

Notice of Meeting:

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

Date: Tuesday 16 June 2020

Time: 10.00am

Meeting Room: Council Chamber

Venue: Municipal Building, Garden Place, Hamilton

Richard Briggs
Chief Executive

Finance Committee *Komiti Tahua* OPEN AGENDA

Membership

Chairperson	Cr R Pascoe
<i>Heamana</i>	
Deputy Chairperson	Cr Maxine van Oosten
<i>Heamana Tuarua</i>	
Members	Mayor P Southgate Deputy Mayor G Taylor Cr M Bunting Cr M Forsyth Cr M Gallagher Cr R Hamilton Cr D Macpherson Cr K Naidoo-Rauf Cr A O'Leary Cr S Thomson Cr E Wilson

Quorum: A majority of members (including vacancies)

Meeting Frequency: Six weekly

Becca Brooke
Governance Manager
Menetia Mana Whakahaere

9 June 2020
Telephone: 07 838 6727
Becca.Brooke@hcc.govt.nz
www.hamilton.govt.nz

Purpose:

The Finance Committee is responsible for:

1. Monitoring Council's financial strategy, and financial performance against the Long Term Plan and Annual Plan.
2. Determining financial matters within its delegations and Terms of Reference and making recommendations to Council on financial matters outside its authority.

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

Terms of Reference:

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

The Committee is delegated the following powers to act:

- Approval of operating expenditure within the Long Term Plan or Annual Plan that exceeds the Chief Executive's delegation, excluding expenditure which:
 - contravenes the Council's Financial Strategy; or
 - significantly alters any level of service outlined in the applicable Long Term Plan or Annual Plan; or
 - impacts Council policy or practice, in which case the delegation is recommendatory only and the Committee may make a recommendation to the Council for approval.
- Approval of contractual and other arrangements for supply and services, and revenue generating contracts, which:
 - exceed the Chief Executive's delegations, but
 - exclude contracts or arrangements that are reserved for the Council or another Committee's approval.
- Approval to write-off outstanding accounts greater than \$10,000 (in accordance with the Debtor Management Policy).

The Committee is delegated the following recommendatory powers:

- To set the direction of Council's Financial Strategy.
- The Committee may make recommendations to Council.

- The Committee may make recommendations to other Committees.

Recommendatory Oversight of Policies and Bylaws:

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

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1 Apologies - *Tono aroha*

2 Confirmation of Agenda - *Whakatau raarangi take*

The Committee to confirm the agenda.

3 Declaration of Interest - *Tauaakii whaipaaanga*

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

4 Public Forum - *AAtea koorero*

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

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

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

If you have any questions regarding Public Forum please contact Governance by telephoning 07 838 6727.

Council Report

Committee: Finance Committee

Date: 16 June 2020

Author: Rebecca Watson

Authoriser: Amy Viggers

Position: Governance Advisor

Position: Governance Team Leader

Report Name: Confirmation of the Open Finance Committee Minutes - 28 April 2020

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

That the Committee confirm the Open Minutes of the Finance Committee meeting held on 28 April 2020 as a true and correct record.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Unconfirmed Open Finance Committee Minutes - 28 April 2020

Finance Committee

Komiti Tahua

OPEN MINUTES

Minutes of a meeting of the Finance Committee held in Council Chamber, Municipal Building, Garden Place, Hamilton on Wednesday 28 April 2020 at 9:31am.

PRESENT

Chairperson	Cr R Pascoe
Deputy Chairperson	Cr Maxine van Oosten
Members	Mayor P Southgate
	Deputy Mayor G Taylor
	Cr M Bunting
	Cr M Forsyth
	Cr M Gallagher
	Cr R Hamilton
	Cr D Macpherson
	Cr K Naidoo-Rauf
	Cr A O'Leary
	Cr S Thomson
	Cr E Wilson

In Attendance:	David Bryant – General Manager Corporate
	Chris Allen – General Manager Development
	Jen Baird – General Manager City Growth
	Lance Vervoort – General Manager Community
	Sean Murray – General Manager Venues, Tourism and Major Events
	Eeva-Liisa Wright – General Manager Infrastructure Operations
	Blair Bowcott – Executive Director, Special Projects
	Tracey Musty – Financial Controller
	Christie Harger - Corporate Business Manager
	Emily Botje – Facilities Unit Manager
	Greg Carstens - Growth, Funding and Analytics Unit Manager
	James Clarke – Advisor to the Mayor
	Lance Haycock - Programme Manager, Capital Projects
	Liam Blackwell – Digital Specialist
	Mark Moonsamy - Programme Manager - Transport Improvement
	Nick Murphy - Program and Performance Team Leader
	Rebecca Whitehead - Business and Planning Manager
	Sarah Seel - PMO Manager
	Surya Pandey - Programme Manager City Wide Water
	Irene James - Finance & Commercial Director
	Dan Silverton - Communication and Engagement Advisor
	Andrew Parsons - Strategic Development Manager
	Muna Wharawhara - Amorangi Maaori

1. **Apologies**
Resolved: (Cr Pascoe/Cr van Oosten)
That the apologies for lateness from Mayor Southgate are accepted.
2. **Confirmation of Agenda**
Resolved: (Cr Pascoe/Cr van Oosten)
That the agenda is confirmed.
3. **Declarations of Interest**
No members of the Committee declared a Conflict of Interest.
4. **Public Forum**
No members of the public wished to speak.
5. **Confirmation of the Open Finance Committee Minutes - 11 February 2020**
Resolved: (Cr Pascoe/Cr van Oosten)
That the Committee confirm the open Minutes of the Finance Committee meeting held on 11 February 2020 as a true and correct record.
6. **Chair's Report**
The Chair took the report as read. He responded to questions from Committee Members concerning the budgeted spend on projects, debt to revenue ratio, the impact of Covid-19 on income streams and the current financial strategy.
Resolved: (Cr Pascoe/Cr Wilson)
That the Finance Committee receives the report.

Mayor Southgate joined the meeting (10.43am) during the above item. She was present when the matter was voted on.

7. **Capital Monitoring Report**
The General Manager Development spoke to the report, and gave an overview of the emerging issues noted in the report. Staff responded to questions from Committee Members concerning Borman Road West pedestrian facilities, Te Awa Cycleway closure and remediation works, tracking of the Covid-19 financial impact and the management of deferrals.
Staff Action: Staff undertook to bring a report to a future Infrastructure Operations committee meeting concerning Borman Road West pedestrian facilities.
Staff Action: Staff undertook to bring a report to the next Infrastructure Operations Committee meeting concerning options for the Te Awa Cycleway remediation works.
Resolved: (Cr Pascoe/Cr van Oosten)
That the Finance Committee receives the report.

The meeting adjourned from 11.31am to 11.43am.

8. Annual Monitoring Report to 29 February 2020

The Financial Controller introduced the report noting that the balancing the books and the accounting result were on track. Staff responded to questions from Committee Members concerning personnel costs and job vacancies, CE cost savings and the impact of Covid-19 and how it could be included in future reports to the Committee.

Resolved: (Cr Pascoe/Cr van Oosten)

That the Finance Committee receives the report.

9. Financial Strategy Monitoring Report (*Recommendation to Council*)

The Corporate Business Manager provided an overview of the purpose of the report. She noted the key outcomes from the report including maintenance of a debt to revenue ratio below 230%.

Resolved: (Cr Pascoe/Cr van Oosten)

That the Finance Committee receives the report.

That the Finance Committee recommends the Council:

- a) approves capital movement of \$17.4M from the 2019/20 Financial Year to future years as identified in the 28 April 2020 Capital Portfolio Monitoring Report;
- b) approves the significant forecast adjustments as set out in paragraphs 19 to 25 of this report; and
- c) approves the revised forecast Financial Strategy position for Debt to Revenue, Net Debt and Balancing the Books as set out in paragraphs 26 to 33 of this report.

10. Quarter Two - Service Performance Measures 2019-20

The Unit Manager Strategy and Corporate Planning spoke to the report, noting that two performance measures that would not be achieved. Committee Members asked questions concerning survey timings and results/data, the opportunity for the data to inform work of other Committees and how the targets/reporting categories are set via the Long Term Plan process. Staff advised that the report was originally written to be presented to the March 2020 Finance Committee meeting and was deferred to this meeting due to Covid-19.

Resolved: (Cr Wilson/Cr Bunting)

That the Finance Committee receives the report.

The meeting adjourned from 12.44pm to 1.33pm.

11. Contract Extensions for Contracts 10093, 09026A, 12021A and 18340

The Facilities Unit Manager took the report as read. Staff responded to questions from Committee Members concerning the impact of contract sums on the Long Term Plan budget, when contracts may be retendered and Council's procurement policy.

Staff Action: *Staff undertook to provide further information to Elected Members concerning sustainability standards included as part of the procurement policy.*

Motion: (Cr Pascoe/Cr Macpherson)

That the Finance Committee:

- a) approves the extension of contract term for the following contracts:
 - (i) Contract 10093 Facilities Glazing Maintenance and Associated Services to 30 June 2021.
 - (ii) Contract 13126 Carpark Licence Management Agreement to 30 June 2021.
- b) approves the extension of contract term and Approved Contract Sum for
 - (i) Contract 09062A Facilities Electrical Maintenance and Associated Services extension of contract term to 30 June 2021 with an Approved Contract Sum of \$5.7 million.
 - (ii) Contract 12021A Facilities Fire Security Services extension of contract term to 30 June 2021 with an Approved Contract Sum of \$3.3 million.
- c) approves the Approved Contract Sum for Contract 18340 Facilities Renewals and New Build Programme at \$23 million.

Amendment: (Cr Gallagher/Cr Forsyth)

That the Finance Committee:

- a) approves the extension of contract term for the following contracts:
 - (i) Contract 10093 Facilities Glazing Maintenance and Associated Services to 30 June 2021.
 - (ii) Contract 13126 Carpark Licence Management Agreement to 30 June 2021.
- b) approves the extension of contract term and Approved Contract Sum for
 - (i) Contract 09062A Facilities Electrical Maintenance and Associated Services extension of contract term to 30 June 2021 with an Approved Contract Sum of \$5.7 million.
 - (ii) Contract 12021A Facilities Fire Security Services extension of contract term to 30 June 2021 with an Approved Contract Sum of \$3.3 million.
- c) approves the Approved Contract Sum for Contract 18340 Facilities Renewals and New Build Programme at \$23 million noting that the provision of \$10 million to cover new and unbudgeted works that may be brought forward to assist in Hamilton's recovery can only be used if the works are further approved by the Council or appropriate Committee.

The Amendment was put.

Those for the Amendment:

Deputy Mayor Taylor, Crs Gallagher,
Forsyth and Naidoo-Rauf

Those against the Amendment:

Crs Pascoe, O'Leary, Macpherson,
Thomson and van Oosten

The Amendment was declared LOST.

The Motion was then put and declared CARRIED.

Resolved: (Cr Pascoe/Cr Macpherson)

That the Finance Committee:

- a) approves the extension of contract term for the following contracts:
 - (i) Contract 10093 Facilities Glazing Maintenance and Associated Services to 30 June 2021.
 - (ii) Contract 13126 Carpark Licence Management Agreement to 30 June 2021.
- b) approves the extension of contract term and Approved Contract Sum for
 - (i) Contract 09062A Facilities Electrical Maintenance and Associated Services extension of contract term to 30 June 2021 with an Approved Contract Sum of \$5.7 million.
 - (ii) Contract 12021A Facilities Fire Security Services extension of contract term to 30 June 2021 with an Approved Contract Sum of \$3.3 million.
- c) approves the Approved Contract Sum for Contract 18340 Facilities Renewals and New Build Programme at \$23 million.

Cr Forsyth Dissenting.

Cr Bunting left the meeting (1.43pm) during the above item. He was not present when the matter was voted on.

Cr Wilson left the meeting (2.10pm) during the above item. He was not present when the matter was voted on.

Cr Naidoo-Rauf left the meeting (2.27pm) at the end of the above item. She was present when the matter was voted on.

13. New Zealand Local Government Funding Agency Amendments

The Financial Controller spoke to the report noting that change would enable Local Government Funding Agency to lend to Council Control Organisations. She responded to questions from Committee Members concerning the effect of the amendment on debt to revenue ratio, how Council Controlled Organisations would borrow and securities used against borrowing.

Resolved: (Cr Pascoe/Cr van Oosten)

That the Finance Committee:

- a) receives the New Zealand Local Government Funding Agency Amendments report;
- b) authorises the Council's entry into the documentation noted in this report;
- c) authorises the Chair and the Deputy Chair of the Finance Committee to execute the following deeds for the purposes of the recommendations (b) above;
 - i. Amendment and Restatement Deed (Multi-issuer Deed);
 - ii. Amendment and Restatement Deed (Notes Subscription Agreement); and
 - iii. Amendment and Restatement Deed (Guarantee and Indemnity)
- d) authorises the Chief Executive to execute the Chief Executive Certificate and such other documents and take such other steps on behalf of Council as the Chief Executive considers it is necessary or desirable to execute or take to give effect to recommendation (b) above.

Cr Wilson re-joined the meeting (2.29pm) during the above item. He was present when the matter was voted on.

12. Resolution to Exclude the Public

Resolved: (Cr Pascoe/Cr van Oosten)

Section 48, Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

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

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

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Confirmation of the Public Excluded Finance Committee Minutes - 11 February 2020) 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 March 2020 & Debt write-offs 2019/20)	
C3. Covid-19 Existing Contract Implications		

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

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

The meeting moved into a closed session at 2.38pm.

The meeting was declared closed at 3.34pm.

Council Report

Item 6

Committee: Finance Committee

Date: 16 June 2020

Author: Ian Loiterton

Authoriser: Becca Brooke

Position: Governance Advisor

Position: Governance Manager

Report Name: Chair's Report

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

That the Finance Committee receives the report.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Finance Committee Chair's Report - 16 June 2020



Chair's Report

There have been significant changes in economic and financial activity since the last Finance Meeting. We, along with the rest of NZ, face challenging economic times in the period ahead. Most businesses and households will now be exercising fiscal restraint as the full economic impact becomes clearer.

Hamilton City Council along with partners submitted to Central Government a first class, well thought through plan for infrastructure projects worth around \$21B, which will help provide economic stimulus in the period ahead. The submission was detailed and a credit to the work of Council Senior managers and staff.

At the time of writing, 96% of local projects submitted went through for ministerial consideration. This compares with a national average of 42%.

The request nationally for “shovel ready” infrastructure projects exceeded \$100B in value. Central Government has allocated \$15B to fund these.

Upon receipt of successful projects, Council will need to carefully consider the following, including;

1. The priority of the project supported, given the level of government financial contribution;
2. If already in our approved LTP, our ability to fund our share of the cost now within our debt/revenue constraints;
3. Our ability to deliver within the time constraints imposed by central government;
4. If a new project, does this require community consultation?
5. Our financial ability to fund ongoing Opex costs on the new and/or time advanced projects within the current financial constraints of the LTP; and
6. Any action needed to rework the current LTP to accommodate successful projects.

Care will be needed to ensure any new or accelerated debt levels can be funded with our present revenue constraints. If not, rates will need to be increased beyond the levels in the current LTP.

It is likely this year's financial results will report an operating deficit. A major contributor to this will be the impact of Covid-19 given our reported financial position in February 2020. This loss will be funded from new borrowings which will need to be repaid from future operating surpluses. Surpluses will only occur if our future spending is less than council income. If operating surpluses are not predicted, new or additional sources of income will be needed. In the past this Council has addressed income shortfalls by increasing property rates.

Rob Pascoe
Chair - Finance Committee

Council Report

Item 7

Committee: Finance Committee

Date: 16 June 2020

Author: Iain Anderson

Authoriser: Chris Allen

Position: Capital Financial Lead

Position: General Manager
Development

Report Name: Capital Portfolio Monitoring Report

Report Status	Open
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Purpose – *Take*

1. To inform the Finance Committee on the progress of the capital portfolio delivery against the 2019/20 Annual Plan for the 31 March 2020.

Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Finance Committee receives the report.

Executive Summary - *Whakaraapopototanga matua*

3. This report is to be read in conjunction with the Annual Monitoring Report and Financial Strategy Monitoring Report.
4. This report reflects the capital portfolio delivery results for 31 March 2020.
5. The following project costs do not allow for any COVID-19 related contract delays. An update is provided to Committee in the Public excluded section given the commercial sensitivity of the information.
6. Staff consider the matter to be of low significance and that the recommendations comply with the Council's legal requirements.

Programme Summary and Significant Highlights

7. The following definitions are relevant:
 - Portfolio: refers to the total organisational capital work budget. A summary table of the year 2 (2019/20) portfolio is below;
 - Programme: refers to the 8 programmes that are referred to in this report, which when added together equal the portfolio;
 - Project: refers to an individual identified project under a particular programme, which may have funding from multiple activities and across multiple year.

2019/20 Capital Expenditure Budget as per Approved Annual Plan	\$323.6m
Plus Deferrals from 2019-20 (approved September 2019)	\$6.0m
Total Capital Expenditure Budget	\$329.6m

8. **Attachment 1** contains an overview of the Portfolio.
9. **Attachment 2** contains an overview of the 8 programmes. Each overview contains a summary of the key achievements and a graphical representation of the financial performance. The 8 programmes are:
 - I. City Wide Community
 - II. City Wide Waters
 - III. Peacocke
 - IV. Rotokauri
 - V. Rototuna
 - VI. Ruakura
 - VII. Transport Improvement
 - VIII. Renewal and Compliance
10. Staff have been reviewing governance arrangements relating to the capital programmes and projects and are making some reporting changes to the Finance Committee. Previously the information being reported was at a programme level. This month sees a transition to both programme and key project reporting.
11. Significant highlights since the last report to the Finance Committee on 29 April 2020 include:
 - I. All contracts and work sites that had previously been shut down due to COVID are now operational.
 - II. The Rotokauri Swale designation objection period closed on 31 May 2020, with no objections being received and the designation project now complete. This is a significant achievement.
 - III. The Baverstock Road urbanisation contract is ready to award and the Chief Executive intends to use his delegation to proceed.
 - IV. The Te Awa Cycleway remediation contract is ready to award once regional consents are confirmed.
 - V. The Te Awa Path project is ready to proceed to tender subject to Council confirming its commitment to local share funding, noting that the costs have increased from the budget allowed in the 2018-28 10-Year Plan.
 - VI. The 12 million litre Ruakura Reservoir is nearing completion with commissioning expected August 2020.

Capital Expenditure Forecast

12. For purposes of this Capital Portfolio Monitoring report, there are 6 main types of capital budget movement that will impact on the forecasted total spend for this financial year. They are:
 - I. **Re-phasing Deferrals**: this is where the project has started, or there is confidence that the project will start and finish on time, but the expenditure across the years of the project is forecast to be different than budgeted. In general, this refers to projects where staff have received construction programmes from the contractors, and with them the forecasts of expenditure have been rephrased.

- II. **Delay Deferrals**: this is where a movement of capital expenditure is required due to delays and will result in a shift of the project end date. Some of these delays will be due to third party issues outside Council control, the more usual reason being that a developer is not ready to partner with Council as anticipated when the 2018-28 10-Year Plan was developed.
 - III. **Renewal and Compliance Deferrals**: this is for projects that are classified Renewals and Compliance. This programme is being managed as a 3-year programme. Any unspent funds within any year are carried forward. Ultimately, any budgets unspent at the end of the 3-year cycle will be returned to Council as a saving. Staff are authorised to use their discretion to manage projects within the 3-year programme to ensure that Council is looking after its assets.
 - IV. **Capital Savings**: this is for the recording of efficiencies and capital savings that can be attributed to the capital savings target. At times Capital cost increases will also occur that erode any savings.
 - V. **Capital Expenditure Brought Forward**: this is where a project has been brought forward to align with other projects or to enable work ahead of schedule to achieve the outcomes required in the timeframes set.
 - VI. **Other Changes**: these changes are likely to be either new projects or amendments to existing projects to ensure the budget reflects up to date data.
13. At the end of 31 March 2020, the actual capital expenditure result was \$141.9m. As a comparative, as at 31 March 2019 the actual capital expenditure was \$94.5m, reflecting a significant increase in expenditure in year 2 of the 2018-28 10-Year Plan.
 14. This result however is pre COVID and the lockdown has seen progress slow leading to a rise in the level of deferrals.
 15. Approved capital expenditure budget approved at the previous Finance Committee on 29 April 2020 was \$193.3M. The following table tracks the approved budget changes.

2019/20 Annual Plan Capital Expenditure Budget	\$329.6M
Less Forecasted re-phasing deferrals	\$63.1M
Less Forecasted delay deferrals	\$54.0M
Less Forecasted Renewals and Compliance deferral	\$24.6M
Plus Capital expenditure brought forward from 2020/21	\$3.8M
Less Capital savings forecasted in 2019/20	\$4.8M
Plus Other Changes	\$6.4M
2019/20 Approved Capital Expenditure Budget (29 Feb 2020)	\$193.3M

16. As at 31 March 2020 the capital expenditure has been revised, the forecast for 30 June 2020 is \$191.3m. See following table, detail is contained in Attachment 3.

2019/20 Annual Plan Capital Expenditure Budget (29 Feb 2020)	\$193.3m
Less Forecasted re-phasing deferrals	\$6.8M
Less Forecasted delay deferrals	\$2.4M
Plus Forecasted Renewals and Compliance deferral	\$1.9M
Plus Capital expenditure brought forward from 2020/21	\$5.7M
Less Capital savings forecasted in 2019/20	\$0.4M
Plus Other Changes	\$0.0M
2019/20 Approved Capital Expenditure Budget (31 March 2020)	\$191.3m

Revenue Forecast

17. At the end of 31 March 2020, the actual capital revenue result was \$28.8M.
18. Approved capital revenue budget approved at the previous Finance Committee on 29 April 2020 was \$55.2M. The following table tracks the approved budget changes.

2019/20 Annual Plan Capital Revenue Budget	\$69.7M
Less Forecasted re-phasing deferrals	\$6.9M
Less Forecasted delay deferrals	\$5.8M
Less Forecasted Renewals and Compliance deferral	\$2.8M
Plus Capital revenue brought forward from 2020/21	\$0.0M
Less Capital savings forecasted in 2019/20	\$0.6M
Plus Other Changes	\$1.6M
2019/20 Approved Capital Expenditure Budget	\$55.2M

19. As at 31 March 2020 the capital revenue has been revised, the forecast for 30 June 2020 is \$55.3M. See following table, with detail provided in Attachment 3.

019/20 Annual Plan Capital Revenue Budget	\$55.2M
Less Forecasted re-phasing deferrals	\$0.6M
Less Forecasted delay deferrals	\$0.3M
Less Forecasted Renewals and Compliance deferral	\$0.0M
Plus Capital revenue brought forward from 2020/21	\$1.2M
Less Capital savings forecasted in 2019/20	\$0.0M
Less Other Changes	\$0.2M
2019/20 Approved Capital Expenditure Budget	\$55.3M

Deferrals, changes and review of the 2019-20 Capital Programme

20. Deferrals (including Renewals and Compliance) have increased by \$7.3M since the previous report to the Finance Committee. This results in total deferrals for the 2019-20 year of \$143.0m.

2019/20 Deferrals by Type	
Re-phasing deferrals	\$63.9M
Delay deferrals	\$56.4M
Renewals and Compliance deferrals	\$22.7M
2019/20 Total Deferrals	\$143.0M

21. Significant changes to the capital programme are:
- Brought forward \$2.8m for the Dixon Road Intersection project to reflect that progress is ahead of original budget expectation.
22. The savings have increased by \$400K, bringing the total savings for 2020/21 to \$5.2M.
23. **Attachment 3** contains a full list of the re-phasing and delay deferrals, expenditure brought forward and emerging savings by project.

Covid-19

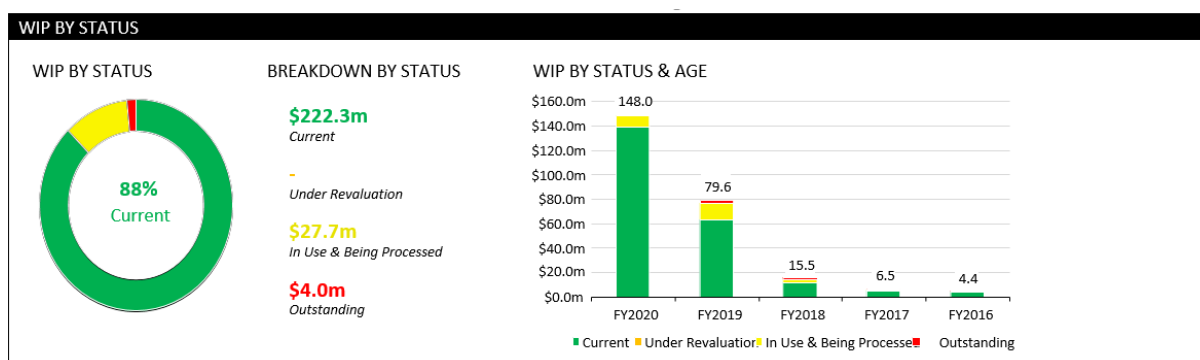
24. The impact of COVID-19 on the capital programme can be grouped into 2 areas:
- The first is delays in delivering the capital projects, this links directly to the deferrals being reported.

- The second is as an increase in costs related to contractual matters. Given the commercial sensitivity, there is a public excluded report to this Committee meeting providing an update.

Work in Progress (WIP)

25. The balance of WIP as at 31 March 2020 is \$254.0M
26. The breakdown by status is:
 - \$222.3M: Current, this is legitimate WIP and reflects the assets cannot be capitalised until they are in use.
 - \$27.7M: In use and being processed
 - \$4.0M: Projects completed and in service but not yet capitalised.

The following table includes the status along with the WIP age.



Emerging Issues

Western Interceptor Duplication

27. This is a critical project to allow the City to manage its waste water needs into the future.
28. The project has commenced but has encountered several unforeseen ground conditions that is making the project difficult to deliver within the initial programme dates and within the Approved Contract Sum.
29. It is expected however that there will be sufficient approved project funding to accommodate any increase to the Approved Contract Sum.
30. Several risk items are still being investigated and staff propose to report back to Council within the next two meeting cycles.

Te Awa Cycleway Extension

31. The Te Awa Path project has been developed to the point where it is ready to go to tender.
32. The current project estimate is \$5.8m, compared to the budget provision of \$4.2m allowed for in the 2018-28 10-Year Plan. Council will need to approve additional funding if it wishes to proceed with this project. The cost increase was signalled in the Draft 2020/21 Annual Plan report that Council considered on 10 June 2020.
33. Waka Kotahi NZ Transport Agency are prepared to co-fund this project which extends into Waikato District Council and Waipa District Council to Cambridge at 51% Subsidy rate, but are looking for confirmation from all of the funding partners to local share contributions by mid-June 2020.

34. An option to approval additional funding, is to approve it at this Committee meeting as part of the current Years programme that will extend into next year. A resolution to approve the additional funding is included in the Financial Strategy Report.

Resolution Drive

35. HCC has an agreement with Waka Kotahi NZ Transport Agency to complete the extension of Resolution Drive as part of the Waikato Expressway works.
36. The agreement commits Council to a lump sum contribution of \$10.3m. The Agency recently indicated that they believe the scope of the project had increased and advised of cost increases. Staff do not believe that the scope has altered, and discussions are continuing with the Agency.
37. The Agency is also in discussions with Waikato District Council over completion of the Horsham Downs link on the eastern side of the Expressway that will link the Resolution Drive interchange with the Waikato Roding network. Resolution of several issues mean that no final agreements are in place in regard to this project.

Te Wetini Drive Extension

38. Council is working with Rotokauri Developments Ltd who have the primary responsibility to extend Te Wetini Drive. There are outstanding resource consent issues and cost sharing issues to resolve.
39. Several meetings have been held to inform the community of a likely programme for this work but the COVID impacts have delayed resolution of some of the outstanding issues.

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

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

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

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

Social

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

Economic

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

Environmental

46. Across the capital portfolio, environmental consideration is integrated throughout the project life cycle, including through design, procurement and construction.

47. In the procurement phase all physical works contracts include a component to incorporate environmental and sustainability considerations into tender evaluation, where contractor initiatives such as materials reuse, energy requirements, electric vehicle utilisation, carbon offsets etc. can be valued.
48. Across the portfolio several works projects and programmes are specifically focussed on enhancing Hamilton's natural environment, or ensuring effects of city development are not at the detriment of the natural environment.

Cultural

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

Risks - *Tuuraru*

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

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

Significance

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

Engagement

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

Attachments - *Ngaa taapirihanga*

Attachment 1 - Portfolio Summary

Attachment 2 - Programme Overview

Attachment 3 - Schedule of Deferrals, Savings, Brought F/wd and other Changes

HAMILTON CITY COUNCIL CAPITAL PORTFOLIO REPORT

PORTFOLIO COMMENTARY/HIGHLIGHTS

Across the portfolio, our works programmes and projects are continuing to deliver organisational outcomes and realise the following investment benefits:

Looking after our existing assets

Delivery of our asset renewals programmes is continuing, with works largely contractually committed and on track. Delivery of these activity works programmes has involved agility and reprioritisation to best respond to asset needs.

Enabling and supporting residential growth and development

Our strategic infrastructure delivery programmes continue to support ongoing residential development in the greenfield growth areas of Rototuna and Ruakura, and delivery of the Peacocke programme is on track as our next primary greenfield residential growth area. Opportunities to progress development of the Rotokauri area is in advance of current 10YP timeframes in collaboration with central government and developers are also underway.

Infill and intensification development also continues to put increasing pressure on capacity of existing infrastructure. The financial implications to address this pressure on our existing networks could be significant in future AMPs and network Master Plans.

Enabling and supporting industrial and employment growth and development

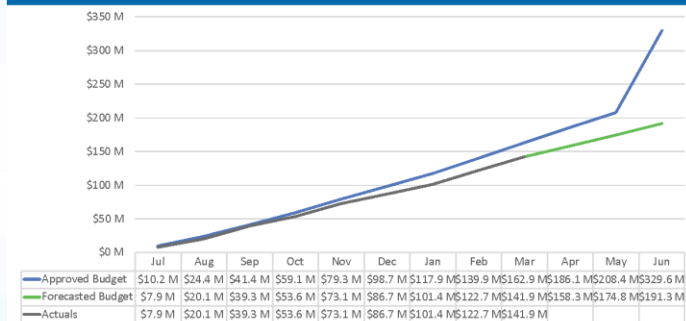
With limited existing industrial/commercial land available (Te Rapa industrial zone almost at capacity), Ruakura is the city's next planned major employment area. In collaboration with local developers, provision for strategic 3-waters infrastructure is well advanced, however there is pressure to advance delivery of the strategic transportation networks (Ruakura Road Upgrade and Spine Road) to support development.

Building a great river city that makes Hamilton a great place to live, work, play and visit.

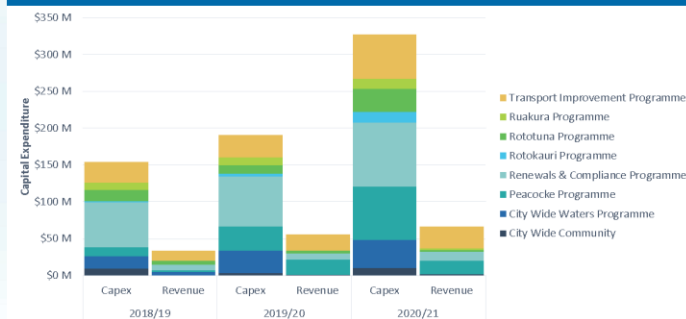
Development of new playgrounds, sports parks and Rototuna village are progressing well with positive community feedback. Delivery of some key transportation projects (ie. Eastern Pathways, Transport Centre Upgrade and Mass Transit) are currently delayed from original programme due to prolonged Business Case development and associated issues indicate that we are unlikely to receive anticipated implementation funding.

FINANCIAL PERFORMANCE

Capital Expenditure 2019-20



Total Budget Y1-Y3



HAMILTON CITY COUNCIL CAPITAL PORTFOLIO REPORT

KEY RISKS

Risk 1: Health and Safety

Lack of appropriate Health and Safety practice associated with project delivery, resulting in injury, serious harm or death.

Treatment Plan

- Engaging suitably qualified and experienced contractors.
- Ensure appropriate project/contract management resourcing with appropriate awareness of H&S risks.
- Systems, processes and reporting in accordance with worksafe best practice guidelines for contract management across the project lifecycle.

Risk 2: Waka Kotahi NZ Transport Agency

Waka Kotahi NZ Transport Agency have advised that some projects will not receive funding assistance as anticipated in 10 YP and financial strategy. As a result of not achieving assumed Waka Kotahi NZ Transport Agency funding assistance, some projects may be delayed, some may not be delivered or alternatively if progressed without subsidy will require additional HCC funding or scope reduction.

Treatment Plan

- Financial modelling for scenario forecasts.
- Prioritise Business Case and design efforts to 'likely' subsidised works.
- Ensure quality and timeliness of Business Case submissions.
- Communication and partnering with Waka Kotahi NZ Transport Agency regarding Access Hamilton priority projects.

Risk 3: Investment Priority

Lack of alignment of investment with benefits, resulting in benefits or wellbeing outcomes not being realised/maximised - i.e. development not being appropriately enabled and/or sub optimal investment.

Treatment Plan

- Agile in delivery programme.
- Clear definition of programme/project benefits.
- Promotion of Private Development Agreements in accordance with just-in-time delivery philosophy.

Risk 4: Cost Certainty

Lack of cost certainty at the time of 10-Year Plan budget allocation, resulting in variance against budget.

Treatment Plan

- Robust estimation and budget estimates in 10YP (including escalation).
- Agile in delivery programme. Adhere to project management and governance structures. Portfolio management to apply robust change management process.

Risk 5: Supply Chain Resources

High demand for contractor and professional service resources, resulting in lack of price tension and associated cost escalation.

Treatment Plan

- Pipeline visibility and market briefings.
- Regular discussions with CCNZ and ACENZ.
- Recent tendering of the Professional Services Panel to secure professional service resource priority.

Total Capital Expenditure and Revenue at 31 March 2020

Programme	Actuals YTD	Total Approved Budget	Forecast end of 2019/20 Budget	Revenue Actuals YTD	Revenue Approved Budget	Revenue Forecast Budget
City Wide Community	\$2.4M	\$6.8M	\$3.5M	\$0.0M	\$2.1M	\$0.5M
City Wide Waters	\$24.6M	\$56.5M	\$30.4M	\$0.0M	\$0.5M	\$0.2M
Peacocke	\$24.8M	\$73.8M	\$32.2M	\$9.3M	\$20.6M	\$20.6M
Renewals & Compliance	\$49.6M	\$88.1M	\$66.3M	\$5.9M	\$10.8M	\$8.6M
Rotokauri	\$2.2M	\$6.4M	\$2.9M	\$0.2M	\$0.5M	\$0.2M
Rototuna	\$7.3M	\$25.6M	\$14.9M	\$0.0M	\$3.4M	\$3.4M
Ruakura	\$8.9M	\$14.5M	\$10.4M	\$0.0M	\$0.4M	\$0.1M
Transport Improvement	\$22.M	\$57.9M	\$30.8M	\$13.4M	\$31.4M	\$21.7M
Total Portfolio	\$141.9M	\$329.6M	\$191.3M	\$28.8M	\$69.7M	\$55.3M

CITY WIDE WATERS PROGRAMME CAPITAL REPORT

PROGRAMME HIGHLIGHTS

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

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



STORMWATER

Erosion Control Works: Resource Consent has been lodged with Waikato Regional Council to repair damage to embankment of Ulrich Street. Negotiations are underway for easement through a private property. In Waitawhiriwhiri, the investigation and design for Ulster Street culvert erosion has been completed. The design at Maeroa Rd to mitigate erosion is completed. Construction will start as soon as Waikato Regional Council gives consent for the works. The investigation of the erosion damage of the embankment of Nevada Rd in Mangaonua completed and design under way.



TREATMENT PLANTS

Waiora Water Treatment Plant: The new chemical storage facility is coming together with electrical installations, new roading being formed and the building construction continuing. Detailed design is progressing well with the new sedimentation and filtration upgrade.

Pukete Wastewater Treatment Plant: The new chemical storage facility is all but complete with commissioning activities underway. Good progress is being made on the several of the concrete structure and new piping elements with the new bioreactor and



WASTEWATER

Western Wastewater Interceptor: Project is making good pipe laying progress down Avalon Drive Bypass. Ground stabilisation options are being considered for works for high groundwater areas.

Hillsborough Wastewater Pump Station Upgrade: Project is progressing well and is planned to be completed in September 2020.



WATER

Newcastle Water Reservoir and Supply Network Upgrade: The project is in final design. Geotech to determine ground conditions and potholing to locate existing services are progressing well.



FINANCIAL PERFORMANCE

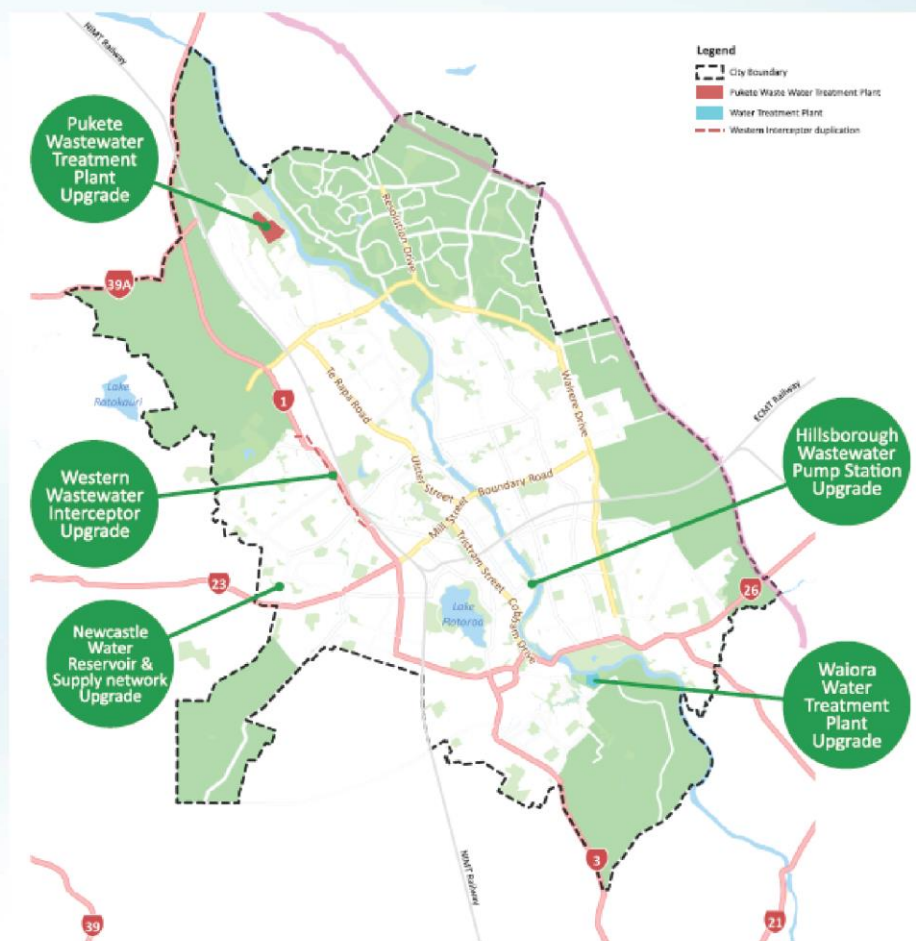
Capital Expenditure 2019-20



3 Year Forecasted Budget



KEY PROJECTS



CITY WIDE COMMUNITY PROGRAMME CAPITAL REPORT

PROGRAMME HIGHLIGHTS

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



HAMILTON GARDENS

The Hamilton Club Summerhouse completion will be pushed into the next financial year due to Covid-19. The Ancient Egyptian Garden is in the procurement phase and the delivery of this project will be delayed until 2020/21. The proposed Visitor Centre extension and associated forecourt development has been put on hold until the long-term Management Plan for Hamilton Gardens has been confirmed.

Staff are currently reviewing the full development programme regarding scope and timeframes taking into consideration recent cost estimates, the proposed changes to the draft Hamilton Gardens Management Plan and impacts on the funding environment due to Covid-19.



ZOO/WAIWHAKAREKE

This project is currently in detailed design phase. \$100K of grant funding has been confirmed from WEL Energy Trust and the staff are awaiting the decision on a \$990K application to the Lotteries Environment and Heritage Fund. Extra funding is required to complete the project and staff have requested approval for the additional funding through the Annual Plan process.



PLAYGROUNDS

Innes Common and Melville are complete. Construction is in progress for Lake Domain with completion expected in September 2020.



CENTRAL CITY JETTY

The River Works Contract received approval to award at the Council meeting on 28 May 2020. Based on the tendered programme, the Jetty is anticipated to be completed in December 2020.



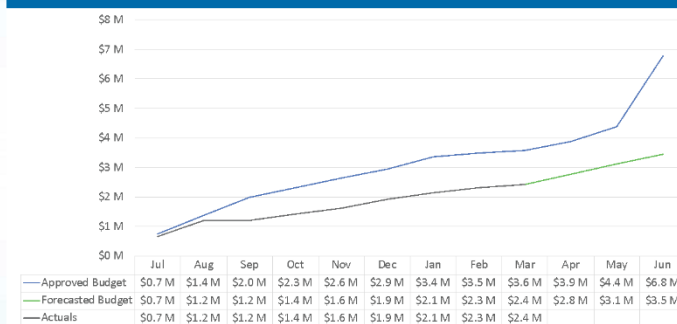
Picturesque Garden



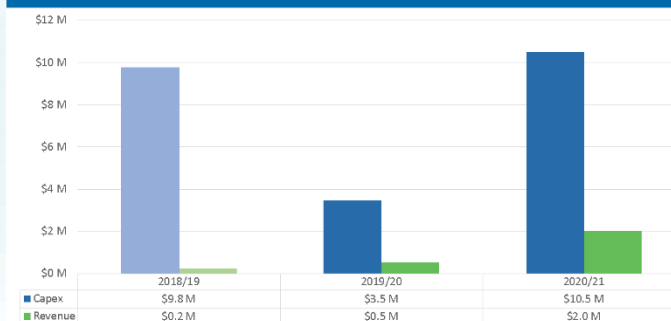
Surrealist Garden

FINANCIAL PERFORMANCE

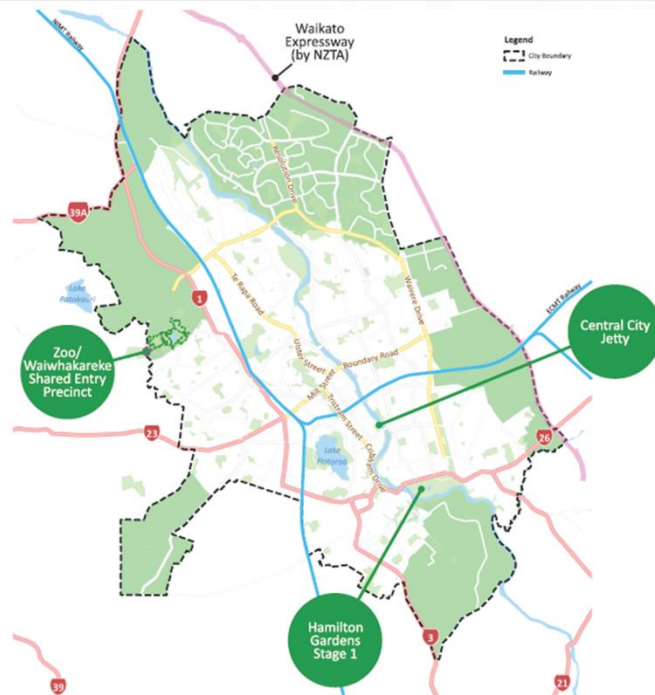
Capital Expenditure 2019-20






3 Year Forecasted Budget



KEY PROJECTS													
Project Name	Project Description	Project Status	Total Project Budget	Actual Spend to Date	Forecast Total Cost	2019/20		2020/21			2021/22		
Hamilton Gardens Stage One	The completion of the Western end of the enclosed theme gardens and the extension of the visitor retail operation. Includes the following new gardens: Baroque Garden, Medieval Garden, Pasifika Garden, Ancient Egyptian Garden and Courtyard. Civil works has been completed for these four gardens.		\$9.9 M	\$3.3 M	\$9.9 M								
Zoo/Waiwhakareke Shared Entry Prednct	The development of an efficient and high-quality visitor arrival experience to two of the city's key visitor destinations through the renewal and upgrade of the Zoo entrance building and development of visual and physical connections between the Zoo and Waiwhakareke.		\$5.9 M	\$0.3 M	\$7.6 M								
Playground Development Programme	The upgrade of playgrounds across the City (budget shown for 2018/19 to 2020/21).		\$1.8 M	\$1.0 M	\$1.8 M								
Central City Jetty	The upgrade of the current central city jetty to provide a safe location for boats to dock close to the central business district		\$1.1 M	\$0.1 M	\$1.1 M								



PROJECT STATUS

-  Project is on track
-  Project has significant risks that are being monitored and managed
-  Project has significant risks that will require Council Decision

KEY

-  Business Case / Investigation
-  Design
-  Procurement
-  Construction

PEACOCKE PROGRAMME CAPITAL REPORT

PROGRAMME HIGHLIGHTS

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



INFRASTRUCTURE

Ohaupo Road (SH3) Intersection construction has recommenced with completion planned for late 2020.

