

HAMILTON CITY COUNCIL'S 2010/11
ANNUAL PLAN

the
year
ahead



the
year
ahead

Whakatauki and He Mihi

Kotahi ano te kohao te ngira
E kuhuna ai te miro ma, te miro whero
Me te miro pango.
A muri I a au kia mau ki te ture,
Ki te whakapono, ki te aroha.
Hei aha te aha! Hei aha te aha!

*There is but one eye of the needle
Through which the white, red and black threads must pass.
After me obey the commandments, keep faith,
And hold fast to love and charity
Forsake all else.*

Na take i korerohia e tatau i mua
Tui ai te kupu korero I korerotia
Kia tu te winiwini kia tu te wanawana
I nga pu korero I wanangatia
I roto I te whai ao I te ao marama

*We bring our combined history and past discussions
Into our plans here for the future.
Be open and stand strongly
For the issues considered and discussed,
To benefit the world, now and in the future.*

Na Potatau Te Wherowhero, 1858

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1.0 MESSAGE FROM THE MAYOR AND CHIEF EXECUTIVE

HE KARERE MAI TE KOROMATUA ME TE KAIWHAKAHAERE MATUA

The economic downturn that commenced in the latter part of 2008 had a significant impact on the approach taken by Council in developing its 2009-19 Long Term Council Community Plan (LTCCP). Council recognised that the 10-year LTCCP needed to keep pace with the city's growth needs; provide for ongoing maintenance and enhancement of its \$3.5 billion asset base; ensure that service levels are maintained to planned levels; and, most importantly, have in place a plan that is affordable in tough economic times and enables us to live within our means.

This 2010/11 Annual Plan updates the second year of the 2009-19 LTCCP. While Council acknowledges that the economy is stabilising and appears to be on the road to recovery (with revised forecasts predicting modest economic growth in 2010 and a further improvement in 2011) there are a number of key indicators that remain fragile.

The economy is likely to be 'bumpy' in the short term - with the country needing to consolidate and build sustainable economic growth over the next three to five years. Council recognises this and remains relatively cautious around the environment in which it operates for 2010/11, particularly as costs in most areas are still increasing.

The 'proceed with caution' approach adopted by Council for the 2009-19 LTCCP is also reflected in the development of this 2010/11 Annual Plan. While the plan makes provision for additional expenditure in a few areas, this will be more than offset by savings incurred from deferment of some lower priority renewal projects and trimming various operational budgets in 2010/11.

It is Council's job to try and get the balance right between supporting as many worthy projects, facilities and services, as is reasonably possible. But at the same time we must

make some tough decisions, and be careful not to place unnecessary burden on ratepayers. Section 2 of the Annual Plan outlines in more detail the changes that Council made to the proposed Annual Plan following consideration of the 184 submissions received on the proposed plan. The final plan delivers rate savings of \$1.7 million and a 0.99% reduction to the proposed average rates increase from that shown in Year 2 (2010/11) of the 2009-19 LTCCP, from 4.66% to 3.67%.

Growth continues to place further pressure on the city and its infrastructure, with Hamilton's population reaching 140,700 at June 2009. By 2041 the population is projected to be around 224,000. Looking beyond Hamilton's current boundaries, the population of the Future Proof sub-region (an area comprising the councils of Hamilton, Waipa and Waikato District) is expected to almost double over the next 50 years - from 223,000 to 437,000. As signalled in the 2009-19 LTCCP, five small areas of Waikato District are in the process of being transferred into Hamilton. These additional areas will assist in meeting the city's ongoing growth needs. It is also anticipated that further discussions on the city's future boundary will be required in the short term.

Over the next 12 months there will be a significant focus on progressing the review of the District Plan. The review will consider critical issues for the city including how to support the CityHeart in a way that supports the significant investment the community has made over the decades in this part of the city.

In addition, a major review of how Council funds its activities through the rating system and other funding mechanisms such as Development Contributions will be undertaken as key early inputs into the 2012-22 Long-Term Plan.



Bob Simcock
HAMILTON MAYOR



Michael Redman
CHIEF EXECUTIVE

HE KARERE MAI TE KOROMATUA ME TE KAIWHAKAHAERE MATUA

E mohio aana te Kaunihera me whakarite he mahere kia pakari ai te tupu o Kirikiriroa I roto I nga tau tekau. Hei whakatinana totika I nga mahi nei I whakaritea \$3.5 piriona te putea I whakaritea. Kia hua mai ko te taumata e haangai ana ki nga whakaritenga a te Kaunihera.

Ko te mea nui kia takato he mahere hei whakangawari te whakapau tika I nga moni kia kore ai tatou e puta atu ki te rawekoretanga.

Ko ta te kaunihera me titiro atu ki te tau 2009-LTCCP katahi ka aro atu ki te tau 2010/11. Ahakoa, e mohia ana te Kaunihera kei te anga pai te ohanga, ko te tumanako mai I te tau 2010 kia whai hua ake hei tau 2011) he nui tonu nga whakatuupatotanga mo teenei whainga (he aronga nui ki te hunga koremahia). Mo te waa poto nei, ka piupiu ake te haere a te mahi ohaoha, me hiki ano te ukauka a Aotearoa whaanui te whakatoopuu I nga tau e rima kei te haere mai.

Kei te mohio te Kaunihera I nga whakatuupatotanga kei mua I a raatou mo nga tau e tuu mai nei 2010/11, me te moohio ano, kei te piki haere tonu ngaa utu. Na teenei aronga nui a te Kaunihera mo te 2009-19 LTCCP i kitea ano I roto I te mahere 2010/11 Mahere a Tau.

Ahakoa nga whakaritenga aa putea I roto I te mahere nei, ma te tahua putea e whakaineine I nga kaupapa whakahou me nga putea maha mo 2010/11.



Bob Simcock

TE KOROMATUA O KIRIKIROA

Ki te whakae te haapori nui ki eenei whakaritenga, ko nga hua utu reti ko te \$1.7 miriona taara me te 0.99% whakahekenga o nga reti kua manakohia ana I roto I te tau tuarua (2010/11) o te 2009-19 LTCCP mai I te 4.66% ki te 3.67%.

Naa te whakawhanui ake i ngaa whakaritenga taumaha, ka uaua i te anga whakamua kia eke te taupori ki te 140,700 nga taangata e noho ana ki roto i Kirikiriroa i te marama o Hune 2009. Ki taa nga matekete a te tau 2011ka eke te taupori ki te rua rau rua tekau maa whaa mano.

Ki ngaa tirohanga a te Kaunihera mai i nga rohe nei ka taapiri te taupori o Future Proof (araa ko nga kaunihera o Hamutana, Waipa me Waikato) a nga tau rima tekau e heke mai nei mai i 223,000 ki te 437,000 taangata.

Mai te ripoata LTCCP, A te tau 2009-19 ka whakauruhia e rima nga rohe mai i a Waikato ki raro i te Kaunihera o Kirikiriroa 2011, mai i teeraa ka eke te tupuranga ki eera i whakaarohia.

Ka aata tirohia hoki maatou I te Kaupapa Taiwhenua I nga marama kei te tuu mai Ko te aronga nui pea, kia maarama ai maatou i ngaa take nui e paa ana ki te Taone, aa, me peewhea hoki te haapai I te CityHeart, mai raanoo ngoona mahi nunui I roto I te haapori.

Ano nei, ngaa mahi puutea a te Kaunihera, kia tirohia anoo maatou I ngaa whakatauranga me nga paatukitukinga a puutea nei, kia riro eenei tirohanga I roto I te 2012-22 Long-Term Plan.



Michael Redman

TE KAIWHAKAHAERE MATUA

2.0 ABOUT THE ANNUAL PLAN

KO TE MAAHERE A TUA

WHAT IS COUNCIL'S ANNUAL PLAN?

Council is required by the Local Government Act 2002 (LGA 2002) to develop a series of documents that spell out its plans for the city's future development. It also has to report annually on how well it achieved what it said would be done.

The Annual Plan forms part of a suite of the following three documents.

THE LONG TERM COUNCIL COMMUNITY PLAN

All councils in New Zealand are required by the LGA 2002 to produce a 10 year Long-Term Council Community Plan (LTCCP) for the area they administer.

The LTCCP must outline:

- What Council proposes to do over the plan's 10-year period.
- The activities it proposes to undertake.
- The cost of undertaking these activities and how they will be paid for.
- The contribution of these activities to the city's community outcomes and community well-being.

The LTCCP provides an opportunity for people to participate in decision-making processes on the activities that Council plans to undertake over the next 10 years. A draft LTCCP is developed, which is made available for public consultation. Submissions are considered and the final LTCCP then adopted by Council. Each LTCCP also serves as the Annual Plan for the first year of its 10 year focus.

The content and direction of Council's 2009-19 LTCCP is based on a series of inputs that have been built up over a considerable time period, with many having already used extensive community engagement and feedback processes.

The LTCCP is required to be reviewed every three years.

THE ANNUAL PLAN

Council is also required to produce an Annual Plan in the two intervening years between each three-yearly LTCCP. The purpose of the Annual Plan is to show any key changes (known as amendments or variations) to a specific year of the LTCCP.

In the same way that the public's comments help to shape the final LTCCP, Council also produces a proposed Annual Plan that is open for public consultation before it is finalised.

The Annual Plan provides the accountability base for the setting and assessing of rates for that year (rates cannot be set until the Annual Plan has been adopted). It is intended to be a companion document to be read in conjunction with the base LTCCP.

THE ANNUAL REPORT

Council must also produce an Annual Report at the end of each June financial year. The Annual Report shows how Council's actual activities, services and performance measured up to its intended levels of service and performance that were outlined in a specific year of the LTCCP (as well as any changes for that year that were outlined in the relevant Annual Plan).

THE RELATIONSHIP BETWEEN THE THREE PLANS

The LGA 2002 provides the legal framework and guiding principles for the development of the LTCCP, Annual Plan and Annual Report, which help to form a planning and reporting cycle (outlined in the following table) that all councils in New Zealand must participate in.

RELATIONSHIP BETWEEN THE LTCCP, ANNUAL PLAN AND ANNUAL REPORT			
JUNE FINANCIAL YEAR	LTCCP (10-YEAR-FOCUS)	ANNUAL PLAN (1-YEAR-FOCUS)	ANNUAL REPORT (1-YEAR-FOCUS)
2009/10 (Year 1)	✓		✓
2010/11 (Year 2)		✓	✓
2011/12 (Year 3)		✓	✓
2012/13 (Year 4)	✓		✓
2013/14 (Year 5)		✓	✓
2014/15 (Year 6)		✓	✓
2015/16 (Year 7)	✓		✓
2016/17 (Year 8)		✓	✓
2017/18 (Year 9)		✓	✓
2018/19 (Year 10)	✓		✓

VARIATIONS AND AMENDMENTS TO YEAR 2 (2010/11) OF THE 2009-19 LTCCP

Although the 2009-19 LTCCP sets out Council's direction for the next 10 years, changes to its operations during this period are often inevitable. Reasons for such changes include:

- Unforeseen changes to the timing and cost of projects and programmes.
- More detailed/updated information becomes available.
- Changes in funding arrangements from other providers/organisations that are co-funding a specific project or programme.
- Changes to central government legislation that impact on Council's operations.
- Changes in the priorities of elected members.
- Changes in expectations/priorities from Hamilton's residents.
- Or even circumstances such as natural disasters or other environmental incidents.

Such changes are categorised as being either **Amendments** or **Variations** to the LTCCP depending on the nature and significance of the proposed change.

WHAT IS AN AMENDMENT?

The Local Government Act 2002 (LGA 2002) makes specific provisions for Council to make Amendments to its LTCCP. An **Amendment** is where Council proposes to make a **significant change** to the direction of its operations or to its core Funding and Financial policies as outlined in the LTCCP. It should be noted that the majority of changes proposed for 2010/11 in this Annual Plan are reflected as **Variations** to year two (2010/11) of the 2009-19 LTCCP.

The key sections of the LGA 2002 that outline what constitutes an Amendment to an LTCCP include:

- **Section 97**, which sets out certain decisions that can be made by Council only if they are provided for in the LTCCP. This includes decisions:
 - To significantly alter service levels.
 - To transfer ownership or control of a strategic asset.
 - To construct, replace or abandon a strategic asset.
 - That will significantly affect the capacity or costs to Council in relation to any activity identified in the LTCCP.

Council can not make decisions on these types of issues unless it is specifically provided for in the LTCCP.
- **Section 102**, which states that changes to Council's Funding and Financial policies are Amendments to the LTCCP.
- **Section 141**, which states that information about the intention to sell or exchange endowment property (and the use to which any proceeds will be put) must be included in the LTCCP.

In some cases, proposed changes to Council's operations and to the Funding and Financial policies that constitute an Amendment to the LTCCP may also trigger Council's Significance Policy (as required by Section 90 of the LGA 2002). The objective of Council's Significance Policy¹ is:

"To ensure that the community of Hamilton is fully consulted and able to actively participate in the consideration of issues, proposals, decisions or other matters which are significant, and/or which involve the community's strategic assets."

The Significance Policy contains various thresholds and criteria which, when triggered, require Council to consult with the community using the provisions of the LGA 2002.

When LTCCP Amendments are proposed, Council will ensure that:

- The proposed Amendment is clear, including the reasons for and effect of the proposed Amendment.
- The community is consulted and has the opportunity to provide feedback.
- Confidence in the integrity and robustness of the LTCCP remains.

The three Amendments to year two (2010/11) of Council's 2009-19 LTCCP relate to:

- Council's Development and Financial Contributions Policy
- Council's Liability Management Policy — Counterparty Credit Risks
- Council's Revenue and Financing Policy (Rating Differentials).

Information on the Amendments (including why they are Amendments and any financial impacts that they may have on the LTCCP) is outlined in Section 6.0. As per the requirements of the LGA 2002, the Office of the Auditor General was required to issue an opinion on the proposed Amendments.

While there is no legislative requirement for the Office of the Auditor General to issue an opinion on the final Amendments, Council is required to incorporate an audit note for the finalised 2010/11 Amendments as part of the original audit opinion on the 2009-19 LTCCP (refer Section 6.0).

WHAT IS A VARIATION?

Council is also required by the LGA 2002² to disclose the remaining changes to its operations in year two (2010/11) of the 2009-19 LTCCP that are not classified as Amendments - these are called Variations. Although Variations still show changes to Council's operations, the changes are more minor in nature and are not regarded as being as significant as the changes shown as Amendments.

Key Variations for 2010/11 are primarily outlined for each of Council's 10 Activity Groups and show where there is:

¹ Refer Council's 2009-19 LTCCP (Volume II, Section 8.0) for Council's Significance Policy.

² Section 85(2) (b) of the Local Government Act 2002.

- A change to total operational budgets for each of the 10 Activity Groups (either operating revenue or expenditure) where the amount has changed by \$100,000 or more.
- A change to the total capital expenditure for each of the 10 Activity Groups (where the amount has changed by \$100,000 or more).
- A change to an Activity Group performance measure.

Descriptions and reasons for these key Variations are outlined after each Cost of Service Table for the 10 Activity Groups (refer Section 4.0).

In addition, Section 5.0 contains information on changes to various financial policies of Council that do not impact on the cost of service statements for activities shown in Section 4.0

For more information on the Variations and changes to Council's financial policies, please contact:

Fiona Ferrar
Finance Manager
Phone: 838 6746
Email: fiona.ferrar@hcc.govt.nz

2010/11 ANNUAL PLAN PROCESS

The following table outlines the key steps in the 2010/11 Annual Plan process.

KEY STEPS IN DEVELOPING COUNCIL'S 2010/11 ANNUAL PLAN	
DATE	DESCRIPTION
10 February	Council considered and made decisions on the proposed 2010/11 Annual Plan and Summary.
12 March	Council adopted the Proposed 2010/11 Annual Plan.
20 March - 23 April	The Proposed 2010/11 Annual Plan was open for public submissions.
Late March	A summary of the proposed plan was circulated to all Hamilton households in late March 2010.
27 March	Council information day — 'Your City Expo' — was held at the Claudelands Grandstand.
18 — 21 May	Hearings were held for submitters who requested to speak to Council in support of their written submission.
9 June	Council made decisions on submissions.
30 June	Council adopted the final 2010/11 Annual Plan and confirmed the rates strike for 2010/11.
Early July	Letters sent to submitters advising them of Council's decisions on their submission (and reasons for decisions).
By 30 July	Final 2010/11 Annual Plan published and made available from the main Council office in Garden Place, at all Council libraries and on Council's website www.hamilton.co.nz/annualplan

PUBLIC SUBMISSIONS

From 20 March to 23 April, the community was invited to make submissions on Council's Proposed 2010/11 Annual Plan. A total of 184 submissions were received, with 65 submitters requesting to be heard in support of their written submission at the public hearings, which were held on 18 and 19 May 2010.

The following table provides a breakdown of the number of submissions received by category. (Submissions are themed according to the category that they primarily relate to, although they may also raise issues relating to other topics).

SUBMISSIONS RECEIVED BY CATEGORY		
SUBMISSION CATEGORY	NUMBER	PERCENT
Request for a playground in the Bader area	48	26%
Hamilton to Auckland commuter/passenger rail and heavy trucks on local roads	40	22%
Other transportation issues	15	8%
Fluoridation of the water supply	14	8%
Parks and gardens	13	7%
Rates and financial	11	6%
Sports and recreation	10	6%
Community and social development	10	5%
Arts and culture	4	2%
City growth and planning	4	2%
Other issues	15	8%
Total	184	100%

KEY DECISIONS IN RESPONSE TO SUBMISSIONS

The following is a summary of the key decisions made by Council as a result of the public submissions process.

Playground for Bader Area

Council has included funding of \$75,000 in 2010/11 for a new playground in the Bader area.

Council has also signalled its intention to significantly review the current playgrounds programme. Staff will report to Council in early 2011 on future level of service options for the playgrounds programme, including funding implications, with a view to accelerating the development of new playgrounds.

Hamilton Gardens Security

In response to frequent vandalism occurring at Hamilton Gardens, Council has allocated funding for the following security initiatives:

- \$28,000 per annum from 2010/11 for increased night time security patrols on Thursday, Friday and Saturday nights and during school holidays.

- \$17,000 per annum from 2010/11 for alarms in the enclosed sector and maintenance yards.
- \$12,000 per annum from 2010/11 to upgrade the enclosed sector fence.

Staff will also review the long term security arrangements for Hamilton Gardens and will report back to Council as part of the 2012-22 LTCCP process.

Floodlights for Fairfield Park

Council will contribute \$40,000 in 2010/11 towards floodlights on Fairfield Park. This is subject to a full funding package for the floodlights being achieved and a commitment to active sports being based at Fairfield Park.

Council recognises the benefits of developing Fairfield Park into a safe and active green space, and wishes to ensure that any investment in the park will be well utilised.

Support for a Regional Orchestra

In support of the establishment of a regional orchestra, Council has earmarked \$20,000 in 2011/12 from the Contestable Performing Arts Fund, subject to the Opus Orchestra Trust securing Creative New Zealand funding and supplying Council with a suitable business plan.

The Contestable Performing Arts Fund was created as part of Council's 2009-19 LTCCP to support performing arts groups. It includes annual funding of \$100,000, with the first year of funding becoming available in 2011/12.

Funding for Community Houses

Funding provision of \$8,000 was approved for a Consumers Price Index (CPI) adjustment to be applied to Council's Community Centre and Community House operating grants for 2010/11.

In the majority of cases, grants to community centres/houses have not increased for a number of years. The CPI adjustment acknowledges the increases in costs of providing these services.

Indoor Recreation Centre

As part of the 2009-19 LTCCP process, Council committed funding of \$11.9 million for a new community indoor recreation facility, with the balance of \$10.6 million to be raised by a community trust.

A feasibility report highlighted Wintec's Avalon Campus as the best site for the Indoor Recreation Centre, and Council has now confirmed that this will be the location of the Centre.

The project will remain a Council owned and controlled project, and staff will work with the community trust on the project scope, community fundraising and other funding mechanisms.

Frankton Business District

In addition to the existing funding of \$25,000 in 2010/11 and 2011/12 for beautification of the Frankton Business District, a Local Area Plan will be developed for the Frankton Commercial Precinct as part of the District Plan Review Process.

The development of a Local Area Plan will provide the community with an opportunity to form a collective vision for the Frankton Commercial Precinct.

Fluoridation of the Water Supply

A number of submitters requested that Council stop adding fluoride to the city's water supply. Council has decided to continue the practice of water fluoridation, however, the Mayor will write to the Minister of Health seeking a review of the Ministry's current policy position on water fluoridation, based on the latest research and trends.

The Ministry of Health is the statutory organisation tasked with the role of providing advice that balances the scientific positions on the matter.

Northern Victoria Street

In response to a submission representing the businesses located at the northern end of Victoria Street, Council has decided on the following actions and investigations:

- The level of service for litter removal and street cleaning for the part of Victoria Street between London and Liverpool Streets will be increased to that of the central CBD area.
- Staff will report back to Council on the feasibility of introducing angle parking in the part of Victoria Street between London and Liverpool Streets (following the report back and decisions on the current traffic trial in northern Victoria Street).
- Staff will also report back to Council on the feasibility and cost of under verandah lighting for the same area (and any adjoining properties in the side streets with verandah lighting) as part of the 2012-22 LTCCP process.

Hamilton to Auckland Commuter/Passenger Rail Services

40 submissions were received in support of establishing Hamilton to Auckland commuter/ passenger rail services. Council will continue to engage with Kiwi Rail, the New Zealand Transport Agency and Environment Waikato regarding planning and funding for the introduction of a viable Hamilton to Auckland commuter/passenger rail service.

Council also supports the carryover of \$258,000 from 2009/10 for passenger transport infrastructure.

Heavy Trucks on Local Roads

35 submissions requested that Council implement a bylaw to ban all trucks weighing in excess of 44 tonnes from the city's roads, with the exception of existing specialised heavy haulage contractors moving oversized equipment.

Council agrees with the issues raised by the submitters, however, does not see that a bylaw is required at this time; pending discussions with the New Zealand Transport Agency.

A new permit system for heavy vehicles operating outside the current mass and dimension limits came into force on 1 May 2010. Council will be the permitting authority for the city's roads.

Consideration of permits for heavier vehicles to use city roads will be made by Council once more information is available on how additional infrastructure costs will be met.

Sports Hall of Fame

Staff will work with the Waikato Sports Hall of Fame Inc. to identify a suitable location within the West Town Belt (located in relation to the Stadia) to recognise the region's sporting heritage. Staff will report back to the Community and Environment Committee on a suitable site by March 2011.

Rating System

Staff will report to Council by June 2011 on options and strategies for Council's rating system.

Council is required under the Local Government Act 2002 to consider the tools and mechanisms for rating within the city as part of its three-yearly LTCCP. Early in the development of the LTCCP is considered the best time to fully assess any changes to Council's rating system.

Boundary Extensions

Council received a specific request from submitters to expand the city's boundary to include the land between the western Hamilton boundary and Wallace Road.

Council, along with the submitters, will approach Waikato District Council with the view to accelerating the transfer of this land into the city.

Council's decision also advises that Council is open to considering any proposals to expand the boundary of the city.

Earth Hour Project

Council has reduced the Enviro Fund from \$50,000 to \$45,000 in 2010/11, with funding of \$5,000 transferred to support the 2011 Earth Hour project.

3.0 OVERVIEW OF PROJECTS AND FINANCES

TIROHANGA WHANUI O NGA PUTERE ME NGA PUTEA

UPDATING COUNCIL'S FINANCIAL STRATEGY

WE REMAIN IN A CHALLENGING ECONOMIC ENVIRONMENT...

The economy is stabilising and the worst of the financial crisis appears to have passed, with revised forecasts predicting modest economic growth in 2010 and a further improvement in 2011. However, the economy is still relatively weak, as reflected through a number of key indicators that are still tracking negatively. For example, the national unemployment rate increased from 5.6% in March 2009 to 6.6% in March 2010.

While we may be on the road to recovery, it is likely to be relatively 'bumpy' in the short term with the country needing to consolidate and build sustainable economic growth over the next three to five years. Many are predicting that the economy will not return to pre-recession levels until the end of 2010.

Development activity in Hamilton (both residential and commercial) appears to be slowly strengthening, but remains significantly lower than that of recent 'boom' years.

Council shares the view of a relatively slow economic recovery and is still relatively cautious around the environment in which it operates. Treasury¹ has stated that *"The fiscal position remains challenging...the risks that growth could weaken remain again... and the year ahead will still be difficult for many New Zealanders."*

A number of changes resultant from the Government's 2010 Budget (for the 2010/11 financial year) released in May this year also have the potential to significantly impact on the local government sector and the wider community.

These measures include the continuation of programmes of regulatory reform and ensuing legislative change to encourage greater economic development.

THE LTCCP ASSUMPTIONS AND PLANS REMAIN REASONABLE AND GENERALLY VALID...

In June 2009 Council adopted its latest 10-year plan for the city — the 2009-19 LTCCP. A significant amount of work was undertaken to develop the LTCCP and to ensure that the plan was robust and enduring.

Less than 12 months on, Council considers that the assumptions and plans that make up the 2009-19 LTCCP are still fundamentally sound and require very little adjustment.

Given the minor nature of changes from the LTCCP, Council's recently acquired credit rating of AA- from Fitch Ratings was retained, when the 2010/11 Annual Plan was considered as part of the rating's annual review.

Significant projects that will be progressed over the next 12 months include the construction of the Claudelands Events Centre, continuation of the CityHeart upgrade, the review of the District Plan, further development of Wairere Drive and upgrades to both the Water Treatment Station in Peacocke and the Wastewater Treatment Plant in Pukete.

