

HAMILTON'S 2016/17 ANNUAL PLAN



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THE HAMILTON PLAN

The Hamilton Plan aims to build a stronger economy and a more attractive city for families. Its 10 priorities will collectively redefine Hamilton as a major New Zealand city and build on Hamilton's existing lifestyle and economy.

Our 10 priorities are:

- Balance our books
- Become the third city economy in New Zealand
- Provide outstanding infrastructure
- Strengthen our connection to the Waikato River
- Have the best garden in the world
- Have an active, strong commercial central city with distinctive suburban villages
- Become an urban garden
- Access to affordable housing
- Establish the Waikato as the capital of high performance sport
- Celebrate our arts and culture.





THE ANNUAL PLAN

The Council produced its 10-Year Plan last year, which set out what we need to do to deliver the priorities in the Hamilton Plan. The Annual Plan, which implements year 2 of the 10-Year Plan, outlines how we are going to continue delivering the vision for the city in the year ahead, including how much it will cost and how it will be funded.

Managing our city's growth

Hamilton is growing quickly, and that's great news for our city. More people are coming here, attracted by the great lifestyle and the city's future.

More than 157,000 people already live in Hamilton and in 30 years, Hamilton's total population is predicted to increase by 80,000 people.

That's much faster than what we predicted in the 10-Year Plan 2015. To cater for this growth, the Council will bring forward and provide extra funding for a number of growth-related projects originally scheduled for later years in the 10-Year Plan.

These include bringing forward around \$10m to fund infrastructure projects in the city's growth areas - Rotokauri, Ruakura and Peacocke - which will encourage developers to bring more sections to market.

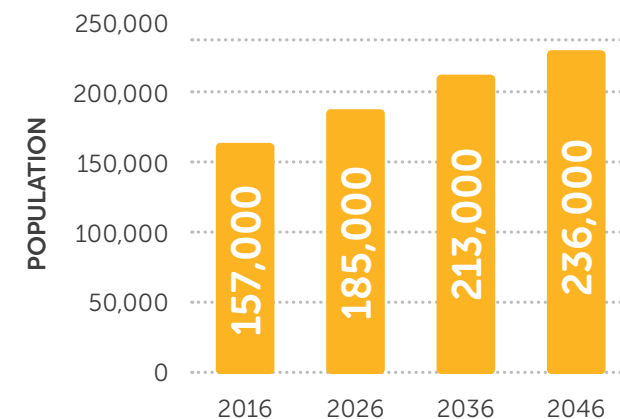
The Council will also work with the Ministry of Education to construct an indoor recreation centre in Rototuna available this year, rather than in three years' time.

By making investments in certain infrastructure now, in a carefully planned and staged way, we will put in place the assets we need for the long term and avoid a backlog of expensive work in the next 20-30 years.



POPULATION INCREASE

IN 30 YEARS, HAMILTON'S TOTAL POPULATION IS PREDICTED TO INCREASE BY 80,000 PEOPLE. THAT REPRESENTS POPULATION GROWTH OF AROUND 52%.





DELIVERING THE HAMILTON PLAN

The priorities in the Hamilton Plan are not just words on a page. They are changing the future of Hamilton. Over the next pages are details about our major projects for 2016/17 that are helping to deliver the Hamilton Plan.



TRANSFORMING THE CENTRAL CITY

The Central City Transformation Plan is an action-focused, practical approach to transform Hamilton's central city into a more vibrant, prosperous centre for the Waikato. We've made a start with introducing smart parking technology in the city. A parking zone in the south of the city offering free parking before 9am and after 3pm will also be introduced this year.



RIVER PLAN

Key to transforming our city is the River Plan, which will make the Waikato River the defining heart of Hamilton. The developer's plan for Ferrybank will be considered in August and the creation of a garden on the Pukete pedestrian bridge at Braithwaite Park will be delivered in 2016/17.



VICTORIA ON THE RIVER

Further connections in the central city with the river are being provided through the transformation of a Victoria St carpark into a public park providing expansive views of the Waikato River.



INFRASTRUCTURE

One of the goals in the Hamilton Plan is providing outstanding infrastructure. Having the right roads, water reservoirs and water treatment plants means the basics are in place, enabling us to function efficiently as a city.

By mid-next year, the city will have a new reservoir in Rototuna to cater for growth in Hamilton's northeast and we're also upgrading both the wastewater and water treatment plants.



HAMILTON GARDENS DEVELOPMENT PLAN

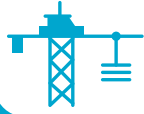
Four new gardens are being added to the international award winning Hamilton Gardens, as we work towards our goal in the Hamilton Plan of having the best gardens in the world. We're well on our way to raising the \$7.03m needed to complete the development plan and build on the gardens' world class reputation.



ROADING

The 21km Hamilton section of the \$1.2b Waikato Expressway is underway. The Council has approved funding to build the Resolution Dr extension as part of this, which will link to the Expressway from Borman Rd. This means safer roads and reduced travel times between Hamilton, Auckland and Tauranga.

We are also working with developers and the Ministry of Education to provide transport infrastructure to support the new Rototuna High School.



DELIVERING THE HAMILTON PLAN



BIKING

Shared paths for bikes and pedestrians are a major part of developing the city's transport networks. The Hamilton Biking Plan was adopted last year and several projects are already underway. A key component of the Plan is the Western Rail Trail, a 2.7km off-road shared path that will follow the railway line into the city, giving people on bikes easy access to Seddon Park, FMG Stadium Waikato, Hamilton Girls' High School and Wintec.



WATERWORLD

The Waterworld complex will undergo a major upgrade to replace the flooring and filtration system. The result of this work will also deepen the 50m pool which will allow it to host a wider range of activities.



RECREATION FACILITIES

We're also working with the Ministry of Education to construct an indoor recreation centre in Rotorua which will help meet demand from residents across the city.



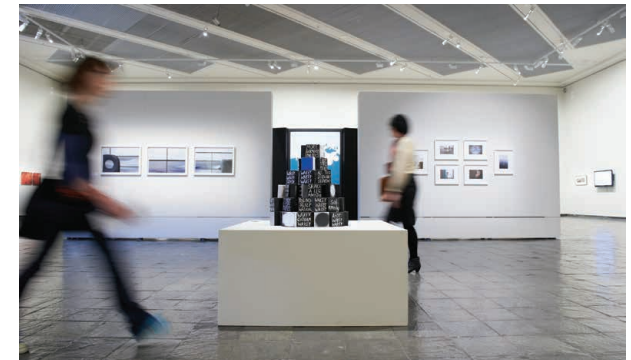
DESTINATION PLAYGROUNDS

In August last year we opened the Minogue Park playground, bringing the number of destination playgrounds in the city to five. The Dominion Park and Hamilton Gardens destination playgrounds will be completed in 2016/17 and work on the Te Huia playground also gets underway in 2016/17.



AFFORDABLE HOUSING

The proposed District Plan, which comes into effect this year, is one of the key planning tools that will enable the Council to continue to provide a balanced supply of affordable housing options to meet the city's growth.



ARTS AND CULTURE

We continue to play an active role in promoting art and culture in our city and value its importance to our community. The recently completed Waikato Museum Strategic Plan identified a need to focus on developing a distinctly Waikato identity and to continue offering a mix of exhibitions and experiences. We will continue to implement the Theatre review and make decisions on Founders Theatre.



OUR FINANCIAL STRATEGY

Our financial strategy is the key to the Council achieving its goal of managing growth and living within its means.

The key elements of our financial strategy are:

RATES CERTAINTY

Total rates will increase by 3.8 per cent each year for existing ratepayers for the next 10 years.

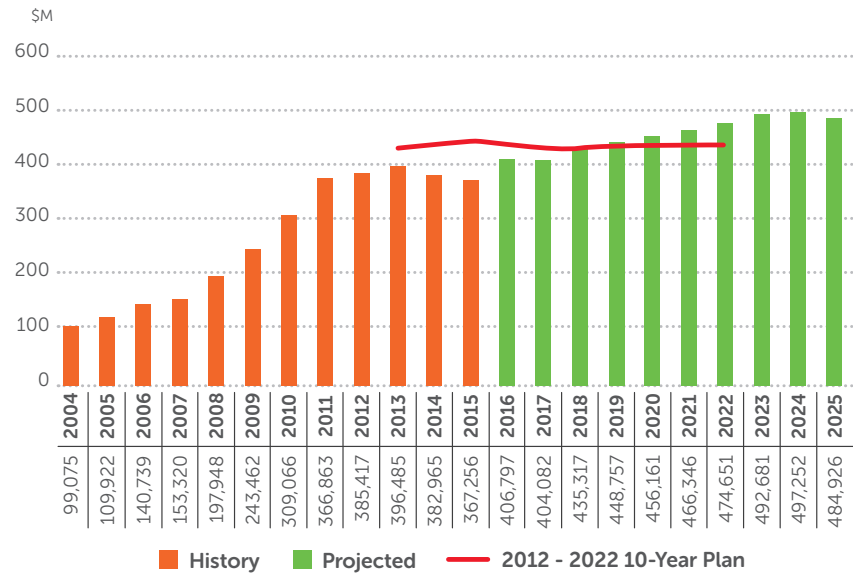
BALANCING THE BOOKS

We have again balanced the books this year as planned.