Tenders for construction of the **Waikato bridge**, and associated roads and the **wastewater pump station** and pipeline close at the end of June 2020 for award in August 2020.

Significant innovation has been developed for the **wastewater system** to avoid chemical use and overall, the network infrastructure has been formally accepted into the green star accreditation process which is a significant achievement and a NZ first for a growth cell.

Land acquisition is also progressing well with 26 of 39 properties now owned by Council, 17 by agreement and 9 by proclamation.

A deferral is required for the current financial year and 2020/21 to realign the budget with the revised expenditure forecast. Overall the network infrastructure programme is on track with the original business case and approved HIF agreement.



PARKS

Construction of a new **neighbourhood playground** at Inuwait Street Park is under way with completion expected by the end of June 2020. Council officers have continued to engage with Mana whenua and a park name will be put forward for consideration by Council in June 2020.

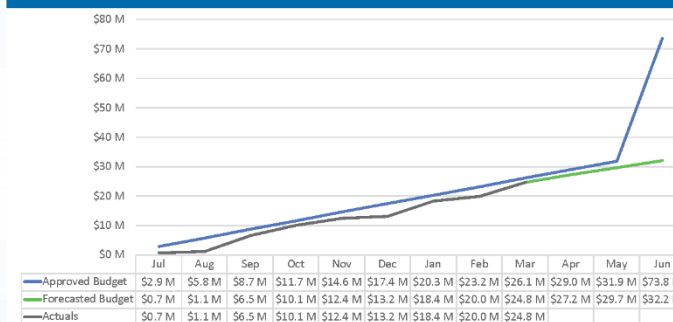
Work is continuing to secure **sports parks land** in Peacocke. A Notice of Requirement for an approximately 14ha northern sports park has been lodged.



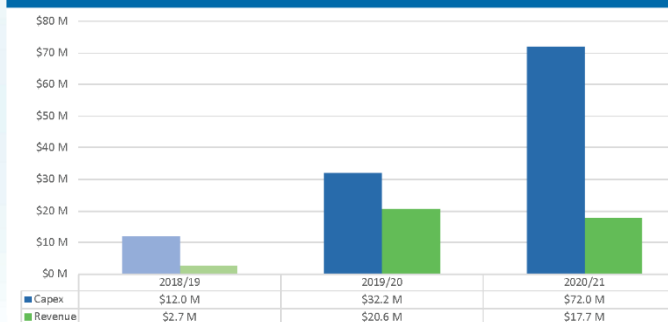
SH3
Roundabout

FINANCIAL PERFORMANCE

Capital Expenditure 2019-20

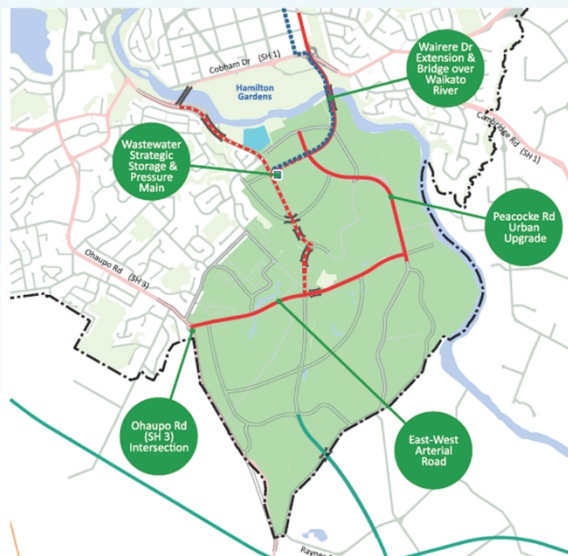


3 Year Forecasted Budget






KEY PROJECTS





Project Name	Project Description	Project Status	Total Project Budget	Actual Spend to Date	Forecast Total Cost	2019/20	2020/21	2021/22
 Ohaupo Road (SH3) Intersection	Construction of a new roundabout intersection including grade separated walking/cycling facilities - as a primary arterial connection into the Peacocke greenfield residential growth area.		\$19.5 M	\$7.5 M	\$19.5 M			
 Wairere Drive Extension and Bridge over Waikato River to Peacocke North-South Arterial	Construction of a new major arterial road connection into Hamiltons greenfield growth area of Peacocke - including a bridge across the Waikato River.		\$133.2 M	\$8.5 M	\$133.2 M			
 Wastewater Strategic Pumpstation, Storage and Pressure Main	Construction of a new major pump station and associated storage and installation of 7km new wastewater pressure pipelines (600mm & 350mm dia) through brownfield urban corridor.		\$59.9 M	\$4.3 M	\$59.9 M			
 Peacocke Road Urban Upgrade	To upgrade existing rural standard road to urban standard including paths, cycle lanes, kerb and channel and streetlights.		\$10.4 M	\$0.1 M	\$10.4 M			
 East/West Rooding Arterial	Construction of a new major arterial road connection into Hamiltons greenfield growth area of Peacocke - including some significant gully crossings.		\$33.9 M	\$0.3 M	\$33.9 M			
 Land Acquisition	The purchase of land to allow for the construction of infrastructure.		\$66.5 M	\$12.4 M	\$66.5 M			
 Sports Park Land Acquisition and Development	The land purchase and basic development of two sports parks in Peacocke. Currently the budget sits in 2020/21 for the purchase of the Northern Park and in 2027/28 for the Southern Park. The budget for this programme of work will be reviewed as part of the Long Term Plan.		\$33.9 M	\$0.2 M	\$33.9 M			



PROJECT STATUS

-  Project is on track
-  Project has significant risks that are being monitored and managed
-  Project has significant risks that will require Council Decision

KEY

-  Business Case / Investigation
-  Design
-  Procurement
-  Construction

RENEWALS & COMPLIANCE PROGRAMME CAPITAL REPORT

PROGRAMME HIGHLIGHTS

Ko te tiaki aa taatou hua hei tika moo toona whainga

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

As approved by Council, the Renewals and Compliance programme is now managed as a 3-year programme with a total budget of \$211M. Over the past 21 months we have spent \$113M (54%) and we are still anticipating spending the total programme budget by the end of 2020/21.

The focus of the programme is to invest in required compliance projects and deliver a renewals programme that best looks after existing Council assets. While the Asset Management Plans (AMP) and Long Term Plan (LTP) forecast the required works and budget, it has now been approximately three years since these base programmes and budgets were prepared. Consequently, there is the need for some projects to be reprioritised as other more pressing needs have materialised. The need for a dynamic approach to the management of this programme is supported by the management of the programme as a whole. This allows flexibility and the programme to be leveraged when changes are required.

The graph over the page shows the net financial movements between the different types of activities to date. As of the end of March 2020, there is still a need over the next 15 months (before the end of the 3 year period) to identify \$4.3M from the remaining programme budget to accommodate necessary changes that have been required in the programme.

This will be achieved through delivering projects for less than budget, identifying projects that are no longer required or projects that now do not require to be done in the 3-year period of 2018-2021 Financial Years. Where projects are rephased and delayed until beyond June 2021, these projects will be included in the updated AMPs and initial proposed 2021-31 LTP budgets. Projects will only be delayed if they can be done so without having a material impact on risk.

The saving in expenditure in relation to 3 waters projects is not increasing risk to the service but is due to a mixture of:

- Delivery of some projects under forecast budget
- Some compliance projects now not being required as previously anticipated
- Timing for some renewal projects now better aligned with related projects in year 4 or beyond
- Some projects able to be rephased to year 4 or beyond without any material impact on risk.

Western Bulk Main Remediation (Before)

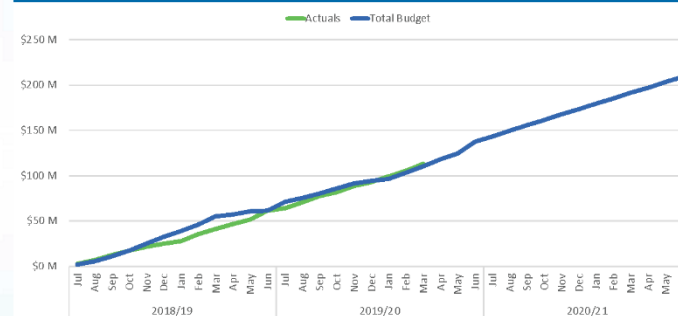


After

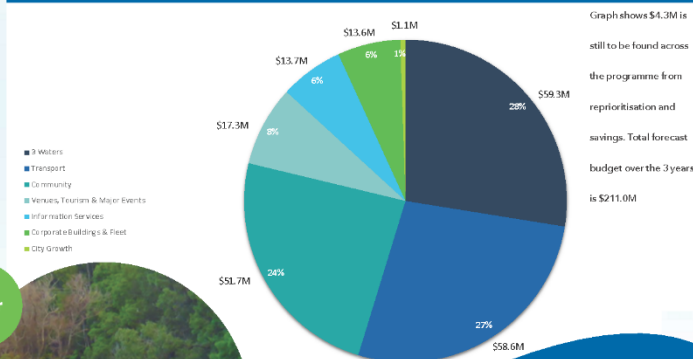


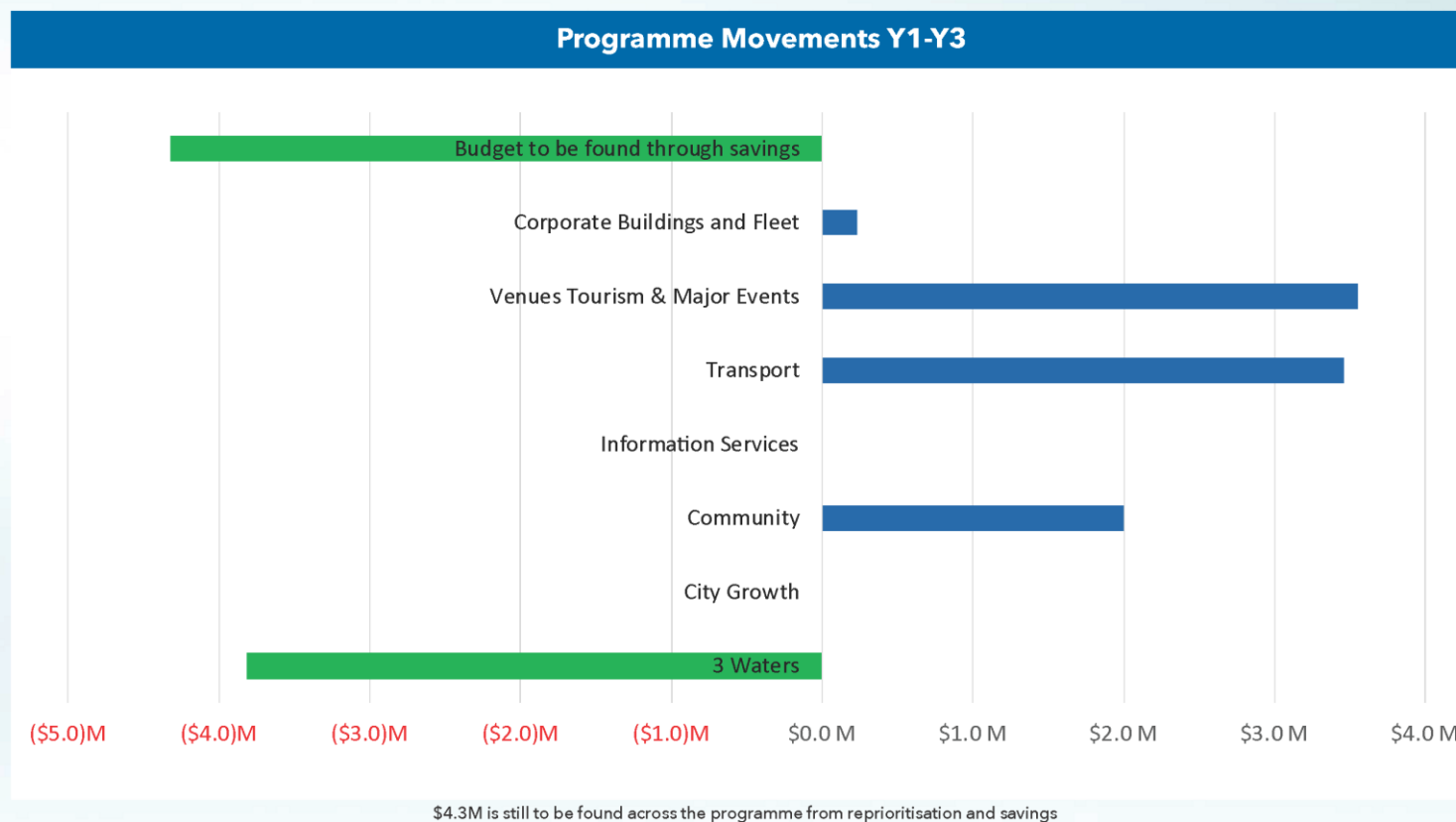
FINANCIAL PERFORMANCE

Capital Expenditure 2019-20



Total Budget Y1-Y3





ROKOKAURI PROGRAMME CAPITAL REPORT

PROGRAMME HIGHLIGHTS

Ko te aaheinga o te hanga he waahi ataahua, he waahi toiora ki Rotokauri

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



BAVERSTOCK ROAD

The design for the urbanisation of Baverstock Road is complete to further improve the safety and connectivity on Baverstock Road. The tender period has closed and the award process is underway, slightly delayed by lockdown.



SWALE DESIGNATION

The swale designation was completed at the end of May 2020 with no objections received. The designation is confirmed and will be included into both Waikato District Council and Hamilton City Council District Plans when they are updated.



ARTERIAL ROADING DESIGNATION

The preliminary data collection stage for the Rotokauri Arterial Roading designation project is complete and ready to proceed to community engagement. Prior to this, a briefing will be held with elected members to confirm the scope of the project.



TE WETINI DRIVE EXTENSION

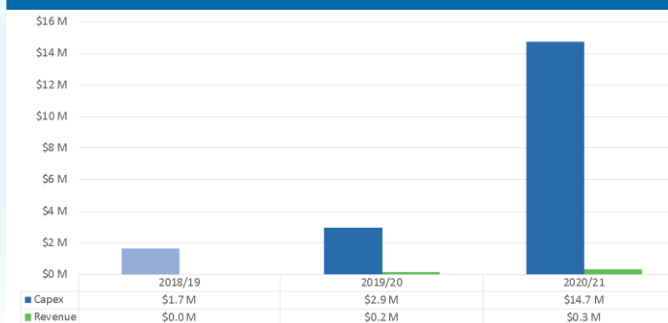
Delivery scope, costs and timing is dependent on the development timing and cost share negotiation. Staff are continuing to work with developers.

FINANCIAL PERFORMANCE

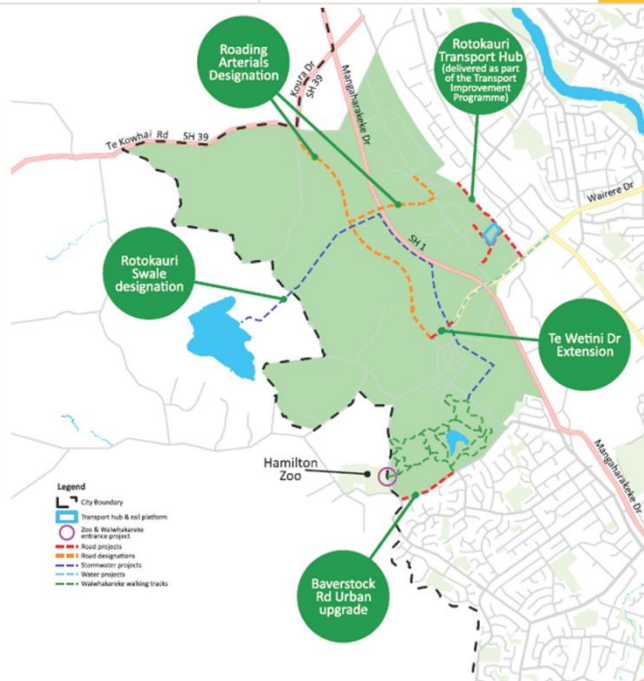
Capital Expenditure 2019-20






3 Year Forecasted Budget



Key Projects													
Project Name	Project Description	Project Status	Total Project Budget	Actual Spend to Date	Forecast Total Cost	2019/20		2020/21			2021/22		
Baverstock Road Urban Upgrade	To upgrade existing rural standard road to urban standard including paths, cycle lanes, kerb and channel and streetlights.	<div></div>	\$2.8 M	\$0.4 M	\$2.8 M	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>
Rotokauri Swale Designation	Securing the land corridors required for future installation of strategic stormwater corridors in this growth area	<div></div>	\$0.9 M	\$0.7 M	\$0.9 M	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>
Rotokauri Arterial Roading Designations	Securing the land corridors required for future installation of strategic transport corridors through the growth area	<div></div>	\$3.2 M	\$0.9 M	\$3.2 M	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>
Te Wetini Drive Extension	To extend from Akoranga Road to the new Rotokauri north-south minor arterial. The developer is in control of the timing and is expecting a contribution from Council for upsizing.	<div></div>	\$2.0 M	\$0.0 M	\$2.0 M	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>



PROJECT STATUS

-  Project is on track
-  Project has significant risks that are being monitored and managed
-  Project has significant risks that will require Council Decision

KEY

-  Business Case / Investigation
-  Design
-  Procurement
-  Construction

ROTOTUNA PROGRAMME CAPITAL REPORT

PROGRAMME HIGHLIGHTS

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

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



RESOLUTION DRIVE EXTENSION

HCC have an agreement with Waka Kotahi NZ Transport Agency to construct Resolution Drive as part of the Waikato Expressway construction contract. Waka Kotahi NZ Transport Agency have indicated cost increases related to scope change requests which are still being worked through. There is also still some uncertainty about the Horsham Downs Link Road to the east of the Resolution Drive interchange which is in Waikato District Council jurisdiction.



SPORTS PARKS

Korikori Park, officially opened in February 2020, and is now having facilities constructed to enable sports and maintenance to take place, which includes changing rooms, public toilets and a groundsman shed.



ROTOTUNA VILLAGE

The Rototuna Village programme including the Library, open space and roads to support the retail and businesses is progressing well. Three concepts of the library are being developed and will be ready late 2020. This will help identify a preferred Architect to develop the detailed design.

North City Rd and Turakina Rise, required to support the village, are nearing completed detailed design stage. We are continuing to work with schools in the area, both secondary and primary, to understand their alternative transport needs and align these with our ongoing transport projects in the area.



Rototuna
Village
Site



Korikori
Sports
Park

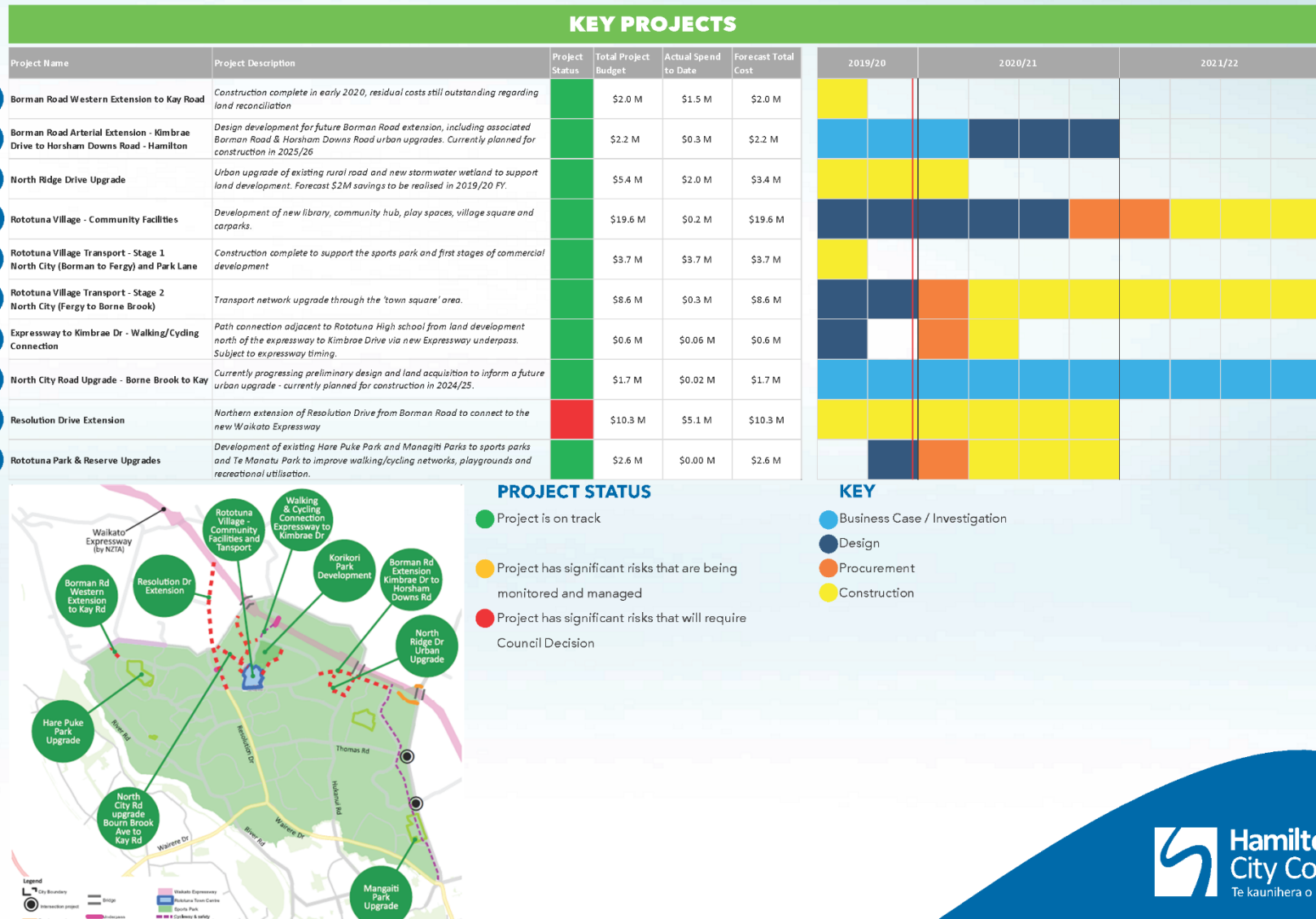
FINANCIAL PERFORMANCE

Capital Expenditure 2019-20



3 Year Forecasted Budget





RUAKURA PROGRAMME CAPITAL REPORT

PROGRAMME HIGHLIGHTS

Ko te aaheinga o te hanga he waahi ataahua, he waahi toiora ki Ruakura

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



RUAKURA ROAD URBAN UPGRADE

Business Case development is underway.



RUAKURA ROAD WEST REALIGNMENT

This is being developed as a partnership project between Hamilton City Council and Tainui Group Holdings with some funding allocated from the Provincial Growth Fund.



RUAKURA WATER RESERVOIR

Construction is nearing completion on our new 12ML water reservoir which will supply fresh drinking water to the Ruakura and Peachgrove areas. A delay incurred by the lockdown has seen the completion date pushed to late July 2020 with commissioning works starting soon after. The project also includes installation of bulk mains, some of which will be dependent on developer timing.



Ruakura Reservoir



Ruakura Reservoir

FINANCIAL PERFORMANCE

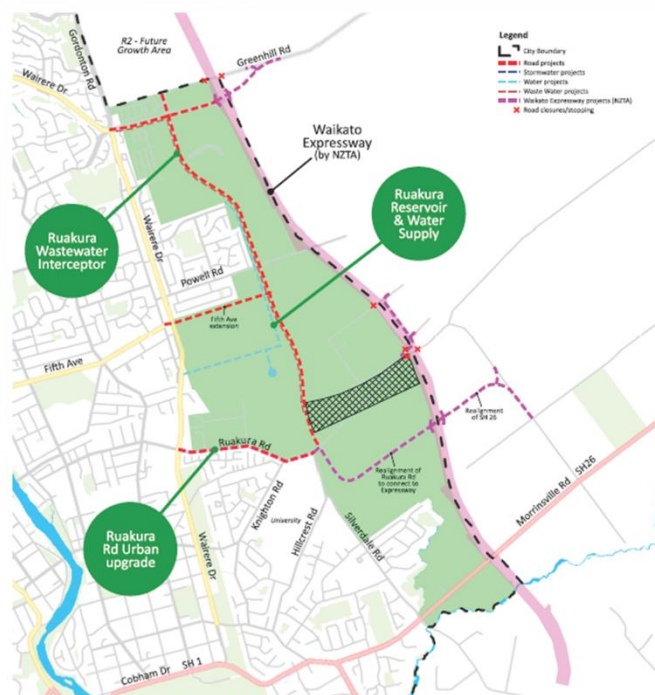
Capital Expenditure 2019-20






3 Year Forecasted Budget



KEY PROJECTS																	
Project Name	Project Description	Project Status	Total Project Budget	Actual Spend to Date	Forecast Total Cost	2019/20		2020/21				2021/22					
 Ruakura Water Reservoir and Water Supply	Construction of a new 12Ml water reservoir, associated pumphouse, and bulk and trunk service lines to service developments in Ruakura.		\$19.2 M	\$15.2 M	\$19.2 M												
 Ruakura Wastewater Interceptor	HCC contribution to new wastewater pipe to service development. Northern section complete, including realised savings of \$1M in 2018/19. Southern section subject to alignment with development timing.		\$9.9 M	\$2.5 M	\$8.9 M												
 Ruakura Road Urban Upgrade	Upgrade of Ruakura Road arterial route between Wairere Drive and the new Waikato Expressway connection from current rural standard.		\$5.9 M	\$0.2 M	\$5.9 M												
 Ruakura Spine Road – Stage 1	Completion of transport connection between the Waikato Expressway and city network at Ruakura Road, required for operation of the Ruakura Inland Port.		\$38.6 M	\$0.0 M	\$38.6 M												



PROJECT STATUS

-  Project is on track
-  Project has significant risks that are being monitored and managed
-  Project has significant risks that will require Council Decision

KEY

-  Business Case / Investigation
-  Design
-  Procurement
-  Construction

TRANSPORT IMPROVEMENT PROGRAMME CAPITAL REPORT

PROGRAMME HIGHLIGHTS

Kia tika ano te hanga rori maa; Aahienga whakatupu, whakapai atu haumarū, me whakawhaanui atu ngā koowhiringa waka

Delivering a balanced transport system through; Enabling growth, improving safety, and improving transport choice



TE AWA CYCLE EXTENSION

The detailed design for the Te Awa Cycle Path project is progressing and construction is expected to start in October 2020 subject to Waka Kotahi NZ Transport Agency funding approval. The LTP budget of \$4M will not be sufficient and Council approval for additional funding is required.



WAIRERE DRIVE EXTENSION

Wairere Drive extension is progressing with the construction of the on/off ramps and retaining walls. The approved contract sum has been exceeded and HCC is working with Waka Kotahi NZ Transport Agency for a cost scope adjustment.



TRANSPORT CENTRE DRIVER FACILITIES

The driver facility, a mobile office unit, has been procured and installation is planned for July 2020. This will accommodate bus drivers during their breaks and is part of the agreement between HCC and Waikato Regional Council.



TRANSPORT HUB

Construction on the Rotokauri Transport Hub is progressing. Tasman Road is now open after a period of closure. Work continues on the bus only areas and the rail platform. A revised commencement date of November 2020 for the passenger rail service has been set by the Governance Group.



MANGAITI PARK WALKING/CYCLING

We have appointed BridgeIT NZ to design and build a pedestrian bridge and boardwalk over the gully. Site work for the bridge is expected to commence in September 2020 subject to Resource Consent approval for winter works. The on-road cycleway design is in progress and construction is to commence in September 2020.

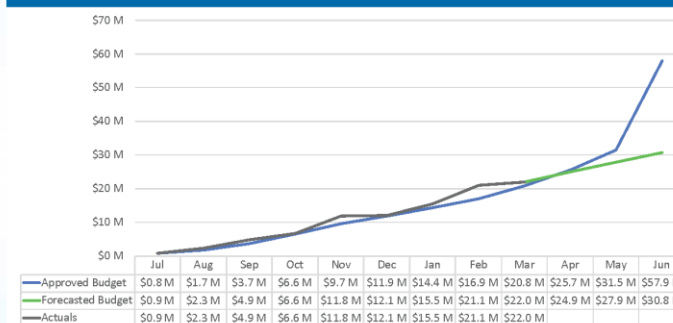


TE AWA PATH CBD REMEDIATION

The detailed design and resource consent application for the project is progressing. Construction is expected to commence in July 2020.

FINANCIAL PERFORMANCE

Capital Expenditure 2019-20



3 Year Forecasted Budget



KEY PROJECTS



Deferrals		Expenditure				Revenue				
Programme	Project	2019/20	2020/21	2021/22	Type	Reason	2019/20	2020/21	2021/22	2022/23
City Wide Community Programme	River Plan - Hamilton Gardens Swimming Safety Response	-\$ 150,000	\$ 150,000	\$ -	Delay	A gate has been implemented at the Gardens Jetty with the long-term effectiveness of this solution to be evaluated by staff. Budget deferred to enable any works resulting from the evaluation. If no further works required budget will be banked as savings.	\$ -	\$ -	\$ -	\$ -
	Zoo & Waiwhakareke Entrance Precinct	\$ 50,000	\$ 50,000	\$ -	Delay	Delays in detailed design progress caused by covid-19 lockdown period. Revenue deferred in line with Annual Plan Business Case.	\$ -	\$ 723,960	\$ 723,960	\$ -
		-\$ 200,000	\$ 200,000	\$ -			\$ -	-\$ 723,960	\$ 723,960	\$ -
City Wide Waters Programme	Collins Rd PS Storage - Stage 1	-\$ 60,000	\$ 60,000	\$ -	Rephasing	Rephasing of development work in conjunction with other Storage projects	\$ -	\$ -	\$ -	\$ -
	DMA's - Newcastle Reservoir Zone	-\$ 223,000	\$ 223,000	\$ -	Delay	COVID-19 has put a break on surveying and geotechnical investigations. Potholing to expose services has also been on hold. This has delay completion of the final design on the bulk pipelines and new pump stations.	\$ -	\$ -	\$ -	\$ -
	Puketā WWTp Upgrade	-\$ 20,000	\$ 20,000	\$ -	Delay	Delay due to work stopping for Covid-19 lockdown period.	\$ -	\$ -	\$ -	\$ -
	Snell Drive SPS - Diversion to FEI	-\$ 175,000	\$ 175,000	\$ -	Delay	Delay on surveying and geotechnical investigations caused by Covid-19 lockdown period.	\$ -	\$ -	\$ -	\$ -
	Waioira 2 WTP Upgrade	\$ 335,000	\$ 335,000	\$ -	Rephasing	Rephasing of detailed design due to deferred planning stage of the project.	\$ -	\$ -	\$ -	\$ -
		-\$ 813,000	\$ 813,000	\$ -			\$ -	\$ -	\$ -	\$ -
Peacocke Programme	C. Extension of Wairere Drive and Bridge over Waikato River to Peacocke North-South Arterial	\$ -	\$ 5,000,000	\$ 5,000,000	Rephasing	Rephasing to match projected contract award and spend profile across multi-year contract.	\$ -	\$ 2,550,000	\$ 2,550,000	\$ -
	C1. Wastewater Strategic Storage & Pressure Main Back to the Existing Far Eastern Interceptor	\$ -	\$ 17,500,000	\$ 17,500,000	Rephasing	Rephasing to match projected contract award and spend profile across multi-year contract.	\$ -	\$ -	\$ -	\$ -
	Collector Upsize Programme - Stage 1	\$ -	\$ 208,367	\$ 208,367	Rephasing	Rephasing to match developer timing.	\$ -	\$ -	\$ -	\$ -
	D. Peacocke Road Urban Upgrade	-\$ 588,139	\$ -	\$ 588,139	Rephasing	Rephasing to match projected contract award and spend profile across multi-year contracts.	-\$ 299,638	\$ -	\$ 299,638	\$ -
	E. East-West Arterial Stage 2	\$ 2,152,022	\$ -	\$ 2,152,022	Rephasing	Rephasing in response to delays in land access for investigation.	\$ 153,000	\$ -	\$ 1,020,000	\$ 1,173,000
	I. Ohaupo Road Urbanisation	\$ 100,000	\$ -	\$ 100,000	Rephasing	Rephasing to match developer activity delays.	\$ -	\$ -	\$ -	\$ -
	N. Bader Street Corridor	-\$ 900,308	\$ -	\$ 900,308	Rephasing	Rephasing to allow implementation to reflect expected Waikato River Bridge project construction timing.	-\$ 492,182	\$ -	\$ 492,182	\$ -
	Peacocke Land Acquisition Programme	\$ -	-\$ 10,087,863	\$ 10,087,863	Rephasing	Rephasing to maintain contingent liability fund for advance purchase and LVT and construction unders/overs.	\$ -	\$ -	\$ -	\$ -
	Southern Links Designation Provisions	\$ 711,338	\$ -	\$ 711,338	Rephasing	Rephasing to match funding with land availability and consents.	\$ -	\$ -	\$ -	\$ -
	WS Upsize Programme Stage 1	-\$ 78,100	\$ -	\$ 78,100	Rephasing	Rephasing to match developer activity delays.	\$ -	\$ -	\$ -	\$ -
	WW Upsize Programme Stage 1	-\$ 1,225,257	\$ -	\$ 1,225,257	Rephasing	Rephasing to match developer activity delays.	\$ -	\$ -	\$ -	\$ -
	WW Upsize Programme Stage 2	-\$ 321,669	\$ -	\$ 321,669	Rephasing	Rephasing to match developer activity delays.	\$ -	\$ -	\$ -	\$ -
			-\$ 6,076,833	-\$ 32,796,230	\$ 38,873,063			-\$ 638,820	\$ 2,550,000	\$ 4,361,820
Rototuna Programme	Borman West/Kay Intersection	\$ 130,000	\$ 130,000	\$ -	Rephasing	Deferral due to waiting for a land valuation.	\$ -	\$ -	\$ -	\$ -
	Rototuna Village - Transport Network	\$ -	\$ 2,150,000	\$ 2,150,000	Rephasing	Deferral to align with construction programme	\$ -	\$ -	\$ -	\$ -
	Rototuna Sports Park Development - Facilities	-\$ 140,000	\$ 140,000	\$ -	Rephasing	Deferral to align with construction programme	\$ -	\$ -	\$ -	\$ -
		-\$ 270,000	\$ 1,880,000	\$ 2,150,000			\$ -	\$ -	\$ -	\$ -
Ruakura Programme	Ruakura Reservoir & Bulkmain	\$ 100,000	\$ 100,000	\$ -	Rephasing	Deferral to align with contractors programme.	\$ -	\$ -	\$ -	\$ -
		-\$ 100,000	\$ 100,000	\$ -			\$ -	\$ -	\$ -	\$ -
Rotokauri Programme	Arterial Designations	\$ -	\$ -	\$ -	Rephasing	Revenue deferral to keep in line with expenditure.	\$ -	\$ 518,512	\$ 518,512	\$ -
		\$ -	\$ -	\$ -			\$ -	-\$ 518,512	\$ 518,512	\$ -
Transport Improvement Programme	Rotokauri Park and Ride	-\$ 1,500,000	\$ 1,500,000	\$ -	Delay	Deferring to align with post covid-19 construction programme.	\$ -	\$ -	\$ -	\$ -
	Tasman Road Upgrade	-\$ 300,000	\$ 300,000	\$ -	Delay	Deferring to align with post covid-19 construction programme.	\$ -	\$ -	\$ -	\$ -
	I. Biking Plan School Link - Business Case	\$ -	\$ -	\$ -	Delay	The project is still in the business case phase so NZTA funding is being pushed out.	\$ -	-\$ 3,755,376	\$ 3,755,376	\$ -
	Hamilton Transport Model	\$ -	\$ -	\$ -	Delay	Budget deferred to 20/21 for business case and planning.	-\$ 265,455	\$ 265,455	\$ -	\$ -
		-\$ 1,800,000	\$ 1,800,000	\$ -			-\$ 265,455	\$ 1,489,921	\$ 3,755,376	\$ -
Total Deferrals across Portfolio		-\$ 9,259,833	\$ 31,763,230	\$ 41,023,063			-\$ 904,275	\$ 7,282,393	\$ 9,359,668	\$ 1,173,000
Rephasing		\$ 6,841,833	\$ 34,181,230	\$ -			\$ 638,820	\$ 3,068,512	\$ 4,880,332	\$ 1,173,000
Delay		-\$ 2,418,000	\$ 2,418,000	\$ -			-\$ 265,455	\$ 4,213,881	\$ 4,479,336	\$ -
Total Renewals and Compliance Programme Movements		\$ 1,893,099	\$ 1,893,099	\$ -		Managed as a three year programme.	\$ 74,000	\$ 74,000	\$ -	\$ -
Bring Forwards		Expenditure				Revenue				
Programme	Project	2019/20	2020/21	2021/22	Reason	2019/20	2020/21	2021/22		
Peacocke Programme	B. SH3/Dixon Road Intersection and East-West Arterial Stage 1	\$ 2,806,873	-\$ 2,806,873	\$ -	Bringing budget and revenue forward to match better progress than expected.	\$ 1,147,500	-\$ 1,147,500	\$ -		
	F. North-South Arterial Road Land	\$ 58,083	\$ -	\$ 58,083	Bringing budget forward to match cost of investigation work needed to coordinate with package C. Extension of Wairere Drive and Bridge over Waikato River to Peacocke North-South Arterial.	\$ -	\$ -	\$ -		
		\$ 2,864,956	-\$ 2,806,873	-\$ 58,083		\$ 1,147,500	-\$ 1,147,500	\$ -		
Rotokauri Programme	Arterial Designations	\$ 798,577	-\$ 798,577	\$ -	Reversing previous deferral to align with project phasing.	\$ -	\$ -	\$ -		
	Southern Arterial - Te Wetini & Central	\$ 500,000	-\$ 500,000	\$ -	Reversing previous deferral to align with project phasing.	\$ -	\$ -	\$ -		
		\$ 1,298,577	-\$ 1,298,577	\$ -		\$ -	\$ -	\$ -		
Rototuna Programme	Kay & Horsham Downs - from Reservoir to Borman North City Road Corridor Borman to Kay	\$ 500,000	-\$ 500,000	\$ -	Bring forward to align with development progress.	\$ -	\$ -	\$ -		
		\$ 336,350	-\$ 336,350	\$ -	Aligning costs with project phasing.	\$ -	\$ -	\$ -		
	North Ridge Road Urban Upgrade	\$ 588,679	-\$ 588,679	\$ -	Reversing previous deferral to align with project phasing.	\$ -	\$ -	\$ -		
	Rototuna Community Facilities	\$ -	\$ 9,500,000	-\$ 9,500,000	Reversing previous deferral to align with project phasing.	\$ -	\$ -	\$ -		
		\$ 1,425,029	\$ 8,074,971	-\$ 9,500,000		\$ -	\$ -	\$ -		
Ruakura Programme	Ruakura Transport Network	\$ 150,000	-\$ 150,000	\$ -	Program being advanced to align with development.	\$ -	\$ -	\$ -		
		\$ 150,000	-\$ 150,000	\$ -		\$ -	\$ -	\$ -		
Total Bring Forwards across Portfolio		\$ 7,631,661	\$ 1,926,422	-\$ 9,558,083		\$ 1,221,500	-\$ 1,221,500	\$ -		

Savings		Expenditure			Reason
Programme	Project	2019/20	2020/21	2021/22	
City Wide Waters	Dinsdale SPS Optimisation	-\$ 382,440			Delay due to the Covid-19 lockdown period, however the project scope has been reduced and there are sufficient funds in upcoming years. Remaining funds from 2019/20 can be treated as a 'saving'.
	Ruffell Road				
Rotokauri Programme	Wastewater Upgrade		-\$ 19,529		The two wastewater projects attributed to the programme are not required due to works undertaken by third parties.
		-\$ 382,440	-\$ 19,529	\$ -	

Other Changes		Revenue			Reason
Programme	Project	2019/20	2020/21	2021/22 - 2027/	
City Wide Waters Programme	Stormwater Network Improvement Sub-Programme	-\$ 182,086	-\$ 778,197	-\$ 7,966,221	Revenue realigned to match expectations from Waikato Regional Council.
Renewals and Compliance	125 Footpath Renewal	-\$ 16,218	\$ 2,428,579		Revenue realigned to match programme of work and expectations from NZTA.
Renewals and Compliance	357 Bridge Resilience Improvements		-\$ 1,091,714		Revenue realigned to match programme of work and expectations from NZTA.
Renewals and Compliance	Bridge Security Improvements	-\$ 36,720	-\$ 154,960		Revenue realigned to match programme of work and expectations from NZTA.
Transport Improvement Programme	Gordonton Road Corridor		-\$ 3,869,880		Project has been deferred due to NZTA not approving the business case.
Transport Improvement Programme	Te Awa Cycle Way Remediation		\$ 510,000		NZTA funding is now expected.
Total		-\$ 235,024	-\$ 2,956,172	-\$ 7,966,221	

Council Report

Committee: Finance Committee

Date: 16 June 2020

Author: Tracey Musty

Authoriser: David Bryant

Position: Financial Controller

Position: General Manager Corporate

Report Name: Annual Monitoring Report to 30 April 2020

Report Status	<i>Open</i>
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Purpose – *Take*

1. To inform the Finance Committee on Council's Year to Date (YTD) financial performance as at 30 April 2020.

Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Finance Committee receives the report.