The development and implementation of the LTCCP is an ongoing cycle and 2010/11 will include early preliminary work that will be required for the 2012-22 LTCCP. This work will need to include a major review of Council's Development and Financial Contributions Policy to ensure that growth in the city remains financially sustainable over the long-term. Managing the funding required to service an expanding city remains a critical issue for both existing and future generations of residents as well as the development community.

Council has also signalled that it will undertake a significant review of its rating system and the mechanisms as part of the 2012-22 LTCCP.

Council is also undertaking a review of its Activity and Asset Management Plans (AMPs). AMPs assist with decision-making around service levels for Council's activities, as well as the operational management of the organisation's services and assets. The review of AMPs will be one of the first steps in the 2012-22 LTCCP process.

CONTINUING TO RESPOND TO STRATEGIC OPPORTUNITIES IN A CONSIDERED WAY...

While the LTCCP provides Council and the community with the blueprint for Council's expenditure and provision of services, not all opportunities or decisions are captured by the prescribed 3-yearly planning and annual update cycles.

Since confirming the 2009-19 LTCCP, Council has responded to strategic opportunities and changes to circumstances in a disciplined and considered way. The proposed 2010/11 Annual Plan includes any necessary financial changes to reflect decisions that have been made since adoption of the LTCCP. For example Council's recent acquisition of the underground carpark as part of the CityHeart revitalisation programme is reflected in changes to both revenue and financing information for the Transportation Activity Group.

¹ Budget Policy Statement 2010 - Summary (Treasury, 15 December 2009).

COUNCIL HAS SEEN THE EFFECT OF THE SLOW ECONOMY IN REVENUE LEVELS...

Council has also felt the effect of the recession on revenue from fees and charges for services it provides to the community. Of particular note has been the decline in activity over recent years in Hamilton's development and building sectors. For example, consents issued for houses decreased by 43.8% between the year ended March 2005 (1,099) and the year ended March 2010 (618). This significant decrease has resulted in revenue for related parts of Council being markedly lower than historic averages.

Much of the revenue reduction from planning and building processes was forecast in the 2009-19 LTCCP. However, in order to recover the necessary funds to provide the increasingly comprehensive regulatory services required by government, further changes to the fees for building and planning activities have been incorporated in the 2010/11 Annual Plan.

In general, fees and charges for the 2010/11 period will increase in line with general inflation. A detailed list of changes to fees and charges for Council activities can be accessed online at www.hamilton.co.nz/feesandcharges

DISCIPLINED MANAGEMENT CONTINUES TO IDENTIFY EFFICIENCIES IN COSTS...

The 2010/11 Annual Plan includes over \$2.6 million of savings to Council's total operating expenditure of \$189 million. These savings have been achieved through a combination of early work to improve business processes, favourable contract negotiations and reprioritisation of some operational expenditure. Collectively these savings reflect the pursuit of operational efficiency through a focus on direct costs to Council, while ensuring the community continues to receive the expected high levels of service from Council. These savings are spread throughout the organisation's activities and are shown in the Forecast Cost of Service tables in Section 4 for each of Council's 10 Activity Groups.

The 2009-19 LTCCP identified that Council was investing in a comprehensive overhaul of its information processes and systems to ensure greater integration and management of information. Significant upgrades to Council's information systems will continue in 2010/11. These improvements will enhance service delivery to customers resulting in more efficient processes - delivering time and cost savings.

Also during 2010/11, Council will be continuing with a service delivery review for a number of selected Council activities. This review will provide Council with the necessary information to consider the potential use of alternative structures, arrangements and/or methods for delivering effective and efficient services.

The development of the 2010/11 Annual Plan included a number of targeted changes that have assisted in ensuring the budget is well-balanced and rates remain affordable. Specific changes include:

- Reprioritisation of a small number of lower priority renewal projects not considered to markedly impact the level of service to the community. Reprioritisation

has resulted in a reduction in funding for planned property renewals, parks and gardens car park maintenance and streetlight renewal programmes.

- Reduction in the Access Hamilton Targeted Rate. This reduction is possible due to the lower financing costs of loans for projects that are debt funded by this targeted rate.
 - A minor reduction to the Events Sponsorship Fund.
- The net impact of all of these changes has meant that savings to rates have exceeded any additional costs - resulting in a reduction to the previously forecast increase to rates.

COUNCIL HAS THEREFORE REDUCED THE PREVIOUSLY FORECAST RATES INCREASE...

Council has adopted an average rates increase of 3.67% for existing ratepayers for the 2010/11 year. This is a reduction from the 4.66% increase forecast in the 2009-19 LTCCP. The reduction has primarily been achieved through a combination of identifying general operational efficiencies across the Council business and through a small number of targeted changes.

IT IS CHANGING TIMES FOR LOCAL GOVERNMENT...

Revision of the Local Government Act 2002

Central government is placing increasing pressure on the local government sector around greater efficiencies, transparency, accountability and financial management — known as 'TAFM'. An amendment to the Local Government Act 2002 is currently being considered by Parliament. Changes to the Local Government Act will impact on how councils make decisions with their communities and how performance is reported in relation to other councils.

Currently proposed amendments to the 2002 Act include:

- Development of a mandatory set of inter-council performance measures assessing the non-financial performance of infrastructural services.
- Production of a Pre-election Report (including financial results from the first two years of the triennium) to inform and generate interest in local election campaigns.

The amendment to the Local Government Act 2002 is anticipated to be in force in by December 2010. Council will continue to assess the impact of these new requirements and will introduce changes to how it operates as required.

Transfer of land from Waikato District into Hamilton City

The first quarter of the 2010/11 financial year will see the completion of work begun in 2009 to expand the city's boundaries in the east and northwest in order to align them with the paths of the planned Waikato Expressway and Ngaruawahia and Te Rapa Bypasses. After public consultation, a joint committee of Hamilton City and Waikato District councillors approved in June 2010 five areas of land currently in the Waikato District to become part of Hamilton City:

- Horotiu 2a (HT2a), an area between the Te Rapa Bypass and the Waikato River to the south of the Fonterra Dairy Factory site and between the Te Rapa Bypass and State Highway 1 to the north of the Fonterra Dairy factory site;
- Horotiu 2b (HT2b), an area of land bounded by the Ngaruawahia Bypass to the north, by the Waikato River to the east, by the southern boundary of the Fonterra Dairy Factory site to the south, and by State Highway 1 to the west;
- Ruakura 1 (R1), more than 700 hectares of land between the current city boundary and the Waikato Expressway from Greenhill Rd in the north to Mangaonua Stream in the south.
- Two small areas that will be cut off from the city by the Expressway and Bypass: HT2c, an area of land in between HT2b and the western branch of the Te Rapa Bypass; and R1a, a small area of land between the Waikato Expressway and Borman Road.

Rates for residents of these areas are not expected to change significantly. They will be collected by Waikato District Council for the 2010/11 financial year and will be payable to Hamilton City Council from 1 July 2011. Rates for these areas will be assessed under transitional provisions that will minimise any changes in the amount that property owners are required to pay from the amount that they would have paid if they had continued to be rated by Waikato District Council.

Since the timing of the transfer of HT2b and R1 is significantly earlier than was agreed in the Strategic Agreement of 2005 and since R1a and HT2c were not included in this agreement, Hamilton City Council will pay back to Waikato District Council an annual amount fixed at the level of the rates that will be levied from these areas by Waikato District Council at 1 July 2010 (or 1 July of the financial year in which the actual transfer finally takes place). This fixed annual payment will be made until 30 June 2018.

The transfer of land to Hamilton City Council is expected to be formalised by an Order in Council (Parliament) around August 2010. Unfortunately, this will not be early enough for residents of the transferred areas to be added to the Hamilton City electoral roll for the local government elections in October 2010. This means that these residents will only have the opportunity to vote for Waikato District Council elected members in the 2010 local government elections. Residents will obviously have the option of directly contacting the Hamilton City councillors who will represent the wards to which these areas will be added.

KEY PROJECTS PLANNED FOR 2010/11

Examples of high profile projects that are planned for 2010/11 are outlined in the following table. Note: the financial figures included in the table do not include financial carryovers from previous years.

KEY PROJECTS PLANNED FOR 2010/11

Redevelopment of Claudelands Events Centre ('Claudelands')

SAP # 524.0 (\$23.14m in 2010/11)

Claudelands is currently undergoing a \$68.4 million upgrade, which will see the construction of a 5,000-capacity indoor multipurpose arena, conference centre capable of holding up to 1,200 delegates and upgraded exhibition facilities. Construction began in July 2009, with all portions of the project scheduled for completion by mid-2011.

Review of Hamilton's District Plan

SAP # 871.0 (\$809,800 in 2010/11)

The review of Hamilton's District Plan commenced in mid 2009. The District Plan sets out all of the rules and policies for anyone who wants to develop and use land in Hamilton. The review process aims to better align the District Plan with the principles of the eight City Strategies.

Waiwhakareke Natural Heritage Park

SAP # 1038.0 (\$20,300 in 2010/11)

Funding to maintain an ongoing level of development of Waiwhakareke Natural Heritage Park in Rotokauri (a 60 hectare park with ecosystems typical of a pre-human Waikato). The park will encourage the involvement of communities of interest in the protection and conservation of indigenous biodiversity.

In 2010 work will include planting of ridge top and hill slope areas off Brymer Road and construction of tracks to enable access for that work. In addition to the development work, maintenance and early care of plants will continue.

Infrastructure to Support Rotokauri Growth Cell

SAP # 547.0, 548.0, (\$12.159m in 2010/11)

2010/11 continues to involve planning and design work of key infrastructure necessary to enable the development of the Rotokauri Stage 1 growth cell. Infrastructure investigation, planning, design or construction projects include:

- Stormwater catchment management plan
- Trunk storm water services including stormwater catchment floodways
- Trunk wastewater services including the extension of the Far Western Wastewater Interceptor
- Bulk water services, including a new reservoir
- Trunk water services
- Commence designation of land for arterial roading network and floodways
- Associated land purchases to enable infrastructure development.

Where applicable, opportunities to align construction of key infrastructure with private developers' projects will be explored to enable earlier growth cell development.

Funding for construction of an extension to the Far Western Wastewater Interceptor has been brought forward to 2010/11, to be timed with the construction of the Te Rapa Bypass project.

Underground Carpark Reconfiguration

SAP # 1061.0 (\$2.4m in 2010/11)

Funding for detailed design and construction of physical works related to the reconfiguration of Council's recently acquired underground carpark. The project will include ingress/egress changes, including the relocation of the parking building entrances. Any changes will be designed to enable the best use to be made of existing spaces within the CityHeart environs and be integrated with other works to be undertaken as part of the Garden Place upgrade.

Event Sponsorship Fund

SAP # 614.0 (\$2.823m in 2010/11)

This fund supports the city's strategy to be an events destination to attract visitors to Hamilton, generate economic benefit for the local economy and create a sense of pride for city residents. In 2010/11 key events supported by Council's event strategy will include the World Rowing Championship and preparation for the Rugby World Cup.

City Heart Revitalisation: Garden Place Upgrade

SAP # 917.0 (\$2.486m in 2010/11)

Building upon the city's 2009/10 'Summer in Garden Place' programme, Council will be finalising the investigation and development of initiatives and designs for the Garden Place precinct. It is also expected that physical works associated with the finalised design will be rolled out over the course of the year.

The focus for Garden Place is on activating this public space to create a sense of place. The intention is to make the best use of existing facilities and environs and build upon these elements rather than a total revamp of this precinct.

Water Treatment Station Upgrade

SAP # 556.0 (\$456,800 in 2010/11)

Current growth projections indicate that Hamilton's water treatment capacity will require expansion by 2016/17. Funding in 2010/11 is for a feasibility study to consider either increasing the capacity of the existing Water Treatment Plant at Peacocks Road, or looking for an alternate location to source water for Hamilton into the future.

Ensuring consistency with Future Proof (the Sub-regional Growth Strategy) is key to any final decisions made in terms of future water supply for Hamilton.

Wastewater Treatment Plant Upgrade

SAP # 238.0 (\$6.47m in 2010/11)

In 2008/09 Council embarked on a 5-year, \$25 million upgrade of the Wastewater Treatment Plant at Pukete. The overall project is aimed at increasing the Plant's capacity to cater for city growth, as well as increasing treatment potential to cater for new, more stringent, discharge consent conditions.

In 2010/11 the project continues, with major works focused on upgrading the solids treatment stream of the plant. This work will involve the installation of new technologies to enhance solids quality, minimise solids volume and increase gas production for use in the onsite electrical generation facility.

Contribution to the Construction of a Hydrotherapy Pool at Waterworld

SAP # 714.0 (\$1.43m in 2010/11)

Construction of a hydrotherapy pool for disabled and rehabilitation users will take place in 2010/11, next to Waterworld in Te Rapa. Council will fund \$1.43 million for the capital construction cost, with the Community Hydrotherapy Trust also contributing over \$740,000 for construction. Construction of the pool will begin in July 2010.

Construction of Cycleways throughout the City

SAP # 545.0 (\$1.308m in 2010/11)

This 10-year programme, which is now in year seven, provides for the construction of a safe cycle network across the city, combining both on-road and off-road routes. The programme includes localised improvements for pedestrians and all other road users where possible.

In 2010/11, on-road cycleways are to be installed on Hillcrest Road, Knighton Road, Naylor Street, River Road and Thomas Road. Council is working with the Brian Perry Charitable Trust to extend the existing river path north to the city boundary as part of the Te Awa Great New Zealand River Ride.

This project is subject to a subsidy of \$721,000 from the New Zealand Transport Agency. If this subsidy is not received, the project will proceed to the value of the unsubsidised amount.

Hamilton Gardens Development Programme

SAP # 99.0 (\$292,600 in 2010/11)

The staged development of the Fantasy Garden Collection of gardens is planned to begin during 2010. Council, working with the Hamilton Gardens Development Trust, will build the Surrealist Garden, the Tropical Garden and the Tudor Garden over the next seven years.

Upgrade Programme for Council's Older Person's Housing Stock

SAP # 654.0 (\$2.943m in 2010/11)

The current Sullivan Crescent housing complex is to be completely redeveloped in 2010/11. This project will provide new safe, secure and affordable quality housing to those older

persons who qualify under Council's criteria. Work is expected to be underway by November 2010.

Upgrade of Council's Information Systems and Processes

SAP # 904.0 (\$2.977m in 2010/11)

This project aims to provide cross-Council integration and management of information. It will enhance service delivery to customers, making it easier and quicker for them to work with Council by producing more efficient processes that deliver time and cost savings. 2010/11 is the second year of this 10-year project.

Contribution to the Northern Growth Corridor

SAP # 861.0 (\$5m in 2010/11)

In partnership with the New Zealand Transport Agency and the Waikato District Council, Council is contributing to a managed package of works for the Northern Growth Corridor. The project aims to maintain the current level of network congestion in the North West of the city, and is required as a consequence of urban growth in the area.

Funding of \$5m has been brought forward to 2010/11, as Council's contribution to the project is required earlier than anticipated in the 2009-19 LTCCP.

PROJECTS CARRIED OVER FROM PREVIOUS YEARS

In addition to the specific funding provision that has been made in 2010/11 for various projects, there is also work continuing on a number of projects and programmes that had funding allocated and secured from years previous to 2010/11. These projects, and associated funding, are referred to as a 'carryover' and may occur for a number of different reasons, including:

- A deliberate decision by Council to defer projects as the immediate need was no longer evident. This is particularly true for some infrastructure projects that are required to facilitate urban growth.
- Third-party funding or some support for a project is withdrawn or not forthcoming as anticipated.
- Delays due to regulatory processes, such as resource consents.
- An inability to complete the programme within the planned financial year due to resourcing issues.

The following projects have carryovers greater than \$500,000 forecast for the 2010/11 year.

CARRYOVERS GREATER THAN \$500,000		
SAP #	PROJECT NAME	2010/11 \$000
118.0	Land purchase for future reserves.	9,340
646.0	Waterworld - renewal funding for re-tiling of pools.	578
375.0	Wairere Drive - Crosby to Cobham Road: Arterial design and construction.	923
544.0	Wairere Drive (designation, land, intersections, 4-laning, etc).	1,819
861.0	Council contribution to the Northern growth corridor transport programme (Te Rapa/Rotokauri).	1,400

FEES AND CHARGES

In the Proposed 2010/11 Annual Plan, Council outlined a number of increases to its existing fees and charges. In most cases, these increases were in line with inflation adjustments.

Council generally changes many of its fees and charges on an annual basis to reflect inflation. However, periodically a detailed review of fees and/or fundamental charging structures can result in more significant changes.

In the May 2010 Budget, the Government announced that Goods and Services Tax (GST) would be increasing from 12.5% to 15% on 1 October 2010.

In order to make provision for the increase in GST, there have been a number of additional changes to the fees and charges that were initially outlined in the Proposed 2010/11 Annual Plan.

The nature of the fee or charge has determined whether or not it is feasible to be increased by 2.5% on 1 October 2010. For example, many entry fees to facilities are rounded for ease of cash handling.

Consequently the fees and charges adopted by Council for 2010/11 can be split into three categories:

- Fees that will not change for 2010/11
- Fees that will change from 1 July 2010
- Fees that will change on 1 July and also on 1 October 2010 (to reflect the prevailing rate of GST).

A detailed list of all changes to fees and charges for Council activities can be accessed online at www.hamilton.co.nz/feesandcharges.

ASSUMPTIONS RELATING TO VARIOUS KEY INVESTMENTS

In its 2009-19 LTCCP, Council provided a number of assumptions and disclosures relating to either changes in ownership structure or sale in shareholding for a number of key Council investments.

The following table updates Council's intentions regarding these investments.

ASSUMPTIONS RELATING TO VARIOUS KEY INVESTMENTS	
ENTITY OR INVESTMENT	DISCUSSION
Innovation Waikato Limited (Innovation Park)	Council's investment in Innovation Park (a \$2.4 million payment made in March 2009) was subject to an interim funding agreement to secure Council's interest until a final investment structure was determined. The payment continues to be treated as an advance until a proposed restructure of the ownership of Innovation Park is completed - at which time the advance will be converted to equity. It is anticipated this restructure will be completed during 2010 with the finalised structure likely to be a Council Organisation.
Hamilton Riverview Hotel	In the LTCCP Council identified that it is proposing to sell its share of the Hamilton Riverview Hotel in 2013/14 (budgeted for \$20.4m). Funds received from this sale would be used to repay debt. Council is likely to sell its interest in Hamilton Riverview Hotel earlier than this date if market conditions are suitable.
Waikato Regional Airport Limited	Council currently has a 50 per cent shareholding in Waikato Regional Airport Ltd. In May 2009 Council contributed \$6m as part of a recapitalisation of the airport. The loan raised for this purpose was ring-fenced for later repayment in 2011/12. Council continues to investigate options for a new cornerstone investor and may undertake a sale in 2010/11 if an appropriate investor is identified.
Land behind ArtsPost	Council owns land that is located behind the ArtsPost site and beside the Waikato Museum. This land is currently being used as an off-road pay and display car parking venue. Council is continuing discussions regarding contributing this land in return for a share in a mixed use development over this site, including the possible location of a future art gallery.
Hamilton Fibre Network (HFN) Ltd	Council has entered into a Memorandum of Understanding with Wel Networks to sell or merge its HFN shareholdings with a separate company that Wel Networks intends forming as the primary shareholder. This is in response to the government's recent broadband initiative to deliver fibre to the home. Council currently holds a 34.85% shareholding in HFN and intends to invest all or part of the proceeds from the sale of this shareholding into the new company principally owned by Wel Networks. Any sale of the HFN shareholding and investment to this new company is subject to the Wel Networks led consortium being successful in winning the bid for the Waikato BOP broadband initiative, and a fair value being agreed between both parties for HFN. The operator of the HFN network, Velocity Networks Ltd (VNL), is also a party to the Memorandum of Understanding with Wel Networks. Due to the fact that both HFN and VNL are linked by a long term operator agreement and both companies have common shareholders, both parties are presently considering a number of strategic options for the future as an alternative to completing the agreement with WEL Networks.

4.0 COUNCIL'S 10 ACTIVITY GROUPS

TE KAUNIHERA TEKAU ROOPU-A-MAHI

INTRODUCTION TO THE ACTIVITY GROUPS

Council has structured its Activities by 10 groups. The Activity Groups are based on commonalities in the nature of individual Activities' functions, and in the contributions

that they make to Hamilton's Community Outcomes and the City Strategies.

The following table lists each of the Activity Groups and their corresponding Activities. It also includes the Community Outcomes and the City Strategies that each Activity Group primarily contributes to.

COUNCIL'S 10 ACTIVITY GROUPS				
ACTIVITY GROUPS	ACTIVITIES	PRIMARY COMMUNITY OUTCOMES	PRIMARY CITY STRATEGIES	PAGE #
City Profile	<ul style="list-style-type: none"> • City Promotion • Economic Development • Strategic Property Development 	<ul style="list-style-type: none"> • Intelligent and Progressive City • Unique Identity 	<ul style="list-style-type: none"> • Economic Development 	17
City Safety	<ul style="list-style-type: none"> • Emergency Management • Animal Care and Control • Central City Safety • Environmental Health 	<ul style="list-style-type: none"> • Safety and Community Spirit 	<ul style="list-style-type: none"> • Social Well-being 	19
Community Services and Amenities	<ul style="list-style-type: none"> • Community Development • Hamilton City Libraries • Community Centres and Halls • Housing for Older People • Cemeteries and Crematorium • Public Toilets 	<ul style="list-style-type: none"> • Safety and Community Spirit • Healthy and Happy 	<ul style="list-style-type: none"> • Social Well-being 	21
Democracy	<ul style="list-style-type: none"> • Representation and Civic Affairs • Partnership with Maori 	<ul style="list-style-type: none"> • Working Together 	<ul style="list-style-type: none"> • Social Well-being 	24
Event and Cultural Venues	<ul style="list-style-type: none"> • Waikato Stadium • Claudelands Events Centre • Hamilton City Theatres • Seddon Park • Waikato Museum 	<ul style="list-style-type: none"> • Vibrant and Creative • Intelligent and Progressive City 	<ul style="list-style-type: none"> • Creativity and Identity • Economic Development 	26
Recreation	<ul style="list-style-type: none"> • Parks and Gardens • Sports Areas • Hamilton Zoo • Swimming Facilities 	<ul style="list-style-type: none"> • Healthy and Happy 	<ul style="list-style-type: none"> • Active Communities 	28
Transportation	<ul style="list-style-type: none"> • Transportation Network • Parking Enforcement 	<ul style="list-style-type: none"> • Sustainable and Well-planned 	<ul style="list-style-type: none"> • Access Hamilton 	30
Urban Development	<ul style="list-style-type: none"> • City Planning • Planning Guidance • Building Control • Sustainable Environment 	<ul style="list-style-type: none"> • Sustainable and Well-planned 	<ul style="list-style-type: none"> • Hamilton Urban Growth • CityScope • Environmental Sustainability 	32
Waste Minimisation	<ul style="list-style-type: none"> • Refuse and Recycling 	<ul style="list-style-type: none"> • Sustainable and Well-planned 	<ul style="list-style-type: none"> • Environmental Sustainability 	34
Water Management	<ul style="list-style-type: none"> • Water Supply • Wastewater • Stormwater 	<ul style="list-style-type: none"> • Sustainable and Well-planned 	<ul style="list-style-type: none"> • Environmental Sustainability 	36

CONTENT OF THIS SECTION

The 2009-19 LTCCP includes detailed information for each of the Activity Groups. This section does not replicate all of the information contained in the 2009-19 LTCCP. It only includes the relevant service performance monitoring and financial information for 2010/11. Detailed information can be found in Sections 8.0 - 8.11 of the LTCCP.

Introduction

The introductory text at the beginning of each Activity Group provides an outline of the focus for each Activity Group. It also lists the Activities that make up the Activity Group.

Measuring Service Delivery Performance

This section includes the intended levels of service, performance measures and targets that Council will use to monitor the service delivery performance of the Activity Group.

Levels of service, performance measures and targets represent Council's service commitments to the community and outline what the community can expect to receive from the Activity Group.

Unless otherwise stated, all performance measures will be completed on or before 30 June of the financial year. Performance against the intended levels of service, performance measures and targets will be reported in Council's Annual Report.

Residents Survey and Customer Satisfaction Surveys
A number of the performance measures and targets include satisfaction scores and performance categories derived from Council's Residents Survey and Customer Satisfaction Survey Programme.

The Residents Survey, which is completed each quarter, is one of the main methods of obtaining Hamilton residents' views on how effectively Council is operating, particularly in regard to its provision of key facilities and services. This survey has been carried out since 1984 by an independent research company, and provides a useful measure of community opinion over time. The survey is conducted by telephone and interviews 175 Hamilton residents each quarter, providing a sample size of 700 respondents annually. The annual results have a margin of error of plus or minus 3.7% at the 95% confidence level.

Council also operates a Customer Satisfaction Survey Programme for a number of its activities, to gain detailed customer feedback on an ongoing basis. This feedback is then used to implement changes that ensure continual improvement to Council's services and facilities.

The use of satisfaction scores allows results to be compared from year-to-year. The scores are based on an 11 point satisfaction scale (0 = very dissatisfied to 10 = very satisfied). Scores from individual survey respondents are then aggregated into a single score out of 100.

The following framework has been developed to interpret the satisfaction scores.

MEASURING SERVICE DELIVERY PERFORMANCE		
'CUSTOMER CHOICE' SATISFACTION SCORES	PERFORMANCE CATEGORIES	'NO CUSTOMER CHOICE' SATISFACTION SCORES
84 or higher	Exceptional performance	79 or higher
82 - 83	Excellent performance	77 - 78
78 - 81	Very good performance	73 - 76
73 - 77	Good performance, but with potential for improvement	68 - 72
67 - 72	Fair, needs improvement	62 - 67
66 or lower	Needs significant improvement	61 or lower

Cost of Service Statements

The Cost of Service Statements are designed to provide a comprehensive record of the budgeted expenditure, revenue and other funding sources associated with delivering on the operating activities and capital programmes of each Activity Group.

