

2019/20

ANNUAL PLAN

2019/20 MAAHERE-AA-TAU

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A vibrant, multi-colored sculpture composed of vertical rectangular blocks in shades of orange, blue, green, pink, and dark green. Water is cascading over the top edge of the sculpture, creating a dynamic, shimmering effect. The background is a clear blue sky with some blurred green foliage on the left side.

INTRODUCTION

KOORERO WHAKATAKI

FROM THE MAYOR AND CHIEF EXECUTIVE

WELCOME TO THE 2019/20 ANNUAL PLAN

In the 2018-28 10-Year Plan we faced up to some big challenges. We made some big decisions which put our city on the right track. We set a plan to stop borrowing for everyday costs. We put money aside to look after our assets and fix the things that have been broken or unrepaired. And with support from the Government, NZ Transport Agency and other partners we've planned for a \$2B investment in our growing city. This plan is year two of that 10-Year Plan and we're proud to say we're on track and delivering.

Our 2019/20 Annual Plan sets out \$323.6M in capital spending, while still meeting our budgeted savings targets of \$94M over 10 years.

We're continuing to enable development of Hamilton's newest community in Peacocke in the south of the city (with a government interest-free loan saving our city more than

\$65M in interest as well as other subsidies of more than \$110M). In other partnerships, in the next year we're building the platforms and other infrastructure to support the new Hamilton-Auckland start-up rail service and we'll see further development of the Waikato Regional Theatre.

We're incredibly proud this Council, in October last year, confirmed an even-more-valuable partnership, approving five new Maaori appointees to committees of Council. It was a new era for partnership-based decision-making for the city. The new appointees have the title of Maangai Maaori, which means 'The voice of Maaori', and were chosen from more than 40 applicants by a selection panel comprising representatives of Waikato-Tainui, Te Runanga o Kirikiriroa and Te Haa o te Whenua o Kirikiriroa. Already they have added value to our Council's decision-making and will have a strong role in the coming year.

Developments at our visitor attractions, including some amazing plans for

Hamilton Gardens, will lead to the facilities residents and tourists expect of a city of our size. This year we're also investing \$15.3M for the upgrade of the Pukete wastewater treatment plant, and \$3.6M to start upgrading the city's water treatment plant, ensuring this crucial infrastructure can meet the future needs of our city.

Other key projects for 2019/20 include:

- \$72M on stormwater pipes, wastewater upgrades and roads for the new Peacocke community
- further investment in transport networks in both our growth areas and existing neighbourhoods, including walking and cycling paths and rail access at Rotokauri
- completing the Rototuna sports park and a new sportsground at Mahoe Park in Melville
- extending the City Safe ambassador programme to suburbs outside the CBD
- achieving \$2.044M of operating savings without affecting community services.

We're doing all this and maintaining the planned average rates increase of 3.8% we set last year for year two of the 10-Year Plan.

Hamilton is buzzing, and its growth reflects our great river city being an attractive place to live, work, play and visit. This is a pivotal time for Hamilton as we prepare the city to welcome new communities and our next generations. We are proud to present an Annual Plan we believe will improve the wellbeing of our people and build a more vibrant, attractive and prosperous city.



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Hamilton Mayor



Richard Briggs
Chief Executive



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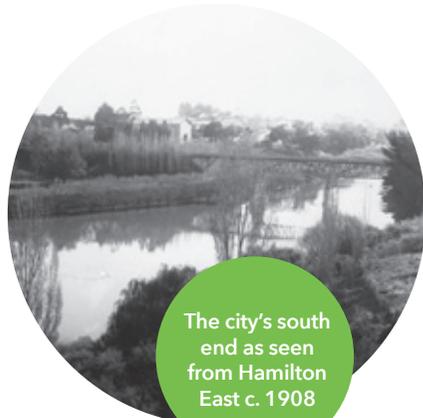
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OUR CITY

Hamilton | Kirikiriroa

The gateway to the central North Island, Hamilton, originally named Kirikiriroa by Maaori, is New Zealand's largest inland city. The mighty Waikato River flows for 16 kilometres through the city with the eastern and western suburbs on either side.



The city's south end as seen from Hamilton East c. 1908

OUR PAST



Hamilton's earliest settlers included Maaori from the Tainui waka, who called the area Kirikiriroa meaning long strip of gravel, and this remains the Maaori name for the city

The area has a history of **700-800 years** of Maaori occupation and settlement, highlighted by paa sites, traditional gardens and agricultural features along the **Waikato River**



Formal European settlement

began on 24 August 1864, when Captain William Steele disembarked from the gunboat Rangiriri and established the first redoubt near what is now Memorial Park



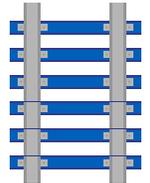
The Borough of Hamilton was established on 27 October 1877 with a population of 1245 and an area of 752 hectares, through the combining of the East and West settlements. On 13 December 1945, Hamilton became a **city with 20,000 citizens**

There are five Tainui hapuu (sub-tribes) that continue to hold mana whenua (traditional **connections to the land and waterways within Kirikiriroa/Hamilton**)



In 1867 the road

was opened to Auckland and a regular coach service began, followed by **railway from Auckland** in 1877



In the 1860s, the New Zealand Wars and the NZ Settlement Act enabled land to be taken from Maaori by the Crown; **a total of 1.2M hectares** was confiscated in the Waikato region and provided the basis for subsequent European settlement in Hamilton



WE'RE BOOMING

Our population is expected to increase from **169,300 (June 2018) to 187,600 in 2028.** That's an average of nearly 40 new residents every week!

1440 homes

were consented **in 2018, an increase of 28% on 2017** and the highest number of new home consents approved since digital records began in the 1990s

WE'RE BUILDING



EMBRACING GROWTH



Rototuna

WE'RE INVESTING



The Council's 2018-28 10-Year Plan includes a **record \$2B** to enable and support growth, improve transport and look after the things we already have



The Peacocke development in the city's southwest has the capacity for **3750 homes** within the next **10 years**

WE'RE WELCOMING

A GREAT RIVER CITY

WE'RE YOUTHFUL



Hamilton's median age is 32, the lowest of all cities in New Zealand

WE'RE A DESTINATION



Approximately 23% of current residents were born overseas. Tertiary institutions The University of Waikato, Wintec and Te Waananga o Aotearoa enrol more than 40,000 students each year, from around New Zealand and the world

BEST IN BUSINESS

WE'RE CONTRIBUTING



Hamilton's GDP is \$8.08B, approximately 3.4% of New Zealand's total. Hamilton's GDP is growing at 3.9%, greater than New Zealand's growth of 3% (to September 2018)

WE'RE HAPPY



84% of residents rate their quality of life positively (2018), and a third of our community believe their quality of life has increased over the last 12 months. This change is the highest of the eight major cities surveyed*

WE'RE PROUD



75% of residents think their city is a great place to live*

WE'RE IN THE ACTION

Along with Auckland and Tauranga, Hamilton sits in the Golden Triangle, a powerful region containing half the country's population, generating half the country's GDP and accounting for two thirds of the freight.

* <http://myhcc.nz/qualityoflife2018>

WE'RE DIVERSE

Hamilton's residents represent more than 160 different ethnic groups



Victoria on the River

WE'RE PLAYFUL



The city has more than 1000 hectares of open space with 145 parks and gardens, 85 playgrounds and 63 sports areas

WE'RE WORKING

Hamilton's economy supports 15,027 businesses (up from 14,424 in 2016) and 92,735 employees, (up from 87,600 in June 2016)

WE'RE PARTNERING



Hamilton's community is working together to deliver projects such as the \$73M Waikato Regional Theatre

WE'RE APPEALING



Waikato is New Zealand's fifth biggest tourism economy, contributing \$1.571B annually, with Hamilton the region's tourism hub



Casabella Lane



DELIVERING ON OUR COMMUNITY OUTCOMES

KO NGAA WHAKATUUTUKITANGA
HAPORI

OUR COMMUNITY OUTCOMES

Our community outcomes describe what we aim to achieve for our community and what you can expect us to work towards. These outcomes were used to shape the development of the 2018-28 10-Year Plan and this 2019/20 Annual Plan. All our activities contribute to the overall achievement of our community outcomes and reflect our purpose and mission - to improve the wellbeing of Hamiltonians and to help build a more vibrant, attractive and prosperous city.

OUR THREE COMMUNITY OUTCOMES ARE:



A GREAT RIVER CITY

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



A CITY THAT EMBRACES GROWTH

Our city has infrastructure that meets our current demands, supports growth and helps build a strong economy.



A COUNCIL THAT IS BEST IN BUSINESS

Our council is customer focused, financially sustainable and has the best people delivering the best outcomes for the city.

DELIVERING ON OUR COMMUNITY OUTCOMES



Hamilton is one of New Zealand's fastest-growing cities - we are now a city of 169,300 people and by 2028 we expect to be home to more than 187,600 people. Growth at this pace creates opportunities but also challenges. To respond to growth, we need to make sure the city has the infrastructure in place to deliver high-standard core services to an increasing population, and we need to do this in an affordable way. Hamilton is growing up as well as out, so we are adding and upgrading infrastructure in established suburbs where infill housing is increasing density and in new development areas such as Peacocke.

As a council, we are investing \$2B through our 10-Year Plan in the city's biggest ever capital programme. The programme will deliver on our community outcomes and respond to existing and emerging challenges, including increasing demand for core services, infrastructure and community facilities. In 2019/20 you'll see a lot of work underway as we continue to improve our great river city.

There is also the challenge of returning our existing infrastructure to the standard Hamiltonians expect. We have been through a period of restrained spending and deferred asset renewal and maintenance while we focused on reducing debt. During community consultation on the 2018-28 10-Year Plan, people made it clear they want us to take care of what we already have - to maintain the city's assets and make any repairs needed. At the same time, we need to upgrade our infrastructure to meet the growth challenge and continue to repay debt to get us back onto a solid financial footing.

Providing community spaces and assets that enable people to come together and enjoy themselves helps a city thrive. The 2018-28 10-Year Plan provides for new community spaces and facilities for our growing city as well as enhancing what we already have.