Executive Summary - *Whakaraapopototanga matua*

3. This report is to be read in conjunction with the:
 - 30 April 2020 (16 June 2020 meeting) Capital Portfolio Monitoring report; and
 - 30 April 2020 (16 June 2020 meeting) Financial Strategy Monitoring report
4. The 30 April 2020 financial results show a negative variance against the budget in the accounting result and a positive variance on the balancing the books result.
5. Staff consider the matters in this report have low significance and that the recommendations comply with the Council's legal requirements.

Discussion - *Matapaki*

Operating results

The accounting results

6. The Statement of Comprehensive Revenue and Expense discloses the accounting result in accordance with accounting standards.
7. The accounting result YTD ended 30 April 2020 is a surplus of \$69.2M. This is \$1.4M unfavourable against the budgeted surplus of \$70.6M.

Accounting Result		
YTD Actual	YTD Budget	Variance
\$69.2M	\$70.6M	(\$1.4M)

8. The Annual Forecast has been adjusted to reflect the forecasting adjustments that are explained in the “understanding material variances” section of this report.

Annual Accounting Result		
Annual Forecast	Annual Budget	Variance
\$78M	\$110.4M	(\$32.4M)

Balancing the books result

9. The balancing the books result for the month ended 30 April 2020 is \$0.4M. This is \$5.2M favourable against a forecast of (\$4.8M).

Balancing the Books		
YTD Actual	YTD Forecast	Variance
\$0.4M	(\$4.8M)	\$5.2M

Understanding material variances

10. The Statement of Comprehensive Revenue and Expense, Statement of Financial Position, and accompanying notes are contained in **Attachment 1**.
11. Individual Everyday Revenue and Expense statements for each of the Council’s 12 activities, overheads and general expenses are contained in **Attachment 2**.
12. The Annual Forecast evaluation is on track and all potential adjustments are being assessed.
13. A reconciliation of the accounting result to the balancing the books result is provided after the Statement of Comprehensive Revenue and Expense.

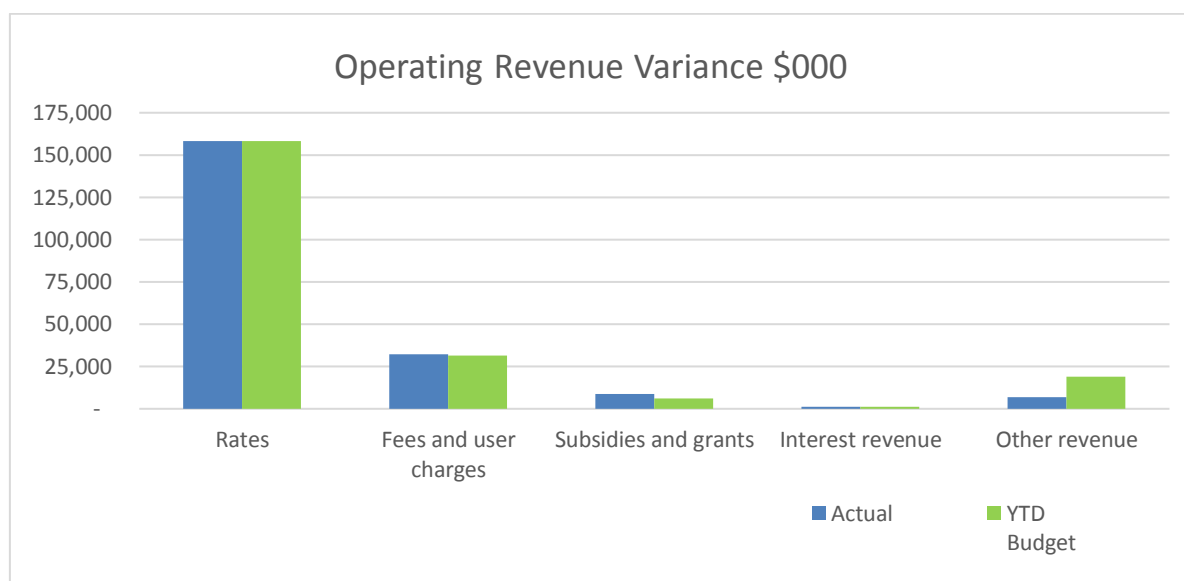
Operating revenue

14. Total Operating revenue is \$9M lower than budgeted. This is attributable to the non-cash benefit associated with the HIF (Housing Infrastructure Fund) draw down that has yet to occur, as well as a drop in Fees, charges and other associated revenue due to the temporary closure of our facilities over the lockdown period.

Positive variances worth noting:

- Fees and user charges remain in a favourable position as a result of the mix and volume of events in Venues, Tourism and Major Events (VTME), as well as a higher than expected level of building and resource consent activity in Planning & Development prior to the lockdown period.
- Subsidies and grants exceed budget due to an operational subsidy received from NZTA (New Zealand Transport Agency), towards the painting of Victoria Bridge project completed earlier in the financial year, as well as the Rotokauri Park & Ride project being managed by Council on behalf of KiwiRail with a 100% NZTA subsidy received on expenditure.

Please refer to the activity statements for material variance explanations.



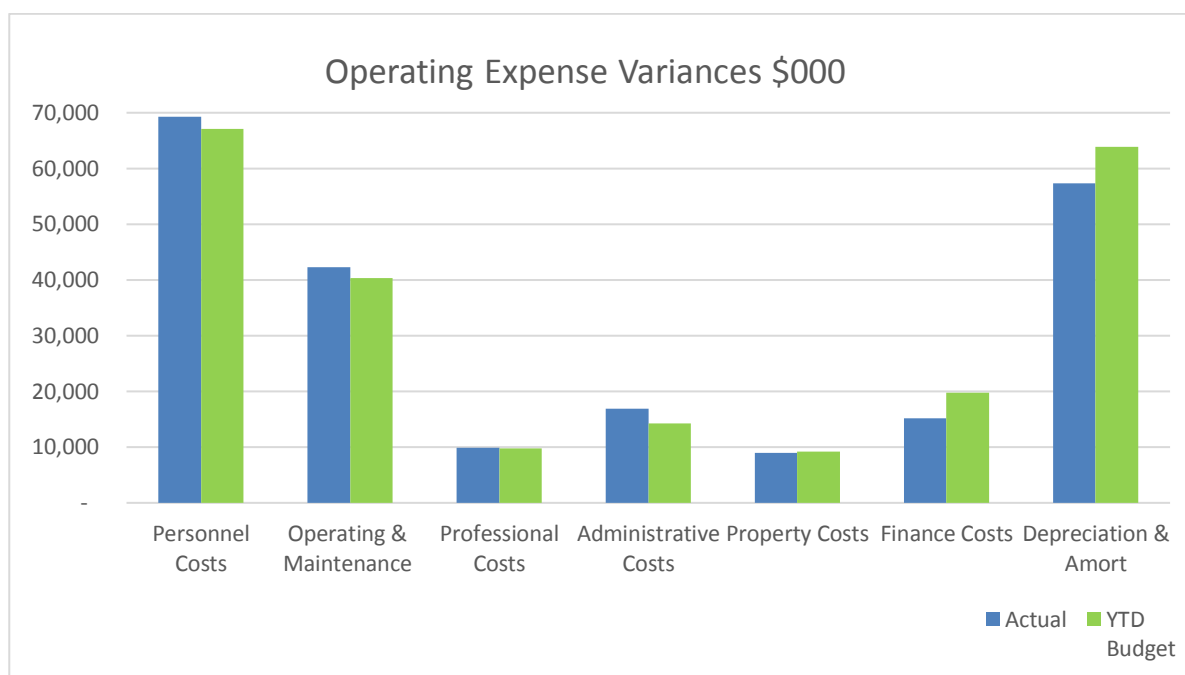
Operating Revenue	YTD Variance \$'000 – favourable/(unfavourable)
Rates	(63)
Fees and user charges	1,090
Subsidies and grants	2,413
Interest revenue	(76)
Other revenue	(12,402)
Total YTD variance	(9,038)

Operating expenditure

Total Expenditure is \$4.3M lower than budgeted. The effect of the covid-19 lockdown was felt during the 30 April 2020 period. Please refer to the activity statements for material variance explanations pertaining to this period.

An increase in the Personnel, Operating & Maintenance and Administrative costs were offset as a result of decreased expenditure in:

- Finance costs are lower as overall debt for the Council is lower than budgeted.
- The Depreciation & amortisation expense is lower as capital projects within various Council activities have not been completed within expected timeframes. Currently being reassessed to identify correct phasing and/or savings. The increase in vested assets has not offset the reduction in depreciation.



Expenditure	YTD Variance \$000 – favourable/(unfavourable)
Personnel costs	(2,149)
Operating & maintenance	(1,935)
Professional costs	(183)
Administration expenses	(2,705)
Property costs	246
Finance costs	4,579
Depreciation & amort	6,462
Total YTD variance	4,315

Assets/Loss on sale

15. Loss on sale of assets consist of asset residual values that have been written off as these assets have been replaced. This includes the disposal of streetlights that have consequently been replaced with LED lighting, as outlined in the Transport activity contained in Attachment 2.
16. Also included in Property, Plant and Equipment loss on sale, is the processing of disposals within the transport area. We anticipate a forecast loss of \$10.7M by 30 June 2020, however staff are still working through this.
17. The 30 April 2020 adjustment on non-cash revaluation of Council's Financial borrowing instruments resulted in an \$11.6m loss.

Capital Revenue

18. Capital Revenue contributed predominantly to the overall favourable accounting position, as reflected:
 - Development contributions are ahead of YTD budget by \$5.8M. This is primarily due to the wet industries development contributions agreement. Wet industries are not included within the DC or Growth projections and as such this represents significant additional income. \$4.2M of the favourable variance relates directly to the wet industries development contributions, which means that difference between actual and budgeted development contributions is at \$1.6M favourable. The wet industries

agreement details the recognition of the full revenue within this financial year, and a corresponding liability paid by the developer over the 10 year period.

- New connections to the water infrastructure resulted in increased capital revenue and offsets capital installation costs. NZTA subsidies are tracking above budget due to projects progressing faster than anticipated.
- Council have more vested assets than predicted. The effect is a revenue of \$35.7M which is \$9.6M higher than the YTD budget. This budget is broken down by class of asset on page 99 of the 10-Year Plan. Vested Assets are outlined in the table that follows:

Asset class	YTD Actual \$000	Annual Budget \$000	Life Range (Years)	Estimated Annual Depreciation \$000
Wastewater	3,897	3,160	15-100	49
Stormwater	3,592	5,297	30-100	45
Water Supply	1,739	1,846	50-80	22
Roading	9,701	8,320	12-140	194
Land		12,607		
Land – Under Roads	13,961	-		-
Land – Local Purpose Reserves*	2,241	-		-
Land – Recreation Reserve	529	-		-
Total	35,660	31,230		310

* Local Purpose Reserves is a legal description defined by the Reserves Act 1977. This type of land is invariably land that is used for drainage purposes.

- The addition of vested assets increases the operating and maintenance costs for Council, as well as depreciation. An estimate of operating and maintenance costs and depreciation expense has been made in the 10-Year Plan to support the annual vested assets budget.
- Through the 2018-28 10-Year Plan, increased funding was made available for maintenance on new vested assets for three waters and transportation activities. The nature of many of these vested infrastructure assets are that they have a long useful life and generally do not require significant direct maintenance in the first 10 years of operation.
- Examples of the types of assets that are vested and the nature of expenditure on these assets is outlined in the table below:

Activity	Example of vested asset types	Nature of maintenance and operational activities undertaken on new assets
Wastewater	Pipes, pump stations, connections	<ul style="list-style-type: none"> • Pipes require less maintenance in the first few years. Reactive maintenance only. • Pump stations have electricity costs, washing (2 or 4 weekly) and annual inspections (operating costs)
Water	Pipes, hydrants, valves, meters (bulk), connections	<ul style="list-style-type: none"> • Valve and hydrant testing – bulk of the assets are tested over 5-10 years for the city • Pipes, reactive maintenance only

Stormwater	Pipes, SW devices (ponds, wetlands)	<ul style="list-style-type: none"> Devices (ponds) get annual inspections Pipes, no maintenance in the early years. Reactive maintenance only
Transport	Roads, subdivision street lights	<ul style="list-style-type: none"> Line marking, potholes - reactive maintenance Resealing and repairs not need in early years Streetlight repairs from crashes
Land	Parks, drainage reserve	<ul style="list-style-type: none"> Mowing, replacing plants as needed

Item 8

Treasury Management

22. Council is fully compliant with all treasury policy measures as at 30 April 2020.

Counterparty credit risk	max	\$75m per bank	Achieved	✓
Liquidity ratio	min	110%	133%	✓
Funding maturity	0 - 3 years	15% - 60%	35%	✓
	3 - 5 years	15% - 60%	31%	✓
	5 years +	10% - 60%	34%	✓
Fixed rate debt maturity	All years	Within annual parameters	Achieved	✓

Debt and Cash Investments

23. External Debt was increased at 30 April 2020 by additional funding from the LGFA. This was invested to match Council's forecast cash flow requirements with financial investment maturities. Please refer to Attachment 3 for further details.
24. The Debt Forecast and the Debt to Revenue ratio form part of our Financial Strategy and is addressed within the Financial Strategy Monitoring Report.

Treasury Performance			
	YTD Actual	Annual Budget	Variance
Cash Investments	\$115.6M	\$55M	\$60.6M
Total External Debt	\$524M	\$642.5M	(\$118.5M)
Finance Costs	\$15.2M	\$22.5M	(\$7.3M)

Interest Rate Risk Management

25. The movement on interest rate swaps relates to valuations completed at a point in time. These are based on Council's total external debt and the difference between current market interest rates and the fixed rates that Council has locked in. They are unrealised because on maturity of each interest rate swap contract no interest gain or loss eventuates.
26. As at 30 April 2020 our fixed rate hedging is 61%.
27. Our gross cost of funds over a 12 month rolling average is 4.04%.

Emerging Issues

28. The initiation of a national lockdown period, due to covid-19, has impacted various areas within our organisation. Council staff are in the process of determining the full extent of the impact on the current and future years. Please refer to the activity statements for further details pertaining to these areas.

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

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

Risks - *Tuuraru*

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

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

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

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

Significance

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

Engagement

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

Attachments - *Ngaa taapirihanga*

Attachment 1 - Statement of Comprehensive Revenue and Expense April 2020

Attachment 2 - Council Activities April 2020

Attachment 3 - Balance Sheet April 2020

Attachment 4 - Treasury Position April 2020

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE
FOR THE MONTH ENDED 30 APRIL 2020

Attachment 1

\$000		\$000		\$000		\$000		\$000		\$000	
YTD 2018/19		YTD Actual	YTD Budget (Approved)	YTD Variance Fav/(Unfav)	Annual Approved Budget	% Annual Budget Spent		Annual Forecast	Annual Variance Fav/(Unfav)		
Operating Revenue											
149,959	Rates	158,257	158,320	(63)	191,658	83%		191,322	(336)		
34,440	Fees & Charges	32,386	31,295	1,090	38,026	85%		35,325	(2,701)		
5,865	Subsidies & Grants	8,632	6,219	2,413	6,958	124%		9,858	2,900		
3,608	Interest Revenue	1,299	1,375	(76)	1,650	79%		1,650			
6,320	Other Revenue	6,684	19,086	(12,402)	20,126	33%		8,497	(11,629)		
200,192	TOTAL OPERATING REVENUE	207,258	216,296	(9,038)	258,419	80%		246,653	(11,766)		
Capital Revenue											
17,861	Development Contributions	26,989	21,158	5,832	25,387	106%		28,742	3,355		
22,782	Capital Revenue	33,815	31,434	2,381	69,690	49%		55,329	(14,361)		
29,707	Vested Assets	35,660	26,025	9,635	31,230	114%		36,090	4,860		
70,350	TOTAL CAPITAL REVENUE	96,464	78,617	17,848	126,307	76%		120,161	(6,146)		
270,542	TOTAL REVENUE	303,722	294,912	8,810	384,726	79%		366,814	(17,912)		
Expenditure											
62,084	Personnel Costs	69,253	67,104	(2,149)	80,369	86%		81,052	(683)		
36,837	Operating & Maintenance Costs	42,317	40,382	(1,935)	48,589	87%		49,732	(1,143)		
5,335	Professional Costs	9,912	9,730	(183)	12,236	81%		13,072	(836)		
14,480	Administration Expenses	16,899	14,194	(2,705)	21,446	79%		18,724	2,721		
7,983	Property Costs	8,943	9,190	246	10,816	83%		10,729	87		
16,618	Finance Costs	15,216	19,795	4,579	24,862	61%		21,497	3,366		
58,644	Depreciation & Amortisation Expense	57,371	63,833	6,462	76,564	75%		69,208	7,356		
201,981	TOTAL EXPENDITURE	219,911	224,227	4,316	274,882	80%		264,014	10,869		
68,561	OPERATING SURPLUS/(DEFICIT)	83,811	70,686	13,126	109,843	76%		102,800	(7,043)		
Gains and Losses											
(8,542)	Net gain/(loss) on revaluation of interest rate swaps	(11,634)		(11,634)				(11,634)	(11,634)		
	Gain on fair value of investment properties				579	0%		579			
(2,455)	Property, plant and equipment net gain/(loss)	(2,952)		(2,952)				(13,680)	(13,680)		
(10,997)	TOTAL GAINS AND LOSSES	(14,586)		(14,586)	579	-2519%		(24,735)	(25,314)		
57,564	TOTAL SURPLUS/(DEFICIT)	69,225	70,686	(1,460)	110,422	63%		78,065	(32,357)		

Refer to Activity Statements for variances against budget.

BALANCING THE BOOKS RESULT FOR THE MONTH ENDED 30 APRIL 2020

\$000		\$000	\$000	\$000	\$000	\$000	\$000	\$000
YTD 2018/19		YTD Actual	YTD Budget (Approved)	YTD Variance Fav/(Unfav)	Annual Approved Budget	% Annual Budget Spent	Annual Forecast	Annual Variance Fav/(Unfav)
57,564	Surplus/(Deficit)	69,225	70,686	(1,460)	110,422	63%	78,065	(32,357)
	Remove capital revenue							
(29,707)	Vested assets	(35,660)	(26,025)	(9,635)	(31,230)	114%	(36,090)	(4,860)
(11,667)	Part of Development and Financial contributions	(19,745)	(13,913)	(5,832)	(16,694)	118%	(20,049)	(3,355)
(10,294)	Capital Subsidy (excluding subsidy on transport renewals)	(21,431)	(18,569)	(2,861)	(49,358)	43%	(39,225)	10,132
(5,344)	Other Capital Contributions	(6,146)	(4,542)	(1,604)	(11,146)	55%	(8,840)	2,306
(169)	Other items not considered everyday operating revenue	(471)	(13,412)	12,940	(13,412)	4%	(2,412)	11,000
	Remove (gains)/losses							
10,997	All Gains/(Losses)	14,586		14,586	(579)	-2519%	24,735	25,314
	Remove other expenses							
12	Other items not considered everyday operating expenses	103	967	(864)	1,160	9%	145	(1,015)
11,392	EVERYDAY SURPLUS/(DEFICIT)	461	(4,809)	5,270	(10,836)	-4%	(3,671)	7,164

LOCAL GOVERNMENT BALANCING THE BOOKS MEASURE FOR THE MONTH ENDED 30 APRIL 2020

\$000		\$000	\$000	\$000	\$000	\$000	\$000	\$000
YTD 2018/19		YTD Actual	YTD Budget (Approved)	YTD Variance Fav/(Unfav)	Annual Approved Budget	% Annual Budget Spent	Annual Forecast	Annual Variance Fav/(Unfav)
57,564	Surplus/(deficit)	69,225	70,686	(1,460)	110,422	63%	78,065	(32,357)
	Adjustments for the Local Government Regulations measure							
	Gains excluding gains on investment properties				(579)	0%	(579)	
8,542	Net (Gain)/Loss on derivative financial instruments	11,634		11,634	0		11,634	11,634
(17,861)	Development and Financial contributions	(26,989)	(21,158)	(5,832)	(25,387)	106%	(28,742)	(3,355)
(29,707)	Vested assets	(35,660)	(26,025)	(9,635)	(31,230)	114%	(36,090)	(4,860)
(39,026)	Total adjustments	(51,015)	(47,183)	(3,833)	(57,196)		(53,777)	3,419
18,538	LG Regulations balancing the books surplus/(deficit)	18,210	23,503	(5,293)	53,226	34%	24,288	(28,939)

FOR THE MONTH ENDED 30 APRIL 2020

\$'000		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
YTD 2018/19		YTD Actual	YTD Budget (Approved)	YTD Variance Fav/(Unfav)	Annual Approved Budget	% Annual Budget Spent	Annual Forecast	Annual Variance Fav/(Unfav)
Everyday Revenue								
149,959	Rates	158,257	158,320	(63)	191,658	83%	191,322	(336)
34,440	Fees & Charges	32,386	31,295	1,090	38,026	85%	35,325	(2,701)
5,865	Subsidies & Grants	8,632	6,219	2,413	6,958	124%	9,858	2,900
3,608	Interest Revenue	1,299	1,375	(76)	1,650	79%	1,650	
6,046	Other Revenue	6,812	19,086	(12,275)	20,705	33%	9,076	(11,629)
199,918	Total Everyday Revenue	207,385	216,296	(8,910)	258,998	80%	247,232	(11,766)
Everyday Expenditure								
62,084	Personnel Costs	69,253	67,104	(2,149)	80,369	86%	81,052	(683)
36,837	Operating & Maintenance Costs	42,317	40,382	(1,935)	48,589	87%	49,732	(1,143)
5,335	Professional Costs	9,912	9,730	(183)	12,236	81%	13,072	(836)
14,480	Administration Expenses	16,899	14,194	(2,705)	21,446	79%	18,724	2,721
7,983	Property Costs	8,943	9,190	246	10,816	83%	10,729	87
16,618	Finance Costs	15,216	19,795	4,579	24,862	61%	21,497	3,366
58,644	Depreciation & Amortisation Expense	57,371	63,833	6,462	76,564	75%	69,208	7,356
10,723	Gains & Losses	14,714		(14,714)			25,314	(25,314)
212,704	Total Everyday Expenditure	234,625	224,227	(10,398)	274,882	85%	289,328	(14,445)
(12,786)	Everyday Surplus/(Deficit)*	(27,239)	(7,931)	(19,308)	(15,884)	171%	(42,096)	(26,212)
Capital Revenue								
17,861	Development Contributions	26,989	21,158	5,832	25,387	106%	28,742	3,355
22,782	Capital Revenue	33,815	31,434	2,381	69,690	49%	55,329	(14,361)
29,707	Vested Assets	35,660	26,025	9,635	31,230	114%	36,090	4,860
70,350	Total Capital Revenue	96,464	78,617	17,848	126,307	76%	120,161	(6,146)
57,564	Operating Surplus/(Deficit)	69,225	70,686	(1,460)	110,422	63%	78,065	(32,357)

Material variances as explained below:

Personnel Costs - \$2,149k unfavourable.

A combination of various factors including : [1] Council is experiencing a higher than usual leave accrual due to Covid 19 where staff cancelled planned leave, [2] The vacancy factor have not been met as there are fewer vacancies, [3] Overall there are also higher time cost charges.

Operating & Maintenance Costs - \$1,935k unfavourable.

Planned Major Bridge Maintenance work on Victoria Bridge (ANZAC Parade) was budgeted in the 2018/19 financial year but, due to ensuring compliance requirements and discovered maintenance, the project was delayed and not completed until the early part of this financial year. This is partly offset by delays in maintenance due to the lockdown period.

Finance Costs - \$4,579k favourable.

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

Depreciation & Amortisation Expense - \$6,462k favourable.

The favourable result relates to capital projects still to be fully capitalised. The budgeted timeframe is currently being reassessed to identify correct phasing and/or savings.

Development Contributions - \$5,832k favourable.

Council is experiencing high growth activity.

Vested Assets - \$9,635k favourable.

More vested assets have been received than budgeted.

The comments below explain the material variance between annual approved budget and annual forecast.

Finance Costs - \$3,366 favourable.

Finance costs have been tracking lower than anticipated due to the fact that overall debt has been lower than budgeted.

Vested Assets - \$4,860 favourable.

More vested assets have been received than budgeted.

Depreciation - \$7,356 favourable.

The decrease in depreciation can be attributed mainly to deferrals. However, capital projects that still need to be fully capitalised have also contributed to a further reduction in the forecast figure.

Attachment 2

VENUES, TOURISM AND MAJOR EVENTS

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

FOR THE MONTH ENDED 30 APRIL 2020

\$'000		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
YTD 2018/19		YTD Actual	YTD Budget (Approved)	YTD Variance Fav/(Unfav)	Annual Approved Budget	% Annual Budget Spent	Annual Forecast	Annual Variance Fav/(Unfav)
Everyday Revenue								
74	Rates	12,343	12,366	(23)	14,972	82%	14,972	
5,587	Fees & Charges	5,336	4,146	1,190	5,189	103%	5,369	180
	Subsidies & Grants	4		4				
350	Interest Revenue	127	103	24	124	103%	124	
599	Other Revenue	683	671	12	800	85%	800	
6,610	Total Everyday Revenue	18,492	17,286	1,206	21,084	88%	21,264	180
Everyday Expenditure								
4,642	Personnel Costs	5,020	5,043	23	6,049	83%	6,049	
4,468	Operating & Maintenance Costs	4,492	3,594	(898)	4,370	103%	4,843	(473)
135	Professional Costs	116	230	114	263	44%	263	
1,409	Administration Expenses	1,591	1,761	170	1,889	84%	1,889	
894	Property Costs	892	865	(27)	1,019	87%	1,019	
1,632	Finance Costs**	1,475	1,369	(106)	1,643	90%	1,643	
4,058	Depreciation & Amortisation Expense**	4,468	4,582	114	5,498	81%	5,498	
61	Gains & Losses	4		(4)				
17,298	Total Everyday Expenditure	18,059	17,444	(615)	20,732	87%	21,205	(473)
(10,688)	Everyday Surplus/(Deficit)*	433	(158)	591	352	123%	59	(293)
Capital Revenue								
2	Capital Revenue		83	(83)	100	0%	100	
2	Total Capital Revenue		83	(83)	100	0%	100	
(10,686)	Operating Surplus/(Deficit)	433	(75)	508	452	96%	159	(293)

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

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

Material variances as explained below:

Fees & Charges - \$1,190k favourable.

The favourable variance is due to increased event volumes, with associated revenue higher than budgeted.

Operating & Maintenance Costs - \$898k unfavourable.

The unfavourable variance is made up of additional costs relating to ongoing uplift in revenue and increasing compliance costs (from budgeted) along with additional costs to maintain facilities.

Administration Expenses - \$170k favourable.

The Administration Expense variance is due to the timing of event sponsorship, along with advertising and promotional costs. Forecasted to spend budget.

The comments below explain the material variance between annual approved budget and annual forecast.

Fees & Charges - \$180k favourable.

Fees & Charges are forecast favourable to budget by \$180k, however this represents a significant decrease from the YTD position at April 2020 due to impact of Covid-19.

Operating & Maintenance Costs - \$473k unfavourable.

Cost of Sales is forecast unfavourable to budget by \$410k due to operating costs to deliver events. The remaining variance is due to additional costs to maintain facilities.

FOR THE MONTH ENDED 30 APRIL 2020

\$'000		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
YTD 2018/19		YTD Actual	YTD Budget (Approved)	YTD Variance Fav/(Unfav)	Annual Approved Budget	% Annual Budget Spent	Annual Forecast	Annual Variance Fav/(Unfav)
Everyday Revenue								
	Rates	2,381	2,389	(8)	2,893	82%	2,893	
19	Fees & Charges	166	10	156	12	1399%	12	
	Subsidies & Grants							
	Interest Revenue							
	Other Revenue	(0)		(0)				
19	Total Everyday Revenue	2,547	2,399	148	2,905	88%	2,905	
Everyday Expenditure								
219	Personnel Costs	343	596	254	711	48%	561	150
43	Operating & Maintenance Costs	57	53	(3)	62	91%	62	
295	Professional Costs	858	864	6	992	87%	992	
1,170	Administration Expenses	1,247	1,331	84	1,593	78%	1,743	(150)
	Property Costs							
	Finance Costs**							
	Depreciation & Amortisation Expense**							
	Losses							
1,728	Total Everyday Expenditure	2,505	2,845	340	3,358	75%	3,358	
	(1,708) Everyday Surplus/(Deficit)*	41	(446)	488	(454)	-9%	(454)	
Capital Revenue								
	Capital Revenue							
	Total Capital Revenue							
	(1,708) Operating Surplus/(Deficit)	41	(446)	488	(454)	-9%	(454)	

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

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

Material variances as explained below:

Fees & Charges - \$156k favourable.

The favourable variance is due to external contributions received for the 2019 Triennial Elections.

Personnel Costs - \$254k favourable.

The favourable variance is due to a budget increase for Councillor remuneration that was incorrectly applied to Personnel Costs instead of Administration Costs. This has been adjusted through the forecasting process.

Attachment 2

VISITOR ATTRACTIONS

Hamilton Gardens | Waikato Museum | Hamilton Zoo

FOR THE MONTH ENDED 30 APRIL 2020

\$'000		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
YTD 2018/19		YTD Actual	YTD Budget (Approved)	YTD Variance Fav/(Unfav)	Annual Approved Budget	% Annual Budget Spent	Annual Forecast	Annual Variance Fav/(Unfav)
Everyday Revenue								
520	Rates	12,439	12,440	(1)	15,058	83%	15,058	
2,592	Fees & Charges	2,231	2,527	(295)	3,194	70%	2,348	(846)
51	Subsidies & Grants	85	70	15	85	100%	85	
32	Interest Revenue	12	9	2	11	105%	11	
170	Other Revenue	130	197	(67)	238	55%	134	(104)
3,364	Total Everyday Revenue	14,897	15,242	(345)	18,585	80%	17,635	(950)
Everyday Expenditure								
6,545	Personnel Costs	7,084	6,690	(394)	7,998	89%	7,998	
2,163	Operating & Maintenance Costs	2,320	2,271	(49)	2,872	81%	2,872	
226	Professional Costs	259	222	(37)	259	100%	259	
439	Administration Expenses	479	494	15	599	80%	499	100
354	Property Costs	375	453	78	543	69%	493	50
147	Finance Costs**	133	125	(8)	150	89%	150	
1,793	Depreciation & Amortisation Expense**	1,725	2,185	460	2,616	66%	1,817	800
40	Losses	9		(9)				
11,707	Total Everyday Expenditure	12,383	12,440	56	15,037	82%	14,087	950
(8,344)	Everyday Surplus/(Deficit)*	2,514	2,802	(288)	3,549	71%	3,549	()
Capital Revenue								
42	Capital Revenue				1,862		421	(1,441)
42	Total Capital Revenue				1,862	0%	421	(1,441)
(8,302)	Operating Surplus/(Deficit)	2,514	2,802	(288)	5,410	46%	3,969	(1,441)

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

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

Material variances as explained below:

Fees & Charges - \$295k unfavourable.

The Hamilton Gardens Shop expansion has not been completed this year and revenue from shop sales and donations is well below budget. The remainder consists of revenue lost due to the closure of Council Facilities as part of Council's COVID 19 response.

Personnel Costs - \$394k unfavourable.

Vacancy Factor target of \$270k has not been achieved due a full staffing requirement in order to support high visitation as well as provide essential animal welfare services in split shifts during lockdown. Additional Zoo Keepers have also been recruited to meet required health and safety requirements.

The comments below explain the material variance between annual approved budget and annual forecast.

Fees & Charges & Other revenue - \$950k unfavourable.

\$485k unfavourable - revenue budgets were based on the assumption the Hamilton Gardens Shop expansion would be completed this year. The shop expansion has not been completed meaning revenue from shop sales and donations is well below the amount budgeted.

\$465k is due to the closure of Council Facilities as part of Councils COVID-19 response. Estimates are based on a two month closure period to be reviewed as new information becomes available.

Administration Expenses - \$100k favourable.

Shop stock associated with Hamilton Gardens Shop expansion that wasn't completed this year.

Covid-19 cost offsets - \$50k favourable.

Cleaning, energy and paint works that have been identified as being unable to be completed due to the Covid-19 Lock Down. Additional cost offsets will be reported as they are identified.

Capital revenue - \$1.441m unfavourable.

Third party Zoo Waiwhakareke Entrance Precinct funding not received as the project scope is under review. The project is likely to be deferred to next year with council to be advised of scope changes during the 2020/21 Annual Plan process.

\$'000		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
YTD 2018/19		YTD Actual	YTD Budget (Approved)	YTD Variance Fav/(Unfav)	Annual Approved Budget	% Annual Budget Spent	Annual Forecast	Annual Variance Fav/(Unfav)
Everyday Revenue								
(10)	Rates	13,737	13,761	(24)	16,667	82%	16,667	
382	Fees & Charges	402	246	156	294	137%	414	120
	Subsidies & Grants	1	2	(1)	2	72%	2	
	Interest Revenue		23	(23)	28	0%	28	
	Other Revenue							
373	Total Everyday Revenue	14,140	14,032	108	16,991	83%	17,111	120
Everyday Expenditure								
4,337	Personnel Costs	4,776	4,618	(158)	5,522	86%	5,680	(158)
719	Operating & Maintenance Costs	592	771	179	909	65%	809	100
308	Professional Costs	362	326	(36)	389	93%	439	(50)
1,411	Administration Expenses	2,172	2,011	(162)	8,181	27%	3,781	4,400
241	Property Costs	257	254	(3)	305	84%	305	
3	Finance Costs**	3	338	335	406	1%		406
2,330	Depreciation & Amortisation Expense**	2,292	2,152	(140)	2,575	89%	2,575	
37	Losses	3		(3)				
9,385	Total Everyday Expenditure	10,457	10,470	13	18,286	57%	13,588	4,698
9,013	Everyday Surplus/(Deficit)*	3,683	3,562	121	1,295	284%	(3,523)	4,818
9,013	Operating Surplus/(Deficit)	3,683	3,562	121	1,295	284%	(3,523)	4,818

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

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

Material variances as explained below:

Fees & Charges - \$156k favourable.

Unbudgeted income received from Waikato District Council for ratepayer use of Hamilton Libraries.

Personnel Costs - \$158k unfavourable.

Vacancy Factor target of \$230k not achieved due to fewer vacancies.

Operating & Maintenance Costs - \$179k favourable.

The majority of this variance is due to the Community Hall building maintenance work programme that may not be completed this year due to the COVID-19 lock down.

Administration Expenses - \$162k unfavourable.

Includes \$275k payment of Social Service Funding Initiative funding approved by Council 27th of March as part of Phase 1 of Council's Covid-19 Response Package.

The comments below explain the material variance between annual approved budget and annual forecast.

Personnel Costs - \$158k unfavourable.

Vacancy Factor target of \$230k will not be achieved due to fewer vacancies.

Fees and User charges are expected to be \$120k favourable.

\$200k received from Waikato District Council for ratepayer use of Hamilton Libraries.

\$80k unfavourable offset due to the closure of Council Facilities as part of Councils COVID-19 response. Estimates are based on a two month closure period to be reviewed as new information becomes available.

Professional and Property costs are expected to be \$50k unfavourable.

\$50k Council approval 17 September 2019 to work with Hamilton Christian School to identify available options for the Area Q land that enable the school roll to expand, while retaining positive outcomes for the village and sports park. Staff are to report back to Council before June 2020.

Covid-19 cost offsets - \$100k favourable.

Cleaning, energy and paint works that have been identified as being unable to be completed due to the Covid-19 Lock Down. Additional cost offsets have also been identified in the Community Development unit.

Administration expenses, \$4.4m favourable.

The funding deed for the Waikato Regional theatre contribution has yet to be finalised by Council and \$6m payment has been deferred to 2020/21. \$400k of the \$1m Social Service Funding included in phase 1 of Council's Covid 19 response package 27th March 2020 will not be spent this year. The theatre contribution along with the \$400k Social Service funding are included in the proposed 2020/21 annual plan.

Attachment 2

PARKS AND RECREATION

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

FOR THE MONTH ENDED 30 APRIL 2020

\$'000		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
YTD 2018/19		YTD Actual	YTD Budget (Approved)	YTD Variance Fav/(Unfav)	Annual Approved Budget	% Annual Budget Spent	Annual Forecast	Annual Variance Fav/(Unfav)
Everyday Revenue								
(162)	Rates	23,201	23,210	(9)	28,109	83%	28,109	
5,454	Fees & Charges	5,434	6,076	(642)	7,139	76%	5,839	(1,300)
9	Subsidies & Grants	3	7	(4)	7	38%	7	
411	Interest Revenue	148	143	5	171	86%	171	
378	Other Revenue	171	164	7	196	87%	196	
6,090	Total Everyday Revenue	28,956	29,600	(644)	35,623	81%	34,323	(1,300)
Everyday Expenditure								
9,420	Personnel Costs	10,314	9,992	(322)	11,948	86%	11,948	
5,458	Operating & Maintenance Costs	5,829	6,148	319	8,180	71%	6,440	1,740
445	Professional Costs	722	569	(153)	682	106%	682	
557	Administration Expenses	532	600	68	787	68%	787	
750	Property Costs	811	911	100	1,095	74%	995	100
1,920	Finance Costs**	1,738	1,927	189	2,305	75%	2,305	
4,672	Depreciation & Amortisation Expense**	4,736	6,155	1,419	7,364	64%	5,964	1,400
638	Losses	147		(147)			147	(147)
23,860	Total Everyday Expenditure	24,830	26,302	1,473	32,361	77%	29,268	3,093
(17,770)	Everyday Surplus/(Deficit)*	4,126	3,298	829	3,262	127%	5,055	1,793
Capital Revenue								
	Development Contributions**	1,034	1,121	(87)	1,345	77%	994	(351)
9	Capital Revenue	14		14	271	5%	1,150	879
	Vested Assets**							
9	Total Capital Revenue	1,049	1,121	(72)	1,616	65%	2,144	528
(17,761)	Operating Surplus/(Deficit)	5,175	4,419	756	4,878	106%	7,199	2,321

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

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

Material variances as explained below:**Fees & Charges - \$642k unfavourable.**

Cemetery income is expected to be \$250k below budget due to the increased competition. The remaining variance is due to the closure of the Pools and Sports grounds as part of Council's COVID-19 response.

Personnel Costs - \$322k unfavourable.

Full staffing required at the pools during Q1-Q3 to support high visitation numbers. The unfavourable variance is also impacted by an increase in the annual leave balance.

Operating & Maintenance Costs - \$319k favourable.

Project to demolish the municipal pool and reinstate to greenspace awaiting outcome of appeals process and a report to the Community Committee seeking approval to proceed with demolition. Project is delayed and unlikely to be completed this financial year and deferral of expenditure required. \$150k projects in parks have also been unable to be completed due to delays due to the covid lockdown.

Professional Costs - \$153k unfavourable.

This relates to the consultant costs associated with the Municipal Pool demolition project. The budget for this work was included in Operating and Maintenance budget line in error.

Property Costs - \$100k favourable.

Energy costs below budget due to the closure of pools and park buildings during COVID lockdown.

Losses - \$147k unfavourable.

Unfavourable variance is due to the disposal of various assets.

The comments below explain the material variance between annual approved budget and annual forecast.**Fees & Charges - \$1.3m unfavourable.**

Cemetery income is expected to be \$250k below budget due to the increased competition.

\$1.05m is due to the closure of Council Facilities as part of Councils COVID-19 response. Estimates are based on a two month closure period to be reviewed as new information becomes available.

Operating and Maintenance costs - \$1.740m favourable.

Project to demolish the municipal pool and reinstate to greenspace awaiting outcome of appeals process and a report to the Community Committee seeking approval to proceed with demolition. Project is delayed and unlikely to be completed this financial year and deferral of expenditure required. \$150k projects in parks have also been unable to be completed due to delays due to the covid lockdown.

Work to develop an updated 20 Year Vision for the central city will not be completed this financial year. This work is required to provide sufficient detail on public projects to inform the 2021-31 10-Year Plan. Remaining funding will be required 2020-21 where it will be administered by the Planning Development team.

Covid-19 cost offsets - \$100k favourable.

Cleaning, energy and paint works that are unable to be completed due to the Covid-19 Lock Down. Additional cost offsets will be reported as they are identified.

Gains & Losses - \$147k unfavourable.

Gains and Losses associated with the disposal of various assets.

Capital revenue - \$879k favourable.

\$1.15m Trust Waikato contribution towards the resurfacing of Minogue Park Net ball courts received. Partially offset by a revision to the playground development programme where work will be completed in later years. The project for 2019/20 will be deferred and the \$271k third party funding will be received in later years. The overall spend however remains the same as included in the ten year plan.

Attachment 2

SAFETY

Animal Education and Control | Environmental Health | Alcohol Licensing | Public Safety | Civil Defence

FOR THE MONTH ENDED 30 APRIL 2020

\$'000		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
YTD 2018/19		YTD Actual	YTD Budget (Approved)	YTD Variance Fav/(Unfav)	Annual Approved Budget	% Annual Budget Spent	Annual Forecast	Annual Variance Fav/(Unfav)
Everyday Revenue								
(1)	Rates	3,188	3,217	(28)	3,895	82%	3,895	
1,859	Fees & Charges	1,952	1,849	103	2,045	95%	2,045	
43	Subsidies & Grants	41	43	(2)	51	80%	51	
	Interest Revenue							
19	Other Revenue	30	25	5	31	100%	31	
1,920	Total Everyday Revenue	5,212	5,134	78	6,022	87%	6,022	
Everyday Expenditure								
2,939	Personnel Costs	3,423	3,164	(259)	3,785	90%	4,108	(323)
882	Operating & Maintenance Costs	809	1,060	251	1,212	67%	1,312	(100)
105	Professional Costs	89	144	55	173	51%	173	
125	Administration Expenses	300	217	(83)	238	126%	338	(100)
21	Property Costs	31	22	(8)	27	115%	27	
	Finance Costs**							
122	Depreciation & Amortisation Expense**	53	79	26	94	56%	94	
3	Losses							
4,197	Total Everyday Expenditure	4,705	4,686	(19)	5,529	85%	6,052	(523)
		5,212	5,134					
(2,277)	Everyday Surplus/(Deficit)*	507	448	59	493	103%	(30)	(523)
Capital Revenue								
	Capital Revenue							
	Total Capital Revenue							
(2,277)	Operating Surplus/(Deficit)	507	448	59	493	103%	(30)	(523)

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

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

Material variances as explained below:

Fees & Charges - \$103k favourable.

Fees & charges are higher than budget due to funding received for personal mobility devices and higher than budgeted revenue for Environmental Health Control.

Personnel Costs - \$259k unfavourable.

This is largely due to staff receiving higher duties allowance and the integration of education around personal mobility devices into the work of City Safe. The unfavourable variance is also impacted by an increase in the annual leave accrual.

Operating & Maintenance Costs - \$251k favourable.

The favourable variance is due to a delay in expenditure due to Covid-19. Per the Forecast variance explained below, it is expected that expenditure will exceed budget by 30 June.

The comments below explain the material variance between annual approved budget and annual forecast.

Personnel Costs - \$323k unfavourable.

The unfavourable variance represents the higher duties allowances and the integration of education around personal mobility devices as explained above. It is not expected that the annual leave accrual will decrease significantly before 30 June.

Operating and Maintenance Costs & Administration Expenses - \$100k unfavourable

The unfavourable variances represent the operating funding approved for the Emergency Response Initiative as part of Phase 1 of Council's Covid-19 Response Package.

