer contributing \$50million to the regional economy
2. New privately owned spray dryer facility completed.
3. Assist with new drying technology to further develop the horticulture industry.

2019-2020

1. 300 days of product development production via the spray dryer contributing \$50million to the regional economy.
2. Launch of one new value added products within the sheep milk industry.
3. Dividend received from minority investment in new spray dryer.

Waikato Innovation Park limited 2018-2020- Property

1. Existing buildings 98% occupied.
2. Ownership of the Waikato Innovation Park remains as it currently is.
3. One additional building budgeted, commencing in January 2018, and completion in December 2018. This is subject to satisfactory funding arrangements being in place.
4. Surplus cash applied to repayment of BNZ debt to address the thin Equity/ Total Assets ratios.
5. All interest rates and debt covenants with BNZ are met.

6.0 Key Performance Targets (\$,000)

	2018	2019	2020
Group EBITDA	3,338	4,006	4,897
Group Cash from operating activities	1,469	2,027	2,333
Net Profit After Tax	576	630	1,209
Shareholders' funds (including deferred Income)/ Tangible assets	43%	38%	40%

7.0 Capital Expenditure Detail (\$,000)

	2018	2019	2020
Property	7,727	7,611	309
Food Waikato	400	400	400
Total	8,127	8,011	709

8.0 Financial Disclosure

Ratio of consolidated shareholder funds to total assets

Shareholder funds are defined as Equity plus Government Grant deferred Income

Statement of accounting policies

Innovation Waikato Ltd is a profit-oriented company registered in New Zealand under the Companies Act 1993.

The financial statements presented are those of Innovation Waikato Limited (the "Company") and its subsidiaries (the "Group"). The Company financial statements are prepared in accordance with the requirements of the Financial Reporting Act 1993.

The Group is involved in the business of the development and operation of an Innovation Park in Hamilton, New Zealand and a development spray dryer.

Statement of Compliance and Basis of Preparation

The financial statements for the Company are for Innovation Waikato Limited as a separate legal entity.

The consolidated financial statements for the Group are for the economic entity comprising Innovation Waikato Limited and its subsidiaries.

The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993 and the Companies Act 1993.

The Company qualifies for Differential Reporting exemptions as it is not publicly accountable and is not large as defined in the Framework for Differential Reporting. The Company has taken advantage of all available differential reporting exemptions.

Basis of Measurement

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on an historical cost basis are followed by the Company.

Presentation Currency

The financial statements are presented in New Zealand Dollars.

Basis of Consolidation

Subsidiaries – entities controlled directly or indirectly by the Group. Subsidiaries are consolidated from the date control is acquired. They are de-consolidated from the date control ceases. All significant intercompany accounts and transactions are eliminated on consolidation.

Associates – entities in which the Group has significant influence, but not control, over the operating and financial policies. Associates are recognised using the equity method which recognises the Group's share of net profit in profit or loss and its share of post-acquisition movements in reserves in other income. The Group Associate is New Zealand Food Innovation Network Limited. This company is 25% owned by New Zealand Food Innovation (Waikato) Limited.

Transactions and balances eliminated on consolidation – intercompany transactions, balances, revenue and expenses between Group companies are eliminated on consolidation.

Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of financial performance and financial position have been applied:

i. *Revenue*

Revenue comprises the amounts received and receivable for goods and services supplied to customers in the ordinary course of business.

Grants received are recognised in the Statement of Comprehensive Income when the requirements under the grant agreement have been met. Any grants for which the requirements under the grant agreement have not been completed are carried as liabilities until all the conditions have been fulfilled.

Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as revenue over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Rental income is accounted for as earned. Interest income is accounted for on an accrual basis.

- ii. *Expenses*
Expenses have been classified on their business function.
- iii. *Work in Progress*
Work in progress comprising materials, labour and overheads is valued at cost.
- iv. *Trade Receivables*
Trade Receivables are recognised at estimated realisable value.
- v. *Property, Plant & Equipment*
Property, Plant & Equipment are recognised at cost price less depreciation and impairment losses. Gains and losses on disposal of Property, Plant & Equipment are taken into account in determining the operating result for the year.

Depreciation is calculated on a diminishing value basis to allocate the cost or revalued amounts over the estimated useful lives of the assets, as follows:

Plant & Equipment	13.8% DV
Computer Equipment	39.8% DV
Office Equipment	17.8% DV

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

- vi. *Property*
Property is recognised at fair value less depreciation and impairment losses. In previous years property was valued at cost.

Land is not depreciated. Depreciation on buildings is calculated on a diminishing value basis to allocate the cost or revalued amounts over the estimated useful lives, as follows:

Buildings	1.7% DV
-----------	---------

- vii. *Income Tax*
The current income tax charge is calculated on the basis of the tax laws enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income.
- viii. *Trade and Other Payables*
Trade and other payables are stated at cost.

ix. *Impairment*

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase. An impairment of goodwill is not subsequently reversed.

x. *Foreign Currencies*

Transactions denominated in foreign currencies are converted at the exchange rate current at the transaction date. Foreign currency receivables and payables are converted at exchange rates current at balance date. Foreign exchange gains and losses are included as income or expenses respectively in the Statement of Financial Performance.

xi. *Goods and Services Taxation (GST)*

Revenues and expenses have been recognised in the financial statements exclusive of GST. All items in the Statement of Financial Position are stated exclusive of GST except for receivables and payables which are stated inclusive of GST.

xii. *Borrowing Costs*

Borrowing costs are recognised as an expense using the effective interest method.

