



**HAMILTON'S 2013/14 ANNUAL PLAN**

**To be read alongside the 2012-22 10-Year Plan**



# HAMILTON'S 2013/14 ANNUAL PLAN

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# from your **MAYOR AND CHIEF EXECUTIVE**

We are very pleased to present  
Hamilton City Council's Annual Plan  
for 2013/14.

Last year the Council developed a clear  
programme of sound financial management –  
spend less, make savings and manage our debt –  
and presented it to you as our 10-Year Plan.

This Annual Plan for 2013/14 reflects 'year two' of  
our 10-Year Plan and we can confirm that the  
Council is very much on track with what we set out  
to do.

We received 81 submissions to our draft Annual  
Plan, covering a range of topics. The Council made  
some changes as a result of public feedback, which  
are outlined in the following pages. However our  
overall financial goals remain the same.

There is no change to the total rates increase for  
2013/14 – 3.8% and savings of \$15 million per year  
will be achieved by 2015. For a business that costs  
\$200 million a year to run these are substantial  
savings and we are endeavouring to achieve them  
while still retaining our high level of services and  
world class facilities.

We have reduced our capital expenditure and are  
continuing the debt management strategy by  
capping debt at \$440 million for the foreseeable  
future. The Council has agreed to sell off some  
assets throughout the year to pay off some of this  
debt.

Two areas of government activity which may also  
be of interest to citizens of Hamilton are the new  
Local Government Act changes and the proposed  
changes to the way growth is funded.

The changes to the Local Government Act came  
into effect late last year and there is a new  
'purpose' for local government as a result of that.  
This new purpose, while still requiring greater  
clarity, has required us as well as other councils to  
consider the activities and services we deliver and  
whether or not these still meet the new purpose  
the Government has created. This work will  
continue throughout this calendar year and we will



seek your views as we work through these  
definitions.

The changes to the way growth is funded have  
been explored in a Government discussion  
document ([www.dia.govt.nz/better-local-  
government](http://www.dia.govt.nz/better-local-government)) and the impact of this may one day  
also affect the balance between our collection of  
development contributions and rates for new  
housing, subdivisions and community facilities.

This 2013/14 Annual Plan still provides for delivery  
of projects and activities that will meet the  
demands of our growing city. We believe this is  
the right plan for our community at this time.

**Julie Hardaker**  
Mayor

**Barry Harris**  
Chief Executive

# YOUR COUNCIL



## COUNCIL COMMITTEES

### Finance and Monitoring Committee

(monitors Council's budget and performance)

CHAIR – Dave Macpherson

DEPUTY – Gordon Chesterman

### Operations and Activity Performance Committee

(oversees activities Council is responsible for)

CHAIR – Martin Gallagher

DEPUTY – Angela O'Leary

### Audit and Risk Committee

(monitors audit processes, legal compliance and risk)

CHAIR – External Appointee

### Strategy and Policy Committee

(oversees Council's strategy and policy direction)

CHAIR – Maria Westphal

DEPUTY – Daphne Bell

### Statutory Management Committee

(oversees planning and regulatory matters)

CHAIR – John Gower

DEPUTY – Margaret Forsyth

## CONTACT DETAILS

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# OUR VISION FOR HAMILTON

HAMILTON IS A BRIGHT AND INNOVATIVE CITY, BUT WE WANT TO MAKE IT BETTER.

We have a vision for the city which is outlined here. It incorporates our goals and aspirations for Hamilton. Everything the Council does is linked to our vision.



OUR VISION IS TO BE A **SMART CITY**, IN EVERY WAY AND IN EVERYTHING WE DO

WE HAVE A UNIQUE, GREEN AND NATURAL ENVIRONMENT, WITH THE WAIKATO RIVER RUNNING THROUGH THE HEART OF OUR CITY.  
WE CELEBRATE OUR DIVERSE COMMUNITY AND ACKNOWLEDGE OUR AGRICULTURAL HERITAGE.

THESE ARE THE **OUTCOMES** AND **GOALS** WE HAVE FOR HAMILTON:

## PROSPEROUS AND INNOVATIVE

- Hamilton has a strong productive economy and we build on our economic strengths.
- We have a thriving CBD.
- It's easy to do business here.
- Our city grows and prospers in a sustainable way.

## OUTSTANDING CITY LEADERSHIP

- Hamilton is led by effective, open and responsive governance.
- Council's finances are sustainable for the long term.
- We operate efficiently and provide exceptional service.
- The city takes a leadership role regionally and nationally.

## PEOPLE LOVE LIVING HERE

- Hamilton embraces the Waikato River and it is the focal point of our city.
- We value, preserve and protect Hamilton's natural, green environment.
- Our city is attractive, well-designed and compact with outstanding architecture and distinctive public spaces.
- Our city is a fun place to live with a vibrant Arts scene.
- Hamilton is a safe city.
- It's easy to get around.
- We celebrate our people and many cultures.





# STICKING TO THE PLAN

LAST YEAR THE COUNCIL DECIDED ON A PLAN FOR THE NEXT DECADE TO GET THE CITY'S FINANCES BACK ON TRACK.

It is about living within our means, balancing the books and getting debt under control.

At the same time, it is about keeping rates to a minimum and important services maintained.

Hamilton is a great place to live in and do business in. We are making sure our city can look forward to a financially sustainable future.



**DID YOU KNOW? →**

The Council has an **AA- CREDIT RATING** with global agency **FITCH RATINGS**.

**DID YOU KNOW? →**

It costs around **\$200 MILLION** to run our city for a year.



## Year 2 of the 10-Year Plan

This is Hamilton City Council's Annual Plan. It is a companion to our 10-Year Plan that focuses on the Council's budget and programme for 2013/14.

As we head into the second year of our 10-Year Plan the Council is in a sound financial position and is on track to deliver on its commitments.

We have not made any changes to our overall financial goals for 2013/14. We are sticking to the plan and living within our means.

We are working towards three financial goals:

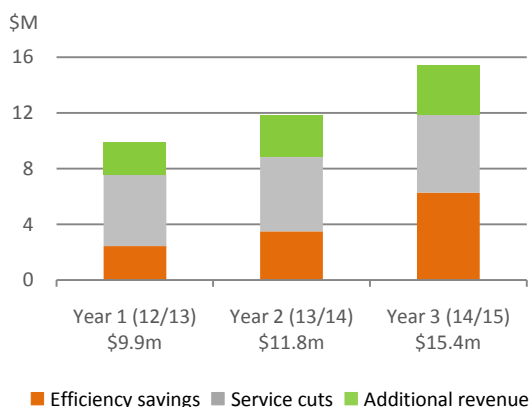
1. Returning the budget to surplus by 2017.
2. Keeping debt at around \$440 million for 10 years.
3. Providing certainty to ratepayers with a total rates rise of 3.8% each year for 10 years.

To achieve these goals, a range of measures were agreed through the 10-Year Plan. These include cuts to services, reducing what it costs to run the Council, pulling back on some planned projects, increasing user pays in some areas and the sale of some assets.

You can read about these savings and plans in detail in our 10-Year Plan document, which is on our website at [www.hamilton.co.nz/10yearplan](http://www.hamilton.co.nz/10yearplan).

By 2015, and each year after that, we will have reduced what it costs to run the city by over \$15 million compared to 2011/12. We are on track to achieve this and the following graph shows how we are working towards it over three years.

### Savings over three years



## Budget Changes

Like any large organisation there are some changes that need to be made to our budgets from year to year. Some further changes have also been made as a result of public submissions to our draft Annual Plan. Overall though, we are sticking to our financial goals and the changes do not alter the bottom line.

The budget variations are shown in the finances section of this document.

Changes of note following submissions are:

- Funding for the Public Art Support Fund was reinstated to \$52,000 for 2013/14. This Fund was originally proposed to reduce by \$30,000 to pay for an additional weekday litter collection in Garden Place, Civic Square, City Gate Plaza and Riff Raff statue areas. Overall, we will balance the books and this will include the extra litter collection.
- Three other areas will be funded through additional savings of \$58,000:
  - i. The playgrounds programme will receive a further \$33,000. A working group of Councillors and staff has also been set up to review the Playgrounds Policy and associated work programme. This group will report back in September 2013.
  - ii. The partner pools programme will receive an extra \$20,000. Through partner pools the Council shares the costs of existing school or club pools so they are open to the public, providing more swimming space in the city.
  - iii. The Hamilton Youth Council will receive \$5,000 to support their projects and plans.

YOU CAN FIND A LIST OF FEES AND CHARGES  
FOR 2013/14 ON OUR WEBSITE  
[www.hamilton.co.nz/annualplan](http://www.hamilton.co.nz/annualplan)



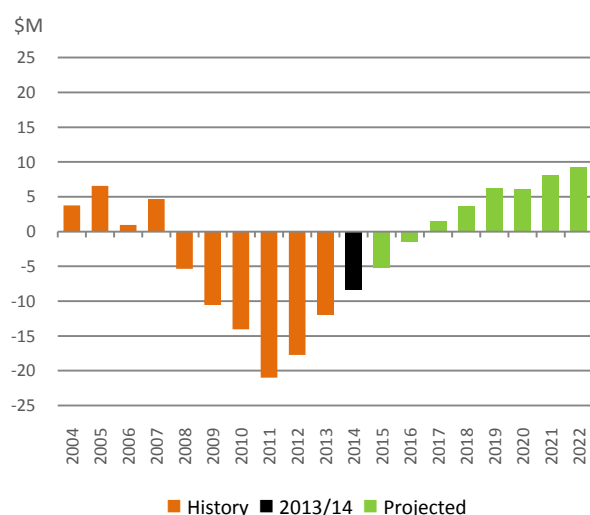
## Balancing the Books

The Council decided in its 10-Year Plan to balance the budget over five years.

By holding the total rates increase at 3.8% each year and sticking to the programme of reduced spending, the budget will produce operating surpluses by the end of 2017.

This will allow new assets and upgrades to be paid for through rates instead of borrowing, keeping debt at manageable levels.

### Balanced Budget



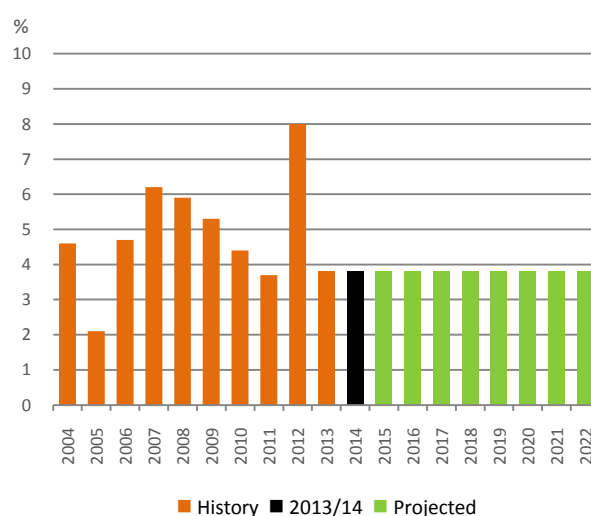
## Rates

The Council is balancing the city's long-term financial health with the need to keep rates to a minimum and important services maintained. We also want to provide certainty to ratepayers.

That's why the 10-Year Plan includes total rates increases of 3.8% each year for existing ratepayers. We are sticking to this commitment in 2013/14.

To achieve rates rises lower than 3.8%, more cuts to services would be needed. The Council remains confident that a reasonable balance between rates affordability and service cuts has been achieved.

### Rates increases to existing ratepayers



## A new purpose for local government

In late 2012 changes to the Local Government Act became law.

A key change is to the purpose of local government. The broad references to promoting the social, economic, cultural and environmental well-being have been removed from the purpose.

The new purpose of local government is:

- *To enable democratic local decision-making and action by, and on behalf of, communities; and*
- *To meet the current and future needs of communities for*

*good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.*

The Council will have regard to the purpose when making all decisions.

The Council has received advice from its Chief Executive that in his analysis, and without better definition of the wording of the Act, all activities included in the 2013/14 Annual Plan are consistent with the purpose of the Act.

The Council will do more work

this calendar year to clarify and better define the purpose of local government.

We will carry out a full review of our activities against the purpose, including the requirement to ensure the activities are delivered in the most cost-effective way for households and businesses.

While undertaking this review, the Council will also have regard to evolving Government policy, including Resource Management Act reforms, reports of the Productivity Commission, the Efficiency and Infrastructure Taskforces, and others.

## Debt

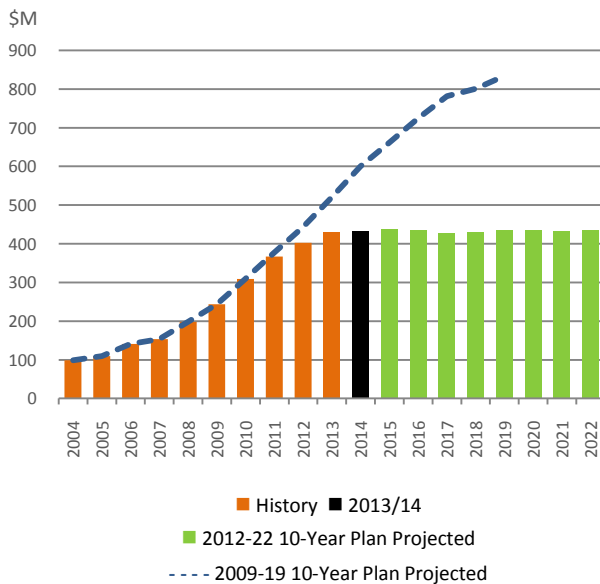
Closely managing city debt is a top priority. Debt has been capped at about \$440 million for 10 years and we are also looking at selling some assets to reduce the debt balance.

Before the Council's 2012-22 10-Year Plan, debt was projected to rise to \$833 million by 2019. This is shown by the blue dotted line in the graph below.

By reducing capital expenditure by around \$400 million over 10 years, we have set a much more realistic and manageable level for debt.

The details of how the Council's total overall debt figure is calculated are shown in the notes to the financial statements (Note 8 on page 30).

### Total Overall Debt



#### DID YOU KNOW? →

The Council pays **\$70,000** per day in **interest on debt**. Of this amount **\$17,000** per day is **paid for by developers** through developer contribution levies.

#### DID YOU KNOW? →

The city's **50,000 residential ratepayers** contribute **66%** of the rates and our **4,000 commercial ratepayers** contribute **34%**.

## Asset Sales

The 10-Year Plan includes a list of properties that the Council is considering selling to help pay off debt.

You can find this list in the 10-Year Plan document, which is on our website at [www.hamilton.co.nz/10yearplan](http://www.hamilton.co.nz/10yearplan).

The Council is in the process of reviewing these properties, leading to decisions on whether to sell.

The estimated value of properties being considered for sale is \$50 million.

So far, the assets that have been sold are:

- Three lower standard pensioner housing complexes. Two of these complexes were sold on the open market, and one was purchased by a social housing provider.  
  
The properties were sold for \$3.7 million and the Council decided in this case that the proceeds after costs will go towards looking after the remaining pensioner housing stock.
- The YMCA and neighbouring sites in Pembroke Street. These properties were sold to YMCA Auckland for \$1.9 million. The proceeds after costs from this sale have been used to pay off debt.
- Three lots of surplus land for \$1.4 million, which has also been used to pay off debt.

The review of the remaining properties and decisions on whether or not to sell them will continue in 2013/14.