Note 11 of the financial statements (Section 5 of this document) includes an explanation of how the operating surplus/(deficit) reported in the Cost of Service Statements is reconciled to the net surplus reported in the Statement of Comprehensive Income.

The funding surplus/(deficit) in each Cost of Service Statement represents the difference between the total operating expenditure requirements and the total funding, including Group of Activity revenue.

Note 12 (Section 5 of this document) provides an overall summary of the surplus/(deficit).

Variations to Council's 2009-19 LTCCP

Council is required by the Local Government Act 2002 to disclose Variations to the 2009-19 LTCCP.

For an explanation of what constitutes a Variation, refer to Section 2.0 of this document.

4.1 CITY PROFILE

WHAKAATURANGA TAAONE-NUI

INTRODUCTION

Increasingly, cities and urban regions compete with other places for attention, investment, residents, visitors, shoppers, talent and events. Continuing to raise the profile of Hamilton, both nationally and internationally, allows the city to pursue economic development opportunities and at the same time enables residents to feel proud of their city.

Council has an important leadership role to play in making Hamilton a competitive, attractive and profitable place for businesses to operate. A healthy economy and

employment base will in turn contribute toward improved living standards across the city. To fulfil this role, Council fosters and facilitates economic development through partnerships and initiatives that contribute to the city's sustainable economic future.

The City Profile Activity Group includes the following activities:

- City Promotion
- Economic Development
- Strategic Property Investment.

MEASURING SERVICE DELIVERY PERFORMANCE		
LEVELS OF SERVICE	PERFORMANCE MEASURES	2010/11 TARGETS
Grant monies are used effectively.	Economic Development Agency achieves all annually set performance targets relating to the Hamilton Business Gateway Project.	Initiatives result in: <ul style="list-style-type: none"> • 1,000 website visits • 2 new businesses attracted to Hamilton.
Return on investment is appropriate.	Achieve an annual gross return on Municipal Endowment Fund investment properties that is typical for the Hamilton property market.	Gross return typical for Hamilton property market.
	Achieve an annual gross return on Domain Endowment Fund that is in line with the average market return of similar properties.	Gross return in line with average market return.
Buildings in the Municipal Endowment Fund (MEF) are appropriately utilised.	Commercial and Retail premises across the MEF portfolio return an annual occupancy level of 90%.	90% occupancy rate.
High quality information is provided.	Residents' Satisfaction with: <ul style="list-style-type: none"> - The Visitor Information Centre - The City News Publication. 	Satisfaction score: 78 - 81 Satisfaction score: 73 - 77
	Number of unique visitors to the Hamilton City Council website.	An average of 25,000 visitors per month.

FORECAST COST OF SERVICE FOR THE YEAR ENDING 30 JUNE 2011			
	VARIATION REFERENCE	LTCCP 2010/11 \$000	ANNUAL PLAN 2010/11 \$000
GROUP OF ACTIVITY - OPERATING STATEMENT			
OPERATING REVENUE			
Activity revenue - User charges and fees	1	8,882	8,721
General rates		3,133	3,096
Other general sources		34	25
Total operating revenue		12,049	11,842
OPERATING EXPENDITURE			
City Promotion		5,841	5,670
Economic Development		3,688	3,949
Strategic Property Investment		2,580	2,602
Total operating expenditure	2	12,109	12,221
Operating surplus/(deficit)		(60)	(379)
GROUP OF ACTIVITY - CAPITAL AND RESERVES FUNDING STATEMENT			
CAPITAL EXPENDITURE			
Growth		0	0
Increased level of service		2,612	2,612
Renewal		127	122
Total capital expenditure		2,739	2,734
Loan repayments		671	669
Transfers to reserves		1,909	1,881
Operating deficit		60	379
Total funding required		5,379	5,663
Funded by:			
Operating surplus		0	0
Funding from non-cash expenses		2,143	2,381
Loans raised		2,642	2,621
Transfers from reserves		420	420
Total funding applied		5,205	5,422
Funding surplus/(deficit)		(174)	(241)

"General rates" funding above includes rates from all sources excluding Access Hamilton and water rates which are shown separately where applicable.

VARIATIONS TO COUNCIL'S 2009-19 LTCCP		
VARIATION REFERENCE	DESCRIPTION	REASON
1	Reduction of \$161,000 in revenue from City Profile activities (2010/11 budget of \$8.721 million).	Lower revenue than previously forecast relates mainly to the slower property market impacting on rental income from Council owned properties.
2	Increase of \$112,000 operating expenditure for City Profile activities (2010/11 budget of \$12.221 million).	Despite general operating and staff cost savings being achieved across a number of City Profile activities, increased depreciation charges on some assets has resulted in an overall increase in forecast operating expenditure.

4.2 CITY SAFETY

HAUMARU TAAONE-NUI

INTRODUCTION

Feeling and being safe are key to overall health in the community. Safety and perceptions of safety feature highly in people's view of their living and working environments, their sense of well-being and their quality of life. Public safety and security is increasingly recognised as a central aspect of economic and social development.

Public confidence in the safety of the city heart and suburbs is a priority for Hamilton. In response to Council's Residents Survey, Hamiltonians have identified 'law and order' (which includes factors such as safety and crime) as an important issue that Council needs to consider.

As Hamilton grows and evolves, the need to plan and deliver safe social and physical environments where people are able to participate fully in their communities becomes increasingly important.

The City Safety Activity Group includes the following activities:

- Animal Care and Control
- Central City Safety
- Emergency Management
- Environmental Health.

MEASURING SERVICE DELIVERY PERFORMANCE		
LEVELS OF SERVICE	PERFORMANCE MEASURES	2010/11 TARGETS
Emergency management response systems have been tested.	Number of preparedness exercises held each year.	One exercise.
Dog Control and CitySafe Patrol Services are effective in protecting the community.	Residents' satisfaction with: <ul style="list-style-type: none"> • Dog Control Service • CitySafe Patrol Team. 	<ul style="list-style-type: none"> • Satisfaction score: 77 - 78 • Satisfaction score: 73 - 76
A reliable and timely response is provided.	Percentage of complaints relating to excessive noise responded to within 30 minutes.	95%
	Residents' satisfaction with the handling of noise complaints.	Satisfaction score: 77 - 78
	Percentage of urgent requests for service involving dog threats to public safety responded to within one hour.	80%
	Percentage of routine requests for service relating to dog control responded to within 48 hours.	90%
	Number of inspections of licensed premises per year.	200 inspections.
	Percentage of licensed food premises complying with notices of improvement within agreed timeframes.	100%

FORECAST COST OF SERVICE FOR THE YEAR ENDING 30 JUNE 2011			
	VARIATION REFERENCE	LTCCP 2010/11 \$000	ANNUAL PLAN 2010/11 \$000
GROUP OF ACTIVITY - OPERATING STATEMENT			
OPERATING REVENUE			
Activity revenue - User charges and fees		1,620	1,610
Activity revenue - Subsidy for operating expenditure		59	58
General rates		2,235	2,209
Other general sources		0	0
Total operating revenue		3,914	3,877
OPERATING EXPENDITURE			
Emergency Management		447	495
Animal Care and Control		1,300	1,336
Central City Safety		1,036	962
Environmental Health		1,125	1,112
Total operating expenditure		3,908	3,905
Operating surplus/(deficit)		6	(28)
GROUP OF ACTIVITY - CAPITAL AND RESERVES FUNDING STATEMENT			
CAPITAL EXPENDITURE			
Growth		0	0
Increased level of service		73	73
Renewal		111	107
Total capital expenditure		184	180
Loan repayments		4	0
Transfers to reserves		34	34
Operating deficit		0	28
Total funding required		222	242
Funded by:			
Operating surplus		6	0
Funding from non-cash expenses		49	67
Loans raised		1	0
Transfers from reserves		2	2
Total funding applied		58	69
Funding surplus/(deficit)		(164)	(173)

"General rates" funding above includes rates from all sources excluding Access Hamilton and water rates which are shown separately where applicable.

VARIATIONS TO COUNCIL'S 2009-19 LTCCP

There are no major changes to the City Safety Activity Group that constitute a Variation. The definition of what constitutes a Variation is provided in Section 2.0 of this document.

4.3 COMMUNITY SERVICES AND AMENITIES

HE RATONGA TIKANGA-A-IWI

INTRODUCTION

A sense of community and belonging are values that are sometimes difficult to define and will mean different things to different people. Even so, they are an important aspect of the city and of residents' overall quality of life.

The Community Services and Amenities activities are provided in response to identified community needs and expectations and a desire from the community for Council to provide services that support the city's social and cultural well-being.

Social support and networks, places for social interaction and learning, and access to affordable services and facilities are essential components of any urban environment.

Strong, healthy and connected communities in turn foster many other benefits, such as economic development and prosperity, innovation, creativity and a sense of identity and pride.

The Community Services and Amenities Activity Group includes the following activities:

- Cemeteries and Crematorium
- Community Development
- Community Centres and Halls
- Hamilton City Libraries
- Housing for Older People
- Public Toilets.

MEASURING SERVICE DELIVERY PERFORMANCE		
LEVELS OF SERVICE	PERFORMANCE MEASURES	2010/11 TARGETS
Community centres and halls are fit for purpose.	Stakeholders' satisfaction with community centres and Fairfield Hall.	Satisfaction score: 77 - 78
Employment opportunities are provided through the transition-to-work programme.	Percentage of long-term unemployed who complete the transition-to-work programme, placed in employment.	25% placed in employment.
Up-to-date, relevant library resources are provided to meet customer needs.	Number of items held in the collection per capita.	2.49 items per capita.
	Number of items in the collection renewed each year per capita.	0.34 items renewed per capita.
Libraries provide a good quality experience for customers.	Customer satisfaction with the library services overall.	Satisfaction score: 84 or above.
Housing units are maintained to an appropriate level.	Housing tenants' overall satisfaction with the housing units and service provision. <i>(Variation 1)</i>	Satisfaction Score: 82 - 83
	Occupancy rate of housing units.	Minimum of 90% occupancy rate.
Cemetery and Crematorium facilities are provided to an appropriate level, are well maintained and provide a quality service.	Key stakeholders' satisfaction with the overall service provided by Hamilton Park Cemetery and Crematorium.	Satisfaction score: 79 or above.
Public toilets are maintained to an appropriate level.	Residents' satisfaction with the public toilets in the city.	Satisfaction score: 62 - 67
A range of library services and resources are provided and customers are aware of how to access them.	Number of visits to the Libraries' website per annum. Refer to 'Variations to Council's 2009-19 LTCCP' on the following page <i>(Variation 2)</i> .	Greater than 235,000 website visits.
	Number of physical visits to the Libraries per annum.	Greater than 1 million physical visits.
	Percentage of city residents who are active registered library borrowers.	Between 47% - 50%
Graffiti is removed promptly.	Percentage of requests for graffiti removal responded to within 2 working days of reporting.	85% - 95%
	Residents' satisfaction with Council's graffiti clean-up programme.	Satisfaction score: 68 - 72
Social well-being outcomes are improved through work with key community stakeholders.	Stakeholders' satisfaction with the service provided by the Community Development Team.	Satisfaction score: 77 - 78
Housing units are provided at an affordable level.	Housing tenants' satisfaction with the value for money of their rental unit. <i>(Variation 1)</i>	Satisfaction score: 84 or above.

FORECAST COST OF SERVICE FOR THE YEAR ENDING 30 JUNE 2011			
	VARIATION REFERENCE	LTCCP 2010/11 \$000	ANNUAL PLAN 2010/11 \$000
GROUP OF ACTIVITY - OPERATING STATEMENT			
OPERATING REVENUE			
Activity revenue - User charges and fees		3,939	3,865
Activity revenue - Subsidy for operating expenditure		249	249
General rates		15,193	15,015
Other general sources		6	5
Total operating revenue		19,387	19,134
OPERATING EXPENDITURE			
Community Development		4,514	4,468
Libraries		9,208	9,185
Community Centres and Halls		1,098	1,083
Housing for Older People		1,847	1,804
Cemeteries and Crematorium		1,330	1,379
Public Toilets		736	727
Total operating expenditure		18,733	18,646
Operating surplus/(deficit)		654	488
GROUP OF ACTIVITY - CAPITAL AND RESERVES FUNDING STATEMENT			
CAPITAL EXPENDITURE			
Growth		45	45
Increased level of service		3,660	3,660
Renewal		2,281	2,072
Total capital expenditure		5,986	5,777
Loan repayments		119	118
Transfers to reserves		223	223
Operating deficit		0	0
Total funding required		6,328	6,118
Funded by:			
Operating surplus		654	488
Funding from non-cash expenses		1,321	1,466
Loans raised		288	284
Transfers from reserves		2,952	2,952
Total funding applied		5,215	5,190
Funding surplus/(deficit)		(1,113)	(928)

"General rates" funding above includes rates from all sources excluding Access Hamilton and water rates which are shown separately where applicable.

VARIATIONS TO COUNCIL'S 2009-19 LTCCP		
VARIATION REFERENCE	DESCRIPTION	REASON
1	The performance targets for two of the Housing for Older Persons performance measures have been updated to correct an error in the frequency and scheduling of the housing tenants' customer satisfaction survey. The corrected targets are shown in the table below.	The frequency of the survey (bi-annual) and years in which the survey occurs is reflected incorrectly in the 2009-19 LTCCP.

PERFORMANCE MEASURE	TARGETS			
	BASELINE	2010/11	2011/12	PROJECTED YR 10 2018/19
2009-19 LTCCP Housing tenants' overall satisfaction with the housing units and service provision.	Exceptional performance (score of 88.1)	Survey not undertaken in this year.	82 - 83	82 - 83
Variation to the 2009-19 LTCCP — Corrected Targets Housing tenants' overall satisfaction with the housing units and service provision.	Exceptional performance (score of 88.1)	82 - 83	Survey not undertaken in this year.	82 - 83

PERFORMANCE MEASURE	TARGETS			
	BASELINE	2010/11	2011/12	PROJECTED YR 10 2018/19
2009-19 LTCCP Housing tenants' satisfaction with the value for money of their rental unit.	Exceptional performance (score of 91.0)	84 or above	84 or above	84 or above
Variation to the 2009-19 LTCCP — Corrected Targets Housing tenants' satisfaction with the value for money of their rental unit.	Exceptional performance (score of 91.0)	84 or above	Survey not undertaken in this year	84 or above

VARIATION REFERENCE	DESCRIPTION	REASON
2	The performance targets for the Hamilton City Libraries performance measure "number of visits to the Libraries' website per annum" have been revised. The revised targets for the remaining years of the LTCCP (2010/11 - 2018/19) are shown in the following table.	The targets have been revised due to a change in the measurement methodology by Council's website provider. The provider has moved to a more reliable and widely accepted web measurement tool, which has caused a significant variation in the statistics. The performance targets have been revised to align with the new measurement methodology.

PERFORMANCE MEASURE	TARGETS			
	BASELINE	2010/11	2011/12	PROJECTED YR 10 2018/19
2009-19 LTCCP Number of visits to the Libraries' website per annum.	2007/08 result: 573,000 visits.	Greater than 580,000 visits.	Greater than 600,000 visits.	Greater than 650,000 visits.
Variation to the 2009-19 LTCCP — Revised Targets Number of visits to the Libraries' website per annum.	No baseline data.	Greater than 235,000 visits.	Greater than 240,000 visits.	Greater than 260,000 visits.

4.4 DEMOCRACY

TAA TE NUINGA I WHAKATAU AI

INTRODUCTION

The participation of citizens in decision-making processes at community, local government and national levels is a critical component of democracy. Enabling democratic decision-making is one of the key purposes of local government.

The Mayor of Hamilton and the City Councillors have been elected by the community and given responsibility for the overall governance of the city. This includes setting Hamilton's long-term direction and ensuring that Council acts in the best interests of Hamilton residents.

Council has an important role in supporting its local communities, including working to improve the

opportunities for Maaori to contribute to and play an active role in the city's development. The Local Government Act (LGA) 2002 reinforces the importance of continuing to foster such relationships; the necessity of good communication; and the importance of Maaori heritage and values in the development of the country. Council is committed to the principles of Te Tiriti o Waitangi/The Treaty of Waitangi and its partnership relationship with Maaori.

The Democracy Activity Group includes the following activities:

- Partnership with Maaori
- Representation and Civic Affairs.

MEASURING SERVICE DELIVERY PERFORMANCE		
LEVELS OF SERVICE	PERFORMANCE MEASURES	2010/11 TARGETS
Robust and transparent decision-making processes are used.	Residents' satisfaction with the processes used for Council decision-making.	Satisfaction score: 68 - 72
Legislative requirements are met.	Legislative requirements for the LTCCP, Annual Plan and Annual Report are met and Council receives unqualified audits.	Unqualified audits received.
	Council committee and sub-committee meetings are held in accordance with the provisions of the Local Government Official Information and Meetings Act 1987.	No successful challenges.
Opportunities are provided for community involvement in Council decision-making.	Residents' satisfaction with opportunities Council provides for community involvement in decision-making.	Satisfaction score: 62 - 67
	Advice is sought from tangata whenua on all notified resource consent applications.	Advice sought on 100% of applications.
	Representation of Maaori organisations on City Strategy leadership forums.	Minimum of 1 Maaori organisation represented on each leadership forum.
Access to funding is provided through the Maaori/Pacific Projects Fund.	Percentage of projects allocated Maaori/Pacific project funding that align with the principles and objectives of the Social Well-being Strategy.	100%
Official Information Requests are responded to in a timely manner with accurate information.	All Official Information Requests are responded to within the statutory timeframe (20 working days).	All requests responded to within 20 working days.
	No complaints are upheld that are received under the Local Government Official Information and Meetings Act 1987.	No complaints upheld.
The community are informed about triennial election results in a timely manner.	Timeframes for confirmation of triennial election results.	<ul style="list-style-type: none"> • Preliminary results declared on polling night. • Final results (including special votes) declared on the Wednesday following the election.

FORECAST COST OF SERVICE FOR THE YEAR ENDING 30 JUNE 2011

	VARIATION REFERENCE	LTCCP 2010/11 \$000	ANNUAL PLAN 2010/11 \$000
GROUP OF ACTIVITY - OPERATING STATEMENT			
OPERATING REVENUE			
Activity revenue - User charges and fees		229	229
General rates		5,519	5,454
Other general sources		0	0
Total operating revenue		5,748	5,683
OPERATING EXPENDITURE			
Representation and Civic Affairs		5,486	5,611
Partnership with Maaori		265	265
Total operating expenditure		5,751	5,876
Operating surplus/(deficit)		(3)	(193)
GROUP OF ACTIVITY - CAPITAL AND RESERVES FUNDING STATEMENT			
CAPITAL EXPENDITURE			
Growth		0	0
Increased level of service		181	181
Renewal		224	214
Total capital expenditure		405	395
Loan repayments		0	0
Transfers to reserves		80	81
Operating deficit		3	193
Total funding required		488	669
Funded by:			
Operating surplus		0	0
Funding from non-cash expenses		11	11
Loans raised		0	0
Transfers from reserves		2	3
Total funding applied		13	14
Funding surplus/(deficit)		(475)	(655)

"General rates" funding above includes rates from all sources excluding Access Hamilton and water rates which are shown separately where applicable.

VARIATIONS TO COUNCIL'S 2009-19 LTCCP

There are no major changes to the Democracy Activity Group that constitute a Variation. The definition of what constitutes a Variation is provided in Section 2.0 of this document.

4.5 EVENT AND CULTURAL VENUES

TAIWHANGA TIKANGA-A-IWI

INTRODUCTION

A thriving events and cultural scene contributes to the identity and attraction of a city; creating a sense of energy and vibrancy and offering residents and visitors entertainment and cultural experiences. It also raises the profile of the city and fosters a sense of pride and place for residents, creates economic benefits through jobs and visitors and enhances the lifestyle of residents.

Council has a strategic goal to promote the city through the support of events in Hamilton. This goal is based on positioning Hamilton as New Zealand's premier events destination staging high-quality events and developing, retaining and supporting strategically important events, some of these being recognised as world class.

In many cases, to achieve this, the city needs to have the right venues. The venues need to cater for variety -

sports, music, theatre, exhibitions, conferences and expos. They need to be at a standard that is fit for local, national and in some cases international events. Most importantly, they need to reflect the expectations that residents have for lifestyle opportunities in the city.

The Event and Cultural Venues Activity Group includes the following activities:

- Claudelands Events Centre ('Claudelands')
- Hamilton City Theatres
- Seddon Park
- Waikato Museum
- Waikato Stadium.

MEASURING SERVICE DELIVERY PERFORMANCE		
LEVELS OF SERVICE	PERFORMANCE MEASURES	2010/11 TARGETS
The venues provide a quality experience for customers/patrons.	Customer satisfaction with the Waikato Museum exhibitions.	Satisfaction score: 78 - 81
	Customer satisfaction with: <ul style="list-style-type: none"> • Waikato Stadium • Seddon Park • Hamilton City Theatres • Claudelands. 	<ul style="list-style-type: none"> • Satisfaction score: 84 or above • Satisfaction score: 67 - 72 • Satisfaction score: 78 - 81 • No survey undertaken in this year due to the Claudelands re-development.
ArtsPost provides a channel to facilitate the promotion and development of local artists.	Number of exhibitions by local artists in the galleries per annum.	Greater than 30 exhibitions.
The venues provide for a wide range of events and interests.	Equal percentage of Waikato Museum exhibitions for each of the following categories: Visual Arts, Social History, Tangata Whenua, Sciences.	25% balance for each category.
	Number of visitors to Waikato Museum and ArtsPost.	<ul style="list-style-type: none"> • Waikato Museum: Minimum of 110,000 visitors. • ArtsPost: Minimum of 38,000 visitors.
	Number of international events/shows held at: <ul style="list-style-type: none"> • Claudelands • Waikato Stadium and Seddon Park • Hamilton City Theatres. 	<ul style="list-style-type: none"> • 1 event • 10 events • 10 events
	Number of national/local events/shows held at: <ul style="list-style-type: none"> • Claudelands • Waikato Stadium and Seddon Park • Hamilton City Theatres. 	<ul style="list-style-type: none"> • 30 events • 25 events • 150 events.
The Waikato Museum collection is accessible to the community.	Percentage of high value items in the collection digitised.	100%
	Percentage of items in the total collection digitised.	52%
The Claudelands redevelopment will incorporate sustainable design features.	Equivalent Green Star rating for the upgraded facilities at Claudelands.	No target for 2010/11. Construction occurring in this year.

FORECAST COST OF SERVICE FOR THE YEAR ENDING 30 JUNE 2011			
	VARIATION REFERENCE	LTCCP 2010/11 \$000	ANNUAL PLAN 2010/11 \$000
GROUP OF ACTIVITY - OPERATING STATEMENT			
OPERATING REVENUE			
Activity revenue - User charges and fees	1	9,187	7,546
General rates		13,724	13,563
Other general sources		22	16
Total operating revenue		22,933	21,125
OPERATING EXPENDITURE			
Waikato Stadium		7,701	7,883
Claudlands Event Centre		4,465	3,223
Hamilton City Theatres		3,541	3,370
Seddon Park		1,426	1,428
Waikato Museum		5,385	5,296
Total operating expenditure	2	22,518	21,200
Operating surplus/(deficit)		415	(75)
GROUP OF ACTIVITY - CAPITAL AND RESERVES FUNDING STATEMENT			
CAPITAL EXPENDITURE			
Growth		1,620	1,620
Increased level of service		22,160	22,160
Renewal	3	1,343	1,068
Total capital expenditure		25,123	24,848
Loan repayments		431	430
Transfers to reserves		237	236
Operating deficit		0	75
Total funding required		25,791	25,589
Funded by:			
Operating surplus		415	0
Funding from non-cash expenses		961	904
Loans raised		23,416	23,403
Transfers from reserves		10	9
Total funding applied		24,802	24,316
Funding surplus/(deficit)		(989)	(1,273)

"General rates" funding above includes rates from all sources excluding Access Hamilton and water rates which are shown separately where applicable.

VARIATIONS TO COUNCIL'S 2009-19 LTCCP		
VARIATION REFERENCE	DESCRIPTION	REASON
1	Reduction of \$1.641 million in revenue from Event and Cultural Venues activities (2010/11 budget of \$7.546 million).	Lower operating revenue than was previously forecast is driven mainly by the revised opening date for the new Claudlands events centre.
2	Reduction in operating expenditure of \$1.318 million for Event and Cultural Venues activities (2010/11 budget of \$21.2 million).	Reduced operating expenditure reflects general operating and staff cost savings within Waikato Stadium, Hamilton City Theatres and Waikato Museum activities as well as the revised opening date for the new Claudlands events centre. This is partially offset by higher depreciation charges for the Waikato Stadium.
3	Reduction in capital expenditure (renewals) of \$275,000 for Event and Cultural Venues activities (2010/11 budget of \$1.068 million)	Reduced capital expenditure is mainly driven by a \$250,000 reduction in planned Waikato Stadium renewals in the 2010/11 year.

4.6 RECREATION

HAAKINAKINA

INTRODUCTION

Recreation is an important component of a balanced and healthy lifestyle. Recreation often involves physical activities such as sport, walking or cycling; and also includes passive leisure, which brings rest, relaxation and opportunities to enjoy nature. Both are equally important to people's physical and mental well-being. Providing open green spaces for recreation purposes also has a wider benefit of contributing to the ecological health and visual appeal of the city.

The type of activities people undertake in their leisure time can vary greatly depending on their personal circumstances and the opportunities available to them in the area that they live. Location, access to facilities and

affordability are factors that impact on people's use and enjoyment of their recreation time. Council aims to provide open green spaces and facilities where residents of all ages and abilities can meet and participate in both active and passive recreation.