I. Future Investment Proposals

If the Company wishes to subscribe for, purchase, or otherwise acquire shares in any other company or any other organisation it can do so only after first obtaining approval from the majority of shareholders at either a General Meeting or at a Special meeting convened for that purpose.

II. Compensation from Local Authorities

Tony Steele receives remuneration as a Director of the WIPL board and also as a member of the HCC Audit and Risk Committee.

III. Commercial Value of the Shareholders investment

A registered valuation of the real property assets was undertaken in 2016. The total value of the real property assets at 30th June 2016 is \$25,650,000. Property plant and Equipment was valued on 1st June 2016 at \$20,585,000. Total term liabilities at 30th June 2016 were \$24,518,000

IV. Dividend Policy

It is proposed to review the dividend policy during the 2017/2018 financial year.

9.0 Information to be provided to Shareholders

The company will deliver the following Reports or Statements to the Shareholder:

- Unaudited Half Year Report within two months of the end of the first half of the financial year (28 February); commenting on the operations and results for the six months.
- Statement of Intent
 - By 1 March of each year a Draft Statement of Intent for the consideration of the shareholders
 - Final Statement of Intent to the shareholders by 30 June.
- Financial Statements
 - Draft financial statements by 31 July.
 - Audited Annual Accounts by 30 September.

10.0 Governance Statements

Board of Directors

There are two separate Boards of Directors for WIPL and NZFIW. The board is a skill based board that must govern in the best interests of the company.

The WIPL Board currently includes the following Directors:

- **Earl Rattray** (Chairman) is past Director of Fonterra, a Director of other companies active in the Agricultural and construction sectors. Earl is NZ dairy farmer, and has interests in several international farming enterprises. Accredited Fellow member of the NZ Institute of Directors.
- **Helen Cross** is an experienced director and advisor to boards with over 18 years' experience providing strategic guidance, problem solving and governance. Helen has worked extensively with technology, engineering and service providers in NZ.
- **Tony Steele** is a Chartered Accountant and has had a career in professional practice. His speciality area is in Business Advisory Services, which includes a wide range of commercial and corporate services. Tony is a Fellow member of the NZ Institute of Directors.
- **Martin Udale** has more than 30 years' experience in commercial and residential property development and investment in UK, Australia and New Zealand. Member of NZ Institute of Directors.
- **Dr Andrew West** was previously Chief Executive of AgResearch, New Zealand's principal research organisation supporting the country's dairy, meat and wool industries and pro Vice Chancellor of Lincoln University Accredited member of NZ Institute of Directors.

There are three governance sub committees established in 2015, being:

- Audit and Risk Committee
- Remuneration Committee
- Special Projects Committee

Health and Safety

WIPL is committed to Health and Safety which will be at the forefront of its operational management to ensure the wellbeing of its staff, tenants, contractors and visitors.

Environment

WIPL is committed to minimise and/or mitigate the adverse impact of the company's operations on the environment.

9.0 Financials:

Waikato Innovation Park Consolidated Group Income Statements

Group Income \$ 000	FY 18	FY 19	FY 20
NZFIW	6,104	6,259	6,396
WIPL	3,883	4,638	5,550
Group Income	9,987	10,897	11,946
Total Operating Costs	6,649	6,891	7,049
EBITDA	3,338	4,006	4,897
Other Overheads			
Depreciation	1,341	1,373	1,395
Interest	1,197	1,758	1,824
Total Other Overheads	2,537	3,131	3,218
Net Profit before tax	801	875	1,679
Tax	(224)	(245)	(470)
Net Profit after tax	576	630	1,209

Waikato innovation Park Consolidated Group Financial Positions

\$000	Jun-18	Jun-19	Jun-20
Total Current Assets	1,075	1,236	1,218
Non-Current Assets			
Plant & Equipment	16,024	15,197	14,346
Buildings	30,054	44,625	44,791
Other Non-Current Assets	7,767	736	736
Total Non-Current Assets	53,845	60,559	59,873
Total Assets	54,919	61,795	61,091
Total Current Liabilities	2,308	1,390	1,342
Non-Current Liabilities			
Bank Loans	28,253	35,595	33,909
Deferred Grant Income	2,722	2,544	2,365
Other non-Current Liabilities	2,631	2,631	2,631
Total Non-Current Liabilities	33,606	40,770	38,905
Total Liabilities	35,914	42,160	40,247
Total Equity	19,005	19,635	20,844
Capital Ratios	42.6%	38.6%	40.8%

Attachment 2

Item 17

Resolution to Exclude the Public

Section 48, Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

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

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

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Finance Committee – Public Excluded Minutes – 26 September 2017) Good reason to withhold information exists under Section 7 Local Government	Section 48(1)(a)
C2. NZ Food Innovation (Waikato) Ltd Spray Dryer Two) Official Information and Meetings Act 1987	
C3. Report on overdue debtors as at 30 September 2017 & Debt Write-offs 2017/18		

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

Item C1.	to protect the privacy of natural persons	section 7 (2) (a)
Item C2.	to enable Council to carry out negotiations	section 7 (2) (i)
Item C3.	To protect the privacy of natural persons; AND 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)