\$'000		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
YTD 2018/19		YTD Actual	YTD Budget (Approved)	YTD Variance Fav/(Unfav)	Annual Approved Budget	% Annual Budget Spent	Annual Forecast	Annual Variance Fav/(Unfav)
Everyday Revenue								
	Rates	4,745	4,752	(6)	5,751	83%	5,751	
9,729	Fees & Charges	9,153	8,720	433	10,588	86%	10,128	(460)
	Subsidies & Grants							
131	Interest Revenue	47	38	9	46	103%	46	
1	Other Revenue	10		10				
9,862	Total Everyday Revenue	13,956	13,509	446	16,386	85%	15,926	(460)
Everyday Expenditure								
6,575	Personnel Costs	7,252	7,654	402	9,140	79%	8,971	169
195	Operating & Maintenance Costs	388	388	()	466	83%	466	
1,321	Professional Costs	2,821	1,618	(1,202)	1,942	145%	1,899	43
1,147	Administration Expenses	900	1,362	462	2,386	38%	1,386	1,000
31	Property Costs	67	27	(40)	32	209%	32	
613	Finance Costs**	554	509	(45)	610	91%	610	
2	Depreciation & Amortisation Expense**		2	2	2	0%	2	
3	Gains & Losses							
9,887	Total Everyday Expenditure	11,982	11,560	(422)	14,578	82%	13,366	1,212
(26)	Everyday Surplus/(Deficit)*	1,974	1,950	25	1,807	109%	2,559	752
Capital Revenue								
	Capital Revenue							
	Total Capital Revenue							
(26)	Operating Surplus/(Deficit)	1,974	1,950	25	1,807	109%	2,559	752

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

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

Material variances as explained below:

Fees & Charges - \$433k favourable.

Resource Consent and City Planning revenue and external contributions is higher than budget due to increased activity and demand for services.

Personnel Costs - \$402k favourable.

Personnel costs are less than budget due to unfilled vacancies in the Planning Guidance and City Planning business units.

Professional Costs - \$1,202k unfavourable.

Professional costs are unfavourable due to consultancy expenditure incurred to offset vacant positions. There is also an overspend in legal expenditure due to increased limited notified consents which add complexity. Increased legal and consultancy costs have also been incurred in plan changes.

Administration Expenses - \$462k favourable.

Administration Expenses are favourable to budget due to timing delays in expenditure and the reallocation of Internal Recovery cost codes to offset expenditure.

The comments below explain the material variance between annual approved budget and annual forecast.

Fees & Charges - \$460k favourable.

The unfavourable variance reflects the Consent Relief and Refunds Initiative as part of Phase 1 of Council's Covid-19 Response Package.

Personnel Costs - \$169k favourable.

This is due to internal movements of budget between City Growth and Strategy and Communications.

Administration Expenses - \$1,000k favourable.

A \$1m grant relating to the Social Housing Fund budgeted to be paid to the Waikato Community Lands Trust in 2019/20 has been delayed due to the signing of the Trust Deed.

Attachment 2

WATER SUPPLY

Water Treatment | Water Storage | Water Distribution

FOR THE MONTH ENDED 30 APRIL 2020

\$'000		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
YTD 2018/19		YTD Actual	YTD Budget (Approved)	YTD Variance Fav/(Unfav)	Annual Approved Budget	% Annual Budget Spent	Annual Forecast	Annual Variance Fav/(Unfav)
Everyday Revenue								
7,435	Rates	23,143	22,971	171	27,638	84%	27,818	180
100	Fees & Charges	158	(124)	282	(167)	-95%	(167)	
	Subsidies & Grants							
713	Interest Revenue	281	248	33	298	94%	298	
	Other Revenue	25		25				
8,247	Total Everyday Revenue	23,607	23,096	511	27,770	85%	27,950	180
Everyday Expenditure								
2,927	Personnel Costs	3,243	2,843	(400)	3,417	95%	3,417	
1,430	Operating & Maintenance Costs	1,805	2,128	323	2,518	72%	2,518	
149	Professional Costs	269	380	111	833	32%	833	
56	Administration Expenses	20	11	(9)	11	187%	49	(38)
1,550	Property Costs	1,678	1,794	116	2,076	81%	2,076	
3,332	Finance Costs**	3,007	3,363	356	4,036	75%	3,936	100
10,457	Depreciation & Amortisation Expense**	7,614	8,057	443	9,668	79%	9,168	500
181	Losses	454		(454)			454	(454)
20,082	Total Everyday Expenditure	18,089	18,575	487	22,558	80%	22,449	108
(11,835)	Everyday Surplus/(Deficit)*	5,519	4,521	998	5,212	106%	5,500	288
Capital Revenue								
	Development Contributions**	5,967	4,201	1,766	5,041	118%	5,967	926
827	Capital Revenue	544	45	499	52	1046%	544	492
	Vested Assets**	1,748	1,538	210	1,846	95%	1,846	
827	Total Capital Revenue	8,260	5,785	2,475	6,939	119%	8,357	1,418
(11,007)	Operating Surplus/(Deficit)	13,778	10,306	3,472	12,151	113%	13,857	1,706

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

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

Material variances as explained below:

Rates - \$171k favourable.

Water by meter revenue is favourable due to a higher than anticipated level of water use year to date.

Fees & Charges - \$282k favourable.

Favourable variance due to higher than anticipated revenue from water take points due to increasing volumes of tankered water.

Personnel Costs - \$400k unfavourable.

The unfavourable result is due to timecost charges being higher than budget from the Development team for Strategic Network Planning projects. The vacancy factor target will not be achieved due to fewer vacancies. Council is also experiencing a higher than usual leave accrual due to staff taking less leave during Easter and Anzac holidays as a result of Covid-19.

Operating & Maintenance Costs - \$323k favourable.

The favourable variance is due to a delay in expenditure due to Covid-19. It is expected that the full budget will be achieved by year-end.

Property Costs - \$116k favourable.

Electricity costs are below budget due to process stability. External rates charged by the Waikato Regional Council was also below budget.

Losses - \$454k unfavourable.

Unfavourable variance is due to the disposal of various assets.

Capital Revenue - \$499k favourable.

Contributions towards new water connections exceed budget due to higher than budgeted applications. This revenue will offset capital installation costs.

The comments below explain the material variance between annual approved budget and annual forecast.

Rates - \$180k favourable.

Water by meter income has been well above the YTD budget pre Covid-19. It is still estimated that despite the decrease in revenue in April the year-end result will be above budget.

\$'000		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
YTD 2018/19		YTD Actual	YTD Budget (Approved)	YTD Variance Fav/(Unfav)	Annual Approved Budget	% Annual Budget Spent	Annual Forecast	Annual Variance Fav/(Unfav)
Everyday Revenue								
(42)	Rates	24,209	24,255	(47)	29,370	82%	29,370	
3,852	Fees & Charges	3,897	3,906	(9)	4,992	78%	4,900	(92)
	Subsidies & Grants							
803	Interest Revenue	289	335	(46)	402	72%	402	
	Other Revenue							
4,613	Total Everyday Revenue	28,394	28,496	(101)	34,764	82%	34,672	(92)
Everyday Expenditure								
3,810	Personnel Costs	4,226	4,091	(134)	4,892	86%	4,892	
4,883	Operating & Maintenance Costs	5,088	5,079	(9)	6,235	82%	6,235	
324	Professional Costs	390	393	3	792	49%	792	
138	Administration Expenses	98	76	(22)	76	129%	176	(100)
1,496	Property Costs	1,727	2,050	322	2,346	74%	2,146	200
3,752	Finance Costs**	3,386	4,605	1,219	5,526	61%	4,526	1,000
6,681	Depreciation & Amortisation Expense**	9,523	11,029	1,506	13,235	72%	11,735	1,500
890	Losses	649		(649)			649	(649)
21,974	Total Everyday Expenditure	25,087	27,324	2,236	33,103	76%	31,152	1,951
(17,361)	Everyday Surplus/(Deficit)*	3,307	1,172	2,135	1,662	199%	3,521	1,859
Capital Revenue								
	Development Contributions**	10,649	7,007	3,642	8,408	127%	10,649	2,241
949	Capital Revenue	940	45	895	52	1806%	940	888
	Vested Assets**	4,942	2,634	2,309	3,160	156%	4,942	1,782
949	Total Capital Revenue	16,531	9,686	6,845	11,620	142%	16,531	4,911
(16,412)	Operating Surplus/(Deficit)	19,838	10,858	8,980	13,282	149%	20,052	6,770

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

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

Material variances as explained below:

Personnel Costs - \$134k unfavourable.

The unfavourable result is due to timecost charges being higher than budget from the Development team for Strategic Network Planning projects. The vacancy factor target will not be achieved due to fewer vacancies. Council is also experiencing a higher than usual leave accrual due to staff taking less leave during Easter and Anzac holidays as a result of Covid-19.

Property Costs - \$322k favourable.

Electricity and Gas costs are below budget due to underspend in the early part of the year due to process stability and efficiencies.

Losses - \$649k unfavourable.

Unfavourable variance is due to the disposal of various assets.

Capital Revenue - \$895k favourable.

Contributions towards new wastewater connections exceed budget due to higher than budgeted applications. This revenue will offset capital installation costs.

The comments below explain the material variance between annual approved budget and annual forecast.

Fees & Charges - \$92k unfavourable

The unfavourable variance is due to an expected decrease in Trade waste revenue for the April to June quarter as a result of Covid-19 and many commercial and industrial premises not trading or reducing their operations.

Property Costs - \$200k favourable

The favourable forecast is due to reduced electricity and gas costs at the wastewater plant resulting from extended periods of process stability and process efficiencies implemented earlier in the year. This favourable result will offset the unfavourable variance in electricity in the Transport activity.

Attachment 2

STORMWATER

Stormwater Network

FOR THE MONTH ENDED 30 APRIL 2020

\$'000		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
YTD 2018/19		YTD Actual	YTD Budget (Approved)	YTD Variance Fav/(Unfav)	Annual Approved Budget	% Annual Budget Spent	Annual Forecast	Annual Variance Fav/(Unfav)
Everyday Revenue								
	Rates	5,435	5,449	(14)	6,598	82%	6,598	
289	Fees & Charges	196	189	7	241	82%	241	
	Subsidies & Grants							
220	Interest Revenue	79	108	(29)	130	61%	130	
	Other Revenue							
509	Total Everyday Revenue	5,711	5,747	(36)	6,969	82%	6,969	
Everyday Expenditure								
1,653	Personnel Costs	1,781	1,760	(21)	2,107	85%	2,107	
186	Operating & Maintenance Costs	588	306	(282)	258	227%	478	(220)
(46)	Professional Costs	186	287	101	351	53%	351	
37	Administration Expenses	7	9	1	9	81%	9	
337	Property Costs	445	405	(40)	446	100%	446	
1,025	Finance Costs**	925	1,512	587	1,815	51%	1,615	200
7,992	Depreciation & Amortisation Expense**	7,989	8,571	582	10,285	78%	9,835	450
250	Losses	267		(267)			267	(267)
11,433	Total Everyday Expenditure	12,188	12,850	662	15,271	80%	15,108	163
(10,924)	Everyday Surplus/(Deficit)*	(6,477)	(7,103)	626	(8,302)	78%	(8,139)	163
Capital Revenue								
	Development Contributions**	1,241	2,528	(1,286)	3,033	41%	3,033	
436	Capital Revenue	288	230	58	1,279	23%	386	(893)
	Vested Assets**	4,964	4,415	550	5,297	94%	5,297	
436	Total Capital Revenue	6,494	7,172	(678)	9,609	68%	8,716	(893)
(10,488)	Operating Surplus/(Deficit)	16	68	(52)	1,307	1%	577	(730)

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

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

Material variances as explained below:**Operating & Maintenance Costs - \$282k unfavourable.**

The unfavourable variance is due to additional and reactive maintenance required in some wetland areas and general stormwater assets.

Professional Costs - \$101k favourable.

The favourable variance is due to a delay in the assessment and subsequent implementation of a new proposed stormwater monitoring plan.

Losses - \$267k unfavourable.

Unfavourable variance is due to the disposal of various low value assets.

The comments below explain the material variance between annual approved budget and annual forecast.**Operating & Maintenance Costs - \$220k unfavourable**

The unfavourable forecast includes additional and reactive maintenance required to be undertaken in some wetland areas and on general stormwater assets to ensure free flow of stormwater in drains. Additionally this includes an unbudgeted contribution to the Mangokotukutuku Urban Research Hub (MURB) which is a partnership between HCC and NIWA partnering to monitor the transition from rural to urban land use and the efficacy of best practice water sensitive design.

Capital Revenue - \$893k unfavourable

Deferrals have resulted in a revised forecast. Refer to the Capital Monitoring Report.

FOR THE MONTH ENDED 30 APRIL 2020

\$'000		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
YTD 2018/19		YTD Actual	YTD Budget (Approved)	YTD Variance Fav/(Unfav)	Annual Approved Budget	% Annual Budget Spent	Annual Forecast	Annual Variance Fav/(Unfav)
Everyday Revenue								
(16)	Rates	28,065	28,132	(68)	34,095	82%	34,160	65
3,341	Fees & Charges	2,679	2,777	(98)	3,346	80%	3,169	(177)
5,049	Subsidies & Grants	7,776	5,523	2,253	6,238	125%	9,138	2,900
930	Interest Revenue	335	362	(27)	434	77%	434	
2,354	Other Revenue	2,451	2,060	391	2,473	99%	2,473	
11,658	Total Everyday Revenue	41,305	38,854	2,451	46,586	89%	49,374	2,788
Everyday Expenditure								
3,105	Personnel Costs	3,701	3,196	(505)	3,940	94%	3,940	
10,715	Operating & Maintenance Costs	13,555	10,733	(2,823)	11,928	114%	15,348	(3,420)
407	Professional Costs	752	1,530	778	1,655	45%	1,655	
1,020	Administration Expenses	1,236	815	(421)	951	130%	1,351	(400)
1,703	Property Costs	1,880	1,704	(177)	2,100	90%	2,363	(263)
4,346	Finance Costs**	3,922	4,951	1,029	5,941	66%	5,441	500
15,451	Depreciation & Amortisation Expense**	14,285	15,079	794	18,095	79%	17,395	700
650	Losses	1,503		(1,503)			12,163	(12,163)
37,397	Total Everyday Expenditure	40,835	38,007	(2,828)	44,610	92%	59,656	(15,046)
(25,739)	Everyday Surplus/(Deficit)*	470	847	(377)	1,976	24%	(10,282)	(12,258)
Capital Revenue								
	Development Contributions**	8,194	6,301	1,893	7,560	108%	8,194	633
20,516	Capital Revenue	32,029	31,030	998	66,074	48%	51,788	(14,286)
	Vested Assets**	24,005	17,441	6,565	20,927	115%	24,005	3,078
20,516	Total Capital Revenue	64,227	54,772	9,455	94,561	68%	83,987	(10,575)
(5,222)	Operating Surplus/(Deficit)	64,697	55,619	9,078	96,537	67%	73,704	(22,832)

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

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

Material variances as explained below:

Subsidies & Grants - \$2,253k favourable.

Operational subsidies received from NZTA is favourable due to large operational project (Victoria Bridge Painting) being completed in the early part of the financial year and the Rotokauri Park & Ride project being managed by Council on behalf of Kiwirail with a 100% NZTA subsidy received on expenditure.

Other Revenue - \$391k favourable.

The favourable variance is due to Petrol Tax being higher than budget and a higher than budgeted recovery of parking infringements and fines.

Personnel Costs - \$505k unfavourable.

The unfavourable result is due to timecost charges not processed for April. The vacancy factor target will not be achieved due to fewer vacancies. Council is also experiencing a higher than usual leave accrual due to staff taking less leave during Easter and Anzac holidays as a result of Covid-19.

Operating & Maintenance Costs - \$2,823k unfavourable.

Planned Major Bridge Maintenance work on Victoria Bridge (ANZAC Parade) was budgeted in the 2018/19 financial year but, due to ensuring compliance requirements and discovered maintenance, the project was delayed and not completed until the early part of this financial year. The Rotokauri Park and Ride project is managed by Council on behalf of Kiwirail as mentioned above.

Professional Costs - \$778k favourable.

The underspend is due to the re-prioritising of projects to maximise the available staff resourcing and the expiry of the Professional Services Panel (PSP) in December 2019. Work is underway to reinstate this Panel and to get projects started.

Administration Expenses - \$421k unfavourable.

Debt Collection Fees and Bad Debts for the Parking activity are higher than budget. This is offset by Other Revenue.

Property Costs - \$177k unfavourable.

Electricity costs are above budget due to an increase in electricity contract rates. Due to the change to LED lighting in 2018/19 the cost of the increase is less than what is would have been if Council had not changed to LED lighting.

Losses - \$1,503k unfavourable.

The variance is due to the disposal of streetlights replaced with LED lighting.

Capital Revenue - \$998k favourable.

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

The comments below explain the material variance between annual approved budget and annual forecast.

Fees & Charges - \$177k unfavourable

The unfavourable variance is due to the revenue from Parking meters forecasted to be below budget due to the change to 2hr-free carparking in the city.

Net effect between Subsidies and Operating and Maintenance costs - \$520k unfavourable

Operating and Maintenance costs is partly offset by operational subsidies and is forecasted to have a net decrease of \$520k with the assumption that Council will assume its transportation maintenance contracts in mid May.

Administration costs - \$400k unfavourable

The unfavourable variance is due to bad debts from parking infringements which has previously been offset by higher than budgeted Infringement revenue. It is forecasted that Infringement revenue will achieve budget, but will not offset Bad debts due to Covid-19.

Property costs - \$263k unfavourable

Electricity costs are forecasted to be higher than budget due an increase in contract rates. This unfavourable variance will be largely offset by an underspent in electricity & gas costs at the Treatment Plants.

Capital Revenue - \$14,286k unfavourable

Deferrals have resulted in a revised forecast. Refer to the Capital Monitoring Report.

Loss - \$12,163k unfavourable

Processing of backlog in RT disposals has resulted in a \$10,660k loss.

RUBBISH AND RECYCLING

Refuse Collection | Waste Minimisation | Landfill Site Management

FOR THE MONTH ENDED 30 APRIL 2020

\$'000		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
YTD 2018/19		YTD Actual	YTD Budget (Approved)	YTD Variance Fav/(Unfav)	Annual Approved Budget	% Annual Budget Spent	Annual Forecast	Annual Variance Fav/(Unfav)
Everyday Revenue								
	Rates	5,675	5,693	(18)	6,894	82%	6,894	
(104)	Fees & Charges	(131)	(55)	(76)	(66)	199%	(66)	
639	Subsidies & Grants	647	575	72	575	112%	575	
17	Interest Revenue	6	5	1	6	104%	6	
431	Other Revenue	425	429	(4)	444	96%	444	
982	Total Everyday Revenue	6,623	6,647	(24)	7,853	84%	7,853	
Everyday Expenditure								
828	Personnel Costs	955	911	(44)	1,137	84%	1,137	
4,361	Operating & Maintenance Costs	4,198	5,380	1,182	6,471	65%	5,241	1,230
172	Professional Costs	252	217	(35)	252	100%	252	
51	Administration Expenses	57	118	62	(1,769)	-3%	57	(1,826)
40	Property Costs	47	76	29	80	59%	80	
81	Finance Costs**	73	70	(3)	1,200	6%	1,200	
474	Depreciation & Amortisation Expense**	463	547	84	657	71%	657	
8	Losses							
6,014	Total Everyday Expenditure	6,045	7,320	1,274	8,028	75%	8,624	(596)
(5,031)	Everyday Surplus/(Deficit)*	577	(673)	1,250	(175)	-330%	(771)	(596)
Capital Revenue								
Capital Revenue								
Total Capital Revenue								
(5,031)	Operating Surplus/(Deficit)	577	(673)	1,250	(175)	-330%	(771)	(596)

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

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

Material variances as explained below:**Operating & Maintenance Costs - \$1,182k favourable.**

Operational costs are below budget due to the re-phasing of Waste Minimisation Education and Engagement activities to support and align with the rollout of the new collection service. The cost of collecting waste and recycling is also below budget due to the timing of contract invoicing and it is expected that the budget will be fully spent by year end. Illegal dumping costs are tracking well below budget this year due to improved clarity in the definition of illegal dumping and associated charging with the contractor. The spend on refuse and recycling bins is below budget as stock currently held is sufficient and there has been no need to purchase additional bins at this time.

The comments below explain the material variance between annual approved budget and annual forecast.**Operating & Maintenance Costs - \$1,230k favourable.**

Illegal dumping costs are tracking well below budget this year due to improved clarity in the definition of illegal dumping and associated charging with the contractor. The spend on refuse and recycling bins is below budget as stock currently held is sufficient and there has been no need to purchase additional bins at this time.

Offset by unfavourable movement in administration expenses in line with year end forecast.

Attachment 2

OVERHEADS

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

FOR THE MONTH ENDED 30 APRIL 2020

\$'000		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
YTD 2018/19		YTD Actual	YTD Budget (Approved)	YTD Variance Fav/(Unfav)	Annual Approved Budget	% Annual Budget Spent	Annual Forecast	Annual Variance Fav/(Unfav)
Everyday Revenue								
(267)	Rates	(274)	(279)	4	(283)	97%	(283)	
780	Fees & Charges	913	1,028	(115)	1,218	75%	1,092	(126)
75	Subsidies & Grants	76		76				
	Interest Revenue							
2,420	Other Revenue	2,008	2,025	(16)	3,009	67%	2,484	(525)
3,008	Total Everyday Revenue	2,722	2,774	(52)	3,944	69%	3,293	(651)
Everyday Expenditure								
15,086	Personnel Costs	17,136	16,497	(639)	19,723	87%	20,244	(521)
1,457	Operating & Maintenance Costs	2,665	2,462	(203)	3,108	86%	3,108	
1,495	Professional Costs	2,836	2,960	124	3,652	78%	4,481	(829)
7,195	Administration Expenses	8,297	7,562	(736)	9,120	91%	9,285	(165)
566	Property Costs	732	635	(98)	747	98%	747	
49	Finance Costs**	42	58	17	70	59%	70	
4,613	Depreciation & Amortisation Expense**	4,223	5,396	1,174	6,475	65%	4,469	2,006
134	Gains & Losses	45		(45)				
30,594	Total Everyday Expenditure	35,975	35,569	(406)	42,896	84%	42,405	491
(27,586)	Everyday Surplus/(Deficit)*	(33,253)	(32,795)	(458)	(38,952)	85%	(39,112)	(160)
Capital Revenue								
	Capital Revenue							
	Total Capital Revenue							
(27,586)	Operating Surplus/(Deficit)	(33,253)	(32,795)	(458)	(38,952)	85%	(39,112)	(160)

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

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

Material variances as explained below:**Fees & Charges - \$115k unfavourable.**

The unfavourable variance is due to a decrease in LIM revenue received due to the Covid-19 lockdown. The forecast position has been adjusted to reflect the expected decrease in revenue.

Personnel Costs - \$639k unfavourable.

Personnel costs are over budget due to increased expenditure on externally contracted staff to cover vacancies and deliver organisational wide projects. This increase partially offset by the increase in internal capital recoveries. The variance is also driven by unbudgeted recruitment fees which have been incurred to fill vacancies, along with an increase in the annual leave accrual.

Operating & Maintenance Costs - \$203k unfavourable.

Operating & Maintenance costs are unfavourable to budget due to a number of factors, including IS system upgrades, condition assessment surveys for Council facilities and increased expenditure on contractors.

Administration Expenses - \$736k unfavourable.

Administration Expenses are unfavourable to budget due to increased software licences arising from the implementation of new software programmes across the organisation. Software is a service and is partially offset by depreciation.

The comments below explain the material variance between annual approved budget and annual forecast.**Fees & Charges - \$126k unfavourable**

Fees & Charges are unfavourable due the forecast decrease in requests for LIMs as a result of the Covid-19 lockdown.

Other Revenue - \$525k unfavourable

Other Revenue is unfavourable due to the Rent Relief Initiative approved as part of Phase 1 of Council's Covid-19 Response Package.

Personnel costs - \$180k unfavourable.

This is due to internal movements of budget between CE office, City Growth and Strategy and Communications. Additionally there has been a redistribution of the Infrastructure and Financing (IFF) budget from personnel to consultants.

The internal movements are offset by \$561k of remediation payments as part of a compliance programme conducted by MBIE in respect of the Holidays Act 2003.

Professional costs - \$829k unfavourable.

This is due to internal movements of budget between CE office, City Growth and Strategy and Communications. Additionally there has been a redistribution of the Infrastructure and Financing (IFF) budget from personnel to consultants.

The unfavourable variance also includes \$165k of operating funding for the Business Response Centre Initiative as part of Phase 1 of Council's Covid-19 Response Package.

Administration Expenses - \$165k unfavourable

The unfavourable variance represents \$165k of funding for the Business Response Centre Initiative as part of Phase 1 of Council’s Covid-19 Response Package.

Attachment 2

GENERAL

FOR THE MONTH ENDED 30 APRIL 2020

\$000		\$000	\$000	\$000	\$000	\$000	\$000	\$000
YTD 2018/19		YTD Actual	YTD Budget (Approved)	YTD Variance Fav/(Unfav)	Annual Approved Budget	% Annual Budget Spent	Annual Forecast	Annual Variance Fav/(Unfav)
Everyday Revenue								
127,717	Rates	(29)	(58)	30			(581)	(581)
559	Fees & Charges							
	Subsidies & Grants							
	Interest Revenue	(25)		(25)				
3,869	Other Revenue	(2,996)	13,516	(16,512)	13,516	-22%	2,516	(11,000)
132,146	Total Everyday Revenue	(3,050)	13,457	(16,507)	13,516	-23%	1,934	(11,581)
Everyday Expenditure								
	Personnel Costs							
	Operating & Maintenance Costs							
	Professional Costs							
	Administration Expenses		(2,188)	(2,188)	(2,626)	0%	(2,626)	
	Property Costs							
(282)	Finance Costs**	(41)	967	1,008	1,160	-4%		1,160
	Depreciation & Amortisation Expense**							
12,021	Gains & Losses	7,760		(7,760)			11,634	(11,634)
11,739	Total Everyday Expenditure	7,719	(1,222)	(8,940)	(1,466)	-527%	9,008	(10,474)
120,407	Everyday Surplus/(Deficit)*	(10,769)	14,679	(25,448)	14,982	-72%	(7,074)	(22,055)
Capital Revenue								
17,861	Development Contributions**	(95)		(95)			(94)	(94)
	Capital Revenue							
29,707	Vested Assets**							
47,568	Total Capital Revenue	(95)		(95)			(94)	(94)
167,974	Operating Surplus/(Deficit)	(10,864)	14,679	(25,543)	14,982	-73%	(7,168)	(22,149)

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

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

Material variances as explained below:**Other Revenue - \$16,512k unfavourable.**

Other revenue variance is unfavourable as a result of the fair value benefit not being realised on the Housing Infrastructure Fund (HIF) due to fewer HIF loans than expected.

Administration Expenses - \$2,188k unfavourable.

This is the efficiency savings which will be realised across all areas of the business.

Gains & Losses - \$7,760k unfavourable.

There has been an unfavourable movement in market interest rates resulting in a loss in the fair value of interest rate swaps.

The comments below explain the material variance between annual approved budget and annual forecast.**Rates - \$581k unfavourable**

Prior year rates revenue adjustment is not reflective of our current position. Forecast revised.

Other Revenue - \$11,000k unfavourable

Fewer draw downs from the Housing Infrastructure Fund than anticipated, resulting in a lower fair value benefit on the interest free loan.

STATEMENT OF FINANCIAL POSITION

Attachment 3

FOR THE MONTH ENDED 30 APRIL 2020

	Actual	Annual Budget
	\$000	\$000
ASSETS		
Current assets		
Cash and cash equivalents	107,242	46,440
Receivables	36,545	18,360
Prepayments	2,849	1,712
Inventory	158	160
Other financial assets	-	-
Total current assets	146,793	66,672
Non-current assets		
Property, plant and equipment	4,415,678	4,632,252
Intangible assets	14,441	21,082
Investment property	31,989	23,754
Other financial assets		
- Investment in CCOs and other similar entities	10,768	9,516
- Other investments	11,364	8,867
Total other financial assets	22,133	18,383
Investment in associates	7,430	7,430
Derivative financial instruments	1,085	-
Total non-current assets	4,492,756	4,702,901
Total assets	4,639,549	4,769,573
LIABILITIES		
Current liabilities		
Payables and deferred revenue	28,715	32,125
Employee entitlements	7,980	6,520
Provisions	1,610	771
Borrowings	24,500	42,800
Derivative financial instruments	287	4,119
Total current liabilities	63,091	86,335
Non-current liabilities		
Employee entitlements	935	1,100
Provisions	14,516	23,209
Borrowings	501,464	538,103
Derivative financial instruments	59,264	14,906
Total non-current liabilities	576,178	577,318
Total liabilities	639,269	663,653
Net assets	4,000,280	4,105,920
Equity		
Accumulated funds	1,892,543	1,912,370
Other reserves	2,067,596	2,154,325
Restricted reserves	38,515	38,790
Council created reserves	1,625	436
Total equity attributable to Hamilton City Council	4,000,280	4,105,920
Total equity	4,000,280	4,105,920

Item 8

Attachment 3

TREASURY REPORT for the ten months ended 30 April 2020

Attachment 4

Investment and Cash Position

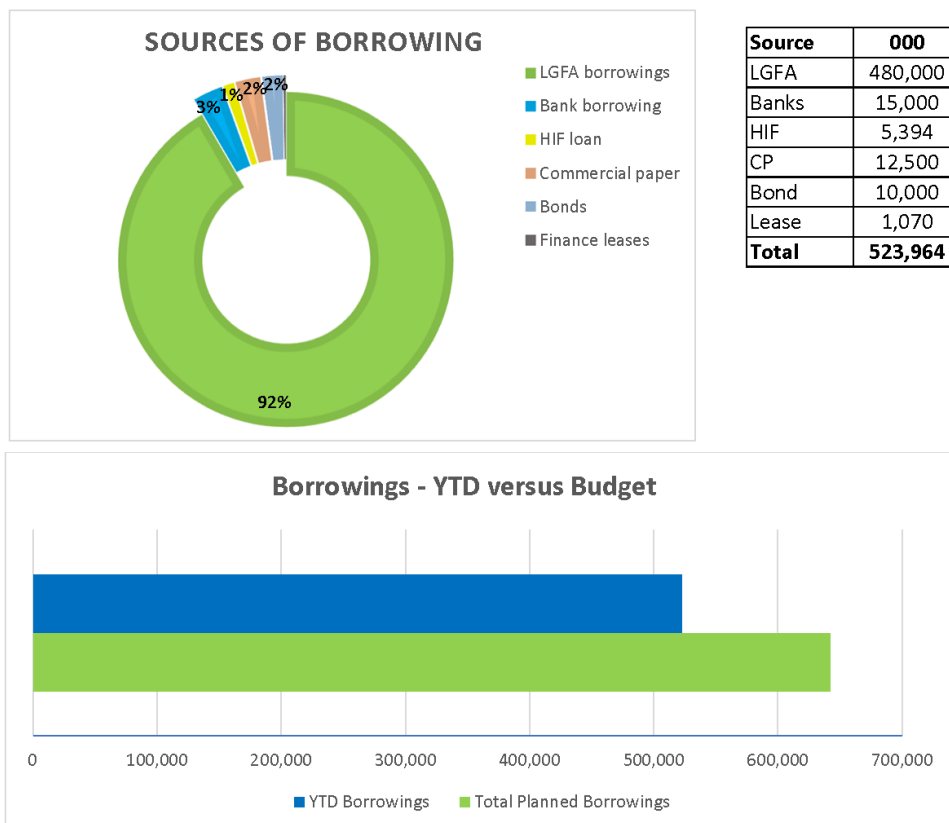
Treasury cash investments consist of:

Cash Investments	Actual Apr-20	Budget Jun-20	Variance Fav/ (Unfav)
Cash on call	40,700	not apportioned	not apportioned
Term deposit	65,000	not apportioned	not apportioned
Closing bank balances	2226	not apportioned	not apportioned
LGFA borrower notes	7680	not apportioned	not apportioned
Total cash investments	115,606	55,000	60,606

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

Borrowing Position

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

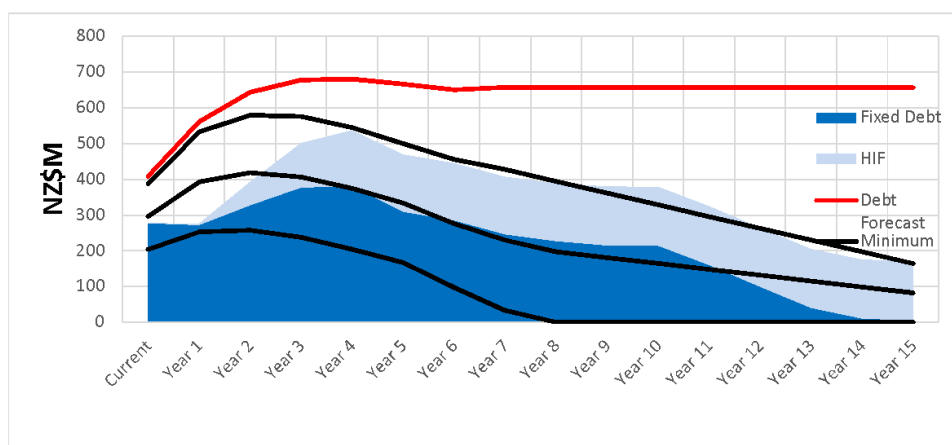


Borrowing debt increased in April 2020. No HIF drawdowns or other borrowings occurred during the period. Due to the timing of Capital Expenditure and an increase in Development Contributions, borrowing has been tracking slower for the year to date. Prior trends indicate that we should see increased Capital Expenditure during the second half of our year, detailed in the Capital Report. We had three loans maturing in April 2020. As indicated in the Source of Borrowing graph, the LGFA remains our most favoured and low cost source of funding.

Interest Rates

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

Fixed Rate Debt Policy Tracking



Our fixed rate debt is compared to the fixed rate policy over 15 years. This includes HIF as it is fixed at 0%. Our fixed debt is currently 61% and compliant with policy.

Council Report

Committee: Finance Committee **Date:** 16 June 2020
Author: Tracey Musty **Authoriser:** David Bryant
Position: Financial Controller **Position:** General Manager Corporate
Report Name: Financial Strategy Monitoring Report

Report Status	<i>Open</i>
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Purpose – *Take*

1. To inform the Finance Committee of the status of the 2018-28 10-Year Plan Financial Strategy as at 30 April 2020.

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

2. That the Finance Committee receives the report.
3. That the Finance Committee recommends that the Council:
 - a) approves the capital movement from the 2019/20 Financial Year to future years as identified in the 16 June 2020 Capital Portfolio Monitoring Report;
 - b) approves the significant forecast adjustments as set out in paragraphs 19 to 24 of this report; and
 - c) approves the revised forecast Financial Strategy position for Debt to Revenue, Net Debt and Balancing the Books as set out in paragraphs 25 to 32 of this report.

Executive Summary - *Whakaraapopototanga matua*

4. This report is to be read in conjunction with the:
 - i. April 2020 (16 June 2020 meeting) Annual Monitoring Report; and
 - ii. April 2020 (16 June 2020 meeting) Capital Portfolio Monitoring Report.
5. This report provides a forecast update of the key 10-Year Plan Financial Strategy metrics.
6. One key goal of the 10-Year Plan Financial Strategy is to maintain or better the balancing the books result, so the need to borrow to fund everyday expenses is eliminated.
7. Not borrowing to fund everyday expenses maintains Council's borrowing capacity to fund investment in community and infrastructure initiatives.
8. If there are negative variances from either the operating and/or capital budgets, Council may need to consider increasing revenue and/or reducing expenditure in other budgets.
9. Staff consider the matters in this report have low significance and that the recommendations comply with the Council's legal requirements.

Background - *Kooreo whaimaarama*

10. Financial Strategy

11. The Financial Strategy (pages 67-71, 2018-28 10-Year Plan) is designed to:

- a) fund everyday expenses from everyday revenues
- b) maintain service levels and assets
- c) create surpluses to repay debt
- d) support investment in community, infrastructure and growth initiatives
- e) fund investments from debt

12. The key outcomes are:

- a) balancing the books after four years (2023/24). This was updated in the 2019/20 Annual Plan
- b) maintaining a Debt to Revenue Ratio of less than 230%
- c) setting rates increases for existing ratepayers at 9.7% (2018/19) and 3.8% per annum thereafter for existing ratepayers

13. The approved 10-Year Plan budgeted Financial Strategy provided for \$3M unused debt capacity for the first three years. Changes to the actual and forecast operating and capital budgets affects this capacity. If there are negative variances from either the operating and/or capital budgets the Council will need to consider increasing revenue and/or reducing expenditure in other budgets.

14. Forecasting changes made since the adoption of the 10-Year Plan show an improvement in the Financial Strategy measures.

15. Significant Forecasting assumptions

16. Any changes in significant forecasting assumptions (pages 72-81, 2018-28 10-Year Plan) will result in changes to the Financial Strategy outcomes.

17. The following forecasting assumptions directly impact the Financial Strategy. An adverse change would have a material impact.

- Growth
 - i. Revenue budgets for rates, development contributions, building and resource consents are linked to growth assumptions based on the National Institute of Demographic and Economic Analysis (NIDEA) Low projections.
- Interest on borrowing
- Inflation
 - ii. Inflation was forecast by Business and Economic Research Ltd (BERL) under contract to SOLGM, with a modification for the Waikato. Waikato is experiencing higher inflation on capital projects than is being experienced across the rest of New Zealand.

18. These assumptions will be considered and if necessary adjusted in each Annual Plan.

Financial Strategy Significant Forecast Adjustments

19. This report forecasts the debt to revenue measure and balancing the books measure compared with the 10-Year Plan budget.

20. The forecast takes account of changes:
- to capital budgets approved by the Capital Investment Board, under delegation
 - to operating expenditure approved by staff under delegation
 - by Council decision
 - recommendations by other Council Committees to Council, that are not yet approved
21. All significant changes made since the 10-Year Plan and up to the last Finance Committee Meeting on 29 April 2020 are listed in Attachment 1.
22. **Significant forecasting adjustments since the 29 April 2020 Council meeting are:**
- Capital adjustment
 - Annual Monitoring Report Forecast adjustment
23. **Capital adjustment**

Discussion										
Capital revenue, capital savings, re-phasing, and delay deferrals from 2019/20 to future years as detailed in the 16 June 2020 Capital Portfolio Monitoring Report.										
Financial Strategy Impact										
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Balancing the Books \$(000)	-	(13)	2,135	980	707	753	807	848	800	864
Net Debt \$(000)	-	(280)	45,421	20,854	15,032	16,015	17,551	18,426	17,389	18,789

Numbers in brackets represent an adverse outcome.

24. **Annual Monitoring Report Forecast adjustment**

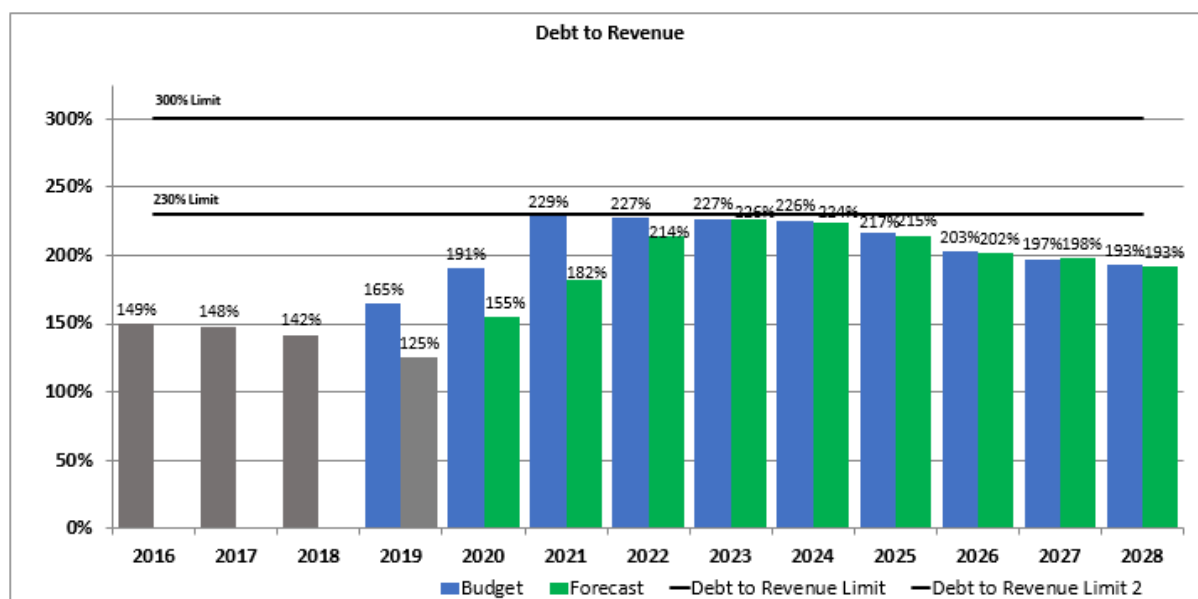
Discussion										
The 16 June 2020 Annual Monitoring Report includes forecast adjustments in 2019/20. These changes have been made within the activity statements to provide more accurate forecasts.										
Financial Strategy Impact										
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Balancing the Books \$(000)	-	6,374	307	323	339	355	364	382	400	420
Net Debt \$(000)	-	6,235	6,542	6,865	7,204	7,559	7,923	8,305	8,706	9,126

Numbers in brackets represent an adverse outcome.

Financial Strategy Graphs

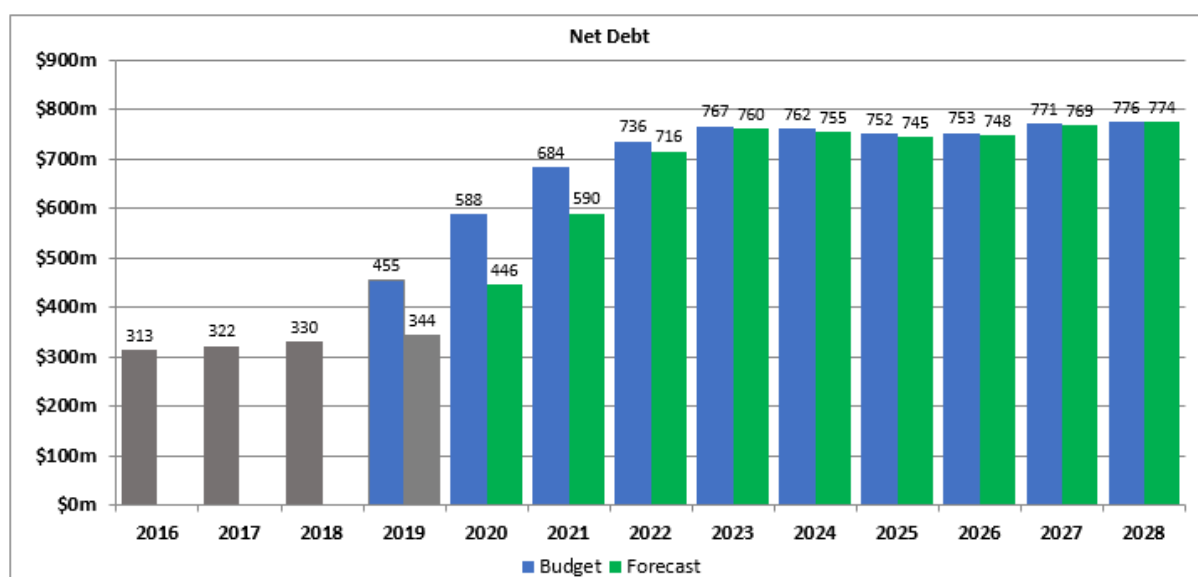
25. The following graphs show the 10-Year Plan budgets (in blue) and the total of all Council approved changes listed in Attachment 1 as well as the significant forecast adjustments as set out in paragraph 19 above (in green).
26. Forecast changes include matters contained in this agenda and subject to decision by the:
- Finance Committee; or
 - Council.