*"In our view, Hamilton City Council's Long Term Plan presents a good financial strategy. It provides a clear description of the current situation and sets clear goals that will enable the Council to be in the position it wants to be in by 2022."*

*Office of the Auditor General  
Report to Parliament on Matters Arising from the  
2012-22 Local Authority Long Term Plans*

## City Growth

How new infrastructure is paid for in New Zealand's growing cities, and who pays, is an issue facing both councils and the Government.

Managing the demands of a growing city with affordable rates, sustainable debt levels and fair charges for developers is a huge challenge for Hamilton.

Development contributions are what we charge developers to recoup some of the costs of the growth infrastructure that the Council provides, e.g. new roads, more water treatment and pipes and new parks.

In our 10-Year Plan we are conservative about the amount of income we expect to receive from development contributions because city growth is slower than it used to be. This assumption stays the same for the 2013/14 Annual Plan.

In 2013/14 we have budgeted for \$6.4 million in income from development contributions. This will go towards paying off debt and helping to pay for future growth projects.

Over the next 10 years the city's debt has been capped at about \$440 million. Of this, around \$70 million can be directly attributed to growth projects and will be paid for by developers.

The Government is also grappling with who pays for growth and development contributions and has released a discussion paper, which you can find at [www.dia.govt.nz/better-local-government](http://www.dia.govt.nz/better-local-government).

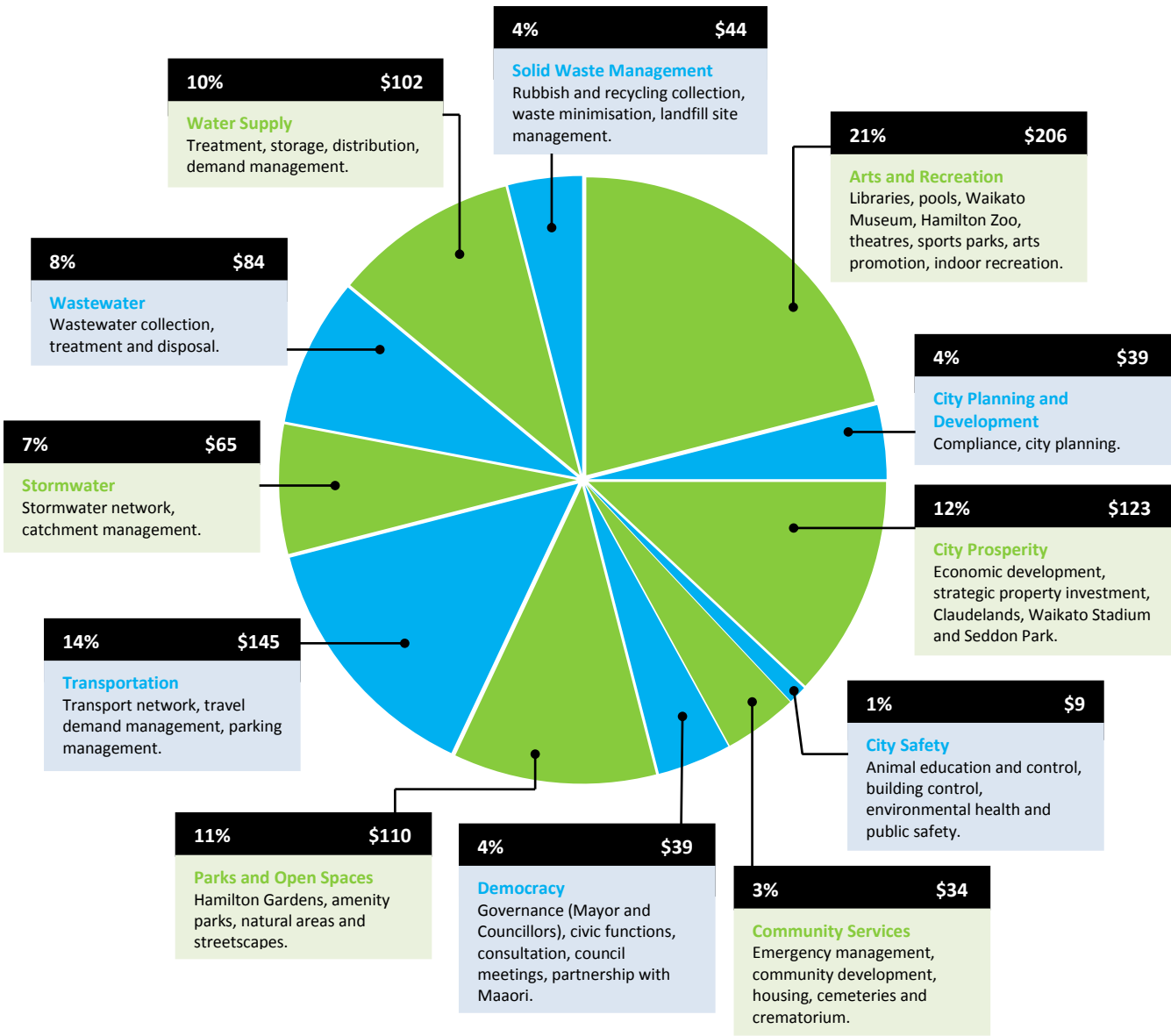


*"Improved corporate governance had a strong impact on the Council's new Long-Term Plan. Financial sustainability has improved as the new management team has a stronger focus on tight cost control and debt management reflected through improving operating performance."*

*Fitch Credit Rating Agency, 2012 Report*

# HOW YOUR RATES WILL BE SPENT

The Council divides its business into 12 service groups. Each service group is allocated a percentage of your rates. These figures are for every \$1,000 of rates you pay.



# SERVICE PERFORMANCE MEASURES



This part of the Annual Plan includes **what you can expect from our services** and the **measures** we'll use to report back on our performance.

YOU CAN EXPECT...	MEASURES	2013/14 TARGETS
<b>ARTS AND RECREATION</b>		
Arts Promotion   Hamilton Zoo   Indoor Recreation   Libraries   Sports Parks   Swimming Facilities   Theatres   Waikato Museum		
1. Quality experiences for residents who use Council's arts and recreation facilities.	1.1. The percentage of Residents Survey respondents who provide a rating, satisfied with the Council's arts and recreation facilities: <ul style="list-style-type: none"> <li>Hamilton Zoo</li> <li>Garden Place Library</li> <li>Suburban Libraries</li> <li>Waterworld</li> <li>Gallagher Aquatic Centre</li> <li>Founders Theatre</li> <li>Clarence St Theatre</li> <li>The Meteor</li> <li>Waikato Museum</li> <li>Outdoor sports areas</li> </ul>	90% 85% 84% 75% 75% 75% 65% 60% 80% 65%
	1.2. The number of visits to the Zoo, libraries, swimming facilities and the Museum each year: <ul style="list-style-type: none"> <li>Hamilton Zoo</li> <li>Libraries</li> <li>Swimming facilities</li> <li>Waikato Museum</li> </ul>	120,000 1 million 580,000 118,000
2. Facilities that support a range of activities and learning opportunities.	2.1. The number of events and activities run by or hosted at the libraries, and the number of attendees: <ul style="list-style-type: none"> <li>Number of events and activities</li> <li>Number of attendees</li> </ul>	350 10,000
	2.2. The number of people participating in education programmes at: <ul style="list-style-type: none"> <li>Hamilton Zoo</li> <li>Swimming facilities</li> <li>Waikato Museum</li> </ul>	8,000 30,000 8,000
	2.3. The number of activities held at the theatres each year.	150
3. Widely accessible facilities.	3.1. The percentage of Residents Survey respondents who provide a rating, satisfied with library opening hours.	75%
	3.2. The number of closures of sports grounds for club sport during a season.	No more than 6 closures per sports ground during each 6 month season.
	3.3. Zoo and pool entry charges to be within 20% of the average charge for other similar NZ facilities.	Plus or minus 20% of the average charge for other similar NZ facilities.

YOU CAN EXPECT...	MEASURES	2013/14 TARGETS
<b>CITY PLANNING AND DEVELOPMENT</b>		
City Planning   Planning Guidance and Compliance		
4. Applications to be processed within agreed timeframes.	4.1. The percentage of land use and subdivision consent applications processed within agreed timeframes.	100%
5. Regular monitoring of land use consent conditions.	5.1. The percentage of land use consents monitored.	90%
	5.2. The percentage of resource consents monitored that are meeting their conditions.	80%
6. A District Plan that will ensure quality development	6.1. The percentage of survey respondents who provide a rating agreeing that they have pride in the city's look and feel.	62%
<b>CITY PROSPERITY</b>		
Economic Development   Strategic Property Investment   Claudelands   Waikato Stadium and Seddon Park		
7. An economic return to the city from events hosted at Council's event facilities.	7.1. The percentage of people attending ticketed events who are from outside the city.	60%
	7.2. The number of national and international events held at Claudelands, Waikato Stadium and Seddon Park.	130
8. The funding for Claudelands from rates to reduce over time.	8.1. The net revenue received from users of Claudelands.	\$2 million
9. A financial return from the Council's commercial property investments.	9.1. The financial return on the Council's commercial property investments.	8%
	9.2. The percentage of Council's commercial and retail premises that are occupied.	90%
<b>CITY SAFETY</b>		
Animal Education and Control   Building Control   Environmental Health and Public Safety		
10. A reliable and timely response to requests for dog control.	10.1. The percentage of urgent requests involving threats to public safety responded to within 60 minutes.	95%
	10.2. The percentage of routine requests for dog control issues responded to within 48 hours.	90%
11. Buildings granted consent to comply with construction standards.	11.1. Maintain the Council's Building Consent Authority (BCA) accreditation.	Maintain our BCA accreditation.
12. Premises selling food and liquor to be regularly monitored.	12.1. The percentage of high risk premises selling food and liquor monitored annually.	100%
	12.2. The percentage of food premise compliance issues resolved within agreed timeframes.	100%
13. A reliable and timely response to excessive noise complaints.	13.1. The percentage of complaints about excessive noise responded to within 30 minutes.	95%
14. Activity in the CBD to be proactively monitored.	14.1. The percentage of priority incidents in the CBD area detected and reported by CCTV cameras and City Safe Patrols.	90%
<b>COMMUNITY SERVICES</b>		
Cemeteries and Crematorium   Community Development   Emergency Management   Housing		
15. Professional and people-focused services.	15.1. The percentage of key stakeholders survey respondents who provide a rating, satisfied with the services at Hamilton Park Cemetery.	90%
	15.2. The percentage of housing tenant survey respondents who provide a rating, satisfied with Council's landlord service.	80%
	15.3. The percentage of stakeholder survey respondents who provide a rating, satisfied with the Council's community development services.	85%

YOU CAN EXPECT...	MEASURES	2013/14 TARGETS
16. The cost of housing to be recovered through rents.	16.1. The percentage of annual costs of the housing activity recovered through rentals.	100%
17. Council to always be ready for an emergency.	17.1. The Ministry of Civil Defence's rating of Hamilton's overall capability for an emergency event.	55%
18. Council to work together with others on community issues.	18.1. The number of inter-agency groups facilitated by the Community Development Team and the total combined number of meetings these groups hold.	10 inter-agency groups that meet at least 60 times
19. Community spaces to be well used.	19.1. The percentage of bookable time that Enderley Community Centre, the Celebrating Age Centre and Fairfield Hall are used by the community: <ul style="list-style-type: none"> <li>• Enderley Community Centre</li> <li>• Celebrating Age Centre</li> <li>• Fairfield Hall</li> </ul>	90% 90% 60%
20. A timely response to graffiti removal requests.	20.1. The percentage of graffiti removal jobs completed within two working days.	85%
<b>DEMOCRACY</b>		
21. Responsible management of the city's finances.	21.1. The percentage that rates increase to existing ratepayers each year.	3.8%
	21.2. The percentage by which the Council's total overall debt exceeds income.	245%
22. Timely and open access to public information.	22.1. The percentage of official information requests responded to within 20 working days.	100%
	22.2. The number of complaints about the Council withholding information upheld by the Ombudsman.	0
	22.3. The percentage of Residents Survey respondents who provide a rating, satisfied with the information the Council provides to the community about its services, facilities, projects and plans.	60%
23. Opportunities to be involved in decision-making processes.	23.1. The percentage of Residents Survey respondents who provide a rating, satisfied with the opportunities the Council provides for community involvement in decision-making.	50%
<b>PARKS AND OPEN SPACES</b>		
Amenity Parks   Hamilton Gardens   Natural Areas   Streetscapes		
24. Well presented parks and streetscapes.	24.1. The percentage of Residents Survey respondents who provide a rating, satisfied with parks and gardens in the city.	75%
25. Playgrounds in areas of highest demand.	25.1. The percentage of high demand areas in the city that have a playground.	97%
26. The city's public natural spaces to be protected and gradually restored.	26.1. The total number of native plants planted in natural areas each year.	65,000 – 70,000
27. A high standard of presentation at Hamilton Gardens.	27.1. The percentage of Residents Survey respondents who provide a rating, satisfied with Hamilton Gardens.	95%
<b>SOLID WASTE</b>		
Rubbish Collection   Waste Minimisation   Landfill Site Management		
28. A reliable refuse and recycling collection.	28.1. The number of weeks with more than 20 complaints about uncollected household rubbish and recycling.	0
	28.2. The percentage of customer complaints about uncollected rubbish and recycling resolved within 24 hours.	95%
29. Council to promote and encourage recycling and reuse.	29.1. The total volume of waste produced per residential property.	600kg
	29.2. The percentage of waste recovered for recycling.	34%

YOU CAN EXPECT...	MEASURES	2013/14 TARGETS
<b>STORMWATER</b>		
Network Management   Catchment Management		
30. An effective stormwater system that protects properties from flooding.	30.1. The number of buildings flooded each year.	Less than 5
	30.2. The number of reported incidences of surface water flooding on private residential property that are due to network capacity or maintenance issues.	Less than 6
31. Council to minimise the impact of stormwater on the city's waterways.	31.1. The percentage of days tested where Council-managed stormwater discharges meet bathing water standards.	50%
<b>TRANSPORTATION</b>		
Transport Network   Travel Demand Management   Parking Management		
32. Roads, cycleways and footpaths to be kept in good condition.	32.1. The number of potholes, cycleway faults and footpath trip hazards identified each year.	No more than 750
	32.2. The number of complaints about the "look and feel" of the network, including cleanliness and landscaping.	No more than 670
33. A transport network that is safe to use.	33.1. The number of fatal and serious injury crashes per 10,000 people in Hamilton.	A steady or decreasing trend for the 5-year average results
	33.2. The percentage of fatal and serious casualties in urban Hamilton that involve pedestrians, cyclists and motorcyclists.	
	33.3. The percentage of fatal and serious casualties occurring as a result of crossing/turning crashes in urban Hamilton.	
34. Predictable motor vehicle travel times.	34.1. The percentage of extra time taken to travel key routes in the city during peak travel times.	50%
35. Enough car parks in the CBD for shoppers and people doing business.	35.1. The percentage of on-street car parks that are full, between 8am – 5pm on weekdays.	Average of no more than 85% each year.
36. Transport infrastructure and services that support sustainable travel choices.	36.1. The percentage of Hamilton primary schools with active school travel plans.	85%
	36.2. The number of bus trips per capita.	Between 30 - 35 trips per capita
<b>WASTEWATER</b>		
Wastewater Collection   Wastewater Treatment and Disposal		
37. Reliable wastewater services.	37.1. The number of unplanned interruptions to service.	No more than 500
	37.2. The percentage of service interruptions to customers resolved within eight hours.	100%
38. Risks to people's health and our waterways will be minimised.	38.1. The number of wastewater overflows from pump stations and the treatment plant directly into streams and the Waikato River.	No more than 105
	38.2. The percentage of days tested where water discharged from the Wastewater Treatment Plant meets bathing water standards.	65%
<b>WATER SUPPLY</b>		
Water Treatment and Distribution   Water Storage   Water Demand Management		
39. High quality water.	39.1. Maintain the city's current high Ministry of Health water grade.	Aa water grade
40. A reliable supply.	40.1. The number of unplanned interruptions to service.	No more than 420
	40.2. The percentage of service interruptions to customers resolved within 8 hours.	100%
41. Sustainable management of water resources.	41.1. The number of days each year the city's demand for water exceeds the amount the Council is allowed to take from the Waikato River.	0
	41.2. Litres of water lost in the network through leaks per connection, per day.	Less than 120 L