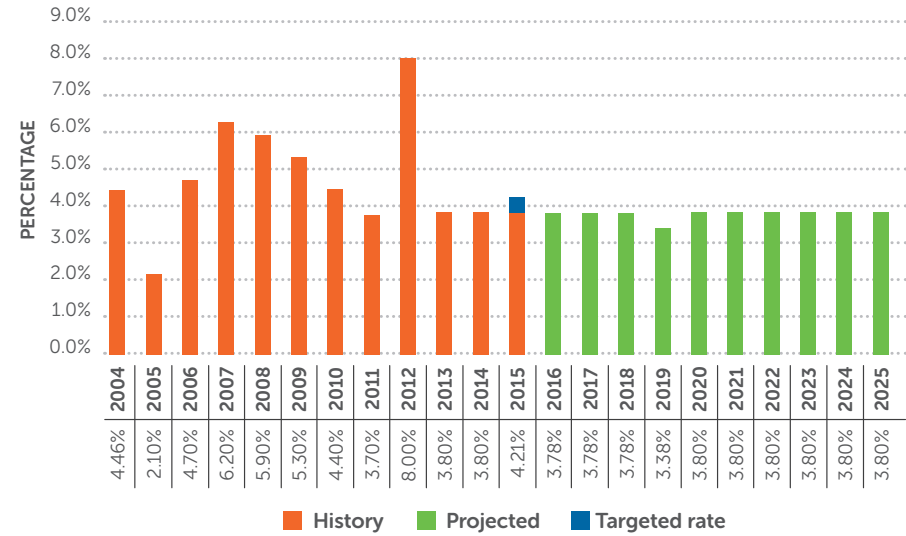
DEBT

We have already met our target to deliver a debt to revenue ratio of 200 per cent by 2020. This means \$2 of debt for every \$1 collected in rates and user charges.

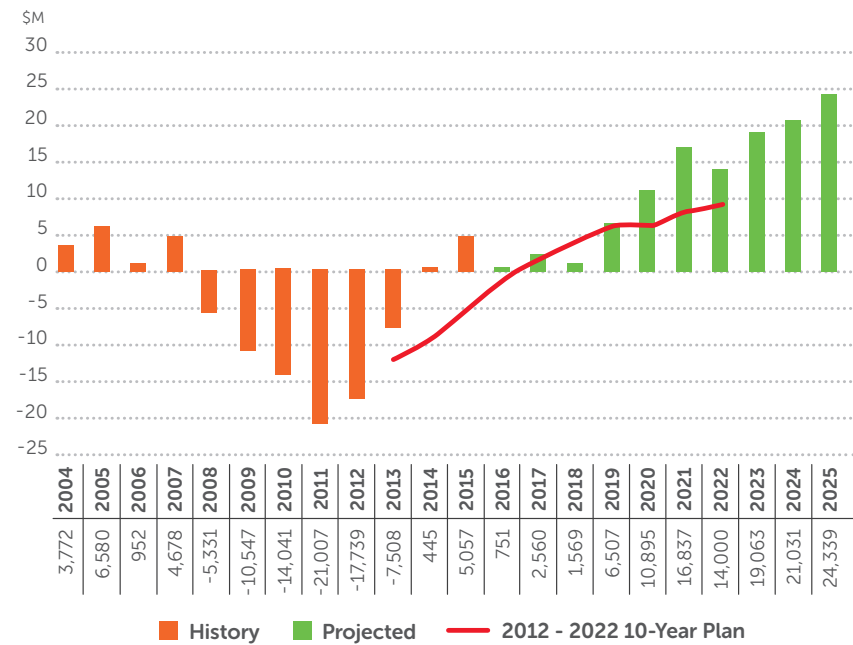
Total Overall Debt



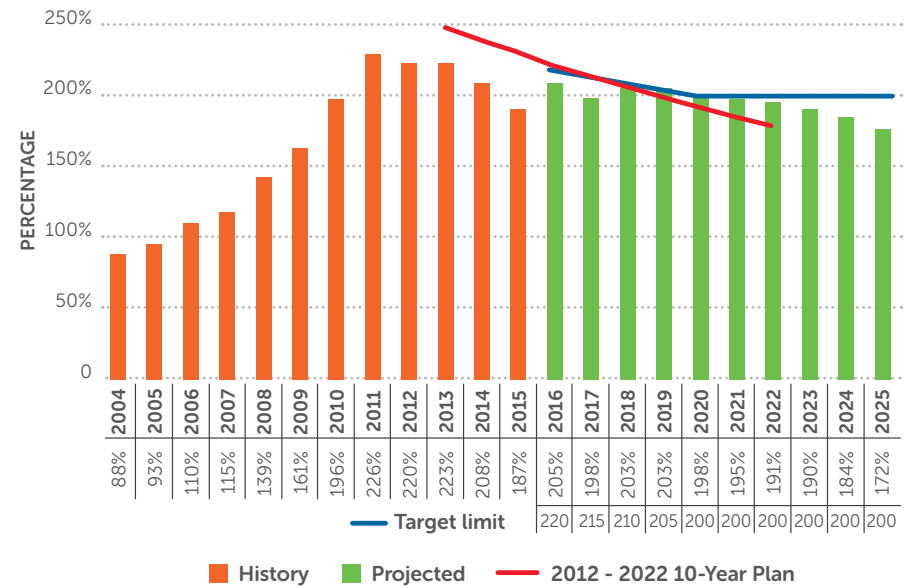
Rates



Balancing the Books



Debt to Revenue Ratio



FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ended 30 June 2017

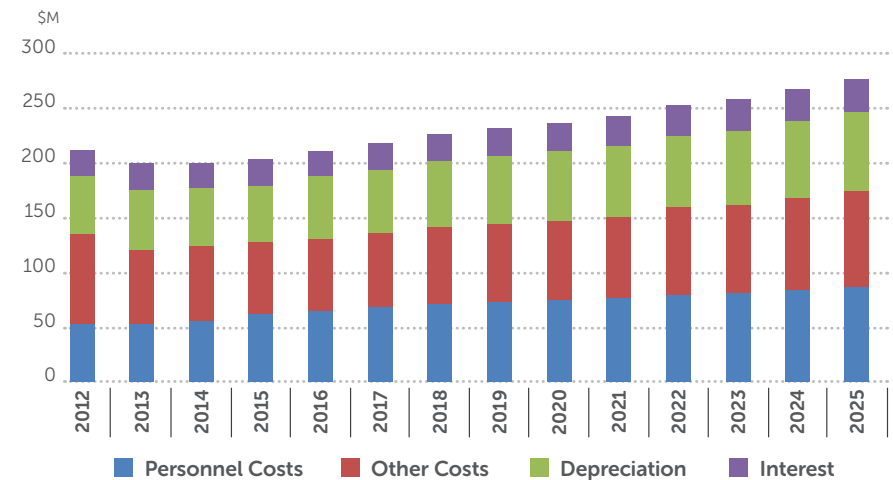
	Financial notes	2015/16 10 Year Plan \$000	2016/17 10 Year Plan \$000	2016/17 Annual Plan \$000
Revenue				
Rates (a)	2	146,244	152,774	153,747
Subsidies and grants	4	9,257	9,898	10,119
Development and financial contributions (b)		9,500	9,027	11,027
Interest revenue	7	2,000	2,000	2,000
Revenue from activities (c)	3	42,056	43,525	40,023
Other revenue	5	11,381	11,523	11,493
Total revenue		220,438	228,747	228,409
Expenses				
Personnel costs (d)		66,546	68,855	68,400
Depreciation and amortisation (e)	6	58,269	58,352	59,412
Finance costs (f)	7	22,647	23,543	22,257
Other expenses		63,744	67,497	67,249
Total expenses		211,206	218,247	217,318
Operating surplus/(deficit)		9,232	10,500	11,091
Gains		0	0	0
Losses		0	0	0
Surplus/(deficit) before tax		9,232	10,500	11,091
Income tax expense		0	0	0
Surplus/(deficit) after tax		9,232	10,500	11,091
Other comprehensive revenue and expense				
Items that could be reclassified to surplus/(deficit)		0	0	0
Items that will not be reclassified to surplus/(deficit)		0	0	0
Gain on property, plant and equipment revaluations		18,261	22,753	22,753
Total other comprehensive revenue and expense		18,261	22,753	22,753
Total comprehensive revenue and expense		27,493	33,253	33,844

BALANCING THE BOOKS MEASURE

For the year ended 30 June 2017

	2015/16 10 Year Plan \$000	2016/17 10 Year Plan \$000	2016/17 Annual Plan \$000
Surplus/(deficit) before tax	9,232	10,500	11,091
Adjustments for balancing the books measure			
Gains	0	0	0
Losses	0	0	0
Vested assets	8,481	8,549	8,531
Ring Road subsidy	0	0	0
Total adjustments	8,481	8,549	8,531
Balancing the books surplus/(deficit)	751	1,951	2,560

Operating Expenditure



STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE NOTES

- Budget has increased to allow for the increase in the rating base due to growth within the city.
- Budget has increased as growth is stronger than assumed in the 10-Year Plan.
- Revenue has reduced due to the sale of the pensioner housing units.
- Restructuring and efficiency initiatives introduced during 2015-16 have resulted in a reduction in personnel costs.
- Depreciation has increased to reflect the increased value in the asset base after the revaluation to water, wastewater and stormwater networks.
- Reduction in interest expense due to lower overall debt.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2017

	2015/16 10-Year Plan	2016/17 10-Year Plan	2016/17 Annual Plan
	\$000	\$000	\$000
Equity balance at 1 July	2,955,514	2,983,007	3,098,195
Total Comprehensive revenue and expenses for the period	27,493	33,253	33,844
Equity balance at 30 June	2,983,007	3,016,260	3,132,039

STATEMENT OF FINANCIAL POSITION NOTES

a. The base value of our assets has increased after a revaluation of the water, wastewater and stormwater assets.

b. Reflects the sale of investment properties during 2015-16.

c. This reflects the value of the deferred settlement for the pensioner housing units.

d. Reduction in debt reflects a lower opening position partially offset by an accelerated capital expenditure programme for growth projects.