The Recreation Activity Group includes the following activities:

- Hamilton Zoo
- Parks and Gardens
- Sports Areas
- Swimming Facilities.

MEASURING SERVICE DELIVERY PERFORMANCE		
LEVELS OF SERVICE	PERFORMANCE MEASURES	2010/11 TARGETS
Recreation facilities are accessible to everyone.	Provide one neighbourhood playground within 500m of every home.	90% of homes within 500m of a neighbourhood playground.
	Percentage of residents who use walkways per year.	70%
	Number of customer visits to Council owned and operated swimming pools per year.	600,000 - 630,000 visits.
	Number of customer visits to Hamilton Zoo per year.	110,000 visits.
Provide attractive and well-maintained parks, gardens and walkways.	Residents' satisfaction with: <ul style="list-style-type: none"> • Hamilton Gardens • Parks and gardens • Walkways • Hamilton Lake Domain. 	<ul style="list-style-type: none"> • Satisfaction score: 84 or above • Satisfaction score: 79 or above • Satisfaction score: 78 - 81 • Satisfaction score: 78 - 81
Sports areas and playground equipment provided are fit for purpose.	Residents' satisfaction with: <ul style="list-style-type: none"> • Sports areas • Playground equipment. 	<ul style="list-style-type: none"> • Satisfaction score: 67 - 72 • Satisfaction score: 67 - 72
Swimming facilities and Hamilton Zoo provide a quality experience for customers/patrons.	Residents' satisfaction with: <ul style="list-style-type: none"> • Hamilton Zoo • Waterworld • Gallagher Aquatic Centre. 	<ul style="list-style-type: none"> • Satisfaction score: 82 - 83 • Satisfaction score: 73 - 77 • Satisfaction score: 67 - 72
Facilities comply with safety standards.	Council owned and operated swimming pools meet Pool Safe Accreditation standards.	Standards met.
	Zoo operations comply with MAF Zoo License standards.	Standards met.

FORECAST COST OF SERVICE FOR THE YEAR ENDING 30 JUNE 2011			
	VARIATION REFERENCE	LTCCP 2010/11 \$000	ANNUAL PLAN 2010/11 \$000
GROUP OF ACTIVITY - OPERATING STATEMENT			
OPERATING REVENUE			
Activity revenue - User charges and fees		4,509	4,469
Activity revenue - Subsidy for operating expenditure		86	86
Development and financial contributions		2,638	2,638
General rates		24,842	24,552
Other general sources		1,651	1,569
Total operating revenue		33,726	33,314
OPERATING EXPENDITURE			
Parks and Gardens		13,948	14,177
Sports Areas		5,274	5,351
Hamilton Zoo		3,184	3,182
Swimming Facilities		6,652	6,655
Total operating expenditure	1	29,058	29,365
Operating surplus/(deficit)		4,668	3,949
GROUP OF ACTIVITY - CAPITAL AND RESERVES FUNDING STATEMENT			
CAPITAL EXPENDITURE			
Growth		278	278
Increased level of service		4,249	4,367
Renewal	2	2,379	2,200
Total capital expenditure		6,906	6,845
Loan repayments		4,490	4,488
Transfers to reserves		4,628	4,607
Operating deficit		0	0
Total funding required		16,024	15,940
Funded by:			
Operating surplus		4,668	3,949
Funding from non-cash expenses		1,966	2,307
Loans raised		3,397	3,334
Transfers from reserves		4,211	4,212
Total funding applied		14,242	13,802
Funding surplus/(deficit)		(1,782)	(2,138)
Included in the group of activity expenditure above are these costs of maintaining assets		8,872	8,741

"General rates" funding above includes rates from all sources excluding Access Hamilton and water rates which are shown separately where applicable. The general rate requirement is lower than previously forecast and hence the unfavourable variance.

VARIATIONS TO COUNCIL'S 2009-19 LTCCP		
VARIATION REFERENCE	DESCRIPTION	REASON
1	Increase of \$307,000 operating expenditure for Recreation activities (2010/11 budget of \$29.365 million).	Despite general operating and staff cost savings being achieved across a number of Recreation activities, increased depreciation charges on some assets has resulted in an overall increase in forecast operating expenditure.
2	Reduction in capital expenditure (renewals) of \$179,000 for Recreation activities (2010/11 budget of \$2.2 million).	Reduced capital expenditure primarily relates to a \$135,000 reduction in planned carpark renewals in the 2010/11 year.

4.7 TRANSPORTATION

HARIA I NGAA WAKA

INTRODUCTION

We tend to take travelling in and around Hamilton for granted; expecting to get to and from where we need to go with ease. However, with traffic volumes rising and the city's population set to grow further, the number of cars on our roads and the travel issues we experience will undoubtedly get worse.

The city's Access Hamilton Strategy, developed in partnership with key transport agencies, identifies a vision for transport development and commits the city to integrated transport and land-use planning. The strategy's approach focuses on balance in the areas of transport planning, infrastructure provision, transport demand

management and the ability to respond to a changing environment.

Council's Transportation Activities are about enabling good access around the city by providing and managing an efficient and well-planned transport system that is safe, fit for purpose, provides consistent travel times and carefully addresses parking issues. This ensures that there are good networks for all travellers whether they use cars, public transport, walk or cycle.

The Transportation Activity Group includes the following activities:

- Transportation Network
- Parking Enforcement.

MEASURING SERVICE DELIVERY PERFORMANCE		
LEVELS OF SERVICE	PERFORMANCE MEASURES	2010/11 TARGETS
The road network is in good condition and is 'fit for purpose'.	The percentage of roads defined as smooth by the New Zealand Transport Agency.	No target for 2010/11. The next survey is undertaken in 2011/12.
	Residents' satisfaction with: <ul style="list-style-type: none"> • Streets in the city in general • Cycling facilities • Pedestrian areas and facilities. 	<ul style="list-style-type: none"> • Satisfaction score: 68 - 72 • Satisfaction score: 68 - 72 • Satisfaction score: 68 - 72
The pedestrian network feels safe to use.	Residents' satisfaction with the safety of pedestrian areas.	Satisfaction score: 68 - 72
Traffic signs and markings are easy to see and understand.	Residents' satisfaction with traffic management (e.g. road markings, lights, signs and traffic islands).	Satisfaction score: 73 - 76
Lighting is provided to enhance safety for all road users and to aid navigation and security.	Residents' satisfaction with street lighting in general.	Satisfaction score: 73 - 76
Parking spaces are carefully managed to support the economic viability of the city and the promotion of alternate transport modes.	Coverage of Parking Officer patrols on a continuous scheduled basis throughout the CBD and suburbs.	75% or greater.
	Turnover of parking spaces in the city that is less than or equal to the time limits set for those areas.	75% or greater.
City streets and footpaths are easy to use and promote cycling and walking.	Residents' satisfaction with the convenience of the location of pedestrian crossings, paths and access ways.	Satisfaction score: 68 - 72
	Kilometres of cycle lanes of existing city roads.	98.6km
Motor vehicle travel times are predictable.	Average travel speed on 5 key routes.	<ul style="list-style-type: none"> • Peak AM/PM: 24km/ph • Non peak: 35 km/ph
	Residents' satisfaction with getting around in peak and non-peak traffic.	<ul style="list-style-type: none"> • Peak traffic satisfaction score: 45 - 61 • Non-peak traffic satisfaction score: 73 - 76

FORECAST COST OF SERVICE FOR THE YEAR ENDING 30 JUNE 2011

	VARIATION REFERENCE	LTCCP 2010/11 \$000	ANNUAL PLAN 2010/11 \$000
GROUP OF ACTIVITY - OPERATING STATEMENT			
OPERATING REVENUE			
Activity revenue - User charges and fees	1	7,768	8,244
Activity revenue - Subsidy for operating expenditure		3,460	3,387
Targeted rates - Access Hamilton	2	1,600	1,200
Development and financial contributions		3,522	3,522
Subsidy for capital works		10,437	10,392
General rates		12,079	11,938
Other general sources		321	250
Total operating revenue		39,187	38,933
OPERATING EXPENDITURE			
Transportation Network		37,756	36,604
Parking Enforcement		3,752	3,633
Total operating expenditure	3	41,508	40,237
Operating surplus/(deficit)		(2,321)	(1,304)
GROUP OF ACTIVITY - CAPITAL AND RESERVES FUNDING STATEMENT			
CAPITAL EXPENDITURE			
Growth		843	2,593
Increased level of service		7,954	13,299
Renewal		7,624	7,502
Total capital expenditure	4	16,421	23,394
Loan repayments		6,944	6,781
Transfers to reserves		5,609	5,208
Operating deficit		2,321	1,304
Total funding required		31,295	36,687
Funded by:			
Operating surplus		0	0
Funding from non-cash expenses		17,230	15,390
Loans raised		6,867	13,791
Transfers from reserves		6,978	6,697
Total funding applied		31,075	35,878
Funding surplus/(deficit)		(220)	(809)
Included in the group of activity expenditure above are these costs of maintaining assets		6,547	6,450

"General rates" funding above includes rates from all sources excluding Access Hamilton and water rates which are shown separately where applicable.

VARIATIONS TO COUNCIL'S 2009-19 LTCCP

VARIATION REFERENCE	DESCRIPTION	REASON
1	Increased of \$476,000 in revenue from Transportation activities (2010/11 budget of \$8.244 million).	Increased revenue primarily from Council's recent investments in the Victoria on the River and CityHeart underground carparks.
2	Reduction of \$400,000 revenue from Access Hamilton Targeted Rate (2010/11 budget of \$1.20 million).	The Access Hamilton Targeted rate has been reduced. This is primarily driven by lower finance charges than were previously forecast.
3	Operating savings of \$1.271 million for Transportation activities (2010/11 budget of \$40.237 million).	Reduced operating expenditure reflects a range of general operating and staff cost savings across both Transportation and Parking Enforcement activities as well as reduced depreciation charges on Transportation fixed assets.
4	Increased capital expenditure of \$6.973 million for Transportation activities (2010/11 budget of \$23.394 million).	Increases capital expenditure due to the bringing forward of works associated with the Te Rapa bypass as well as increased capital expenditure associated with the proposed relocation of the access for the CityHeart underground carpark as part of the CityHeart revitalisation project.

4.8 URBAN DEVELOPMENT

TAPU A-TE-TAONE

INTRODUCTION

Hamilton has experienced rapid urban change in recent years and with this has come a renewed focus on how development takes place. In the last three years a greater focus has been placed on the quality of the urban growth that is occurring in Hamilton, how our design and land use affect the way we live our lives, the resources we use and the resulting effects on our natural environment.

Council wishes to take a stronger and more visionary role in guiding the future development of the city's built environment to ensure that it can better reflect the aspirations of Hamilton's community. It is Council's vision

that Hamilton's evolving urban form and built environment will deliver positive social, economic and environmental outcomes that have sometimes been missing from ad-hoc development in the past.

The Urban Development Activity Group includes the following activities:

- Building Control
- City Planning
- Planning Guidance
- Sustainable Environment.

MEASURING SERVICE DELIVERY PERFORMANCE		
LEVELS OF SERVICE	PERFORMANCE MEASURES	2010/11 TARGETS
Opportunities are provided for the community to be involved in environmental education initiatives.	Percentage of gully owners who are involved in the gully restoration programme.	26%
A high standard of building control and planning guidance services are provided.	Customer satisfaction with: <ul style="list-style-type: none"> • Building Unit • Planning Guidance Unit. 	No targets for 2010/11. The next surveys are undertaken in 2011/12.
Building consents and resource consents are processed within statutory timeframes.	Percentage of building consents issued within 20 working days from receipt of the application.	100%
	Percentage of non-notified resource consents issued within 20 working days from receipt of the application.	100%
Funding support is provided for projects that benefit the environment.	Provide annual funding of environmental projects through the Envirofund.	Funding allocated.
Managing urban growth and planning for good outcomes around city planning.	Existing District Plan made operative.	No target for 2010/11. Target to make the existing District Plan operative is 2011/12.
	Review of Hamilton City District Plan.	No target for 2010/11. The review of the District Plan will continue in 2010/11. Target to notify the new District Plan is 2011/12.

FORECAST COST OF SERVICE FOR THE YEAR ENDING 30 JUNE 2011			
	VARIATION REFERENCE	LTCCP 2010/11 \$000	ANNUAL PLAN 2010/11 \$000
GROUP OF ACTIVITY - OPERATING STATEMENT			
OPERATING REVENUE			
Activity revenue - User charges and fees		5,081	5,051
General rates		4,491	4,438
Other general sources		0	0
Total operating revenue		9,572	9,489
OPERATING EXPENDITURE			
City Planning		2,602	2,961
Planning Guidance		2,101	2,001
Building Control		4,079	4,159
Sustainable Environment		740	725
Total operating expenditure	1	9,522	9,846
Operating surplus/(deficit)		50	(357)
GROUP OF ACTIVITY - CAPITAL AND RESERVES FUNDING STATEMENT			
CAPITAL EXPENDITURE			
Growth		0	0
Increased level of service		147	147
Renewal		182	174
Total capital expenditure		329	321
Loan repayments		0	0
Transfers to reserves		68	68
Operating deficit		0	357
Total funding required		397	746
Funded by:			
Operating surplus		50	0
Funding from non-cash expenses		1	1
Loans raised	2	0	810
Transfers from reserves		19	19
Total funding applied		70	830
Funding surplus/(deficit)		(327)	84

"General rates" funding above includes rates from all sources excluding Access Hamilton and water rates which are shown separately where applicable.

VARIATIONS TO COUNCIL'S 2009-19 LTCCP		
VARIATION REFERENCE	DESCRIPTION	REASON
1	Increase of \$324,000 operating expenditure for Urban Development activities (2010/11 budget of \$9.846 million).	Primarily associated with increased expenditure budgets associated with Council's participation in the sub regional growth strategy and the Hamilton City District Plan Review.
2	Increase in loans raised by \$810,000 for Urban Development activities (2010/11 budget of \$810,000).	Funding of the District Plan review work which was previously allocated across other activities in the LTCCP has now been fully allocated to Urban Development.

4.9 WASTE MINIMISATION

HE PARAWHAKAKINO

INTRODUCTION

In recent years, the issue of what to do with our waste has been gaining prominence. Solid waste is material that is perceived to have no further use and which is disposed of in the environment.

A suitable waste collection and disposal system and recycling service is essential for maintaining public health and minimising effects on the environment. Providing refuse and recycling services helps to create a healthy environment for people and contributes to keeping Hamilton's air, soil and water free from pollution.

If waste is not effectively managed it can create a range of adverse environmental and human effects, undermining our ability to live more sustainably.

By reducing our resource consumption and reusing products, we can minimise the amount we need to recycle or dispose of and ultimately the waste we generate. Hamilton residents responded positively to the introduction of kerbside recycling bins in 2002, with 90% of households now regularly recycling. This is a good indication of people's desire to reduce their waste production; however there is still room for improvement.

Currently around 48% of Hamilton's residential waste and 26% of business waste is made up of organic matter, which could be disposed of in a more environmentally sustainable way.

Refuse and Recycling is the only Activity in this Activity Group.

MEASURING SERVICE DELIVERY PERFORMANCE

LEVELS OF SERVICE	PERFORMANCE MEASURES	2010/11 TARGETS
Household refuse and recycling collections are reliable.	Residents' satisfaction with: <ul style="list-style-type: none"> Household recycling collection Household refuse collection. 	<ul style="list-style-type: none"> Satisfaction score: 79 or above. Satisfaction score: 79 or above.
Requests for service are responded to promptly.	Percentage of requests relating to non-collection of household refuse resolved within 24 hours.	95%
	Percentage of requests relating to non-collection of household recyclables resolved within 24 hours.	90%
Adverse effects of waste on the environment are managed.	High level of compliance with resource consent conditions.	High level of compliance.

FORECAST COST OF SERVICE FOR THE YEAR ENDING 30 JUNE 2011

	VARIATION REFERENCE	LTCCP 2010/11 \$000	ANNUAL PLAN 2010/11 \$000
GROUP OF ACTIVITY - OPERATING STATEMENT			
OPERATING REVENUE			
Activity revenue - User charges and fees		933	933
General rates		4,908	4,850
Other general sources		535	530
Total operating revenue		6,376	6,313
OPERATING EXPENDITURE			
Refuse and Recycling		6,122	6,226
Total operating expenditure		6,122	6,226
Operating surplus/(deficit)		254	87
GROUP OF ACTIVITY - CAPITAL AND RESERVES FUNDING STATEMENT			
CAPITAL EXPENDITURE			
Growth		0	0
Increased level of service		503	503
Renewal		270	262
Total capital expenditure		773	765
Loan repayments		391	389
Transfers to reserves		588	588
Operating deficit		0	0
Total funding required		1,752	1,742
Funded by:			
Operating surplus		254	87
Funding from non-cash expenses		258	327
Loans raised		419	407
Transfers from reserves		452	452
Total funding applied		1,383	1,273
Funding surplus/(deficit)		(369)	(469)
Included in the groups of activity expenditure above are these costs of maintaining assets		170	167

"General rates" funding above includes rates from all sources excluding Access Hamilton and water rates which are shown separately where applicable.

VARIATIONS TO COUNCIL'S 2009-19 LTCCP

There are no major changes to the Waste Minimisation Activity Group that constitute a Variation. The definition of what constitutes a Variation is provided in Section 2.0 of this document.

4.10 WATER MANAGEMENT

WHAKAHAERE-WAI

INTRODUCTION

As Hamilton's population continues to grow, issues of water availability and conservation are becoming more important. There are around 140,000 people living in Hamilton now, but by 2050 that number is expected to grow to around 240,000. This has significant implications for how we manage our water resources.

Council's Water Management Activities are essential for the well-being of the community. Wastewater, stormwater and water supply networks are necessary to maintain public health and safety, minimise impacts on the environment and protect property from flood damage. Reliable and high quality water services are a fundamental part of any modern city and a basic day-to-day necessity that is expected by residents and businesses.

However, despite the size of the Waikato River allowable water supply is not infinite and the demand for water is increasing. The more water we use, the more it costs to collect, treat to drinking standards and deliver to our homes. The more water we waste, coupled with a growing population, could lead to water shortages and negative environmental effects in the future. It is important to treat water as a valuable resource and conserve it as much as possible.

The Water Management Activity Group includes the following activities:

- Stormwater
- Wastewater
- Water Supply.

MEASURING SERVICE DELIVERY PERFORMANCE		
LEVELS OF SERVICE	PERFORMANCE MEASURES	2010/11 TARGETS
A high quality water supply is provided.	Achieve a high rating from the Ministry of Health for the city's water supply.	Hamilton Zone: Aa Temple View Zone: Aa
	Residents' satisfaction with: <ul style="list-style-type: none"> • The taste and odour of the water supply • Clarity of the water supply. 	<ul style="list-style-type: none"> • Satisfaction score: 73 - 76 • Satisfaction score: 79 or above
Water pressure is appropriate for its intended use.	Percentage of water flow and pressure tests that comply with set standards.	95% compliance
	Residents' satisfaction with water pressure.	Satisfaction score: 79 or above.
Reliable water supply, wastewater and stormwater networks are provided.	Water supply interruption targets: <ul style="list-style-type: none"> • Average time for unplanned shutdowns per customer, per year. • Percentage of planned shutdowns within 4 hours. 	<ul style="list-style-type: none"> • An average of 7 minutes per customer connection. • 90% within 4 hours.
	Annual number of wastewater blockages per 100km of the network.	No more than 60 blockages per 100km.
	Residents' satisfaction with: <ul style="list-style-type: none"> • Continuity of the water supply • The wastewater network • The stormwater network. 	<ul style="list-style-type: none"> • Satisfaction score: 79 or above • Satisfaction score: 79 or above • Satisfaction score: 73 - 76
	Level of compliance for the Water Treatment Plant's resource consents.	Achieve a high level of compliance.
Water resources are used efficiently and sustainably.	Hamilton's maximum daily water take is within consented limits.	Maximum water take less than 105,000m ³ per day.
	Level of compliance for the stormwater resource consents.	Achieve a high level of compliance.
Effects on the natural environment are minimised.	Level of compliance for the Wastewater Treatment Plant's resource consents.	Achieve a high level of compliance.
Wastewater is managed without risk to public health.	Level of compliance for the Wastewater Treatment Plant's resource consents.	Achieve a high level of compliance.

FORECAST COST OF SERVICE FOR THE YEAR ENDING 30 JUNE 2011			
	VARIATION REFERENCE	LTCCP 2010/11 \$000	ANNUAL PLAN 2010/11 \$000
GROUP OF ACTIVITY - OPERATING STATEMENT			
OPERATING REVENUE			
Activity revenue - User charges and fees		3,447	3,442
Targeted rates - Water by meter		6,655	6,655
Development and financial contributions		7,681	7,681
General rates		21,297	21,047
Other general sources		1,806	1,656
Total operating revenue		40,886	40,481
OPERATING EXPENDITURE			
Water Supply		15,553	15,609
Wastewater		18,214	18,448
Stormwater		7,844	7,816
Total operating expenditure		41,611	41,873
Operating surplus/(deficit)		(725)	(1,392)
GROUP OF ACTIVITY - CAPITAL AND RESERVES FUNDING STATEMENT			
CAPITAL EXPENDITURE			
Growth		11,132	17,999
Increased level of service		11,338	7,156
Renewal		3,409	7,553
Total capital expenditure	1	25,879	32,708
Loan repayments		9,683	9,686
Transfers to reserves		8,405	8,382
Operating deficit		725	1,392
Total funding required		44,692	52,168
Funded by:			
Operating surplus		0	0
Funding from non-cash expenses		16,353	16,141
Loans raised		18,679	25,248
Transfers from reserves		8,369	8,369
Total funding applied		43,401	49,758
Funding surplus/(deficit)		(1,291)	(2,410)
Included in the groups of activity expenditure above are these costs of maintaining assets		6,770	6,670

"General rates" funding above includes rates from all sources excluding Access Hamilton and water rates which are shown separately where applicable.

VARIATIONS TO COUNCIL'S 2009-19 LTCCP		
VARIATION REFERENCE	DESCRIPTION	REASON
1	Increased capital expenditure of \$6.829 million for Water Management activities (2010/11 budget of \$32.708 million).	Increased capital expenditure due to the bringing forward of works associated with future Rotokauri industrial development.

5.0 FINANCE SECTION

TE WAHANGA PUTEA

FINANCIAL OVERVIEW

RATES LEVIED

For the 2010/11 financial year, the Council has budgeted income from rates of \$107.2m (2009/10 \$103.1m).

Rates income will increase by 3.96% for the 2010/11 financial year, which includes the Access Hamilton targeted rate.

Taking account of growth in the city's rating base, this represents an average increase of 3.67% to existing Hamilton ratepayers.

RATES LEVIED		
	LTCCP 2010/11	ANNUAL PLAN 2010/11
Total rates levy in \$m	108.8	107.2
Rates levy (total increase)*.	5.57%	3.96%
Less rating growth (new ratepayers) in \$m	-0.9	-0.3
Rate levy increase to existing ratepayers	4.66%	3.67%
Inflation adjustment	1.50%	2.0%
Rate increase to existing ratepayers above inflation adjustment	3.16%	1.67%

* Excludes consumption based rates.

RATES BY PROPERTY SECTOR

The indicative rates levy for 2010/11 on the average value of each property sector is:

RATES BY PROPERTY SECTOR	
	ANNUAL PLAN 2010/11
Residential	\$1,603
Inner city	\$1,026
Commercial	\$9,681
Multi-unit	\$4,213
Rural residential	\$3,640
Rural large	\$4,593
Rural small	\$1,908

RATES AFFORDABILITY

For 2010/11, Hamilton City Council's average residential rates as a percentage of the Waikato region median family household income is 2.4%.

RATES AFFORDABILITY

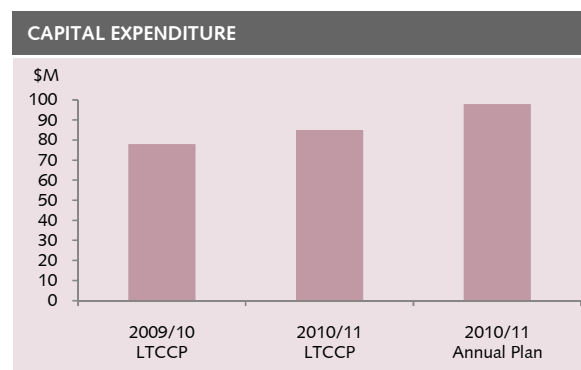
	ANNUAL PLAN 2010/11
Average residential rate	\$1,603
Median family household income*	\$65,768
Average residential rate as % of income	2.4%

* Berl Economics - Projections of National and Regional Household Income to 2019. Nov 2008.

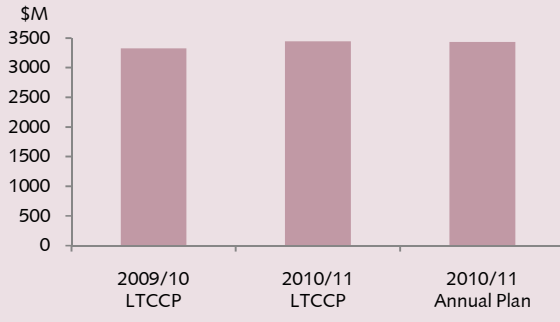
Estimate of median family household income will be updated when available.