# Prospective Financial Statements

## PROSPECTIVE STATEMENT OF COMPREHENSIVE INCOME

Forecast for the Year Ended 30 June 2014

	NOTE	2012/13 10-YEAR PLAN \$000	2013/14 10-YEAR PLAN \$000	2013/14 ANNUAL PLAN \$000
<b>REVENUE</b>				
Rates	2	120,964	126,029	126,069
Targeted rates – Water by meter	2	7,327	8,055	8,055
Revenue from activities *	3	42,849	45,173	44,224
Capital subsidies	3	1,029	3,714	4,383
Development contributions	3	6,256	6,362	6,362
Other contributions/grants	3	2,152	2,971	2,971
Vested assets	3	7,900	8,153	8,153
Sundry Revenue **	3	675	687	1,887
<b>Total operating revenue</b>		<b>189,152</b>	<b>201,144</b>	<b>202,104</b>
<b>EXPENDITURE</b>				
Depreciation and amortisation	5	56,388	58,072	58,072
Employee benefit expenses		54,512	55,800	55,800
Finance costs **	4	23,734	24,812	26,012
Other expenses *	5	61,422	63,284	62,564
<b>Total operating expenditure</b>		<b>196,056</b>	<b>201,968</b>	<b>202,448</b>
<b>Net surplus/(deficit)*</b>		<b>(6,904)</b>	<b>(824)</b>	<b>(344)</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
Net increase in revaluation of assets		137,807	143,967	143,967
<b>Total other comprehensive income</b>		<b>137,807</b>	<b>143,967</b>	<b>143,967</b>
<b>Total comprehensive income for the year</b>		<b>130,903</b>	<b>143,143</b>	<b>143,623</b>

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

Council takes a prudent approach in the calculation of the balanced budget and removes subsidies on significant one-off capital projects (such as the Ring Road project) and vested assets from the calculation. The reason for this is because this revenue is irregular in nature and distorts the true operational surplus/deficit position of Council.

### VARIATIONS TO COUNCIL'S 2012-2022 10 YEAR PLAN

\* Refer to the individual Funding Impact Statements for detailed commentary on variations.

\*\* Both investment income and interest on bank borrowings have increased by \$1.2m to separately disclose interest earned on cash investments. This was previously netted off interest on bank borrowings.

## PROSPECTIVE STATEMENT OF CHANGES IN EQUITY

Forecast for the Year Ended 30 June 2014

	NOTE	2012/13 10-YEAR PLAN \$000	2013/14 10-YEAR PLAN \$000	2013/14 ANNUAL PLAN \$000
<b>Equity balance at 1 July</b>		3,116,578	3,247,481	3,247,481
Total comprehensive income for the year		130,903	143,143	143,623
<b>Equity balance at 30 June</b>		<b>3,247,481</b>	<b>3,390,624</b>	<b>3,391,104</b>
<b>COMPONENTS OF EQUITY</b>				
Retained earnings at beginning of year		1,590,366	1,581,331	1,581,331
Net surplus/(deficit)		(6,904)	(824)	(344)
Transfers (to)/from restricted and council created reserves		(2,131)	743	(380)
<b>Retained earnings at end of year</b>		<b>1,581,331</b>	<b>1,581,250</b>	<b>1,580,607</b>
Revaluation reserves at beginning of year		1,506,559	1,644,366	1,644,366
Revaluation gains		137,807	143,967	143,967
<b>Revaluation reserves at end of year</b>		<b>1,644,366</b>	<b>1,788,333</b>	<b>1,788,333</b>
Restricted and council created reserves at beginning of year		19,653	21,784	21,784
Transfers to/(from) reserves		2,131	(743)	380
<b>Restricted and council created reserves at end of year</b>		<b>21,784</b>	<b>21,041</b>	<b>22,164</b>
<b>Equity balance at 30 June</b>	<b>9</b>	<b>3,247,481</b>	<b>3,390,624</b>	<b>3,391,104</b>

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

## PROSPECTIVE STATEMENT OF FINANCIAL POSITION

Forecast for the Year Ended 30 June 2014

	NOTE	2012/13 10-YEAR PLAN \$000	2013/14 10-YEAR PLAN \$000	2013/14 ANNUAL PLAN \$000
<b>EQUITY</b>				
Retained earnings	9	1,581,331	1,581,250	1,580,607
Revaluation reserves	9	1,644,366	1,788,333	1,788,333
Restricted reserves	9	13,561	13,395	13,395
Council created reserves	9	8,223	7,646	8,769
<b>Total equity</b>		<b>3,247,481</b>	<b>3,390,624</b>	<b>3,391,104</b>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	8	32,000	32,000	32,000
Debtors and other receivables		16,000	16,512	16,512
Inventories		500	516	516
<b>Total current assets</b>		<b>48,500</b>	<b>49,028</b>	<b>49,028</b>
<b>Non-current assets</b>				
Property, plant and equipment *		3,597,707	3,742,096	3,739,654
Investment property		53,827	55,549	55,549
Intangible assets		9,266	8,554	8,553
Other financial assets	6	7,516	9,047	9,047
Investment in associates and subsidiaries	7	13,431	13,431	13,431
<b>Total non-current assets</b>		<b>3,681,747</b>	<b>3,828,677</b>	<b>3,826,234</b>
<b>Total assets</b>		<b>3,730,247</b>	<b>3,877,705</b>	<b>3,875,262</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Creditors and other payables		17,000	17,544	17,544
Employee entitlements		5,800	5,986	5,986
Debt	8	111,913	112,803	112,803
Provisions		1,900	1,961	1,961
<b>Total current liabilities</b>		<b>136,613</b>	<b>138,294</b>	<b>138,294</b>
<b>Non-current liabilities</b>				
Employee entitlements		1,800	1,858	1,858
Debt *	8	335,453	337,744	334,822
Provisions		8,900	9,185	9,185
<b>Total non-current liabilities</b>		<b>346,153</b>	<b>348,787</b>	<b>345,865</b>
<b>Total liabilities</b>		<b>482,766</b>	<b>487,081</b>	<b>484,159</b>
<b>Net assets</b>		<b>3,247,481</b>	<b>3,390,624</b>	<b>3,391,104</b>

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

### VARIATIONS TO COUNCIL'S 2012-2022 10 YEAR PLAN

- \* Debt and Property, plant and equipment are less than the 10-Year Plan projections as a result of the sale of the YMCA property during 2012-13 that was unbudgeted, and the sale of housing units for during 2012-13 for a greater amount than was budgeted.

## PROSPECTIVE STATEMENT OF CASH FLOWS

Forecast for the Year Ended 30 June 2014

	NOTE	2012/13 10-YEAR PLAN \$000	2013/14 10-YEAR PLAN \$000	2013/14 ANNUAL PLAN \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Cash will be provided from:</b>				
Rates revenue	2	128,291	134,084	134,124
Fees, rents and charges *	3	39,744	41,948	40,999
Government operating subsidies and grants	3	3,105	3,225	3,225
Government capital subsidies and grants	3	1,029	3,714	4,383
Other capital contributions	3	7,897	7,963	7,963
Dividends and interest income **	3	275	275	1,475
Sundry revenue	3	400	413	413
		<b>180,741</b>	<b>191,622</b>	<b>192,582</b>
<b>Cash will be applied to:</b>				
Salaries and wages		54,512	55,800	55,800
Payments for supplies and services *		61,728	60,660	59,940
Interest paid **		23,734	24,812	26,012
Net GST paid		1,800	1,858	1,858
		<b>141,774</b>	<b>143,130</b>	<b>143,610</b>
<b>Net cash inflow from operating activities</b>		<b>38,967</b>	<b>48,492</b>	<b>48,972</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Cash will be provided from:</b>				
Proceeds from sale of assets ***		2,741	625	-
		<b>2,741</b>	<b>625</b>	<b>-</b>
<b>Cash will be applied to:</b>				
Purchase of property, plant and equipment		60,734	49,825	50,305
		<b>60,734</b>	<b>49,825</b>	<b>50,305</b>
<b>Net cash outflow from operating activities</b>		<b>(57,993)</b>	<b>(49,200)</b>	<b>(50,305)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Cash will be provided from:</b>				
Loans uplifted		40,319	21,151	21,151
		<b>40,319</b>	<b>21,151</b>	<b>21,151</b>
<b>Cash will be applied to:</b>				
Term investments		1,647	1,674	1,674
Loan repayments		19,646	18,769	18,144
		<b>21,293</b>	<b>20,443</b>	<b>19,818</b>
<b>Net cash inflow from financing activities</b>		<b>19,026</b>	<b>708</b>	<b>1,333</b>
Net increase/(decrease) in cash held		-	-	-
Plus opening cash balance 1 July		32,000	32,000	32,000
<b>Closing cash and cash equivalents balance</b>		<b>32,000</b>	<b>32,000</b>	<b>32,000</b>

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

### VARIATIONS TO COUNCIL'S 2012-2022 10 YEAR PLAN

\* Refer to the individual Funding Impact Statements for detailed commentary on variations.

\*\* Both investment income and interest on bank borrowings have increased by \$1.2m to separately disclose interest earned on cash investments. This was previously netted off interest on bank borrowings.

\*\*\* Proceeds from the sale of the remaining V8 assets was expected to take place in 2013-14 as noted under the terms of the agreement. Settlement of the outstanding amount instead took place at an earlier date during the 2012-13 year.

# Notes to the Financial Statements

## NOTE 1: ACCOUNTING POLICIES

### REPORTING ENTITY

Hamilton City Council (the Council) is a territorial local authority governed by the Local Government Act 2002 and is domiciled in New Zealand.

The primary objective of the Council is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly, the Council has designated itself as a public benefit entities as defined under New Zealand International Financial Reporting Standards (NZ IFRS).

The prospective 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 not material.

### BASIS OF PREPARATION

The financial information contained within these policies and financial statements is prospective information in terms of FRS 42: Prospective Financial information. The purpose for which the information has been prepared is to enable the public to participate in the decision making processes as to the services to be provided by Council over the financial years 2013/14 and to provide a broad accountability mechanism of the Council to the community. The prospective information may not be appropriate for purposes other than those described.

In preparing these prospective financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

The information in the prospective financial statements is uncertain and its preparation requires the exercise of judgement. Actual financial results achieved are likely to vary from the information presented and the variations may be material. Events and circumstances may not occur as expected and may or may not have been predicted or the Council may subsequently take actions that differ from the proposed course of action on which the prospective financial statements are based.

The Council authorised the prospective financial statements on 27 June 2013. Council and management of Hamilton City Council accept responsibility for the preparation of the prospective financial statements, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures. No actual results have been incorporated within the prospective financial statements.

In September 2011, the External Reporting Board issued a position paper and consultation papers proposing a new external reporting framework for public benefit entities (PBEs). The papers proposed that accounting standards for PBEs would be based on International Public Sector Accounting Standards, modified as necessary. The proposals in these papers do not provide certainty about any specific requirements of future accounting standards. Therefore, the accounting policies on which the forecast information for 2013-14 has been prepared are based on the current New Zealand equivalents to International Financial Reporting Standards.

### Statement of Compliance

The prospective financial statements of the Council have been prepared in accordance with the requirements of the Local Government Act 2002, which include the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

### Functional and Presentation Currency

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

### Accounting Policies

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

## SIGNIFICANT ACCOUNTING POLICIES

### Subsidiaries

Subsidiaries are those entities in which Council has control. Hamilton Properties Ltd is the Council's only subsidiary and has been exempted as a Council Controlled Organisation and is a non active entity in terms of the Financial Reporting Act 1993.

The prospective 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 prospective financial statements show the investment in associates at cost.

## REVENUE

Revenue is measured at the fair value of consideration received or receivable.

### Rates Revenue

Rates are set annually by a resolution from the 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.

New Zealand Transport Agency 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 the 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 the 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 the Council provides, or is able to provide, the service.

#### **BORROWING COSTS**

The Council have elected to defer the adoption of NZ IAS 23 Borrowing Costs (revised 2007) in accordance with its transitional provisions that are applicable to public benefit entities. Consequently, all 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 the 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 the Council's decision.

#### **FOREIGN CURRENCY TRANSACTIONS**

Foreign currency transactions (including those for which foreign exchange contract are held) 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 surplus/deficit.

#### **GOODS AND SERVICES TAX (GST)**

All items in the prospective 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 recognised against the surplus or deficit for the period, 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 the Council. Each asset type includes all items that are required for the network to function.

Property, plant and equipment are 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 the Council and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

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 reported in the net surplus or deficit. When re-valued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

### 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 the Council and the cost of the item can be measured reliably.

The cost of day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

### 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.

The net revaluation results are credited or debited to other comprehensive income and are accumulated to an asset revaluation reserve in equity for that class of asset.

Where the result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive income but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive income.

### 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:

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

ASSET CLASS	USEFUL LIFE	DEPRECIATION RATE
Treatment plant	5 - 100 years	1%-20%
Bridges	75 - 100 years	1%-1.3%
Pump-stations	15 - 100 years	1%-6.6%
<b>Stormwater System:</b>		
Pipes	100 years	1%
manholes, cesspits	100 years	1%
service connections and outlets	30 - 100 years	1%-3.3%
<b>Water Reticulation:</b>		
Pipes	60 - 80 years	1.25%-1.6%
Butterfly valves	50 - 75 years	1.3%-2%
Treatment plant	10 - 120 years	0.8%-10%
Meters	20 years	5%
Hydrants	50 years	2%
Reservoirs	30 - 80 years	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
- Non-current asset held 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 the Council, funded either from Corporate Funds, the Domain Endowment Fund or the Municipal Endowment Fund.

Gains or losses arising from changes in the fair value of investment property are included in the surplus/deficit for the period in which they arise.

### 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 surplus or deficit.

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 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 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 re-valued 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 re-valued 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 surplus or deficit, a reversal of that impairment loss is also recognised in the surplus or deficit.

### 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 surplus/deficit 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

### 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.

### Trade and Other Receivables

Debtors and other receivables are measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

### Other Financial Assets

Financial assets are initially recognised at fair value plus transactions costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

- Loans and receivables
- Fair value through surplus or deficit
- Held to maturity investment
- Fair value through other comprehensive income

### *Loans and receivables*

Loans and receivables are non-derivative financial assets (such as general or community loans, deposits and term deposits) with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

They are measured at initial recognition, at fair value, and subsequently carried at amortised cost less impairment losses. Gains or losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

### *Financial assets at fair value through surplus or deficit*

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated into a hedge accounting relationship for which hedge accounting is applied.

Financial assets acquired principally for the purpose of selling in the short-term or part of a portfolio classified as held for trading are classified as a current asset. The

current/non-current classification of derivatives is explained in the derivatives accounting policy below.