e. To reflect the liability based on current interest rate hedging contracts.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Financial notes	2015/16 10-Year Plan	2016/17 10-Year Plan	2016/17 Annual Plan
		\$000	\$000	\$000
ASSETS				
Current assets				
Cash and cash equivalents		45,000	45,000	45,000
Receivables		17,101	17,614	17,614
Prepayments		1,663	1,663	1,663
Inventory		237	244	244
Other financial assets	8	0	0	107
Non-current assets held for sale		0	0	0
Total current assets		64,001	64,521	64,628
Non-current assets				
Property, plant and equipment (a)		3,294,067	3,338,252	3,470,927
Intangible assets		19,184	20,520	20,520
Investment property (b)		24,308	24,308	22,478
Other financial assets (c)	8	8,280	8,280	25,907
Investment in associates	9	7,430	7,430	7,430
Investment in subsidiaries	10	10,150	10,150	10,150
Total non-current assets		3,363,419	3,408,940	3,557,412
Total assets		3,427,420	3,473,461	3,622,040
LIABILITIES				
Current liabilities				
Employee entitlements		5,013	5,053	5,053
Payables		13,621	15,017	15,017
Borrowings (d)	11	79,048	81,217	73,036
Derivative financial instruments		0	0	0
Provisions		1,724	1,074	1,074
Total current liabilities		99,406	102,361	94,180
Non-current liabilities				
Employee entitlements		886	886	886
Borrowings (d)	11	336,036	345,882	346,863
Derivative financial instruments (e)		0	0	40,000
Provisions		8,085	8,072	8,072
Total non-current liabilities		345,007	354,840	395,821
Total liabilities		444,413	457,201	490,001
Net assets		2,983,007	3,016,260	3,132,039
EQUITY				
Accumulated funds		1,609,284	1,620,209	1,597,166
Other reserves		1,332,511	1,355,264	1,497,191
Restricted reserves	12	31,624	31,624	31,620
Council created reserves	12	9,588	9,163	6,062
Total equity attributable to Hamilton City Council		2,983,007	3,016,260	3,132,039
Total equity		2,983,007	3,016,260	3,132,039

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 30 June 2017

	2015/16 10-Year Plan	2016/17 10-Year Plan	2016/17 Annual Plan
	\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Rates revenue	146,244	152,774	153,747
Fees, rents and charges	42,056	43,525	40,123
Government operating subsidies and grants	5,110	5,127	5,443
Government capital subsidies and grants	4,147	4,771	4,676
Other capital contributions	11,213	10,784	12,776
Interest received	2,000	2,000	2,000
Dividends received	143	144	144
Sundry revenue	1,044	1,068	1,069
Total	211,957	220,193	219,978
Cash was applied to:			
Payments to employees	66,546	68,855	68,500
Payments for suppliers	61,845	65,475	65,232
Interest paid	22,647	23,543	22,257
Net GST paid	1,900	1,900	1,900
Total	152,938	159,773	157,889
Net cash flow from operating activities	59,019	60,420	62,089
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Proceeds from reduction in other financial assets	0	0	3
Proceeds from sale of property, plant and equipment	139	137	137
Total	139	137	140
Cash was applied to:			
Acquisition of other financial assets (term deposits)	0	0	697
Purchase of property, plant and equipment	65,646	72,572	90,766
Total	65,646	72,572	91,463
Net cash flow from investing activities	(65,507)	(72,435)	(91,323)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from:			
Loans raised	32,913	67,440	84,659
Total	32,913	67,440	84,659
Cash was applied to:			
Loan repayments	26,000	55,000	55,000
Finance lease repayments	425	425	425
Total	26,425	55,425	55,425
Net cash flow from financing activities	6,488	12,015	29,234
Net increase/(decrease) in cash held	0	0	0
Opening cash and cash equivalents balance	45,000	45,000	45,000
Closing cash and cash equivalents balance	45,000	45,000	45,000

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

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

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

These prospective financial statements are for Hamilton City Council (the Council) as a separate legal entity. Consolidated prospective financial statements comprising the Council and its subsidiaries and associates have not been prepared as the income and expenditure is not material to the long-term planning of Council.

BASIS OF PREPARATION

The Council authorised the prospective financial statements on 30 June 2016. The Council, which is authorised to do so and, believes that the assumptions underlying these prospective financial statements are appropriate, approved the annual plan. 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. Council do not intend to update the prospective financial statements subsequent to presentation.

Statement of compliance

The prospective financial statements have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

The prospective financial statements have been prepared to comply with Public Benefit Entity Standards (PBE Standards) for a Tier 1 entity.

The reporting period for these prospective financial statements is for the year ending 30 June 2017.

The prospective financial statements are presented in New Zealand dollars, rounded to the nearest thousand (\$000), unless otherwise stated.

The accounting policies set out below have been applied consistently to all periods presented in these prospective financial statements.

The purpose of the prospective financial information is to support the planning of Council.

Measurement base

The measurement basis applied is historical cost, modified by the revaluation of certain assets and liabilities as identified in this summary of significant accounting policies. The accrual basis of accounting has been used unless otherwise stated.

For the assets and liabilities recorded at fair value, fair value is defined as the amount for which an item could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's-length transaction. For investment property, non-current assets classified as held for sale and items of property, plant and equipment which are revalued, the fair value is determined by reference to market value. The market value of a property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction.

Amounts expected to be recovered or settled more than one year after the end of the reporting period are recognised at their present value. The present value of the estimated future cash flows is calculated using applicable inflation factors and a discount rate. The inflation rates used are obtained from the latest relevant BERL21 forecasts and the discount rate is the Council's forecast long-term cost of borrowing.

Judgements and estimations

The preparation of prospective financial statements using PBE standards requires the use of judgements, estimates and assumptions. Where material, information on the main assumptions is provided in the relevant accounting policy.

The estimates and assumptions are based on historical experience as well as other factors that are believed to be reasonable under the circumstances. Subsequent actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis and adjustments are made where necessary.

Judgements that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the relevant notes. Significant judgements and estimations include landfill post-closure costs, asset revaluations, impairments, certain fair value calculations and provisions.

SIGNIFICANT ACCOUNTING POLICIES

Revenue

Revenue comprises rates, revenue from operating activities, investment revenue, gains, finance and other revenue and is measured at the fair value of consideration received or receivable.

Revenue may be derived from either exchange or non-exchange transactions.

Exchange transactions

Exchange transactions are transactions where the Council receives assets (primarily cash) or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services, or use of assets) to another entity in exchange.

Non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the Council either receives value from or gives value to another entity without directly giving or receiving approximately equal value in exchange.

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow. As the Council satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Specific accounting policies for major categories of revenue are outlined below:

Rates

Rates are set annually by resolution from the Council and relate to a particular financial year. All ratepayers are invoiced within the financial year for which the rates have been set. Rates revenue is recognised in full as at the date when rate assessment notices are sent to the ratepayers. Rates revenue is classified as non-exchange except for metered water rates which are classed as exchange revenue.

Operating activities

The following categories (except where noted) are generally classified as transfers of non-exchange revenue.

- **Grants, subsidies and reimbursements**

Grants, subsidies and reimbursements are initially recognised at their fair value where there is reasonable assurance that the payment will be received and all attaching conditions will be complied with. Grants and subsidies received in relation to the provision of services are recognised on a percentage of completion basis. Reimbursements (e.g. NZTA roading claim payments) are recognised upon entitlement, which is when conditions pertaining to eligible expenditure have been fulfilled.

- **Development contributions**

Development contributions are recognised as revenue when the application for service connection or code of compliance or 224(c) is received.

- **Fees and charges**

Revenue from the rendering of services (e.g. building consent fees) is recognised by reference to the stage of completion of the transaction, based on the actual service provided as a percentage of the total services to be provided. Under this method, revenue is recognised in the accounting periods in which the services are provided. Within rendering of services most activities are at least partially funded by rates and therefore classified as non-exchange. The exceptions are: Parking (excluding fines), Planning and guidance, Housing and Building Control, which are 100 per cent funded by users and classified as exchange revenue.

- **Fines and penalties**

Revenue from fines and penalties (e.g. traffic and parking infringements, library overdue book fines, rates penalties) is recognised when infringement notices are issued or when the fines/penalties are otherwise imposed.

- **Sale of goods**

The sale of goods is classified as exchange revenue. Sale of goods is recognised when products are sold to the customer and all risks and rewards of ownership have transferred to the customer.

Other revenue

Specific accounting policies for major categories of other revenue are outlined below:

- **Dividends**

Dividends are classified as exchange revenue and are recognised when the Council's right to receive a payment has been established.

- **Investment property lease rentals**

Lease rentals (net of any incentives given) are recognised on a straight line basis over the term of the lease.

- **Donated, subsidised or vested assets**

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as non-exchange revenue when the control of the asset is transferred to the Council.

- **Gains**

Gains include additional earnings on the disposal of property, plant and equipment and movements in the fair value of financial assets and liabilities. Gains are classified as exchange revenue.

Finance revenue

- **Interest**

Interest revenue is exchange revenue and recognised using the effective interest rate method.

- **Donated services**

The Council benefits from the voluntary service of many Hamiltonians in the delivery of its activities and services. Due to the difficulty in determining the precise value of these donated services with sufficient reliability, donated services are not recognised in these financial statements.

Expenses

Specific accounting policies for major categories of expenditure are outlined below:

Grants and sponsorship

Expenditure is classified as a grant or sponsorship if it results in a transfer of resources (e.g. cash or physical assets) to another entity for compliance with certain conditions relating to the operating activities of that entity. It includes any expenditure arising from a funding arrangement with another entity that has been entered into to achieve the objectives of the Council. Grants and sponsorships are distinct from donations which are discretionary or charitable gifts. Where grants and sponsorships are discretionary until payment, the expense is recognised when the payment is made. Otherwise, the expense is recognised when the specified criteria have been fulfilled.