27. Debt to Revenue



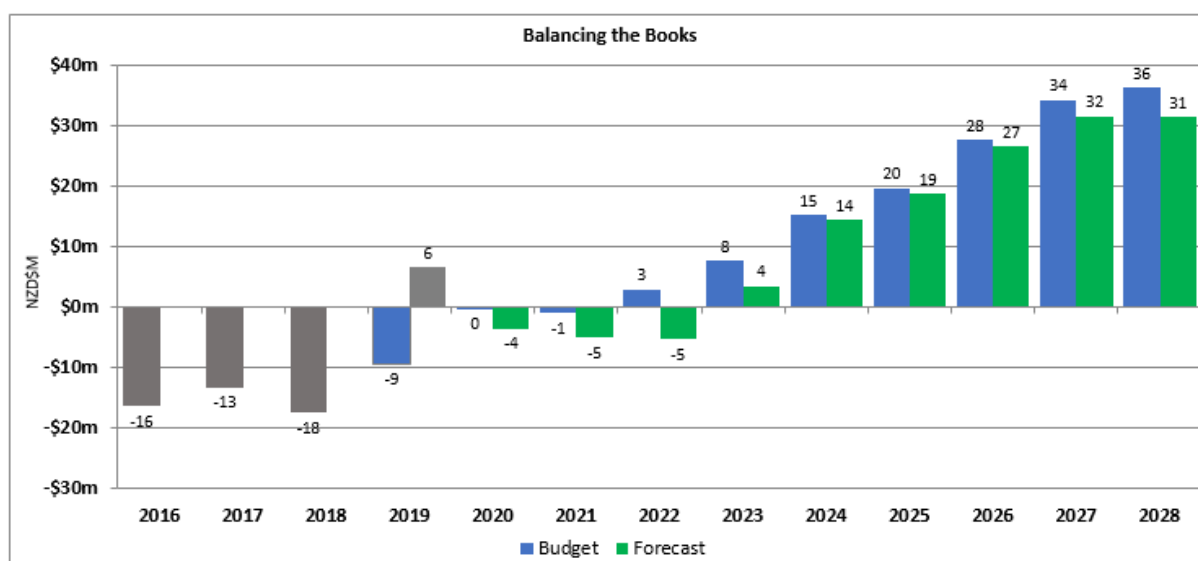
28. The Debt to Revenue graph includes all adjustments identified in this report and shows that the forecast debt to revenue is favourable against the 10-Year Plan budget. In 2022/23, the forecast is to reach 226% debt to revenue ratio. The financial strategy limit is currently 230%.

29. Net Debt



30. The Net Debt graph shows a decrease in net debt against the 10-Year Plan. Net debt forecast for 2019/20 has increased to \$446M.

31. Balancing the Books



32. The 2019/20 budget was planned to balance the books. Current 2019/20 forecast is for \$3.6M unfavourable result. Forecast remains on track to balance the books again in 2022/23.

Risks to the Financial Strategy

33. The forecast adjustments above lead to improved Financial Strategy metrics. However emerging issues reported in the April 2020 (16 June 2020 meeting) Annual and Capital Portfolio Monitoring Reports indicate unfavourable movements could put these improvements at risk.
34. The debt to revenue margin on debt capacity of \$12M in three years' time (2022/23) provides less resilience than before the national lockdown period. While it is an improvement from the 10-Year plan budget it should be considered in the context of the extent of change that has occurred already since the plan was adopted and the amount of spending budgeted to occur before the end of 2022/23.

Emerging Issues

35. The April 2020 (16 June 2020 meeting) Annual Monitoring Report has referenced the covid-19 lockdown period. This could impact the balancing the books result and consequentially debt across the 10-Year Plan.
36. The April 2020 (16 June 2020 meeting) Capital Portfolio Monitoring Report lists emerging issues that could impact the capital portfolio and consequently debt and the balancing the books result across the remainder of the 10-Year Plan.
37. There are no new emerging issues additional to and not included in the above reports.

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

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

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

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

- 40. The subject matter of this report has been evaluated in terms of the 4 well-beings during the process of developing this report.
- 41. The recommendations set out in this report are consistent with that purpose.

Sustainability Considerations

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

Risks - *Tuuraru*

- 43. This report is based on decisions that have been made in the context of assumptions that may change.

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

Significance

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

Engagement

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

Attachments - *Ngaa taapirihanga*

Attachment 1 - Register of Significant Forecast Changes June 2020

Register of Significant Forecast Changes

The following significant forecasting changes have previously been approved.

\$'000's

BB=Balancing the books Impact

ND = Net Debt Impact

Numbers in brackets have an adverse impact.

Date	Change		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	
16-Oct-18	Additional Rates revenue from Growth	BB	599	663	733	808	890	978	1,067	1,168	1,276	1,393	
		ND	599	1,262	1,995	2,803	3,693	4,670	5,737	6,906	8,181	9,575	
	Deferred Capital 2017/18 to 2018/19	BB	257	-	-	-	-	-	-	-	-	-	
		ND	-	-	-	-	-	-	-	-	-	-	
Date	Change		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	
4-Dec-18	Library revenue adjustment 2018/19	BB	(163)	(8)	(8)	(9)	(9)	(10)	(10)	(10)	(11)	(12)	
		ND	(163)	(171)	(179)	(188)	(197)	(207)	(217)	(228)	(239)	(250)	
	Footpath new revenue 2018-2028	BB	542	855	829	1,040	1,238	1,452	1,599	1,813	2,042	2,252	
		ND	2,858	5,355	9,362	12,927	16,786	20,961	24,306	29,159	33,744	38,646	
	Thomas - Gordonton Road Project additional revenue - enhanced subsidy	BB	40	41	43	45	47	49	50	53	55	58	
		ND	822	863	906	950	997	1,046	1,097	1,150	1,205	1,263	
	Capital rephasing and delay deferrals from 2018/19 to future years	BB	1,147	11	12	12	13	13	14	14	15	16	
		ND	23,647	235	247	259	272	285	299	314	329	345	
	Increase capacity WW West Network (Western Interceptor Duplication)	BB	41	357	375	465	485	505	516	538	560	584	
		ND	841	7,598	7,973	8,366	8,778	9,211	9,655	10,121	10,609	11,121	
	Te Awa Cycleway Remediation (new project)	BB	(19)	(43)	(80)	(83)	(85)	(87)	(89)	(91)	(94)	(97)	
		ND	(399)	(920)	(965)	(1,013)	(1,063)	(1,116)	(1,169)	(1,226)	(1,285)	(1,347)	
Date	Change		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	
21-Feb-19	Housekeeping adjustments	BB	-	-	-	-	-	-	-	-	-	-	
		ND	-	-	-	-	-	-	-	-	-	-	
	Capital rephasing and delay deferrals from 2018/19 to future years	BB	168	2	2	2	2	2	2	2	2	2	
		ND	3,468	35	36	38	40	42	44	46	48	51	
	Capital savings	BB	160	163	171	179	188	198	203	212	223	233	
		ND	3,303	3,466	3,637	3,816	4,005	4,202	4,405	4,617	4,840	5,073	
	Adjustment to WW West Network (Western Interceptor Duplication)	BB	10	(305)	(320)	(397)	(414)	(431)	(441)	(459)	(478)	(498)	
		ND	210	(6,495)	(6,815)	(7,152)	(7,504)	(7,874)	(8,254)	(8,652)	(9,069)	(9,506)	
Date	Change		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	
26-Feb-19	Capital and NZTA capital subsidy deferred from 2018/19 to 2019/20	BB	-	-	-	-	-	-	-	-	-	-	
		ND	(36)	-	-	-	-	-	-	-	-	-	
	Reduction in libraries revenue due to Waikato DC contract ceased	BB	-	(322)	(16)	(17)	(17)	(18)	(19)	(20)	(21)	(22)	
		ND	-	(322)	(338)	(354)	(372)	(390)	(409)	(429)	(449)	(471)	
	Cleaning contract increase to be advised at Finance Committee on 21 February 2019	BB	-	(578)	(29)	(30)	(31)	(33)	(34)	(35)	(37)	(39)	
		ND	-	(578)	(607)	(636)	(668)	(701)	(735)	(770)	(807)	(846)	
	Insurance premiums 30% increase from November 2018 plus another 20% unbudgeted increase	BB	-	(912)	(45)	(47)	(49)	(52)	(53)	(56)	(59)	(61)	
		ND	-	(912)	(356)	(1,004)	(1,053)	(1,105)	(1,158)	(1,214)	(1,273)	(1,334)	
	Increased Corporate personnel budget (Maangai Maori)	BB	-	(77)	(4)	(4)	(4)	(4)	(4)	(5)	(5)	(5)	
		ND	-	(77)	(80)	(84)	(88)	(93)	(97)	(102)	(107)	(112)	
	Demolition of Founders Theatre costs transferred from 2018/19 to 2019/20	BB	850	(826)	-	-	-	-	-	-	-	-	-
		ND	850	25	26	27	28	30	31	33	34	36	
	Operating costs to maintain Founders Theatre until demolition	BB	-	(48)	-	-	-	-	-	-	-	-	-
		ND	-	(48)	(51)	(53)	(56)	(59)	(61)	(64)	(67)	(71)	
	Reduced WRC revenue at Transport Centre (G&I Committee resolution 6 December 2018)	BB	-	(59)	-	-	-	-	-	-	-	-	-
		ND	-	(59)	(62)	(65)	(68)	(72)	(75)	(79)	(82)	(86)	
Chief Executive budget items - net zero impact, resolving within existing budgets	BB	-	-	-	-	-	-	-	-	-	-	-	
	ND	-	-	-	-	-	-	-	-	-	-	-	
GM budget items - net 'zero' impact, resolving within existing budgets	BB	-	(24)	-	-	-	-	-	-	-	-	-	
	ND	-	(252)	(264)	(277)	(291)	(305)	(320)	(335)	(351)	(368)		
Date	Change		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	
9-Apr-19	Electricity savings 2020/21 and 2021/22	BB	-	-	344	662	50	52	53	56	59	62	
		ND	-	-	344	1,006	1,056	1,108	1,161	1,217	1,276	1,338	
	Elected Members Remuneration Increase	BB	-	(161)	(172)	(184)	(197)	(211)	(225)	(240)	(256)	(273)	
		ND	-	(161)	(333)	(518)	(715)	(926)	(1,151)	(1,391)	(1,647)	(1,920)	
	Insurance 20% increase from Y3-10	BB	-	-	(566)	(721)	(915)	(1,154)	(1,445)	(1,810)	(2,260)	(2,818)	
		ND	-	-	(566)	(1,287)	(2,202)	(3,356)	(4,801)	(6,610)	(8,870)	(11,688)	
	Capital Deferrals and NZTA capital subsidy deferred	BB	927	1,955	(57)	(59)	26	27	28	29	31	32	
		ND	19,117	41,586	(1,205)	(1,264)	551	578	606	635	665	698	
	Capital savings	BB	33	34	36	37	39	41	42	44	47	49	
		ND	690	724	760	797	837	878	920	965	1,011	1,060	
	Depreciation Y1 Update	BB	(2,206)	-	-	-	-	-	-	-	-	-	-
		ND	-	-	-	-	-	-	-	-	-	-	-
	Founders Theatre Demolition	BB	-	868	(844)	-	-	-	-	-	-	-	-
		ND	-	868	24	25	26	27	29	30	32	33	
	Municipal Pools Demolition deferral from 2018/19 to 2019/20	BB	788	(765)	-	-	-	-	-	-	-	-	-
		ND	788	23	24	25	26	28	29	30	32	33	
	Chief Executive budget items	BB	4,689	231	243	255	267	280	288	302	316	331	
		ND	4,689	4,921	5,163	5,418	5,685	5,966	6,253	6,555	6,871	7,202	

Date	Change		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
23-May-19	Chief Executive budget items - Annual Plan net zero impact, resolving within existing budgets	BB	-	-	-	-	-	-	-	-	-	-
		ND	-	-	-	-	-	-	-	-	-	-
	GM budget items - Annual Plan net 'zero' impact, resolving within existing budgets	BB	19	(397)	-	-	-	-	-	-	-	-
		ND	395	-	-	-	-	-	-	-	-	-
	Chief Executive budget items - forecast changes from Annual Monitoring report 23/5/19	BB	858	60	62	66	69	72	74	78	81	85
		ND	1,208	1,267	1,330	1,395	1,464	1,536	1,610	1,688	1,769	1,855
	Capital Deferrals	BB	937	(148)	8	8	9	9	10	10	10	11
		ND	19,314	(3,153)	171	179	188	197	207	217	227	238
	Capital NZTA capital subsidy deferred	BB	1,265	1,063	279	292	307	322	330	346	363	380
		ND	26,079	22,618	5,928	6,220	6,527	6,849	7,179	7,526	7,888	8,269
	Capital savings	BB	(668)	(615)	186	195	204	214	220	231	242	253
		ND	(13,783)	(13,092)	9,947	4,142	4,346	4,561	4,781	5,011	5,253	5,506
	Capital Consequential Opex adjustment	BB	1,027	51	53	56	59	61	63	66	69	73
		ND	1,027	1,077	1,131	1,186	1,245	1,306	1,369	1,435	1,504	1,577
	Cemeteries Software System (new capex project, switched from existing opex 10YP budget)	BB	250	-	-	-	-	-	-	-	-	-
		ND	-	-	-	-	-	-	-	-	-	-
	Depreciation Y2-10	BB	-	(4,260)	(6,051)	(8,744)	(3,692)	(621)	363	807	(518)	(2,399)
		ND	-	-	-	-	-	-	-	-	-	-
	Alternate Infrastructure Financing Project (SPV) Support Costs	BB	-	(820)	(40)	(42)	(45)	(47)	(48)	(50)	(53)	(55)
		ND	-	(820)	(861)	(903)	(948)	(995)	(1,043)	(1,093)	(1,146)	(1,201)
	Corporate Resources: LGOIMA and Risk Security	BB	-	(273)	(13)	(14)	(15)	(16)	(16)	(17)	(18)	(18)
		ND	-	(273)	(287)	(301)	(316)	(332)	(348)	(364)	(382)	(400)
	Corporate Governance elections cost increase	BB	-	(107)	(5)	(6)	(6)	(6)	(6)	(7)	(7)	(7)
		ND	-	(107)	(113)	(118)	(124)	(130)	(136)	(143)	(150)	(157)
	Seismic strengthening work	BB	-	(51)	(54)	(57)	(59)	(62)	(64)	(67)	(70)	(74)
		ND	-	(1,092)	(1,146)	(1,203)	(1,262)	(1,324)	(1,388)	(1,455)	(1,525)	(1,599)
	Alternative platform for river swimmers near Hamilton Gardens Jetty	BB	-	(8)	(8)	(8)	(9)	(9)	(10)	(10)	(11)	(11)
		ND	-	(164)	(172)	(180)	(189)	(199)	(208)	(218)	(229)	(240)
	Citysafe extension to suburbs	BB	-	(252)	(12)	(13)	(14)	(14)	(15)	(15)	(16)	(17)
		ND	-	(252)	(264)	(277)	(291)	(305)	(320)	(335)	(351)	(368)
	Greenwood Street/Ahikatea Road roundabout option	BB	-	(161)	(8)	(8)	(9)	(9)	(9)	(10)	(10)	(11)
		ND	-	(161)	(169)	(177)	(186)	(195)	(204)	(214)	(225)	(236)
	Social Housing funding provision change	BB	-	(643)	(689)	382	411	442	(5)	(5)	(5)	(5)
		ND	-	(643)	(1,333)	(950)	(539)	(97)	(101)	(106)	(111)	(117)
	DC Revenue projection - Both Additional CAPEX & CBD Remission for 2020 Annual Plan	BB	-	1,165	1,637	1,655	1,762	1,809	2,086	2,292	2,274	2,943
		ND	-	3,062	7,118	10,896	14,652	18,229	22,286	26,565	30,459	35,809
	Central City Plan proposal	BB	-	(214)	(11)	(11)	(12)	(12)	(13)	(13)	(14)	(14)
		ND	-	(214)	(225)	(236)	(248)	(260)	(273)	(286)	(299)	(314)
	Cat desexing	BB	-	(107)	(115)	(123)	(132)	(141)	(150)	(160)	(171)	(182)
		ND	-	(107)	(222)	(345)	(477)	(617)	(767)	(927)	(1,098)	(1,280)
	Community Grant funds increase	BB	-	(107)	(115)	(123)	(132)	(141)	(150)	(160)	(171)	(182)
		ND	-	(107)	(222)	(345)	(477)	(617)	(767)	(927)	(1,098)	(1,280)
Date	Change		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
1-Aug-19	Central City Jetty additional funding	BB	-	(26)	(27)	(28)	(30)	(31)	(32)	(33)	(35)	(37)
		ND	-	(546)	(573)	(601)	(631)	(662)	(694)	(728)	(763)	(799)
	Capital Deferrals and NZTA capital subsidy deferred	BB	-	(26)	(27)	(28)	(30)	(31)	(32)	(33)	(35)	(37)
		ND	-	(546)	(573)	(601)	(631)	(662)	(694)	(728)	(763)	(799)
Date	Change		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
1-Sep-19	Capital Deferrals and NZTA capital subsidy deferred	BB	-	(123)	(420)	(578)	(766)	(804)	(825)	(864)	(906)	(950)
		ND	-	(2,612)	(8,927)	(12,302)	(16,299)	(17,103)	(17,928)	(18,792)	(19,699)	(20,648)
	Adjustment in Libraries revenue - reinstatement of rental agreement for Waikato DC ratepayers to use HCC Libraries	BB	-	214	(99)	(106)	(114)	(122)	(131)	(140)	(150)	(161)
		ND	-	214	115	9	(105)	(227)	(368)	(498)	(648)	(809)
	Forecast changes from Annual Monitoring report	BB	-	134	7	7	7	8	8	8	9	9
		ND	-	134	141	148	155	163	171	179	187	197
Date	Change		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
11-Feb-20	Capital Deferrals and NZTA capital subsidy deferred	BB	-	4,894	1,781	565	(123)	(129)	(133)	(139)	(146)	(153)
		ND	-	104,122	37,894	12,027	(2,625)	(2,754)	(2,887)	(3,026)	(3,172)	(3,325)
Date	Change		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
28-Apr-20	Capital Deferrals and NZTA capital subsidy deferred	BB	-	1,212	1,019	(83)	171	(45)	(261)	(462)	(684)	(928)
		ND	-	25,796	21,687	(1,759)	3,633	(357)	(5,663)	(10,037)	(14,861)	(20,179)
	Forecast changes from Annual Monitoring report	BB	-	(4,121)	(566)	(594)	(623)	(654)	(671)	(703)	(737)	(773)
		ND	-	(11,477)	(12,043)	(12,637)	(13,260)	(13,914)	(14,585)	(15,288)	(16,025)	(16,798)
	Rates Adjustment	BB	-	(633)	(702)	(776)	(866)	(942)	(1,030)	(1,129)	(1,236)	(1,351)
		ND	-	(633)	(1,335)	(2,111)	(2,966)	(3,908)	(4,938)	(6,068)	(7,304)	(8,655)

* (Annual Plan budget proposals approved 21st May at Council Meeting)

Council Report

Committee: Finance Committee **Date:** 16 June 2020
Author: Katy Nudd **Authoriser:** Sean Hickey
Position: Business Planning Analyst **Position:** General Manager Strategy and Communications
Report Name: Long Term Plan Service Performance Measures 2019-20 Quarter Three Report

Report Status	<i>Open</i>
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Purpose – *Take*

1. To inform the Finance Committee of the Quarter 3 (January 2020 – March 2020) Non-Financial Service Performance results from Year 2 of the 2018-28 10-Year Plan.

Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Finance Committee receives the report.

Executive Summary - *Whakaraapopototanga matua*

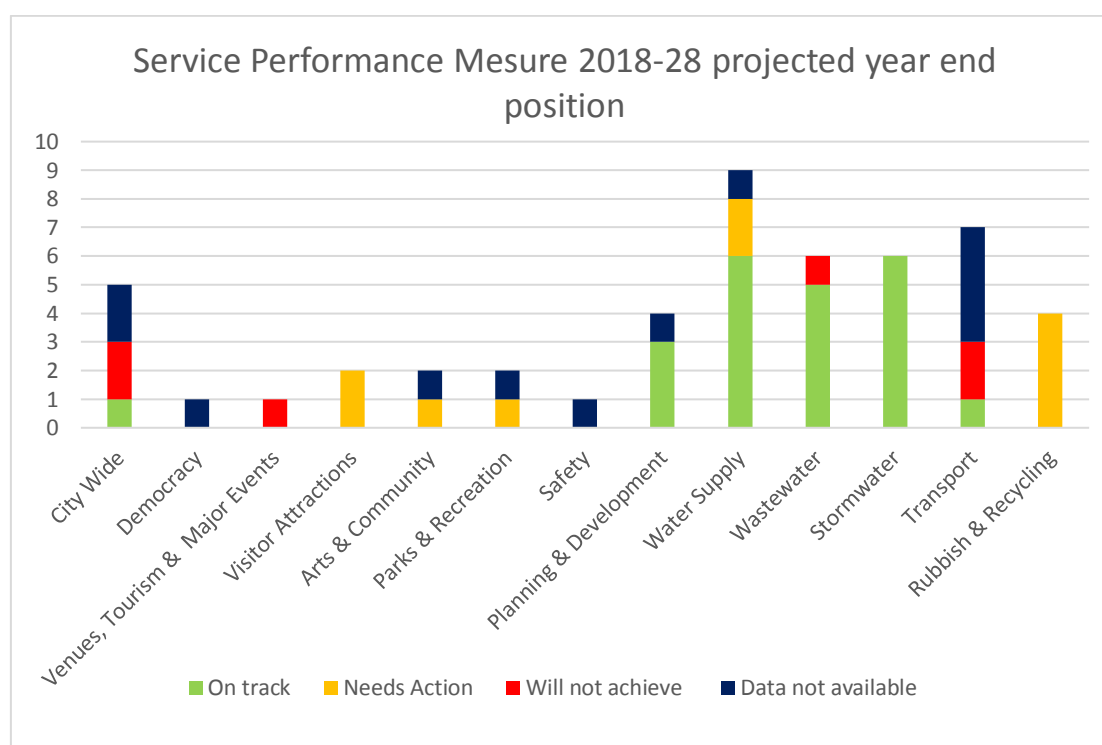
3. This report is to update the Finance Committee on the results from quarter three (January 2020 – March 2020) of the Service Performance Measures.
4. The structure of the report has been set to provide an overview of each activity, the community focused non-financial service performance measures and key highlights for each activity.
5. The Service Performance Measures (KPIs) set in the 2018-28 10-Year Plan are reported against for three years. The process of forming the 2018-28 Performance Measures began in 2017. Extensive discussion took place surrounding the purpose of the 10-Year Plan measures and a change in approach, to move the performance measures away from operational measures to key performance indicators.
6. This report is to update the Finance Committee on the results from year two, quarter three of the Service Performance Measures. Quarter four will be presented as the year end position in the Annual Report.
7. The quarters are:
 - Quarter one: July 2019 – September 2019
 - Quarter two: October 2019 – December 2019
 - Quarter three: January 2020 – March 2020
 - Quarter four: April 2020 – June 2020

8. Each measure is assigned a status and commentary is made for its current performance year to date and status and commentary for its expected year end position. Status options include, 'on track' (green), 'needs action' (orange), 'off track' (red), and 'data not available' (blue).
9. Staff consider the matters in this report have low significance in accordance to the Significance and Engagement Policy and that the recommendations comply with the Council's legal requirements.

Discussion - *Matapaki*

10. There are 50 KPIs contained in the 2018-28 10-Year Plan.

A summary of the projected year end position of each 10-Year Plan Activity is shown in the graph below.



11. COVID-19 and the subsequent lockdown has had a small impact on the quarter three results. We are expected to see a more significant impact in our year end results. We are currently projecting that four measures will not achieve year-end target due to COVID-19 and another eight are at risk of not meeting year-end target. We are working with Audit New Zealand on an additional six measures, where data collection has been suspended or delayed due to COVID-19.

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

12. Staff confirm that this report, complies with the Council's legal and policy requirements.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

13. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
14. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report.

Risks - *Tuuraru*

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

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

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

Attachments - *Ngaa taapirihanga*

Attachment 1 - Service Performance Measures 2018-2028 Long Term Plan Quarter Three Finance Committee 2019-20 Report

DELIVERING ON OUR COMMUNITY OUTCOMES – City Wide

All the activities we carry out contribute to the overall achievement of our community outcomes.

If we achieve all the expectations we have set for our service delivery we will be making progress on achieving all three outcomes.

OUR COMMUNITY OUTCOMES

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

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

A COUNCIL THAT IS BEST IN BUSINESS: Our council is customer focussed, financially sustainable and has the best people delivering the best outcomes for the city.

SERVICE PERFORMANCE MEASURES

KEY: On track | Needs action | Off track | No data



We want to know what Hamiltonians think of our city. We survey our residents every two years to find out what they think.

Measure	2019/20 target	YTD result	Forecast year-end position
Percentage of residents who think Hamilton is a great place to live.	Maintain or increase from the previous rating (75%)	Due to COVID-19 the planned survey to provide the 2019/20 result has been deferred to late in 2020. Councils December Pulse survey provided a result of 73%. We are seeking Audit clarification for the wording for the year end measure as there will be no Quality of Life result.	
Percentage of residents who are proud of how Hamilton looks and feels.	Maintain or increase from the previous rating (53%)	Due to COVID-19 the planned survey to provide the 2019/20 result has been deferred to late in 2020. Councils December Pulse survey provided a result of 50%. We are seeking Audit clarification for	

*Measures required by the Department of Internal Affairs



		the wording for the year end measure as there will be no Quality of Life result.
What's behind the results		
<p>We ask our communities these questions in our two-yearly Quality of Life Survey, a survey of metro Councils to gain an understanding of communities' perception of their quality of life. Our last survey was undertaken in June 2018. The next Quality of Life Survey was due to be undertaken in May 2020, due to COVID-19 this has been delayed with a new date yet to be confirmed.</p> <p>People views will change within the two-year cycle and to understand, on a more frequent basis, Council has commissioned Nielsen (who undertook the last Quality of Life Survey) to run a series of pulse surveys. The pulse survey asks these questions on six monthly bases, and the results are used to inform subsequent work programmes. The next Pulse survey will be undertaken in May 2020.</p> <p>Based on the December Pulse survey, overall, 73% agree that Hamilton is a great place to live, this is similar to official Quality of life result of 75%. Agreement increases with age. Residents aged under 25 years have the lowest level of agreement (57%) while those aged 65+ are most likely to agree (82%).</p> <p>50% of Residents have pride in Hamilton, this is similar to official Quality of life result of 53%. Those aged under 25 years remain the age group with the highest level of disagreement. Beautiful scenery/street plantings (20%) and cleanliness (20%) of the city are the primary reasons residents have pride in the way Hamilton looks and feels.</p>		

We are putting infrastructure in place to grow as a city. The Gross Domestic Product (GDP) tells us about our city's economy.



Measure	2019/20 target	YTD result	Forecast year-end result
The annual average percentage change in the GDP growth for Hamilton.	Positive growth – 2019/19 result = 3.1%	2.4% 	
What's behind the results			
<p>The measure stated positive growth, however as we set the target of 3.1% we have to achieve positive growth in relation to this target, rather than just positive growth. Nationally GDP has been slowing. In the 2019 calendar year global trade conditions remained uncertain.</p> <p>Due to COVID-19 and the national and international economic outlook we do not expect to meet the target of positive growth.</p> <p>Note the result of 2.4% represents the annual GDP to December 2019, due to GDP being a lag indicator.</p>			

*Measures required by the Department of Internal Affairs

We will be financially responsible.

Measure	2019/20 target	YTD result	Forecast year-end result
We will stay within the debt and rating limits, as described in the Financial Strategy.	Achieved	130% 	
What's behind the results			
Our 2018-28 10-Year Plan's financial strategy states that our annual average rates increase for existing ratepayers for 2019/2020 would be 3.8%. This was confirmed during our Annual Plan process.			
Our 2018-28 10-Year Plan's financial strategy also states that our net debt to revenue ratio will remain below 230%. Our budget net debt to revenue ratio for 2019/20 (as as set in the Annual Plan) is 167%. Our net debt ratio for the third quarter is 131%. This is an increase since the last quarter from 128% but is still well within our net debt limit.			
We expect to remain within the Financial Strategy limit for the 2019/20 financial year.			

We aim to be best in business in our interactions with customers at our reception, call centre and facilities (excluding Claudelands and stadia).

Measure	2019/20 target	YTD result	Forecast year-end result
We are rated positively when asked how easy we are to do business with.	55%	41% 	
What's behind the results			
When asked how easy we were to do business with, only 41% of customers replied that the effort required was what they expected. To address this low rating, customer experience is part of the organisational transformation plan currently being developed and will be a focus over the next year.			
Our services and response times have been impacted by COVID-19 lockdown hence we do not expect our ease of business rating to improve over the coming months as we see the effects of COVID 19 take place. We are unlikely to meet the year-end target.			

*Measures required by the Department of Internal Affairs

DEMOCRACY SERVICES

Local democracy is about providing Hamiltonians with excellent governance and sound leadership for the city.

SERVICE PERFORMANCE MEASURES

KEY: **On track** | **Needs action** | **Off track** | **No data**

You can expect: Timely and open access to public information.

We want to engage with the community to inform our decision making. We survey our residents every two years to find out what they think.

Measure	2019/20 target	YTD result	Forecast year-end result
The percentage of residents who believe we make decisions that are in the best interests of the city.	Maintain or increase from the previous rating (25%)	<p>Due to COVID-19 the planned survey to provide the 2019/20 result has been deferred to late in 2020.</p> <p>Councils December Pulse survey provided a result of 30% and a Pulse survey is being undertaken in May.</p> <p>We are seeking Audit clarification for the wording for the year end measure as there will be no Quality of Life result.</p>	
What's behind the results			
<p>We ask our communities these questions in our two-yearly Quality of Life Survey, a survey of metro Councils to gain an understanding of communities' perception of their quality of life. Our last survey was undertaken in June 2018. The next Quality of Life Survey was due to be undertaken in May 2020, due to COVID-19 this has been delayed with a new date yet to be confirmed.</p> <p>People views will change within the two-year cycle and to understand, on a more frequent basis, Council has commissioned Nielsen (who undertook the last Quality of Life Survey) to run a series of pulse surveys. The pulse survey asks these questions on six monthly bases, and the results are used to inform subsequent work programmes. The next Pulse survey will be undertaken in May 2020.</p> <p>Based on the December Pulse survey, one in four who have confidence in the Council believe that they do a great job (30%) and a similar proportion trust them to do what is best for the city.</p>			

*Measures required by the Department of Internal Affairs

QUARTERLY HIGHLIGHTS

Following the approval of the 2019-2022 Governance Structure, new triennium arrangements were put in place and actioned for 2020 Council and Committee meeting cycle.

In February, a review of the Maangai Maaori representation arrangements was completed. Council reaffirmed that the arrangements in place were working well and were providing valuable input to the decision making process. Maangai Maaori now sit on all committees of Council and an advisory group in line with Council's 2019-22 Governance Structure.

On March 27 Council successfully held its first virtual full council meeting via an audio-visual link in response to the COVID-19 response. We were recognised as leading the way on this, and were asked by SOLGM to input into, and help present a nationwide webinar as leaders in this area.

*Measures required by the Department of Internal Affairs



VENUES, TOURISM AND MAJOR EVENTS

Venues, Tourism and Major Events is about showcasing and leveraging Hamilton's event venues, visitor attractions and services. It includes Claudelands, FMG Stadium Waikato, Seddon Park and tourism and events funding.

SERVICE PERFORMANCE MEASURES

KEY: **On track** | **Needs action** | **Off track** | **No data**

You can expect: Our venues are place you want to visit.

Measure	2019/20 target	YTD result	Forecast year-end result
The number of people attending events at the stadia (FMG Stadium Waikato and Seddon Park) and Claudelands.	440,000	391,047 	
What's behind the results			
H3 venues held 214 separate events with a strong start to the calendar year as forecasted. In total, 128,668 people attended events at H3 venues, Claudelands had 40,303 people attend events and our stadia welcomed 88,365 patrons.			
In late March, event activity was suspended due to the COVID-19 lockdown as mass gathering restrictions were implemented. The downstream impact of COVID-19 began from mid-February, with a number of cancellations including high profile events such as Netball, Super Rugby and Cricket.			
Due to COVID-19 event restrictions, we are unlikely to achieve this target at year end.			

QUARTERLY HIGHLIGHTS

Events that were held prior to the COVID-19 shutdown included; Claudelands hosting a weekly farmers market, the 2020 Four and Rotary Nationals 'Show and Shine' car show day, Aspire Expo "Community on Show", a NZ Symphony Orchestra concert, Waikato Bay of Plenty Cancer Society's Relay for Life and The Great Kiwi Beer Festival. As well as public ticketed performance and sports events, exhibitions and sales (89), there were also 125 conferences, meetings and functions across all venues.

There were also a number of medium sized business events and functions such as the Waikato Regional Sports Awards, STIHL Annual Conference, Waikato Wellbeing Summit,

*Measures required by the Department of Internal Affairs

Waikato Chamber of Commerce Luncheon, Waikato Women's Refuge Annual Saving Rose Gala Dinner, NZ Management Association Student Graduation Ceremony and the Waikato Festival of Technology and Innovation 'Tech Fest 2020'.

From 21 March, the venue had been a location of a drive-thru community-based assessment COVID-19 testing centre, plus the location of a logistics and distribution centre for a community led frozen food and food parcelling initiative by the Wises Group and Civil Defence and supported by Montana Food and Events.

Both stadia venues were in use prior to the mass gathering and event restrictions announced. Several international events took place at both stadia. In early January, the FMG Stadium Waikato held a small blessing ceremony for the newly installed turf closely followed by the first international event of the calendar year, the 2020 HSBC NZ Sevens. The event was enjoyed by over 35,913 patrons across 2 days. FMG Stadium Waikato also hosted three Super Rugby matches in February and early March – including Chiefs v Crusaders (11,794), Chiefs v Brumbies (8,188) and Chiefs v Hurricanes (13,746).

Seddon Park began Q3 with bumper cricket content including several international cricket matches – India v Blackcaps T20 and India v Blackcaps ODI. In addition, the White Ferns played two matches against South Africa, plus NZ A Team played India in a three-day warm up match. Team trainings also took place at the venue with a number of Indian team supporters watching on. During the quarter, domestic cricket (Backyard Smash, Plunket Shield) and kids community cricket also took place.

Hamilton's reputation as a host city for international sporting events was further enhanced with the announcement the city will host a semi-final, as well as pool matches including the White Ferns, for the ICC Women's Cricket World Cup in February and March 2021. Hamilton is one of six host cities and this announcement.

Supporting the community to host events via the Events Sponsorship Fund saw four events take place in quarter three:

Porritt Classic (Feb 2020)

Hamilton Gardens Arts Festival (Feb-March 2020)

Balloons Over Waikato (March 2020)

Boon Street Art Festival (March 2020)

Unfortunately, due to COVID-19 lockdown and event restrictions the Waikato International (26-29 March 2020) was not able to take place.

*Measures required by the Department of Internal Affairs





VISITOR ATTRACTIONS

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

SERVICE PERFORMANCE MEASURES

KEY: **On track** | **Needs action** | **Off track** | **No data**

You can expect: Our premium attractions (Hamilton Gardens, Waikato Museum and Hamilton Zoo) are places you want to visit.

Measure	2019/20 target	YTD result	Forecast year-end result
Maintain or increase visitation to the Hamilton Enclosed Gardens.	At least 440,000	388,822 	
What's behind the results			
<p>Favourable weather and the opening of the Surrealist Garden saw the popularity of Hamilton Gardens continue to grow. The enclosed gardens welcomed 165,704 visitors. International travel restrictions began to impact visitation during quarter three. On 22 March Hamilton Gardens closed due to the level four lockdown.</p> <p>Due to the lockdown visitation will be significantly reduced in quarter four. A reduction in tourists is likely to impact visitation beyond the official lockdown period. Due to COVID-19 restrictions, we are unlikely to achieve this target at year end.</p>			
Measure	2019/20 target	YTD result	Forecast year-end result
Maintain or increase visitation to the Waikato Museum and Hamilton Zoo.	At least 250,000	190,351 	
What's behind the results			
<p>Waikato Museum quarter three visitation was 28,773, bringing the year to date to 85,598.</p> <p>Hamilton Zoo quarter three visitation was 34,685, Zoo Visitor numbers were tracking very well prior to COVID-19 with 34,685 people through the gates between 1 January and 22 March. This is a 9% increase on the same period last year, bringing year to date visitation to 104,753.</p> <p>Combined visitation to the Hamilton Zoo and Waikato Museum for quarter three is 63,458</p> <p>On 22 March the Waikato Museum and Hamilton Zoo closed due to the level four lockdown. Hamilton City Council visitor destinations will be significantly impacted by Covid- 19 due to facility closures and tourism impacts.</p>			

*Measures required by the Department of Internal Affairs

Due to the lockdown visitation will be significantly reduced in quarter four. A reduction in tourists is likely to impact visitation beyond the official lockdown period. Due to COVID-19 restrictions, we are unlikely to achieve this target at year end.

QUARTERLY HIGHLIGHTS

At Hamilton Zoo the Inaugural Children's Day event broke records with just under 2,500 members of the public attending. The new South American aviary was completed just before the Zoo went into Level 4 with little visitor exposure however it has featured in our social media posts during lockdown. Social media engagement is tracking upwards as the public look to connect with the zoo while closed.

The new Surrealist Garden opened, attracting large numbers of visitors and extensive social media interest. The civil works for stage 1 Gardens was completed and work on the Hamilton Club Summerhouse by the Mansfield Garden commenced. Fine weather attracted large numbers of visitors and the Hamilton Gardens Arts Festival programme in February was well attended. The downside to the fine weather was maintaining the Gardens in drought conditions.

The Waikato Museum 's Waitangi Day public programme was very well received with approximately 915 people attending. There was also a great response to the Children's Day event as well with approximately 1,937 people in attendance. The blockbuster Dino Exhibition proved to be very popular with the public in the 21 days it was open before Level 4 restriction, with 1,538 visitors and good merchandise sales.

The Waikato Museum started delivery of the Raranga Matihiko digital learning programme for decile 1-3 schools – this is a Ministry of Education contract managed through Te Papa that was awarded to the Museum.

Customer uptake of i-SITE services have declined across the board compared to the same quarter last year in the Caro Street site: vouchers down 69%, retail 98%, event ticketing 65%, visitor numbers 76%, phone calls and emails approximately 30%. Potential factors impacting this result include the reduced size of the site, reduced services offered from the site, availability of parking and distance from tour bus stops. A decline in tourist number due to COVID-19 may also have been a factor.

*Measures required by the Department of Internal Affairs



ARTS AND COMMUNITY

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

SERVICE PERFORMANCE MEASURES

KEY: **On track** | **Needs action** | **Off track** | **No data**

You can expect: To be satisfied with our libraries.

Measure	2019/20 target	YTD result	Forecast year-end result
The percentage of customers satisfied with libraries.	At least 85%	88% 	
What's behind the results			
<p>The libraries satisfaction scores have shown a consistent score of 88% over the last quarter and well on track to be above target. The general themes from people's positive comments have been around cleanliness of libraries, good selection of books, and friendliness of staff at the libraries, and their efficiency in dealing with customer queries.</p> <p>The satisfaction score has generally been consistent, however, the COVID-19 closures and new ways of operating required for facilities opening under level 2 may impact customer satisfaction scores for the final quarter.</p>			

You can expect: We will provide facilities and spaces that encourage the community to come together.

Measure	2019/20 target	YTD result	Forecast year-end result
The percentage of residents who feel a sense of community with others in their neighbourhood.	Maintain or increase from the previous rating (48%)	<p>Due to COVID-19 the planned survey to provide the 2019/20 result has been deferred to late in 2020.</p> <p>Councils December Pulse survey provided a result of 39% and a Pulse survey is being undertaken in May.</p> <p>We are seeking Audit clarification for the wording for the year end measure as there will be no Quality of Life result.</p>	

*Measures required by the Department of Internal Affairs

What's behind the results

We ask our communities these questions in our two-yearly Quality of Life Survey, a survey of metro Councils to gain an understanding of communities' perception of their quality of life. Our last survey was undertaken in June 2018. The next Quality of Life Survey was due to be undertaken in May 2020, due to COVID-19 this has been delayed with a new date yet to be confirmed.

People views will change within the two-year cycle and to understand, on a more frequent basis, Council has commissioned Nielsen (who undertook the last Quality of Life Survey) to run a series of pulse surveys. The pulse survey asks these questions on six monthly bases, and the results are used to inform subsequent work programmes. The next Pulse survey will be undertaken in May 2020.

Based on the December Pulse survey, 39% of residents feel a sense of community which is a decrease on the official Quality of life result of 48%. Nearly two-thirds (62%) of those who don't feel a sense of community with other in their neighbourhood say that everyone keeps to themselves/they have no interaction with their neighbours or don't have much in common.

QUARTERLY HIGHLIGHTS

The usage of Hamilton City Libraries' online material has almost doubled, and 680 new members have joined since the Alert Level 4 lockdown began. Online borrowing has surged across the board, with almost 15,000 eBooks, eAudiobooks and eMagazines borrowed from 22 March to 22 April, compared to 7800 over the same period in 2019.

Educational databases and the Lynda.com training service are also proving popular. Customers completed 231 Lynda courses from 22 March to 22 April. Learners are particularly keen on tips for productively working from home. Heritage databases have been opened up for direct access and the libraries' heritage staff are fielding increased queries as customers use the time to dig into their ancestry.

Library staff have taken Storytime online, with a guest appearance from Mayor Paula, and gathered fun resources into a new "Kids' Space" section to help parents entertain the troops. The doors may be physically closed but the library business is booming.

The Community and Social Development team administer Council's annual Single-Year Community Grant in the third quarter of each financial year. This year 108 community organisations received a share of the \$440,000 available. Each of these organisations do important work in connecting individuals across our diverse community with others, building a greater sense of community wellbeing.

Significant community engagement commenced with 884 Hamiltonians participating in the conversation on what wellbeing means to them through the "Shape your future city" campaign. The Community and Social Development team undertook targeted consultation with external partners, particularly with Hamilton's disability, youth, older and arts champions to gather key agency and community groups views.

*Measures required by the Department of Internal Affairs

PARKS AND RECREATION

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



SERVICE PERFORMANCE MEASURES

KEY: **On track** | **Needs action** | **Off track** | **No data**

You can expect: Access to a park or open space in your neighbourhood.