The following pages showcase just some of the projects planned for the next 12 months.



A CITY THAT EMBRACES GROWTH

OUR NEIGHBOURHOODS

PEACOCKE

We're investing in and enabling the development of Peacocke into a new vibrant community after Hamiltonians strongly supported this option during the 10-Year Plan process. There are already 400 homes in the east section of Peacocke, near Dixon Rd, and interest from property developers is high.

In the coming decade Peacocke is likely to be home for around 9000 people and have around 3750 new houses with room for continued growth over the next 30 years.

Although major new roads, stormwater systems and a new bridge over the Waikato River will take a few years to complete, further detailed planning and some construction has already begun. Next year, we're spending \$9M on stormwater pipes, \$18M on upgrading wastewater capacity and \$45M on new roads, including detailed design of the new bridge south of Hamilton Gardens.

ROTOTUNA

Development is continuing in Rototuna, our other main residential growth area. The suburb has been developing since the early 1990s so major infrastructure like roads and water, wastewater and stormwater pipes is already in place. We are now working hard to create special places with and for

local communities with shared facilities that bring the people who live there together.

We're investing \$1.4M in 2019/20 on designing the Rototuna Village, with construction getting underway the following year. The village will include a community centre, library and town square. We are also committed to investigating partnership

opportunities for a potential pool. We are aiming to complete the facilities in 2022.

We'll also complete the Rototuna sports park on the corner of Bourn Brook Ave and Kimbrae Dr, with \$2.5M earmarked for toilets, changing rooms and other amenities in 2019/20. The park will have five full-sized football fields and two cricket ovals and will start functioning as a sportsground from 2020/21.



RUAKURA

Unlocking Ruakura for development is progressing and will enable residential, commercial and industrial development, including the Tainui Group Holdings Inland Port - New Zealand's largest logistics hub. Construction has started on a new water reservoir and major pipes with \$12.7M invested in 2019/20 on this \$21M project. The 12Ml reservoir will supply drinking water to Ruakura and Peachgrove. Roads are also being built that will better link the whole area and connect it to the Waikato Expressway.

ROKOKAURI

In Rotokauri, in the city's northwest, we'll spend \$6.1M on developing infrastructure in the suburb's residential and industrial areas with \$1.5M for stormwater and wastewater projects and \$4.6M for new and upgraded roads.

CORE INFRASTRUCTURE

A growing city needs constant attention to core infrastructure and the 10-Year Plan includes a major push to upgrade ageing pipes and pumps and add capacity. In 2019/20 we'll complete the \$30M upgrade of the city's wastewater treatment plant at Pukete, only the third major upgrade since 1976. This final stage will cost \$15.3M.

Work on upgrading Hamilton's water treatment plant in Waiora Tce will start in 2019/20 with \$3.6M invested in this \$30M project. Back in 1971 when it opened, the plant was designed to produce 64M litres of water a day (Ml/day). Now it's capable of producing 106Ml/day and after the upgrade it will have a capacity of 140Ml/day. The upgrade will be completed in 2022.

Our replacement of traditional streetlights with more efficient and lower maintenance LED lights continues in 2019/20. We're spending \$1.9M to install LED luminaires for decorative lights in residential areas and parts of the CBD. LED bulbs are easier on the eyes, more cost-efficient,



require less maintenance, reduce spillover glare into houses and are considered better for nocturnal animals.

MOVING AROUND HAMILTON

Completion of the \$110M Hamilton Ring Road gets closer in 2019/20 with \$15.5M earmarked for work on the final section, which will extend Wairere Dr between Cambridge Rd and Cobham Dr. This work includes extending existing walking and biking paths along the Ring Road so it's easier for people to move around the city, whatever their mode of choice. Construction of the Ring Road began in 2011 and will be completed in 2021.

We're also investing a further \$3.1M to continue improving the safety of Gordonton Rd with an upgrade of the intersection at Gordonton/Puketaha Rd and construction

of a new cycle network. This project will connect St James Dr to Gordonton Rd and is expected to be complete in 2021.

ALTERNATIVE MODES OF TRANSPORT

Over the next 10 years we'll be investing in delivery of the city's Biking Plan, building more off-road cycle paths and developing our network of on-road cycle lanes.

Next year we'll continue project planning, detailed design and some enabling works for the School Link project, which will improve cycleways and public transport for the almost 9500 students at schools on and around the Hukanui/Peachgrove corridor. We'll also be planning the project to improve cycling networks between the CBD and the university.

We want to make it more comfortable for people to travel on foot so we've allocated \$4.8M to footpath replacement throughout the city in 2019/20. We'll address the sections of the footpath network that are uneven and have trip hazards such as tree roots and potholes. The programme will be based on information gathered through our audit of footpaths in 2018 using hi-tech scooters.

We also want more people to jump aboard city buses so we're investing in better understanding our network and its pressure points. We're working towards a Mass Transit Plan for the city, produced with Waikato Regional Council, the NZ Transport Agency and neighbouring districts, to enable the movement of more people more efficiently.

We'll improve safety in the central city through a \$1.6M upgrade of the Anglesea/Bryce St intersection. This will also improve access into and out of the busy Transport Centre site, which sets us up for the planned rejuvenation of the centre in the future.

We're gearing up for the new Hamilton-Auckland commuter rail service, due to be up and running by mid-2020. There's \$10.5M earmarked in 2019/20 for road improvements and a new rail platform at Rotokauri with an adjacent car park so passengers can park and ride.

A GREAT RIVER CITY

Creating a great river city means more than making the most of our proximity to the mighty Waikato River. While we do want to transform the way we use and view the 16km of river that runs through the city, our ambition is broader and is about embracing the natural environment and making Hamilton a great place to live for all residents as well as a top visitor destination.

CITY ATTRACTIONS

Hamilton Gardens, Hamilton Zoo, Waikato Museum and FMG Stadium Waikato are examples of attractions that draw both locals and visitors. At Hamilton Gardens, the diggers will be busy next year laying the foundations for four new gardens planned for this award-winning attraction.

We will spend \$2.9M in 2019/20 on excavation, in-ground infrastructure, foundations and a tilt slab in preparation for



the new Ancient Egyptian, Pacifika, Medieval Courtyard and Baroque Theatre gardens. We're also building a new toilet block and starting work on enhancements to the visitor arrival centre and Pavilion courtyards. The four gardens will be open by 2022.

We're working with external partners to source funding to develop a

combined entrance to Hamilton Zoo and Waiwhakareke Natural Heritage Park that will showcase both facilities.

We are also investing around \$80,000 on enhancements at the zoo that include relocating some of the animals to a mixed species exhibit so animals from the same part of the world are placed together.

At Waikato Museum, we'll be spending \$477,000 next year on replacing sections of the roof to guarantee our exhibitions and visitors are protected from the elements for years to come.

At FMG Stadium Waikato, recently recognised by the New Zealand Events Association as the country's best venue,

we're spending \$1.5M replacing the hardworking turf.

CITY AMENITIES

On a smaller but just as important scale, in 2019/20 we'll transform Mahoe Park in Melville into a fully fledged sportsground with two football pitches and a baseball diamond. This work will cost around \$500,000. The park will also get new toilet facilities and changing rooms.

Next year the successful City Safe ambassadors programme will be expanded from the central city to the suburbs in a 12-month \$230,000 trial that acknowledges the value the programme adds to Hamiltonians' sense of security.

At the Central Library in Garden Place, people will soon have the chance to get creative in a 'maker' space that will include sewing machines, 3D printers, a recording studio, virtual reality technology, robotics kits and design suite computers. The new space is part of a wider plan to open the library frontage and make it more inviting. The project is expected to cost \$200,000.

We're also introducing new self-issue technology to libraries across Hamilton next year with \$1.1M invested in a radio-frequency identification (RFID) system. The system will make it easier for library users to self-issue their books and for

staff to keep track of stock levels and should be in place by Christmas.

The project to create an international-standard performing arts theatre in central Hamilton gets more visible in 2019/20 with design finalised and construction underway at the Victoria St site. The Waikato Regional Theatre is expected to open in late 2021. We're contributing \$25M towards building costs with \$6M provided next year.

At Melville Park, we're spending \$670,000 on developing the skate park and surrounds so it works better as a communal recreation area. We're upgrading the playground, public seating and bins and adding more features to the skate park so the design caters to all skill levels. The park's regular skaters have been part of the design process so we can be sure the end result meets their needs.

The busy swings in the Lake Domain's junior playground will get a refresh as part of a \$1M upgrade of the Domain and Innes Common next year, with fences, paths, lights, seats and signage on the list for refurbishment.

We've earmarked \$1.6M in 2019/20 for new drainage and irrigation systems at the city's sports parks and \$232,000 for renewing existing drainage. The focus next year is on Mahoe and Gower Parks in Melville and Galloway Park in Hamilton East.

We're gearing up for the new kerbside collection service with \$400,000 allocated next year for project rollout. The new service gets underway in July 2020 and will introduce wheeled bins for rubbish and recycling and separate food waste collection bins, with existing crates kept for glass only. The extra bins will be coming to households around Hamilton from April 2020.

Waterworld's popular splash pad will be upgraded and a roof added in 2019/20 so it's available all year

round. The facility's \$567,000 renewals programme also includes improvements to the disability changing rooms and replacing the gym studio floor.

We will also spend \$4M next year completing the Hamilton leg of the Te Awa River Ride, from Hamilton to Cambridge, and \$200,000 on a plan that captures a 20-year vision for the central city and will help guide decisions about future public projects in the city centre.



BEST IN BUSINESS

We have committed to being a council that models best practice in our interactions with customers and in the way we run our business.

SAVINGS TARGETS

We have budgeted for annual savings in the first six years of the 10-Year Plan, resulting in a cumulative impact over the 10 years of \$94M. This includes a targeted \$2.044M of operating savings in 2019/20. We expect to make these savings through efficiencies, strategic procurement, smart business practices, innovation and transformation. We will achieve these savings without affecting community services.