Finance expense

Interest expense is recognised using the effective interest rate method. All borrowing costs are expensed in the period in which they are incurred.

Borrowing costs

The Council has 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.

Goods and Services Tax (GST)

All items in the prospective financial statements are stated exclusive of GST, with the exception of receivables and payables, which are stated as GST inclusive. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

Taxation

Income tax expense on the surplus or deficit for the year comprises current and deferred tax. Current tax is the expected tax payable based on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, plus any adjustment to tax payable in respect of previous periods.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the assets and liabilities, and the unused tax losses using tax rates enacted or substantively enacted at the end of the reporting period. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which they can be utilised.

Financial instruments

Financial instruments include financial assets (loans and receivables and financial assets at fair value through other comprehensive revenue and expense), financial liabilities (payables and borrowings) and derivative financial instruments. Financial instruments are initially recognised on trade-date at their fair value plus transaction costs. Subsequent measurement of financial instruments depends on the classification determined by the Council. Financial assets are not recognised when the rights to receive cash flows have expired or have been transferred and the Council has transferred substantially all of the risks and rewards of ownership.

Financial instruments are classified into the categories outlined below based on the purpose for which they were acquired. The classification is determined at initial recognition and re-evaluated at the end of each reporting period.

Financial assets

Financial assets are classified as loans and receivables or financial assets at fair value through other comprehensive revenue and expense.

Loans and receivables comprise cash and cash equivalents, trade and other receivables and loans and deposits. Cash and cash equivalents comprise cash balances and call deposits with maturity dates of three months or less.

Trade and other receivables have fixed or determinable payments. They arise when the Council provides money, goods or services directly to a debtor, and has no intention of trading the receivable.

Loans and deposits include loans to other entities (including subsidiaries and associates), and bank deposits with maturity dates of more than three months.

Financial assets in this category are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method. Fair value is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date for assets of a similar maturity and credit risk. Trade and other receivables due in less than 12 months are recognised at their nominal value. A provision for impairment is recognised when there is objective evidence that the asset is impaired. As there are statutory remedies to recover unpaid rates, penalties and water meter charges, no provision has been made for impairment in respect of these receivables.

Financial assets at fair value through other comprehensive revenue and expense relate to equity investments that are held by the Council for long-term strategic purposes and therefore are not intended to be sold. Financial assets at fair value through other comprehensive revenue and expense are initially recorded at fair value plus transaction costs. They are subsequently measured at fair value and changes, other than impairment losses, are recognised directly in a reserve within equity. On disposal, the cumulative fair value gain or loss previously recognised directly in other comprehensive revenue and expense is recognised within surplus or deficit.

Debtors 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.

Impairment of a receivable is established when there is objective evidence that the Council will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidations, and default in payments are considered indicators that the debt 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. 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 for receivables. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).

Inventory

Inventories consumed in the provision of services (such as botanical supplies) are measured at the lower of cost and current replacement cost.

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

Revaluation

Land and buildings (operational and restricted), heritage assets, and infrastructural assets (except land under roads) are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years. All other asset classes are carried at depreciated historical cost.

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

Revaluations of property, plant, and equipment are accounted for on a class-of-asset basis. 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 this would 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:

Buildings - structure/fit out/service	10-100 yrs	1%-10%
Plant and vehicles	3-15 yrs	6.6%-33.3%
Furniture, fittings and equipment	5-10 yrs	10%-20%
Library books	8 yrs	12.5%
Zoo animal (acquisition costs)	10 yrs	10%
Improvements – Parks & Gardens	5-50 yrs	2%-20%
Roads and traffic network:		
Top surface (seal)	6-18 yrs	5.5-16.6%
Pavement (basecourse)	30-40 yrs	2%-4%
Catchpits	70 yrs	2%
Culverts	60-80 yrs	1.25%-1.6%
Footpaths	50-70 yrs	1.4%-2%
Kerb and traffic islands	70 yrs	1.4%
Signs	12 yrs	8.3%
Street lights	25 yrs	4%
Bridges	150 yrs	0.6%
Traffic signals	15 yrs	6.6%
Barriers	25-40 yrs	2.5%-4%
Bus shelters and parking meters	4-10 yrs	10%-25%
Verge, embankment and retaining walls	60 yrs	1.6%
Wastewater reticulation:		
Pipes	60-100 yrs	1%-1.6%
Manholes	75 yrs	1.3%
Treatment plant	5-100 yrs	1%-20%
Bridges	75-100 yrs	1%-1.3%
Pump stations	15-100 yrs	1%-6.6%
Stormwater system:		
Pipes	100 yrs	1%
Manholes, cesspits	100 yrs	1%
Service connections and outlets	30-100 yrs	1%-3.3%
Water reticulation:		
Pipes	60-80 yrs	1.25%-1.6%
Butterfly valves	50-70 yrs	1.3%-2%
Treatment plant	10-120 yrs	0.8%-10%
Meters	20 yrs	5%
Hydrants	50 yrs	2%
Reservoirs	30-80 yrs	1.25%-3.3%

The residual value and useful life of an asset is reviewed and adjusted if applicable at each financial year end.

Heritage assets are not depreciated.

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

Investment properties

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

These assets consist of investment properties owned by the Council, funded either from Corporate Funds, the Domain Endowment Fund or the Municipal Endowment Fund. Investment property is measured initially at its cost, including transaction costs.

After initial recognition, all investment property is measured at fair value as determined annually by an independent valuer. Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

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**

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**

Resource consents which are not attributed to a specific asset 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 dependent on the asset's ability to generate net cash flows, and where the Council would, if deprived of the asset, replace its remaining future economic benefits, value in use shall be determined as the depreciated replacement cost of the asset.

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

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

For assets not carried at a revalued amount, the total impairment loss is 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.

- **Fair value through other comprehensive income**

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.

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 includes in this category;

- Investments that it intends 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 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 debtor 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). Impairment in term deposits, local authority stock, government stock bonds, general and community loans are recognised directly against the instruments' carrying amount.

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

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.

Creditors and other payables

Short-term creditors and other payables are recorded at their face value.

Borrowings

Borrowings 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.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Employee entitlements

Short-term employee entitlements

Employee benefits expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date; to the extent it will be used by staff to cover those future absences.

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 12 months after balance date.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information and
- the present value of the estimated future cash flows.

Presentation of employee entitlements

Sick leave, annual leave, and retirement gratuities expected to be settled within 12 months of balance date, are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Superannuation schemes

Defined contribution schemes

Derivative financial instruments

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

Changes in the fair value of the derivative financial instruments are recognised in the surplus/deficit.

Leases

Leases consist of:

- **Finance leases**

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

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

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

- **Operating leases**

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

Provisions

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation, using a pre-tax discount rate that reflects current market assessments of the time,

value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs".

- **Financial guarantee contracts**

A financial guarantee contract is a contract that requires the Council 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 arm's 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 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 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:

- Accumulated funds
- Revaluation reserves
- Restricted reserves
- Council created reserves

Accumulated funds comprise accumulated surpluses over the years.

Revaluation reserves comprise accumulated revaluation increments/decrements.

Restricted reserves are those funds subject to external restrictions accepted as binding by Council, which may not be revised by Council without reference to the Courts or a third party. Council created reserves are formally imposed designations of public equity that indicate Council's intention to use a certain level of resources for a special purpose.

Statement of cash flows

Cash and cash equivalents for the purposes of the cash flow statement comprises bank balances, cash on hand and short term deposits with a maturity of three months or less at acquisition.

Operating activities include cash received from all non-financial revenue sources of the Council and record the cash payments made for the supply of goods and services. Investing activities relate to the acquisition and disposal of assets and investment revenue. Financing activities relate to activities that change the equity and debt capital structure of the Council and financing cost.

Public Benefit Entity Financial Reporting Standard 42 Prospective Financial Statements (PBE FRS 42)

The Council has complied with PBE FRS 42 in the preparation of these draft prospective financial statements. In accordance with PBE FRS 42, the following information is provided:

(i) Description of the nature of the entity's current operation and its principal activities

The Council is a territorial local authority, as defined in the Local Government Act 2002. The Council's principal activities are outlined within this Annual Plan.

(ii) Purpose for which the prospective financial statements are prepared

It is a requirement of the Local Government Act 2002 to present prospective financial statements

that span one year and include them within the Annual Plan. This provides an opportunity for ratepayers and residents to review the projected financial results and position of the Council.

Prospective financial statements are revised annually to reflect updated assumptions and costs.

(iii) Bases for assumptions, risks and uncertainties

The financial information has been prepared on the basis of best estimate assumptions as the future events which the Council expects to take place. The Council has considered factors that may lead to a material difference between information in the prospective financial statements and actual results. These factors, and the assumptions made in relation to the sources of uncertainty and potential effect, are outlined within this Annual Plan.

(iv) Cautionary note

The financial information is prospective. Actual results are likely to vary from the information presented, and the variations may be material.

(iv) Other disclosures

These prospective financial statements were adopted as part of the 2016-2017 Annual Plan for Hamilton City Council. The Council is responsible for the prospective financial statements presented, including the assumptions underlying prospective financial statements and all other disclosures. The Annual Plan is prospective and as such contains no actual operating results.