FINANCIAL SUMMARY

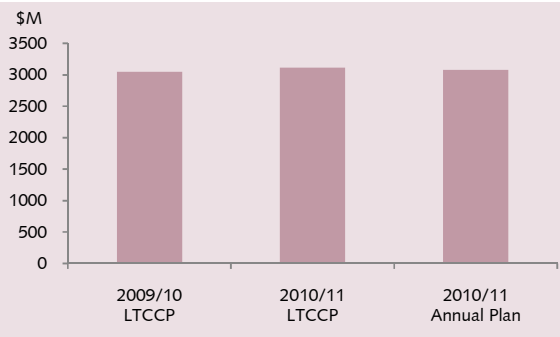
A graphical presentation of key financial statistics for June 2011 as indicated in the LTCCP and the 2010/11 Annual Plan is shown as follows:



TOTAL FIXED ASSETS



EQUITY



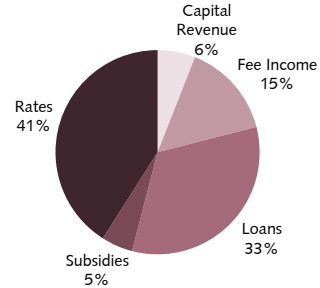
FINANCIAL SUMMARY

	LTCCP 2010/11 (\$M)	ANNUAL PLAN 2010/11 (\$M)
Rates (incl penalties less remissions and rates charged to Council properties)	115	113
Total fixed assets	3,441	3,431
Equity	3,115	3,078
Capital expenditure	85	98

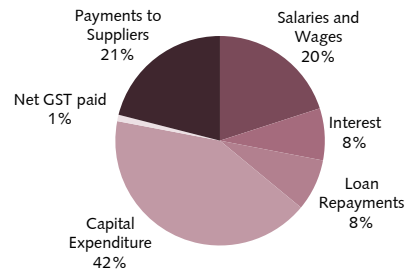
CASH FLOW

The estimated sources and uses of cash for the year ending 30 June 2011 is summarised as follows:

SOURCES OF CASH (\$280M)



USES OF CASH (\$280M)



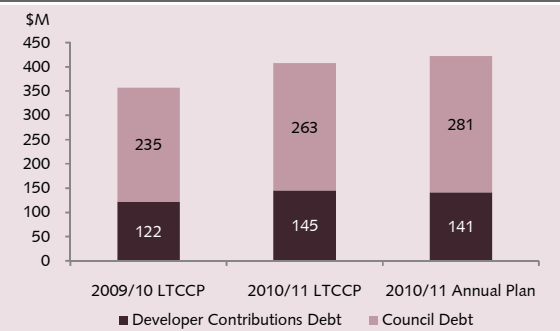
CITY DEBT

The graph below shows the total debt for June 2011 as indicated in the LTCCP and in the 2010/11 Annual Plan, split between Council debt funded by rates and debt to be funded by development contributions.

The overall level of total debt including internal borrowing is forecast to be \$422m by the end of the 2010/11 financial year. This compares to \$408m for 2010/11 as indicated in the LTCCP.

Debt funded by development contributions at the end of the 2010/11 financial year is estimated to be \$141m. This compares to \$145m for 2010/11 as indicated in the LTCCP.

TOTAL DEBT 2010/11



DEBT BALANCES (INCLUDING INTERNAL BORROWING)

DEBT BALANCES (INCLUDING INTERNAL BORROWING)		
	LTCCP 2010/11 (\$M)	ANNUAL PLAN 2010/11 (\$M)
Funded by Access Hamilton	32	34
Funded by Rates	231	247
Closing Balance - Council Debt	263	281
Funded by Development Contributions	145	141
CLOSING BALANCE TOTAL DEBT (including internal borrowing)	408	422

DEBT SERVICING PERFORMANCE LIMITS

DEBT SERVICING PERFORMANCE LIMITS		
	LTCCP 2010/11	ANNUAL PLAN 2010/11
Policy Limits - Council Debt		
• Interest on total Council debt (excluding interest on DC debt) as % of total rating income (Max 20%)	13%	13%
• Total Council debt as % of total income (Max 180%) (excluding total DC contributions received p.a. in income)	148%	161%
• Total Council debt per capita (Max \$2,000) (expressed in 2009 \$)	\$1,729	\$1,845
Policy Limits - Total debt		
• Total debt as % of total assets (Max 25%)	12%	12%
• Total debt as % of total income (Max 250%)	213%	224%
• Interest (total) as % of total income (Max 20%) (including total DC contributions received p.a. in income)	12%	12%
• Liquidity (on total debt & working capital) (Min 110%)		119%

INDICATIVE RESIDENTIAL RATES

For 2010/11, the rates levy on the average value Hamilton home will be \$1,603 that is, about \$31 per week. The indicative rates levy per week is presented graphically below for each service of Council.



FORECAST FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

GENERAL INFORMATION

The forecast financial statements are for Hamilton City Council only and do not include transactions related to the group because the differences to the Council financial statements are minimal.

This forecast financial information has been prepared to meet the requirements of the Local Government Act 2002. This information may not be suitable for use in any other context.

The actual results achieved for the period covered by this Annual Plan are likely to vary from the information presented in this document, and these variations may be material.

The actual statement of financial position at 30 June 2009 has been used to give an opening position for the proposed statement of financial position. This is the extent to which actual financial results have been incorporated into this Annual Plan.

The forecast financial statements comply with Financial Reporting Standard 42 - Prospective Financial Statements.

FORECAST STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011			
	NOTE	LTCCP 2010/11 \$000	ANNUAL PLAN 2010/11 \$000
REVENUE			
Rates	2	114,955	113,298
Revenue from activities	3	47,926	46,367
Capital subsidies	3	10,437	10,392
Development contributions	3	13,841	13,841
Other contributions/grants	3	3,810	3,765
Vested assets	3	11,165	11,165
Sundry revenue	3	765	765
Total operating revenue		202,899	199,593
EXPENDITURE			
Depreciation and amortisation		47,201	48,009
Employee benefit expenses		54,773	54,809
Finance costs	4	23,146	23,378
Other expenses	5	62,678	60,413
Total operating expenditure		187,798	186,609
Net Surplus/(deficit)		15,101	12,984
OTHER COMPREHENSIVE INCOME			
Net increase in revaluation of assets		49,907	49,574
Total other comprehensive income		49,907	49,574
Total comprehensive income for the year		65,008	62,558

The net surplus above is an operational surplus rather than a rates surplus. It includes vested assets and subsidies for capital expenditure.

FORECAST STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2011			
	NOTE	LTCCP 2010/11 \$000	ANNUAL PLAN 2010/11 \$000
EQUITY BALANCE AT 1 JULY			
Total comprehensive income for the year		3,050,068	3,015,662
		65,008	62,558
Equity balance at 30 June		3,115,076	3,078,220
COMPONENTS OF EQUITY			
Retained earnings at beginning of year		1,606,946	1,580,814
Net surplus/(deficit)		15,101	12,984
Transfers (to)/from restricted and council created reserves		586	804
Retained earnings at end of year		1,622,633	1,594,602
Revaluation reserves at beginning of year		1,424,291	1,420,179
Revaluation gains		49,907	49,574
Revaluation reserves at end of year		1,474,198	1,469,753
Restricted and council created reserves at beginning of year		18,831	14,669
Transfers to/(from) reserves		(586)	(804)
Restricted and council created reserves at end of year		18,245	13,865
Equity balance at 30 June	9	3,115,076	3,078,220

The accompanying statement of accounting policies and notes to the financial statements form part of and should be read in conjunction with these financial statements

FORECAST STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011			
	NOTE	LTCCP 2010/11 \$000	ANNUAL PLAN 2010/11 \$000
EQUITY			
Retained earnings	9	1,622,633	1,594,602
Revaluation reserves	9	1,474,198	1,469,753
Restricted reserves	9	5,358	5,358
Council created reserves	9	12,887	8,507
Total equity		3,115,076	3,078,220
ASSETS			
Current assets			
Cash and cash equivalents		250	250
Debtors and other receivables		13,195	13,195
Inventories		609	609
Total current assets		14,054	14,054
Non-current assets			
Property, plant and equipment		3,440,915	3,430,958
Investment property		65,157	55,206
Intangible assets		8,232	10,517
Other financial assets	6	2,347	4,747
Investment in associates	7	13,697	13,697
Total non-current assets		3,530,348	3,515,125
Total assets		3,544,402	3,529,179
LIABILITIES			
Current Liabilities			
Creditors and other payables		25,375	25,375
Employee entitlements		5,075	5,075
Borrowings	8	98,362	102,966
Provisions		313	454
Total current liabilities		129,125	133,870
Non-current liabilities			
Employee entitlements		1,523	1,523
Borrowings	8	294,425	308,238
Provisions		4,253	7,328
Total non-current liabilities		300,201	317,089
Total liabilities		429,326	450,959
Net assets		3,115,076	3,078,220

The accompanying statement of accounting policies and notes to the financial statements form part of and should be read in conjunction with these financial statements.

FORECAST STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2011			
	NOTE	LTCCP 2010/11 \$000	ANNUAL PLAN 2010/11 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash will be provided from:			
Rates revenue	2	114,955	113,298
Fees, rents and charges	3	44,375	42,803
Government operating subsidies and grants		3,551	3,564
Government capital subsidies and grants	3	10,437	10,392
Other capital contributions	3	17,651	17,606
Interest received	3	0	0
Dividends	3	250	250
Sundry revenue	3	515	515
		191,734	188,428
Cash will be applied to:			
Salaries and wages		56,459	54,809
Payments for supplies and services		59,469	58,590
Interest paid		23,146	23,378
Net GST paid		1,523	1,523
		140,597	138,600
Net cash flow from operating activities		51,137	49,828
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash will be provided from:			
Proceeds from sale of assets		0	0
		0	0
Cash will be applied to:			
Purchase of fixed assets		102,697	118,660
		102,697	118,660
Net Cash outflow from investing activities		(102,697)	(118,660)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash will be provided from:			
Loans uplifted		74,291	91,392
		74,291	91,392
Cash will be applied to			
Loan repayments		22,731	22,560
		22,731	22,560
Net cash inflow from financing activities		51,560	68,832
Net increase/(decrease) in cash held		0	0
Plus opening cash balance 1 July		250	250
Closing cash and cash equivalents balance		250	250

The accompanying statement of accounting policies and notes to the financial statements form part of and should be read in conjunction with these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

Hamilton City Council is a territorial local authority governed by the Local Government Act 2002.

The primary objective of Hamilton City Council is to provide goods or services for the community or social benefit rather than making a financial return.

Accordingly, Hamilton City Council has designated itself as a public benefit entity as defined under New Zealand International Financial Reporting Standards (NZ IFRS).

Basis of Preparation

The financial statements of Hamilton City Council have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 98 and Part 3 of Schedule 10, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, certain infrastructure assets, investment property and financial instruments (including derivative instruments).

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000). The functional currency of Council is New Zealand dollars.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the statement of financial performance.

The accounting policies have been applied consistently to all periods presented.

Significant Accounting Policies

Basis of Consolidation

Subsidiaries

Subsidiaries are those entities in which Council has control. Hamilton Properties Ltd is Council's only subsidiary. The company is inactive.

The parent financial statements show the investment in this subsidiary at cost.

Associate Companies

These are entities which the Council has significant influence, but not control, over operating and financial policies.

The parent financial statements show investment in associates at cost.

Revenue Recognition

Revenue is measured at the fair value of consideration received.

Rates Revenue

Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when payable.

Water billing revenue is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year-end, is accrued on an average usage basis.

Other Revenue

Traffic and parking infringements are recognised when tickets are issued.

NZTA roading subsidies are recognised as revenue upon entitlement, which is when conditions pertaining to eligible expenditure have been fulfilled.

Other grants and bequests, and assets vested in Council (with or without conditions) are recognised as revenue when control over the assets is obtained.

Interest income is recognised as it accrues, using the effective interest method. The effective interest rate exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this rate to the principal outstanding to determine interest income each period.

Dividend income is recognised when the right to receive payment is established.

Development and financial contributions are recognised as revenue when Council provides, or is able to provide, the service for which the contribution is charged. Otherwise development and financial contributions are recognised as liabilities until such time Council provides, or is able to provide, the service.

Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Grant Expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of Council's decision.

Goods and Services Tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as

input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Income Tax

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantially enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, using tax rates that have been enacted or substantially enacted by balance date.

Current tax and deferred tax is charged or credited to the statement of financial performance, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

Property, Plant and Equipment

Property, plant and equipment consist of:

Operational Assets

These include land, buildings (which includes cultural assets, community and leisure facilities), improvements,

non-restricted parks and gardens, plant and equipment, vehicles, sports areas and library books.

Zoo Animals

Zoo animals are held primarily for a social and recreational purpose. The capital cost consists of the actual expense incurred in acquiring the Zoo animals.

Restricted Assets

These are parks and reserves owned by Council that cannot be disposed of because of legal or other restrictions and provide a benefit or service to the community.

Heritage Assets

These are museum collections and library collections (New Zealand Room).

Infrastructure Assets

These are the fixed utility systems owned by Council. Each asset type includes all items that are required for the network to function.

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to Council and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the statement of financial performance. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Subsequent Costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Council and the cost of the item can be measured reliably.

Valuation

Unless stated, valuations are carried out or reviewed by independent qualified valuers and are carried out with sufficient regularity to ensure that the carrying value does not differ materially from that which would be determined using fair value at balance date.

Revaluation increases and decreases relating to individual assets within a class of assets are offset. Revaluation increases and decreases in respect of assets in different classes are not offset.

Where the carrying amount of a class of assets is increased as a result of a revaluation, the net revaluation increase is credited to the revaluation reserve. The net revaluation increase shall be recognised in the statement of financial performance to the extent that it reverses a net revaluation decrease of the same class of assets previously recognised in the statement of financial performance.

A net revaluation decrease for a class of assets is recognised in the statement of financial performance, except to the extent that it reverses a revaluation increase previously recognised in the revaluation reserve provided a credit balance exists for the same class of asset in the revaluation reserve.

Assets have been valued as follows:

- *Operational Buildings* have been valued at fair value as determined from market-based evidence by independent valuers, otherwise depreciated replacement cost. SPM Consultants Ltd performed the most recent valuation and was effective as at 1 July 2006.
- *Parks and Garden Improvements* have been valued at replacement value by MWH and the valuation was effective as at 1 July 2006.
- *Plant and Equipment (excluding vehicles)* was valued based on market value by Beca and the valuation was effective as at 1 July 2001. This is deemed to be cost.
- *Zoo Animals* was valued based on estimated replacement cost by the Zoo Manager and the valuation was effective as at 1 July 2001. This is deemed to be cost.
- *Heritage Assets* have been valued by professionally qualified library staff (library collection) and an independent consultant (museum collection). The most recent valuation was effective as at 1 July 2006.
- *Infrastructure Assets (excluding land)* have been valued at depreciated replacement cost by independent valuers.

MWH performed the valuations of the Water Treatment Station and Wastewater Treatment Station and the valuations were effective as at 1 July 2006.

MWH performed the most recent valuations of other Infrastructure assets and they were effective as at 1 July 2007.

- *Land (excluding land under roads)* was valued at fair value as determined from market-based evidence by independent valuers Quotable Value and the valuation was effective as at 1 July 2006.
- *Land Under Roads* was valued based on fair value of adjacent land determined by Beca and the valuation was effective as at 1 July 2001. Under NZ IFRS, Council has elected to use the fair value of land under roads as at 1 July 2001 as deemed cost.
- *Work in Progress* All costs associated with the development of land and buildings and other assets are initially recognised as work in progress. On

completion, the total cost of the project is transferred to the appropriate asset class and then depreciated.

Vested Assets Certain infrastructure assets and land have been vested in Council as part of the sub-divisional consent process. The vested reserve land has been valued at the latest appropriate valuation or at a mutually agreed market value or at a value determined through arbitration. Vested infrastructure assets have been based on the actual quantities of infrastructure components vested and current 'in the ground' cost of providing identical services.

Depreciation

Depreciation is provided on a straight-line basis at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

MAJOR ASSET CLASSES USEFUL LIVES AND DEPRECIATION RATES		
ASSETS	USEFUL LIFE	DEPRECIATION RATE
Buildings - structure/fit out/services	40-100yrs	1%-2.5%
Plant and Vehicles	3-15 yrs	6.6%-33.3%
Furniture, Fittings and Equipment	5-10 yrs	10%-20%
Library Books	14 yrs	7.1%
Zoo Animal (acquisition costs)	10 yrs	10%
Roads and Traffic Network:		
• Top surface (seal)	6 - 18 yrs	5.5% - 16.6%
• Pavement (basecourse)	25 - 50 yrs	2% - 4%
• Catchpits	50 yrs	2%
• Culverts	60 - 80 yrs	1.25% - 1.6%
• Footpaths	50 - 70 yrs	1.4% - 2%
• Kerbs and traffic islands	70 yrs	1.4%
• Signs	12 yrs	8.3%
• Street lights	25 yrs	4%
• Bridges	150 yrs	0.6%
• Traffic signals	15 yrs	6.6%
• Barriers	25 - 40 yrs	2.5% - 4%
• Bus shelters and parking meters	4 - 10 yrs	10% - 25%
• Verge, embankment and retaining walls	60 yrs	1.6%
Wastewater Reticulation:		
• Pipes	60 - 100 yrs	1% - 1.6%
• Manholes	75 years	1.3%
• Treatment Plant	5 - 100 yrs	1% - 20%
• Bridges	75 - 100 yrs	1% - 1.3%
• Pump stations	15 - 100 yrs	1% - 6.6%

ASSETS	USEFUL LIFE	DEPRECIATION RATE
Stormwater System:		
• Pipes	100 yrs	1%
• Manholes, cesspits	100 yrs	1%
• Service connections and outlets	30 - 100 yrs	1% - 3.3%
Water Reticulation:		
• Pipes	60 - 80 yrs	1.25% - 1.6%
• Butterfly valves	50 - 75 yrs	1.3% - 2%
• Treatment plant	10 - 120 yrs	0.8% - 10%
• Meters	20 yrs	5%
• Hydrants	50 yrs	2%
• Reservoirs	30 - 80 yrs	1.25% - 3.3%

Heritage assets are depreciated by a nominal amount to reflect their extremely long life and heritage value.

Depreciation is not provided in these statements on the following assets:

- Land
- Formation costs associated with roading
- Investment properties
- Properties for resale
- Work in progress and assets under construction.

Any work undertaken on infrastructure assets to reinstate (termed 'renewal') or add to the service potential is capitalised.

Investment Properties

Investment properties, which are held to earn rental income and/or for capital appreciation, are stated at fair value. These assets consist of investment properties owned by Council, funded either from Corporate Funds, the Domain Sales Endowment Fund or the Municipal Crown Endowment Fund.

Gains or losses arising from changes in the fair value of investment property are included in the Statement of Financial Performance for the period in which they arise.

The investment property portfolio is valued on an annual basis by two independent valuers, Telfer Young (Waikato) Limited and Darroch Valuations.

Non-Current Assets Held for Sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the statement of financial performance.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Intangible Assets

Intangible assets comprise:

Computer software licences They are capitalised at historic cost and are amortised on a straight-line basis over their estimated useful lives (5 years). Costs associated with maintaining computer software are recognised as an expense when incurred.

Resource consents which are not attributed to a specific asset They are capitalised at historic cost and are amortised on a straight-line basis over their estimated useful lives (7 to 35 years).

Impairment of Non-Financial Assets

The carrying amount of the Council's assets, other than investment property and inventories are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Council estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where the future economic benefits of an asset are not primarily dependant on the asset's ability to generate net cash flows, and where the Council would, if deprived of the asset, replace its remaining future economic benefits, value in use shall be determined as the depreciated replacement cost of the asset.

Where the Council accounts for revaluations of property, plant and equipment on a class of asset basis, an impairment loss on a revalued asset is recognised directly against any revaluation reserve in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation reserve for that same class of asset.

Where the Council accounts for revaluations of property, plant and equipment on a class of asset basis, a reversal of an impairment loss on a revalued asset is credited directly to the revaluation reserve. However, to the extent that an impairment loss on the same class of asset was previously recognised in the statement of financial performance, a reversal of that impairment loss is also recognised in the statement of financial performance.

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less any estimated costs of completion and selling expenses.

The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the statement of financial performance in the period of the write-down.

Financial Instruments

Financial assets and liabilities are recognised on the Council's statement of financial position when the Council becomes a party to the contractual provisions of the instrument.

Financial Assets

- *Trade and Other Receivables*

Trade and other receivables are stated at cost less provision for impairment.

- *Investments*

The Council classifies its investments in the following categories:

Loans and Receivables

Loans and receivables, such as general and community loans, mortgages, deposits and term deposits, are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are measured at initial recognition, at fair value, and subsequently carried at amortised cost less impairment losses.

Held-to-Maturity Investments

Held-to-maturity investments, such as the Sinking Fund, are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity. They are measured at initial recognition at fair value, and subsequently carried at amortised cost less impairment losses.

Other Investments

Investments other than held-to-maturity are classed as either investments held-for-trading or as available-for-sale and are stated at cost less the annual test for impairment. For assets designated as held-for-trading, any resultant gain or loss from changes in the value are recognised in the statement of financial performance. For assets designated as available-for-sale, which are measured at fair value, any resultant gain or loss from changes in the fair value is recognised in equity e.g. shares in Local Authority Shared Services Ltd and NZ Local Government Insurance Co Ltd.

- *Cash and Cash Equivalents*

Cash and cash equivalents includes cash on hand, deposits held at call with banks, and other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

- *Impairment of Financial Assets*

At each balance sheet date Council assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the statement of financial performance.

Financial Liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Council after deducting all of its liabilities.

- *Bank Borrowings*

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Finance charges, premiums payable on settlement or redemption and direct costs are accounted for on an accrual basis to the statement of financial performance using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

- *Debt*

Debt is categorised as follows:

Total Debt includes all external and internal borrowing

Net Debt is equal to total debt less internal borrowing

Total Council Debt is equal to total debt less debt funded by development contributions

Note that internal borrowing is eliminated in the financial statements.

- *Trade and Other Payables*

Trade and other payables are initially measured at fair value, and where appropriate are subsequently measured at amortised cost, using the effective interest rate method.

- *Derivative Financial Instruments*

The Council's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. Council uses foreign exchange forward contracts and interest rate swaps to manage their foreign currency and interest rate exposure. Derivative financial instruments are recognised initially at fair value. The Council has elected not to hedge account for these derivative financial instruments.

Changes in the fair value of the derivative financial instruments are recognised in the Statement of Financial Performance.

Employee Benefits

Provision is made in respect of the liability for annual leave, retirement gratuities and short-term compensated absences.

The provision for annual leave and long service leave has been calculated on an actual entitlement basis at current rates of pay.

The provision for retirement gratuities has been calculated on an actuarial basis bringing to account what is likely to be payable in the future in respect of service that employees have accumulated up until twelve months after balance date.

Payments to defined contribution superannuation schemes are recognised as an expense in the financial statements as incurred.

The provision for short-term compensated absences (e.g. sick leave) has been measured as the amount of unused entitlement accumulated at the pay period ending immediately prior to the balance date that the entity anticipates employees will use in future periods, in excess of the days that they will be entitled to in each of those periods.

Leases

Leases consist of:

Finance Leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, Council recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether Council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating Leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Provisions

Council recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs".

Landfill Post-Closure Costs

Council, as operator of the Horotiu landfill, which was closed on 31 December 2006, has a legal obligation under the resource consent to provide ongoing maintenance and

monitoring services at the landfill site after closure. A provision for post-closure costs is recognised as a liability when the obligation for post-closure arises.

The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including legal requirements and known improvements in technology. The provision includes all costs associated with landfill post-closure.

Amounts provided for landfill post-closure are capitalised to the landfill asset where they give rise to future economic benefits to be obtained. Components of the capitalised landfill asset are depreciated over their useful lives.

The discount rate used is a rate that reflects current market assessments of the time value of money and the risks specific to Council.

All subsequent changes in the liability shall be recognised in the statement of financial performance and the periodic unwinding of the discount will also be recognised in the statement of financial performance as a finance cost as it occurs.

Equity

Equity is the community's interest in Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

The components of equity are:

- *Retained earnings*
- *Revaluation reserves*
- *Restricted reserves*
- *Council created reserves*

Retained earnings comprise accumulated surpluses over the years.

Revaluation reserves comprise accumulated revaluation increments/decrements.

Restricted reserves are those funds subject to external restrictions accepted as binding by Council, which may not be revised by Council without reference to the Courts or a third party.

Council created reserves are formally imposed designations of public equity that indicate Council's intention to use a certain level of resources for a special purpose.

Contingent Assets and Contingent Liabilities

Contingent assets and contingent liabilities are recorded at the point at which the contingency is evident and if the possibility that they will materialise is not remote. Contingent assets are disclosed if it is probable that the benefits will be realised.

Statement of Cash Flows

Cash comprises cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which Council invests as part of its day-to-day cash management.

Operating activities include cash received from all income sources of Council and cash payments made for goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in debt capital structure of Council.

Cost of Service Statements

The cost of service statements report the costs and revenues relating to the significant activities of Council.

Expenditure includes an allocation of support services and an allocation of interest.

- Support services are those activities, which are not considered to be direct services to the public and are allocated across the significant activities on a basis, which reflects usage of the support services. Included in the allocation for support services is an allocation of the business unit surpluses/deficits. These are allocated where possible on a usage basis.
- Interest is allocated to the outcome area on the basis of the book value of land and buildings employed for each item in the cost of service statements except for water, wastewater, stormwater, refuse, transport centre, outdoor stadium, community assistance grants, economic development grants, property improvements and any other specific projects where the interest on the value of loans appropriated for those activities are allocated entirely to the outcome area.

Critical Judgements and Estimations in Applying the Council's Accounting Policies

The preparation of financial statements in conformity with NZ IFRS requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revisions affect both current and future periods.