After initial recognition, financial assets in this category are measured at their fair values with gains or losses on remeasurement recognised in the surplus or deficit.

### *Held-to-maturity investments*

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities and there is the positive intention and ability to hold to maturity. They are included in the current assets, except for maturities great than 12 months after balance date, which are included in non-current assets.

After initial recognition they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

### *Fair value through other comprehensive income*

Financial assets at fair value through other comprehensive income are those that are designated into this category at initial recognition or are not classified in any of other categories above. They are included in non-current assets unless management intends to dispose of, or realise, the investment within 12 months of balance date. The Council and group includes in this category;

- Investments that it intend to hold long-term but which may be realised before maturity; and
- Shareholdings that it holds for strategic purposes.

These investments are measured at their fair value, with gains and losses recognised in other comprehensive income, except for impairment losses, which are recognised in the surplus or deficit.

On derecognition the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the surplus or deficit.

### *Impairment of Financial Assets*

Financial assets are assessed for objective evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

### *Loans and Other Receivables, and Held-to-maturity Investments*

Impairment is established when there is objective evidence that the Council and group will not be able to collect amounts due according to the original terms of the debt. Significant financial difficulties of the debtor, probability that the debtors will enter into bankruptcy, and default payments are considered indicators that the asset is impaired.

The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit.

When the receivable is uncollectable, it is written-off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).

#### ***Financial Assets as Fair Value through Other Comprehensive Income***

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

For debt instruments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered objective indicators that the asset is impaired.

If impairment evidence exists for investments at fair value through the other comprehensive income, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive income is reclassified from equity to the surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

If in a subsequent period the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

### **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 surplus or deficit 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.

#### **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. The 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 surplus/deficit.

### **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 prospective 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.

### **SUPERANNUATION SCHEMES**

#### **Defined Contribution Schemes**

Obligations for contributions to defined contribution schemes are recognised as an expense in the surplus or deficit as incurred.

### **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, the 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 the 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

The 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".

### Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the council or group to make specified payments to reimburse the holder of the contract for loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value, even if a payment under the guarantee is not considered probable. If a financial guarantee contract was issued in a stand-alone arms length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received, a liability is recognised based on the probability that the Council or group will be required to reimburse a holder for a loss incurred discounted to the present value. The portion of the guarantee that remains unrecognised, prior to discounting to fair value is disclosed as a contingent liability.

Financial guarantees are subsequently measured at the initial recognition amount less any amortisation. However, if it is probable that expenditure will be required to settle a guarantee, then the provision for the guarantee is measured at the present value of the future expenditure.

### Landfill Post-closure Costs

The Council has legal obligations under resource consent to provide ongoing maintenance and monitoring services at several of its landfill sites. 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 the Council.

All subsequent changes in the liability shall be recognised in the surplus /deficit and the periodic unwinding of the discount will also be recognised in the surplus/deficit as a finance cost as it occurs.

### EQUITY

Equity is the community's interest in the 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 the Council, which may not be revised by the Council without reference to the Courts or a third party.

Council created reserves are formally imposed designations of public equity that indicate the 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 the 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 the Council.

### **FUNDING IMPACT STATEMENTS (FIS)**

The Funding Impact Statements (FIS) disclose the source of funding of operating and capital expenditure for the Council as a whole and for each group of activities- i.e. the revenue and financing mechanisms it uses to cover the expenditure of the Council Expenditure includes an allocation of support services and an allocation of interest.

### **CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS IN APPLYING THE COUNCIL'S ACCOUNTING POLICIES**

#### **Infrastructural Assets**

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 cost 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 measurement of qualitative standards which may affect the results of future periods.

#### **Landfill Aftercare Provisions**

The estimate of the provision for landfill post-closures 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**

	2012/13 10-YEAR PLAN \$000	2013/14 10-YEAR PLAN \$000	2013/14 ANNUAL PLAN \$000
General rates	115,861	120,925	120,965
Targeted rates:			
• Business Improvement District	280	280	280
• 100% non-rateable land	869	906	906
• 50% non-rateable land	108	113	113
• Access Hamilton	5,000	5,000	5,000
<b>Rates levied</b>	<b>122,118</b>	<b>127,224</b>	<b>127,264</b>
Water by meter	7,327	8,055	8,055
Rates penalties	652	679	679
Less rates remissions	(1,015)	(1,057)	(1,057)
Less rates charged to Council properties	(791)	(817)	(817)
<b>Total rates revenue</b>	<b>128,291</b>	<b>134,084</b>	<b>134,124</b>
<b>Less consumption based rates:</b>			
Targeted rates – water by meter	(7,327)	(8,055)	(8,055)
<b>Total rates revenue excluding consumption based rates</b>	<b>120,964</b>	<b>126,029</b>	<b>126,069</b>

**NOTE 3: OTHER REVENUE**

	2012/13 10-YEAR PLAN \$000	2013/14 10-YEAR PLAN \$000	2013/14 ANNUAL PLAN \$000
<b>REVENUE FROM ACTIVITIES</b>			
Arts and recreation *	6,814	7,171	6,807
City planning and development	1,051	1,085	1,085
City prosperity *	9,639	10,275	9,931
City safety	6,854	7,115	7,083
Community services	3,484	3,759	3,949
Democracy	28	236	236
Parks and open spaces	911	940	1,040
Solid waste management	308	318	318
Stormwater drainage	24	25	25
Transportation	11,491	11,879	11,557
Wastewater	3,490	3,655	3,655
Water supply *	276	285	107
Less internal revenue	(1,521)	(1,570)	(1,570)
<b>Total revenue from activities</b>	<b>42,849</b>	<b>45,173</b>	<b>44,224</b>
<b>CAPITAL CONTRIBUTIONS</b>			
Capital subsidies	1,029	3,714	4,383
Vested assets	7,900	8,153	8,153
Development contributions	6,256	6,362	6,362
Other contributions/grants	2,152	2,971	2,971
<b>Total capital contributions</b>	<b>17,337</b>	<b>21,200</b>	<b>21,869</b>
<b>SUNDRY REVENUE</b>			
Dividends and interest income	275	275	275
Investment income **	-	-	1,200
Other income	400	412	412
<b>Total sundry revenue</b>	<b>675</b>	<b>687</b>	<b>1,887</b>
<b>Total other revenue</b>	<b>60,861</b>	<b>67,060</b>	<b>67,980</b>

**VARIATIONS TO COUNCIL'S 2012-2022 10 YEAR PLAN**

\* Refer to the individual Funding Impact Statements for detailed commentary on variations.

\*\* Both investment income and interest on bank borrowings have increased by \$1.2m to separately disclose interest earned on cash investments. This was previously netted off interest on bank borrowings.

**NOTE 4: FINANCE COSTS**

	2012/13 10-YEAR PLAN \$000	2013/14 10-YEAR PLAN \$000	2013/14 ANNUAL PLAN \$000
Interest on bank borrowings **	23,643	24,685	25,885
Interest on leased assets	91	127	127
<b>Total finance costs</b>	<b>23,734</b>	<b>24,812</b>	<b>26,012</b>

**NOTE 5: OTHER EXPENSES**

	2012/13 10-YEAR PLAN \$000	2013/14 10-YEAR PLAN \$000	2013/14 ANNUAL PLAN \$000
Arts and recreation *	32,073	32,932	33,328
City planning and development *	5,679	5,819	6,208
City prosperity *	28,564	29,538	29,210
City safety	8,956	9,031	9,083
Community services	8,167	8,191	8,560
Democracy	4,644	5,180	5,274
Parks and open spaces	14,613	14,890	15,301
Solid waste management	6,091	6,146	6,186
Stormwater drainage	8,237	8,440	8,507
Transportation *	42,095	43,428	42,876
Wastewater	22,337	23,258	23,155
Water supply	17,928	18,583	18,228
Less internal expenditure	(1,521)	(1,570)	(1,570)
Less rates charged to Council properties	(791)	(817)	(817)
Less interest on internal borrowing	(1,016)	(1,081)	(1,081)
<b>Total expenses from activities</b>	<b>196,056</b>	<b>201,968</b>	<b>202,448</b>
Less depreciation and amortisation	(56,388)	(58,072)	(58,072)
Less employee benefit expenses	(54,512)	(55,800)	(55,800)
Less finance costs **	(23,734)	(24,812)	(26,012)
<b>Total other expenses</b>	<b>61,422</b>	<b>63,284</b>	<b>62,564</b>
<b>DEPRECIATION AND AMORTISATION DIRECTLY RELATED TO EACH SERVICE GROUP</b>			
Arts and recreation	2,793	3,035	3,035
City planning and development	-	-	-
City prosperity	2,295	2,359	2,359
City safety	55	54	54
Community services	143	145	145
Democracy	-	-	-
Parks and open spaces	1,340	1,465	1,465
Solid waste management	306	352	352
Stormwater drainage	5,513	5,703	5,703
Transportation	16,399	16,825	16,825
Wastewater	7,101	7,450	7,450
Water supply	6,810	7,144	7,144
<b>DEPRECIATION AND AMORTISATION INCURRED BY BUSINESS UNITS AND INTERNAL SERVICE UNITS</b>			
Support services	13,578	13,483	13,483
Business units	55	57	57
<b>Total depreciation and amortisation</b>	<b>56,388</b>	<b>58,072</b>	<b>58,072</b>

**VARIATIONS TO COUNCIL'S 2012-2022 10 YEAR PLAN**

\* Refer to the individual Funding Impact Statements for detailed commentary on variations.

\*\* Both investment income and interest on bank borrowings have increased by \$1.2m to separately disclose interest earned on cash investments. This was previously netted off interest on bank borrowings.

**NOTE 6: OTHER FINANCIAL ASSETS**

	2012/13 10-YEAR PLAN \$000	2013/14 10-YEAR PLAN \$000	2013/14 ANNUAL PLAN \$000
<b>CURRENT PORTION</b>			
<b>Loans and receivables</b>			
Loan to Staples Rodway	279	261	261
Loan to Waikato Rugby Union	125	-	-
<b>Total current portion</b>	<b>404</b>	<b>261</b>	<b>261</b>
<b>NON-CURRENT PORTION</b>			
Local Government Funding Agency Borrower Notes	1,647	3,321	3,321
<b>Other investments</b>			
Unlisted shares in Local Government Funding Agency	2,000	2,000	2,000
Unlisted shares in Innovation Waikato Ltd	2,400	2,400	2,400
Unlisted shares in Local Authority Shared Services Ltd	728	728	728
Unlisted shares in NZ Local Government Insurance Co Ltd	337	337	337
<b>Total non-current portion</b>	<b>7,112</b>	<b>8,786</b>	<b>8,786</b>
<b>Total other financial assets</b>	<b>7,516</b>	<b>9,047</b>	<b>9,047</b>

**NOTE 7: INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES**

	2012/13 10-YEAR PLAN \$000	2013/14 10-YEAR PLAN \$000	2013/14 ANNUAL PLAN \$000
<b>ASSOCIATES</b>			
Hamilton Riverview Hotel Ltd	6,000	6,000	6,000
Waikato Regional Airport Ltd	7,430	7,430	7,430
Soda Inc Ltd	-	-	-
<b>SUBSIDIARIES</b>			
Hamilton Properties Ltd	1	1	1
<b>Total investment in associates and subsidiaries</b>	<b>13,431</b>	<b>13,431</b>	<b>13,431</b>

## NOTE 8: DEBT

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 two exceptions. The \$5.204m loan used to purchase Claudelands Park is secured by way of a mortgage over the Claudelands Park property. The other is a \$1.0m loan used to purchase Victoria on the River property which is secured by first registered mortgage over the property.

	2012/13 10-YEAR PLAN \$000	2013/14 10-YEAR PLAN \$000	2013/14 ANNUAL PLAN \$000
<b>CURRENT</b>			
Secured loans	111,486	112,136	112,136
Lease liabilities	427	667	667
<b>Total current debt</b>	<b>111,913</b>	<b>112,803</b>	<b>112,803</b>
<b>NON-CURRENT</b>			
Secured loans	334,457	336,188	333,266
Lease liabilities	996	1,556	1,556
<b>Total non-current debt</b>	<b>335,453</b>	<b>337,744</b>	<b>334,822</b>
<b>Total external debt (public debt)</b>	<b>447,366</b>	<b>450,547</b>	<b>447,625</b>
<b>ADJUSTMENTS REQUIRED TO DETERMINE TOTAL OVERALL DEBT</b>			
Add back restricted reserves – as required to be held in cash (refer note 9)	13,561	13,395	13,395
Add back council reserve-housing reserve to be held in cash (refer note 9)	2,671	2,633	3,756
Less cash held and cash equivalents	(32,000)	(32,000)	(32,000)
<b>Total overall debt</b>	<b>431,598</b>	<b>434,575</b>	<b>432,776</b>

Council restricted reserves and the council created housing reserve are held in cash and are not used for internal borrowing (i.e. to reduce external borrowing requirements) as they are held for a specific purpose and may be utilised at any time. Refer to note 9 for a breakdown of Council created and restricted reserves.

### Debt Servicing Performance Indicators

	2012/13 10-YEAR PLAN \$000	2013/14 10-YEAR PLAN \$000	2013/14 ANNUAL PLAN \$000
<b>FINANCIAL RATIOS</b>			
Liquidity ratio >110%	>110%	>110%	>110%
Debt to revenue ratio (target 200% by 2019)	248%	238%	238%
Interest to revenue ratio (target <20%)	14%	14%	14%
Debt to cashflow (target <15)	10.8	9.7	9.7

The financial ratios are calculated as follows:

- **Liquidity ratio** – (total funds available through committed facilities/floating rate notes/bonds/cash held) divided by (external debt).
- **Debt to revenue ratio** – (total overall debt) divided by (total operating revenue less vested assets less capital subsidies less revenue from development contributions).
- **Interest to revenue ratio** – (total interest) divided by (total operating revenue less vested assets less capital subsidies less revenue from development contributions).
- **Debt to cashflow** – (total overall debt) divided by (net surplus/deficit plus depreciation less vested assets less capital subsidies less sundry revenue).

Council uses synthetic instruments (swaps and FRAs) to manage its interest rate risk profile based on independent professional advice. The specific limits are outlined in the investment and liability management policy.



