

Ian Loiterton

From: official information
Sent: Wednesday, 2 September 2020 10:16
To: [REDACTED]
Cc: official information
Subject: FW: LGOIMA 20228 - Follow-up to LGOIMA 20218 - Council's Treasury Policy
Attachments: Derivative financial instruments.xlsx

Importance: High

Kia ora [REDACTED]

Following your request for further information please find the derivative financial instruments schedule attached. Note that there are two workbooks detailing 2019 and 2020 respectively.

We receive a monthly IR Position Report from ETOS Limited. ETOS Limited are independent treasury service and support providers to the Hamilton City Council. The GL reconciliation can be found below the IR Position Report, as well as an excerpt from the Hamilton City Council's Annual Reports for each of those years. Please note that the 2019-20 Annual Report is in draft and currently being audited.

The unrealised gain/(loss) on interest rate swaps as at 30 June 2020 is presented in our 2019-20 Annual Report. This will be accessible on the Hamilton City Council website once Audit NZ have completed their audit. An extract from this report reflects the information you've requested:

	Council	
	2020	2019
Gains	\$000	\$000
Property, plant and equipment gain on disposal (note 24)	219	989
Investment property revaluation gain (note 26)	541	604
Investment property revaluation gain on disposal	51	-
Realised gain on other financial assets	-	-
Unrealised gain on other financial assets (note 22)	-	-
Unrealised gain on revaluation of interest rate swaps (note 21)	12,598	3,044
Total gains	13,409	4,637
Losses		
Investment property loss on disposal	-	(45)
Property, plant and equipment loss on disposal (note 24)	(6,147)	(6,795)
Impairment of assets	(1,686)	-
Net foreign currency exchange loss	-	-
Unrealised loss on other financial assets (note 22)	-	-
Unrealised loss on revaluation of interest rate swaps (note 21)	(24,856)	(17,254)
Total losses	(32,689)	(24,094)
Total net gains/(losses)	(19,280)	(19,457)

We trust this information is of assistance to you.

Please do not hesitate to contact us if you have any further queries.

Kind regards,

Michelle van Straalen



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From: official information

Sent: Wednesday, 26 August 2020 9:03 AM

To: [REDACTED]

Cc: official information <officialinformation@hcc.govt.nz>

Subject: LGOIMA 20228 - Follow-up to LGOIMA 20218 - Council's Treasury Policy

Importance: High

Kia ora [REDACTED]

Thank you for your email.

I have lodged your further questions as a new information request and forwarded to the team responsible for providing a response.

We will respond as soon as practicable and in any event no later than 21 September 2020, being 20 working days after the day we received your new request.

Kind regards,

Michelle van Straalen

Official Information Advisor | Legal Services | Governance Unit



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From: [REDACTED]
Sent: Monday, 24 August 2020 10:53 AM
To: official information <officialinformation@hcc.govt.nz>
Subject: RE: LGOIMA 20218 - Council's Treasury Policy
Importance: High

Hi Michelle

Thanks for your prompt response to my query.

Would it be possible to get the following further information in relation to Council's use of derivatives:

- The FY20 unrealised gain or loss on interest rate swaps
- Copy of the June 2019 reconciliation of treasury data to the general ledger as required under Council's management policy
- A copy of any management reports pertaining to derivative positions/exposures on or near 30 June 2019 and 2020.

Regards

[REDACTED]

[REDACTED]

From: official information <officialinformation@hcc.govt.nz>
Sent: Thursday, 20 August 2020 1:05 PM
To: [REDACTED]
Cc: official information <officialinformation@hcc.govt.nz>
Subject: LGOIMA 20218 - Council's Treasury Policy

Kia ora

Further to your information request of 15 August 2020 in respect of Council's treasury policy, I am now able to provide Hamilton City Council's response.

You requested:

I would like to know who the Council's professional treasury advisor is and would like to obtain a copy (or be directed as to where to obtain one) of the master agreement enabling derivative financial instruments between Council and a bank.

Our response:

The Hamilton City Council are engaged with PricewaterhouseCoopers, who have been retained to provide professional treasury advisory services.