PARTNERSHIP PROGRAMME

We want to ensure our growing city is attractive and liveable for all residents. While we need to invest in housing, transport and infrastructure, we also need the tourism, social and community facilities that help our city flourish. No government, council, business, community or individual can do it alone - it is going to take all of us working together.

Hamilton Gardens is a good example of a practical working partnership. For the past 30 years we have worked alongside local trusts and the community to transform this former rubbish dump into a much-loved tourist destination.

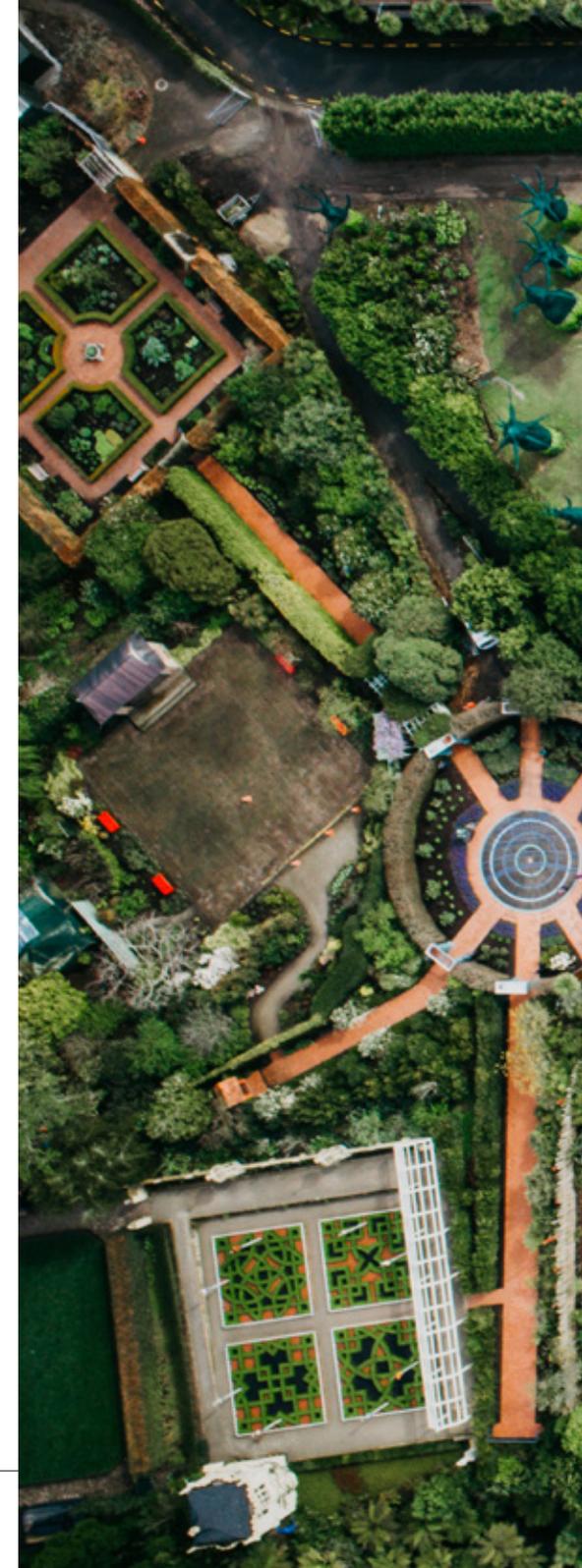
Next year, we have allocated \$1M to help address housing affordability for middle-income households within Hamilton. WEL Energy Trust, along with other community funders and housing providers, has committed to working in partnership with us to drive this initiative forward.

SMART HAMILTON

Smart societies make the most of innovation, technology and partnerships to serve their community. Our Smart Space in Garden Place will be an interactive space where we'll invite the community to work with us on problem definition, solution development and testing of new technologies. We'll also showcase smart initiatives and tell stories of innovation from Hamilton and the Waikato.

ELECTIONS

In October 2019, Hamiltonians will decide who they want to govern the city on their behalf over the next three years. Running an efficient and effective election process will be a major focus for us in 2019. We have allocated time and resources to boosting debate on Hamilton's big issues and encouraging more people to get involved, as voters and prospective councillors.





FINANCIAL MATTERS

KO NGAA TAKE PUUTEA



KEY CHANGES TO THE 10-YEAR PLAN 2019/20 BUDGET

In May 2019, the Council approved a number of changes to the budget for 2019/20 that was set in the 2018-28 10-Year Plan. Some of these changes were the normal budget adjustments all large organisations make in the course of doing business, such as recognising the impact of contract negotiations, changes made to the timing of projects after further planning and re-estimations of revenue.

Other budget changes came through the addition of new projects or changes to existing initiatives. These combined adjustments mean we are now forecasting an operating surplus in 2019/20 of \$110.4M, \$2.1M less than budgeted.

Operating surpluses are calculated after subtracting expenses from total revenue. Our financial strategy aims to generate

operating surpluses so we pay down debt faster than we have been and place the city in a more sustainable financial position.

The measure we use to show whether we are 'balancing the books' (paying for everyday costs from everyday revenue) takes the operating surplus and subtracts revenue from developers and other capital project funders. That revenue is set aside for specific capital projects. We also exclude any expenses that aren't everyday costs. We are now forecasting a balancing the books deficit of \$7.3M in 2019/20, \$6.9M more than in the 10-Year Plan.

The first step in embarking on our significant 10-year capital programme has been in-depth planning with our project partners. This has resulted in changes to the project calendar as we negotiate

complex contracts, align our suppliers' work schedules and make land purchases. Some work due to begin in 2018/19 has now shifted into 2019/20 and later years. We are budgeting to spend \$323.6M on capital projects in 2019/20, \$35M more than budgeted in the 10-Year Plan.

New initiatives introduced through this Annual Plan include extending the City Safe programme to the suburbs. This 12-month trial is aimed at enhancing Hamiltonians' sense of security and providing greater support to our community's most vulnerable.

At Hamilton Gardens, longer hotter summers mean more people are cooling off in the river, which creates a safety issue as river traffic also increases. We've set aside funding for either a new jetty or a new

swimming platform to separate swimmers and boats.

In the central city, a new master plan will be developed that sets a 20-year vision for the city centre. The plan will give us a good sense of where public money can be best spent for the greatest impact and in a way that complements other initiatives. This information will feed into the next 10-Year Plan process when we are deciding on priorities, plans and budgets.

We have a number of initiatives in place to revitalise the central city. One of these has been to charge CBD developers a reduced development contribution. Development contributions are charges to developers to fund capital projects such as stormwater, wastewater, water and other services that support development in the area. Through



the 10-Year Plan this reduced contribution - the CBD remission - was going to be phased out by 2021. Instead, the remission has been kept at the same level (66% remission) for the next two years.

Traffic build-up around the Killarney Rd to Kahikatea Dr rail crossing area is causing safety and access concerns. We will be funding a traffic study that will help us choose the right solution to ease congestion.

Funding allocated to social housing through the 10-Year Plan has now been focused on the next two years rather than spread over five as planned. Concentrating our funding means we can make more of an impact on housing affordability issues within a shorter timeframe.

Funding has been allocated through the Annual Plan for seismic strengthening work on the WEL Network Stand at FMG Stadium Waikato, the Hamilton Park Cemetery chapel and Waikato Museum. The work is part of our ongoing seismic assessment programme.

A new contestable annual grant has been established to help address the problem of abandoned cats across Hamilton. The funding is specifically for de-sexing programmes and applicants will need to show a strong track record in this area.

The Single Year Community Grant fund has received additional annual funding.

The fund enables not-for-profit community organisations to support small community-led projects that boost the social, cultural, arts and environmental wellbeing of Hamiltonians.

Shifts in timing mean we are now budgeting for the demolition of Municipal Pools in 2019/20 instead of 2018/19 and for potential demolition of Founders Theatre in 2020/21 instead of 2019/20. The Council expects to decide on the future of Founders Theatre in late 2019.

During the Annual Plan budget-setting process, councillors also discussed the trial of two hours' free parking in the CBD and decided to continue it for another year. There is no impact on the budget as we had assumed the trial would continue.

In the 10-Year-Plan, we assumed transport programmes that previously received NZ Transport Agency subsidies and/or satisfy the criteria for subsidies will continue to receive subsidy funding. There is currently some uncertainty as to whether all the transport capital projects planned for 2019/20 will be funded by NZ Transport Agency. If we do not receive this funding, we will assess the impact on our capital programme and may defer projects or resolve to continue a project and fund the shortfall through debt.

FINANCIAL STRATEGY

Our financial strategy outlines our overall approach to managing the Council's finances and provides guidance when we make spending decisions. During the process of developing the 2018-28 10-Year Plan, we revised the strategy and we will review it again when we prepare the 2021-31 10-Year Plan.

The current strategy aims to enable us to respond sustainably to growth in a way that is cost-effective for existing ratepayers. The guiding principles are:

- Everyday expenses are funded from everyday revenues.
- Service levels and assets are maintained.
- Surpluses are generated to repay debt.
- Investment in community, infrastructure and growth initiatives is supported.
- Investments are funded from debt.

The financial strategy can be read in full in the 2018-28 10-Year Plan or on our website. It sets limits on the amount of debt we can take on compared to revenue (the debt to revenue ratio) and forecasts net debt (the money we owe lenders, less cash) and when we will balance the books.

We track those three measures to make sure we are operating within the financial strategy. The 2019/20 Annual Plan is within the financial strategy parameters, meaning the activities and projects planned for next year can be achieved within our financial limits.

RATES

Through the 10-Year Plan, the Council decided on an annual average rates increase for existing ratepayers of 3.8% from 2019/20 onwards. This was confirmed during the Annual Plan process: rates will increase by 3.8% on average in 2019/20.

DEBT

DEBT TO REVENUE

To keep debt to manageable levels, the financial strategy caps debt to revenue at 230% or \$2.30 for every \$1 collected in revenue. Our lenders will let us borrow up to a maximum debt to revenue ratio of 250%, which gives us a buffer for unforeseen events. In 2019/20 debt to

revenue is forecast at 167%, compared to 191% in the 10-Year Plan.