NOTE 2: RATES REVENUE

	2015/16 10-Year Plan	2016/17 10-Year Plan	2016/17 Annual Plan
	\$000	\$000	\$000
General rates	133,510	140,565	141,119
Targeted rates attributable to activities:			
- Metered water supply	7,772	7,953	8,169
- Access Hamilton	5,000	5,000	5,000
- 100% non-rateable land	932	975	975
- Business Improvement district	280	280	280
- Hamilton Gardens	610	615	615
Rates penalties	741	775	775
Rates remissions:			
- Hardship	(353)	(369)	(369)
- Other	(1,618)	(2,368)	(2,368)
Less rates charges to Council properties	(630)	(652)	(449)
Total rates	146,244	152,774	153,747

NOTE 3: ACTIVITY REVENUE

	2015/16 10-Year Plan	2016/17 10-Year Plan	2016/17 Annual Plan
	\$000	\$000	\$000
Revenue by group of activity			
Arts & Culture	1,679	1,718	1,084
Community Support	2,292	2,458	90
Democracy Services	17	220	219
Economic Development	9,002	9,210	8,949
Parks and Green Spaces	3,022	3,104	3,152
Planning and Development	7,410	7,583	7,764
Recreation	4,429	4,790	4,367
Rubbish and Recycling	339	347	345
Safety	2,136	2,185	2,164
Sewerage	5,271	5,400	5,428
Stormwater	241	246	212
Transport	6,064	6,108	5,363
Water Supply	157	161	160
Overheads/Support units	1,964	2,010	2,761
Less: internal Revenue	(1,967)	(2,015)	(2,035)
Total revenue from activities	42,056	43,525	40,023
Revenue from activities by type			
Adshel Contribution	36	37	37
Environment Waikato Contribution (Project Watershed)	449	459	425
Sale of Goods	1,311	1,340	930
Fees and user charges	26,639	27,533	27,230
Infringements and Fines	1,990	2,036	2,035
Rents Received	5,955	6,206	4,226
Commission Received	951	973	846
Ticketing Commission Received	14	14	104
External Recoveries	4,361	4,571	3,809
Donations Received	11	11	11
Other Income	339	345	370
	42,056	43,525	40,023

NOTE 4: SUBSIDIES AND GRANTS

	2015/16 10-Year Plan	2016/17 10-Year Plan	2016/17 Annual Plan
	\$000	\$000	\$000
NZTA roading subsidy - operating	4,230	4,226	4,411
NZTA Roothing Subsidy - capital	4,147	4,771	4,676
Government grants & subsidies	0	0	290
Grants received	470	481	324
Waste minimisation levy	410	420	418
Total subsidies and grants	9,257	9,898	10,119

NOTE 5: OTHER REVENUE

	2015/16 10-Year Plan	2016/17 10-Year Plan	2016/17 Annual Plan
	\$000	\$000	\$000
Capital contributions - general	1,713	1,757	1,749
Dividends	143	144	144
Petrol tax income	1,044	1,068	1,064
Vested assets	8,481	8,549	8,531
Other sundry income	0	5	5
Total other revenue	11,381	11,523	11,493

REVENUE RECLASSIFIED AS EXCHANGE OR NON-EXCHANGE TRANSACTIONS

	2015/16 10-Year Plan	2016/17 10-Year Plan	2016/17 Annual Plan
	\$000	\$000	\$000
REVENUE			
Revenue from exchange transactions			
Fees and user charges	26,978	27,877	27,600
Other revenue	9,264	9,543	8,300
Rental income	5,955	6,206	4,226
Subsidies and grants	471	481	324
Targeted rates for water supply	7,772	7,953	8,169
Total	50,440	52,060	48,619
Revenue from non-exchange transactions			
Development and financial contributions	9,500	9,027	11,027
Subsidies and grants	8,787	9,417	9,795
Infringements and fines	1,990	2,036	2,035
Other revenue	2,768	2,837	2,824
Rates, excluding targeted water supply rates	138,472	144,821	145,578
Vested assets	8,481	8,549	8,531
Total	169,998	176,687	179,790
Total revenue	220,438	228,747	228,409

NOTE 6: DEPRECIATION AND AMORTISATION EXPENSES BY GROUP OF ACTIVITY

	2015/16 10-Year Plan	2016/17 10-Year Plan	2016/17 Annual Plan
	\$000	\$000	\$000
Directly attributable depreciation and amortisation expense by group of activity			
Arts & Culture	2,611	2,641	2,738
Community Support	1,145	1,118	175
Democracy Services	0	0	0
Economic Development	5,928	5,284	4,910
Parks & Green Spaces	3,275	3,341	3,325
Planning & Development	0	0	0
Recreation	1,631	1,641	1,585
Rubbish & Recycling	308	317	379
Safety	84	76	77
Sewerage	8,092	7,921	8,521
Stormwater	5,745	5,805	7,656
Transport	17,966	17,927	18,113
Water Supply	7,553	7,416	6,956
Total	54,338	53,487	54,435
Depreciation and amortisation not directly related to a group of activity	3,931	4,865	4,977
Total depreciation and amortisation expense	58,269	58,352	59,412

NOTE 7: INTEREST REVENUE AND FINANCE COSTS

	2015/16 10-Year Plan	2016/17 10-Year Plan	2016/17 Annual Plan
	\$000	\$000	\$000
Interest revenue			
Interest income	2,000	2,000	2,000
Finance costs			
Interest on borrowings	22,572	23,468	22,182
Interest on finance leases	75	75	75
Total finance costs	22,647	23,543	22,257
Net finance costs	20,647	21,543	20,257

NOTE 8: OTHER FINANCIAL ASSETS

	2015/16 10-Year Plan	2016/17 10-Year Plan	2016/17 Annual Plan
	\$000	\$000	\$000
CURRENT PORTION			
Loans investments			
Community loans	0	0	107
Total current portion	0	0	107
NON-CURRENT PORTION			
Loans and receivables			
Term deposits with maturities greater than 1 year	3,303	3,303	4,000
Community loans	0	0	16,930
Unlisted shares			
NZ Local Government Insurance Co Limited	227	227	227
NZ Local Government Funding Agency Limited	1,866	1,866	1,866
Waikato Innovation Park Limited	2,506	2,506	2,506
Local Authority Shared Services Limited	378	378	378
Total non-current portion	8,280	8,280	25,907
Total other financials assets	8,280	8,280	26,014

NOTE 9: INVESTMENT IN ASSOCIATES

	2015/16 10-Year Plan	2016/17 10-Year Plan	2016/17 Annual Plan
	\$000	\$000	\$000
Associates			
Waikato Regional Airport Limited	7,430	7,430	7,430
Total investment in associates	7,430	7,430	7,430

NOTE 10: OTHER FINANCIAL ASSETS

	2015/16 10 Year Plan	2016/17 10 Year Plan	2016/17 Annual Plan
	\$000	\$000	\$000
Subsidiaries			
Hamilton Properties Limited	1	1	1
Innovation Waikato Limited	10,149	10,149	10,149
Total investment in subsidiaries	10,150	10,150	10,150

NOTE 11: BORROWINGS

The city's debt has been issued in accordance with the Local Government Act 2002.
The loans are secured through the debenture trust deed over all rates.

	2015/16 10 Year Plan	2016/17 10 Year Plan	2016/17 Annual Plan
	\$000	\$000	\$000
CURRENT PORTION			
Secured loans	78,748	80,917	72,736
Finance leases	300	300	300
Total current portion	79,048	81,217	73,036
NON-CURRENT PORTION			
Secured loans	335,386	345,232	345,232
Unsecured loans	0	0	981
Finance leases	650	650	650
Total non-current portion	336,036	345,882	346,863
Total external debt	415,084	427,099	419,899
Adjustments required to determine overall debt:			
External debt	415,084	427,099	419,899
Less cash held and cash equivalents	(45,000)	(45,000)	(49,000)
Plus reserves	36,713	36,288	33,183
Total overall debt	406,797	418,387	404,082
DEBT SERVICING PERFORMANCE INDICATORS			
Financial ratios			
Liquidity ratio (target > 110%)	>110%	>110%	>110%
Total overall debt / Total revenue (target 200% by 2020)	205%	203%	198%
Net interest on external debt / Total revenue (target <20%)	11%	11%	10%
Total overall debt as a multiple of cashflow (target <15)	7.4	7.5	7.1

NOTE 12: RESERVES

	2015/16 10 Year Plan	2016/17 10 Year Plan	2016/17 Annual Plan
	\$000	\$000	\$000
Restricted and Council-created reserves			
Cemetery plot maintenance in perpetuity	1,541	1,541	1,541
Dame Hilda Ross Children's Library Memorial Fund	2	2	0
Domain Endowment Fund	2,144	2,144	2,144
Roman Catholic Schools Library Reserve	27,927	27,927	27,927
Municipal Endowment Fund	2	2	0
Waikato Art Gallery Endowment Reserve	8	8	8
Total restricted reserves	31,624	31,624	31,620
Council created reserves			
Bus Shelter (adshel) Reserve	212	212	212
Hamilton Gardens	872	492	492
Housing upgrade Reserve	3,101	3,101	0
Project Watershed operating reserve	396	351	351
Rotokauri Land Sale Reserve	2,167	2,167	2,167
Reserves Contribution Fund	2,332	2,332	2,332
Waste minimisation reserve	508	508	508
Total Council-created reserves	9,588	9,163	6,062
Total restricted and Council-created reserves	41,212	40,787	37,682

The following reserves were closed in 2015/16:

- Council-created reserves
 - Dame Hilda Ross Children's Library Memorial Fund
 - Roman Catholic Schools Library fund
- Restricted reserves
 - Housing upgrade reserve