Management has made the following judgements and estimations that have the most significant effect on the amounts recognised in the financial statements:

Property Plant and Equipment

As the Council is a Public Benefit Entity, property plant and equipment are valued at depreciated replacement cost that is based on an estimate of either fair value or current gross replacement costs of improvements less allowances for physical deterioration, and optimisation for obsolescence and relevant surplus capacity. There are certain assets such as wastewater or stormwater related assets which may be

affected by changes in the measurement of qualitative standards which could affect the results of future periods.

The depreciation method used reflects the service potential of assets and is reviewed each year to ensure that there is no under maintenance of assets which could affect the results of future periods.

Landfill Post-closure Provision

The estimate of the provision for landfill post-closure costs is based on assumptions, which may be influenced by changes in technology and society's expectations and could affect future results.

NOTE 2: RATES REVENUE

	LTCCP 2010/11 \$000	ANNUAL PLAN 2010/11 \$000
General rates	106,094	104,837
Targeted rates		
• Business Improvement District	200	200
• 100% non-rateable land	812	812
• 50% non-rateable land	102	102
• Access Hamilton	1,600	1,200
• Water by meter	6,655	6,655
Rate penalties	609	609
Less rates remissions	(397)	(397)
Less rates charged to Council properties	(720)	(720)
Total rates revenue	114,955	113,298
Less consumption based rates:		
Targeted rates — water by meter	(6,655)	(6,655)
Total rates revenue excluding consumption based rates	108,300	106,643

NOTE 3: OTHER REVENUE

	LTCCP 2010/11 \$000	ANNUAL PLAN 2010/11 \$000
Revenue from activities		
City profile	8,882	8,721
City safety	1,679	1,668
Community development and amenities	4,188	4,114
Democracy	229	229
Event and cultural venues	9,187	7,546
Recreation	4,595	4,555
Transportation	11,228	11,631
Urban development	5,081	5,051
Waste minimisation	933	933
Water management	3,447	3,442
Less internal revenue	(1,523)	(1,523)
Total revenue from activities	47,926	46,367
Capital contributions		
Capital subsidies	10,437	10,392
Vested assets	11,165	11,165
Development contributions	13,841	13,841
Other contributions/grants	3,810	3,765
Total capital contributions	39,253	39,163
Sundry revenue		
Dividends	250	250
Other income	515	515
Total sundry revenue	765	765
Total other revenue	87,944	86,295

NOTE 4: FINANCE COSTS

	LTCCP 2010/11 \$000	ANNUAL PLAN 2010/11 \$000
Interest on bank borrowings	22,923	23,155
Interest on leased assets	223	223
Total finance costs	23,146	23,378

NOTE 5: OTHER EXPENSES

	LTCCP 2010/11 \$000	ANNUAL PLAN 2010/11 \$000
City profile	12,109	12,221
City safety	3,908	3,905
Community development and amenities	18,733	18,646
Democracy	5,751	5,876
Event and cultural venues	22,518	21,200
Recreation	29,058	29,365
Transportation	41,508	40,237
Urban development	9,522	9,846
Waste minimisation	6,122	6,226
Water management	41,611	41,873
Less internal expenditure	(1,523)	(1,523)
Less rates charged to Council properties	(720)	(720)
Less interest on internal borrowing	(1,002)	(1,023)
Total expenses from activities	187,595	186,129
Other expenditure	203	480
Less finance costs	(23,146)	(22,378)
Less employee benefit expenses	(54,773)	(54,809)
Less depreciation and amortisation	(47,201)	(48,009)
Total other expenses	62,678	60,431

NOTE 6: OTHER FINANCIAL ASSETS

	LTCCP 2010/11 \$000	ANNUAL PLAN 2010/11 \$000
NON-CURRENT PORTION:		
Loans and receivables		
Loan to Hamilton Fibre Network Ltd	1,011	1,011
Loan to Innovation Waikato Ltd	0	2,400
Other investments		
Unlisted shares in Hamilton Properties Ltd	1	1
Unlisted shares in Local Authority Shared Services Ltd	727	727
Unlisted shares in NZ Local Government Insurance Co Ltd	608	608
Total non-current portion	2,347	4,747
Total other financial assets	2,347	4,747

NOTE 7: INVESTMENT IN ASSOCIATES

	LTCCP 2010/11 \$000	ANNUAL PLAN 2010/11 \$000
Hamilton Riverview Hotel Ltd (Novotel & Ibis)	6,000	6,000
Waikato Regional Airport Ltd	7,430	7,430
Hamilton Fibre Network Ltd	267	267
Estimated balance at 30 June 2009	13,697	13,697

NOTE 8: BORROWINGS

The city's debt has been issued in accordance with the Local Government Act 2002. The loans are secured through the debenture trust deed over all rates with one exception. The \$5.204m loan used to purchase Claudelands Park is secured by way of a mortgage.

	LTCCP 2010/11 \$000	ANNUAL PLAN 2010/11 \$000
Current		
Secured loans	97,374	101,978
Lease liabilities	988	988
Total current borrowings	98,362	102,966
Non-current		
Secured loans	292,121	305,934
Lease liabilities	2,304	2,304
Total non-current borrowings	294,425	308,238
Total borrowings	392,787	411,204

Total borrowings disclosed on the statement of financial position exclude borrowing from internal reserves. The table below shows Council's loans including borrowing from internal reserves.

	LTCCP 2010/11 \$000	ANNUAL PLAN 2010/11 \$000
Secured loans - current	97,374	101,978
Secured loans - non-current	292,121	305,934
	389,495	407,912
Add internal borrowings	18,245	13,865
Total debt (excluding lease liabilities)	407,740	421,777

Council's debt servicing performance limits disclosed below include both total borrowings (external debt) and borrowing from internal reserves.

DEBT SERVICING PERFORMANCE LIMITS			
	POLICY LIMITS	LTCCP 2010/11	ANNUAL PLAN 2010/11
POLICY LIMITS - TOTAL COUNCIL DEBT			
1. Interest on total Council debt (excluding interest on DC debt) as % of total rating income	Max 20%	13%	13%
2. Total Council debt as % of total income (excluding total DC contributions received p.a. in income)	Max 180%	148%	161%
3. Total Council debt per capita (expressed in 2009 \$)	Max \$2,000	\$1,729	\$1,845
POLICY LIMITS - TOTAL DEBT			
1. Total debt as % of total assets	Max 25%	12%	12%
2. Total debt as % of total income	Max 250%	213%	224%
3. Interest (total) as % of total income (including total DC contributions received p.a. in income)	Max 20%	12%	12%
4. Liquidity (on total debt & working capital)	Min 110%		119%

Council uses synthetic instruments (swaps and FRAs) to manage its interest rate risk profile based on independent professional advice. Term debt includes an interest free loan from the Energy Efficiency Conservation Authority (EECA).

NOTE 9: EQUITY

	LTCCP 2010/11 \$000	ANNUAL PLAN 2010/11 \$000
Retained earnings		
Opening balance	1,606,946	1,580,814
Net surplus	15,101	12,984
Transfers (to)/from restricted and council created reserves	586	804
Total retained earnings	1,622,633	1,594,602
REVALUATION RESERVES		
General asset revaluation reserves		
Opening balance	1,424,291	1,420,179
Revaluation gains	49,907	49,574
Total revaluation reserves	1,474,198	1,469,753
Restricted and council created reserves (detailed below)		
Opening balance	18,831	14,669
Transfers (to)/from restricted and council created reserves	(586)	(804)
Total restricted and council created reserves	18,245	13,865
Total equity	3,115,076	3,078,220

	LTCCP 2010/11 \$000	ANNUAL PLAN 2010/11 \$000
RESTRICTED AND COUNCIL CREATED RESERVES		
Restricted reserves		
Cemetery plot maintenance in perpetuity	1,992	1,992
Domain endowment fund	2,597	2,597
Municipal crown endowment reserve	769	769
Total restricted reserves	5,358	5,358
Council created reserves		
Access Hamilton reserve	4,263	4,199
Asset renewal reserve	3,197	3,197
Berm levy reserve	35	35
Bus shelter (Adshel) reserve	38	38
Dame Hilda Ross library memorial reserve	1	1
Disaster recovery reserve	5,560	5,703
Hotel dividend equalisation reserve	(252)	(225)
Housing upgrade reserve	236	236
Museum collection reserve	293	293
Peachgrove lounge site development reserve	48	48
Project watershed reserve	484	438
Reserves contribution fund	137	137
Retiring gratuity service	587	587
Roman Catholic schools library reserve	2	2
Rotokauri/Te Rapa land sale reserve	5,268	5,268
Septic tank reserve	11	11
Storm drainage reserve	273	273
V8 event reserve	(6,269)	(11,141)
Waiwhakareke lake subdivision reserve	(430)	0
Waste minimisation reserve	51	51
WINTEC recreation area development reserve	(2)	0
WRAL capital reserve	(805)	(805)
Zoo animal acquisition reserve	161	161
Total council created reserves	12,887	8,507
Total restricted and council created reserves	18,245	13,865

NOTE 10: CAPITAL EXPENDITURE

	EXPENDITURE TYPE	LTCCP 2010/11 \$000	ANNUAL PLAN 2010/11 \$000	FUNDED BY							FUNDING SOURCE
				LOANS BY RESERVES	LOANS BY DCL	LOANS BY RATES	RESERVES	SUBSIDIES	OTHER REVENUE	RATES	
CITY PROFILE											
City Promotion											
Christmas decorations programme	C	22	22			22					
Economic Development											
City Heart Garden Place & Civic Square	C	2,487	2,487			2,487					
Total City Profile		2,509	2,509			2,509					
CITY SAFETY											
Central City Safety											
Maintaining City Safe technology	R	20	20							20	
Total City Safety		20	20							20	
COMMUNITY DEVELOPMENT & AMENITIES											
Cemeteries and Crematorium											
Hamilton Park cemetery ash burial extensions	C	19	19			19					
Hamilton Park cemetery burial lawn extension	C	51	51			51					
Housing Services PMU											
Pensioner housing upgrade programme	C	2,944	2,944				2,944			HU/UC	
Libraries											
Library collection purchases	R	1,556	1,374							1,374	
Libraries asset renewal	R	91	91							91	
Libraries minor development programme	C	42	42			42					
Social Development											
Community facility assets renewal	R	17	17							17	
Toilets											
Public toilets programme	C	152	152		45	108					
Total Community Development & Amenities		4,872	4,690		45	219	2,944			1,482	
EVENT & CULTURAL VENUES											
Hamilton City Theatres											
Theatres equipment and asset renewals	R	210	210							210	
Claudelands Events Centre											
Claudelands development programme - arena	C	23,140	23,140		1,620	21,520					
Claudelands equipment purchase programme	C	100	100			100					
Claudelands equipment & asset renewal programme	R	45	45							45	
Waikato Museum											
Museum development fund	C	41	41			41					
Museum equipment renewal	R	106	106							106	
Public art funding	C	51	51			51					
Waikato Stadium											
Waikato Stadium equipment and asset renewals programme	R	308	58							58	
Seddon Park											
Seddon Park equipment and asset renewals programme	R	53	53							53	
Seddon Park grounds renewals programme	R	63	63							63	
Total Event & Cultural Venues		24,116	23,866		1,620	21,711				535	
RECREATION											
City Beautification											
City beautification asset renewals programme	R	13	13							13	
Fountain asset renewal programme	R	5	5							5	
Hamilton Gardens											
Hamilton Gardens grounds development programme	C	293	293		66	161		66			
Hamilton Gardens asset renewals	R	66	66							66	

	EXPENDITURE TYPE	LTCCP 2010/11 \$000	ANNUAL PLAN 2010/11 \$000	FUNDED BY						FUNDING SOURCE	
				LOANS BY RESERVES	LOANS BY DCL	LOANS BY RATES	RESERVES	SUBSIDIES	OTHER REVENUE		RATES
Alarms in enclosed areas & mtc yeard & upgrade sector fence	N	C	29							29	
Parks and Gardens											
Esplanade reserve acquisition & development		C	64		19	45					
Gully park development programme		C	107		61	22	23				PW
Hamilton Lake Domain renewal programme		R	125							125	
Amenity parks asset renewals		R	42						42		
Riverbank stability programme		R	76				76				PW
Pedestrian linkages on parks programme		C	45			45					
Recreation equipment programme	R	C	204			279					
Carpark maintenance programme	R	R	303							168	
Natural area parks asset renewals		R	46							46	
Park signposting programme	R	C								14	
Park seats programme		C	11		4	7					
Rototuna passive park development programme		C	128		122	6					
Land acquisition for reserves in infill areas		C	1,117				1,117				RCF
Waiwhakareke Natural Heritage Park development programme		C	20		6	14					
Sports Areas											
Sports areas asset renewals programme		R	96							96	
Swimming Facilities											
Waterworld asset renewals		R	285							285	
Gallagher Aquatic Centre asset renewals		R	46							46	
Hydrotherapy pool		C	1,430			1,430					
Gallagher Aquatic Centre plant renewals		R	57							57	
Waterworld extension of existing UV water treatment system		C	228			228					
Zoo											
Zoo renewal animal enclosures		R	103							103	
Zoo renewal buildings structures etc		R	108							108	
Zoo visitor shelters		C	68			68					
Total Recreation			5,084		278	2,305	1,216		66	1,202	
SUPPORT SERVICES											
Information Services											
Project Phoenix IT systems upgrade		C	2,977			2,977					
Cisco Callmanager telephony upgrade		C	102			102					
Zeacom VoiceMail system upgrade		C	30			30					
Network equipment renewal and growth		R	46							46	
IS additional data storage		C	203			183				20	
Microsoft SQL database server		C	10							10	
Property (support)											
Fleet renewals programme		R	1,077							1,077	
Facilities renewals programme	R	R	2,514							2,404	
Pensioner housing renewals programme		R	541							541	
Public toilet renewal programme		R	107							107	
Staff facilities upgrade programme		C	142			142					
Building and site security improvements		C	51			51					
Total Support Services			7,879			3,484				4,205	
TRANSPORTATION											
Transport: Access Hamilton											
Shared walking, cycling route development programme		C	528		153	375					
Peachgrove, Hukanui intersection upgrades and minor improvements		C	102					102			
E1-Peachgrove East St, Te Aroha-Peachgrove intersections		C	88		31	57					
Ruakura Rd upgrade		C	127		82	45					
Cycleway construction (Access Hamilton)		C	1,308	1,308	382	206		721			
Claudlands Grey St intersection		C	508	508	228			279			
School speed zones (signage and education)		C	152	152	152						
Northern growth corridor		C		5,000	3,250	1,750					

	EXPENDITURE TYPE	LTCCP 2010/11 \$000	ANNUAL PLAN 2010/11 \$000	FUNDED BY							FUNDING SOURCE
				LOANS BY RESERVES	LOANS BY DCL	LOANS BY RATES	RESERVES	SUBSIDIES	OTHER REVENUE	RATES	
Pedestrian cycling improvement works	C	2,030	2,030	2,030							
Carriageways Management											
Subdivision associated works	C	127	127		121	6					
Miscellaneous land purchases	C	51	51			51					
Kerb & channel replacement	R	1,233	1,233					554		679	
Area wide treatment	R	1,094	1,094					492		602	
Carriageways resurfacing	R	2,381	2,381					1,072		1,310	
Peacocks roading future growth	C	759	759	3	2			753			
Rototuna roading growth	C	705	705		284	421					
Central Area Off-street Parking											
City Heart underground carpark reconfiguration	N C		2,400			2,400					
Footpaths, Cycleways and Verges											
Footpath replacement	R	1,795	1,795							1,795	
Footpath construction and improvements	C	30	30			30					
Hamilton Transport Centre											
Transport Centre capacity improvement	C	162	162	162							
Transport Centre precinct improvements	C	508	508	305				203			
Public transport super stop	D C	305									
Parking Enforcement											
Parking Meter renewal	R	20	20							20	
Electronic handheld ticket machines renewal	R	20	20							20	
Traffic Services/Street Lighting											
Safety improvements	C	558	558			251		307			
Traffic calming	C	203	203			91		112			
Installation of new street lights	C	152	152			75		78			
Replacement of existing street lights	R C	355	255					115		140	
Traffic signal renewal	R	152	152					69		83	
Street signs renewal	R	51	51					23		28	
Safety barriers renewal	R	30	30					14		17	
Total Transportation		15,535	22,530	6,595	2,592	3,757		4,892		4,694	
WASTE MINIMISATION											
Refuse Collection/Recycling											
Closed landfills - renewals (resource)	R	71	71							71	
Close landfills - capital (resource)	C	342	342			342					
Total Waste Minimisation		413	413			342				71	
WATER MANAGEMENT											
Stormwater Reticulation											
Stormwater customer connections to the network	C	284	284						284		
Stormwater impact mitigation	C	57	57			57					
Stormwater contributions for increasing pipe sizes in subdivisions	C	61	61		61						
Stormwater Project Watershed emergency works	C	96	96				96				PW
Rotokauri stormwater pipe network	C	3,599	3,599		3,599						
Stormwater renewals	R	559	559							559	
Stormwater capacity upgrades enabling infill development	C	323	323		308	15					
Stormwater Project Watershed renewals Hamilton Parade	C	51	51			25	25				PW
Stormwater Project Watershed renewals Kirikiriroa	C	663	663			331	332				PW
Wastewater Reticulation											
Wastewater customer connections to the network	C	307	307						307		
Wastewater corrosion venting of interceptors	C	80	80			80					
Rotokauri trunk wastewater	C	1,693	8,560		8,560						
Wastewater pump station renewals	R	737	737							737	
Wastewater renewals	R	1,549	1,549							1,549	

	EXPENDITURE TYPE	LTCCP 2010/11 \$000	ANNUAL PLAN 2010/11 \$000	FUNDED BY						FUNDING SOURCE
				LOANS BY RESERVES	LOANS BY DCL	LOANS BY RATES	RESERVES	SUBSIDIES	OTHER REVENUE	
Wastewater Treatment Plant										
Telemetry and SCADA upgrade	C	355	355		54	301				
Wastewater treatment plant upgrade	C	6,471	6,471		3,560	2,911				
WWTP capital improvements	C	51	51			51				
WWTP asset renewals	R	639	639							639
WWTP bypass treatment	C	457	457		160	296				
WWTP outfall repairs	R	508	508			508				
Biosolids disposal	C	102	102			102				
Water Reticulation										
Water supply customer connections to the network	C	292	292						292	
Water supply Rototuna reservoir and associated bulkmains	C	932	932		886	46				
Citywide water reticulation upgrades	C	320	320			320				
Watermain renewals	R	1,518	1,518							1,518
Renewal water meters valves & hydrants	R	258	258							258
Water supply network bulk monitoring	C	51	51			51				
Water supply citywide backflow device installation	C	203	203			203				
Watermain upgrades for infill development	C	290	290		276	14				
Water works associated with state highways	R	152	152						76	76
Water Treatment Station										
Reservoir asset renewals	R	81	81							81
Water treatment station asset renewal	R	724	724							724
Reservoir capital improvements (compliance)	C	254	254			254				
Water treatment station capital improvements (resource)	C	143	143		100	43				
WTS capital improvements (growth)	C	457	457		434	22				
Total Water Management		24,316	31,183		17,999	5,629	454		960	6,142
Total Capital Expenditure		84,744	97,967	6,595	22,534	39,957	4,613	4,892	1,026	18,351

KEY

Variance To LTCCP

Deleted/Deferred

D

Revised costings

R

New

N

Expenditure Type

Capital

C

Renewal

R

Funding Source

Project Watershed Reserve

PW

Housing Upgrade Reserve

HU

User Charges/Other

UC

Contributions

UC

Reserves Contribution Fund

RCF

NOTE 11: RECONCILIATION OF NET COST OF GROUP ACTIVITIES TO THE NET SURPLUS

	LTCCP 2010/11 \$000	ANNUAL PLAN 2010/11 \$000
Operating surplus/(deficit) from cost of service statements		
City profile	(60)	(379)
City safety	6	(28)
Community development and amenities	654	488
Democracy	(3)	(193)
Event and cultural venues	415	(75)
Recreation	4,668	3,949
Transportation	(2,321)	(1,304)
Urban development	50	(357)
Waste minimisation	254	87
Water management	(725)	(1,392)
add vested assets	11,165	11,165
remove interest on internal borrowing	1,002	1,023
Net surplus/(deficit) per statement of comprehensive income	15,101	12,984

NOTE 12: COST OF SERVICE FUNDING SURPLUS/(DEFICIT)

	LTCCP 2010/11 \$000	ANNUAL PLAN 2010/11 \$000
Funding surplus/(deficit) from cost of service statements		
City profile	(174)	(241)
City safety	(164)	(173)
Community development and amenities	(1,113)	(928)
Democracy	(475)	(655)
Event and cultural venues	(989)	(1,273)
Recreation	(1,782)	(2,138)
Transportation	(220)	(809)
Urban development	(327)	84
Waste minimisation	(369)	(469)
Water management	(1,291)	(2,410)
Cost of service funding surplus/(deficit)	(6,907)	(9,012)

UNFUNDED SPECIAL AND CAPITAL PROJECTS

The unfunded Special and Capital Projects refer to projects that have merit but Council's financial resources do not allow these projects to proceed. Some unfunded projects will be considered for funding in subsequent years whilst for others, Council will endeavour to find alternative sources of funding.

Refer to the Schedule of Unfunded Special and Capital Projects included in Volume 2 of Council's 2009-19 LTCCP. These projects have not changed for this Annual Plan.

FUNDING IMPACT STATEMENT

INTRODUCTION

In terms of the Local Government (Rating) Act 2002, and the Local Government Act 2002, each council is required to prepare a Funding Impact Statement disclosing the revenue and financing mechanisms it intends to use.

The information in the following sub-sections is intended to achieve compliance with this legislation by, among other things, giving ratepayers full details of how rates are calculated.

SUMMARY OF FUNDING MECHANISMS AND INDICATION OF LEVEL OF FUNDS TO BE PRODUCED BY EACH MECHANISM

This statement should be read in conjunction with Council's Revenue and Financing Policy (Section 2) of Volume II of the 2009-19 LTCCP which sets out Council's policies in respect of each source of funding of operating and capital expenses — i.e. the revenue and financing mechanisms to be used to cover the expenses of the Council.

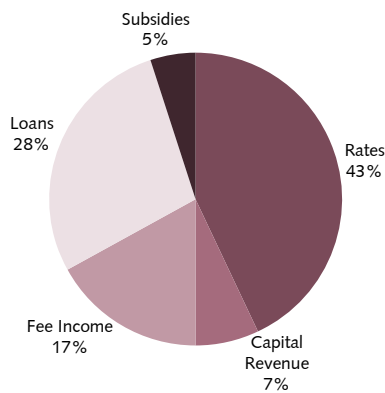
2010/11 Funding Mix

The mix of funding mechanisms for the city as a whole for the 2010/11 financial year is summarised graphically below.

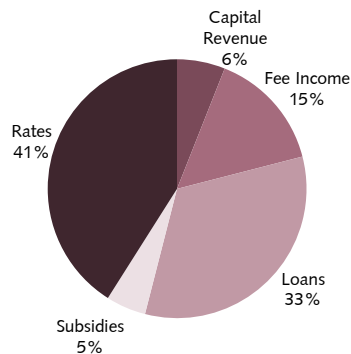
The particular revenue and financing mechanisms selected by Council, including the amount to be produced by each mechanism to meet the budgeted costs (as outlined in the 2010/11 Annual Plan), are set out in the Funding Impact Statement on the following page.

Details of user charges, other funding sources and rating mechanisms, and the proportion applicable to each service are outlined further in the Revenue and Financing Policy (Section 2) and the Appendices (Section 16) to the 2009-19 LTCCP.

SOURCES OF CASH FUNDING (\$266M) 2010/11 (LTCCP)



SOURCES OF CASH FUNDING (\$280M) 2010/11 (ANNUAL PLAN)



The Funding Impact Statement below summarises Council's expenditure and funding plans for 2010/11.

FUNDING IMPACT STATEMENT 2010/11 ANNUAL PLAN				
	LTCCP 2010/11 \$000	ANNUAL PLAN 2010/11 \$000	VARIANCE FAV/(UNFAV) \$000	NOTE
OPERATING STATEMENT				
Operating Revenue				
Rates	115,463	113,806	(1,657)	1
Fees and Charges	44,225	42,740	(1,485)	2
Operating Subsidies	3,702	3,628	(74)	3
Capital Subsidies	10,437	10,392	(45)	4
Development Contributions	13,841	13,841		
Other Contributions/Grants	3,810	3,765	(45)	5
Rates Penalties	609	609		
Other Income	765	765		
Total operating revenue	192,852	189,545		
Operating Expenditure				
Operating expenditure	119,570	117,362	2,208	6
Deprecation and amortisation	47,201	48,009	(808)	7
Interest Expense	23,147	23,378	(231)	8
Total operating expenditure	189,918	188,749		
Operating surplus/(deficit)	2,934	796		
CAPITAL AND RESERVES FUNDING STATEMENT				
Capital Expenditure				
Growth	13,917	22,535		
Increased level of service	52,876	54,158		
Renewal	17,951	21,274		
Total capital expenditure	84,744	97,967	13,223	9
Loan repayments (non asset sale funded)	22,731	22,561	170	10
Transfers to reserves	21,780	21,308	473	11
Total funding required	129,255	141,835		
Funded by:				
Operating Surplus	2,934	796	(2,138)	
Non cash expenses	47,201	48,009	808	12
Net cash funding from operations	50,135	48,805		
Loans raised	55,707	69,898	14,191	13
Transfers from reserves	23,413	23,131	(282)	14
Total Funding Applied	129,255	141,834		

NOTES

NOTE 1	LTCCP 2010/11 \$000	ANNUAL PLAN 2010/11 \$000	VARIANCE FAV/(UNFAV) \$000
RATES BREAKDOWN			
Non consumption based rates			
General rate	106,094	104,837	(1,257)
Targeted rate:			
• Business Improvement District	200	200	0
• 100% non rateable properties	812	812	0
• 50% non rateable properties	102	102	0
• Access Hamilton	1,600	1,200	(400)
Consumption based rates			
Targeted rate — water supply	6,655	6,655	0
Total rates	115,463	113,806	(1,657)

NOTE	VARIANCE
2	Lower revenue from fees and charges than previously forecast driven mainly by the revised opening date for the new Claudelands Events Centre.
3	Reduced subsidies associated with reduced renewals.
4	Reduced capital subsidies associated with reduction in budgeted renewals.
5	The 2009-19 LTCCP Funding Impact Statement incorrectly reported a figure of \$9.310m for other contributions/grants in the 2010/11 year. The correct figure of \$3.810m has now been reinstated. This error was limited to the Funding Impact Statement. Council's other financial statements and rates requirements were unaffected.
6	Reduced operating expenditure reflects the revised opening date for Claudelands as well as a range of general operating savings across Council. This figure also includes the withdrawn budget of \$300,000 relating to payment to Waikato District Council associated with the Ruakura boundary change (noting this is offset by reduced rating growth).
7	Combined impact of revised useful lives and valuations for some asset types.
8	Higher interest expense is driven mainly by the bringing forward of infrastructure works associated with the Te Rapa bypass and future Rotokauri industrial development.
9	This figure includes increased capital expenditure associated with the bringing forward of works associated with the Te Rapa bypass and future Rotokauri industrial development. The figure also includes increased capital expenditure associated with the proposed access relocation of the underground carpark as part of the Cityheart revitalisation project.
10	Lower loan repayments driven mainly by higher interest payments on DC funded debt.
11	Lower transfers to reserve mainly by lowering of the targeted rate due to lower Access Hamilton (AH) debt related finance charges.
12	\$9.012m of funding from non cash expenses represents Council's depreciation funding shortfall (see Calculation of Depreciation Funding table below).
13	Increased load funding primarily associated with the proposed access relocation of the underground carpark, as well as the bringing forward of works associated with the Te Rapa Bypass and future Rotokauri industrial development.
14	Lower transfers from reserve driven primarily by lower Access Hamilton finance charges.