Measure	2019/20 target	YTD result	Forecast year-end result
Percentage of households that have access to a neighbourhood park or open space within 500 metres walking distance.	At least 76%	Data is next expected in June 2020	
What's behind the results			
Each year we calculate the percentage of households that have access to a neighbourhood park or open space within 500 metres walking distance by GIS spatial mapping. This includes the new households created by development and the public opening of any green space. This is a yearly calculation and will next be completed in June 2020.			

You can expect: To be satisfied with our community facilities (pools and community facilities).

Measure	2019/20 target	YTD result	Forecast year-end result
The percentage of customers satisfied with pools and community facilities.	70%	79% 	
What's behind the results			
February showed an increase in satisfied customers to 83%. Customers comments continue to reflect satisfaction with staff's customer service and accessibility to areas within the facilities. Parks (or community facilities) do not have data at this stage as the surveys are paused to correct who the survey is sent to (users versus those who make the bookings).			
The satisfaction score has generally been consistent, however, the COVID-19 closures and new ways of operating required for facilities opening under level 2 may impact customer satisfaction scores for the final quarter.			

*Measures required by the Department of Internal Affairs

QUARTERLY HIGHLIGHTS

Neighbourhood playground renewals continued with Jansen Park playground being completed to positive community feedback. Inuwai playground has begun being constructed. The park will include a playground, basketball half-court and flat grassed areas, and is the first community facility in the Peacocke neighbourhood that will eventually be home to up to 20,000 people, the theme has been closely developed with local Iwi

The new Korikori Sports ground in North Rototuna was opened for use, the changing room facilities are currently under construction. Korikori Park is located opposite indoor sports facility The Peak and includes five full sized football fields, including one full sand carpet, two cricket ovals and walking paths. It is part of the central hub of what will be the Rototuna Village

Mahoe, baseball pitch and drainage improvements were completed in March, with two football fields and two national standard baseball diamonds

*Measures required by the Department of Internal Affairs

SAFETY

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

SERVICE PERFORMANCE MEASURES

KEY: **On track** | **Needs action** | **Off track** | **No data**

You can expect: We work with partner organisations and the community to improve safety.

Measure	2019/20 target	YTD result	Forecast year-end result
The percentage of central city users surveyed who feel very safe or reasonably safe in the central city during daytime.	At least 80%	Data is next expected in June 2020	
What's behind the results			
This measure indicates the community's perception of safety during the day. The survey is planned to be undertaken in May 2020. The 2018/2019 Perceptions of Safety survey ran from June to July 2019, with a result of 86% of users surveyed reporting they felt very safe or reasonably safe in the central city during daytime.			

QUARTERLY HIGHLIGHTS

In March Hamilton City Council responded to the COVID-19 pandemic. Our response has seen 45 staff redeployed to civil defence and focused on the wellbeing of Hamiltonians.

Responding to customer service requests is an important part of the activities we provide. During the quarter;

- 100% of all requests for Urgent requests for Animal Control were attended inside 60 minutes.
- 100% of all requests for graffiti removal were achieved within 2 working days.
- 93% (1,343/1,289) of all requests for noise control services were responded to within 30 minutes. Work is ongoing to ensure noise control requests are responded to within 30 minutes.
- 96% of food audits were completed in time
- 100% of alcohol licenced premises are monitored annually

There has been additional proactive interaction with members of the public and business owners by City Safe which has increased the feeling of safety and we receive regular positive feedback from our community.

*Measures required by the Department of Internal Affairs



PLANNING AND DEVELOPMENT

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

SERVICE PERFORMANCE MEASURES



KEY: **On track** | **Needs action** | **Off track** | **No data**

You can expect: A sufficient supply of land for housing and business.

Measure	2019/20 target	YTD result	Forecast year-end result
There will be at least three years capacity of residential zoned land supplied with development infrastructure in the city.	Achieved	3.5 years 	
What's behind the results			
Council is working to ensure there is a plentiful supply of land serviced by infrastructure for residential development so that land availability is not limited by delays in coming to market. The figure of 3.5 years does not include the Peacocke development, as this work is still underway.			
To ensure availability in the future, Council needs to work in the longer term so the flow of land becoming available is steady.			
Measure	2019/20 target	YTD result	Forecast year-end result
There will be at least three years capacity of business zoned land supplied with development infrastructure in the city.	Achieved	This measure is report 6 monthly. Data is next expected in June 2020	

*Measures required by the Department of Internal Affairs

You can expect: We will support the delivery of safe, sustainable and attractive development.

Measure	2019/20 target	YTD result	Forecast year-end result
Average processing days for building consents. ¹	18 working days	16.8 days 	

What's behind the results

The average number of processing days for Quarter three was 15.82 with 444 Building Consents granted. This is faster than the same period last where 453 consents took on average 16.76 days.

It is predicted that COVID-19 will mean a decrease in the number of Building Consents lodged. We estimate average processing times to remain consistent during this time.

Measure	2019/20 target	YTD result	Forecast year-end result
Average processing days for non-notified land use and subdivision resource consents. ¹	18 working days	16.5 days 	

What's behind the results

145 resource consents were granted in the last quarter compared to 190 resource consents in the same quarter last year. On average, processing took 16.4 days. Year to date we have processed 536 consents with an average processing time of 16.5 days. We estimate average processing times to remain consistent.

During the 2018/19 Annual Report audit, Audit NZ were unable to confirm the average processing days for a resource consent due to some errors found in the audit sample. A targeted programme of improvements has been put in place to address these findings. Internal auditing has ensured an improvement in the consenting record keeping processes. The audit in July 2019 found 43% errors in the administration recording processes. This improved to 1% errors in November 2019 – These errors were resolved post the audit. This improvement is due to processes being put in place for naming conventions and new digital recording processes.

Digital improvements continue. We now have a wholly electronic resource consent processing which has eliminated hard copy documentation, ensuring tracking of consents and documentation is managed automatically in our Authority system. Work is currently being completed to enable online resource consent lodgement.

Planning Guidance has moved successfully to paperless consenting with applications coming in through electronic means such as email and dropbox. The team has been working hard to prepare for online resource consents which will mean applications will go directly into Authority without the need for manual entry.

¹ "Average processing days" is the average number of working days used in processing consents, which excludes all stop clock days. A working day means any day except for a weekend day, public holiday, and those days between 20 December and 10 January. The processing clock may be stopped at any point should we require further information from the applicant.

*Measures required by the Department of Internal Affairs





WATER SUPPLY

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

SERVICE PERFORMANCE MEASURES

KEY: **On track** | **Needs action** | **Off track** | **No data**

You can expect: The water we supply is safe to drink.



Measure	2019/20 target	YTD result	Forecast year-end result
Water quality complies with the drinking water standards for (a) bacteria and (b) protozoa.*	a) Achieve compliance b) Achieve compliance	On Track  On Track 	 
What's behind the results			
Based on an internal assessment of Waiora Treatment Plant data and Laboratory DWSNZ monitoring results, Hamilton City Council met quarterly requirements for drinking water standards for bacterial compliance for quarter three.			
Based on an internal assessment of Waiora Treatment Plant data, Hamilton City Council met the quarterly requirements of the drinking water standards for protozoa compliance for quarter three			
Based on internal assessment, Hamilton City Council is on track to achieve Annual compliance with drinking water standards for the period 1 July 2019 - 30 June 2020. Annual compliance will be formally assessed by the Drinking-Water Assessor (DWA) in September/October 2020.			

You can expect: Our water network is managed in a way that minimise the loss of water.

Measure	2019/20 target	YTD result	Forecast year-end result
The percentage of real water loss from the water network infrastructure in the city.*	No more than 16%	Data is next expected in June 2020	
What's behind the results			
This measure is undertaken annually and reported in June/July. It covers the preceding April-March period and is undertaken using the standard NZ Benchloss guidelines and methodology. The percentage water loss measure estimates how much water is lost to leakage throughout the HCC network.			



*Measures required by the Department of Internal Affairs

You can expect: We will work with the community to sustainably manage the supply and use of water.

Measure	2019/20 target	YTD result	Forecast year-end result										
The average use of drinking water per Hamilton resident, per day.*	No more than 400 litres per resident, per day	357 litres per resident, per day 											
What's behind the results													
<p>We provide a sustainable water supply, and this is achieved through water conservation campaigns that educate the community on sustainable water use and efficient management of the water network. This measure indicates the success of these campaigns and programmes of work.</p> <p>The average daily water use in quarter three was 406 litres, which is similar to the reported result of 403 litres for the same period last year. Water Alert Level 2 (as part of the Smart Water Programme) was initiated on 14 January 2020 as a result of increasing water use following the holiday break. In response to sustained high water use and hot dry weather conditions in late January, Water Alert Level 3 was initiated on 6 February 2020. On 6 March the Water Alert Level was dropped back to Alert Level 2 after a sustained reduction in daily water use occurred in late February.</p> <p>We will continue to complete water demand management works throughout the year, including the creation of water supply areas in the Maeroa and Fairfield areas. These works allow our operational teams to better monitor water use across the city and will assist in prioritising and targeting our education, infrastructure renewals and water loss programmes.</p> <p>With a current year to date result of 357 litres per resident, the year end target is expected to be achieved.</p> <p>Quarterly result:</p> <table><tr><th>Q1</th><th>Q2</th><th>Q3</th><th>Q4</th><th>Cumulative</th></tr><tr><td>310 litres</td><td>355 litres</td><td>406 litres</td><td></td><td>357 litres</td></tr></table>				Q1	Q2	Q3	Q4	Cumulative	310 litres	355 litres	406 litres		357 litres
Q1	Q2	Q3	Q4	Cumulative									
310 litres	355 litres	406 litres		357 litres									









*Measures required by the Department of Internal Affairs

You can expect: To be satisfied with the clarity, taste, odour, continuity and pressure of the water supply.

Measure	2019/20 target	YTD result	Forecast year-end result										
The number of complaints relating to drinking water about clarity, taste, odour, pressure, continuity of supply and complaints about our response to any of these issues.*	No more than 5 complaints per 1,000 connections	1.3 per 1,000 connections 											
What's behind the results													
<p>During quarter three a total of 20 complaints were received. This is less than the number of complaints received in each previous quarter this year and less than the 51 received during the same period last year.</p> <p>Of the 20 complaints received, 13 were related to loss of service, six related to low-pressure events and one related to water colouration. There was a noticeable decrease in water pressure complaints in an elevated area of Rototuna where previously some residents had been experiencing supply issues during peak water demand periods. This reduction can be attributed to operational changes in the supply of water to the demand management area as well as pump and reservoir operations that were implemented.</p> <p>End of year target is expected to be achieved, although future results may be impacted due to COVID-19 Alert Level 3 and 4 requiring essential services only.</p> <p>Quarterly result:</p> <table><tr><th>Q1</th><th>Q2</th><th>Q3</th><th>Q4</th><th>Cumulative</th></tr><tr><td>0.55 per 1,000 connections</td><td>0.47 per 1,000 connections</td><td>0.33 per 1,000 connections</td><td></td><td>1.27 per 1,000 connections</td></tr></table>				Q1	Q2	Q3	Q4	Cumulative	0.55 per 1,000 connections	0.47 per 1,000 connections	0.33 per 1,000 connections		1.27 per 1,000 connections
Q1	Q2	Q3	Q4	Cumulative									
0.55 per 1,000 connections	0.47 per 1,000 connections	0.33 per 1,000 connections		1.27 per 1,000 connections									

*Measures required by the Department of Internal Affairs

You can expect: A timely response and a timely resolution if there is a problem with the water supply.

Measure	2019/20 target	YTD result	Forecast year-end result
The median attendance time for urgent call-outs, from the time that we received notification to the time that our service personnel reach the site.*	No more than 60 minutes	31 minutes 	
The median resolution time of urgent call-outs, from the time that we received notification to the time that our service personnel confirm the fault or interruption has been resolved.*	No more than 5 hours	2.5 hours 	
The median attendance time, in working days, for non-urgent call-outs, from the time that we received notification to the time that our service personnel reach the site.*	No more than 5 days	3 days 	
The median resolution time, in working days, of non-urgent call-outs, from the time we received notification to the time that our service personnel confirm the fault or interruption has been resolved.*	No more than 10 days	3 days 	

What's behind the results

Households and businesses rely heavily on water so it's important that we provide a timely response when something goes wrong. These measures indicate how quickly we respond to issues with the water supply and resolve the problem. A call-out to a household or business with no water supply is classified as urgent. Call-outs for other water supply matters, where water is still being delivered, are classified as non-urgent.

The median attendance time for urgent call outs in quarter three was 24 minutes. The year to date median response time is slightly reduced at 31 minutes.

The median resolution time for urgent call outs in quarter three was 4.5 hours, with a year to date result of 2.5 hours. The higher quarterly result was caused by a reporting system failure and manual intervention was required. A system review has been undertaken and daily monitoring is now in place to prevent this situation from arising in the future.

The results for urgent call outs are within the annual targets of 60 minutes and 5 hours. It is expected that the annual target will be achieved.

*Measures required by the Department of Internal Affairs

Measure	2019/20 target	YTD result	Forecast year-end result		
<p>The median attendance time for non-urgent call outs in quarter three was four working days, with a year to date result of three working days. The median resolution time in quarter three was five working days, with a year to date result of three working days.</p> <p>Due to the automated system failure, a review of the data used for previously reported results was undertaken. Corrections were made to the completion date for approximately 20% of non-urgent call outs where there was sufficient information to determine when the water supply issue was resolved. This has had a positive effect on attendance and resolution times for non-urgent call outs for previous quarters one and two.</p> <p>Due to COVID-19 restrictions at each alert level it is not possible to forecast our ability to meet the annual targets for non-urgent call outs. We will continue to monitor the volume of non-urgent works and what can be completed for the rest of the financial year.</p>					
	Q1	Q2	Q3	Q4	Cumulative
Urgent					
Attendance	38 minutes	34 minutes	24 minutes		31 minutes
Resolution	3 hours	2.1 hours	4.5 hours		2.5 hours
Non-urgent					
Attendance	2 days	3 days	4 days		3 days
Resolution	3 days	3 days	5 days		3 days

QUARTERLY HIGHLIGHTS

Following on from our written submission on Taumata Arowai – The Water Services Regulator Bill, Hamilton City Council had an opportunity to verbally present to the Health Select Committee in support of the written submission on Wednesday 11 March 2020.

The Health Select Committee Chairperson thanked Hamilton City Council for their submission and commented that it was very clear and easy to follow and understand. The Bill is part of a broader package of reforms to the regulatory system of three waters which responds to outputs of the Three Waters Review and Havelock North Inquiry. The Cabinet is looking to establish a new regulatory body, Taumata Arowai. The new Crown entity is proposed to oversee, administer, and enforce a new drinking water regulatory system and improve the environmental performance of wastewater and stormwater networks. The Bill is due to be reported back to the House by mid-June 2020.

*Measures required by the Department of Internal Affairs



WASTEWATER

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

SERVICE PERFORMANCE MEASURES



KEY: On track | Needs action | Off track | No data

You can expect: Our wastewater system is designed and maintained to minimise harm to the community and environment.

Measure	2019/20 target	YTD results	Forecast year-end result	
The number of overflows in dry weather.*	No more than 5 overflows per 1,000 connections	0.64 per 1,000 connections 		
What's behind the results				
<p>The number of dry weather overflows recorded in the system for this quarter was 15 (14 from the network and one from a pumping station). This is significantly less than the 36 dry weather overflow events during the same period last year.</p> <p>Of the 14 network overflows that occurred, three were attributed to fat within the network, six to rags and five events were caused by other blockages. There was one dry weather overflow that occurred from a wastewater pumping station due to an electrical fault in March.</p> <p>New methods of monitoring the spatial distribution of service requests are allowing us to target areas where targeted education, increased maintenance, asset renewal or capital investment may be needed. The reduction in the disposal of fats, wet wipes, oils and greases into the wastewater network is a focus of this year's wastewater education programme. These actions are expected to assist in decreasing the number of wastewater overflow and blockage events.</p> <p>End of year target is expected to be achieved, although future results may be impacted due to COVID-19 Alert Level 3 and 4 requiring essential services only.</p> <p>Quarterly result:</p>				
Q1	Q2	Q3	Q4	Cumulative
0.20 per 1,000 connections	0.15 per 1,000 connections	0.25 per 1,000 connections		0.64 per 1,000 connections





*Measures required by the Department of Internal Affairs

You can expect: We operate and maintain the wastewater system to minimise odour and blockages.

Measure	2019/20 target	YTD results	Forecast year-end result	
The number of complaints about wastewater odour, system faults or blockages and complaints about our response to issues with the wastewater system.*	No more than 25 complaints per 1,000 connections	6.67 per 1,000 connections 		
What's behind the results				
<p>The number of complaints provides an indication of the quality of the service provided. This measure also provides data that highlights problems requiring attention, such as the need for maintenance, renewals, upgrades or new wastewater infrastructure.</p> <p>We received a total of 119 complaints during quarter three, which is equivalent to 2 complaints per 1,000 connections. This result is lower than the 225 complaints received in the same period last year. Of the 119 complaints received, 94 were general overflows and blockages within the reticulated network due to issues such as the build-up of fat and materials. The remaining 25 complaints varied from raised or sunk manholes to odour related concerns.</p> <p>The reduction of overflow and blockage events is a specific area of focus for this year's wastewater education programme, which aims to increase community understanding about what can and can't be flushed or put down the drain.</p> <p>End of year target is expected to be achieved, although future results may be impacted due to COVID-19 Alert Level 3 and 4 requiring essential services only.</p>				
Quarterly result:				
Q1	Q2	Q3	Q4	Cumulative
2.79 per 1,000 connections	2.06 per 1,000 connections	2.01 per 1,000 connections		6.67 per 1,000 connections





*Measures required by the Department of Internal Affairs

You can expect: We operate and maintain the wastewater system to minimise the impact on the environment.

Measure	2019/20 target	YTD results	Forecast year-end result
The number of abatement notices, infringement notices, enforcement orders and convictions issued for spillage from the wastewater system.*	No more than 1 abatement action	0 	
	0 infringement, enforcement or conviction actions	1 	
What's behind the results			
No abatement actions or notices have been received by Council in relation to spillages from the wastewater system during quarter three.			
<p>Waikato Regional Council filed a charging document against Hamilton City Council under Section 15(1)(a) of the Resource Management Act for a discharge of wastewater from the Bridge Street wastewater pumping station into the Waikato River that occurred in February 2018. In November 2019 we were sentenced in the Hamilton District Court in relation to the February 2018 wastewater discharge. As part of the sentencing the Judge noted that we entered a guilty plea at the first reasonable opportunity, had shown considerable remorse, and had identified several corrective actions to prevent similar discharge events recurring. We also participated in two positive and productive restorative justice meetings with representatives from Waikato-Tainui and Te Haa o Te Whenua o Kirikiriroa.</p> <p>As a result of the February 2018 event and sentencing decision in November 2019, the year end result for conviction actions will not be achieved.</p>			

*Measures required by the Department of Internal Affairs

You can expect: A timely response and resolution if there is an urgent problem with the wastewater system.

Measure	2019/20 target	YTD result	Forecast year-end result
The median attendance time for call-outs, from the time that we received notification to the time that our service personnel reach the site.*	No more than 60 minutes	28 minutes 	
The median resolution time of call-outs, from the time that we received notification to the time that our service personnel confirm the fault or interruption has been resolved.*	No more than 5 hours	2.7 hours 	

What's behind the results

The median attendance time for wastewater call outs in quarter three was 31 minutes. This result is consistent with the median of 29 minutes achieved in the same period last year. This result is due to an increased focus and optimisation of operational maintenance programmes.

The median resolution time for wastewater call outs in quarter three was 2.7 hours, which is the same as the year to date result. This quarterly result is slightly higher than the median of 2.5 hours achieved in the same period last year.

New methods of monitoring the spatial distribution of service requests are allowing us to target areas where increased maintenance, asset renewal or capital investment may be needed. The reduction in the disposal of fats, wet wipes, oils and greases into the wastewater network is a focus of this year's wastewater education programme. These actions are expected to assist in decreasing the number of wastewater overflow and blockage events and ensure we continue to respond and resolve wastewater issues in a timely manner.

End of year target is expected to be achieved, although future results may be impacted due to COVID-19 Alert Level 3 and 4 requiring essential services only

Quarterly result:

	Q1	Q2	Q3	Q4	Cumulative
Attendance	34 minutes	26 minutes	31 minutes		28 minutes
Resolution	3 hours	2.5 hours	2.7 hours		2.7 hours

*Measures required by the Department of Internal Affairs





STORMWATER

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

SERVICE PERFORMANCE MEASURES

KEY: **On track** | **Needs action** | **Off track** | **No data**





You can expect: Our stormwater system is designed and maintained to minimise the likelihood of stormwater entering habitable buildings.

Measure	2019/20 target	YTD result	Forecast year-end result
The number of flooding events ² that occur within the city. *	No more than 1 flooding event	0 	
For each flooding event, the number of habitable floors ² affected. *	No more than 1 per 1,000 properties	0 per 1,000 properties 	
What's behind the results			
<p>A total of 16 reports of flooding were received in quarter three. The majority of events reported were due to flooding of roads and general areas within private property. None of these events resulted in stormwater entering a habitable building which is the same result as achieved in the same period last year.</p> <p>Continued implementation of preventative maintenance programmes and compliance with the Regional Technical Specifications for construction of new stormwater infrastructure will ensure that the stormwater system is constructed, operated and maintained to minimise flooding events.</p> <p>We remain on track to achieve the annual target of no more than one flooding event that results in stormwater entering a habitable building.</p>			



² A flooding event means an overflow of stormwater from our stormwater system that enters a habitable floor (meaning a building, including a basement, but does not include ancillary structures such as stand-alone garden sheds or garages)

*Measures required by the Department of Internal Affairs

You can expect: We will comply with our resource consent conditions and minimise the impact of our stormwater on the environment.



Measure	2019/20 target	YTD result	Forecast year-end result
The number of abatement notices, infringement notices, enforcement orders and convictions related to the management of the stormwater system.*	No more than 1 abatement action	0 	
	0 infringement, enforcement or conviction actions	0 	
What's behind the results			
No abatement notices have been received by Council in relation to the management of the stormwater system during quarter three.			
No infringement, enforcement or conviction actions have been taken against Council in relation to the management of the stormwater system during quarter three.			

You can expect: A timely response if there is a problem with the stormwater system or flooding of a habitable building.

Measure	2019/20 target	YTD result	Forecast year-end result	
The median response time, from the time that we received notification to the time that our service personnel reach the site of the flooding event.*	No more than 60 minutes	0 minutes 		
What's behind the results				
There were no reports of stormwater flooding of any habitable floors in quarter three. Continued implementation of preventative maintenance programmes and compliance with the Regional Infrastructure Technical Specifications (RITS) for construction of new stormwater infrastructure will ensure that the stormwater system is constructed, operated and maintained to minimise flooding events.				
Quarterly result:				
Q1	Q2	Q3	Q4	Cumulative
0 minutes	0 minutes	0 minutes		0

*Measures required by the Department of Internal Affairs

You can expect: We will operate and maintain the stormwater system to minimise flooding.

Measure	2019/20 target	YTD result	Forecast year-end result										
The number of complaints received about the performance of the stormwater system. *	No more than 10 complaints per 1,000 properties connected	7.8 per 1,000 properties connected 											
What's behind the results													
<p>A total of 76 complaints in relation to the performance of the stormwater system were received in quarter three, which equates to 1.3 complaints per 1,000 properties connected. The number of complaints received is higher than for the same period last year due to improvements within our data collation processes to ensure a more accurate picture of the stormwater system performance within Hamilton is provided.</p> <p>Continued implementation of preventative maintenance programmes and compliance with the Regional Infrastructure Technical Specifications (RITS) for construction of new stormwater infrastructure will ensure that the stormwater system is constructed, operated and maintained to minimise flooding events.</p> <p>End of year target is expected to be achieved, although future results may be impacted due to COVID-19 Alert Level 3 and 4 requiring essential services only.</p> <p>Quarterly result:</p> <table><tr><th>Q1</th><th>Q2</th><th>Q3</th><th>Q4</th><th>Cumulative</th></tr><tr><td>3.64 per 1,000 properties connected</td><td>2.39 per 1,000 properties connected</td><td>1.27 per 1,000 properties connected</td><td></td><td>7.76‰ per 1,000 properties connected</td></tr></table>				Q1	Q2	Q3	Q4	Cumulative	3.64 per 1,000 properties connected	2.39 per 1,000 properties connected	1.27 per 1,000 properties connected		7.76‰ per 1,000 properties connected
Q1	Q2	Q3	Q4	Cumulative									
3.64 per 1,000 properties connected	2.39 per 1,000 properties connected	1.27 per 1,000 properties connected		7.76‰ per 1,000 properties connected									

*Measures required by the Department of Internal Affairs

TRANSPORT

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

SERVICE PERFORMANCE MEASURES

KEY: **On track** | **Needs action** | **Off track** | **No data**

You can expect: Predictable vehicle travel times for peak time trips.



Measure	2019/20 target	YTD result	Forecast year-end result
The percentage of extra time taken for vehicles to travel key routes in the city during peak travel times compared to non-peak.	No more than 50%	The next result will be available in quarter four after the May 2020 assessment is completed	
What's behind the results			
This measure is surveyed twice a year, in November and May. The measure shows whether we are providing consistent, reliable travel times for daily journeys that contribute to an efficient and enjoyable travel experience.			
The quarter two result of 39.6% is based on assessments of travel time undertaken in November 2019. This outcome is slightly lower than the prior result in May 2019 of 41.6%. The next result will be available in quarter four after the May 2020 assessment is completed.			

You can expect: Alternative transport options for getting into the central city.

Measure	2019/20 target	YTD results	Forecast year-end result
The number of cyclists biking into the central city.	At least 1,380 on the day of survey	Data is next expected in June 2020	
What's behind the results			
Data is normally collected in March every year with the results available in quarter four. The survey involves a manual count at 23 selected points on the perimeter of the central city. The manual counting is carried out at set times in the morning (7:00am to 9:00am) and afternoon (4:30pm to 6:00pm), and only cyclists are included.			
The planned survey for 2019/20 was cancelled as it was scheduled to occur during the first week of Alert Level 4 for COVID-19. We are currently seeking guidance from Audit NZ as to their recommendations on how to obtain a meaningful result.			

*Measures required by the Department of Internal Affairs



You can expect: Our transport network is safe to use.

Measure	2019/20 target	YTD results	Forecast year-end result																								
The change from the previous financial year in the number of fatalities and serious injury crashes on Hamilton's local road network.*	Decrease from previous year	34 serious injury crashes on Hamilton's local 																									
What's behind the results																											
<p>Safety is a top priority as we create the future transport system for Hamilton. We have a safety vision (Vision Zero) that states there will be no deaths and a decreasing trend of serious injuries on our transport system by 2028/29. We aim to achieve this by delivering projects that improve the safety of pedestrian and biking facilities and intersections. The measure is an indication of the impact of safety improvements on reducing death and serious harm on Hamilton roads.</p> <p>The interim result for quarter three shows there has been zero deaths and 14 serious injuries on record, for a total of 34 fatal and serious injuries for the year to date. The result for the same period last year was four fatalities and 38 serious injuries.</p> <p>Numbers of fatalities and serious injuries on Hamilton's local road network:</p> <table><tr><th></th><th>2019/20 YTD</th><th>2018/19</th><th>2017/18</th><th>2016/17</th><th>2015/16</th></tr><tr><td>Fatalities</td><td>0</td><td>5</td><td>4</td><td>1</td><td>7</td></tr><tr><td>Serious injuries</td><td>34</td><td>52</td><td>52</td><td>47</td><td>27</td></tr><tr><td>Total</td><td>34</td><td>57</td><td>56</td><td>48</td><td>34</td></tr></table>					2019/20 YTD	2018/19	2017/18	2016/17	2015/16	Fatalities	0	5	4	1	7	Serious injuries	34	52	52	47	27	Total	34	57	56	48	34
	2019/20 YTD	2018/19	2017/18	2016/17	2015/16																						
Fatalities	0	5	4	1	7																						
Serious injuries	34	52	52	47	27																						
Total	34	57	56	48	34																						

You can expect: Roads to be kept in good condition.

Measure	2019/20 target	YTD result	Forecast year-end result
The average smooth travel exposure rating across the sealed road network.*	At least 86% smooth travel exposure	Data is next expected in June 2020	
What's behind the results			
This is an annual measure and the data is gathered from the Smooth Travel Exposure Report that is undertaken in April each year. It includes both urban and rural sealed roads.			
The 2019/20 assessment was scheduled to be completed in April 2020. Due to COVID-19 there may be a delay with the completion of this task and we are waiting for confirmation of when the data will be available.			

*Measures required by the Department of Internal Affairs



Measure	2019/20 target	YTD result	Forecast year-end result
The percentage of Hamilton's sealed local road network that is resurfaced each year.*	At least 4%	3.4% 	
What's behind the results			
<p>For the year to date, 3.4% of our total network has been resurfaced. 2.8% of this resealing was completed during quarter three.</p> <p>With the majority of works completed in quarter three, we have identified an increase in costs. Taking a best for network approach, we have reallocated resurfacing budget to complete works such as Anglesea/Bryce St. As a result, our programme of works has been reprioritised to fit within the available budget.</p> <p>During April, planned resurfacing works were unable to occur due to COVID-19 Alert Level 4. This has meant that we have lost the opportunity to complete works during the optimal resurfacing period to achieve our target for the 2019/20 financial year.</p> <p>Our ability to complete our remaining programme of works is subject to any additional COVID-19 alert level requirements.</p>			

You can expect: Footpaths to be kept in good condition.

Measure	2019/20 target	YTD result	Forecast year-end result
The percentage of footpaths that fall within the service standard for the condition of footpaths as set out in the Transport Activity Management Plan.*	At least 97%	Data is next expected in June 2020	
What's behind the results			
<p>We aim to provide footpaths that are well maintained. Our target is at least 97% of footpaths have less than five faults identified per 100m. We record faults with different priority levels for actions, ranging from monitoring-only (to check for further deterioration) to immediate repair.</p> <p>A review of footpath fault data is being undertaken to provide a clearer picture of faults to ensure we have the faults accurately categorised and prioritised for repair. This review is expected to be completed by November 2019. The 2019/20 assessment will be completed by June 2020 and the result will be reported in quarter four.</p>			

*Measures required by the Department of Internal Affairs

You can expect: A timely response to road and footpath service requests.

Measure	2019/20 target	YTD result	Forecast year-end result
The percentage of customer service requests relating to roads and footpaths responded to within five working days.* ³	At least 96%	94 % 	
What's behind the results			
Of the 1,463 service requests received in quarter three, we responded to 1,321 within five working days. For the year to date our cumulative result is 94%.			
New customer service processes have been implemented and are being monitored to ensure improved response times. End of year target is not expected to be achieved, future results may be impacted due to COVID-19 Alert Level 3 and 4 requiring essential services only			

QUARTERLY HIGHLIGHTS

Anglesea St/ Bryce St intersection is one of our busiest intersections in central Hamilton with up to 35,000 vehicle movements, 5000 pedestrian movements and approximately 1000 bus movements every day. As part of the Vision Zero target, major safety improvement works were completed, including raised platforms across the intersection to lower speeds and changing the traffic signal phasing to prioritise the safety of pedestrians. By working with the public and surrounding businesses we were able to close the intersection and complete these changes and major resurfacing within a three week period.

Over the past two years, we have been working to put signs up to make it easier and safer for our biking community to move around the city. The signs provide direction and distance information to key attractions and suburbs across the city. The project is a key outcome of the Biking Plan. As of this quarter, we have installed 696 unique signs across 321 locations in the city, providing direction along 47.1km of cycleways.

³ Working days are Monday to Friday, excluding public holidays. If notification is received on the weekend or public holiday the timeframe starts from the next working day.

*Measures required by the Department of Internal Affairs



RUBBISH AND RECYCLING

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



SERVICE PERFORMANCE MEASURES

KEY: **On track** | **Needs action** | **Off track** | **No data**


You can expect: We will promote and encourage waste reduction, reuse and recycling.

Measure	2019/20 target	YTD result	Forecast year-end result
The percentage of waste recovered for recycling through the kerbside collection.	At least 30%	32% 	
What's behind the results			
<p>The year to date result of 32% of waste recovered for recycling is lower than the result of 35% for the same period as last year, but above the target of 30%. Figures for January and February are on track and consistent with previously reported results. However, figures for March show an 18% decline in the kerbside recycling from the same time last year, which reflects changes to the kerbside recycling collection service required due to COVID-19 restrictions under Alert Level 4.</p> <p>Our annual target may not be achieved due to the restrictions imposed to keep staff and public safe during the COVID-19 response. The kerbside recycling collection service was stopped by the third party from 26 March with residents requested to place recyclable material in black rubbish bags to go to the landfill or stockpile if safe to do so. Glass collection recommenced on 20 April 2020, however all other recyclable items continue to be sent to landfill.</p> <p>Until the standard service resumes we cannot accurately comment on our ability to meet year-end target.</p>			

*Measures required by the Department of Internal Affairs


Measure	2019/20 target	YTD result	Forecast year-end result
The amount of waste received at Council operated waste facilities that is diverted from landfill.	At least 16,000 tonnes per annum.	10,872 tonnes per annum 	
What's behind the results			
A total of 3,485 tonnes of waste were diverted from landfill in quarter three. This brings the cumulative amount of waste diverted from landfill for the year to date to 10,872 tonnes.			
The Hamilton Organic Centre and Refuse Transfer Station has been closed during COVID-19 under Alert Level 4. Both businesses were reopened from 28 April but are operating under strict conditions that may impact on our results for quarter four. Until the standard service resumes we cannot accurately comment on our ability to meet year-end target.			

You can expect: We will collect your rubbish and recycling.

Measure	2019/20 target	YTD result	Forecast year-end result
The number of weeks where there are more than 20 complaints about uncollected kerbside rubbish and recycling.	0 weeks	No result was able to be calculated for quarter two	
What's behind the results			
In January we were notified by our contractor that complaint data for October and November had been corrupted. As a result, we committed to providing an updated result in quarter three. The contractor has since provided a set of data for Council staff to review and validate. Due to additional commitments with the COVID-19 response for rubbish and recycling, this action is expected to be completed during quarter four.			
Updated results will be provided in quarter four after a full review of all data for the 2019/20 financial year.			

*Measures required by the Department of Internal Affairs

You can expect: A timely response if there is a problem with rubbish and recycling.

Measure	2019/20 target	YTD result	Forecast year-end result
The percentage of customer complaints about uncollected kerbside rubbish and recycling resolved within 24 hours.	At least 95%	No result was able to be calculated for quarter two	
What's behind the results			
<p>In January we were notified by our contractor that complaint data for October and November had been corrupted. As a result, we committed to providing an updated result in quarter three. The contractor has since provided a set of data for Council staff to review and validate. Due to additional commitments with the COVID-19 response for rubbish and recycling, this action is expected to be completed during quarter four.</p> <p>Updated results will be provided in quarter four after a full review of all data for the 2019/20 financial year.</p>			

QUARTERLY HIGHLIGHTS

Hamilton City Council made a submission to the Ministry for the Environment's consultation document on Reducing Waste – A More Effective Landfill Levy in early February. The proposals outlined in the consultation document consider options to increase the current landfill levy, expand the scope of landfills that the levy applies to, as well as how to collect better waste data. A final policy decision is scheduled for mid-2020 by Cabinet.

Our Resource Recovery Advisor was selected as a technical advisor on the Territorial Authorities' Officers (TAO) Forum for Waste MINZ. The forum was established to create consistency and efficiency of service amongst territorial authorities through sharing knowledge and best practice around waste, recycling and resource recovery. Hamilton City Council will be one of nine councils from across the country represented on the Steering Committee for the TAO Forum which will have a fundamental role in influencing the development of waste minimisation legislation and regulations for New Zealand.

Waste minimisation grants and their recipients were confirmed during quarter three. These will be reported to the Infrastructure Operations Committee. The aim of the fund is to encourage projects championing long-term waste minimisation and behaviour change, in line with the vision of the Council's Waste Management and Minimisation Plan. Applicants were able to apply for funding grants of up to \$5000 towards their project or feasibility study, or up to \$15,000 for larger projects that have a significant waste reduction impact.

*Measures required by the Department of Internal Affairs

Council Report

Committee: Finance Committee

Date: 16 June 2020

Author: Tracey Musty

Authoriser: David Bryant

Position: Financial Controller

Position: General Manager Corporate

Report Name: Interest Rate Deferral Strategy and Interest Rate Risk Control Limits

Report Status	<i>Open</i>
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Purpose – *Take*

1. To inform the Finance Committee of the Interest Rate Hedging Deferral opportunity.
2. To seek the Finance Committee's approval of the temporary amendment to the debt interest rate policy parameters within the Investment and Liability Management Policy.

Staff Recommendation - *Tuutohu-aa-kaimahi*

3. That the Finance Committee:
 - a) approves the interest rate deferral strategy recommended by PricewaterhouseCoopers (PWC); and
 - b) approves the temporary amendment to the debt interest rate policy parameters within the Investment and Liability Management Policy, to allow for the interest rate deferral strategy to be implemented.

Discussion - *Matapaki*

4. Council staff continually seek to reimagine and transform the way Council operates. This mindset and approach is needed to realise the 2018-28 10-Year Plan efficiency savings.
5. An opportunity has been identified to modify Council's current interest rate hedges to generate significant interest cost savings in 2020/21. This initiative will help offset some of the negative financial impacts of COVID-19.
6. The new strategy takes advantage of the current historically low level in wholesale interest rates.
7. This strategy targets 13 swaps with \$97.5 million worth of interest rate hedging.
8. By spreading Council's existing interest cost over a longer period Council is able to bring forward interest cost savings that would not have been available until at least 2024/25.
9. The strategy is made up of two components: Swap extensions – this involves blending an existing swap with the current low level of prevailing interest rates. Swap deferrals – this involves deferring the interest payment on existing swaps, enabling Council to gain exposure to the much lower floating rate (currently around 0.25% p.a.).

Financial Considerations - *Whaiwhakaaro Puutea*

10. Based on the current indicative market pricing, the strategy achieves the following:
 - a) FY21 interest cost savings of \$4.46 million (result of the deferrals)
 - b) FY22 interest cost savings of \$0.96 million per annum (result of the extensions)
 - c) FY23 interest cost savings of \$0.96 million per annum (result of the extensions)
 - d) FY24 interest cost savings of \$0.85 million per annum (result of the extensions)
11. Please refer to Attachment 1 for further detail.

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

12. The strategy does create a point of Policy non-compliance by pushing Council below the minimum hedging percentage in the next 12 months.
13. PWC are of the view that this breach of Policy presents no material risk to Council.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

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

Risks - *Tuuraru*

16. Despite movements to record lows in interest rate settings and potential desires to amend policy parameters to suit targeted interest rate fixing levels, care must be exercised. Policy should not be confused with strategy and the recommended changes to the existing interest rate framework balances recognition of the structural shift lower in interest rates whilst maintaining a conservative and prudent approach to interest rate risk management, consistent with Council's statutory, financial and treasury objectives.

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

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

Attachments - *Ngaa taapirihanga*

Attachment 1 - Interest Rate Deferral Strategy



Hamilton City Council

To: David Bryant, Tracey Musty and Candice Swanepoel
From: Alex Wondergem and Tom Lawson
Date: 26 May 2020
Subject: Interest rate deferral strategy

Background

Please find below an interest rate hedging strategy designed to help reduce Council's FY21 interest costs and take advantage of the current historically low level in wholesale interest rates.

The strategy is made up of two components:

1. **Swap extensions (or 'blend and extends')** – this involves blending an existing swap with the current low level of prevailing interest rates. This reduces the rate paid on the existing swap (the 'blend') but extends the life of swap beyond its current maturity date (the 'extend'). The cost of doing this strategy is the opportunity to pay the lower interest cost in that future period. For example, a swap with 3 years to run at, say, 4%, could be extended out to 6 years at say 2%. Council gets to pay 2% for the next 6 years, rather than 4% for 3 years and 0.25% for the following 3 years (or whatever the prevailing interest rate was at that time). This strategy is modelling an extension period of **3 years** per swap.
2. **Swap deferrals** – this involves deferring the interest payment on existing swaps, enabling Council to gain exposure to the much lower floating rate (currently around 0.25% p.a.). Swap deferrals are similar to mortgage holidays on loans, however without any impact on a principal repayment (as these do not form part of an interest rate swap). This strategy is modelling a deferral period of **12 months** per swap.

When used together, the above two points help enable Council to significantly reduce its near-term interest costs (over the next year) and further reduce the medium-term interest cost of the existing swap portfolio (over the following three years). It is important to note that **Council is not getting a 'free lunch' but instead is able to spread its existing interest cost over a longer period.** The interest cost savings that would have been realised between FY25 and FY27 are effectively being brought forward.

The opportunity to undertake this strategy has occurred because of the sudden and sharp movement lower in wholesale interest rates and because Council has significant capacity within its portfolio to extend the term of the portfolio and increase hedging percentages out 4-6 years. The cost of deferring interest payments is more than compensated for by the swap extensions, allowing Council to save interest costs over the next 12 months and reduce the interest payments thereafter (once the swaps resume). In order to execute the strategy, there are associated execution costs paid to the bank counterparties who hold the existing swaps (these are assumed to be 0.25% per swap, but will vary between bank counterparties and between swap restructures).

*PricewaterhouseCoopers, 188 Quay Street, Private Bag 92162, Auckland 1142, New Zealand
 T: +64 9 355 8342, F: +64 9 355 8001, pwc.co.nz*

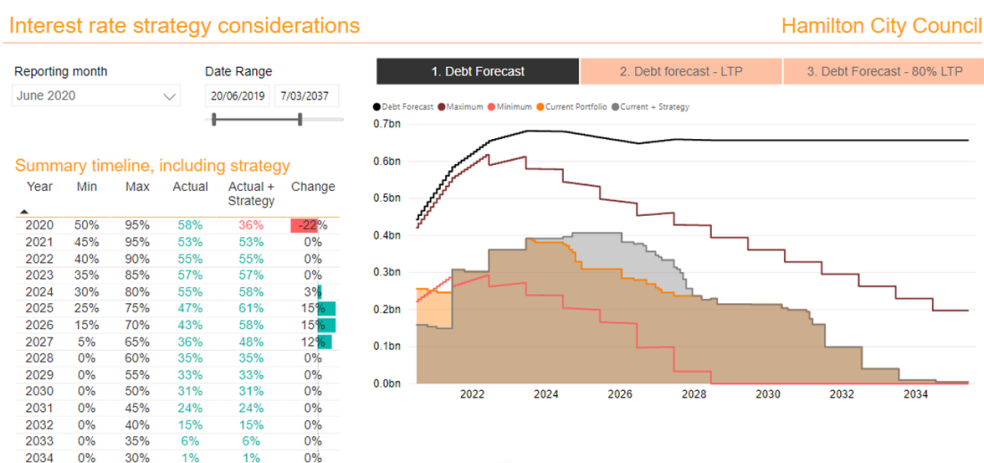
Strategy overview

We have recommended a comprehensive set of swap deferrals aimed to maximise the interest cost savings in FY21. The full details of these swaps, as well as the individual contributions can be found on page 4. In total, this strategy targets **13 swaps** with **\$97.5 million** worth of interest rate hedging. Based on the current indicative market pricing, the strategy achieves the following:

- FY21 interest cost savings of **\$4.46 million** (result of the deferrals)
- Swap extension impact of:
 - FY22 interest cost savings of **\$960,000 per annum**,
 - FY23 interest cost savings of **\$960,000 per annum**,
 - FY24 interest cost savings of **\$850,000 per annum** (lower due to some swaps having been expected to mature during the year).