Debt capacity headroom (the gap between limit and forecast) is now forecast to improve against the 10-Year Plan. In 2021/22, the peak year, debt capacity headroom is forecast at \$46M compared to \$9M in the 10-Year Plan.

The change from the 10-Year Plan over the next few years is due to capital projects (and associated revenue) shifting into later years after detailed planning in 2018/19. Approximately \$83M of capital project work has been deferred to 2019/20 (\$28M) and 2020/21 (\$55M).

NET DEBT

In the 10-Year Plan net debt in 2019/20 was expected to be \$588M and we are now forecasting \$526M. The net debt graph shows we are forecasting a decrease in net debt against the 10-Year Plan.

BALANCING THE BOOKS

Everyday costs of running the city should be paid for from everyday revenue (rates,

fees and user charges). We describe this as balancing the books. The 2018-28 10-Year Plan budgeted balancing the books deficits from 2018/19 through to 2020/21 then surpluses from 2021/22 onwards.

We are instead expecting to report a balancing the books surplus in 2018/19. In 2019/20 we are forecasting a deficit of \$7.3M against a budgeted deficit of \$0.3M. The books are now projected to be balanced from 2022/23 onwards.

The main reasons for the shift are:

- Depreciation is higher than expected due to revaluation of three waters assets (e.g. pipes, treatment plants, pump stations).
- There have been budget adjustments since the 10-Year Plan was set.
- As capital projects move from 2018/19 into Years 2 and 3, so do associated operating costs (e.g. interest). This improves the balancing the books result in 2018/19 and contributes to the forecast deficits in 2019/20 and 2020/21.

TABLE 1: DEBT TO REVENUE RATIO

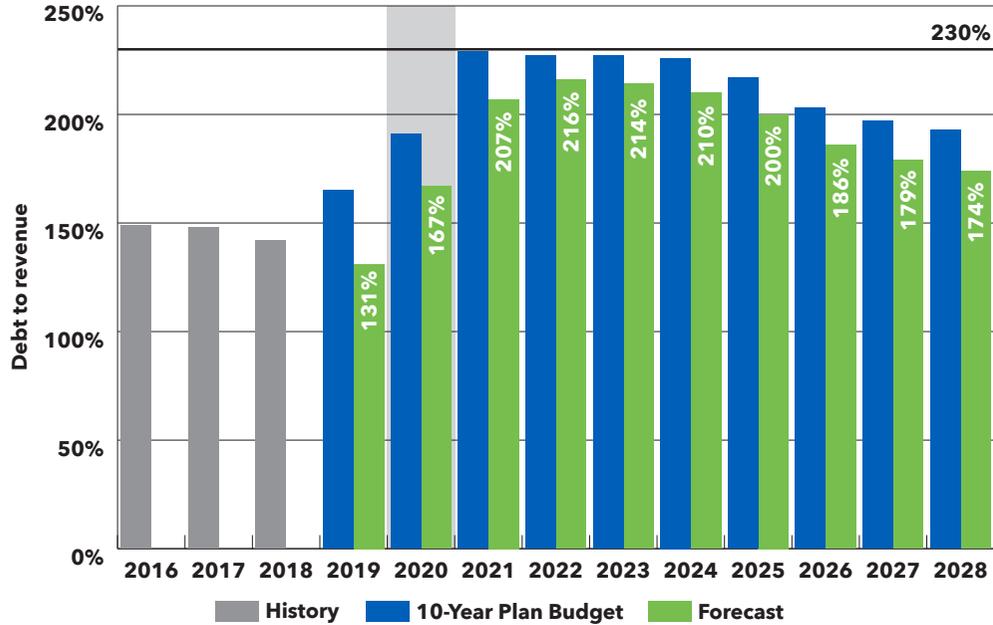


TABLE 3: EVERYDAY COSTS AND REVENUES (BALANCING THE BOOKS)

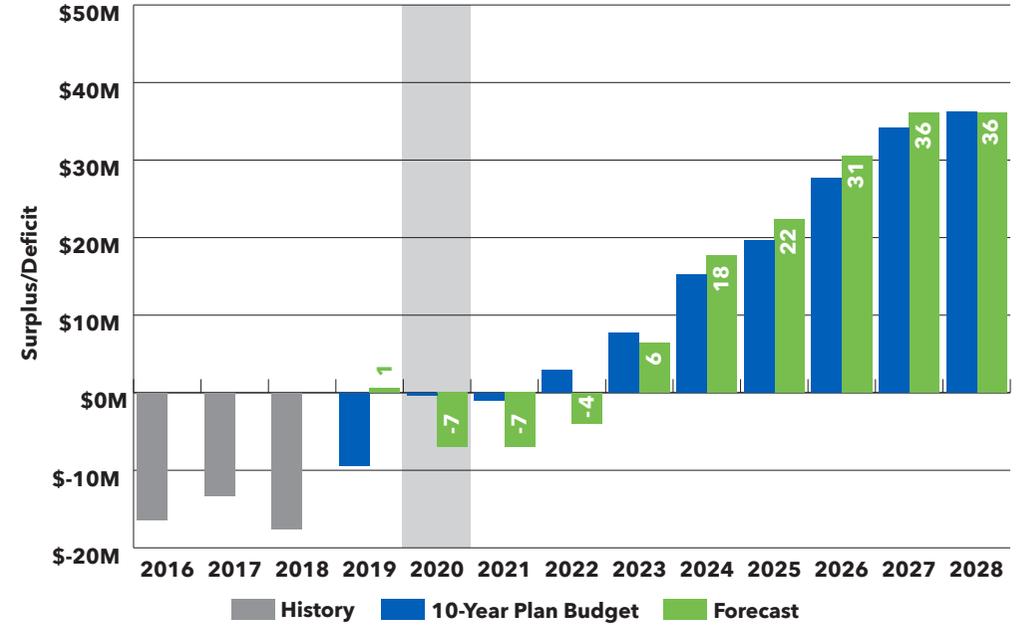
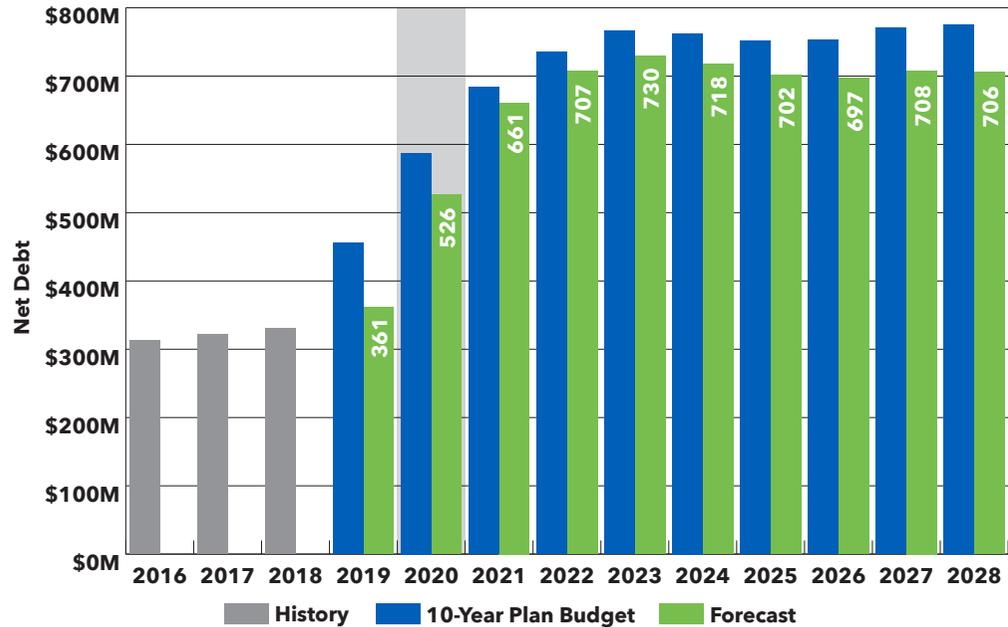


TABLE 2: NET DEBT



	WHAT'S IN OUR 10-YEAR PLAN FOR 2019/20	WHAT'S IN OUR ANNUAL PLAN FOR 2019/20
NET DEBT	\$588M	\$526M
DEBT TO REVENUE RATIO	191%	167%
BALANCING THE BOOKS	(\$0.3M)	(\$7.3M)