CALCULATION OF DEPRECIATION FUNDING SHORTFALL			
	LTCCP 2010/11 \$000	ANNUAL PLAN 2010/11 \$000	VARIANCE FAV/(UNFAV) \$000
Net surplus	2,934	796	(2,138)
Add Depreciation	47,201	48,009	808
Operating Cash Flow	50,135	48,805	(1,330)
Less capital revenues	(9,121)	(9,435)	(314)
Other funding adjustments	(2,244)	(896)	1,348
Operating Cash Flow available to fund depreciation	38,771	37,474	(1,297)
Shortfall	(8,430)	(10,535)	(2,105)
Transfer to asset renewal reserve	1,523	1,523	
Total depreciation funding shortfall	(6,907)	(9,012)	(2,105)

Council's Revenue and Financing Policy, which was last reviewed for the 2009-19 LTCCP, explains Council's current depreciation funding shortfall as well as the expected improvement in this figure over the 10 year period.

For the revised 2010/11 Annual Plan budget, Council's depreciation funding shortfall of \$9.012 million remains broadly in line with the LTCCP figure of \$6.907 million. The \$2.105 million deterioration is driven by a combination of the \$808,000 increase in forecast depreciation as well as reduced renewal and loan principal repayments budgets.

DETAILED DESCRIPTION OF RATE FUNDING MECHANISMS

Setting of Rates for 2010/11

That the Hamilton City Council sets the following rates for the year commencing 1 July 2010 and ending 30 June 2011 in pursuance of the powers conferred on it by the Local Government Act 2002 and the Local Government (Rating) Act 2002.

Please note: All figures are stated GST exclusive. GST will be added at the prevailing rate at the time of invoicing.

General Rate

A general rate set and assessed on the land value of all rateable land in the City.

General rates are set under Section 13 of the Local Government (Rating) Act 2002 on a differential basis on the land value of all rateable properties. The differential basis is based on the use to which the land is put. The different categories of rateable land (differential) are outlined in the table below.

This funding mechanism covers all services of Council. The total revenue sought for 2010/11 is \$104.837 million excluding GST.

Every three years at the time of a revaluation, the differential factor is adjusted to maintain the differential yield of the previous rating year. The revised differential factor then applies until the next review of the LTCCP when the cost allocation model, rating system, and rating differential factors are reviewed. This post revaluation adjustment to the rating differential factor ensures that the incidence of rates between the rating categories is maintained as a result of the revaluation.

Hamilton city was revalued in September 2009. Therefore the differential factors for different rating categories have been adjusted for the 2010/11 year. A high-level analysis of the indicative rate impact by different rating sectors has been produced and is available on Council's website www.hamilton.co.nz/annualplan

The changes to the differential factors results in a change to part of Council's Revenue and Financing Policy (part of Council's 2009-19 LTCCP). Under Section 102 of the Local Government Act, changes to the Revenue and Financing Policy can only be made by and amendment to the LTCCP. Section 6.0 contains detailed information on the proposed amendment to Council's Revenue and Financing Policy.

The following table outlines the differential factors and yields for the various rating differential categories.

RATE FUNDING MECHANISMS					
SOURCE	DIFFERENTIAL CATEGORIES	DIFFERENTIAL FACTOR FOR 2009/10	DIFFERENTIAL FACTOR FOR 2010/11	GENERAL RATE IN THE DOLLAR OF LAND VALUE FOR 2010/11 (GST EXCLUSIVE)	REVENUE (GST EXCLUSIVE) 2010/11
Rates					
General Rate	Residential	1.0000	1.0000	\$0.008971	\$66,334,811
	Inner City Residential	0.9570	0.9370	\$0.008406	\$234,535
	Commercial/Industrial	2.2657	2.0542	\$0.018427	\$35,304,591
	Multi Unit Residential	1.4314	1.4247	\$0.012780	\$1,945,197
	Rural Residential	0.4940	0.4632	\$0.004155	\$66,661
	Rural Small	0.3336	0.3341	\$0.002997	\$715,928
	Rural Large	0.1666	0.1640	\$0.001471	\$235,277

CATEGORY DEFINITIONS - GENERAL RATE DIFFERENTIAL

Each rating unit is allocated to a differential rating category (based on the land use) for the purpose of calculating the general rate. Set out below are the definitions used to allocate rating units to categories.

Category A - Residential and Other

All rating units -

- (i) Used solely or principally for residential purposes as the home or residence of not more than two households which have available the full Council services; excluding properties categorised as Category B, Category C or Category E; or

- (ii) 2,000 square metres or less in area, used solely or principally for rural purposes, which receive full water and wastewater services from the Council; or
- (iii) The residential portion of a property which is used for both residential/ commercial use, i.e. small business operated from residential properties; or
- (iv) Bare land marketed for residential section sales not under development or land under development for a residential subdivision and no longer used principally for rural purposes; or
- (v) Not otherwise specified in the Category definitions.

Category B - Inner City Residential Apartments

All rating units -

- (i) Used solely or principally for residential purposes as the home or residence of not more than two

households, excluding properties categorised as Category C; and

- (ii) Located within the CBD where the Council cannot provide a household refuse collection service.

Category C - Commercial/Industrial

All rating units -

- (i) Used solely or principally for commercial or industrial purposes, but excluding properties categorised as Category F or G (note: commercial properties in rural areas will be rated at full commercial and a remission may be applied subject to the Remission of Rates for Commercial Land Use in a Rural Location Policy); or
- (ii) Used solely or principally for commercial residential purposes, including, but not limited to, hotels, boarding houses, resthomes, show homes, motels, residential clubs, hostels; or
- (iii) The area of a chartered club used for the restaurant, bar and gaming machines, will be rated at full commercial; or
- (iv) The commercial portion of the property, which is used for both commercial/ residential use, i.e. small business, operated from residential property; or
- (v) All vacant commercial/industrial land.

Definition

Commercial residential purposes are where a property is being provided for residential accommodation at a fee with the average occupancy period of the property not exceeding three months. Where the average occupancy exceeds three months, the property would be classified under the multi-unit category.

Definition

A hostel is the residence or lodging place for persons.

Category D - Multi Unit Residential

All rating units used solely or principally for residential purposes as the home or residence of three or more households including residential centres, but excluding properties categorised as Category C.

Also includes hostels operated by charitable trusts that are not classified as 100% non-rateable - (Schedule 1, Part 1).

Category E - Rural Residential

All rating units -

- (i) Used solely or principally for residential purposes as the home or residence of not more than two households; or
- (ii) Receive all the services of a residential property apart from stormwater, footpaths and traffic/streetlighting services.

Category F - Rural Small Holding

All rating units less than 10 hectares in area, used solely or principally for rural purposes, excluding properties categorised under paragraph (ii) of Category A or Category E.

Category G - Rural Large Holding

All rating units over 10 hectares in area, which are used solely or principally for rural purposes.

For categories A, E, F and G, rural purposes include agricultural, horticultural or pastoral purposes and the keeping of bees or poultry or other livestock.

Note: Subject to the right of objection in Sections 29 and 39 of the Local Government (Rating) Act 2002, it shall be at the sole discretion of the Council to determine the sole use or principal use of any separately rateable property within the district.

UNIFORM ANNUAL GENERAL CHARGE

The current policy is that Council will not use a uniform annual general charge.

TARGETED RATES

Targeted Rate - Non-Domestic Water Supply

- (a) Pursuant to Section 19(2)(b) and Clause 7 of Schedule 3 of the Local Government (Rating) Act 2002, Hamilton City Council will set and assess a targeted rate on a differential basis to all rating units supplied with non-domestic water supply (as defined by Hamilton City Council's Water Supply Bylaw 2008) as follows:
- (i) a fixed amount on every separately used or inhabited parts of a rating unit supplied with non-domestic water in accordance with the following scale (GST exclusive):
- \$268 for commercial/industrial properties, non-rateable properties, or other properties with metered supply;
 - \$224 for rural properties receiving a restricted flow supply.
- (ii) a charge per unit of water consumed or supplied on every separately used or inhabited parts of a rating unit in accordance with the following scale (GST exclusive):
- commercial/industrial properties, non-rateable properties, or other properties with metered supply -
\$1.12 per kilolitre of water supplied after the first 240 kilolitres of consumption or supply;
 - rural properties receiving a restricted flow supply -
\$0.93 per kilolitre of water supplied after the first 240 kilolitres of consumption or supply.

Properties in the Waikato District Council and Waipa District Council supplied with water under contractual arrangements will be charged at equivalent rates per unit of water, but outside the rating system.

The Targeted Rate - Non-Domestic Water Supply is summarised in the table below.

SUMMARY OF TARGETED RATE NON-DOMESTIC WATER SUPPLY		
CATEGORY	RATE PER UNIT OF WATER (COST PER KILOLITRE) (GST EXCLUSIVE)	MINIMUM CHARGE (GST EXCLUSIVE)
Non-Domestic Supply Rateable/Non Rateable City (Commercial/Industrial Properties and Non-Rateable Properties)	\$1.12 (after the first 240 kilolitres of consumption or supply)	\$268
Non-Domestic Supply Rural Restricted Flow Supply (Rural Large & Rural Small Properties which receive the service)	\$0.93 (after the first 240 kilolitres of consumption or supply)	\$224
Outside City (Waipa District Council & Waikato District Council properties)	\$1.12 (after the first 240 kilolitres of consumption or supply)	\$268
Waikato District Council (supply agreement)	\$0.93 (after the first 240 kilolitres of consumption or supply)	\$224

(b) General Information - Targeted Rate for Non-Domestic Water Supply:

Each rating unit, or part of a rating unit, assessed a targeted rate for non-domestic water supply will be charged a rate per unit of water supplied in accordance with the scale of charges above. Where the six monthly consumption is less than 50% of the annual minimum charge, a fixed amount of 50% of the annual minimum charge will be charged to every rating unit or every separately used or inhabited part of a rating unit supplied with non-domestic water.

The charge per unit of water consumed or supplied is on a scale that reflects the difference between City full pressure supply and rural restricted flow supply.

Non-Domestic Supply is defined in the Bylaw as any water supplied for all purposes other than domestic supply (domestic supply is generally limited to City based domestic use).

This funding mechanism covers the Water Supply service. The total revenue sought for 2010/11 is \$6.655 million excluding GST.

Commercial properties without meters will be charged the minimum annual charge of \$268 (GST exclusive) per property or separately used inhabited part of a property.

The total revenue sought for 2010/11 is estimated to be \$155,550 excluding GST.

The revenue from this targeted rate will be applied to fund the operation, and maintenance of capital works,

depreciation and financing costs of the water supply service.

The meters on properties with a total annual consumption of less than 30,000 kilolitres are read twice during the year. The charges will be due and payable in two instalments per year, on receipt of an invoice from the Council.

Meters on properties with a total annual consumption of more than 30,000 kilolitres are read monthly. These charges will be due and payable in twelve instalments per year, on receipt of an invoice from the Council.

All amounts stated above exclude Goods and Services Tax and are for the period commencing 1 July 2010 and ending 30 June 2011.

Targeted rate - Access Hamilton

A targeted rate relating to Access Hamilton set and assessed at a uniform rate per dollar of capital value (GST exclusive) on all categories of rateable property (excluding 100% non-rateable and 50% non-rateable properties).

The amount raised by this targeted rate with be transferred into a special reserve and these funds will be used to fund any of:

- Investigation or associated Access Hamilton capital costs
- Debt servicing of loan funded Access Hamilton capital projects
- Subsidies of transport initiatives, design and feasibility studies and other operational costs linked to the Access Hamilton strategy.

These targeted rates are assessed in accordance with Sections 16(3)(b) & 16(4)(a) and Schedule 2 Clause 1 of the Local Government (Rating) Act 2002.

The targeted rate will be \$0.000056583 per dollar of capital value (GST exclusive). The total revenue sought for 2010/11 is \$1,200,000 excluding GST.

Targeted Rate - Business Improvement District (BID)

The defined area of the Business Improvement District is described in the Rating Policy of the 2009-19 LTCCP.

All rating units, or separately used or inhabited parts of a rating unit within the precinct, will be charged the following targeted rate for the Business Improvement District. The total revenue sought for 2010/11 rating year is \$200,000 (excl. GST).

- a fixed amount of \$200 (excl. GST) per rating unit, or separately used or inhabited parts of a rating unit within the defined area; and
- a rate per dollar of capital value required to meet the total revenue (after allowing for the total revenue raised by the fixed amount of \$200 (excl GST) per rating unit or separately used portion of a rating unit) is estimated to be \$0.000030410.

The proposed targeted rate income will be transferred to the Business Association to fund the respective

programmes for the 2010/11 financial year as outlined in their Business Plan.

Targeted Rate - 100% (fully) Non-rateable properties

Council rates a number of categories of non-rateable land assessed under the Local Government (Rating) Act 2002.

The properties which are 100% (fully) non-rateable (excluding water, refuse and wastewater rates) are:

- Educational Institutions
- Churches (Place of Worship)
- Community Organisations (Needs Based)
- any land which falls within Part 1 of Schedule 1 of the Local Government (Rating) Act 2002, e.g. Health Services (public hospitals and related services).

Where the land is 100% (fully) non-rateable, three targeted rates will be set and assessed on a differential basis for water supply, waste collection (refuse), and sewerage disposal (wastewater), in accordance with Sections 8, 9 & 16(3)(b) and Schedules 2 & 3 (Clauses 3, 7 & 8) of the Local Government (Rating) Act 2002.

These funding mechanisms cover the Water, Refuse and Wastewater services. The total revenue sought for 2010/11 is \$812,000 excluding GST.

CATEGORY DEFINITIONS 100% (FULLY) NON-RATEABLE PROPERTIES

Educational Institutions

Educational Institutions are defined in Clause 6 of Part 1 of Schedule 1 of the Local Government (Rating) Act 2002.

Churches (Place of Worship)

Land and buildings that are to be used as a place of religious worship (Part 1 of Schedule 1 of the Local Government (Rating) Act 2002) not including associated rooms, halls or buildings which are used for meetings, accommodation and preparation of food. These are classified under the Community Organisations' category.

Community Organisations (Needs Based)

Community Organisations (Needs Based) (as defined in Clause 21 of Part 1 of Schedule 1 of the Local Government (Rating) Act 2002) with a not-for-profit status, existing to deliver social benefits to the community where neither government nor business is best or appropriately placed.

(Refer: A Good Practice Guide, LGNZ, January 2000, page 20).

Any land (other than Educational Institutions, Churches (Place of Worship), or Community Organisations (Needs Based)) defined within Part 1 of Schedule 1 of the Local Government (Rating) Act 2002 will be rated the same as a Community Organisation (Needs Based).

DETAILS OF TARGETED RATES

To give effect to the foregoing policies on the rating of 100% (fully) non-rateable properties, the Council will set and assess the following targeted rates:

Non-Rateable Water Targeted Rate

A targeted rate for water on all 100% (fully) non-rateable properties as follows (GST exclusive):

- (a) a fixed amount of \$268 per rating unit, or separately used or inhabited part of a rating unit; and
- (b) a rate per dollar of land value of the property:
 - Educational Institutions
 - Churches (Place of Worship)
 - Community Organisations (Needs Based) (and any other land defined within Part 1 of Schedule 1 of the Local Government (Rating) Act 2002)

The rate per dollar of land value required to meet the full cost of the service (after allowing for the total revenue raised by the fixed amount of \$268 per property) is \$0.001910 (GST exclusive).

Non-Rateable Refuse Targeted Rate

A targeted rate for refuse on all 100% (fully) non-rateable properties as follows (GST exclusive):

- (a) a fixed amount of \$108 per rating unit, or separately used or inhabited part of a rating unit; and
- (b) a rate in cents in the dollar of land value of the property:
 - Educational Institutions
 - Churches (Place of Worship)
 - Community Organisations (Needs Based) (and any other land defined within Part 1 of Schedule 1 of the Local Government (Rating) Act 2002)

The rate per dollar of land value required to meet the full cost of the service (after allowing for the total revenue raised by the fixed amount of \$108 per property) is \$0.000782 (GST exclusive).

Non-Rateable Wastewater Targeted Rate

A targeted rate for wastewater on all 100% (fully) non-rateable properties as follows (GST exclusive):

- (a) a fixed amount of \$291 per rating unit, or separately used or inhabited part of a rating unit; and
- (b) a rate per dollar of land value of the property:
 - Educational Institutions
 - Churches (Place of Worship)
 - Community Organisations (Needs Based) (and any other land defined within Part 1 of Schedule 1 of the Local Government (Rating) Act 2002)

The rate per dollar of land value required to meet the full cost of the wastewater services (after allowing for the total revenue raised by the fixed amount of \$291 per property) is \$0.001796 (GST exclusive).

Note:

These targeted rates apply only to properties which are 100% (fully) non-rateable in terms of Part 1 of Schedule 1 of the Local Government (Rating) Act 2002 and only to those properties supplied with the relevant service.

To calculate each sector's proportion of the cost of each service, the total cost of the service for the relevant year is multiplied by the proportion that the total rateable value of the sector bears to the total rateable value of the City.

TARGETED RATES AND ACTIVITIES

The targeted rate for non-domestic water supply funds the operating and depreciation costs of water supplies to Commercial/Industrial, Non-Rateable, Rural properties and other customers outside the City boundary.

The targeted rate for Access Hamilton funds the work programmes and/or financing costs relating to this project.

The targeted rate for Non-Rateable properties for water, refuse and wastewater, represents a charge for the operating, financing and depreciation costs for these activities.

RATING OF 50% NON-RATEABLE LAND

Council rates a number of categories of non-rateable land assessed under the Local Government (Rating) Act 2002.

The properties which are 50% non-rateable (excluding water, refuse and wastewater rates if applicable) are:

- Community Organisations (Arts Based)
- Sporting and Cultural Organisations
- any land which falls within Part 2 of Schedule 1 of the Local Government (Rating) Act 2002

Where the land is 50% non-rateable as defined under Part 2 of Schedule 1 of the Local Government (Rating) Act 2002, Council will rate these properties at 50% of the residential general rate (mandatory rates) in accordance with Section 8(2) of the Local Government (Rating) Act 2002.

This funding mechanism covers all the services of Council. The total revenue sought for 2010/11 is \$102,000 excluding GST.

TARGETED RATE - RATING OF COMMUNITY ORGANISATIONS (ARTS BASED) - 50% NON-RATEABLE*Definition*

Community Organisations (Arts Based) (as defined in Clause 3 of Part 2 of Schedule 1 of the Local Government (Rating) Act 2002) with a not-for-profit status, existing to deliver social benefits to the community where neither government nor business is best or appropriately placed.

(Ref: A Good Practice Guide, LGNZ, January 2000, page 20).

Land in the category of Community Organisations (Arts Based) - 50% non-rateable will be rated at the 50% general residential rates, which is a rate per dollar of land value of \$0.004485 (GST exclusive).

Unless otherwise stated, any land:

- which is entitled to a 50% rates exemption under Part 2 of Schedule 1 of the Local Government (Rating) Act 2002; but
- to which the rating policy for Community Organisations (Arts Based); and Sporting and Cultural Organisations do not apply

will be rated in accordance with the rating policy for Community Organisations (Arts Based) - 50% non-rateable.

TARGETED RATE - RATING OF SPORTING AND CULTURAL ORGANISATIONS - 50% NON-RATEABLE*Definition*

An organisation whose principal object is to promote games, sports, recreation, arts or instructions, for the benefit of residents or any group or groups of residents of the district, not for private pecuniary profit in accordance with the definition provided in Part 2 of Schedule 1 of the Local Government (Rating) Act 2002. If applicable, no commercial rating apportionment will be applied to the liquor licence portion of the premises.

Land in the category of Sporting and Cultural Organisations - 50% non-rateable will be rated at the 50% general residential rates, which is a rate per dollar of land value of \$0.004485 (GST exclusive).

SEPARATELY USED OR INHABITED PART (SUIP) OF A RATING UNIT DEFINITION

Any part of a rating unit that is, or is able to be, separately used or inhabited by the ratepayer, or by any other person or body having a right to use or inhabit that part by virtue of a tenancy, lease, licence, or other agreement, but excluding uses of a minor or incidental nature; for example, including, but not limited to, vending and ATM machines.

To avoid doubt, each use that involves a different activity that is conducted by a person, company, or organisation different to the ratepayer is considered to be a separate use. For example, if a photographic processing franchise operated within a store is operated by the store's staff, it is not a separate use. However if the same franchise is operated by a person, company, or organisation different to the store operator, it is considered a separate use.

HORSHAM DOWNS HALL RATE

Council invoices and collects the following rate on behalf of Waikato District Council. For further information refer to their 2009-19 LTCCP. The 2010/11 rate for the Horsham Downs Hall is \$22.22 (GST exclusive) per property for properties within the Hamilton City boundary within a defined radius of the Hall.

DUE DATE FOR PAYMENT OF RATES

The due dates for rates covering the financial period 1 July 2010 to 30 June 2011 are as follows:

INSTALLMENTS				
AREA	1	2	3	4
North East	26 Aug 2010	18 Nov 2010	17 Feb 2011	12 May 2011
South East	2 Sept 2010	25 Nov 2010	24 Feb 2011	19 May 2011
North West	9 Sept 2010	2 Dec 2010	3 Mar 2011	26 May 2011
South West	16 Sept 2010	9 Dec 2010	10 Mar 2011	2 June 2011

PENALTIES

Pursuant to Section 57 and 58 of the Local Government (Rating) Act 2002:

- A penalty of 10% of the amount outstanding on each instalment to be added on the day after the due date.
- A penalty of 10% to be added under Section 58(1)(b) to the amount of any rates assessed in any previous year which remain outstanding on 1 September 2010.
- A penalty of 10% to be added under Section 58(1)(c) to the amount of any rates assessed in any previous year which remain outstanding on 1 March 2011.
- A penalty of 10% of the amount outstanding for water-by-meter rates charged under Section 19(2)(b) to be added on the day after the due date.

Note:

The amount of unpaid rates to which any penalty is added includes:

- Any additional charges previously added to the amount of unpaid rates under Section 132 of the Rating Powers Act 1988; and
- Any penalties previously added to unpaid rates under Section 58 of the Local Government (Rating) Act 2002.

PAYMENT OPTIONS

- By pre-arranged automatic payment, direct debit, telephone banking or internet desktop banking - (weekly, fortnightly, monthly or quarterly). Credit card payments via internet only - convenience fee applies - www.hamilton.co.nz
- By post, using the prepaid envelope enclosed with the account.
- At any branch of the Bank of New Zealand within the Waikato.
- In person at our Council Municipal Building, Garden Place, during the hours of 8.00am-4.45pm, Monday

to Friday, or Branch Library drop-off boxes. (EFTPOS debit cards accepted, not credit cards).

INSPECTION OF RATING INFORMATION DATABASE

In accordance with Section 28 of the Local Government (Rating) Act 2002, the District Valuation Roll and Rates Records are available for public inspection at the Council Offices, Garden Place, Hamilton, between the hours of 8.00am and 4.45pm on all business days of the week. The owners' names and postal addresses of the properties are available for inspection unless Council has received a request in writing withholding the owners' names or postal addresses (or both) from the database.

All requests for suppression of names and postal addresses must be sent in writing to the Revenue Manager, Hamilton City Council, Private Bag 3010, Hamilton 3240.

FUNDING RATIONALE

In selecting the rate funding mechanisms outlined in Section 3.3, the Council applied the matters in Section 101 (3) of the Local Government Act 2002 and the funding of each service of Council is further explained in the Revenue and Financing Policy (Section 2) of Volume II of the 2009-19 LTCCP.