NOTE 12: RESERVES

	Activities to which the reserve relates	Opening balance July 2016	Transfers into reserve	Transfers out of reserve	Closing balance June 2017
Restricted Reserves					
Cemetery Plot Maintenance in Perpetuity Reserve - to maintain and provide for improvements to the cemeteries.	Cemeteries and Crematorium	1,541	0	0	1,541
Domain Endowment Fund Reserve - 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.	Parks and Green Spaces and Stormwater	2,144	0	0	2,144
Municipal Endowment Fund - 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.	Strategic property investment	27,927	0	0	27,927
Waikato Art Gallery Endowment Reserve - to provide funds for the acquisition of works of art for the waikato museum of art and history.	Arts promotion	8	0	0	8
Total Restricted Reserves		31,620	0	0	31,620
Council Created Reserves					
Bus Shelter Reserve - to manage the income generated from advertising in bus shelters to provide, maintain and enhance passenger infrastructure.	Travel demand management	212	0	0	212
Hamilton Gardens Reserve - to provide funds for the development of hamilton gardens. Funds are being sourced from a targeted rate over a four year period starting 2014/15.	Hamilton Gardens	872	0	(380)	492
Project Watershed Operating Reserve - 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.	Parks and Green Spaces and Stormwater	396	0	(45)	351
Rotokauri Land Sale Reserve - 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.	Strategic property investments	2,167	0	0	2,167
Reserves Contribution Fund - this fund receives contributions from Council policy on levying sub-dividers and developers for provision of reserves. Payment may be in kind (land) or a pro rata levy on the value of the development. The balance of the fund is used for the purchase of land for reserves (or the development of same). Reserve contributions were levied on sub-divisions approved prior to the advent of development contributions for reserves which came into effect on 1 July 2006.	Strategic property investments	2,332	0	0	2,332
Waste Minimisation Reserve - to encourage a reduction in the amount of waste generated and disposed of in new zealand, and to lessen the environmental harm of waste. The 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.	Waste minimisation	508	0	0	508
Total Council created reserves		6,487	0	(425)	6,062
Total restricted and Council created reserves		38,107	0	(425)	37,682

NOTE 13: CAPITAL EXPENDITURE

	Financial notes	2015/16	2016/17	2016/17
		10 Year Plan	10 Year Plan	Annual Plan
		\$000	\$000	\$000
Capital expenditure incurred by activities				
Arts & Culture	1	2,339	2,245	2,093
Community Services	2	200	205	0
Democracy Services		0	0	0
Economic Development	3	2,677	1,912	1,566
Parks & Green Spaces		5,695	5,841	10,565
Planning and Development		0	0	0
Recreation		829	1,214	6,207
Rubbish & Recycling		307	422	419
Safety	4	110	41	41
Sewerage		13,679	15,590	16,332
Stormwater		2,464	1,550	3,8223
Transportation		18,206	20,286	19,499
Water supply		16,325	17,994	25,986
Corporate Services		2,815	5,272	4,235
Total capital expenditure		65,646	72,572	90,766

CAPITAL EXPENDITURE NOTES

1. Includes: Libraries; Theatres; Waikato Museum; ArtsPost; public art support; performing arts grants.

2. Includes: grants and funding advice; community liaison and collaboration; community centres and halls; Civil Defence.

3. Includes: H3; i-Site; property investments; Hamilton Central Business Association; economic monitoring.

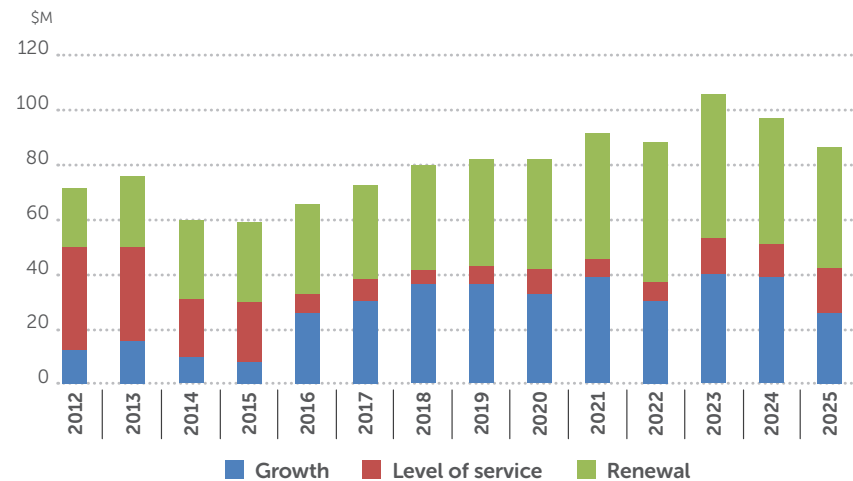
4. Includes: animal control; food and liquor licensing; public health nuisances; noise control; graffiti prevention and removal; City Safe patrols; CCTV cameras.



CAPITAL PROJECTS LIST

The following pages set out what we will spend on major projects in 2016/17. The projects are required to renew existing assets, improve the Council's levels of service or to respond to the needs of a growing city. The information that follows shows how the budget is apportioned between these three priorities and lists all the Council's capital projects for 2016/17.

Capital expenditure



CAPITAL PROJECTS LIST

KEY

R	= Renewals
LOS	= Levels of service
G	= Growth

	Type	2016/17 10-Year Plan \$000	2016/17 Annual Plan \$000
ARTS AND CULTURE			
Libraries			
CE10005 Library collection purchases	R	1,076	1,068
CE10006 Library asset renewal	R	102	4
CE10007 Library building asset renewal programme	R	70	70
		1,248	1,142
Museum			
CE10008 Museum asset renewal	R	98	147
CE10010 Public art support fund	R	31	31
CE10011 Museum activity building renewals	R	210	209
		339	387
Hamilton city theatres			
CE10012 Founders Theatre - plant & equipment	R	258	0
CE10013 Technical services - equipment renewals	R	310	564
CE10014 Founders Theatre building renewals	R	90	0
		858	564
Total Arts and Culture		2,245	2,093

	Type	2016/17 10-Year Plan \$000	2016/17 Annual Plan \$000
COMMUNITY SERVICES			
Housing Services			
CE10025 Pensioner housing renewals	R	205	0
		205	0
Total Community Services		205	0
ECONOMIC DEVELOPMENT			
Claudelands and stadia			
CE10041 Claudelands - plant & equipment	R	301	234
CE10042 Seddon Park - plant & equipment	R	36	36
CE10043 Waikato Stadium - plant & equipment	R	135	134
CE10044 Turf services plant & equipment	R	55	55
CE10046 Seddon Park - property renewals	R	21	21
CE10047 Waikato Stadium - property renewals	R	662	389
CE10048 Stadia building renewals	R	424	421
CE15051 Stadia capital improvement function	LOS	180	179
		1,814	1,469
Strategic property			
CE10052 Strategic property renewals	R	77	76
CE10053 Tenancy inducement renewals	R	21	21
		98	97
Total Economic Development		1,912	1,566

	Type	2016/17 10-Year Plan \$000	2016/17 Annual Plan \$000
PARKS AND GREEN SPACES			
Cemeteries and Crematorium			
CE10021 Building renewals - cemeteries	R	10	10
CE10022 Renewal of crematorium assets	R	133	132
CE10023 Hamilton Park, east & west cemeteries renewals	R	46	46
CE15024 Hamilton Park Cemetery, burial & ash lawn extension	G	21	21
		210	209
Hamilton gardens			
CE10026 Hamilton Gardens renewals	R	51	51
CE15027 Proposed development programme	G	2,627	2,608
CE10028 Hamilton Gardens building renewals	R	132	131
		2,810	2,790
Parks			
CE10029 Toilet and changing room renewals	R	83	82
CE10030 Building renewals - parks & open spaces	R	238	236
CE10032 Parks & open spaces assets & playgrounds renewals	R	1,384	1,241
CE15033 Land purchase future reserves	G	226	224
CE15034 Destination playground - public toilets	LOS	257	255
CE15036 Playground development programme	G	513	509
CE16001 Victoria on the River Development	LOS	0	4,900
		2,701	7,447
Sports parks			
CE10031 Sports area renewals	R	120	119
		120	119
Total Parks and Green Spaces		5,841	10,565

	Type	2016/17 10-Year Plan \$000	2016/17 Annual Plan \$000
RECREATION			
Aquatic facilities			
CE10001 Aquatic facilities building renewals	R	544	2,340
CE10003 Waterworld operational asset renewals	R	197	3,096
CE10004 Gallagher Aquatic Centre operational asset renewal	R	198	197
		939	5,633
Hamilton Zoo			
CE10015 Zoo animal enclosure renewals	R	140	139
CE10016 Zoo building renewals	R	62	362
CE10017 Property renewals	R	11	11
CE15018 Zoo browse plantation	LOS	21	21
CE10020 Zoo animal replacement	R	41	41
		275	574
Total Recreation		1,214	6,207

SAFETY			
CE10037 CCTV renewals	R	41	41
Total Safety		41	41

RUBBISH AND RECYCLING			
Ce10054 - Replacement of closed landfill assets	R	161	160
Ce15055 - Closed landfill management	LOS	259	257
CE10056 - Replacement of RTS & HOC assets	R	2	2
Total Rubbish and Recycling		422	419

	Type	2016/17 10-Year Plan \$000	2016/17 Annual Plan \$000
STORMWATER			
CE10058 Replacement of stormwater assets	R	577	573
CE15059 Rototuna stormwater infrastructure	G	322	330
CE15060 Rotokauri stormwater infrastructure stage 1	G	0	1,834
CE15064 Stormwater pipe upgrade - growth	G	128	127
CE15066 Existing network improvements in new areas	G	103	102
CE15068 Stormwater customer connections to the network	G	51	51
CE15162 Integrated catchment management plan	LOS	359	806
Total Stormwater		1,550	2,823

TRANSPORT			
Parking management			
CE10070 Replacement of parking enforcement equipment	R	370	367
CE10071 Parking building renewal	R	26	26
		396	393
Transportation network			
CE10072 Replacement of footpath	R	2,561	2,546
CE10073 Replacement of street furniture	R	62	62
CE10074 Replacement of drainage (kerb & channel)	R	1,261	1,291
CE10075 Replacement of road base	R	1,836	1,023
CE10076 Road resurfacing	R	4,258	4,984
CE10077 Replacement of bridges and culverts	R	103	102
CE10078 Replacement of retaining walls & structures	R	46	46
CE10079 Replacement of environmental controls	R	10	10
CE10080 Replacement of lighting	R	287	435
CE10081 Replacement of traffic equipment	R	410	300
CE10082 Replacement of street signs	R	72	30