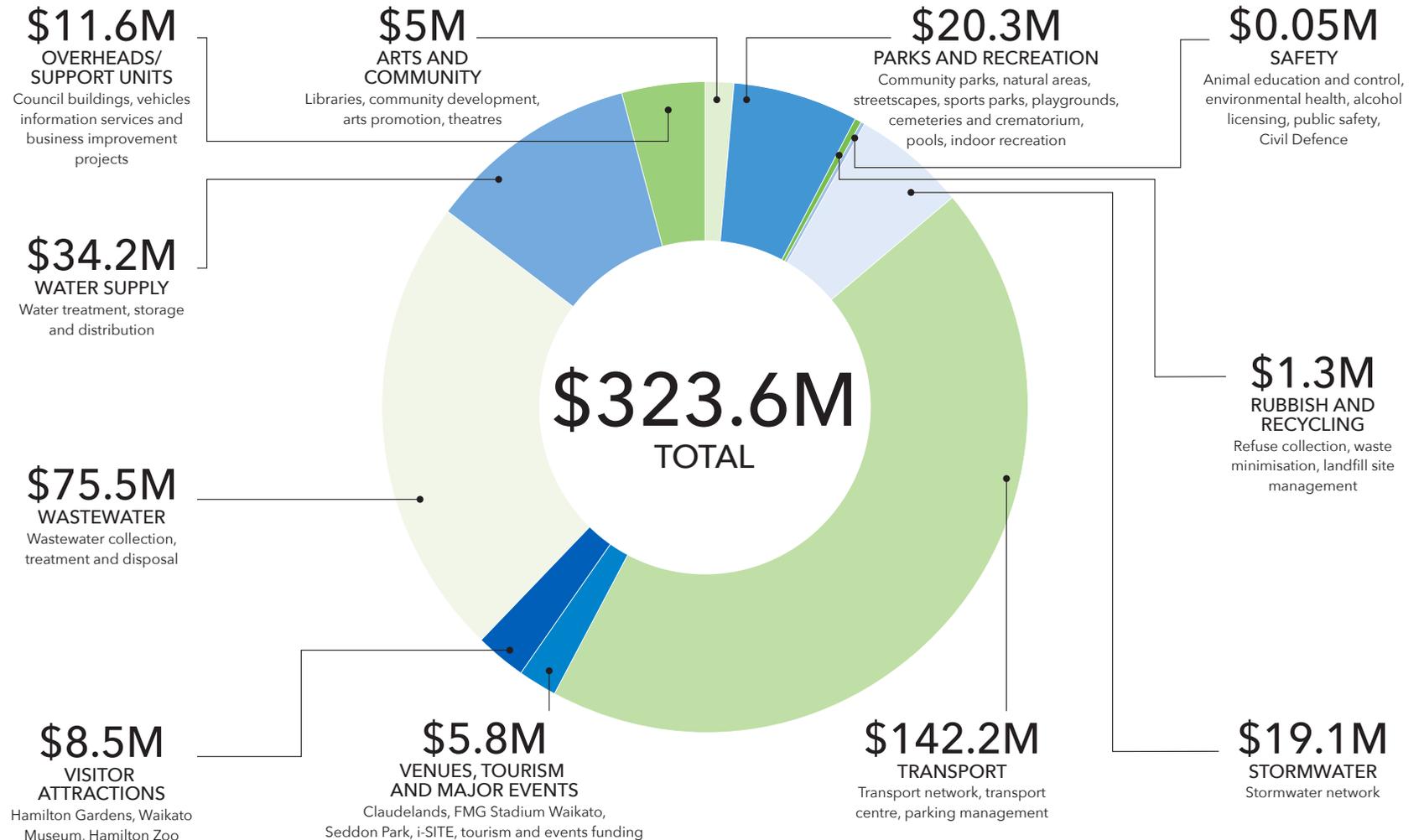
INVESTING FOR THE FUTURE

BUILDING A STRONGER CITY

The 2018-28 10-Year Plan established the city's biggest ever capital programme with \$2B to be invested over that period.

We are already working hard throughout the city and in 2019/20 our capital programme ramps up even further. We will spend \$323.604M on capital projects to renew city assets, maintain levels of service and put new infrastructure in place to ensure the city can cope with current and future growth.

This graph and the following pages show the breakdown of capital spending over the next year.



LIST OF CAPITAL PROJECTS

R - Renewals

LOS - Levels of service

G - Growth

Type	2018/19 10-Year Plan	2019/20 10-Year Plan	2019/20 Annual Plan
	\$000	\$000	\$000
ARTS AND COMMUNITY			
Libraries			
CE10005 - Library collection purchases	R	1,135	1,182
CE10006 - Library asset renewal	R	121	142
CE10007 - Library building asset renewal programme	R	343	540
CE19015 - Libraries facilitation plan	LOS	80	-
CE19016 - Libraries strategic plan	LOS	-	1,340
CE19017 - Rototuna community facilities	G	-	1,405
		1,679	4,609
			4,627
Hamilton city theatres			
CE10013 - Technical services equipment renewals	R	386	362
		386	362
			362
Community facilities			
CE19070 - Community Facilities building renewals	R	49	15
		49	15
			16
Total Arts and Community		2,114	4,986
			5,005
PARKS AND RECREATION			
Pools			
CE10001 - Aquatic facilities building renewals	R	442	84
CE10003 - Waterworld operational asset renewals	R	734	568
CE10004 - Gallagher Aquatic Centre operational asset renewal	R	185	45
CE19006 - Te Rapa Sportsdrome building renewals	R	-	-
		1,361	697
			696
Cemeteries and crematorium			
CE10021 - Building renewals cemeteries	R	1,679	5
CE10022 - Renewal of crematorium assets	R	21	126
CE10023 - Hamilton Park east and west cemeteries renewals	R	53	71
CE19001 - Hamilton Park Cemetery accessible toilet block	LOS	427	-
CE15024 - Hamilton Park Cemetery, burial and ash lawn extension	G	75	124
CE19002 - Cemetery land acquisition	G	-	-
		2,255	326
			1,605

Type	2018/19 10-Year Plan	2019/20 10-Year Plan	2019/20 Annual Plan
	\$000	\$000	\$000
Parks			
CE10029 - Toilet and changing room renewals	R	104	127
CE10030 - Building renewals parks and open spaces	R	83	75
CE10032 - Parks and open spaces assets and playgrounds renewals	R	1,349	1,396
CE19004 - Destination parks renewals	R	977	910
CE15036 - Playground development programme	LOS	900	812
CE17004 - River Plan	LOS	7,000	-
CE19012 - Day's Park erosion remediation	LOS	242	-
CE19013 - Pooches and Parks	LOS	177	-
CE19014 - Waiwhakareke Natural Heritage Park development	LOS	710	-
CE19022 - Alternative weed control	LOS	20	-
CE19007 - Peacocke parks development	G	2,250	224
CE19008 - Rotokauri parks development	G	-	-
CE19009 - Rototuna parks development	G	1,094	1,363
CE19010 - Te Manatu Park development	G	-	-
		14,906	4,907
			10,095
Sports parks			
CE10031 - Sports area renewals	R	473	979
CE19003 - Parks toilets development/upgrade	LOS	1,052	2,122
CE19071 - Sports park drainage	LOS	-	1,561
CE15035 - Rototuna park development	G	3,862	2,204
CE19005 - Sports park development	G	-	604
		5,387	7,470
			7,904
Total Parks and Recreation		23,909	13,400
			20,300
RUBBISH AND RECYCLING			
CE10054 - Replacement of closed landfill assets	R	519	638
CE10056 - Replacement of RTS & HOC assets	R	342	272
CE15055 - Closed landfill management	LOS	90	78
CE19027 - Refuse drop off points	G	-	-
		951	988
			1,323

Type	2018/19 10-Year Plan	2019/20 10-Year Plan	2019/20 Annual Plan
	\$000	\$000	\$000
SAFETY			
CE10037 - CCTV renewals and development	R	50	52
Total Safety	50	52	52
STORMWATER			
CE10058 - Replacement of stormwater assets	R	516	585
CE15067 - Comprehensive stormwater consent implementation	LOS	30	52
CE19026 - Erosion control works	LOS	1,306	3,725
CE15059 - Rototuna stormwater infrastructure	G	4,532	5,085
CE15060 - Rotokauri stormwater infrastructure stage 1	G	900	961
CE15062 - Peacocke stormwater infrastructure stage 1	G	998	1,232
CE15063 - Peacocke stormwater infrastructure stage 2	G	2,334	7,939
CE15064 - Stormwater pipe upgrade - growth	G	150	156
CE15066 - Existing network improvements in new areas	G	105	109
CE15068 - Stormwater customer connections to the network	G	50	52
CE15162 - Integrated catchment management plan	G	920	833
Total Stormwater	11,841	20,729	19,125
TRANSPORT			
Parking management			
CE10069 - Resurfacing off street carparks	R	25	66
CE10070 - Replacement of parking enforcement equipment	R	188	157
CE10071 - Parking building renewal	R	408	9
		621	232
Transportation network			
CE10072 - Replacement of footpath	R	4,552	4,809
CE10074 - Replacement of drainage (kerb and channel)	R	1,531	1,617
CE10075 - Replacement of road base	R	1,192	1,260
CE10076 - Road resurfacing	R	4,986	5,268
CE10077 - Replacement of bridges and culverts	R	1,245	1,901

Type	2018/19 10-Year Plan	2019/20 10-Year Plan	2019/20 Annual Plan
	\$000	\$000	\$000
CE10080 - Replacement of lighting	R	1,185	2,430
CE10081 - Replacement of traffic equipment	R	365	401
CE10098 - Building and property renewals	R	252	5
CE15085 - Minor improvements to transport network	LOS	2,000	2,082
CE15086 - Bus stop infrastructure	LOS	650	677
CE19052 - Intersection safety upgrade programme	LOS	310	1,562
CE19054 - Bridge safety improvements	LOS	130	479
CE19062 - Bridge resilience programme	LOS	500	125
CE19064 - Transport Centre rejuvenation	LOS	950	5,548
CE15087 - Network upgrades to allow new development	G	175	182
CE15088 - Roading upgrades and development in Peacocke stage 1	G	3,868	6,048
CE15089 - Roading upgrades and development in Peacocke stage 2	G	20,638	37,894
CE15090 - Roading upgrades and development in Rotokauri stage 1	G	8,247	12,564
CE15092 - Roading upgrades and development in Rototuna	G	15,284	14,046
CE15093 - Roading upgrades and development in Ruakura	G	325	453
CE15095 - Integrated transport initiatives	G	1,500	1,561
CE15096 - Cross city connector	G	-	-
CE15097 - Northern river crossing	G	-	-
CE19057 - Biking plan implementation	G	3,750	12,284
CE19058 - Mass transit	G	6,750	3,123
CE19063 - Intersection capacity upgrade programme	G	-	552
CE19065 - Modal access on bridges programme	G	-	-
CE19037 - Hamilton transport model	G	50	521
CE19036 - Ring Road	G	12,122	18,738
CE19039 - Roading upgrades and development Rotokauri Stage 2	G		-
CE19038 - Rotokauri rail platform	G	750	1,301
		93,307	137,431
Total Transport	93,928	137,663	142,227