Impact of strategy (total portfolio, including HIF loans)

The impact of the deferral strategy can be seen below. The existing fixed rate hedging portfolio (in orange and labelled “Actual” in the compliance table) sees a reduction in the next 12 months as Council increases its exposure to floating interest rates. The new strategy portfolio (in grey and labelled “Actual + Strategy”) then has additional hedging between 2025 and 2028 as the existing swaps are extended by 3 years respectively.



As well as looking at the impact to the full portfolio, the following page reviews the impact to the portfolio excluding the HIF loans.

Policy impact of strategy

As can be seen above, the strategy does create a point of Treasury Policy non-compliance by pushing Council below the minimum hedging percentage in the next 12 months. In our view, this breach of Policy presents no material risk to Council. The minimum hedging percentage is designed to ensure Council has a base level of protection in case interest rates increase sharply – adversely impacting rate payers. As we progress further into the Covid-19 crisis, we do not view this as a credible risk –



particularly as the Reserve Bank of New Zealand prepares banks for potentially negative short-term interest rates. As a result, we recommend that Council seeks one-off approval to be non-compliant with Policy, as directed by the Treasury Management Policy.

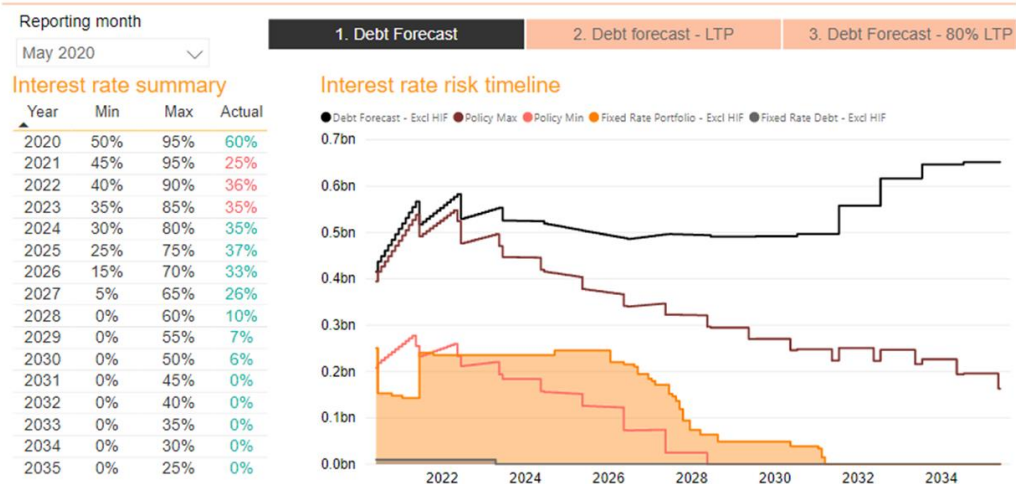
Position (excluding HIF loans) before strategy

Interest rate risk position



Position (excluding HIF loans) post strategy

Interest rate risk position and strategy (ex HIF)



If you have any questions relating to the above strategy, please get in touch.

Kind regards

Alex Wondergem and Tom Lawson



Breakdown of individual swaps and contribution to the deferral strategy

Counterparty	Notional	Start Date	Maturity Date	Swap Interest Rate	Interest rate savings over next 12 month (once deferred)	Decrease in swap rate after 3 year extension	Annual interest savings once swap restarts (\$)
ANZ	5,000,000	11-May-15	9-Aug-23	4.65%	219,750	1.32%	65,750
ANZ	5,000,000	22-Jun-15	20-Sep-23	4.67%	220,750	1.36%	67,750
ANZ	10,000,000	22-Jun-15	20-Jun-24	4.68%	442,750	0.97%	96,750
ANZ	5,000,000	7-Jan-16	7-Jul-24	4.95%	235,000	1.05%	52,500
Westpac	5,000,000	19-Nov-18	18-Aug-24	4.72%	223,500	0.97%	48,500
BNZ	5,000,000	20-Feb-18	20-Aug-24	4.69%	222,000	0.95%	47,500
BNZ	7,500,000	1-Mar-18	1-Sep-24	4.69%	333,000	0.90%	67,500
Westpac	10,000,000	20-Mar-15	7-Sep-24	4.70%	445,250	0.90%	90,250
Westpac	10,000,000	20-Apr-15	20-Oct-24	4.94%	469,000	0.99%	99,000
Westpac	5,000,000	22-Oct-18	21-Oct-24	4.72%	223,500	0.90%	45,000
ANZ	10,000,000	26-Jan-16	24-Oct-24	5.10%	485,000	1.01%	101,000
ANZ	10,000,000	20-Mar-15	20-Dec-24	5.03%	478,000	0.93%	93,000
BNZ	10,000,000	22-Mar-15	22-Dec-24	4.87%	462,000	0.88%	88,000
97,500,000			Total Savings		4,459,500	962,500	

Note: The above table was priced on 22 May 20 and assumes 25 basis points of XVA for execution costs.



Disclaimer

This memo is subject to the engagement letter dated 26 August 2019 and the following restrictions. It is a memo addressed to you, Hamilton City Council.

This memo should not be reproduced or supplied to any other party without first obtaining our (PwC New Zealand) written consent. We accept no responsibility for any reliance that may be placed on our memo should it be used for any purpose other than that set out below and, in any event, we will accept no liability to any party other than you in respect of its contents. In the course of our work we have not verified any of the information provided to us by you, nor have we carried out anything in the nature of an audit. Accordingly, we express no opinion on the reliability, accuracy or completeness of the information provided to us and upon which we have relied.

The statements and opinions contained in this memo are based on data obtained from the financial markets and are so contained in good faith and in the belief that such statements, opinions and data are not false or misleading. In preparing this memo, we have relied upon information which we believe to be reliable and accurate.

We reserve the right (but will be under no obligation) to review our assessment and if we consider it necessary, to revise our opinion in the light of any information existing at the date of this memo which becomes known to us after that date. This memo must be read in its entirety. Individual sections of this report could be misleading if considered in isolation from each other.

Council Report

Item 12

Committee: Finance Committee

Date: 16 June 2020

Author: Tracey Musty

Authoriser: David Bryant

Position: Financial Controller

Position: General Manager Corporate

Report Name: Local Government Funding Authority Notice of Special General Meeting

Report Status	Open
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Purpose – Take

1. To seek approval to vote at the Special General Meeting of Local Government Funding Authority.

Staff Recommendation (*Recommendation to Council*)

2. That the Finance Committee recommends that the Council:
 - a) receives the Local Government Funding Authority Notice of Special General Meeting Report;
 - b) approves the amendments to the foundation policies of the Local Government Funding Authority;
 - c) approves by way of proxy, a nominated member of staff to attend the Special General Meeting as shareholder representative of Hamilton City Council; and
 - d) approves the amendment of Council's Investment and Liability Management Policy to align with the Local Government Funding Authority foundation policy change to the net debt to revenue covenant, subject to shareholders' approval of (b) above.

Executive Summary - *Whakaraapopototanga matua*

3. The Board of Local Government Funding Authority (LGFA) has reviewed the foundation policy covenants and is recommending to shareholders to amend the net debt to total revenue financial covenant to 300% from 250% for the year ending 30 June 2021. The ratio would gradually reduce to 280% by 30 June 2026.
4. All other LGFA covenants relating to net interest expense remain unchanged.
5. Council's Investment and Liability Management Policy requires amendment to align with LGFA's recommended change to the net debt to total revenue covenant, subject to LGFA's shareholders approving foundation policies.

Background - *Kooreo whaimaarama*

6. LGFA is proposing to raise its foundation policy covenant limit on net debt to total revenue to 300% from 250%. This new covenant limit will be effective for the period ending 30 June 2021 and will then be gradually reduced to 280% by the year ending 30 June 2026.

7. The table below outline the proposed net debt to total revenue covenant by year:

Financial Year Ending	Net Debt to Total Revenue
30 June 2021	<300%
30 June 2022	<300%
30 June 2023	<295%
30 June 2024	<290%
30 June 2025	<285%
30 June 2026	<280%

8. The objective of this proposed change is to provide councils with short to medium term additional debt capacity to manage financial stress arising from the COVID-19 pandemic.
9. Over the longer term, the 280% by 30 June 2026 will allow additional flexibility to manage infrastructure investment.
10. The foundation policy covenants apply to councils with an external credit rating of 'A' or higher.
11. A lower limit of 175% applies to unrated councils and no changes are proposed for these councils.
12. The proposed changes have been discussed with both Standard and Poor's and Fitch Rating agencies and they are comfortable with this proposed relaxation of the net debt to total revenue covenant.
13. These changes have also been discussed with LGFA Shareholders' Council and they support the proposal.
14. Council's Investment and Liability Management Policy is currently aligned to LGFA's covenant net debt to total revenue of 250%. Therefore, it is appropriate to now align with LGFA's new proposed covenant in the event shareholders approve the above proposal.

Strategic / Statutory Context

15. Council's involvement in LGFA allows access to long-term funding and lower debt servicing costs. LGFA was established primarily to support the local authority sector and in addition it improves the depth in the NZ capital markets.
16. The proposed increase to net debt to total revenue covenant provides financial flexibility to manage Council's large infrastructure investment programme.
17. Amendment to Foundation Policies require shareholders' approval by way of an Ordinary Resolution. This requires approval by a simple majority of more than 50% of votes of the shareholders entitled to vote.
18. Council's shareholding in the LGFA is 7.46% (paid up capital).

Financial Considerations - *Whaiwhakaaro Puutea*

19. This proposed increase to net debt to total revenue covenant provides additional debt capacity of approximately \$100m.

20. Although this change of allowing councils with high debt to borrow additional debt may add downward pressure to their individual council ratings, this is not expected to impact on LGFA's credit rating.

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

21. Staff confirm that the recommendation to approve funding complies with the Council's legal and policy requirements.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

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

Risks - *Tuuraru*

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

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

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

Attachments - *Ngaa taapirihanga*

Attachment 1 - LGFA - Proposed Changes to Foundation Policy



**INVESTOR UPDATE
AND PROPOSED
CHANGES TO
FOUNDATION
POLICY**

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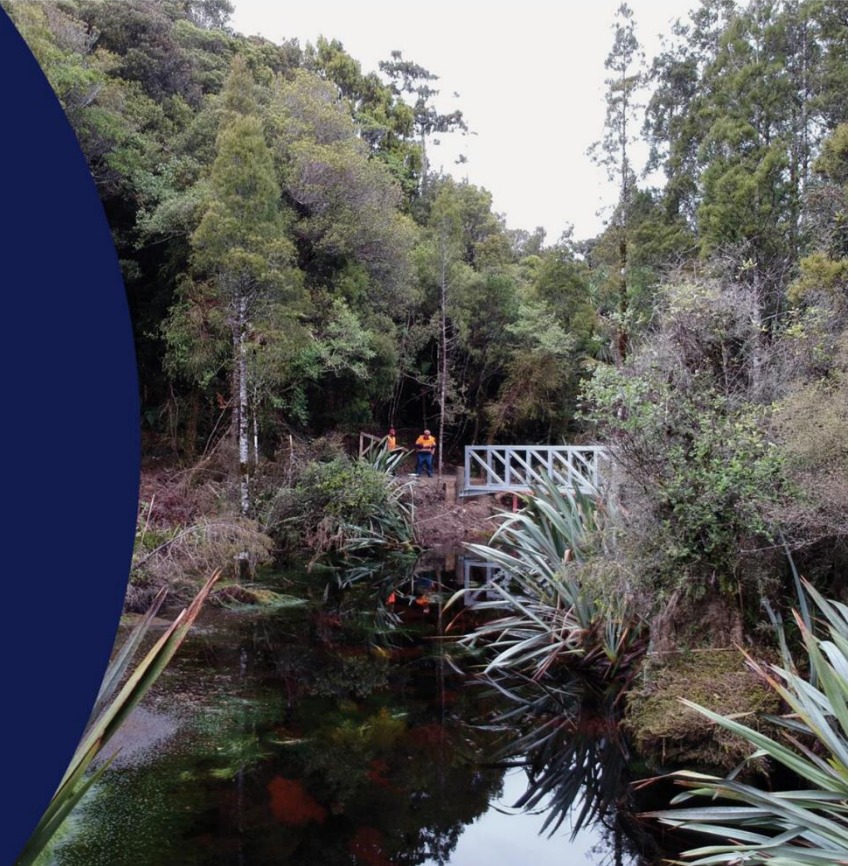
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Attachment 1

- ☐ Important Notice and Disclaimer
- ☐ COVID-19 Update
- ☐ LGFA Risks
- ☐ Proposed Changes to Foundation Policy
- ☐ Appendices

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- Council funding revenue is forecast to fall between 2.3 and 11 percent in the 2020/21 financial year relative to a 20% forecast decline in the DIA's Local Government Sector COVID-19 Financial Report 1 (14 April 2020)
- In dollar terms this equates to a loss of revenue to the sector of between \$355 million and \$1.5 billion
- Core scenario is based upon remaining in Level 2 until March 2021 and then back to Level Zero in June 2021
- Reduced level of funding will come from:
 - Rates Income (primarily from zero or lower than forecast rate increases for the 2020/21 financial year)
 - Fee Income (less parking revenue, revenue from community facilities, regulatory services income)
 - Investment income (lower dividends and / or lower returns from investment funds)
 - Development contributions
- Lost fee income from public transport is currently being reimbursed by the NZ Transport Agency (NZTA)
- Subsidies and grants likely to be as forecast although the funding level from NZTA is still yet to be confirmed

Source: DIA Local Government Sector COVID-19 Financial Implications Report 2

Attachment 1

- The sector's rates income for 2020/21 is expected to be between 2 and 4 percent lower than originally forecast.
- The sector's non-collection assumption for rates is forecast to be between 2 and 6 percent for 2020/21.
- It is forecast that this will need to be debt financed until such time as the rates are collected.
- Some councils may offer rates postponement schemes.
- As an example Christchurch City Council will offer businesses with an actual 30 percent decline in revenue an up to six month extension on rates payments.
- In addition, penalty fees for late payment of rates are likely to be waived.
- Councils are also likely to offer rent or lease holidays for some tenants of council facilities. Many of these will be community groups.

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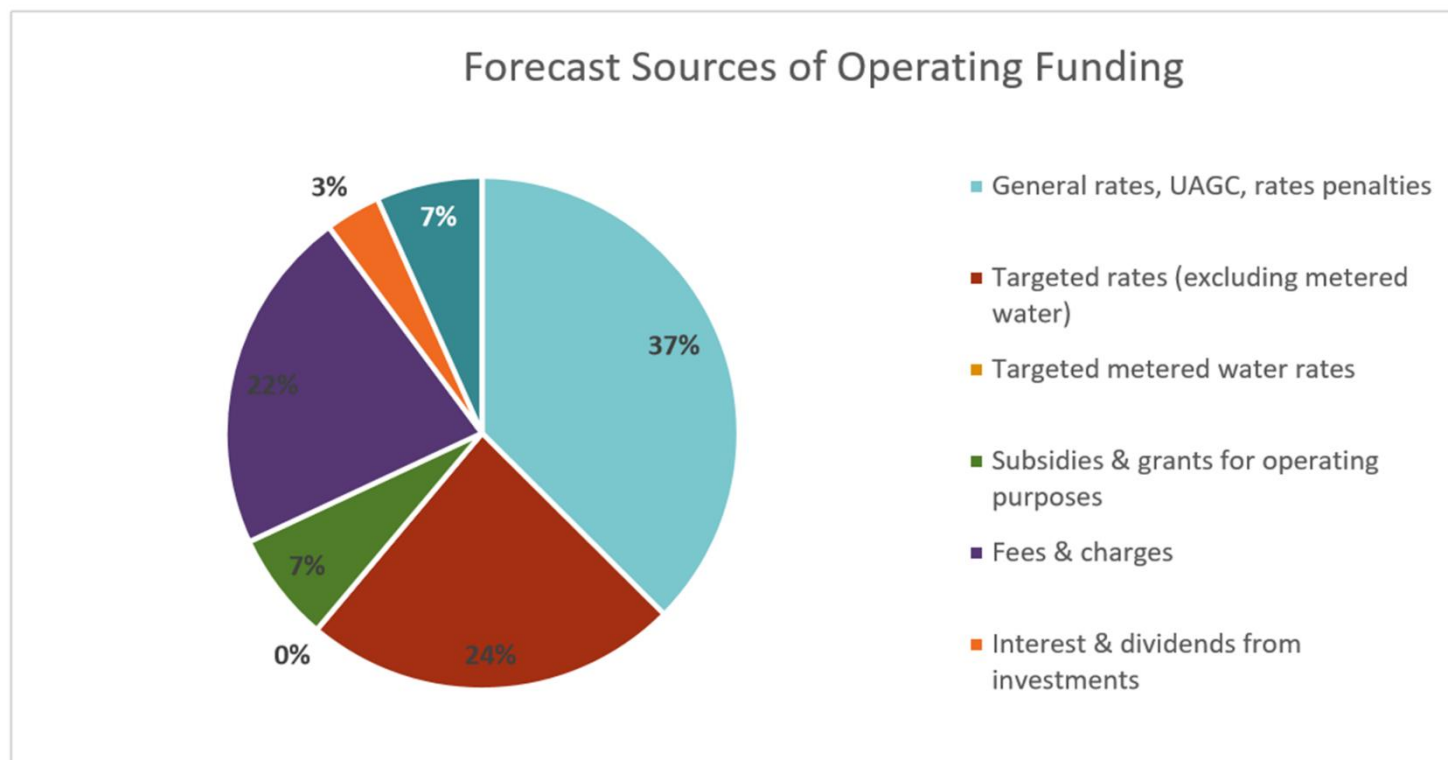
Source: DIA Local Government Sector COVID-19 Financial Implications Report 2 and Christchurch City Council's website ccc.govt.nz/services/rates-and-valuations/ratesextension/

- Councils are currently re-evaluating their 2020/21 capital expenditure programmes.
- Some councils are forecasting that their capital expenditure programmes will be unchanged. Others are reprioritising non-essential capital expenditure.
- Councils expect to make some reductions in operational expenditure.
- Cuts in operational expenditure will be easiest for councils that outsource contracts for some of their services (for example on April 7 Auckland Council announced that it was immediately cutting 1100 jobs for staff it has been employing as temps, or on contracts).
- Limited savings will be made on community facilities that are not open (less maintenance, less power, less cleaning).
- While councils currently intend to maintain service levels, staffing levels will adjust over time depending on demand.

Source: DIA Local Government Sector COVID-19 Financial Implications Reports 1 and 2

- Level 4 restrictions were imposed on 26 March.
- Councils are forecasting that there will be some loss in 4th quarter revenue.
- The average forecast loss in revenue from fees and charges is 12 percent.
- Construction work stopped during level 4 restrictions on all but essential projects.
- Councils now expect to spend 73 percent of planned 2019/20 capital expenditure budgets. This compares to an actual spend of 81 percent for the year ended June 2019 compared to budget.
- While some councils were expecting to borrow for the reduction in revenue, on average it was expected to be largely offset by a reduction in borrowing required for capital expenditure.
- On LGFA modelling, it is expected that all member councils will be compliant with the LGFA financial covenants as at 30 June 2020.

Source: DIA Local Government Sector COVID-19 Financial Implications Report 2



Source: DIA analysis of council LTPs for the 2019/20 financial year from the DIA Local Government Sector COVID-19 Financial Implications Report 2

Attachment 1

- The Government has asked councils to identify “shovel ready projects” that are ready to start as soon as the construction industry returns to normal.
- The Infrastructure Industry Reference Group will put forward to Ministers projects from the public and private sector that will be ready to start within the next six months.
- These projects will be in addition to the Government’s \$12 billion New Zealand Upgrade Programme and existing Provincial Growth Fund Infrastructure investments.
- “Infrastructure projects designated crucial to the country’s economic recovery will be fast-tracked through the planning process to ensure they start as soon as possible” (Environment Minister - David Parker, 3rd May 2020 National Business Review).
- Nearly all councils have submitted “shovel ready projects” for consideration. For example on April 14 Auckland Council announced they had submitted 73 key projects.
- Provincial Growth Fund projects are continuing. On 30 April, the Minister announced a further \$48 million of funding for nine new initiatives.

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IN SECONDARY MARKET

Initially

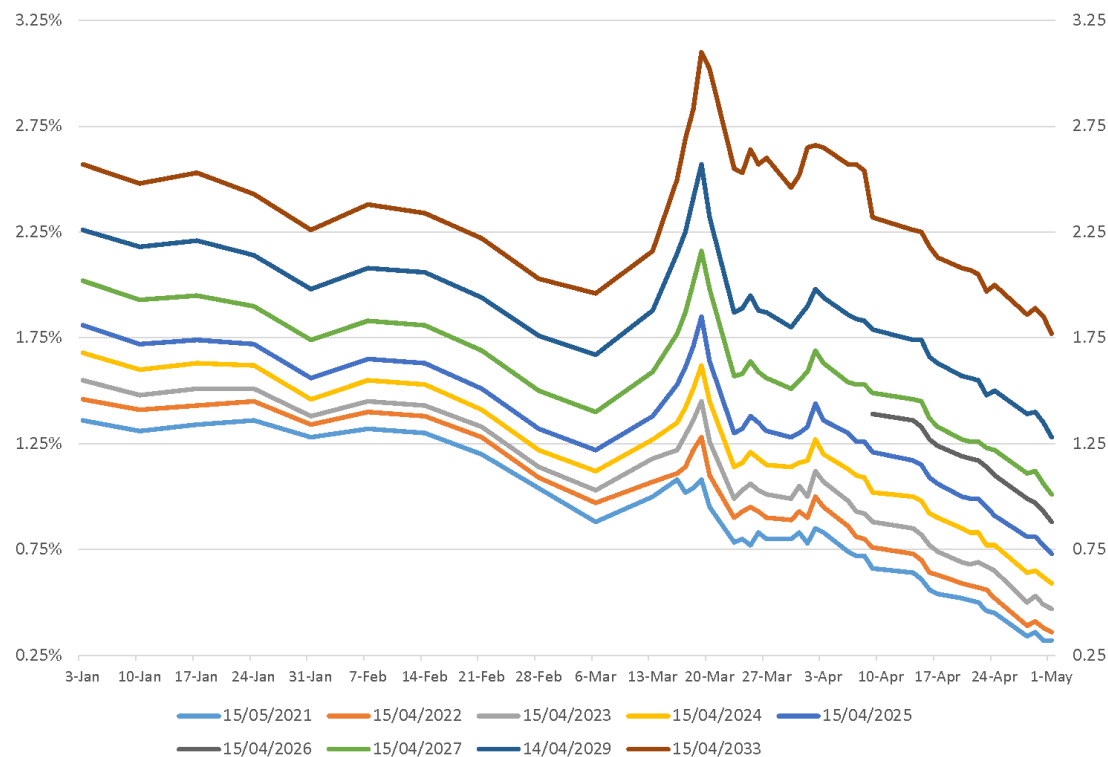
- Higher outright yields, steeper yield curve and wider spreads to NZGB and Swap
- Wider bid ask spreads in secondary market
- Secondary market turnover in line with 12 month average

Following RBNZ Large Scale Asset Purchase Programme

- Downward decline in yields continued
- Spreads to Swap and NZGB tighter
- Tighter bid ask spreads
- Record secondary market volume in April
- Positive flow on impact to other high grade issuers

Source: LGFA secondary market end of day yields sourced from BNZ and Bloomberg

LGFA Bond Yields



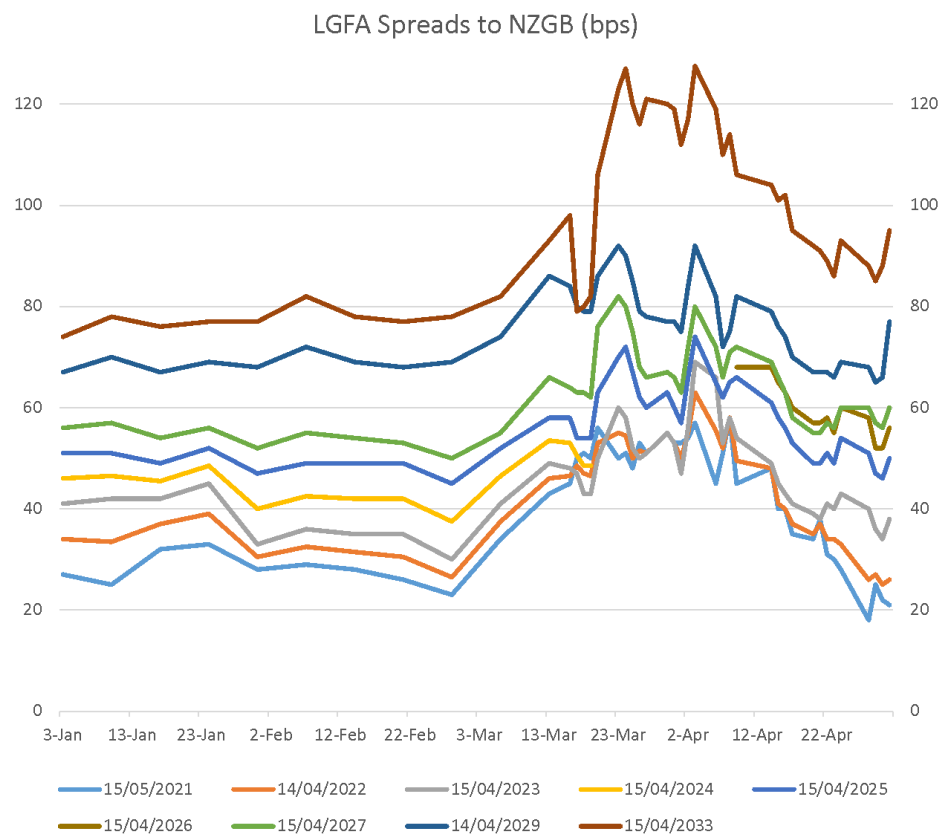
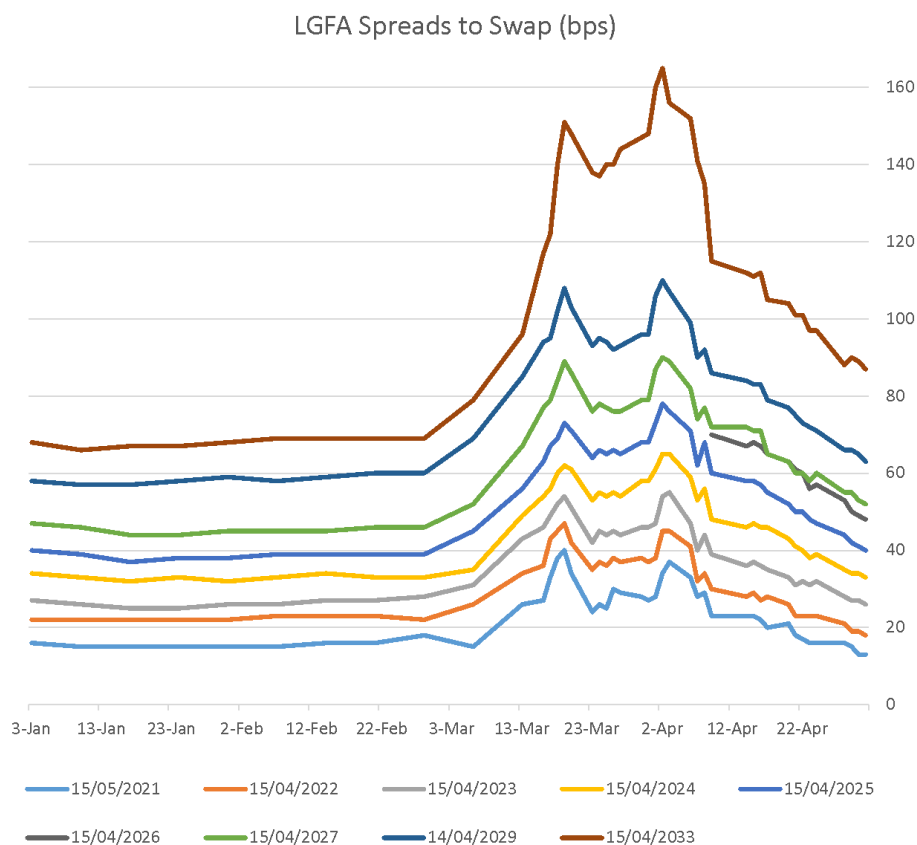
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COVID-19 IMPACT ON LGFA BONDS IN SECONDARY MARKET

Attachment 1

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Source: LGFA calculated secondary market end of day spreads sourced from BNZ and Bloomberg

Seamless transition to remote working environment

Placed rollout of standby facility to Councils on hold pending increase in Liquid Assets Portfolio

Increased soft cap on LGFA bond maturities from NZ\$1.5 billion to NZ\$1.75 billion

Issued 2.5 year Floating Rate Note by private placement

Increased on-lending margin to councils by 10 bps

Increase Treasury Stock holding per LGFA bond maturity by NZ\$50 million (to NZ\$100 million per series) at next issuance opportunity

Seeking Councils' approval to increase Borrower Notes percentage from 1.6% to 2.5%

Councils providing best estimate of future borrowing requirement on monthly basis for next six months

Worked with Department of Internal Affairs, Treasury and Office of Auditor General on implications for councils including stress testing the financial impact

[Proposed changes to Foundation Policy regarding Net Debt / Total Revenue covenant for councils with a long-term credit rating of 'A' equivalent or higher.](#)

Source: LGFA

- ☐ Important Notice and Disclaimer
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- ☐ Proposed Changes to Foundation Policy
- ☐ Appendices



LGFA's policy to minimise financial risks and carefully identify, manage and control all risk.

Market Risk

PDH limit of NZ\$100,000 – current exposure (as at 1 May 2020) is -\$1,400

VAR limit of NZ\$1,000,000 – current exposure (as at 1 May 2020) is \$299,000

Credit Risk

All Councils that borrow from LGFA are obliged to:

Provide security in relation to their borrowing from LGFA and related obligations.

Issue securities (bonds/FRN/CP) to LGFA.

Comply with their own internal borrowing policies.

Comply with the LGFA financial covenants within either the Lending Policy or Foundation Policy

Auckland Council is limited to a maximum of 40% of LGFA's total Local Authority assets.

No more than the greater of NZ\$100 million or 33% of a Council's borrowings from LGFA will mature in any 12 month period.

Liquidity and Funding Risk

Cash and Investments

LGFA manages liquidity risk by holding cash and a portfolio of liquid assets to meet obligations when they fall due.

Only invest in NZD senior debt securities, money market deposits and registered certificates of deposits within strict counterparty limits.

NZ Government liquidity facility

The New Zealand Government provides a committed liquidity facility up to NZ\$1 billion in size that LGFA can draw upon to meet any exceptional and temporary liquidity shortfall.

Facility size is set by LGFA at NZ\$700 million (as at 1 May 2020)

Financial covenant	Lending policy covenants	Foundation policy covenants
Net Debt / Total Revenue	<175%	<250%
Net Interest / Total Revenue	<20%	<20%
Net Interest / Annual Rates Income	<25%	<30%
Liquidity	>110%	>110%

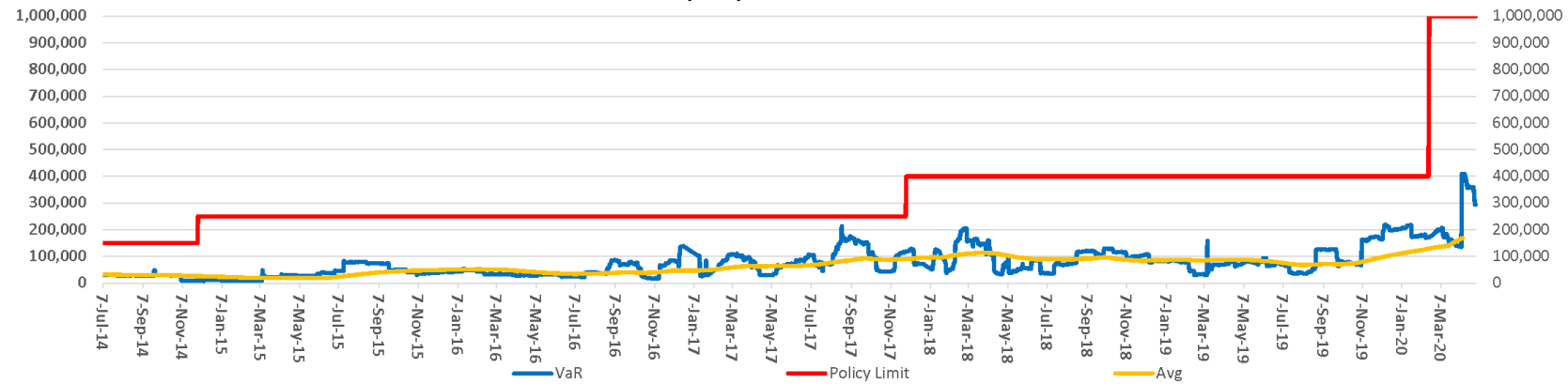
Liquidity position as at 1 May 2020	NZ\$ million
Cash and cash equivalents	\$88.1
Deposits and Marketable Securities	\$772.7
NZ Government Liquidity Facility (amount available)	\$700.0
Total	\$1,560.8

Source: LGFA

MINIMAL VaR AND PDH EXPOSURES

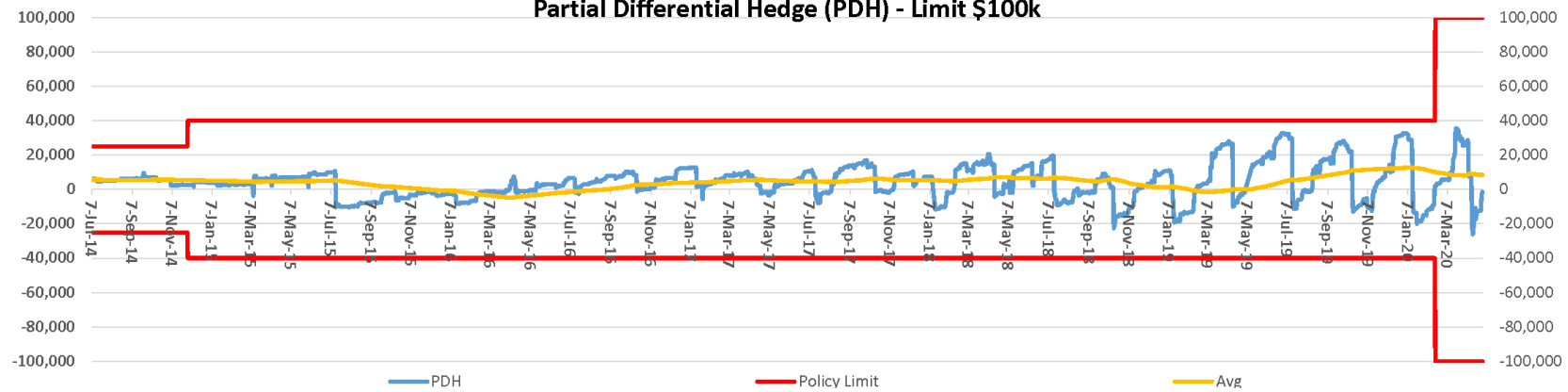
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Value at Risk (VaR) - Limit \$1m



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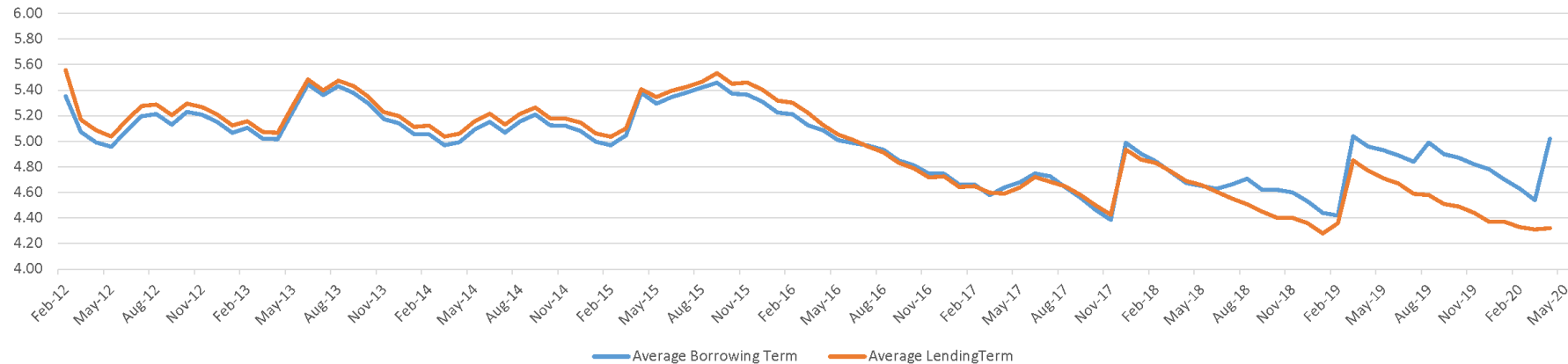
Partial Differential Hedge (PDH) - Limit \$100k



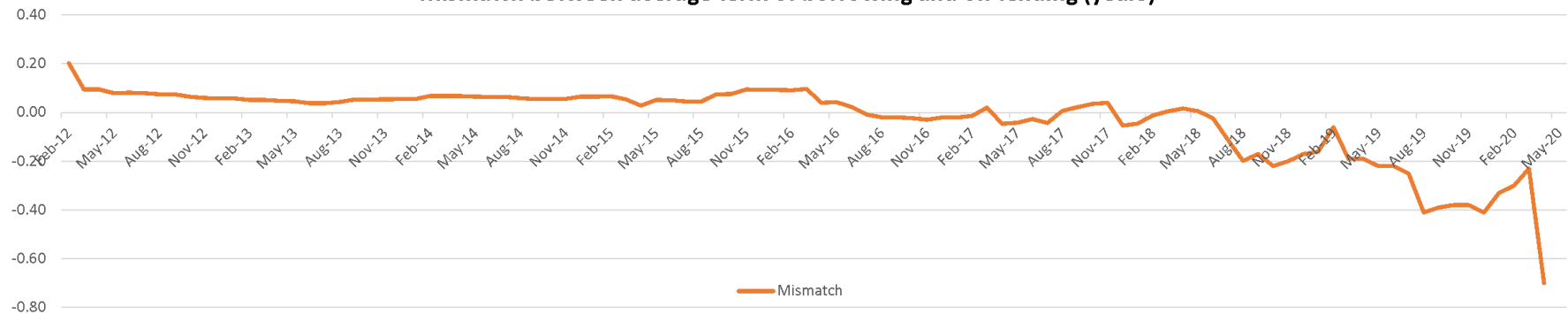
Source: LGFA

MISMATCH BETWEEN LGFA BONDS AND LOANS

Average term of LGFA bonds outstanding and on-lending (years)



Mismatch between average term of borrowing and on-lending (years)



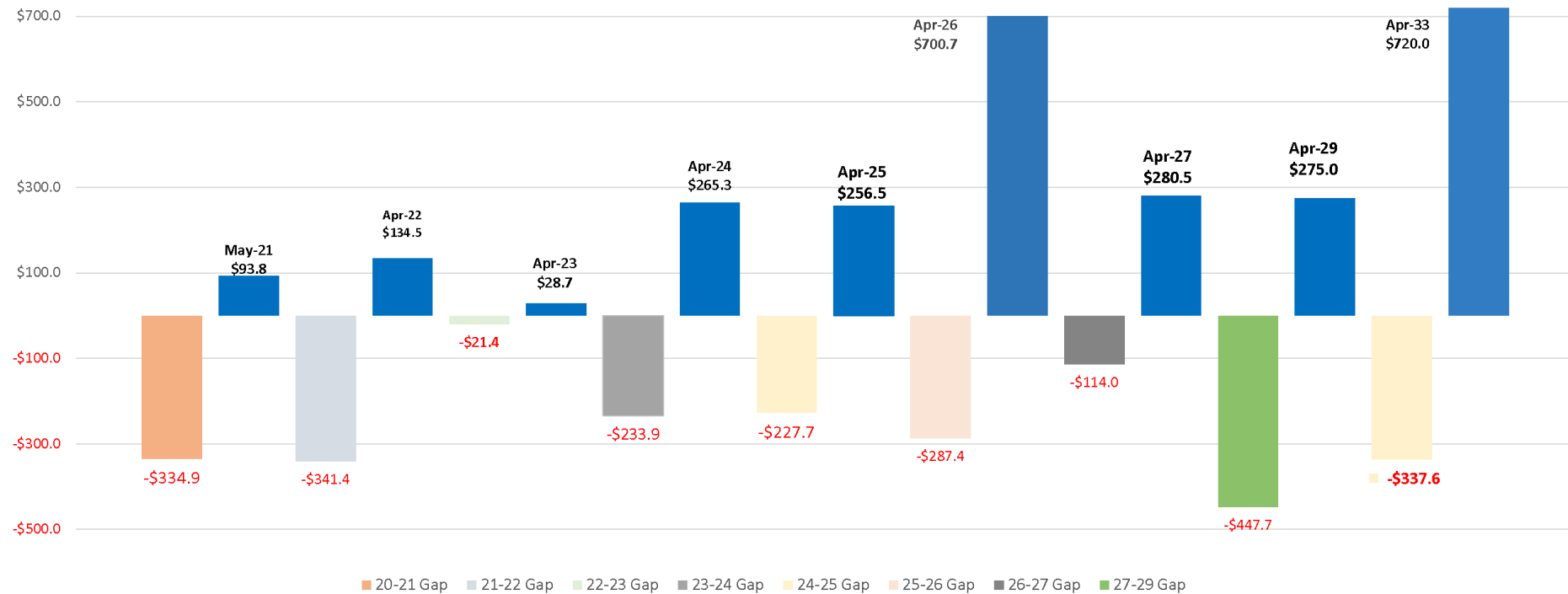
Source: LGFA

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Attachment 1

ASSET LIABILITY MISMATCHES

Attachment 1



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The asset liability mismatch is the difference between LGFA bonds issued and loans to Councils for each date or period. The positive outcomes show more LGFA bonds have been issued than loans made to Councils for that date or period. The negative outcomes show loans made to Councils with maturity dates between LGFA bond maturities.

As at 1 May 2020

Source: LGFA

LGFA LENDING AND GUARANTEE BREAKDOWN

Council Borrower	Amount Borrowed (NZ\$ million)	% of Total Borrowing
Auckland Council	\$2,757	25.5%
Christchurch City Council	\$1,920	17.7%
Wellington City Council	\$635	5.9%
Tauranga City Council	\$515	4.8%
Hamilton City Council	\$480	4.4%
Wellington Regional Council	\$400	3.7%
Porirua District Council	\$217	2.0%
Hutt City Council	\$216	2.0%
Capiti Coast District Council	\$200	1.8%
Bay of Plenty Regional Council	\$191	1.8%
7 other member councils	\$3,290	30.4%

Council Borrowing	Volume (NZ\$ million)
Short Term (loan terms less than 12 months)	\$420
Long Term	\$10,399
Total	\$10,820

Borrower Type	Number of councils	Amount Borrowed (NZ\$ million)	% of Total Borrowing
Guarantors	54	\$10,687	98.8%
Non guarantors	13	\$132	1.2%
Total	67	\$10,820	100%

Note:

Auckland Council borrowing is capped at 40% of total LGFA lending

Three member councils have yet to borrow from LGFA

Guarantee contains provisions apportioning share to each council based upon their relative share of total rates revenue of all guarantors. A council's obligation under the guarantee is secured against rates revenue.