	Type	2016/17 10-Year Plan \$000	2016/17 Annual Plan \$000
TRANSPORTATION			
CE10098 Building and property renewals	R	105	104
CE15085 Minor improvements to transport network	LOS	655	650
CE15086 Bus stop infrastructure	LOS	115	114
CE15087 Network upgrades to allow new development	G	180	179
CE15088 Rooding upgrades & development in Peacocke stage 1	G	154	153
CE15089 Rooding upgrades & development in Peacocke stage 2	G	770	500
CE15090 Rooding upgrades & development - Rotokauri stage 1	G	1,221	1,284
CE15092 Rooding upgrades & development in Rototuna	G	4,553	3,071
CE15093 Rooding upgrades & development in Ruakura	G	0	1,000
CE15094 Traffic signal improvements	LOS	308	306
CE15095 Integrated transport initiatives	LOS	923	916
Total Transportation Network		19,890	19,106
Total Transportation		20,286	19,499

	Type	2016/17 10-Year Plan \$000	2016/17 Annual Plan \$000
SEWERAGE			
CE10100 Replacement of wastewater pump station assets	R	1,022	1,015
CE10101 Replacement of wastewater assets	R	3,728	3,701
CE15103 Increase capacity of wastewater pump stations	LOS	379	376
CE15104 Wastewater pipe upgrade - growth	G	308	306
CE15105 Increase capacity of wastewater network - Rototuna	G	274	272
CE15106 Wastewater network upgrades to allow development	G	82	81
CE15107 Increase capacity of network in Rotokauri stage 1	G	342	441
CE15109 Increase capacity of network in Peacocke stage 1	G	69	69
CE15111 Increase capacity of network throughout the city	G	4,104	4,088
CE15112 Increase capacity of network (far east inteceptor)	G	0	2,038
CE15114 Increase capacity of network (bulk storage)	G	470	467
CE15161 Wastewater master plan	R	154	153
CE10115 Replacement of wastewater treatment plant assets	G	1,889	1,875
CE15116 Upgrade wastewater treatment plant systems	LOS	154	153
CE15117 Upgrade wastewater treatment plant (Pukete 3)	G	2,052	737
CE15120 Wastewater treatment plant compliance	LOS	513	509
CE15121 Wastewater customer connections to the network	G	51	51
Total Sewerage		15,590	16,322

	Type	2016/17 10-Year Plan \$000	2016/17 Annual Plan \$000
WATER SUPPLY			
CE10123 Replacement of water mains	R	3,363	3,339
CE10124 Replacement of water meters valves & hydrants	R	363	360
CE15126 Upgrade or build new water mains in Rototuna	G	515	511
CE15127 Water pipe upgrade - growth	G	308	306
CE15128 Upgrade/build new water mains in Rotokauri stage 1	G	115	114
CE15130 Upgrade/build new water mains in Peacocke stage 1	G	105	104
CE15132 Water network upgrades to allow new development	G	82	81
CE15133 Water demand management - network water loss	LOS	410	407
CE15136 Water demand management - Dinsdale reservoir zone	LOS	477	474
CE10138 Replacement of treatment plant & reservoir assets	R	861	855
CE15139 Water treatment plant compliance - minor upgrades	LOS	1,033	1,026
CE15140 Rototuna reservoir and associated bulk mains	G	8,132	13,574
CE15141 Water demand management - Hillcrest reservoir zone	LOS	0	306
CE15144 Upgrade water treatment plant	G	2,052	3,337
CE10145 Tools of trade renewals	R	51	51
CE15146 Water customer connections	G	51	51
CE15158 Water model	R	0	1,014
CE15159 Water master plan	G	77	76
Total Corporate Services		17,994	25,986

	Type	2016/17 10-Year Plan \$000	2016/17 Annual Plan \$000
CORPORATE SERVICES			
Corporate buildings			
CE10151 Renewals programme	R	128	127
		128	127
Information services			
CE10152 Network and infrastructure	R	605	601
CE10153 Core business applications	R	965	958
CE10154 Minor applications	R	21	21
CE15155 Mobility and eservices	LOS	348	346
CE10156 Lease funding of equipment	R	782	776
CE15157 Authority replacement	LOS	1,539	528
		4,260	3,230
Performance			
CE10158 Replacement of fleet vehicles	R	884	878
		884	878
Total Corporate Services		5,272	4,235
TOTAL COUNCIL		72,572	90,766



COUNCIL FUNDING IMPACT STATEMENT

The Funding Impact Statement is made up of three parts:

- Rating Information for 2016/17
- Rates Samples for 2016/17
- The Whole of Council Funding Impact Statement

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

RATING INFORMATION FOR 2016/17

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

- General Rate
- Targeted Rates:
 - Transitional
 - Access Hamilton
 - Business Improvement District
 - Hamilton Gardens
 - Services category water
 - Services Category Sewerage
 - Services Category Refuse
 - Metered water
 - Commercial and rural non-metered water

Details of the amount of rates to be collected and the categories that will pay these rates are in this funding impact statement.

GENERAL RATE

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

General rates are set on a differential basis on the categories of land identified below. The rating categories are defined in the Rating Policy. The differential basis is the use to which the land is put and the area of the land and in the case of the BID Commercial differential, the location of the land. The different categories of rateable land are outlined in the table below.

The objective of including differentials in the general rate is to achieve a fair and equitable distribution of the general rate taking into account all factors Council believes are relevant.

This funding mechanism covers all services of Council. The total revenue sought is \$32.458 million.

Land described in Part 2 Schedule 1 of the Local Government (Rating) Act 2002 (broadly land owned or used by societies for arts or sports) will be assessed 50% of the residential rate (general and transitional rate) that applies to the land. The total revenue sought from the land is \$212,104.

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

GENERAL RATE

Source	Differential categories	Differential factor	Percentage of total general rates	General rate in the dollar of capital value (GST incl)	Rates revenue (GST incl)
General Rate	Residential	1.0000	65.00%	0.00092568	\$21,039,499
	Commercial	1.8455	27.08%	0.00170838	\$8,766,908
	BID Commercial	1.7533	6.92%	0.00162296	\$2,238,381
	Rural	0.4662	1.00%	0.00043153	\$323,684

Uniform Annual General Charge

Council does not use a uniform annual general charge.

TARGETED RATES

Lump sum contributions are not sought or invited by the Council in respect of targeted rates.

Transitional Rate

The rate is set and assessed on the land value of all rateable properties in the City. The transitional rates are set on a differential basis on the categories identified in the table below. The rating categories are defined in the Rating Policy. The differential basis is based on the use to which the land is put, the location of the land and/or area of the land.

The total revenue sought is \$129.706 million.

Source	Differential categories	Differential factor	Percentage of total general rates	General rate in the dollar of capital value (GST Incl)	Rates revenue (GST Incl)
Transitional Rate	Residential	1.0000	63.16%	0.00745521	\$81,928,009
	Commercial	3.0283	26.75%	0.02257668	\$34,689,927
	BID Commercial	2.8769	7.25%	0.02144785	\$9,410,180
	Multi Unit Residential	1.5183	1.79%	0.01131894	\$2,322,058
	Rural Residential	0.5732	0.05%	0.00427321	\$58,919
	Rural Small	0.3868	0.75%	0.00288389	\$972,249
	Rural Large	0.1816	0.25%	0.00135390	\$324,814

The Transitional rate funds the following activities:

- Planning Guidance & Compliance
- Sewage Treatment & Disposal
- Governance & Civic Affairs
- Animal Education & Control
- Hamilton Gardens
- Environmental Health & Public Safety
- Stormwater Network
- Economic Development
- Water Treatment & Storage
- Catchment Management
- Libraries
- Transport Network
- Refuse Collection
- Museum
- Zoo
- Waste Minimisation
- Community Development
- Stadiums
- Landfill Site Management
- Community Parks
- Claudelands
- Arts Promotion
- Gullies & native plantings
- Leisure Facilities
- City Planning
- Streetscapes
- Emergency Management
- Theatres
- Sports Parks
- Sewage Collection
- Water Distribution

Metered Water Rate

The rate is set and assessed for metered and restricted flow water supply on a differential basis to all rating units that are metered (as defined by Hamilton City Council's Water Supply Bylaw 2013).

The rate is:

i. a fixed amount based on the nature of the connection as follows:

- \$430 for all metered rating units (except rural rating units receiving a restricted flow supply)
- \$318 for rural rating units receiving a restricted flow supply.

ii. a charge per unit of water consumed or supplied on every metered connection in accordance with the following scale:

- All metered rating units (except rural rating units receiving a restricted supply) - \$1.79 per kilolitre of water supplied after the first 240 kilolitres of consumption or supply;
- rural rating units receiving a restricted flow supply - \$1.32 per kilolitre of water supplied after the first 240 kilolitres of consumption or supply.

The rates contribute to the funding of the Water Distribution and Water Treatment and Storage activities.

The total revenue sought is \$9.394 million.

Commercial and rural non-metered water rate

The rate is set and assessed on non-metered Commercial and Rural properties which are connected to or have a water supply available. The rate is \$430 per separately used or inhabited part of the rating unit.

The rates contribute to the funding of the water distribution and water treatment and storage activities. The total revenue sought is \$266,600.

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.

Access Hamilton Rate

The rate is set and assessed at a uniform rate per dollar of capital value on all rating units in the City (excluding 100% non-rateable and 50% non-rateable properties).

The rate is \$0.00019173 per dollar of capital value. The total revenue sought is \$5,750,000.