Type	2018/19 10-Year Plan	2019/20 10-Year Plan	2019/20 Annual Plan
	\$000	\$000	\$000
VENUES, TOURISM AND MAJOR EVENTS			
H3 venues			
CE10040 - Business administration plant and equipment	R	-	52
CE10041 - Claudelands plant and equipment	R	214	135
CE10042 - Seddon Park plant and equipment	R	2	34
CE10043 - Waikato Stadium plant and equipment	R	330	402
CE10044 - Turf services plant and equipment	R	52	75
CE10046 - Seddon Park property renewals	R	60	18
CE10047 - Waikato Stadium property renewals	R	33	1,662
CE10048 - Stadia building renewals	R	3,070	740
CE10049 - Claudelands building renewals	R	413	1,033
CE15050 - Claudelands capital improvement programme	LOS	100	167
CE15051 - Stadia capital improvement function	LOS	970	76
		5,244	4,394
			5,762
i-Site			
CE19031 - i-Site building renewals	R	-	54
		-	54
Total Venues, Tourism and Major Events		5,244	4,394
			5,816
VISITOR ATTRACTIONS			
Hamilton Gardens			
CE10026 - Hamilton Gardens renewals	R	210	99
CE10028 - Hamilton Gardens building renewals	R	50	80
CE19023 - Hamilton Gardens development	LOS	1,900	1,978
		2,160	2,157
			3,545
Hamilton Zoo			
CE10015 - Zoo animal enclosure renewals	R	388	586
CE10016 - Zoo building renewals	R	33	24
CE10017 - Property renewals	R	48	43
CE10020 - Zoo animal replacement	R	60	62
CE19021 - Water and stormwater reticulation	R	845	98
CE19019 - Zoo safety improvements	LOS	1,710	446
CE19020 - Zoo improvement programme	LOS	75	79
CE19030 - Zoo and Waiwhakareke entrance precinct	LOS	250	1,562
		3,409	2,900
			4,037

Type	2018/19 10-Year Plan	2019/20 10-Year Plan	2019/20 Annual Plan
	\$000	\$000	\$000
Museum			
CE10008 - Museum asset renewal	R	110	76
CE19028 - Collection acquisition fund	R	50	52
CE10010 - Public art support fund	R	30	31
CE10011 - Museum activity building renewals	R	589	236
CE10009 - ArtsPost earthquake strengthening	LOS	800	-
CE19018 - Museum loading bay	LOS	-	-
		1,579	395
			925
Total Visitor Attractions		7,148	5,452
			8,507
WASTEWATER			
Wastewater reticulation			
CE10100 - Replacement of wastewater pump stations	R	1,058	956
CE10101 - Replacement of wastewater assets	R	3,036	3,252
CE15103 - Increase capacity of wastewater pump stations	LOS	323	1,443
CE15104 - Wastewater pipe upgrade - growth	G	300	312
CE15105 - Increase capacity of wastewater network - Rototuna	G	312	597
CE15106 - Wastewater network upgrades to allow development	G	80	83
CE15107 - Increase capacity of network in Rotokauri stage 1	G	681	545
CE15109 - Increase capacity of network in Peacocke stage 1	G	189	1,594
CE19040 - Increase capacity network Peacocke Stage 2	G	4,090	4,192
CE19072 - Increase capacity of network in Te Rapa	G	-	-
CE15111 - Increase capacity of network throughout the city	G	-	-
		10,069	12,974
			11,516
Wastewater treatment plant			
CE15160 - Wastewater model	R	70	105
CE10115 - Replacement of wastewater treatment plant assets	R	2,632	2,193
CE19029 - Wastewater seismic strengthening	LOS	100	156
CE15120 - Wastewater treatment plant compliance	LOS	1,657	1,286
CE15161 - Wastewater master plan	G	150	208
CE15117 - Upgrade wastewater treatment plant (Pukete 3)	G	10,000	8,989
CE15121 - Wastewater customer connections to the network	G	50	52
CE19041 - Increase capacity WW far east network	G	2,000	3,644
CE19042 - Increase capacity WW south network	G	3,300	13,718
CE19043 - Increase capacity WW west network	G	6,963	20,393
CE19044 - Increase capacity WW east network	G	250	1,931
CE19050 - Increase capacity WW central network	G	3,664	975
		30,836	53,650
			63,934
Total Wastewater		40,905	66,624
			75,450

	Type	2018/19 10-Year Plan	2019/20 10-Year Plan	2019/20 Annual Plan
		\$000	\$000	\$000
Water reticulation				
CE10123 - Replacement of watermains	R	2,744	2,832	2,332
CE10124 - Replacement of water meters, valves and hydrants	R	1,135	1,182	1,182
CE10145 - Tools of trade renewals	R	50	52	52
CE15133 - Water demand management - network water loss	LOS	500	-	-
CE15126 - Upgrade or build new watermains in Rototuna	G	1,625	1,755	1,817
CE15127 - Water pipe upgrade - growth	G	300	312	312
CE15128 - Upgrade/build new watermains in Rotokauri stage 1	G	576	-	-
CE15130 - Upgrade/build new watermains in Peacocke stage 1	G	-	78	78
CE16004 - Eastern Bulk Main Slip	G	800	-	1,008
CE19046 - Upgrade/build new watermains in Peacocke Stage 2	G	163	141	141
CE15132 - Water network upgrades to allow new development	G	80	83	83
CE15134 - Water demand management - Pukete reservoir zone	G	135	-	-
CE15135 - Upgrade/build distribution watermains in Peacocke	G	85	118	118
CE19073 - Upgrade/build new watermains in Te Rapa	G	-	-	-
CE15137 - Water demand management - Newcastle reservoir zone	G	50	4,854	4,854
		8,243	11,407	11,977
Water treatment plant				
CE10138 - Replacement of treatment plant and reservoir assets	R	2,101	1,905	2,167
CE15158 - Water model	R	60	98	98
CE15139 - Water treatment plant compliance - minor upgrades	LOS	1,610	1,339	1,570
CE15141 - Water demand management - Hillcrest reservoir zone	G	1,119	2	1,127
CE15144 - Upgrade water treatment plant	G	1,900	1,353	3,581
CE15146 - Water customer connections	G	50	52	52
CE15148 - Upgrade or build new watermains in Ruakura	G	500	-	206
CE15159 - Water master plan	G	150	34	96
CE19045 - Ruakura reservoir and associated bulk mains	G	9,698	10,391	12,680
CE19047 - Water demand management - Maeroa reservoir zone	G	-	-	-
CE19048 - Water demand management - Hamilton South reservoir zone	G	-	666	666
CE19049 - Water demand management - Fairfield reservoir zone	G	514	-	-
		17,702	15,840	22,243
Total Water Supply		25,945	27,247	34,220

	Type	2018/19 10-Year Plan	2019/20 10-Year Plan	2019/20 Annual Plan
		\$000	\$000	\$000
Facilities				
CE10151 - Renewals programme	R	1,651	689	1,910
CE19032 - Civic Square upgrade project	R	-	-	-
CE19033 - Duke Street workshop replacement	R	-	-	-
CE19034 - Key Control project	R	44	-	-
CE19035 - Building Management Systems Council upgrade project	R	-	-	-
CE10158 - Replacement of fleet vehicles	R	3,401	3,174	3,174
		5,096	3,863	5,084
Information Services				
CE10152 - Network and infrastructure	R	968	708	1,856
CE10153 - Core business applications	R	775	385	654
CE10154 - Minor applications	R	25	130	130
CE10156 - Lease funding of equipment	R	1,287	52	913
CE15155 - Mobility and eservices	R	355	385	944
CE19024 - IS major upgrades	R	1,898	1,161	1,634
		5,308	2,821	6,131
Customer Services				
CE19025 - Smart Hamilton Initiatives	LOS	250	261	286
		250	261	286
Strategic Property				
CE10053 - Tenancy inducement renewals	R	75	78	78
		75	78	78
Total Overheads/Support Units		10,729	7,023	11,579
TOTAL COUNCIL		222,764	288,558	323,604

FINANCIAL STATEMENTS

Assumptions used in the preparation of the 2018-28 10-Year Plan have been reviewed and are still current. See pages 72 to 81 of the 10-Year Plan for further information.

PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

FOR THE YEAR ENDING 30 JUNE 2020

		2018/19 10-Year Plan	2019/20 10-Year Plan	2019/20 Annual Plan
	Notes	\$000	\$000	\$000
Revenue				
Rates	2	179,713	191,078	191,657
Fees and user charges	3	35,286	36,583	38,077
Subsidies and grants	4	7,120	6,870	6,907
Interest revenue	5	2,475	1,650	1,650
Other revenue	6	10,858	20,184	20,128
Development contributions	7	17,518	25,104	25,387
Capital revenue	8	44,840	65,029	69,690
Vested assets	9	30,000	31,230	31,230
Total revenue		327,810	377,728	384,726
Expenses				
Personnel costs		83,168	86,290	86,426
Depreciation and amortisation expense	10	68,473	72,304	76,564
Finance costs	11	22,010	26,720	24,862
Operating and maintenance costs		46,466	45,821	46,523
Professional costs		13,268	12,246	12,838
Administration costs		6,582	10,116	13,602
Property costs		12,067	12,265	14,068
Total expenses		252,034	265,762	274,883
Operating surplus/(deficit)		75,776	111,966	109,843
Gains		565	579	579
Losses		-	-	-
Total surplus/(deficit)		76,341	112,545	110,422
Other comprehensive revenue and expense				
Items that will not be reclassified to surplus/(deficit)				
Gain on property, plant and equipment revaluations		227,644	85,110	85,110
Total other comprehensive revenue and expense		227,644	85,110	85,110
Total comprehensive revenue and expense		303,985	197,655	195,532

The accompanying notes form part of these financial statements.

PROSPECTIVE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDING 30 JUNE 2020

		2018/19 10-Year Plan	2019/20 10-Year Plan	2019/20 Annual Plan
	Notes	\$000	\$000	\$000
Equity balance at 1 July		3,606,403	3,910,388	3,910,388
Total comprehensive revenue and expense for the period		303,985	197,655	195,532
Equity balance at 30 June		3,910,388	4,108,043	4,105,920
Accumulated comprehensive revenue and expense				
Balance at beginning of year		1,724,871	1,801,331	1,801,331
Operating surplus/(deficit)		76,341	112,545	110,422
Transfers (to)/from restricted and council created reserves		119	(63)	617
Balance at end of year		1,801,331	1,913,813	1,912,370
Revaluation reserves				
Balance at beginning of year		1,841,571	2,069,215	2,069,215
Revaluation gains		227,644	85,110	85,110
Balance at end of year		2,069,215	2,154,325	2,154,325
Restricted and council created reserves				
Balance at beginning of year		39,961	39,842	39,842
Transfers (to)/from reserves		(119)	63	(617)
Balance at end of year	15	39,842	39,905	39,225
Equity balance at 30 June		3,910,388	4,108,043	4,105,920

The accompanying notes form part of these financial statements.