ADJUSTMENT TO COUNCIL'S RATING POLICY - DELEGATIONS

INTRODUCTION

Council's Rating Policy comprises Section 6 of Volume 2 of Council's 2009-19 LTCCP. Council has adjusted the delegations to staff regarding the operation of the Rating Policy. In particular, an additional delegation has been included to accommodate decisions relating to the allocation of rating units to differential (rating) categories. This delegation is already outlined within the Council Management Policy - Delegation to Officers.

CHANGE TO DELEGATIONS

The change made to the delegation of functions to Council staff for the efficient operation of the Rating Policy relates to Section 6.10 of Volume 2 of Council's 2009-19 LTCCP.

The below text has replaced the text contained in section 6.10 of the Rating Policy that was contained in Volume 2 of Council's 2009-19 LTCCP. The additional text is consistent with text that is contained in the Council Management Policy — Delegation to Officers. As this is not a Council policy, a change was also made to the Rating Policy to remove any doubt that may have existed with the delegated authority. The text shown in ***bold and italics*** is the new text that had been added to the policy.

Delegation of Rating Functions, Powers and Duties

Section 132 of The Local Government (Rating) Act 2002 allows Council to delegate the exercise of functions, powers or duties conferred by this Act to the Chief

Executive or to any officer specified. Council has delegated the responsibility of administering the rating

function to the Deputy Chief Executive, Finance Manager and Revenue Manager. ***Additionally, the Revenue Manager is specifically delegated the responsibility to make decisions as to the allocation of rating units to differential rating categories.*** Section 132 prevents Council from delegating:

- i. any of the powers to set and assess rates,
- ii. any of the duties relating to the setting and assessment of replacement rates, and
- iii. the power to delegate.

The delegation of powers from Council to the Chief Executive and staff is further outlined in the Delegation to Officers Council Policy.

ADJUSTMENT TO COUNCIL'S RATING POLICY - FUTURE GROWTH CELLS RATING

INTRODUCTION

Council's Rating Policy comprises Section 6 of Volume 2 of Council's 2009-19 LTCCP. Council has adjusted text in the Rating Policy that outlines the approach to Future Growth Cell Rating. The adjustment removed specific details of future rating arrangements for the Ruakura, Te Rapa North A and Te Rapa North B growth cells as these details have considered separately and in detail as part of the Boundary reorganisation scheme (see Section 3.0).

The change regarding the approach to rating of Future Growth Cells of the city relates to Section 6.7.7 of Volume 2 of Council's 2009-19 LTCCP.

Therefore, it is proposed that Council's Rating Policy should be amended to reflect that the final details of how future growth cells will be rated in the future will be determined through the boundary reorganisation scheme.

Council decided that the text below highlighted in ***bold and italics*** replace the existing Section 6.7.7 of Volume 2 of Council's 2009-19 LTCCP.

Future Growth Cells Rating

The Ruakura Growth Cell (R1) land has been identified through the development work for the Hamilton Urban Growth Strategy as critical to the provision of employment and research activities on the eastern side of the City and for the longer term retention of the AgResearch campus in Hamilton.

In addition, further land in Te Rapa North has as been identified and important for the long term provision of land in the North of the city.

Both the Ruakura and Te Rapa North areas have been identified through previous strategic land agreements with WDC and signalled for transfer into Hamilton City in the future. It is anticipated that transfer of these areas into Hamilton City will be completed in 2010.

Waikato District Council, and Hamilton City Council have more recently agreed in principle to the transfer of the Ruakura and Te Rapa North areas on an accelerated

programme and this is anticipated to be finalised in 2010/11.

The transitional and longer-term details for rating arrangements for all new areas that will be added to the city will be determined as part of the reorganisation scheme process. A separate and thorough consultation process will be undertaken on any proposed reorganisation scheme.

FURTHER INFORMATION

For further information about the proposed amendment to the Rating Policy - Delegations and Future Growth Cells Rating, please contact

John Gibson
Revenue Manager
Phone: 838 6747
Fax: 838 6616
Email: john.gibson@hcc.govt.nz

SALE OF MUNICIPAL ENDOWMENT INVESTMENT PROPERTIES

Council holds commercial investment properties listed in the table below, which were acquired by Council with funds from the Municipal Endowment Investment Fund to provide revenue for the general purposes of the district of Hamilton City Council.

Council may dispose of any individual property listed in the table below at any time to take advantage of market conditions or commercial opportunities as and when they may arise and the proceeds shall be reinvested in the Municipal Endowment Investment Fund. Such disposals shall be effected in accordance with the relevant provisions of the Local Government Act 2002 at current market value based on independent valuation.

MUNICIPAL ENDOWMENT INVESTMENT FUND PROPERTIES			
PROPERTY REF	PROPERTY ADDRESS	LEGAL DESCRIPTION	LAND AREA
21100	354 Victoria St BNZ Building	Lot 2 DPS 80554	4459m ²
21300	455 Te Rapa Rd National Bank Te Rapa	Lot 1 DPS 26345	1465m ²
21400	1 Ward St Beggs Wiseman Building	Lot 1 DPS 15240	276m ²
21600	32 Kaimiro St Cl Munroe Building	Lot 1 DPS 76960	1.46ha
21700	49 Foreman Rd SCA Hygiene Building	Lot 2 DPS 88522	1.7ha

PROPERTY REF	PROPERTY ADDRESS	LEGAL DESCRIPTION	LAND AREA
21900	378 Avalon Dr Iron Mountain Building	Lot 4 DPS 91882	7655m ²
20027	58 Masters Ave Masters Avenue Shops	Lots 11 & 12 DPS 8656	417m ²

SALE OF COUNCIL OWNED LAND

From time to time Council identifies land that no longer supports its business operations and has become surplus to requirements e.g. properties purchased for roading construction where part of the land is subsequently not required.

Where such land is identified, Council may elect to sell the surplus land with any sale proceeds applied to debt repayment or transferred to reserve.

Any surplus land sales that are deemed to be significant as per Council's Significance Policy, are subject to the requirements of that policy with regards to decision-making and public consultation.

Council plans to sell excess land at Horotiu Landfill (\$450,000) and sell Peachgrove Road Lounge land (\$1.3m). Proceeds from the sale will be applied to debt repayment.

6.0 AMENDMENTS TO THE LTCCP

NGA TURE WHAKATIKATIKA I TE MAHERE A TUA

AUDIT NOTE

The following 2010/11 Amendments to Council's 2009-19 LTCCP are an update of the existing 2009-19 LTCCP. These Amendments should be read in conjunction with the 2009-19 LTCCP.

The original audit opinion on Council's 2009-19 LTCCP and the supporting audit statement for the 2010/11 Amendments can be found in Volume 1 of the web version of the 2009-19 LTCCP at www.hamilton.co.nz/ltccp.

AMENDMENT TO COUNCIL'S DEVELOPMENT AND FINANCIAL CONTRIBUTIONS POLICY

BACKGROUND

A Development and Financial Contributions Policy was introduced on 1 July 2005 to enable Council to require developers to make a contribution towards the costs of providing growth related public infrastructure. On 13 June 2006 Council passed a resolution to review the Development and Financial Contributions Policy annually, to ensure that the policy is kept up-to-date with national best practice and changes to Council's capital programme.

Since 2005 there have been a number of changes to the policy. The policy was amended in the 2006-16 LTCCP to allow Council to recover reserve contributions, and new Greenfield and Infill catchments were introduced, recognising the different infrastructure requirements of the areas in the "existing city" and new urban growth areas.

Further amendments to the policy were made as part of the 2007/08 and 2008/9 Annual Plans and the 2009-2019 LTCCP. These included revised contribution amounts, the introduction of a new Special Assessment Procedure and changes to the credits given for financial contributions paid under the District Plan.

This summary outlines the further amendments made to the Development and Financial Contributions Policy through the 2010/11 Annual Plan process. The full policy Development and Financial Contributions Policy for 2010/11 is available on Council's website at (www.hamilton.co.nz, under the "Hamilton City Council" > "Policies and bylaws" > "Policies required by legislation" section).

The review as part of the 2010/11 Annual Plan process was a minor review of the policy (coming only one year after the LTCCP), therefore only this summary of the changes has been included in the 2010/11 Annual Plan document.

A more in-depth review of the policy will be undertaken for the 2011/12 Annual Plan and 2012-22 LTCCP. Council

staff will look to involve the development community in undertaking this review.

CHANGES MADE TO THE POLICY FOR 2010/11

Various minor wording changes have been made to the policy for clarity and ease of reading.

Updating programme and base

Changes have been made to update the development contribution charges with the latest growth related capital expenditure information. This update includes the assessment of projects carried over from previous years and reconciliation of the opening balance.

Boundary Change Areas

Section 3 of this document describes the transfer of land from Waikato District to Hamilton City that has been progressed by Waikato District and Hamilton City Councils. This transfer was outlined in Council's 2009-19 LTCCP and at that point anticipated to be completed in mid 2010. However the process will not be finalised by 30 June 2010 due to the extended period of consultation required by the Local Government Act 2002 and the appeal period and process that must follow any joint Council decisions on the matter.

In the Statement of Proposal to amend Council's 2009-19 LTCCP, Council proposed some changes to its Development and Financial Contributions Policy. Following the submission process on the Statement of Proposal, Council decided that the policy should be altered to ensure that any development and financial contributions are paid to the correct entity.

The revised text for clause 10.4.5 of the Development and Financial Contributions Policy is reproduced below in **bold and italics**.

A number of areas of the Waikato District are scheduled to become parts of Hamilton City in the first quarter of the 2010/11 financial year. Prior to the actual change of boundaries, applications for development in these areas should be lodged with Waikato District Council. Such applications will continue to be processed by Waikato District Council and, if paid prior to the date that the boundaries change, will pay any development contributions and/or financial contributions applicable under Waikato District Council's Development Contributions Policy. Immediately after these areas come into the City, applications should be lodged with Hamilton City Council, and will be payable to Hamilton City Council in accordance with its policy (these areas will become part of the Greenfield catchment — see 10.7.20 of the Development and Financial Contributions Policy). After the date that the boundaries change, any developments in these areas that are being processed by

Waikato District Council (where development contributions have not been paid in full) will be charged by Waikato District Council at the rates applicable under Hamilton City Council's Development Contributions Policy.

Definitions

A change has been made to the definition of "GFA" (gross floor area), adding a note that "Commercial Carparking" will be specially assessed, taking into account traffic impact and whether or not it meets a need identified by Council.

A new definition has been added to specify that a "Vacant section" is a section that has never been built upon.

A change has also been made to the definition of "Retail development", renaming this as "Commercial Retail development" in order to align it with other references in the policy and expanding it to include restaurants, licensed premises and drive-through services. This category is used to assess transport demand, so the inclusion of these forms of retail (which were previously excluded) is appropriate, as they all generate significant numbers of vehicle trips.

New Credits

For the first dwelling / unit on residential sections that have paid financial contributions — credit for all components except Community Infrastructure (CI), and CI will be capped at 2008/09 level of \$1,392.85 excl. GST (\$1,566.96 incl. GST). This change has been made in response to a number of cases in which the 2009 increase in the CI charge was not communicated clearly to developers.

For Industrial and Commercial developments for which financial contributions have been paid — credit for the components for which financial contributions were paid (replaces Special Provision 2 Discounted Rate removed below). This change is simpler to implement than the discounted rate, and is more in line with recent case law regarding developments not being able to be charged development contributions for the same purpose for which they were charged financial contributions.

For Industrial and Commercial Infill developments, stormwater credit will be given for existing impermeable surfaces. This change is made in recognition that many Infill developments will take place on top of already existing impermeable surfaces, so that the new development does not generate any additional stormwater.

Similarly, where a development can demonstrate that it is managing all of its primary and secondary stormwater flow then full credit will be given for the stormwater component of the development contribution charge.

For all buildings occupied within the last 2 years (replaces demolition / removal credits) — credit for all components. After two years from the date of last occupancy, the section will be treated as a vacant section, i.e. Residential developments pay CI only; Industrial / Commercial pay the full charge (noting the credit at bullet point 2 above). Linking the demolition / removal credit to occupancy

should discourage the practice of leaving derelict buildings on site in order to retain credits.

Special Provisions

These were reviewed and it has been decided that they are all problematic, obsolete, unnecessary, or would fit better elsewhere in Policy. The policy as a whole is overly complex, and it is proposed that the special provisions section be removed completely.

"Discounted rates" are rarely applied in practice, and unnecessary as the full rate can be charged for subsequent developments and continuations of the same development will receive credit as above, so Special Provision 1 (SP1) and 2 will be removed.

Vacant residential sections that have paid financial contributions now pay only a Community Infrastructure (CI) charge that is capped at 2008/09 levels, but this is more of a credit (for components other than CI) than a "special provision" so SP3 will be moved to the credits section.

Vacant Industrial and Commercial sections on large tracts of Greenfield land were never intended to get credits, but are currently doing so by extension of SP4 which gives credits for building consents on existing developable sections, and there are few if any cases to which SP4 now genuinely applies, so SP4 will be removed.

Extensions to industrial and commercial buildings now not charged for stormwater (as described above), so SP5 will be removed.

SP6 allows reserves contributions to be taken for permanent accommodation. This provision will be moved to the section on units of demand for reserves.

SP7 states that non-permanent accommodation should be treated as commercial; but this is already stated in the definitions section, so this "special provision" is not required and will be removed.

SP8 only deals with wastewater (credits for not connecting to Council network), so will be moved to the section of the policy that deals with wastewater units of demand.

SP9 (ability to pay in stages for multi stage developments) is unnecessary (developers are never required to pay for more lots than they create at any one stage) and so will be removed from the Policy.

Recovery of Costs of Remission Process

Changes to the policy have been made to ensure that Council recovers the cost of unsuccessful remission applications from developers. Currently a lot of staff time is spent in administrative work related to remissions, many of which are not well founded. Provisions will be included in the Policy for this purpose.

Units of Demand

The policy makes a number of assumptions on the demands that residential, industrial and commercial developments place on Council's infrastructure. The units of demand for stormwater and reserves have been reviewed and changes have been made that will influence the relative level of DCs paid by different categories of development.

Stormwater

Two new residential stormwater categories have been introduced — Comprehensive Residential Development and High Density Residential. These categories are already contained in the Development Manual, and will provide a small financial incentive for intensification by way of a reduced charge for the smaller section sizes used in these developments.

The assumed runoff coefficients across all the Infill categories have been increased, reflecting the higher runoff coefficients set out in the Development Manual. This will bring the DC Policy more into line with the Development Manual.

No DCs will be charged for further development of a commercial or industrial site where previous DCs have been paid, as in most cases this development will take place on top of surfaces that are already impermeable, so no additional stormwater will be generated by the development. There will be no change to current policy of charging DCs for residential intensification on a site that has previously paid DCs. Residential intensification is likely to take place on top of semi-permeable surfaces, so additional stormwater will be generated. No DC charge for developments managing their own primary and secondary flow.

Additional charge for developments that have no on-site soakage; discount for developments that do have on-site soakage.

The option will be given for developers to calculate their own run-off coefficient. This will provide a small incentive for low impact design.

Industrial and Commercial Reserves Contributions

Previously the policy did not charge Commercial and Industrial reserves contributions. Given usage by

employees of green spaces and the provision of green buffer zones in industrial developments, the policy have been changed so that reserves contributions be collected from Commercial and Industrial developments. These charges will be calculated on the same basis as Community Infrastructure (the percentage of non-resident workers).

An additional charge based on projects directly benefiting Commercial and Industrial developments will be added in subsequent years.

The charge will be small for the 2010/11 Annual Plan, but there are some significant projects looming for the next LTCCP that will make the level of the charge more significant.

The effect of instigating this charge will be to shift some of the cost of Reserves from Residential to Commercial and Industrial development, increasing the Commercial and Industrial DC charges and mitigating the increase in Residential DC charges.

REVISED DEVELOPMENT CONTRIBUTION CHARGES FOR 2010/11

The following tables show the development contribution charges (excl. GST) for 2010/11 compared to 2009/10. The overall increase in the Residential Greenfield charge is minimal, but there are increases in the charges for industrial and commercial development in both Greenfield and Infill development as a result of the above policy changes. These changes are considered to be appropriate for the reasons set out above, and are in line with other changes investigated but not implemented this year which indicate that the Industrial and Commercial charges are currently low relative to the Residential charges

DEVELOPMENT CONTRIBUTION CHARGES (EXCL GST) FOR 2010/11 COMPARED TO 2009/10						
	NEW CHARGES		OLD CHARGES		DIFFERENCE	
	GREENFIELD	INFILL	GREENFIELD	INFILL	GREENFIELD	INFILL
RESIDENTIAL (PER DWELLING)						
Community	3,231	833	3,093	843	138	(10)
Reserves	5,103	109	4,994	224	109	(115)
Stormwater*	5,304	164	5,292	188	12	(24)
Transport	3,981	2,322	4,041	2,467	(60)	(145)
Wastewater	8,568	3,627	8,533	3,986	34	(359)
Water	6,275	2,861	5,675	2,912	600	(51)
	32,461	9,916	31,629	10,619	833	(703)
Percentage Change based on average stormwater charges					2.63%	-6.62%
COMMERCIAL (PER 100m² GFA)						
Community	887	229	835	228	52	1
Reserves	1,402	30	-	-	1,402	30
Stormwater*	1,206	45	1,196	42	10	3
Transport	7,962	4,644	8,083	4,934	(120)	(289)
Wastewater	1,542	653	1,536	717	6	(65)
Water	753	343	681	349	72	(6)
	13,572	5,945	12,331	6,270	1,421	(326)
Percentage Change based on average stormwater and transport charges					11.52%	-5.20%
INDUSTRIAL (PER 100m² GFA)						
Community	474	122	464	126	11	(4)
Reserves	749	16	-	-	749	16
Stormwater*	1,199	45	1,196	42	3	3
Transport	3,583	2,090	3,637	2,220	(54)	(130)
Wastewater	771	326	768	359	3	(32)
Water	439	200	397	204	42	(4)
	7,216	2,800	6,462	2,952	754	(151)
Percentage Change based on average stormwater charges					11.66%	-5.12%

* Stormwater charges now vary according to property size and whether or not on-site soakage is provided to the required standard. The table below outlines the range of stormwater charges for different types of development.

STORMWATER DEVELOPMENT CONTRIBUTION CHARGES (EXCL GST) FOR 2010/11			
TYPE OF DEVELOPMENT	SITE AREA (M ²)	STORMWATER CHARGE (\$) NO ADEQUATE SOAKAGE	STORMWATER CHARGE (\$) ADEQUATE SOAKAGE
Residential Greenfield	>400	6,240	4,368
Res CRD Greenfield	>300<400	4,254	2,978
HDR Greenfield	>150<300	2,552	1,786
Commercial Greenfield	per 100m ²	1,607	803
Industrial Greenfield	per 100m ²	1,607	80
Residential Infill	>300	186	130
Res CRD Infill	>300<400	128	90
HDR Infill	>150<300	77	54
Commercial Infill	per 100m ²	56	28

AMENDMENT TO COUNCIL'S REVENUE AND FINANCING POLICY

Hamilton city rateable properties were revalued in September 2009. Therefore the differential factors for different rating categories have been adjusted for the 2010/11 year.

The changes to the differential factors results in a change to part of Council's Revenue and Financing Policy (part of Council's 2009-19 LTCCP). Under Section 102 of the Local Government Act, changes to the Revenue and Financing Policy can only be made by an amendment to the LTCCP.

Section 5.0 of Council's 2010/11 Annual Plan contains information on the detailed description of rate funding mechanisms and the changes that have been made to Council's Rating Policy with regard to the differential factors.

The consequential impact and changes to Council's Revenue and Financing Policy are limited to Section 2.6.1

of the policy. The revised text for Section 2.6.1 of the Revenue and Financing Policy is reproduced below in ***bold and italics***.

OVERALL FUNDING CONSIDERATION

Council is required by section 101(3)(b) of the Act to consider the overall impact of the allocation of liability for revenue needs on the community well being. This involves weighing up the impact of rates on the current and future social, economic, environmental and cultural well-being of the community. It allows Council, as a final measure, to modify the overall mix of funding in response to these considerations.

Council has considered each service individually to determine the allocation of benefit and rate burden across the seven differential sectors.

Summary of rate allocation before overall funding consideration adjustment as per section 101(3)(b) is as follows:

	RESIDENTIAL	INNER CITY	COMMERCIAL	MULTI UNIT	RURAL RESIDENTIAL	RURAL LARGE	RURAL SMALL
Rates Requirement by Property Sector (pre 101(3)(b))							
Rate Levy	61,887,020	219,114	38,935,847	1,999,168	128,595	373,986	1,293,270
% by Property Sector	59.032%	0.209%	37.139%	1.907%	0.123%	0.357%	1.234%
Rate in cents per \$ by Sector	0.008369	0.007853	0.020323	0.013135	0.008016	0.002338	0.005414
Differential Factor Actual	1.00	0.94	2.43	1.57	0.96	0.28	0.65

The section 101(3)(b) adjustment allows Council to acknowledge the funding allocations involved in the balancing of complex current and future social, economic, environmental and cultural factors.

Council acknowledges a number of external issues such as growth in the city and valuation movements impact on the overall rate burden. Therefore Council considers it appropriate to make a final adjustment to ensure the burden of rates is distributed across the sectors in a manner consistent with previous years.

	RESIDENTIAL	INNER CITY	COMMERCIAL	MULTI UNIT	RURAL RESIDENTIAL	RURAL LARGE	RURAL SMALL
\$101 (3)(b) Adjustment	4,447,791	15,421	(3,631,256)	(53,971)	(61,934)	(138,709)	(577,342)
Revised Differential Factor	1.00	0.94	2.05	1.42	0.46	0.16	0.33

The overall funding consideration adjustment in accordance with section 101(3)(b) is as follows:

	RESIDENTIAL	INNER CITY	COMMERCIAL	MULTI UNIT	RURAL RESIDENTIAL	RURAL LARGE	RURAL SMALL
Rates Requirement by Property Sector (pre 101(3)(b))							
Rate Levy	66,334,811	234,535	35,304,591	1,945,197	66,661	235,277	715,928
% by Property Sector	63.274%	0.223%	33.675%	1.855%	0.063%	0.224%	0.682%
Rate in cents per \$ by Sector	0.008971	0.008406	0.018427	0.012780	0.004155	0.001471	0.002997
Differential Factor Actual	1.00	0.94	2.05	1.42	0.46	0.16	0.33

Following each revaluation of the city (undertaken every three years), the differential factor will be adjusted to maintain the differential yield of the previous rating year (at the date of the revaluation) in line with the methodology outlined in Council's current Rating Policy.

AMENDMENT TO COUNCILS LIABILITY MANAGEMENT POLICY - COUNTERPARTY CREDIT RISK

Previously the counter-party risk with the four major NZ banks was limited to \$30m for ANZ, ASB, BNZ and Westpac; and \$15m for other NZ registered banks. With the increasing level of our debt, these policy limits were likely to be breached. Council decided that the limits for the four major banks should be increased to \$50m; and for other NZ registered banks should be increased to \$30m. The revised policy is shown as follows in **bold and italics**. It also includes the table, which includes ~~strike through~~ text to indicate the changes that were made.

Counterparty Credit Risks

Counterparty credit risk is the risk that a party to a transaction will default on its contractual obligation. A counterparty credit risk is incurred whenever Council enters a transaction with a third party, which requires the third party to make a payment to Council. The degree of counterparty credit risk will vary according to the perceived creditworthiness of the counterparties.

The qualifying criteria for lenders on the approved list are that they must meet a minimum credit rating criteria, where appropriate. The counterparty credit limits are as follows:

COUNTERPARTY CREDIT RISKS				
CREDIT/ISSUER/AUTHORISED COUNTERPARTY	MINIMUM LONG-TERM CREDIT RATING	INVESTMENTS MAXIMUM PER CREDIT (\$M)	INTEREST RATE RISK MANAGEMENT INSTRUMENT MAXIMUM PER CREDIT (\$ M)	TOTAL MAXIMUM COUNTERPARTY LIMIT PER CREDIT (\$M)
NZ Government	A -	Unlimited	None	Unlimited
State Owned Enterprise	A -	5	None	5
NZ Registered Banks	A -	***	***	15 30
ANZ National Bank	AA -	***	***	30 50
ASB Bank	AA -	***	***	30 50
Bank of New Zealand	AA -	***	***	30 50
Deutsche Bank AG	AA -	***	***	15
Westpac Banking Corporation	AA -	***	***	30 50
Corporate Bonds	A-	2*	None	2
Local Government Stock	A- (if rated) Unrated	5** 2	None None	5 5
Local Authority Bond Trust	Unrated	2	None	2

** Subject to a maximum of \$20m investment in corporate bonds/CP at any one point in time.*

*** Subject to a maximum of \$25m investment in Local Government stock at any one point in time, including Local Government Finance Corporation and Local Authority Bond Trust.*

**** These counterparty limits are interchangeable between investments and interest rate risk management instruments within the maximum counterparty limit.*

Any changes to the above named counterparties must be approved by the Chief Executive Officer.

In determining the usage of the above gross limits, the following product weightings will be used:

Money Market (e.g., Bank Deposits, Investments) — Transaction principal amount x Weighting 100%

Interest Rate Risk Management (e.g., swaps, FRAs, collars) — Transaction principal amount x Maturity (years) x 3%

Foreign Exchange (e.g. foreign exchange forward contracts, foreign exchange options, cross-currency

interest rate swaps) — Transaction principal amount x the square root of the maturity (years) x 15%.

Each transaction is entered into a reporting spreadsheet and a monthly report prepared for the Finance Manager to show assessed counterparty actual exposure versus limits.

The Finance Manager on an ongoing basis reviews ratings and in the event of material credit downgrades, this is immediately reported to the Deputy CEO and the Chief Executive Officer and assessed against exposure limits. Counterparties exceeding limits are reported to Council.

FURTHER INFORMATION

For further information about the amendment to the Liability Management Policy — Counterparty Credit Risk, please contact:

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