Our Investment and Liability Management Policy, which provides the framework under which Council operates investment and borrowing activities, is available for viewing on our website. Please follow the link below to access this information.

<https://www.hamilton.govt.nz/our-council/policies-bylaws-legislation/policies/Pages/default.aspx>

We trust this information is of assistance to you. Please do not hesitate to contact us if you have any further queries.

Kind Regards,

Michelle van Straalen

Official Information Advisor | Legal Services | Governance Unit

DDI: 07 974 0589 | Michelle.vanStraalen@hcc.govt.nz



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From: official information

Sent: Wednesday, 19 August 2020 9:22 AM

To:

Cc: official information <officialinformation@hcc.govt.nz>

Subject: LGOIMA 20218 - Council treasury policy

Kia ora

I write to acknowledge your information request of 15 August 2020 in respect of Council's treasury policy.

Please be advised that your request has been passed on to the relevant team within Council and you will be informed of the outcome.

The Local Government Official Information and Meetings Act 1987 requires that we advise you of our decision on whether the Council will provide the requested information or not "as soon as reasonably practicable", no later than 20 working days after the day we received your request. We will respond to you no later than 11 September 2020.

Kind regards,

Michelle van Straalen

Official Information Advisor | Legal Services | Governance Unit

DDI: 07 974 0589 | Michelle.vanStraalen@hcc.govt.nz



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From: [REDACTED]
Sent: Saturday, 15 August 2020 11:23 AM
Cc: [REDACTED]
Subject: Council treasury policy

[REDACTED]

I have been asked to look into Council's use of derivatives and Council's treasury policy generally.
I was trying to contact Lance Vervoort but his listed email address doesn't seem to be active.

I would like to know who the Council's professional treasury advisor is and would like to obtain a copy (or be directed as to where to obtain one) of the master agreement enabling derivative financial instruments between Council and a bank.

Would you be able to advise or pass this email to someone who can.

Regards

[REDACTED]



IR Position Report

NZD Hedging

Trade ID	Counterparty	Amount	Pay/Receive 1	Interest Type 1
104693	ANZ	5,000,000	Pay	Fixed
104706	WESTPAC	12,000,000	Pay	Fixed
104696	ANZ	8,000,000	Pay	Fixed
104694	ANZ	5,000,000	Pay	Fixed
104818	ASB	10,000,000	Pay	Fixed
104819	ASB	5,000,000	Pay	Fixed
104820	ASB	5,000,000	Pay	Fixed
104698	ANZ	5,000,000	Pay	Fixed
104699	BNZ	10,000,000	Pay	Fixed
104595	ASB	10,000,000	Receive	Fixed
104703	ANZ	5,000,000	Pay	Fixed
104701	BNZ	15,000,000	Pay	Fixed
104704	ANZ	5,000,000	Pay	Fixed
104702	ANZ	10,000,000	Pay	Fixed
104821	ANZ	5,000,000	Pay	Fixed
104708	WESTPAC	5,000,000	Pay	Fixed
104707	BNZ	5,000,000	Pay	Fixed
104709	BNZ	7,500,000	Pay	Fixed
147826	WESTPAC	10,000,000	Pay	Fixed
104813	WESTPAC	10,000,000	Pay	Fixed
104710	WESTPAC	5,000,000	Pay	Fixed
104822	ANZ	10,000,000	Pay	Fixed
104807	ANZ	10,000,000	Pay	Fixed
104711	BNZ	10,000,000	Pay	Fixed
104816	WESTPAC	10,000,000	Pay	Fixed
104814	ANZ	5,000,000	Pay	Fixed
104815	BNZ	5,000,000	Pay	Fixed
104817	WESTPAC	5,000,000	Pay	Fixed
193668	ANZ	5,000,000	Pay	Fixed
104805	ANZ	6,000,000	Pay	Fixed
104804	BNZ	5,000,000	Pay	Fixed
193669	BNZ	10,000,000	Pay	Fixed
104803	BNZ	5,000,000	Pay	Fixed
104810	ANZ	8,000,000	Pay	Fixed
104828	BNZ	5,000,000	Pay	Fixed
104827	BNZ	5,000,000	Pay	Fixed
104829	BNZ	5,000,000	Pay	Fixed
104825	WESTPAC	11,000,000	Pay	Fixed
104824	ANZ	8,000,000	Pay	Fixed
104826	BNZ	15,000,000	Pay	Fixed
104823	ANZ	10,000,000	Pay	Fixed