PROSPECTIVE BALANCING THE BOOKS MEASURE

FOR THE YEAR ENDING 30 JUNE 2020

	2018/19 10-Year Plan	2019/20 10-Year Plan	2019/20 Annual Plan
Notes	\$000	\$000	\$000
Surplus/(deficit)	76,341	112,545	110,422
Remove capital revenue			
Vested assets	(30,000)	(31,230)	(31,230)
Part of development and financial contributions ^A	(11,387)	(16,318)	(16,502)
Capital subsidy (excluding subsidy on transport renewals) ^B	(35,012)	(46,759)	(52,022)
Other capital contributions	(4,744)	(11,748)	(11,146)
Other items not considered everyday operating revenue ^C	(4,233)	(13,411)	(13,412)
Remove (gains)/losses			
All (gains)/losses	(565)	(579)	(579)
Remove other expenses			
Other items not considered everyday operating expenses ^D	197	7,160	7,160
Balancing the books surplus/(deficit)	(9,403)	(340)	(7,309)

The accompanying notes form part of these financial statements.

^A Development contributions contain an element of funding for interest costs that are part of every day expenses. An adjustment is made to match the revenue with the expense. The budget has assumed interest costs funded from development contributions represent 35% of development contributions revenue.

^B Subsidy on transport renewals is adjusted to recognise that this is funding a portion of the depreciation on these renewals.

^C Adjustment for fair value calculation on the Housing Infrastructure Fund loans.

^D Adjustment for grants to other parties to invest in significant assets for the benefit of the city and fair value discount unwinding on the Housing Infrastructure Fund loans.

PROSPECTIVE STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDING 30 JUNE 2020

		2018/19 10-Year Plan	2019/20 10-Year Plan	2019/20 Annual Plan
	Notes	\$000	\$000	\$000
Assets				
Current assets				
Cash and cash equivalents		49,500	48,100	46,440
Receivables		17,910	18,360	18,360
Prepayments		1,670	1,712	1,712
Inventory		160	160	160
Other financial assets	12	2,125	-	-
Total current assets		71,365	68,332	66,672
Non-current assets				
Property, plant and equipment		4,371,324	4,696,852	4,632,252
Intangible assets		22,283	21,082	21,082
Investment property		23,175	23,754	23,754
Other financial assets				
- Investment in CCOs and other similar entities		8,978	8,978	9,516
- Other investments		5,500	6,900	8,867
Total other financial assets	12	14,478	15,878	18,383
Investment in associates	13	7,430	7,430	7,430
Total non-current assets		4,438,690	4,764,996	4,702,901
Total assets		4,510,055	4,833,328	4,769,573
Liabilities				
Current liabilities				
Payables and deferred revenue		33,250	32,125	32,125
Employee entitlements		6,420	6,520	6,520
Provisions		337	771	771
Borrowings	14	83,300	48,300	42,800
Derivative financial instruments		4,628	4,119	4,119
Total current liabilities		127,935	91,835	86,335
Non-current liabilities				
Employee entitlements		1,100	1,100	1,100
Provisions		24,413	23,209	23,209
Borrowings	14	427,194	594,235	538,103
Derivative financial instruments		19,025	14,906	14,906
Total non-current liabilities		471,732	633,450	577,318
Total liabilities		599,667	725,285	663,653
Net assets		3,910,388	4,108,043	4,105,920
Equity				
Accumulated funds		1,801,331	1,913,813	1,912,370
Other reserves		2,069,215	2,154,325	2,154,325
Restricted reserves	15	38,587	38,829	38,789
Council created reserves	15	1,255	1,076	436
Total equity attributable to Hamilton City Council		3,910,388	4,108,043	4,105,920
Total equity		3,910,388	4,108,043	4,105,920

The accompanying notes form part of these financial statements.

PROSPECTIVE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDING 30 JUNE 2020

		2018/19 10-Year Plan	2019/20 10-Year Plan	2019/20 Annual Plan
	Notes	\$000	\$000	\$000
Cash flows from operating activities				
Cash will be provided from:				
Rates revenue	2	179,713	191,078	191,657
Fees and user charges	3	35,286	36,583	38,077
Government operating subsidies and grants	4	7,120	6,870	6,907
Government capital subsidies and grants	8	40,096	53,281	58,544
Other capital contributions	7 & 8	22,262	36,852	36,533
Interest received	5	1,650	1,650	1,650
Dividends received	6	104	104	104
Sundry revenue	6	6,521	6,669	6,613
Total		292,752	333,087	340,085
Cash will be applied to:				
Payments to employees		83,168	86,290	86,426
Payments for suppliers		78,383	80,448	87,031
Interest paid	11	20,645	24,444	22,586
Net GST paid		-	-	-
Total		182,196	191,182	196,043
Net cash flow from operating activities		110,556	141,905	144,042
Cash flows from investing activities				
Cash will be provided from:				
Proceeds from sale of shares		2,125	2,125	2,125
Proceeds from maturity of NZLGFA borrower notes		-	-	-
Proceeds from sale of investment property		18,800	-	-
Proceeds from sale of property, plant and equipment		-	-	-
Total		20,925	2,125	2,125
Cash will be applied to:				
NZLGFA borrower notes		460	1,400	1,660
Purchase of property, plant and equipment		219,819	288,326	323,605
Total		220,279	289,726	325,265
Net cash flow from investing activities		(199,354)	(287,601)	(323,140)
Cash flows from financing activities				
Cash will be provided from:				
Loans raised		182,449	192,596	218,838
Total		182,449	192,596	218,838
Cash will be applied to:				
Loan repayments		83,000	48,000	42,500
Finance lease repayments		300	300	300
Total		83,300	48,300	42,800
Net cash flow from financing activities		99,149	144,296	176,038
Net increase/(decrease) in cash held		10,351	(1,400)	(3,060)
Opening cash and cash equivalents balance		39,149	49,500	49,500
Closing cash and cash equivalents balance		49,500	48,100	46,440

The accompanying notes form part of these 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.

Our primary objective is to provide goods or services for community or social benefit rather than making a financial return. As such, for the purposes of financial reporting, we are considered a public benefit entity.

These prospective financial statements are for Hamilton City Council as a separate legal entity. Consolidated prospective financial statements covering both us and our subsidiaries and associates have not been prepared as the income and expenditure is not material to our long-term planning.

BASIS OF PREPARATION

We authorised the prospective financial statements on 20 June 2019. We believe the assumptions underlying these prospective financial statements are appropriate. We accept responsibility for the preparation of the prospective financial statements, including the appropriateness of the assumptions underlying these statements and all other required disclosures. No

actual results have been included within the prospective financial statements. We do not intend to update the prospective financial statements after they are presented.

STATEMENT OF COMPLIANCE

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

The prospective financial statements have also been prepared to comply with the 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 2020. These 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 here.

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

MEASUREMENT BASE

The basis for measurement 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 from the latest relevant BERL forecasts and the discount rate is our forecast long-term cost of borrowing.

JUDGEMENTS AND ESTIMATIONS

The preparation of prospective financial statements using PBE standards uses 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 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 adjusted where necessary.

Judgements with 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

Significant accounting policies are included in the notes to which they relate. Those that do not relate to a specific note are outlined below.

REVENUE

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

Revenue may come from either exchange or non-exchange transactions.

EXCHANGE TRANSACTIONS

Exchange transactions are transactions where we receive assets (primarily cash) or services, or have liabilities extinguished, and directly give 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, we either receive value from or give 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 considered revenue, except to the extent that a liability is also recognised in respect of the same inflow.

At times we satisfy a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset. Doing so reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

GAINS

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

GOODS AND SERVICES TAX (GST)

All items in the prospective financial statements are exclusive of GST except 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 includes current and deferred tax.

Current tax is the expected tax payable based on the taxable income for the year. This uses 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. This provides 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. It also takes into account 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 it is probable future taxable profit will be available against which they can be utilised.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held at call with banks, and other short term highly liquid investments. The carrying value of cash at bank and short-term deposits with original maturities of less than three months approximates their fair value.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

RECEIVABLES

Short-term receivables are recorded at the amount due less any provision for uncollectability.

A receivable is considered to be uncollectable when there is evidence the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

INVENTORY

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at cost (using the FIFO method), adjusted, when applicable for any loss of service potential.

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition. Inventories held for use in the provision of goods and services on a commercial basis are valued at the lower of cost (using the FIFO method) and net realisable value.

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

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment include:

OPERATIONAL ASSETS

These are land, buildings (including cultural assets and 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 is the actual expense incurred in acquiring the animals.

RESTRICTED ASSETS

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

HERITAGE ASSETS

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

INFRASTRUCTURE ASSETS

These are the fixed utility systems we own. 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 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 after initial acquisition are capitalised only when it is probable 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 infrastructure assets (except land under roads) are revalued with sufficient regularity to ensure their carrying amount does not differ materially from fair value and at least every five years. All other asset classes are carried at depreciated historical cost.

The carrying values of revalued assets are assessed annually to make sure 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 in other comprehensive income.

DEPRECIATION

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

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
- heritage assets
- refuse land.