Council Guarantor	% share of Guarantee
Auckland	31.6%
Christchurch City	8.7%
Wellington City	5.4%
Hamilton City	3.2%
Tauranga City	2.9%
Wellington Regional	2.9%
Hutt City	1.9%
Canterbury Regional	1.8%
Whangarei District	1.7%
Palmerston North City	1.7%
44 other council guarantors	38.1%

As at 1 May 2020

Source: LGFA

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Attachment 1

CREDIT QUALITY OF THE LENDING BOOK

Attachment 1

- ☐ 90.1% of LGFA loans to councils with credit ratings
- ☐ 89.1% of LGFA loans to AA- rated councils or better
- ☐ Average credit quality is above AA-
- ☐ Improving trend in underlying credit quality of local government sector over the past seven years
 - ☐ 9 councils on positive outlook (NZ\$1.77 billion or 17.5% loan book)
 - ☐ no councils on negative outlook
- ☐ Not all councils have credit ratings due to cost of obtaining a rating vs benefits
 - ☐ Average total lending to unrated councils is NZ\$29 million per council
 - ☐ NZ\$45 million of debt is approximate breakeven for a borrower to obtain a credit rating
- ☐ LGFA undertakes detailed credit analysis of all member councils separate to the external credit rating process performed by S&P, Fitch and Moody's
- ☐ Unrated councils are assessed by LGFA as having in general, better credit quality than those councils with credit rating

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External Credit Rating (S&P, Fitch)	Lending (NZ\$ millions)	Lending (%)	Number of Councils
AA+	\$170	1.6%	3
AA	\$5,929	54.8%	18
AA-	\$3,494	32.3%	8
A+	\$106	1.0%	1
Unrated	\$1,121	10.4%	37
Total	\$10,820	100%	67

As at 1 May 2020

Source: LGFA

LGFA MEMBERS (As at 1 May 2020)

Shareholders	Total Shares (NZ\$)	Shareholding (%)	Amount borrowed (NZ\$ million)	Borrowing (%)	Share Guarantee (%)
New Zealand Government	5,000,000	11.1%			
Auckland Council	3,731,960	8.3%	2,757.0	25.5	31.6
Christchurch City Council	3,731,960	8.3%	1,919.5	17.7	8.7
Wellington City Council	3,731,958	8.3%	634.5	5.9	5.4
Tauranga City Council	3,731,958	8.3%	515.0	4.8	2.9
Hamilton City Council	3,731,960	8.3%	480.0	4.4	3.2
Wellington Regional Council	3,731,958	8.3%	400.0	3.7	2.9
Kapiti Coast District Council	200,000	0.4%	200.0	1.8	1.1
Hutt City Council	200,000	0.4%	216.0	2.0	1.9
Bay of Plenty Regional Council	3,731,958	8.3%	191.4	1.8	0.9
Tasman District Council	3,731,958	8.3%	182.8	1.7	1.3
Waimakariri District Council	200,000	0.4%	160.1	1.5	1.0
Hastings District Council	746,392	1.7%	150.0	1.4	1.4
Whangarei District Council	1,492,784	3.3%	152.0	1.4	1.7
Palmerston North City Council	200,000	0.4%	142.0	1.3	1.7
New Plymouth District Council	200,000	0.4%	139.5	1.3	1.5
Horowhenua District Council	200,000	0.4%	106.1	1.0	0.7
Taupo District Council	200,000	0.4%	115.0	1.1	1.2
South Taranaki District Council	200,000	0.4%	101.0	0.9	0.7
Marlborough District Council	400,000	0.9%	100.3	0.9	1.2
Whanganui District Council	200,000	0.4%	101.5	0.9	1.1
Western Bay of Plenty District Council	3,731,958	8.3%	90.0	0.8	1.2
Manawatu District Council	200,000	0.4%	77.0	0.7	0.6
Whakatane District Council	200,000	0.4%	67.0	0.6	0.8
Waipa District Council	200,000	0.4%	57.6	0.5	1.0
Gisborne District Council	200,000	0.4%	58.6	0.5	1.1
Thames-Coromandel District Council	200,000	0.4%	61.0	0.6	1.1
Masterton District Council	200,000	0.4%	50.0	0.5	0.5
Hauraki District Council	200,000	0.4%	44.0	0.4	0.5
Selwyn District Council	373,196	0.8%	35.0	0.3	1.0
Otorohanga District Council	200,000	0.4%	3.0	0.0	0.2
Total	45,000,000		9,307.0	86.0	80.2

As at 1 May 2020

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LGFA MEMBERS continued (As at 1 May 2020)

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Borrowers and Guarantors	Amount borrowed (NZ\$ million)	Borrowing (%)	Share of Guarantee (%)
Ashburton District Council	42.0	0.4	0.6
Canterbury Regional Council	54.0	0.5	1.8
Far North District Council	76.7	0.7	1.6
Gore District Council	22.5	0.2	0.3
Hawke's Bay Regional Council	2.5	0.0	0.4
Hurunui District Council	35.0	0.3	0.3
Manawatu-Wanganui Regional Council	44.0	0.4	0.8
Invercargill City Council	92.7	0.9	0.9
Kaipara District Council	44.0	0.4	0.6
Matamata-Piako District Council	26.5	0.2	0.6
Nelson City Council	65.0	0.6	1.3
Porirua City Council	131.5	1.2	1.1
Queenstown-Lakes District Council	115.1	1.1	1.3
Rotorua District Council	216.6	2.0	1.6
Ruapehu District Council	25.0	0.2	0.4
Taranaki District Council	35.0	0.3	0.4
Taranaki Regional Council	4.0	0.0	0.2
Timaru District Council	89.6	0.8	0.9
South Wairarapa District Council	21.9	0.2	0.2
Stratford District Council	15.5	0.1	0.2
Upper Hutt City Council	51.0	0.5	0.7
Waikato District Council	100.0	0.9	1.5
Waikato Regional Council	32.0	0.3	1.6
Waitomo District Council	38.1	0.4	0.4
Total	1380.3	12.8	19.8

As at 1 May 2020

LGFA MEMBERS continued (As at 1 May 2020)

Borrowers Only	Amount borrowed (NZ\$ million)	Borrowing (%)	Share of Guarantee (%)
Buller District Council	20.0	0.2	Nil
Central Hawkes Bay District Council	20.0	0.2	Nil
Carterton District Council	0.0	0.0	Nil
Clutha District Council	9.0	0.1	Nil
Grey District Council	19.0	0.2	Nil
Kaikoura District Council	7.0	0.1	Nil
Northland Regional Council	9.6	0.1	Nil
Mackenzie District Council	0.0	0.0	Nil
Opotiki District Council	8.5	0.1	Nil
Rangitikei District Council	3.0	0.0	Nil
Wairoa District Council	9.0	0.1	Nil
Westland District Council	19.6	0.2	Nil
West Coast Regional Council	7.6	0.1	Nil
Total	132.3	1.2	Nil
Total Borrowing from LGFA	10,819.6	100.0	100.0

As at 1 May 2020

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Attachment 1

LGFA INTERNAL CREDIT RATINGS

Attachment 1

GFA undertakes its own internal credit assessment and rating process for all member councils using most recent annual reports (June 2019)

Primary Criteria

- Debt levels relative to population – affordability
- Debt levels relative to asset base
- Ability to repay debt
- Ability to service debt – interest cover
- Population trend

Secondary Criteria

- 30 Year Infrastructure Strategy
 - Quality of Assets
 - Capital Expenditure Plan
- Risk Management
 - Insurance
- Governance
- Financial flexibility
- Cashflow
- Budget performance (balanced budget)
- Affordability of rates / Deprivation Index
- Natural hazards
- Group activities (CCO's)

LGFA member councils by internal rating category

LGFA Internal Ratings	2012	2013	2014	2015	2016	2017	2018	2019
AA+	1	2	2	4	4	6	7	8
AA	12	12	12	10	12	13	19	17
AA-	13	13	16	15	19	17	19	23
A+	8	6	3	11	10	12	13	10
A	6	10	11	6	6	3	4	4
A-	5	2	1	1	0	2	2	2

Source: LGFA internal models

As at 30 June each year

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OUTCOMES FOR JUNE 2019 YEAR

LGFA Financial Covenants – Councils as at 30 June 2019 with an external credit rating (29)

Foundation Policy Covenant	Net Debt / Total Revenue <250%	Net Interest / Total Revenue <20%	Net Interest / Rates <30%
Range of Councils' compliance	-149.8% to 180.3%	-5.9% to 9.4%	-9.6% to 19.4%

LGFA Financial Covenants – Councils as at 30 June 2019 without an external credit rating (35)

Lending Policy Covenant	Net Debt / Total Revenue <175%	Net Interest / Total Revenue <20%	Net Interest / Rates <25%
Range of Councils' compliance	-92.6% to 121.0%	-1.0% to 5.0%	-1.9% to 8.3%

Source: LGFA using data from individual council annual reports

- Note some negative outcomes due to some councils having negative Net Debt i.e. financial assets and investments > borrowings
- LGFA Councils operating within financial covenants
- Ranges highlight the differences between Councils
- Sufficient financial headroom for most Councils
- Improvement from 2013 for most Councils
 - Revenue increased
 - Interest rates lower
 - Capex and debt constrained

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Attachment 1

PERFORMANCE UNDER LGFA COVENANTS

Attachment 1

LGFA Councils with an external credit rating (29 in 2019, 26 in 2018, 23 in 2017, 22 in 2016, 20 in 2015 and 17 in both 2014 and 2013)

Financial Covenant	2019	2018	2017	2016	2015	2014	2013
Net Debt to Total Revenue	68.8%	76.0%	86.0%	87.9%	96.4%	104.7%	111.8%
Net Interest to Total Revenue	3.5%	4.0%	5.3%	6.1%	6.8%	6.6%	7.3%
Net Interest to Annual Rates Income	5.5%	6.1%	8.1%	9.1%	10.0%	9.6%	11.1%

LGFA unrated Councils (35 in 2019, 29 in 2018, 29 in 2017, 28 in 2016, 25 in 2015, 26 in 2014 and 21 in 2013)

Financial Covenant	2019	2018	2017	2016	2015	2014	2013
Net Debt to Total Revenue	30.0%	32.3%	29.9%	32.4%	38.2%	42.6%	52.5%
Net Interest to Total Revenue	1.7%	1.9%	1.8%	2.2%	2.4%	2.9%	3.2%
Net Interest to Annual Rates Income	2.8%	2.9%	2.6%	2.9%	3.1%	4.0%	4.1%

Calculated by simple average of Councils in each group

Source: LGFA using data from individual Council annual reports

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❑ Fitch Ratings - November 2019 / January 2020

Local Currency AA+ / Stable/ F1+ Foreign currency rating AA / Positive / F1+

Fitch notes:

- strong links to the sovereign – classified as a credit linked Public Sector Entity;
- deemed to be of strategic importance;
- sound underlying asset quality of its shareholders, local councils;
- long-term rating is capped by the ratings of the sovereign;
- support of a joint and several liability guarantee.

Long-term foreign-currency Issuer Default Rating placed on positive outlook on 27th January 2020

S&P Global Rating's – February 2020

Local Currency AA+ / Positive / A-1+ Foreign Currency AA / Positive / A-1+



Both long-term ratings placed on “positive outlook” on 4th February 2019

Strengths:

- dominant market position as source of funding for New Zealand local government;
- high credit quality of underlying lending;
- extremely strong likelihood of support from the New Zealand Government in a stress scenario;
- robust and experienced management and governance.

Weaknesses:

- highly concentrated loan portfolio;
- modest risk adjusted capital ratio;
- reliance upon domestic market funding

Rating Agency	Domestic Currency	Foreign Currency	Date of Report
	AA+ (positive outlook)	AA (positive outlook)	27 February 2020
	AA+ (stable outlook)	AA (positive outlook)	27 January 2020

Source: S&P, Fitch, LGFA

- ☐ Important Notice and Disclaimer
- ☐ COVID-19 Update
- ☐ LGFA Risks
- ☐ Proposed Changes to Foundation Policy
- ☐ Appendices



Clause 5.1 of the LGFA Shareholders' Agreement and comprises various policies

Any changes to Foundation Policies requires shareholder approval

Lending policy

Local authorities when borrowing from LGFA must

- provide security when borrowing
- comply with own internal borrowing policies
- comply with LGFA financial covenants
- be a party to the Deed of Guarantee and Equity Commitment Deed if borrowings or entered into facility agreement with LGFA with commitments exceeding NZ\$20 million

Auckland Council exposure limited to no more than 40% of LGFA total local authority assets

Limit on a local authority or CCO borrowing no more than the greater of NZ\$ 100 million or 33% of its borrowing from LGFA maturing in any 12 month period

Outlines requirements for a CCO to borrow from LGFA. Process for allowing CCOs to borrow from LGFA underway but not yet completed.

Other policies within the Foundation Policies

Cash and liquid investment

Derivatives

Market risk (PDH and VaR limits)

Foreign exchange risk

Operational risk

Dividend

A copy of the current Foundation Policies is available here

lgfa.co.nz/about-lgfa/governance

Source: LGFA

FOUNDATION POLICY – FINANCIAL COVENANTS

Attachment 1

Current Financial Covenants

Financial covenant	Lending policy covenants	Foundation policy covenants
Net Debt / Total Revenue	<175%	<250%
Net Interest / Total Revenue	<20%	<20%
Net Interest / Annual Rates Income	<25%	<30%
Liquidity	>110%	>110%

Proposed Financial Covenants

Financial covenant	Lending policy covenants	Foundation policy covenants
Net Debt / Total Revenue	<175%	<280%
Net Interest / Total Revenue	<20%	<20%
Net Interest / Annual Rates Income	<25%	<30%
Liquidity	>110%	>110%

Alternative Net Debt / Total Revenue Covenant	
Financial Year ending	Net Debt / Total Revenue
30 June 2020	<250%
30 June 2021	<300%
30 June 2022	<300%
30 June 2023	<295%
30 June 2024	<290%
30 June 2025	<285%

Proposed change to Foundation Policy covenant

These apply to councils with a long-term credit rating of 'A' equivalent or higher

- Increase Net Debt / Total Revenue to 300% for financial year to June 2021 and June 2022
- Taper back to 280% by financial year ending June 2026

Note there are no proposed changes to

- Lending policy covenants (for councils without a credit rating or with a long-term credit rating lower than 'A' equivalent)
- Net Interest / Total Revenue covenants
- Net Interest / Annual Rates Income covenants
- Liquidity covenants

Source: LGFA

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RATIONALE FOR PROPOSED CHANGES

Only applies to current 30 council borrowers who have a long-term credit rating of 'A' equivalent or higher
All council borrowers have headroom under current Foundation policy covenants so starting position is strong
Increase covenant limit then a taper to a level higher than the current level is a conservative approach to allowing greater borrowing capacity to sector

- ☐ Recognises short term COVID-19 impact
- ☐ Recognises structural changes to local government sector since 2011 with regard to
 - ☐ Council requirements to meet additional growth infrastructure due to increased population growth
 - ☐ Council response to climate change
 - ☐ Council response to water quality issues

Provide flexibility for councils to co-invest alongside Central Government in infrastructure going forward

Provide short term comfort to councils with short term revenue declines

LGFA has undertaken analysis on impact on additional council borrowing headroom under a revenue shortfall scenario
Higher Net Debt / Total Revenue limit of 280% does not add significant additional risk to council borrowers, guarantors or LGFA

Sufficient mitigants to ensure probability of default is low

Council lending backed by security of rates

Even if a default occurred the probability of recovery is high so becomes a timing issue for LGFA

Central Government and Local Government have become closer to COVID-19 situation

LGFA obligations backed by security of guarantee from guarantors

S&P Global Ratings and Fitch Ratings have been consulted on these proposed changes

Source: LGFA

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Attachment 1

ADDITIONAL BORROWING CAPACITY IF COVENANT INCREASED

Attachment 1

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Externally Rated Councils Subject to Foundation Policy Covenant (ranked highest to lowest indebted)	No Change to Revenue (all amounts NZ\$'000)							Impact of 10% revenue decline (all amounts NZ\$'000)			
	Credit Rating as at 1 May 2020	Net Debt / Revenue at June 2019 <250% limit	Adjusted Revenue at June 2019	Actual Net Borrowing at June 2019	Maximum Borrowing at 250%	Existing Headroom at June 2019	Additional Headroom between 250% and 280%	-10% Revenue Shock	Max Borrowing at 250%	Headroom at June 2019	Additional Headroom between 250% and 280%
apiti Coast District Council	AA	180.3%	\$81,851	\$147,554	\$204,628	\$57,074	\$24,555	\$73,666	\$184,165	\$36,611	\$22,100
uckland Council	AA	173.0%	\$3,701,696	\$6,405,489	\$9,254,240	\$2,848,751	\$1,110,509	\$3,331,526	\$8,328,816	\$1,923,327	\$999,458
auranga City Council	AA-	166.7%	\$260,082	\$433,685	\$650,205	\$216,520	\$78,025	\$234,074	\$585,185	\$151,500	\$70,222
lorowhenua District Council	A+	164.1%	\$53,385	\$87,619	\$133,463	\$45,844	\$16,016	\$48,047	\$120,116	\$32,497	\$14,414
otorua District Council	AA-	144.4%	\$136,394	\$196,924	\$340,985	\$144,061	\$40,918	\$122,755	\$306,887	\$109,963	\$36,826
Valmankariri District Council	AA	140.6%	\$87,485	\$122,984	\$218,713	\$95,729	\$26,246	\$78,737	\$196,841	\$73,857	\$23,621
amilton City Council	AA-	124.3%	\$272,428	\$338,575	\$681,070	\$342,495	\$81,728	\$245,185	\$612,963	\$274,388	\$73,556
hristchurch City Council	AA-	105.9%	\$935,009	\$990,016	\$2,337,523	\$1,347,507	\$280,503	\$841,508	\$2,103,770	\$1,113,754	\$252,452
Vellington City Council	AA-	102.1%	\$525,135	\$536,214	\$1,312,838	\$776,624	\$157,541	\$472,622	\$1,181,554	\$645,340	\$141,786
utt City Council	AA	101.3%	\$169,677	\$171,918	\$424,193	\$252,275	\$50,903	\$152,709	\$381,773	\$209,855	\$45,813
asman District Council	AA	100.1%	\$135,446	\$135,544	\$338,615	\$203,071	\$40,634	\$121,901	\$304,754	\$169,210	\$36,570
Vhanganui District Council	AA	99.9%	\$89,081	\$88,992	\$222,703	\$133,711	\$26,724	\$80,173	\$200,432	\$111,440	\$24,052
Vellington Regional Council	AA	92.9%	\$388,641	\$360,983	\$971,603	\$610,620	\$116,592	\$349,777	\$874,442	\$513,459	\$104,933
orirua City Council	AA	92.5%	\$98,663	\$91,291	\$246,658	\$155,367	\$29,599	\$88,797	\$221,992	\$130,701	\$26,639
almerston North City Council	AA	84.1%	\$138,774	\$116,737	\$346,935	\$230,198	\$41,632	\$124,897	\$312,242	\$195,505	\$37,469
Vestern Bay of Plenty District Council	AA	81.8%	\$96,538	\$78,938	\$241,345	\$162,407	\$28,961	\$86,884	\$217,211	\$138,273	\$26,065
astings District Council	AA	80.9%	\$125,574	\$101,614	\$313,935	\$212,321	\$37,672	\$113,017	\$282,542	\$180,928	\$33,905
elson City Council	AA	74.8%	\$113,046	\$84,569	\$282,615	\$198,046	\$33,914	\$101,741	\$254,354	\$169,785	\$30,522
Vhangarei District Council	AA	67.3%	\$149,801	\$100,818	\$374,503	\$273,685	\$44,940	\$134,821	\$337,052	\$236,234	\$40,446
ueenstown-Lakes District Council	AA-	58.4%	\$143,841	\$84,050	\$359,603	\$275,553	\$43,152	\$129,457	\$323,642	\$239,592	\$38,837
shburton District Council	AA+	38.4%	\$62,818	\$24,129	\$157,045	\$132,916	\$18,845	\$56,536	\$141,341	\$117,212	\$16,961
maru District Council	AA-	31.9%	\$117,203	\$37,428	\$293,008	\$255,580	\$35,161	\$105,483	\$263,707	\$226,279	\$31,645
vercargill City Council	AA+	17.1%	\$101,847	\$17,375	\$254,618	\$237,243	\$30,554	\$91,662	\$229,156	\$211,781	\$27,499
auopo District Council	AA	16.7%	\$92,075	\$15,406	\$230,188	\$214,782	\$27,623	\$82,868	\$207,169	\$191,763	\$24,860
Valpa District Council	AA-	16.2%	\$84,161	\$13,618	\$210,403	\$196,785	\$25,248	\$75,745	\$189,362	\$175,744	\$22,723
arlborough District Council	AA	8.0%	\$136,024	\$10,908	\$340,060	\$329,152	\$40,807	\$122,422	\$306,054	\$295,146	\$36,726
outh Taranaki District Council	AA-	-47.5%	\$68,318	-\$32,429	\$170,795	\$203,224	\$20,495	\$61,486	\$153,716	\$186,145	\$18,446
ay of Plenty Regional Council	AA	-57.5%	\$131,995	-\$75,864	\$329,988	\$405,852	\$39,599	\$118,796	\$296,989	\$372,853	\$35,639
elwyn District Council	AA+	-61.7%	\$101,772	-\$62,811	\$254,430	\$317,241	\$30,532	\$91,595	\$228,987	\$291,798	\$27,478
ew Plymouth District Council	AA	-176.2%	\$113,615	-\$200,187	\$284,038	\$484,225	\$34,085	\$102,254	\$255,634	\$455,821	\$30,676
otal			\$8,712,375	\$10,422,087	\$21,780,938	\$11,358,851	\$2,613,713	\$7,841,138	\$19,602,844	\$9,180,757	\$2,352,341
en Highest Indebted Councils			\$6,223,142	\$9,430,978	\$15,557,855	\$6,126,877	\$1,866,943	\$5,600,828	\$14,002,070	\$4,571,092	\$1,680,248

- ☐ Important Notice and Disclaimer
- ☐ COVID-19 Update
- ☐ LGFA Risks
- ☐ Proposed Changes to Foundation Policy
- ☐ Appendices



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Attachment 1

SHAREHOLDERS

- ☐ Central Government largest shareholder at 20%
- ☐ 30 councils hold 80% shareholding
- ☐ Can only sell shares to Central Government or local authorities

GOVERNANCE

- ☐ Board of six directors with 5 Independent and 1 Non Independent
- ☐ Bonds listed on NZX so under listing rules
- ☐ Independent Trustee
- ☐ Issue of securities under the Financial Markets Conduct Act
- ☐ Audited by Audit NZ

GUARANTORS

- ☐ 54 guarantors of LGFA
- ☐ Guarantors comprise:
 - All shareholders except the NZ Government
 - Any non shareholder who may borrow more than NZ\$20 million
- ☐ Security granted by each of the guarantors is over their rates income (property taxes)
- ☐ Guarantors cannot exit guarantee until
 - Repaid all their borrowings
 - Wait for longest outstanding LGFA bond to mature (currently 2033)
- ☐ Changes will be made requiring other councils to join guarantee when LGFA implements lending to CCOs

LIQUIDITY

- ☐ NZ\$1 billion liquidity facility from NZ Government
- ☐ NZ\$857 million liquid assets portfolio
- ☐ NZ\$277 million of Treasury Stock currently available for sale

BORROWERS

- ☐ 67 member councils
- ☐ Approx. 90% market share
- ☐ Under Local Government Act 2002 councils must manage finances prudently – implies must run balanced operating surplus and only borrow for capital expenditure
- ☐ Councils borrow secured against rates
- ☐ Must meet LGFA financial covenants

CAPITAL STRUCTURE

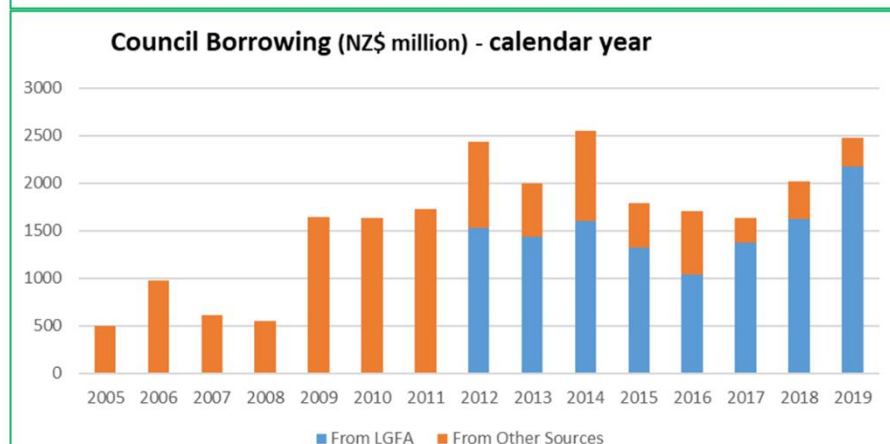
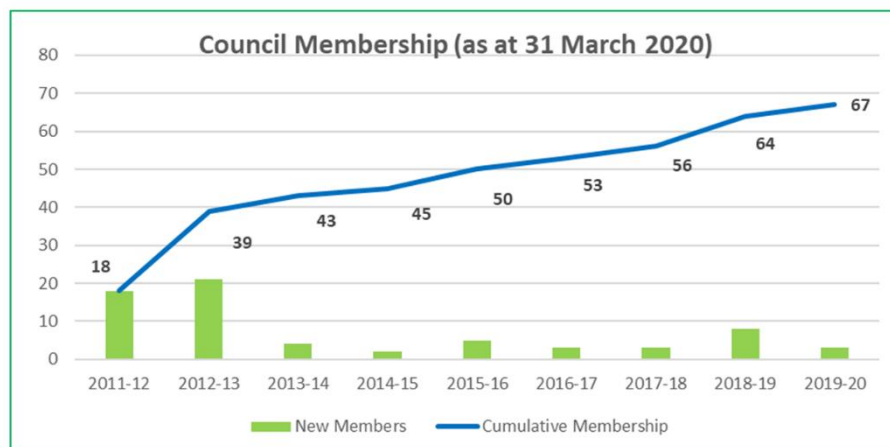
- ☐ NZ\$25 million paid in capital
- ☐ NZ\$20 million uncalled capital
- ☐ NZ\$55 million retained earnings
- ☐ NZ\$166 million Borrower Notes that can be converted to equity
- ☐ Current capital ratio of 2.20% with policy of 2% minimum and target of 3%

As at 1 May 2020

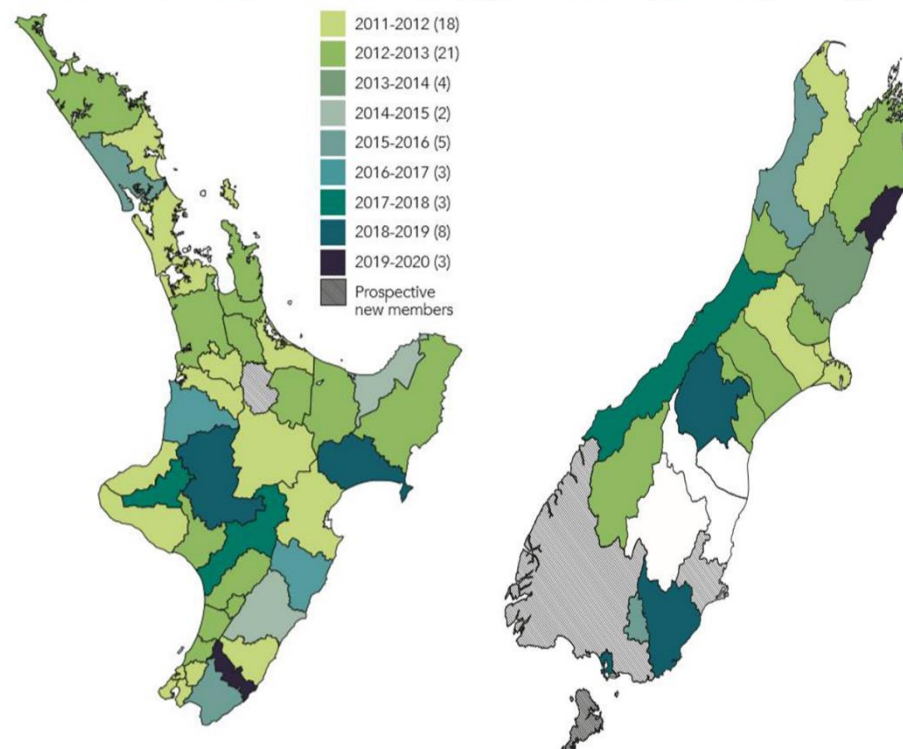
Source: LGFA

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COUNCIL MEMBERSHIP AND BORROWING



LGFA member councils highlighted with year of joining



Note there are 11 councils not currently members of LGFA. Some of these (notably Regional Councils) may overlap on this map.

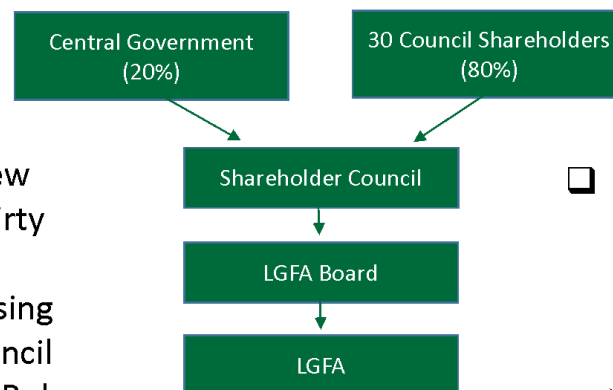
Source: LGFA, PwC Quarterly Local Government Debt Report 34

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Attachment 1

- ❑ **31 Shareholders**, comprising the New Zealand Government (20%)¹ and thirty councils (80%).
- ❑ **LGFA Shareholders Council**, comprising five to ten appointees from the Council Shareholders and the Government. Role of the Shareholders' Council is to:
 - Review and report performance of LGFA and the Board;
 - Recommendations to Shareholders as to the appointment, removal, replacement and remuneration of directors;
 - Recommendations to Shareholders as to any changes to policies, or the Statement of Intent, requiring their approval;
 - Update Shareholders on LGFA matters and to coordinate Shareholders on governance decisions.

¹ NZ Government shareholding reduces to 11.1% if a call is made



- ❑ **LGFA Board**, is responsible for the strategic direction and control of LGFA's activities. The Board guides and monitors the business and affairs of LGFA, in accordance with:

- Local Government Act 2002;
- Local Government Borrowing Act 2011;
- Companies Act 1993;
- Financial Markets Conduct Act 2013;
- LGFA's Constitution;
- LGFA Shareholder Agreement;
- LGFA annual Statement of Intent.

The Board will comprise between four and seven directors with a majority of independent directors appointed by Shareholders.

Source: LGFA

- Local Government Framework reduces risk of financial distress – no historical default by a council
- Council have own Treasury Management and borrowing policies – most have independent advice
- Council financial oversight by Office of Auditor General (OAG), Audit NZ and Department of Internal Affairs
- Councils under Local Government (Financial Reporting and Prudence) Regulations 2014 required to report annually on performance against benchmarks including



Six step intervention process possible by Central Government



- Council required to comply with LGFA lending covenants
 - Annual attestation by council
 - LGFA credit watch-list in place
 - LGFA credit analysis and monitoring performed through the year
 - LGFA not obligated to lend to council members
- Covenant breach is an Event of Review – after 30 days LGFA can seek repayment of loans

Source: LGFA

- 30 LGFA member councils have credit ratings (A+ to AA+ range)
- LGFA undertakes detailed credit analysis of each Council if they apply to join LGFA (and ongoing) - not every Council has been accepted as a member
- A Council default becomes a timing issue for LGFA
 - LGFA lending secured against rates revenue under Debenture Trust Deed
 - Unlikely to be other material claimants on rates revenue given LGFA is the dominant lender to Councils
 - Council's Debenture Trustee appoints receiver and a special rate (property tax) levied on all properties in the council region to meet secured obligations when due
 - Property taxes unavoidable and first ranking security over property

• Sources of LGFA liquidity and additional capital

\$1 billion liquidity facility from NZ Government

Liquid Assets Portfolio

Issuance of additional LGFA Bills and Bonds

Conversion of Borrower Notes into equity

Uncalled capital of \$20 million

- Beneficiaries of the Council guarantee (including LGFA bondholders) can also call upon the guarantee from councils
- **Central Government does not guarantee obligations of either LGFA or council members**

Source: LGFA

LGFA HISTORIC FINANCIAL PERFORMANCE

Financials (NZ\$ million)	2012	2013	2014	2015	2016	2017	2018	2019
Interest Income	\$10.9	\$73.7	\$149.1	\$222.8	\$278.2	\$320.7	\$342.8	\$361.1
Interest Expense	\$9.9	\$68.1	\$138.9	\$208.9	\$262.6	\$303.2	\$323.9	\$342.3
Net Interest Income	\$1.0	\$5.7	\$10.2	\$13.9	\$15.5	\$17.5	\$18.9	\$18.8
Total Income	\$1.0	\$5.7	\$10.2	\$13.9	\$15.5	\$17.5	\$18.9	\$18.8
Operating Expenses	(\$5.2)	(\$3.0)	(\$3.2)	(\$4.7)	(\$6.0)	(\$6.5)	(\$7.1)	(\$7.6)
Net Profit	(\$4.2)	\$2.6	\$7.0	\$9.2	\$9.5	\$11.0	\$11.8	\$11.2
Liquid Assets Portfolio	\$52.8	\$66.3	\$101.7	\$107.9	\$266.3	\$327.5	\$482.8	\$448.1
Loans to Local Government	\$832.7	\$2,514.9	\$3,742.5	\$5,031.9	\$6,451.3	\$7,783.9	\$7,975.7	\$9,310.6
Other Assets	\$57.5	\$107.0	\$74.0	\$271.9	\$539.7	\$380.0	\$321.1	\$610.1
Total Assets	\$943.0	\$2,688.2	\$3,918.2	\$5,411.8	\$7,257.3	\$8,491.4	\$8,779.6	\$10,382.3
Bonds on Issue	\$908.9	\$2,623.6	\$3,825.3	\$5,247.3	\$6,819.7	\$7,865.4	\$8,101.0	\$9,612.4
Bills on Issue	\$ nil	\$ nil	\$ nil	\$ nil	\$223.9	\$348.2	\$473.4	\$503.2
Borrower Notes	\$13.2	\$40.7	\$61.9	\$85.1	\$108.4	\$131.6	\$135.1	\$154.2
Other Liabilities	\$0.2	\$0.6	\$2.1	\$16.1	\$61.0	\$92.3	\$5.8	\$38.5
Total Liabilities	\$922.3	\$2,664.8	\$3,889.3	\$5,375.6	\$7,213.0	\$8,437.5	\$8,715.3	\$10,382.3
Shareholder Equity	\$20.8	\$23.4	\$28.8	\$36.3	\$44.2	\$53.9	\$64.3	\$74.1

Note: As at 30 June each year or for the twelve month period ending 30 June each year. Source: LGFA Annual Reports

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Attachment 1

LGFA HISTORIC FINANCIAL RATIOS

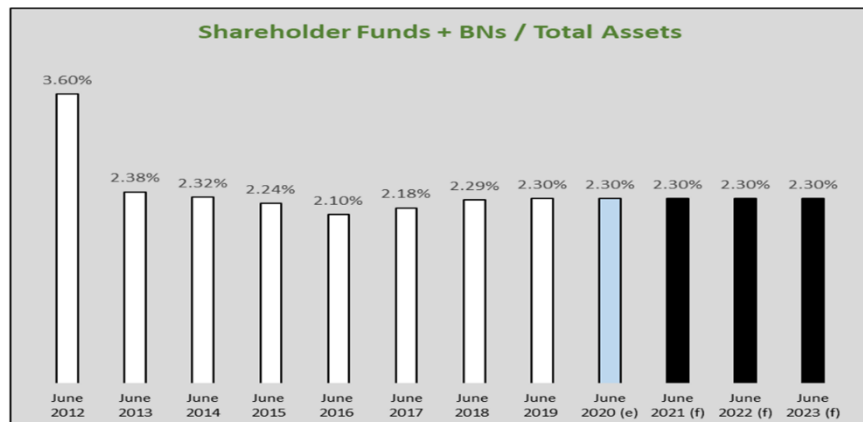
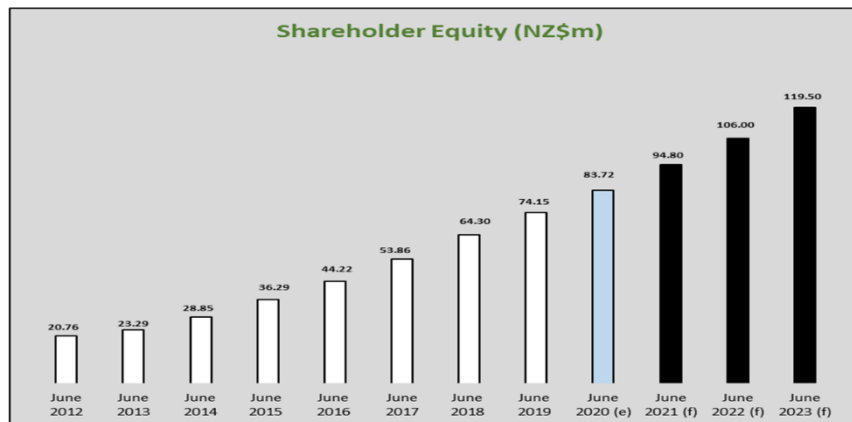
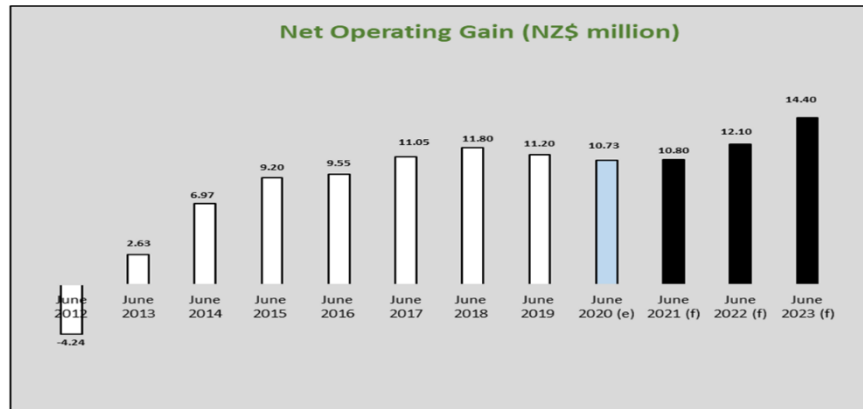
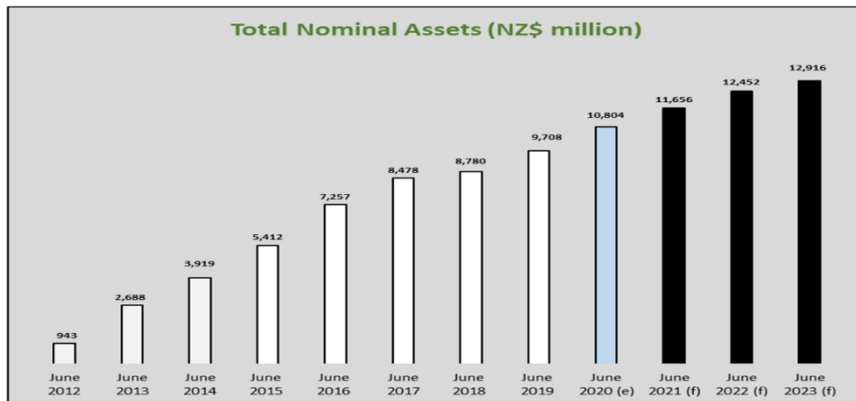
Attachment 1

Ratios as at 30 June each year	2012	2013	2014	2015	2016	2017	2018	2019
Liquid Assets / Funding Liabilities	5.7%	2.5%	2.6%	2.0%	3.8%	4.1%	5.6%	4.4%
Liquid Assets / Total Assets	5.6%	2.5%	2.6%	2.0%	3.7%	3.9%	5.5%	4.3%
Net Interest Margin	0.12%	0.23%	0.27%	0.28%	0.24%	0.23%	0.22%	0.18%
Cost to Income Ratio	531.2%	53.6%	31.8%	33.8%	38.7%	37.1%	37.6%	40.4%
Return on Average Assets	-0.45%	0.10%	0.18%	0.17%	0.13%	0.13%	0.13%	0.11%
Shareholder Equity / Total Assets	2.2%	0.9%	0.7%	0.7%	0.6%	0.6%	0.7%	0.7%
Shareholder Equity + Borrower Notes / Total Assets	3.6%	2.4%	2.3%	2.2%	2.1%	2.2%	2.3%	2.2%
Asset Growth	n/a	185.1%	45.8%	38.1%	34.1%	17.0%	13.4%	18.3%
Loan Growth	n/a	202%	48.8%	34.5%	28.2%	20.7%	2.4%	16.7%
Return on Equity	n/a	12.7%	29.8%	31.9%	26.3%	25.0%	21.9%	15.1%
Capital Ratio	18.0%	11.9%	11.6%	11.2%	10.5%	10.9%	10.9%	10.9%

Item 12

Note: As at 30 June each year or for the twelve month period ending 30 June each year. Source: LGFA Annual Reports

HISTORIC & FORECAST FINANCIAL PERFORMANCE



Forecast performance based upon assumptions outlined in LGFA Draft SOI 2020-21 available at www.lgfa.co.nz/for-investors/annual-reports-and-statement-of-intent

Notes: (a) Includes the 2012-13 financial year.

Source: LGFA Annual Reports and Draft SOI

CONTACTS

Attachment 1

Item 12

Postal Address
P.O. Box 5704
Lambton Quay
Wellington 6145

Street Address Wellington
Level 8
142 Featherston Street
Wellington 6011

Street Address Auckland
Level 5
53 Fort Street
Auckland



Mark Butcher – Chief Executive
Tel: +64 (04) 974 6744
Email: mark.butcher@lgfa.co.nz



Andrew Michl – Senior Manager, Credit & Client Relationships
Tel: +64 (04) 974 6743
Email: andrew.michl@lgfa.co.nz



Neil Bain – Chief Financial Officer
Tel: +64 (04) 974 6742
Email: neil.bain@lgfa.co.nz



Jane Phelan – Operations Manager
Tel: +64 (04) 974 6530
Email: lgfa@lgfa.co.nz

Resolution to Exclude the Public

Section 48, Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

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

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

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Confirmation of the Public Excluded Finance Committee Minutes - 29 April 2020) Good reason to withhold information exists under Section 7 Local Government	Section 48(1)(a)
C2. Covid-19 Contract Costs) Official Information and Meetings Act 1987	
C3. Report on overdue debtors as at 31 May 2020 & Debt write-offs 2019/20)	
C4. Rubbish and Recycling Kerbside Collection Contract Extension		

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 enable Council to carry out commercial activities without disadvantage	Section 7 (2) (h)
Item C3.	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 C4.	to maintain legal professional privilege to enable Council to carry out commercial activities without disadvantage to enable Council to carry out negotiations	Section 7 (2) (g) Section 7 (2) (h) Section 7 (2) (i)