SWAP Report - 30 June 2019

Current Period IR Rate 1	Pay/Receive 2	Interest Type 2	Current Period IR Rate 2	Effective Date
5.790000	Receive	Floating	1.700000	14/02/2012
4.735000	Receive	Floating	1.700000	20/11/2017
5.250000	Receive	Floating	1.690000	27/05/2013
5.560000	Receive	Floating	1.805000	08/07/2013
4.280000	Receive	Floating	1.570000	21/09/2015
4.020000	Receive	Floating	1.820000	12/10/2015
5.480000	Receive	Floating	1.805000	07/10/2015
4.805000	Receive	Floating	1.770000	21/10/2013
4.600000	Receive	Floating	1.585000	18/03/2014
4.780000	Pay	Floating	2.690000	24/04/2014
4.645000	Receive	Floating	1.695000	11/05/2015
5.115000	Receive	Floating	1.705000	21/08/2017
4.665000	Receive	Floating	1.570000	22/06/2015
4.677500	Receive	Floating	1.570000	22/06/2015
4.950000	Receive	Floating	1.805000	07/01/2016
4.720000	Receive	Floating	1.700000	19/11/2018
4.690000	Receive	Floating	1.700000	20/02/2018
4.690000	Receive	Floating	1.640000	01/03/2018
4.702500	Receive	Floating	1.570000	20/03/2015
4.940000	Receive	Floating	1.770000	20/04/2015
4.720000	Receive	Floating	1.770000	22/10/2018
5.100000	Receive	Floating	1.770000	26/01/2016
5.030000	Receive	Floating	1.570000	20/03/2015
4.870000	Receive	Floating	1.580000	22/03/2015
4.995000	Receive	Floating	1.805000	07/04/2015
4.935000	Receive	Floating	1.770000	21/04/2015
4.980000	Receive	Floating	1.770000	21/04/2015
4.955000	Receive	Floating	1.770000	22/04/2015
3.270000	Receive	Floating	1.705000	21/05/2019
5.040000	Receive	Floating	1.610000	10/03/2015
5.060000	Receive	Floating	1.580000	15/03/2015
3.277500	Receive	Floating	1.580000	24/06/2019
5.000000	Receive	Floating	1.770000	20/04/2015
5.010000	Receive	Floating	1.690000	25/02/2015
4.135000	Receive	Floating	1.705000	23/05/2016
4.135000	Receive	Floating	1.690000	25/05/2016
4.150000	Receive	Floating	1.770000	20/07/2016
4.175000	Receive	Floating	1.705000	23/05/2016
4.210000	Receive	Floating	1.690000	25/05/2016
4.695000	Receive	Floating	1.570000	20/06/2016
3.980000	Receive	Floating	0.000000	20/09/2024