The Access Hamilton rate funds the work programmes and/or financing costs relating to this project as part of the Transport Network activity.

Business Improvement District Rates (BID)

The rate is set and assessed on all separately used or inhabited part of commercial rating units in the BID area as mapped in the Rating Policy.

The rate is:

a) BID Fixed rate: a fixed amount of \$230 per separately used or inhabited parts of a commercial rating unit within the defined area; and

b) BID CV Rate: 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 per rating unit or separately used portion of a rating unit, is \$0.00003424.

The rate provides funding to the Economic Development activity. The total revenue sought is \$322,000.

Hamilton Gardens Rate

The rate is set and assessed as a fixed amount on all separately used or inhabited parts of each rating unit within Hamilton. The rate is set at \$11.50.

The rate contributes funding to develop themed gardens and infrastructure as part of the Hamilton Gardens activity. The total revenue sought is \$707,250.

Services Category Water Rate

The rate is set and assessed on properties as defined as a services category (see Rating Policy) and which are connected to the water supply.

- a) a fixed amount of \$430 per separately used or inhabited part of a rating unit; and
- b) a rate per dollar of land value of the rating unit, set at \$0.00204605. The rate provides funding towards the water distribution and water treatment and storage activities.

The total revenue sought is \$118,399.

Services Category Use - Refuse Rate

The rate is set and assessed on properties defined as a services category (see Rating Policy) and which are provided with refuse collection service. The rate is:

- a) a fixed amount of \$149 per separately used or inhabited part of a rating unit; and
- b) a rate per dollar of land value) per rating unit set at \$0.00073504.

The rate provides funding towards the refuse collection activity. The total revenue sought is \$46,220.

Service Category Use - Sewerage Rate

The rate is set and assessed on properties defined as a services category (see Rating Policy) and which are connected to the sewerage network. The rate is:

- a) a fixed amount of \$421 per separately used or inhabited part of a rating unit; and
- b) The rate per dollar of land value set at \$0.00222648.

The rate provides funding towards the sewage distribution and sewage treatment and storage activities. The total revenue sought is \$956,604.

FUTURE RATES

Council intends to set and assess rates from the sources listed above in each year of the plan except the Hamilton Gardens rate which is budgeted to stop after the 2017/18 rating year.

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

A SUIP is 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 example, this means that each flat within a block of flats, or each shop within a block of shops 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.

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 Municipal Building, Garden Place, Hamilton, between the hours of 7.45am and 5pm on all business days of the week..

RATING BASE

The projected number of rating units for 2016/17 is 57,016.

Total Land Value is \$14,133,366,500

Total Capital Value is \$32,140,862,600

2016/17 PROPOSED RATES - SAMPLE PROPERTIES

Differential	SUIPs	2012 RATING VALUES		2015/16 RATES				2015 RATING VALUES		2016/17 RATES			
		Land Value	Capital Value	Land Value Transitional Rates	Capital Value General Rates	Other Rates	Total Rates	Land Value	Capital Value	Land Value Transitional Rates	Capital Value General Rates	Other Rates	Total Rates
RESIDENTIAL SECTOR													
Residential	1	200,000	200,000	2,204	114	59	2,377	250,000	250,000	1,864	231	59	2,155
Residential	1	102,000	235,000	1,124	134	68	1,325	170,000	315,000	1,267	292	72	1,631
Residential	1	155,000	290,000	1,708	165	81	1,954	225,000	375,000	1,677	347	83	2,108
Residential	1	200,000	410,000	2,204	233	110	2,547	260,000	550,000	1,938	509	117	2,564
Multi Unit Residential	4	190,000	470,000	2,967	267	159	3,393	240,000	710,000	2,717	657	182	3,556
Multi Unit Residential	10	495,000	870,000	7,730	495	323	8,548	570,000	910,000	6,452	842	289	7,584
Rural Residential	1	265,000	630,000	1,349	358	162	1,869	345,000	750,000	1,474	694	155	2,324
RURAL SECTOR													
Rural Small	1	325,000	325,000	1,246	80	89	1,415	400,000	400,000	1,154	173	88	1,414
Rural Small	1	330,000	660,000	1,265	163	170	1,597	330,000	660,000	952	285	138	1,375
Rural Small	1	510,000	790,000	1,955	195	201	2,351	710,000	960,000	2,048	414	196	2,657
Rural Large	1	1,850,000	1,850,000	2,423	329	330	3,082	1,850,000	1,850,000	2,505	798	366	3,669
Rural Large	1	2,500,000	2,850,000	4,555	705	694	5,954	2,500,000	2,990,000	3,385	1,290	585	5,260
COMMERCIAL SECTOR													
Commercial	1	570,000	570,000	14,622	512	148	15,282	570,000	570,000	12,869	974	121	13,963
Commercial	1	122,000	275,000	3,130	247	77	3,454	122,000	275,000	2,754	470	64	3,288
Commercial	1	240,000	480,000	6,157	431	126	6,715	240,000	500,000	5,418	854	107	6,380
Commercial	1	630,000	1,300,000	16,161	1,169	323	17,653	630,000	1,400,000	14,223	2,392	280	16,895
CBD Commercial	1	250,000	250,000	6,093	213	71	6,377	250,000	250,000	5,362	406	59	5,827
CBD Commercial	1	111,000	455,000	2,705	389	367	3,461	111,000	510,000	3,381	828	357	3,565
CBD Commercial	1	270,000	800,000	6,580	683	463	7,726	270,000	1,070,000	5,791	1,737	483	8,011
CBD Commercial	3	720,000	1,680,000	17,547	1,435	1,190	20,171	720,000	2,070,000	15,442	3,360	1,192	19,994

WHOLE OF COUNCIL FUNDING IMPACT STATEMENT

For the year ended 30 June 2017

	2015/16 10 Year Plan	2016/17 10 Year Plan	2016/17 Annual Plan
	\$000	\$000	\$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	131,650	137,951	138,708
Targeted rates	14,594	14,823	15,039
Subsidies and grants for operating purposes	5,110	5,127	5,443
Fees and charges	39,570	40,986	37,619
Interest and dividends from investments	2,143	2,144	2,144
Local authorities fuel tax, fines, infringement fees, and other receipts	3,530	3,612	3,573
Total operating funding	196,597	204,643	202,526
Application of operating funding			
Payments to staff and suppliers	130,291	136,352	135,749
Finance costs	22,647	23,543	22,257
Other operating funding applications	0	0	0
Total applications of operating funding	152,938	159,895	158,006
Surplus (deficit) of operating funding	43,659	44,748	44,520
Sources of capital funding			
Subsidies and grants for capital expenditure	4,147	4,771	4,676
Development and financial contributions	9,500	9,027	11,027
Increase (decrease) in debt	6,488	12,015	29,237
Gross proceeds from sale of assets	139	137	137
Lump sum contributions	0	0	0
Other dedicated capital funding	1,713	1,757	1,749
Total sources of capital funding	21,987	27,707	46,826
Application of capital funding			
- to meet additional demand	25,988	30,068	40,572
- to improve the level of service	6,703	8,084	12,529
- to replace existing assets	32,955	34,420	37,665
Increase (decrease) in reserves	0	(117)	(117)
Increase (decrease) of investments	0	0	697
Total application of capital funding	65,646	72,455	91,346
Surplus/(deficit) of capital funding	(43,659)	(44,748)	(44,520)
Funding balance	0	0	0

ANNUAL PLAN DISCLOSURE STATEMENT

FOR YEAR ENDING 30 JUNE 2017

WHAT IS THE PURPOSE OF THIS STATEMENT?

The purpose of this statement is to disclose the Council's planned financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings. The Council is required to include this statement in its Annual Plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 ('the regulations').

Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Benchmark		Planned	Met
Rates affordability benchmark			
Income	Rates will not exceed 0.627% of the city's rateable capital value	0.449%	Yes
Increases	Rate increases to existing ratepayers will not exceed 3.8% except for targeted rates (Hamilton Gardens)	3.80%	Yes
Debt affordability benchmark	Debt to revenue ratio will be reduced to 200% or below by 2020 and thereafter will remain below 200%	197%	Yes
Balanced budget benchmark	100%	96%	No
Essential services benchmark	100%	157%	Yes
Debt servicing benchmark	15%	11%	Yes

NOTES

1. RATES AFFORDABILITY BENCHMARK

(1) For this benchmark:

(a) the Council's planned rates income for the year is compared with a quantified limit on rates contained in the financial strategy included in the Council's 10-Year Plan; and

(b) the Council's planned rates increases for the year is compared with a quantified limit on rates contained in the financial strategy included in the Council's 10-Year Plan.

(2) The Council meets the rates affordability benchmark if:

(a) its planned rates income for the year equals or is less than each quantified limit on rates; and

(b) its planned rates increases for the year equal or are less than each quantified limit on rates increases.

2. DEBT AFFORDABILITY BENCHMARK

(1) For this benchmark, the Council's planned borrowing is compared with a quantified limit on borrowing contained in the financial strategy included in the Council's 10-Year Plan.

(2) The Council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

3. BALANCED BUDGET BENCHMARK

(1) For this benchmark, the Council's planned revenue (excluding development contributions, vested assets, financial contributions, gains on derivative financial instruments, and revaluations of property, plant, or equipment) is

presented as a proportion of its planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

(2) The Council meets the balanced budget benchmark if its revenue equals or is greater than its operating expenses.

4. ESSENTIAL SERVICES BENCHMARK

(1) For this benchmark, the Council's planned capital expenditure on network services is presented as a proportion of expected depreciation on network services.

(2) The Council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.

5. DEBT SERVICING BENCHMARK

(1) For this benchmark, the Council's planned borrowing costs are presented as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment).

(2) Because Statistics New Zealand projects that the Council's population will grow faster than the national population growth rate, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 15 per cent of its planned revenue.