**NOTE 9: EQUITY**

	2012/13 10-YEAR PLAN \$000	2013/14 10-YEAR PLAN \$000	2013/14 ANNUAL PLAN \$000
<b>RETAINED EARNINGS</b>			
Opening balance	1,590,366	1,581,331	1,581,331
Net surplus/(deficit)	(6,904)	(824)	(344)
Transfers (to)/from restricted and council created reserves	(2,131)	743	(380)
<b>Total retained earnings</b>	<b>1,581,331</b>	<b>1,581,250</b>	<b>1,580,607</b>
<b>REVALUATION RESERVES</b>			
<b>General asset revaluation reserves</b>			
Opening balance	1,506,559	1,644,366	1,644,366
Revaluation gains	137,807	143,967	143,967
<b>Total revaluation reserves</b>	<b>1,644,366</b>	<b>1,788,333</b>	<b>1,788,333</b>
<b>Restricted and council created reserves</b>			
Opening balance	19,653	21,784	21,784
Transfers to/(from) restricted and council created reserves	2,131	(743)	380
<b>Total restricted and council created reserves</b>	<b>21,784</b>	<b>21,041</b>	<b>22,164</b>
<b>Total equity</b>	<b>3,247,481</b>	<b>3,390,624</b>	<b>3,391,104</b>

	2012/13 10-YEAR PLAN \$000	2013/14 10-YEAR PLAN \$000	2013/14 ANNUAL PLAN \$000
<b>RESTRICTED AND COUNCIL CREATED RESERVES</b>			
<b>Restricted reserves</b>			
Cemetery plot maintenance in perpetuity	1,630	1,429	1,429
Dame Hilda Ross library memorial reserve	1	2	2
Domain endowment fund	1,923	1,923	1,923
Roman Catholic schools library reserve	2	2	2
Waikato art gallery endowment reserve	8	8	8
Municipal endowment fund	8,825	8,825	8,825
Project watershed emergency reserve	1,172	1,206	1,206
<b>Total restricted reserves</b>	<b>13,561</b>	<b>13,395</b>	<b>13,395</b>
<b>COUNCIL CREATED RESERVES</b>			
Access Hamilton reserve	1,924	1,374	1,374
Bus shelter (Adshel) reserve	110	97	97
Crime prevention	106	111	111
Housing upgrade reserve	2,671	2,633	3,756
Museum collection reserve	252	266	266
Project watershed operating reserve	80	(70)	(70)
Public art reserve	123	77	77
Rail infrastructure reserve	270	278	278
Retiring gratuity reserve	411	433	433
Rotokauri/Te Rapa land sale reserve	2,067	2,184	2,184
Zoo animal acquisition reserve	209	263	263
<b>Total council created reserves</b>	<b>8,223</b>	<b>7,646</b>	<b>8,769</b>
<b>Total restricted and council created reserves</b>	<b>21,784</b>	<b>21,041</b>	<b>22,164</b>

**NOTE 10: CAPITAL EXPENDITURE**

	2012/13 10-YEAR PLAN \$000	2013/14 10-YEAR PLAN \$000	2013/14 ANNUAL PLAN \$000
<b>CAPITAL EXPENDITURE DISCLOSED IN FUNDING IMPACT STATEMENTS</b>			
Arts and recreation *	2,840	2,817	2,607
City planning and development	-	-	-
City prosperity	236	566	566
City safety	-	-	20
Community services	590	275	275
Democracy	-	-	-
Parks and open spaces	4,663	2,234	2,234
Solid waste management	620	1,217	1,217
Stormwater drainage	1,656	2,038	2,038
Transportation **	27,526	22,334	23,003
Waste water	7,912	6,473	6,473
Water supply	6,491	6,797	6,797
<b>CAPITAL EXPENDITURE INCURRED BY BUSINESS UNITS AND INTERNAL SERVICE UNITS</b>			
City parks	141	-	-
Information services	3,773	1,427	1,427
Property management	4,286	3,647	3,647
<b>Total capital expenditure</b>	<b>60,733</b>	<b>49,825</b>	<b>50,304</b>
<b>TOTAL CAPITAL EXPENDITURE FUNDED BY:</b>			
Loans	32,555	20,347	20,347
Reserves	1,241	963	963
Subsidies **	4,237	2,258	2,927
Other revenue	1,581	2,381	2,381
General rates	21,120	23,876	23,686
<b>Total capital expenditure</b>	<b>60,733</b>	<b>49,825</b>	<b>50,304</b>

**VARIATIONS TO COUNCIL'S 2012-2022 10 YEAR PLAN**

\* Library collections renewals have been reduced to fund the reduced revenue targets.

\*\* Correction to the amount of NZTA subsidy able to be claimed on some Transportation projects.

# NOTE 11: RECONCILIATION OF NET SURPLUS/(DEFICIT) TO COUNCIL FUNDING STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	2012/13 10-YEAR PLAN \$000	2013/14 10-YEAR PLAN \$000	2013/14 ANNUAL PLAN \$000
<b>OPERATING SURPLUS/(DEFICIT)</b>			
Arts and recreation *	(4,868)	(4,447)	(4,981)
City planning and development *	(939)	(859)	(1,217)
City prosperity *	(3,684)	(3,451)	(3,356)
City safety	(421)	(356)	(416)
Community services	(947)	(813)	(937)
Democracy	(938)	(899)	(946)
Parks and open spaces *	(2,373)	(2,164)	(2,346)
Solid waste management	(1,183)	(1,076)	(1,067)
Stormwater drainage	(1,142)	(980)	(981)
Transportation *	2,365	6,264	7,451
Wastewater *	(1,318)	(1,069)	(831)
Water supply *	(372)	(208)	48
Add Vested assets	7,900	8,153	8,153
Remove Interest on internal borrowing	1,016	1,081	1,081
<b>Net surplus/(deficit) per Statement of Comprehensive Income</b>	<b>(6,904)</b>	<b>(824)</b>	<b>(344)</b>
Deduct Vested assets and interest on internal borrowing not included in the FIS	(8,916)	(9,234)	(9,234)
<b>Net surplus/(deficit) before vested assets and internal interest</b>	<b>(15,820)</b>	<b>(10,058)</b>	<b>(9,578)</b>
Deduct capital subsidies (recorded as capital sources)	(1,029)	(3,714)	(4,383)
Deduct development and financial contributions (recorded as capital sources)	(7,897)	(7,964)	(7,964)
Deduct finance leases (recorded as capital sources)	(511)	(1,369)	(1,369)
Add provision for LGFA guarantee	27	30	30
Add depreciation not included in the FIS	56,388	58,071	58,071
<b>Surplus/(deficit) of operating funding</b>	<b>31,158</b>	<b>34,996</b>	<b>34,806</b>
<b>Balance as per Council FIS operating surplus/(deficit) of funding</b>	<b>31,158</b>	<b>34,996</b>	<b>34,806</b>

## VARIATION TO COUNCIL'S 2012-2022 10 YEAR PLAN

\*Refer to the individual Funding Impact Statements for detailed commentary on variations.

## Reserve Funds

Reserves are held to ensure that funds received for a particular purpose are used for that purpose and any surplus created is managed in accordance with the reason for which the reserve was established. Surpluses held in reserves are credited with interest. The council holds 20 reserves, with 7 being restricted reserves. Restricted reserves are reserves that have rules set by legal obligation that restrict the use that the council may put the funds towards. The remaining Council created reserves are discretionary reserves which the council has established for the fair and transparent use of monies.

Restricted reserves and the Housing Upgrade reserve are backed by cash. The remaining reserves are not separately held in cash and the funds are managed as part of the council's treasury management. As debt capacity allows, more reserves will be cash backed.

Below is a list of current reserves outlining the purpose for holding each reserve and the council activity to which each reserve relates, together with summary financial information for the 2013/14 year:

RESTRICTED RESERVES PURPOSE OF THE FUND	OPENING BALANCE JULY 2013 \$000	DEPOSITS \$000	EXPENDITURE \$000	CLOSING BALANCE JUNE 2014 \$000
<b>Cemetery Plot Maintenance in Perpetuity Reserve (Cemeteries and Crematorium Activity)</b> To maintain and provide for improvements to the cemeteries.	1,630	90	291	1,429
<b>Domain Endowment Fund (Parks and Open Spaces Activity)</b> To provide a capital endowment fund for domain land for investment in property. Rental income and interest earned from domain endowment land is used to fund parks and reserves operating costs.	1,923	106	106	1,923
<b>Dame Hilda Ross Children's Library Memorial Fund (Libraries Activity)</b> To manage a bequest by Dame Hilda Ross given for the purpose of extending the children's collection in the Dame Hilda Ross Memorial Arts Centre (Children's Library). Only the interest income from the fund may be used for purchases.	1	1	-	2
<b>Roman Catholic Schools Library Fund (Libraries Activity)</b> To manage a bequest made for the purpose of extending the children's collection in the Children's Library. The interest income from the fund can be used for children's book collection purchases.	2	-	-	2
<b>Waikato Art Gallery Endowment Reserve (Arts Promotion Activity)</b> To provide funds for the acquisition of works of art for the Waikato Museum of Art and History.	8	-	-	8
<b>Municipal Endowment Fund (Strategic Property Investment Activity)</b> To provide a capital fund for Crown endowment land vested in the council for investment in property. Rental income and interest earned from the land and property may be used for Council purposes to offset rates.	8,825	485	485	8,825
<b>Project Watershed Emergency Reserve (Water Supply and Stormwater Activity)</b> To fund emergency works for which Waikato Regional Council (WRC) pays a flat contingency sum per year. If an event does occur, permission needs to be sought from WRC before funding can be utilised from this reserve.	1,172	34	-	1,206

COUNCIL CREATED RESERVES PURPOSE OF THE FUND	OPENING BALANCE JULY 2013 \$000	DEPOSITS \$000	EXPENDITURE \$000	CLOSING BALANCE JUNE 2014 \$000
<b>Access Hamilton Reserve (Transport Network Activity)</b> To fund transport network improvements as approved by the council, from the accumulated funds of the Access Hamilton targeted rate.	1,924	5,038	5,588	1,374
<b>Bus Shelter Reserve (Travel Demand Management Activity)</b> To manage the income generated from advertising in bus shelters to provide, maintain and enhance passenger infrastructure.	110	60	73	97
<b>Crime Prevention (City Safety Activity Group)</b> To provide funds for future technological developments in the field of CCTV surveillance. No specific projects have been set up for the coming ten years.	106	6	-	111
<b>Housing Upgrade Reserve (Housing Activity)</b> To assist in improving council owned housing. There is no specific plan to use this reserve for the coming ten years while the council considers its future role in this activity.	3,793	146	183	3,756
<b>Museum Collection Reserve (Waikato Museum Activity)</b> To enable funds to accumulate across years for the purchase of new items for the museum collection. There is no specific expenditure plan for the coming ten years – each item identified for purchase requires the council's approval.	252	14	-	266
<b>Project Watershed Operating Reserve (Water Supply and Stormwater Drainage Activities)</b> To fund works relating to river flood protection and erosion control (Project Watershed). Waikato Regional Council is the funding agency and Hamilton City Council carries out agreed works within the city boundary.	80	551	681	(70)
<b>Public Art Reserve (Arts Promotion Activity)</b> To enable funds to accumulate across years for the purchase of public art, including investigation and construction.	123	6	52	77
<b>Rail Infrastructure Reserve (Transport Network Activity)</b> To provide for infrastructure that would be required to support a commuter rail service between Hamilton and Auckland. The funds came from a transfer from the Access Hamilton Reserve.	270	8	-	278
<b>Retiring Gratuity Reserve (Staff Benefits)</b> To manage funds relating to staff retirement gratuities for those staff that have an entitlement. An annual transfer is made from the general fund and the reserve is used to balance out the varying number of retirements between years.	411	106	83	433
<b>Rotokauri Land Sale Reserve (Strategic Property Investment Activity)</b> To manage funds derived from the sale of land in Foreman Road. These funds are for a purchase of land reserves in the Rotokauri growth cell.	2,067	117	-	2,184
<b>Waste Minimisation Reserve (Waste Minimisation Activity)</b> To encourage a reduction in the amount of waste generated and disposed of in New Zealand, and to lessen the environmental harm of waste. This reserve was created in 2009 as a result of the Waste Minimisation Act 2008. Funding is distributed to local authorities by the Ministry of Environment and expenditure includes grants to others, waste minimisation initiative operating expenses and recycling contract.	-	413	413	-
<b>Zoo Animal Purchases Reserve (Hamilton Zoo Activity)</b> To enable funds to accumulate across years for the purchase of zoo animals.	209	54	-	263

# Council Funding Impact Statement

The Funding Impact Statement should be read in conjunction with the Revenue and Financing Policy and Rating Policies. Figures in this statement are GST inclusive.

## RATING INFORMATION

### REPORTING ENTITY

Council sets the following rates under the Local Government (Rating) Act 2002.

- General Rate
- Targeted Rates:
  - Access Hamilton
  - Business Improvement District
  - Non-rateable Services 100%
  - Non-rateable Services 50%
  - Non Domestic Water Supply

Details of the amount of rates to be collected and the categories that will pay these rates are listed below:

### GENERAL RATE

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

General rates are set 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 2013/14 is \$139.110 million (GST Inclusive).

### DIFFERENTIAL

Differential rating is used for the general rate only. Other targeted rates are set without differentials apart from non domestic water supply. The quantum of general rates required from each differential sector is calculated on an activity-by-activity basis as described in the Funding Needs Analysis.

The objective of including differentials in the general rate is to achieve a fair and equitable distribution of the general rate between categories of land having regard to matters of social, economic, environmental and cultural well being of the community.

The differentials reflect the fact that some sectors gain a higher share of the benefits of Council services than others.

Every three years at the time of a revaluation, the differential factor will be adjusted to maintain the differential yield of the previous rating year. The revised differential factor will apply until the next review of the LTP 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.

A general rate set and assessed on a differential basis as follows:

SOURCE	CATEGORY	DIFFERENTIAL CATEGORIES	DIFFERENTIAL FACTOR 2013/14	PERCENTAGE OF TOTAL GENERAL RATES 2013/14	GENERAL RATE IN THE DOLLAR (LV) 2013/14 (GST INCL)	RATES REVENUE 2013/14 (GST INCL)
Rates: General Rate	A	Residential	1.0000	62.93%	0.011398	\$87,544,897
	B	Inner City Residential Apartments	0.9800	0.24%	0.011171	\$335,284
	C	Commercial/Industrial	2.2993	26.15%	0.026208	\$36,380,540
	D	CBD Commercial/Ind	2.1843	7.78%	0.024898	\$10,822,223
	E	Multi Unit Residential	1.3854	1.77%	0.015791	\$2,462,108
	F	Rural Residential	0.4844	0.06%	0.005521	\$78,520
	G	Rural Small	0.3405	0.78%	0.003882	\$1,086,507
	H	Rural Large	0.1542	0.29%	0.001757	\$399,669

### CATEGORY DEFINITIONS – GENERAL RATE DIFFERENTIAL

Each rating unit is allocated to a differential rating category 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 in Categories B, C, 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, rest homes, 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 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.

#### **Definitions**

“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.

Hostel is the residence or lodging place for persons.

### **CATEGORY D – CBD COMMERCIAL/INDUSTRIAL**

All rating units used solely or principally for commercial or industrial purposes within the defined existing and expanded CBD precinct shown in the map on page 78.

### **CATEGORY E – MULTI-UNIT RESIDENTIAL**

All rating units used solely or principally for residential purposes where there are three or more dwellings/households on a single title 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 land as defined by the Act.

### **CATEGORY F – RURAL RESIDENTIAL**

All rating units used solely or principally for residential purposes as the home or residence of not more than two households that receive all the services of a residential property apart from stormwater, footpaths and traffic/street lighting services.

### **CATEGORY G – RURAL SMALL HOLDING**

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

### **CATEGORY H – RURAL LARGE HOLDING**

All rating units over 10 hectares in area which are used solely or principally for rural purposes. For Categories A, F, G and H, rural purposes include agricultural, horticultural or pastoral purposes and the keeping of bees or poultry or other livestock.

### **UNIFORM ANNUAL GENERAL CHARGE**

Council does not use a uniform annual general charge.

### **TARGETED RATES**

#### **Targeted Rate – Non-domestic Water Supply**

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

- a) 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 part of a rating unit supplied with non-domestic water as follows:
    - \$386 for commercial/industrial properties, non-rateable properties, or other properties with metered supply;
    - \$300 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:

- commercial/industrial properties, non-rateable properties, or other properties with metered supply - \$1.61 per kilolitre of water supplied after the first 240 kilolitres of consumption or supply;
- rural properties receiving a restricted flow supply - \$1.25 per kilolitre of water supplied after the first 240 kilolitres of consumption or supply.

- iii. The total revenue sought for 2013/14 is \$9.058m (GST inclusive).