GL Recon

Maturity Date	Accrued	Clean Value	Total NPV	Reference
14/08/2019	26,332.87	-25,091.13	-51,424.00	RV-90/ IRS 4226627
20/08/2019	40,910.13	-50,648.87	-91,559.00	RV-973/ 3897301
25/08/2019	26,529.31	-44,271.69	-70,801.00	RV-476/ IRS 6985003
07/10/2019	42,693.84	-53,051.16	-95,745.00	RV-473/ IRS 6985054
20/03/2020	7,424.66	-202,839.34	-210,264.00	RV-1261/ 7335652
12/10/2020	23,808.22	-167,391.78	-191,200.00	REVAL 1262
07/01/2021	41,784.25	-309,039.75	-350,824.00	RV-1263/ 7335704
21/10/2021	28,271.23	-392,988.77	-421,260.00	RV-640/ 8142672
18/06/2022	9,912.33	-947,120.67	-957,033.00	RV-738/ 384312774
24/04/2023	-38,124.65	917,896.35	956,021.00	RV-480/ 4135850
09/08/2023	21,013.70	-649,989.30	-671,003.00	RV-967/10105347.1
21/08/2023	56,054.80	-2,247,311.20	-2,303,366.00	RV-853/ 384323860
20/09/2023	4,239.73	-671,540.27	-675,780.00	RV-968/ 10105353.2
20/06/2024	8,513.70	-1,559,201.30	-1,567,715.00	RV-965/ 10105329.1
07/07/2024	35,758.22	-851,382.78	-887,141.00	RV-1376/ 13018381
18/08/2024	16,961.65	-811,495.35	-828,457.00	RV-987/ 3925212
20/08/2024	16,793.15	-804,427.85	-821,221.00	RV-986/ 384334149
01/09/2024	16,294.52	-1,214,410.48	-1,230,705.00	RV-988/ 38334150
07/09/2024	8,582.19	-1,630,313.81	-1,638,896.00	RV-969/3897280
20/10/2024	59,057.53	-1,781,968.47	-1,841,026.00	RV-1127/ 4211116
21/10/2024	27,479.45	-834,740.55	-862,220.00	RV-989/ 3925211
24/10/2024	61,126.02	-1,866,228.98	-1,927,355.00	RV-1378/ 13018362.1
20/12/2024	9,479.45	-1,878,052.55	-1,887,532.00	RV-1125/11266082.1
22/12/2024	5,408.22	-1,795,851.78	-1,801,260.00	RV-1121/ 384348277
07/01/2026	72,539.73	-2,147,566.27	-2,220,106.00	RV-1156/ HML4291294
21/01/2026	29,482.19	-1,060,186.81	-1,089,669.00	RV-1154/ 11514223
21/01/2026	29,901.37	-1,074,260.63	-1,104,162.00	RV-1155/ 384352176
21/01/2026	29,668.49	-1,066,441.51	-1,096,110.00	RV-1157/ HML4291426
21/05/2026	8,575.34	-557,501.66	-566,077.00	19816667
10/09/2026	11,276.71	-1,413,171.29	-1,424,448.00	RV-1124/ 11266211
15/09/2026	6,197.26	-1,186,511.74	-1,192,709.00	RV-1123/ 384348275
22/12/2026	2,790.41	-1,178,715.59	-1,181,506.00	384530927
20/01/2027	30,087.67	-1,207,726.33	-1,237,814.00	RV-1122/ 384348286
25/02/2027	24,740.82	-1,958,245.18	-1,982,986.00	RV-1126/ 11260498.1
21/05/2030	13,315.07	-1,145,582.93	-1,158,898.00	RV-1523/ 384395712
25/05/2030	11,387.67	-1,146,690.33	-1,158,078.00	RV-1522/ 384395714
20/01/2031	22,169.86	-1,194,725.14	-1,216,895.00	RV-1524/ 384395715
21/02/2031	29,775.34	-2,668,830.66	-2,698,606.00	REVAL 1517
25/02/2031	18,779.18	-1,971,817.82	-1,990,597.00	RV-1516/ 6985084
20/03/2031	12,842.47	-4,485,783.53	-4,498,626.00	RV-1518/ 384395667
20/03/2028	0.00	-586,954.00	-586,954.00	RV-1479/ 13786794.1

	Accrued	Clean Value	Total NPV
Total	909,834.10	-45,922,172.90	-46,832,007.00
Asset	-38,124.65	917,896.35	956,021.00
Liability	947,958.75	-46,840,069.25	-47,788,028.00

Note 21: Derivative financial instruments

	Council	
	2019 \$000	2018 \$000
Non-current asset portion		
Interest rate swaps	956	641
Total non-current asset portion	956	641
Total derivative financial instrument assets	956	641
Current liability portion		
Interest rate swaps	520	158
Total current liability portion	520	158
Non-current liability portion		
Interest rate swaps	47,268	33,106
Total derivative financial instrument liabilities	47,788	33,264