- b) Commercial properties without meters will be charged the minimum annual charge of \$386 (GST inclusive) per property or separately used inhabited part of a property.

The total revenue sought for 2013/14 is estimated to be \$201,710 (GST inclusive).

Properties in the Waikato District Council and Waipa District Council supplied with water under contractual arrangements will be charged according to Council's Fees and Charging schedule.

#### **Targeted Rate – Access Hamilton**

This targeted rate contributes funding for transportation.

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

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

The amount raised by this targeted rate will be transferred into a reserve fund 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.

The targeted rate will be \$0.00025463 per dollar of capital value (GST inclusive). The total revenue sought for 2013/14 is \$5,750,000 (GST inclusive).

#### **Targeted Rate – Business Improvement District (BID)**

This targeted rate contributes funding for economic development.

The defined area of the CBD precinct is shown in the map attached.

All 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 2013/14 rating year is \$322,000 (GST inclusive).

- a) a fixed amount of \$230 (GST inclusive) per separately used or inhabited parts of a rating unit within the defined area; and
- b) 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 \$230 (GST inclusive) per rating unit or separately used portion of a rating unit, is \$0.00004207 (GST inclusive).

The targeted rate income will be transferred to the Hamilton Central Business Association to fund the respective programmes for the 2013/14 financial year as outlined in their Business Plan.

#### **Targeted Rate – 100% (fully) Non-rateable Properties**

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.

Council rates a number of categories of non-rateable land assessed under the Act.

The properties which are 100% (fully) non-rateable (excluding water supply, refuse collection and wastewater rates) are defined in the Act.

These funding mechanisms cover the Water, Refuse and Wastewater services and will only be charged if the property receives the service. The total revenue sought for 2013/14 is \$1,041,900 (GST inclusive).

#### **DETAILS OF TARGETED RATES**

##### **Non-rateable Water Targeted Rate**

- a) a fixed amount of \$386 (GST inclusive) per separately used or inhabited part of a rating unit; and
- b) a rate per dollar of land value required to meet this category's share of the full cost of the service, after allowing for the total revenue raised by the fixed amount of \$386 (GST inclusive) per property, is \$0.0026270 (GST inclusive).

##### **Non-rateable Refuse Targeted Rate**

- a) a fixed amount of \$136 (GST inclusive) per separately used or inhabited part of a rating unit; and
- b) a rate per dollar of land value required to meet this category's share of the full cost of the service, after allowing for the total revenue raised by the fixed amount of \$136 (GST inclusive) per property, is \$0.000851 (GST inclusive).



**Non-rateable Wastewater Targeted Rate**

- a) a fixed amount of \$411 (GST inclusive) per separately used or inhabited part of a rating unit; and
- b) The rate per dollar of land value required to meet the full cost of this category's share of the wastewater services, after allowing for the total revenue raised by the fixed amount of \$411 (GST inclusive) per property, is \$0.0024850 (GST inclusive).

**Rating of 50% Non-rateable Land**

Council rates a number of categories of 50% non-rateable land as defined in the Act. This funding mechanism covers all the services of Council. The total revenue sought for 2013/14 is \$129,950 (GST inclusive).

**Targeted Rate – Rating of Community Organisations (Arts Based) – 50% Non-rateable**

Land in this category will be rated at the 50% general residential rates, which is a rate per dollar of land value of \$0.005699 (GST inclusive).

**Targeted Rate – Rating of Sporting and Cultural Organisation – 50% Non-rateable**

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 \$0.005699 (GST inclusive).

**Horsham Downs Hall Rate**

Council invoices and collects the following rate on behalf of Waikato District Council. For further information refer to their LTP. The 2013/14 rate for the Horsham Downs Hall is \$25 (GST inclusive) per property for properties within the Hamilton City boundary within a defined radius of the Hall.

**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.

For clarification, this means that each flat within a block of flats, or each shop within a block of shops, for example, would be charged the relevant targeted rate. The same would apply to a farm with more than one dwelling, (i.e. worker accommodation), or a residential property with a separate fully self-contained unit available for visitor accommodation.

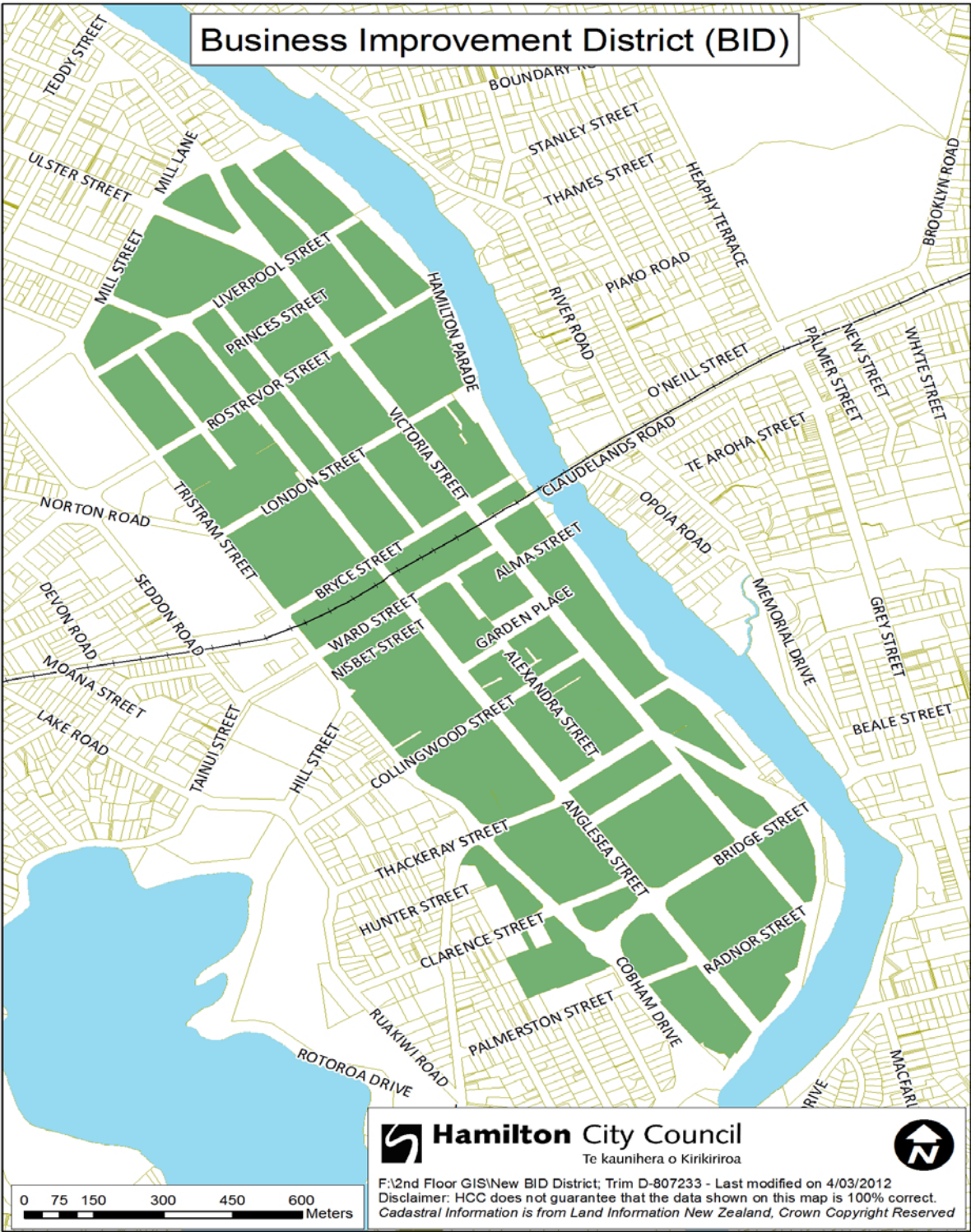
To avoid doubt, each use that involves a different activity that is conducted by a person, company, or organisation different to the ratepayer is considered to be a separate use. For example, if a photographic processing franchise operated within a store is operated by the store's staff, it is not a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

**Inspection of Rating Information Database**

In accordance with 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.

**Objections**

The Local Government (Rating) Act 2002 provides for the right of objection to Council's implementation of their rating policies. Any objections to the allocation of property use to the council differential categories needs to be in writing to the Revenue Manager for consideration.



## RATES SAMPLE

	2009 LAND VALUE	2009 CAPITAL VALUE	2012 LAND VALUE	2012 CAPITAL VALUE	PERCENTAGE RATES CHANGE	SUIP (UNITS)	2012/13 TOTAL RATES	2013/14 TOTAL CHANGE IN RATES	2013/14 TOTAL RATES	2012/13 GENERAL RATE	2013/14 GENERAL RATE	2012/13 BID RATES (INCL UAC)	2013/14 BID RATES (INCL UAC)	2012/13 ACCESS HAMILTON RATE	2013/14 ACCESS HAMILTON RATE
<b>RESIDENTIAL</b>															
Temple View	80,000	220,000	80,000	220,000	1.6%		953	15	968	897	912			56	56
Rototuna	175,000	475,000	210,000	475,000	20.7%		2,083	432	2,515	1,962	2,394			121	121
Woodridge	190,000	190,000	245,000	650,000	35.8%		2,178	780	2,958	2,130	2,793			48	166
Hamilton Central	115,000	175,000	115,000	175,000	1.6%		1,334	21	1,355	1,289	1,311			45	45
Forest Lake	134,000	380,000	134,000	380,000	1.6%		1,599	25	1,624	1,502	1,527			97	97
Glenview	155,000	260,000	155,000	265,000	1.7%		1,804	30	1,834	1,737	1,767			67	67
Huntington	170,000	445,000	195,000	450,000	15.7%		2,020	317	2,337	1,906	2,223			114	115
Fairfield	205,000	550,000	205,000	550,000	1.6%		2,439	38	2,477	2,298	2,337			141	140
Flagstaff	310,000	770,000	350,000	770,000	14.0%		3,672	514	4,186	3,475	3,989			198	196
Riverlea	315,000	675,000	315,000	690,000	1.7%		3,704	62	3,766	3,531	3,591			173	176
St Andrews	530,000	850,000	530,000	820,000	1.5%		6,159	91	6,250	5,941	6,041			218	209
River Road North	750,000	1,850,000	770,000	1,660,000	3.6%		8,881	318	9,199	8,407	8,777			475	423
Lake area	900,000	1,025,000	750,000	980,000	-15.0%		10,351	-1,553	8,798	10,088	8,549			263	250
Queenwood	1,300,000	3,500,000	1,300,000	3,325,000	1.3%		15,470	195	15,665	14,572	14,818			898	847
<b>INNER CITY RESIDENTIAL</b>															
Central City	118,000	200,000	118,000	210,000	6.3%		1,291	81	1,372	1,239	1,318			51	53
Central City	235,000	465,000	235,000	490,000	6.3%		2,588	162	2,750	2,468	2,625			119	125
<b>INDUSTRIAL</b>															
Te Rapa Park	650,000	1,875,000	650,000	1,880,000	12.0%		15,637	1,877	17,514	15,156	17,035			481	479
Frankton	1,675,000	2,300,000	1,510,000	2,175,000	1.2%		39,648	480	40,128	39,058	39,574			590	554
Nawton	1,750,000	5,750,000	1,760,000	5,600,000	12.5%		42,281	5,271	47,552	40,806	46,126			1,475	1,426
Te Rapa	4,750,000	9,750,000	4,250,000	8,700,000	0.3%		113,260	340	113,600	110,759	111,384			2,501	2,215
<b>COMMERCIAL</b>															
Suburban	1,300,000	3,400,000	1,300,000	3,400,000	12.0%		31,185	3,751	34,936	30,313	34,071			872	866
Hamilton East	2,450,000	11,000,000	2,450,000	9,800,000	11.3%		59,951	6,754	66,705	57,129	64,210			2,822	2,495
Suburban Large Retail	11,120,000	207,700,000	13,000,000	217,000,000	26.7%		312,574	83,385	395,959	259,292	340,705			53,282	55,254
Suburban Large Retail	10,100,000	160,000,000	10,100,000	165,000,000	10.9%		276,557	30,158	306,715	235,512	264,701			41,045	42,013
<b>COMMERCIAL WITH BID RATE</b>															
CBD Small Retail	133,000	220,000	120,000	195,000	1.1%	1	3,239	37	3,276	2,946	2,988	237	238	56	50

CBD Small Retail	320,000	960,000	290,000	820,000	1.3%	1	7,597	97	7,694	7,089	7,220	262	264	246	209
CBD Small Retail	500,000	900,000	450,000	840,000	1.0%	1	11,567	116	11,683	11,076	11,204	260	265	231	214
CBD Retail	1,175,000	10,250,000	1,060,000	8,750,000	0.0%	2	29,467	-19	29,448	26,028	26,392	809	828	2,629	2,228
CBD Large Retail	2,400,000	15,900,000	2,150,000	16,000,000	0.8%	10	60,084	500	60,577	53,164	53,530	2,840	2,973	4,079	4,074
CBD Large Retail	4,450,000	16,600,000	3,975,000	15,000,000	0.0%	1	103,629	20	103,649	98,575	98,968	794	861	4,258	3,819
CBD Large Retail	13,800,000	112,225,000	9,200,000	76,200,000	-24.5%	69	354,172	-86,632	267,540	305,697	229,061	19,685	19,076	28,789	19,403
<b>MULTI UNITS</b>															
Frankton - 4 Units	185,000	455,000	185,000	500,000	-0.7%		3,071	-22	3,049	2,954	2,921			117	127
Hamilton East - 10 Units	225,000	970,000	225,000	940,000	-1.3%		3,842	-50	3,792	3,593	3,553			249	239
Whitiara - 4 Units	425,000	670,000	425,000	640,000	-1.2%		6,959	-85	6,874	6,787	6,711			172	163
<b>RURAL RESIDENTIAL</b>															
Rotokauri	630,000	905,000	630,000	910,000	5.9%		3,503	207	3,710	3,271	3,478			232	232
Rototuna North	917,000	917,000	956,000	956,000	10.5%		4,996	526	5,522	4,761	5,278			235	243
Rotokauri	1,325,000	1,530,000	1,325,000	1,514,000	5.9%		7,272	429	7,701	6,879	7,315			392	386
<b>RURAL SMALL (&gt;0.2 AND &lt;10)</b>															
Melville	485,000	500,000	425,000	440,000	-9.4%		1,945	-183	1,762	1,816	1,650			128	112
Te Kowhai	840,000	1,200,000	840,000	1,200,000	3.2%		3,454	112	3,566	3,146	3,261			308	306
Ruakura	175,000	370,000	185,000	380,000	8.7%		750	65	815	655	718			95	97
<b>RURAL LARGE (&gt;10 HECTARES)</b>															
Glenview- 23.137Ha	1,400,000	2,100,000	1,400,000	2,100,000	-3.8%		3,112	-117	2,995	2,573	2,460			539	535
Te Kowhai	2,900,000	3,100,000	2,900,000	3,100,000	-3.9%		6,125	-239	5,886	5,330	5,096			795	789
Peacockes - 167.89Ha	9,750,000	10,570,000	9,900,000	10,810,000	-2.3%		20,630	-480	20,150	17,919	17,398			2,712	2,753

Rates for sample properties of various types in various locations (properties are chosen to illustrate a range of values and may not be typical of the stated column).

## COUNCIL FUNDING IMPACT STATEMENT

For the Year Ended 30 June 2014

	2012/13 10-YEAR PLAN \$000	2013/14 10-YEAR PLAN \$000	2013/14 ANNUAL PLAN \$000
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	115,498	120,546	120,586
Targeted rates (other than targeted rate for water supply) *	6,258	6,301	6,301
Subsidies and grants for operating purposes	3,380	3,508	3,508
Fees charges and targeted rates for water supply	44,543	47,398	46,648
Interest and dividends from investments **	275	275	1,475
Local authorities fuel tax, fines, infringement fees, and other receipts	4,174	4,305	4,105
<b>Total operating funding</b>	<b>174,128</b>	<b>182,333</b>	<b>182,623</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
Payments to staff & suppliers	117,964	120,972	120,251
Finance costs **	23,733	24,812	26,012
Other operating funding applications	1,273	1,553	1,554
<b>Total applications of operating funding</b>	<b>142,970</b>	<b>147,337</b>	<b>147,817</b>
<b>Surplus/(deficit) of operating funding</b>	<b>31,158</b>	<b>34,996</b>	<b>34,806</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	1,029	3,714	4,383
Development and financial contributions	7,897	7,964	7,964
Increase/(decrease) in debt	20,673	2,382	3,007
Gross proceeds from the sale of assets	2,741	625	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding</b>	<b>32,340</b>	<b>14,685</b>	<b>15,354</b>
<b>APPLICATION OF CAPITAL FUNDING</b>			
Capital expenditure:			
- to meet additional demand	12,420	6,537	6,539
- to improve the level of service	23,177	15,695	16,363
- to replace existing assets	25,138	27,593	27,401
Increase/(decrease) in reserves	1,116	(1,818)	(1,817)
Increase/(decrease) of investments	1,647	1,674	1,674
<b>Total application of capital funding</b>	<b>63,498</b>	<b>49,681</b>	<b>50,160</b>
<b>Surplus/(deficit) of capital funding</b>	<b>(31,158)</b>	<b>(34,996)</b>	<b>(34,806)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

\* Lump sum contributions will not be invited in respect of the targeted rates.

\*\* Both investment income and interest on bank borrowings have increased by \$1.2m to separately disclose interest earned on cash investments. This was previously netted off interest on bank borrowings.

# Service Group Funding Impact Statements

## ARTS AND RECREATION – FUNDING IMPACT STATEMENT

For the Year Ended 30 June 2014

	2012/13 10-YEAR PLAN \$000	2013/14 10-YEAR PLAN \$000	2013/14 ANNUAL PLAN \$000
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	19,900	20,806	20,813
Targeted rates	217	224	224
Subsidies and grants for operating purposes	-	-	-
Fees charges *	6,814	7,171	6,807
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments **	-	-	226
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
<b>Total operating funding</b>	<b>26,931</b>	<b>28,201</b>	<b>28,070</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
Payments to staff & suppliers	20,835	21,478	21,649
Finance costs **	653	687	913
Internal charges and overheads applied	5,409	5,354	5,354
Other operating funding applications	34	41	41
<b>Total applications of operating funding</b>	<b>26,931</b>	<b>27,560</b>	<b>27,957</b>
<b>Surplus/(deficit) of operating funding</b>	<b>-</b>	<b>641</b>	<b>113</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	274	283	283
Increase/(decrease) in debt ***	3,919	2,714	3,032
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding</b>	<b>4,193</b>	<b>2,997</b>	<b>3,315</b>
<b>APPLICATION OF CAPITAL FUNDING</b>			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve the level of service	1,288	395	395
- to replace existing assets ****	2,965	3,298	3,088
Increase/(decrease) in reserves	(60)	(55)	(55)
Increase/(decrease) of investments	-	-	-
<b>Total application of capital funding</b>	<b>4,193</b>	<b>3,638</b>	<b>3,428</b>
<b>Surplus/(deficit) of capital funding</b>	<b>-</b>	<b>(641)</b>	<b>(113)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

### VARIATIONS TO COUNCIL'S 2012-2022 10 YEAR PLAN

- \* Following a review of library fees during 2012-13 the Library revenue target was reduced due to a decrease in income from penalty charges associated with late returns.  
Revenue for City Theatres has also reduced to reflect a target that more accurately reflects the market demand and usage for these facilities.
- \*\* Interest income has increased to reflect interest earned on investments previously netted off against finance costs.  
As a result finance costs have increased.
- \*\*\* Increase in debt as a result of the above variations.
- \*\*\*\* Library collections renewals have been reduced to fund the reduced operating revenue targets mentioned above.

## CITY PLANNING AND DEVELOPMENT – FUNDING IMPACT STATEMENT

For the Year Ended 30 June 2014

	2012/13 10-YEAR PLAN \$000	2013/14 10-YEAR PLAN \$000	2013/14 ANNUAL PLAN \$000
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	3,650	3,833	3,834
Targeted rates	40	41	41
Subsidies and grants for operating purposes	-	-	-
Fees charges	1,051	1,085	1,085
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	35
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
<b>Total operating funding</b>	<b>4,741</b>	<b>4,959</b>	<b>4,995</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
Payments to staff & suppliers *	4,240	4,389	4,743
Finance costs	4	5	40
Internal charges and overheads applied	1,004	994	994
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>5,248</b>	<b>5,388</b>	<b>5,777</b>
<b>Surplus/(deficit) of operating funding</b>	<b>(507)</b>	<b>(429)</b>	<b>(782)</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt **	765	595	948
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding</b>	<b>765</b>	<b>595</b>	<b>948</b>
<b>APPLICATION OF CAPITAL FUNDING</b>			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve the level of service	126	48	48
- to replace existing assets	133	114	114
Increase/(decrease) in reserves	(1)	4	4
Increase/(decrease) of investments	-	-	-
<b>Total application of capital funding</b>	<b>258</b>	<b>166</b>	<b>166</b>
<b>Surplus/(deficit) of capital funding</b>	<b>507</b>	<b>429</b>	<b>782</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

### VARIATION TO COUNCIL'S 2012-2022 10 YEAR PLAN

\* With the proposed changes to the Resource Management Act and Council progressing the Proposed District Plan, it is now anticipated that additional resources (including legal) will be required to ensure all legal obligations are met.

\*\* Increase in debt as a result of the above variation.



## CITY PROSPERITY – FUNDING IMPACT STATEMENT

For the Year Ended 30 June 2014

	2012/13 10-YEAR PLAN \$000	2013/14 10-YEAR PLAN \$000	2013/14 ANNUAL PLAN \$000
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	14,610	15,177	15,182
Targeted rates	159	164	164
Subsidies and grants for operating purposes	-	-	-
Fees charges *	9,639	10,275	9,931
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments **	275	275	374
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
<b>Total operating funding</b>	<b>24,683</b>	<b>25,891</b>	<b>25,651</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
Payments to staff & suppliers	14,909	15,456	15,029
Finance costs **	7,002	7,314	7,413
Internal charges and overheads applied	2,229	2,215	2,215
Other operating funding applications	377	461	461
<b>Total applications of operating funding</b>	<b>24,517</b>	<b>25,446</b>	<b>25,118</b>
<b>Surplus/(deficit) of operating funding</b>	<b>166</b>	<b>445</b>	<b>533</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	196	197	197
Increase/(decrease) in debt ***	1,819	1,121	1,658
Gross proceeds from the sale of assets ****	265	625	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding</b>	<b>2,280</b>	<b>1,943</b>	<b>1,855</b>
<b>APPLICATION OF CAPITAL FUNDING</b>			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve the level of service	505	506	506
- to replace existing assets	768	699	699
Increase/(decrease) in reserves	(474)	(491)	(491)
Increase/(decrease) of investments	1,647	1,674	1,674
<b>Total application of capital funding</b>	<b>2,446</b>	<b>2,388</b>	<b>2,388</b>
<b>Surplus/(deficit) of capital funding</b>	<b>(166)</b>	<b>(445)</b>	<b>(533)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

### VARIATION TO COUNCIL'S 2012-2022 10 YEAR PLAN

- \* Council can no longer charge rentals to the Telecommunication companies for cellular equipment on Council Reserve land. This will result in reduced revenue.
- \*\* Interest income has increased to reflect interest earned on investments previously netted off against finance costs. As a result finance costs have increased.
- \*\*\* Increase in debt as a result of the above variations.
- \*\*\*\* The sale of the remaining V8 assets was expected to take place in 2013-14 but under the terms of the agreement the purchaser nominated to settle during the 2012-13 year.



## CITY SAFETY – FUNDING IMPACT STATEMENT

For the Year Ended 30 June 2014

	2012/13 10-YEAR PLAN \$000	2013/14 10-YEAR PLAN \$000	2013/14 ANNUAL PLAN \$000
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	1,663	1,543	1,544
Targeted rates	18	17	17
Subsidies and grants for operating purposes	99	103	103
Fees charges	6,755	7,012	6,981
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	18
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
<b>Total operating funding</b>	<b>8,535</b>	<b>8,675</b>	<b>8,663</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
Payments to staff & suppliers	7,042	7,159	7,192
Finance costs	40	43	61
Internal charges and overheads applied	1,621	1,600	1,600
Other operating funding applications	2	2	3
<b>Total applications of operating funding</b>	<b>8,705</b>	<b>8,804</b>	<b>8,856</b>
<b>Surplus/(deficit) of operating funding</b>	<b>(170)</b>	<b>(129)</b>	<b>(193)</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	294	190	274
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding</b>	<b>294</b>	<b>190</b>	<b>274</b>
<b>APPLICATION OF CAPITAL FUNDING</b>			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve the level of service	58	19	19
- to replace existing assets	61	46	66
Increase/(decrease) in reserves	5	(4)	(4)
Increase/(decrease) of investments	-	-	-
<b>Total application of capital funding</b>	<b>124</b>	<b>61</b>	<b>81</b>
<b>Surplus/(deficit) of capital funding</b>	<b>170</b>	<b>129</b>	<b>193</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

## COMMUNITY SERVICES – FUNDING IMPACT STATEMENT

For the Year Ended 30 June 2014

	2012/13 10-YEAR PLAN \$000	2013/14 10-YEAR PLAN \$000	2013/14 ANNUAL PLAN \$000
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	3,696	3,580	3,581
Targeted rates	40	39	39
Subsidies and grants for operating purposes	53	54	54
Fees charges	3,431	3,705	3,895
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	55
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
<b>Total operating funding</b>	<b>7,220</b>	<b>7,378</b>	<b>7,624</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
Payments to staff & suppliers	6,341	6,394	6,708
Finance costs	98	104	159
Internal charges and overheads applied	1,144	1,140	1,140
Other operating funding applications	5	6	6
<b>Total applications of operating funding</b>	<b>7,588</b>	<b>7,644</b>	<b>8,013</b>
<b>Surplus/(deficit) of operating funding</b>	<b>(368)</b>	<b>(266)</b>	<b>(389)</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	441	224	347
Gross proceeds from the sale of assets	2,476	-	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding</b>	<b>2,917</b>	<b>224</b>	<b>347</b>
<b>APPLICATION OF CAPITAL FUNDING</b>			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve the level of service	583	252	252
- to replace existing assets	270	174	174
Increase/(decrease) in reserves	1,696	(468)	(468)
Increase/(decrease) of investments	-	-	-
<b>Total application of capital funding</b>	<b>2,549</b>	<b>(42)</b>	<b>(42)</b>
<b>Surplus/(deficit) of capital funding</b>	<b>368</b>	<b>266</b>	<b>389</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

## DEMOCRACY – FUNDING IMPACT STATEMENT

For the Year Ended 30 June 2014

	2012/13 10-YEAR PLAN \$000	2013/14 10-YEAR PLAN \$000	2013/14 ANNUAL PLAN \$000
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	3,638	4,002	4,003
Targeted rates	40	43	43
Subsidies and grants for operating purposes	-	-	-
Fees charges	28	236	236
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	49
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
<b>Total operating funding</b>	<b>3,706</b>	<b>4,281</b>	<b>4,330</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
Payments to staff & suppliers	1,428	1,879	1,924
Finance costs	6	7	56
Internal charges and overheads applied	2,781	2,845	2,845
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>4,215</b>	<b>4,731</b>	<b>4,825</b>
<b>Surplus/(deficit) of operating funding</b>	<b>(509)</b>	<b>(450)</b>	<b>(493)</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	763	622	666
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding</b>	<b>763</b>	<b>622</b>	<b>666</b>
<b>APPLICATION OF CAPITAL FUNDING</b>			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve the level of service	126	50	50
- to replace existing assets	132	119	119
Increase/(decrease) in reserves	(4)	3	4
Increase/(decrease) of investments	-	-	-
<b>Total application of capital funding</b>	<b>254</b>	<b>172</b>	<b>173</b>
<b>Surplus/(deficit) of capital funding</b>	<b>509</b>	<b>450</b>	<b>493</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

## PARKS AND OPEN SPACES – FUNDING IMPACT STATEMENT

For the Year Ended 30 June 2014

	2012/13 10-YEAR PLAN \$000	2013/14 10-YEAR PLAN \$000	2013/14 ANNUAL PLAN \$000
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	10,753	11,199	11,203
Targeted rates	117	121	121
Subsidies and grants for operating purposes	-	-	-
Fees charges	911	940	1,040
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments *	-	-	118
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
<b>Total operating funding</b>	<b>11,781</b>	<b>12,260</b>	<b>12,482</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
Payments to staff & suppliers	8,996	9,078	9,370
Finance costs *	1,476	1,545	1,663
Internal charges and overheads applied	1,453	1,448	1,448
Other operating funding applications	79	96	96
<b>Total applications of operating funding</b>	<b>12,004</b>	<b>12,167</b>	<b>12,578</b>
<b>Surplus/(deficit) of operating funding</b>	<b>(223)</b>	<b>93</b>	<b>(96)</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	459	469	469
Increase/(decrease) in debt	5,195	2,140	2,329
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding</b>	<b>5,654</b>	<b>2,609</b>	<b>2,798</b>
<b>APPLICATION OF CAPITAL FUNDING</b>			
Capital expenditure:			
- to meet additional demand	1,386	316	316
- to improve the level of service	2,261	691	691
- to replace existing assets	1,780	1,698	1,698
Increase/(decrease) in reserves	4	(3)	(3)
Increase/(decrease) of investments	-	-	-
<b>Total application of capital funding</b>	<b>5,431</b>	<b>2,702</b>	<b>2,702</b>
<b>Surplus/(deficit) of capital funding</b>	<b>223</b>	<b>(93)</b>	<b>96</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

### VARIATIONS TO COUNCIL'S 2012-2022 10 YEAR PLAN

- \* Interest income has increased to reflect interest earned on investments previously netted off against finance costs. As a result finance costs have increased.

## SOLID WASTE – FUNDING IMPACT STATEMENT

For the Year Ended 30 June 2014

	2012/13 10-YEAR PLAN \$000	2013/14 10-YEAR PLAN \$000	2013/14 ANNUAL PLAN \$000
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	4,551	4,701	4,703
Targeted rates	50	51	51
Subsidies and grants for operating purposes	-	-	-
Fees charges	308	318	318
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	43
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
<b>Total operating funding</b>	<b>4,909</b>	<b>5,070</b>	<b>5,115</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
Payments to staff & suppliers	4,360	4,369	4,366
Finance costs	152	161	204
Internal charges and overheads applied	728	726	726
Other operating funding applications	8	10	10
<b>Total applications of operating funding</b>	<b>5,248</b>	<b>5,266</b>	<b>5,306</b>
<b>Surplus/(deficit) of operating funding</b>	<b>(339)</b>	<b>(196)</b>	<b>(191)</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	1,077	1,399	1,394
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding</b>	<b>1,077</b>	<b>1,399</b>	<b>1,394</b>
<b>APPLICATION OF CAPITAL FUNDING</b>			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve the level of service	607	422	422
- to replace existing assets	336	992	992
Increase/(decrease) in reserves	(205)	(211)	(211)
Increase/(decrease) of investments	-	-	-
<b>Total application of capital funding</b>	<b>738</b>	<b>1,203</b>	<b>1,203</b>
<b>Surplus/(deficit) of capital funding</b>	<b>339</b>	<b>196</b>	<b>191</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

**STORMWATER – FUNDING IMPACT STATEMENT**

For the Year Ended 30 June 2014

	2012/13 10-YEAR PLAN \$000	2013/14 10-YEAR PLAN \$000	2013/14 ANNUAL PLAN \$000
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	6,468	6,787	6,789
Targeted rates	70	73	73
Subsidies and grants for operating purposes	-	-	-
Fees charges	24	25	25
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	64
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
<b>Total operating funding</b>	<b>6,562</b>	<b>6,885</b>	<b>6,952</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
Payments to staff & suppliers	1,222	1,212	1,215
Finance costs	404	424	488
Internal charges and overheads applied	314	313	313
Other operating funding applications	21	26	26
<b>Total applications of operating funding</b>	<b>1,961</b>	<b>1,975</b>	<b>2,042</b>
<b>Surplus/(deficit) of operating funding</b>	<b>4,601</b>	<b>4,910</b>	<b>4,909</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	533	575	575
Increase/(decrease) in debt	(3,265)	(3,419)	(3,418)
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding</b>	<b>(2,732)</b>	<b>(2,844)</b>	<b>(2,843)</b>
<b>APPLICATION OF CAPITAL FUNDING</b>			
Capital expenditure:			
- to meet additional demand	291	157	157
- to improve the level of service	592	925	925
- to replace existing assets	1,233	1,241	1,241
Increase/(decrease) in reserves	(247)	(257)	(257)
Increase/(decrease) of investments	-	-	-
<b>Total application of capital funding</b>	<b>1,869</b>	<b>2,066</b>	<b>2,066</b>
<b>Surplus/(deficit) of capital funding</b>	<b>(4,601)</b>	<b>(4,910)</b>	<b>(4,909)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

## TRANSPORTATION – FUNDING IMPACT STATEMENT

For the Year Ended 30 June 2014

	2012/13 10-YEAR PLAN \$000	2013/14 10-YEAR PLAN \$000	2013/14 ANNUAL PLAN \$000
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	23,850	25,146	25,154
Targeted rates	5,260	5,271	5,271
Subsidies and grants for operating purposes	3,228	3,351	3,351
Fees charges	4,489	4,636	4,514
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments *	-	-	282
Local authorities fuel tax, fines, infringement fees, and other receipts	3,774	3,892	3,692
<b>Total operating funding</b>	<b>40,601</b>	<b>42,296</b>	<b>42,264</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
Payments to staff & suppliers **	12,256	12,770	11,936
Finance costs *	6,962	7,275	7,557
Internal charges and overheads applied	3,289	3,278	3,278
Other operating funding applications	374	456	456
<b>Total applications of operating funding</b>	<b>22,881</b>	<b>23,779</b>	<b>23,227</b>
<b>Surplus/(deficit) of operating funding</b>	<b>17,720</b>	<b>18,517</b>	<b>19,037</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	1,029	3,714	4,383
Development and financial contributions	2,319	2,312	2,312
Increase/(decrease) in debt	8,405	(1,753)	(2,273)
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding</b>	<b>11,753</b>	<b>4,273</b>	<b>4,422</b>
<b>APPLICATION OF CAPITAL FUNDING</b>			
Capital expenditure:			
- to meet additional demand	7,803	5,470	5,470
- to improve the level of service	12,118	8,454	9,123
- to replace existing assets	9,299	9,469	9,469
Increase/(decrease) in reserves	253	(603)	(603)
Increase/(decrease) of investments	-	-	-
<b>Total application of capital funding</b>	<b>29,473</b>	<b>22,790</b>	<b>23,459</b>
<b>Surplus/(deficit) of capital funding</b>	<b>(17,720)</b>	<b>(18,517)</b>	<b>(19,037)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

### VARIATION TO COUNCIL'S 2012-2022 10 YEAR PLAN

- \* Interest income has increased to reflect interest earned on investments previously netted off against finance costs. As a result finance costs have increased.
- \*\* An increase in the collection rate for parking infringements fees has resulted in Council reviewing the allowance made for debt that was previously classified as uncollectable.

## WASTEWATER – FUNDING IMPACT STATEMENT

For the Year Ended 30 June 2014

	2012/13 10-YEAR PLAN \$000	2013/14 10-YEAR PLAN \$000	2013/14 ANNUAL PLAN \$000
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	14,703	15,647	15,652
Targeted rates	160	169	169
Subsidies and grants for operating purposes	-	-	-
Fees charges	3,490	3,655	3,655
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments *	-	-	135
Local authorities fuel tax, fines, infringement fees, and other receipts	400	413	413
<b>Total operating funding</b>	<b>18,753</b>	<b>19,884</b>	<b>20,024</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
Payments to staff & suppliers	7,733	8,067	7,829
Finance costs *	3,967	4,145	4,280
Internal charges and overheads applied	1,588	1,579	1,579
Other operating funding applications	213	260	260
<b>Total applications of operating funding</b>	<b>13,501</b>	<b>14,051</b>	<b>13,948</b>
<b>Surplus/(deficit) of operating funding</b>	<b>5,252</b>	<b>5,833</b>	<b>6,076</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	2,266	2,305	2,305
Increase/(decrease) in debt	1,639	(796)	(1,039)
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding</b>	<b>3,905</b>	<b>1,509</b>	<b>1,266</b>
<b>APPLICATION OF CAPITAL FUNDING</b>			
Capital expenditure:			
- to meet additional demand	2,678	370	370
- to improve the level of service	1,492	986	986
- to replace existing assets	4,785	5,775	5,775
Increase/(decrease) in reserves	200	210	211
Increase/(decrease) of investments	-	-	-
<b>Total application of capital funding</b>	<b>9,157</b>	<b>7,342</b>	<b>7,342</b>
<b>Surplus/(deficit) of capital funding</b>	<b>(5,252)</b>	<b>(5,833)</b>	<b>(6,076)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

### VARIATION TO COUNCIL'S 2012-2022 10 YEAR PLAN

- \* Interest income has increased to reflect interest earned on investments previously netted off against finance costs. As a result finance costs have increased.



## WATER SUPPLY – FUNDING IMPACT STATEMENT

For the Year Ended 30 June 2014

	2012/13 10-YEAR PLAN \$000	2013/14 10-YEAR PLAN \$000	2013/14 ANNUAL PLAN \$000
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	8,016	8,125	8,128
Targeted rates	87	88	88
Subsidies and grants for operating purposes	-	-	-
Fees charges and targeted rates for water supply *	7,603	8,340	8,162
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	76
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
<b>Total operating funding</b>	<b>15,706</b>	<b>16,553</b>	<b>16,454</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
Payments to staff & suppliers	5,771	5,969	5,539
Finance costs	2,969	3,102	3,178
Internal charges and overheads applied	1,272	1,260	1,260
Other operating funding applications	160	195	195
<b>Total applications of operating funding</b>	<b>10,172</b>	<b>10,526</b>	<b>10,171</b>
<b>Surplus/(deficit) of operating funding</b>	<b>5,534</b>	<b>6,027</b>	<b>6,282</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	1,850	1,823	1,823
Increase/(decrease) in debt	(379)	(655)	(910)
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding</b>	<b>1,471</b>	<b>1,168</b>	<b>913</b>
<b>APPLICATION OF CAPITAL FUNDING</b>			
Capital expenditure:			
- to meet additional demand	263	225	225
- to improve the level of service	3,421	2,946	2,946
- to replace existing assets	3,376	3,968	3,968
Increase/(decrease) in reserves	(55)	56	56
Increase/(decrease) of investments	-	-	-
<b>Total application of capital funding</b>	<b>7,005</b>	<b>7,195</b>	<b>7,195</b>
<b>Surplus/(deficit) of capital funding</b>	<b>(5,534)</b>	<b>(6,027)</b>	<b>(6,282)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

### VARIATION TO COUNCIL'S 2012-2022 10 YEAR PLAN

\* Revenue from sale of water to commercial and bulk users is reduced to align with current volume projections.

# COUNCIL PROJECTS

This is a list of the projects that the Council will carry out during 2013/14. They comprise work to look after our existing assets and new projects.

CAPITAL PROJECTS	PROJECT #	2013/14 10-YEAR PLAN \$000	2013/14 ANNUAL PLAN \$000
<b>ARTS AND RECREATION</b>			
Funding for new public art	12037	52	52
Replacement of libraries assets	9036	102	102
Collections purchases for libraries	9037	1,248	998
Replacement of sports parks assets	9058	404	404
Replacement of Waterworld assets	9033	322	322
Replacement of Gallagher Aquatic Centre assets	9034	100	100
Replacement of furniture, fixtures and equipment at theatres	9041	70	70
Replacement of technical equipment for theatres	9042	120	120
Replacement of museum assets	9035	104	104
Upgrade of museum galleries	12038	83	83
Hamilton Zoo animal enclosures renewals	9043	100	100
Replacement of zoo assets (including animals)	9044	112	152
<b>TOTAL COST OF ARTS AND RECREATION PROJECTS</b>		<b>2,817</b>	<b>2,607</b>
<b>CITY PROSPERITY</b>			
Replacement of fixtures, fittings and equipment at Claudelands	9038	146	146
Replacement of furniture, fixtures and equipment rentals at Stadium	9039	70	70
Replacement of turf services equipment at Stadia	9040	33	33
New turf equipment for Waikato Stadium	12042	47	47
Upgrade of player and officials changing rooms at Seddon Park	12013	270	270
<b>TOTAL COST OF CITY PROSPERITY PROJECTS</b>		<b>566</b>	<b>566</b>
<b>CITY SAFETY</b>			
Security camera replacements	-	-	20
<b>TOTAL COST OF CITY SAFETY</b>		<b>-</b>	<b>20</b>
<b>COMMUNITY SERVICES</b>			
Replacement of furniture and fixtures at community facilities	9032	11	11
Replacement of cemeteries and crematorium assets	9031	57	57
Extension of Oak and Birch burial lawns at Hamilton Park Cemetery	12033	207	207
<b>TOTAL COST OF COMMUNITY SERVICES PROJECTS</b>		<b>275</b>	<b>275</b>
<b>PARKS AND OPEN SPACES</b>			
Replacement of parks and open spaces assets	9030	1,366	1,366
Acquisition of parks	12012	374	374
Upgrade of city playgrounds	12036	343	343
Planting & track construction at Waiwhakareke Natural Heritage Park	12133	52	52
Completion of fantasy gardens at Hamilton Gardens	12124	81	81
Replacement and new fencing at Hamilton Gardens	12129	18	18
<b>TOTAL COST OF PARKS AND OPEN SPACES PROJECTS</b>		<b>2,234</b>	<b>2,234</b>

CAPITAL PROJECTS	PROJECT #	2013/14 10-YEAR PLAN \$000	2013/14 ANNUAL PLAN \$000
<b>SOLID WASTE MANAGEMENT</b>			
Replacement of closed landfill assets	9013	73	73
Replacement of Refuse Transfer Station assets	9012	780	780
Closed landfill management	12016	156	156
Waste Minimisation and Management Plan initiatives	12093	208	208
<b>TOTAL COST OF SOLID WASTE MANAGEMENT PROJECTS</b>		<b>1,217</b>	<b>1,217</b>

<b>STORMWATER DRAINAGE</b>			
Replacement of channel lining in Waitawhiriwhiri Stream	9014	260	260
Replacement of stormwater outfalls in Waikato River	9015	156	156
Replacement of stormwater assets	9016	624	624
Treatment to improve stormwater quality	12017	62	62
Stormwater catchment assessment for intensification areas	12018	520	520
Stormwater Project Watershed capital works	12019	52	52
Local growth related stormwater projects	12061	104	104
Stormwater connections	12174	260	260
<b>TOTAL COST OF STORMWATER DRAINAGE PROJECTS</b>		<b>2,038</b>	<b>2,038</b>

<b>TRANSPORTATION</b>			
Resurfacing off-street carparks	9008	31	31
Replacement of parking enforcement equipment	9010	103	103
Replacement of footpaths	9001	1,664	1,664
Replacement of kerbs and channels	9002	1,418	1,418
Replacement of road base	9003	468	468
Road resurfacing	9004	4,133	4,133
Replacement of bridges and culverts	9005	78	78
Replacement of retaining walls and structures	9006	26	26
Replacement of street lights	9017	447	447
Replacement of traffic signals	9018	250	250
Replacement of street signs	9019	53	53
Replacement of safety barriers	9020	52	52
New roading in Peacocke	12001	364	364
New roading in Rototuna	12003	1,352	1,352
Hamilton Ring Road completion	12005	9,804	9,804
Minor improvements to the transport network	12020	578	707
Lower speeds in residential streets	12021	322	395
Bus stop infrastructure	12022	104	113
Integration of existing areas with new developments in the city	12051	182	182
Transport network planning	12056	73	73
Integration of different transport modes	12172	832	1,290
<b>TOTAL COST OF TRANSPORTATION PROJECTS</b>		<b>22,334</b>	<b>23,003</b>

<b>WASTEWATER</b>			
Replacement of wastewater pump station assets	9022	995	995
Replacement of wastewater assets	9023	3,432	3,432
Upgrade existing or build new wastewater network in Rototuna	12008	245	245
Increase capacity of wastewater pump stations	12024	210	210
Integrate wastewater network in new areas with existing network	12067	83	83
Wastewater connections	12175	260	260
Replacement of wastewater treatment plant assets	9024	884	884
Upgrade of wastewater treatment plant systems	12026	364	364
<b>TOTAL COST OF WASTEWATER PROJECTS</b>		<b>6,473</b>	<b>6,473</b>

CAPITAL PROJECTS	PROJECT #	2013/14 10-YEAR PLAN \$000	2013/14 ANNUAL PLAN \$000
<b>WATER SUPPLY</b>			
Replacement of water mains	9025	2,780	2,780
Replacement of water meter valves and hydrants	9026	278	278
Replacement of water works during intersection upgrades	9027	104	104
New software for growth planning	12027	855	855
Integrate water mains in new areas with existing network	12080	83	83
Assessment of demand for water and water loss in the network	12173	416	416
Water connections	12176	260	260
Replacement of water reservoir assets	9028	41	41
Replacement of water treatment plant assets	9029	524	524
Installation of dewatering facility at the water treatment plant	12029	520	520
Upgrade of water treatment plant equipment	12030	780	780
New structure to extract water from the Waikato River	12031	156	156
<b>TOTAL COST OF WATER SUPPLY PROJECTS</b>		<b>6,797</b>	<b>6,797</b>
<b>SUPPORT SERVICES</b>			
Finance lease funding infrastructure equipment	12014	1,370	1,370
Management of IT environment including security software	12050	57	57
Replacement of property assets	9046	2,288	2,288
Replacement of pensioner housing assets	9047	454	454
Replacement of fleet vehicles	9048	832	832
Upgrade of Council owned buildings	12047	73	73
<b>TOTAL COST OF SUPPORT SERVICES PROJECTS</b>		<b>5,074</b>	<b>5,074</b>