The useful lives and associated depreciation rates of major classes of assets are estimated as:

ASSET CLASS	YEARS	DEPRECIATION RATE
BUILDINGS - STRUCTURE/FIT OUT/SERVICES	5 - 100	1% - 20%
PLANT AND VEHICLES	3 - 15	6.7% - 33.3%
FURNITURE, FITTINGS AND EQUIPMENT	5 - 10	10% - 20%
LIBRARY BOOKS	3 - 8	12.5% - 33.3%
ZOO ANIMALS (ACQUISITION COSTS)	10	10%
IMPROVEMENTS - PARKS AND GARDENS	5 - 150	0.7% - 20%
ROADS AND TRAFFIC NETWORK		
Top surface (seal)	5 - 20	5% - 20%
Pavement (basecourse)	50 - 140	0.7% - 2%
Drainage	60 - 70	1.4% - 1.7%
Carparks	15 - 110	0.9% - 6.7%
Footpaths and cycleways	5 - 75	1.3% - 20%
Kerbs and traffic islands	20 - 60	1.7% - 5%
Signs	15	6.7%
Street lights	5 - 50	2% - 20%
Bridges and culverts	40 - 150	0.7% - 2.5%
Underpasses	80	1.3%
Traffic signals	15	6.7%
Guarding and railing	20 - 25	4% - 5%
Bus shelters and fences	20	5%
Verge, embankment and retaining walls	50 - 100	1% - 2%

ASSET CLASS	YEARS	DEPRECIATION RATE
WASTEWATER RETICULATION		
Pipes	30 - 100	1% - 3.3%
Manholes	100	1%
Treatment plant	15 - 100	1% - 6.7%
Valves	40 - 75	1.3% - 2.5%
Pump stations	20 - 100	1% - 5%
STORMWATER SYSTEM		
Pipes	30 - 100	1% - 3.3%
Manholes, inlets and outlets	100	1%
Soakage trench	50	2%
Channels	90	1.1%
Erosion control	100	1%
WATER RETICULATION		
Bulk main chambers	100	1%
Backflow devices	40	2.5%
Pipes	40 - 100	1% - 2.5%
Valves	40 - 75	1.3% - 2.5%
Treatment plant	15 - 100	1% - 6.7%
Meters	15	6.7%
Hydrants	50 - 75	1.3% - 2%
Reservoirs	15 - 100	1% - 6.7%
REFUSE - RUBBISH AND RECYCLING	10 - 100	1% - 10%

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment with a finite useful life are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is 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.

The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or

deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

Non-cash-generating assets are those assets not held with the primary objective of generating a commercial return. For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Cash-generating assets are those assets held with the primary objective of generating a commercial return. The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

INVESTMENT PROPERTIES

Properties leased to third parties under operating leases are classified as investment property. This is 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 us, 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 and not through continuing 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.

INTANGIBLE ASSETS

Intangible assets are defined as identifiable non-monetary assets without physical form. Amortisation is the systematic allocation of the depreciable amount of an intangible asset over its useful life.

Intangible assets include:

Software acquisition and development

- Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.
- Costs directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.
- Staff training costs are recognised in the surplus or deficit when incurred. Costs associated with maintaining computer software are recognised in the surplus or deficit when incurred. Costs associated with development and maintenance of the Council's website are recognised as an expense when incurred.

These are capitalised at historic cost and are amortised on a straight-line basis over their estimated useful lives (five years). Costs associated with maintaining

computer software are recognised as an expense when incurred.

Consents and designations

- Consents and designations not attributed to a specific asset are capitalised at historic cost. These are amortised on a straight-line basis over their estimated useful lives.

AMORTISATION

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life.

The useful lives of major classes of intangible assets have been estimated as follows:

COMPUTER SOFTWARE	3-5 years
CONSENTS & DESIGNATIONS	10-35 years
LICENSES	3-10 years
INFRASTRUCTURAL MODELLING	7-15 years

CREDITORS AND OTHER PAYABLES

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

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. This is in respect of service that employees have accumulated up until twelve months after balance date.

LONG-TERM EMPLOYEE ENTITLEMENTS

Employee benefits 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. These are based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information

- 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

Employer contribution to KiwiSaver is accounted for as defined contribution superannuation scheme and is expensed in the surplus or deficit when incurred.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are used to manage exposure to interest rate risks arising from our financing activities. Derivative financial instruments are recognised initially at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance date. We have chosen 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.

For the purpose of preparing prospective financial statements, the Council has recognised the fair value of contracted derivatives in the prospective statement of financial position. Movements in the fair value of derivatives has not been recognised in the prospective statement of comprehensive revenue and expense.

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. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

PROVISIONS

We recognise 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.
- 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. This

is done 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 a finance cost and is included in "finance costs".

CONTINGENCIES

FINANCIAL GUARANTEES

At times we are requested to act as a guarantor to loans raised by community organisations and sports clubs to construct facilities on council reserve land. These structures form part of the reserve but are not included in the fixed asset figures. No provision has been made because we do not consider it likely that these loans will require settlement.

EQUITY

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- accumulated funds
- other reserves - revaluation reserves and fair value through other comprehensive revenue and expense reserve
- restricted reserves
- council created reserves.

Accumulated funds include accumulated surpluses over the years.

PROSPECTIVE STATEMENT OF CASH FLOWS

Cash and cash equivalents for the purposes of the cashflow statement include bank balances, cash on hand and short-term deposits with a maturity of three months or less.

Operating activities include cash received from all our non-financial revenue sources 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 our equity and debt capital structure and financing cost.

PUBLIC BENEFIT ENTITY FINANCIAL REPORTING STANDARD 42 PROSPECTIVE FINANCIAL STATEMENTS (PBE FRS 42)

We have complied with PBE FRS 42 in the preparation of these draft prospective financial statements. The following information is included to satisfy the requirements of PBE FRS 42:

- (i) Description of the nature of the entity's current operation and its principal activities:
Hamilton City Council is a territorial local authority, as defined in the Local Government Act 2002. Our

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 allows ratepayers and residents the opportunity to review our projected financial results and position. Information included in these prospective financial statements may not be appropriate for other purposes. 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 based on best estimate assumptions as to the future events which we expect to take place. We have 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 on pages 72 to 81 of the 10-Year Plan and remain current. As highlighted in the 10-Year Plan, we have assumed that transport operating and capital expenditure programmes that have in the past received

NZ Transport Agency (NZTA) subsidies and/or satisfy the criteria that NZTA requires in order to provide a subsidy will continue to receive subsidy funding. There is currently some uncertainty as to whether all the capital projects we have planned for 2019/20 will be funded by NZTA under its National Land Transport Programme. We have prepared these prospective financial statements on the assumption that projects will continue to be funded as planned. Should NZTA funding not eventuate, we will assess the impact on our planned programme of works and may defer projects to a later period or resolve to continue the project and fund the shortfall through debt. There is a low risk of impact on our overall financial strategy.

- (iv) Cautionary note:
The financial information is prospective. Actual results are likely to vary from the information presented. These variations may be material.
- (iv) Other disclosures:
These prospective financial statements were adopted as part of the 2019/20 Annual Plan for Hamilton City Council. We are responsible for the prospective financial statements presented, including the assumptions underlying prospective financial statements and all other disclosures. This Annual Plan is prospective and as such contains no actual operating results.

NOTE 2: RATES

ACCOUNTING POLICY

Rates are set annually by a resolution and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised proportionately throughout the year. Rates revenue is classified as non-exchange except for metered water rates which are classed as exchange revenue.

RATES PENALTIES

Revenue from rates penalties is recognised when the penalty is imposed.

RATES REMISSIONS

Rates remissions are recognised as a reduction of rates revenue when we receive an application that satisfies our rates remission policy.

METERED WATER RATES

Revenue from metered water rates is recognised on an accrual basis based on usage. Unbilled usage as a result of unread meters at year-end is accrued on an average usage basis.

	2018/19 10-Year Plan	2019/20 10-Year Plan	2019/20 Annual Plan
	\$000	\$000	\$000
General rates			
General rates	95,450	145,094	148,021
Rates charges to council properties	(445)	(506)	(442)
Targeted rates			
Metered water supply	8,107	8,286	8,286
Metered water charges to council properties	(461)	(472)	(472)
Business improvement district rate	297	303	303
Service category rates (sewerage, water, refuse)	1,162	1,206	1,277
Hamilton Gardens rate	646	725	729
Central city rate	145	145	145
Transitional rate	79,235	40,889	41,075
Penalties and remissions			
Rates penalties	1,042	1,082	1,082
Rates remissions:			
- Hardship	(274)	(285)	(285)
- HCC utilities	(4,160)	(4,318)	(6,948)
- HCC other	(842)	(874)	(910)
- Community retail	(56)	(59)	(58)
- Sewerage, water, refuse	(133)	(138)	(146)
Total rates	179,713	191,078	191,657

NOTE 3: FEES AND CHARGES

ACCOUNTING POLICY

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% funded by users and classified as exchange revenue.

SALE OF GOODS

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

BUILDING AND RESOURCE CONSENTS

Fees and charges for building and resource consent services are recognised when the building consent application process is completed.

ENTRANCE FEES

Entrance fees are fees charged to users of our local facilities, such as the zoo, pools and museum. Revenue from entrance fees is recognised upon entry to such facilities.

	2018/19 10-Year Plan	2019/20 10-Year Plan	2019/20 Annual Plan
	\$000	\$000	\$000
Animal control charges	1,050	1,073	1,073
Building and resource consent charges	9,844	10,246	11,188
Cemetery and crematorium charges	1,895	1,937	1,937
Event facilities charges	4,023	3,857	4,048
Hamilton Gardens charges	155	164	164
Parking fees	1,433	1,433	1,433
Swimming pools charges	2,460	2,980	2,979
Trade waste charges	2,741	2,846	3,146
Zoo charges	1,741	1,780	1,810
Other fees and charges	2,532	2,593	2,613
Commission received	1,155	918	932
Sale of goods	2,385	2,837	2,620
Shared services recoveries	3,049	3,116	3,333
Adshel contribution	120	120	120
Environment Waikato Contribution (project watershed)	392	401	401
Other income	311	282	280
Total fees and charges	35,286	36,583	38,077

NOTE 4: GRANTS, SUBSIDIES AND REIMBURSEMENTS

ACCOUNTING POLICY

NZ TRANSPORT AGENCY SUBSIDIES

NZ Transport Agency subsidies are recognised upon entitlement, which is when conditions pertaining to eligible expenditure have been fulfilled.

OTHER GRANTS (INCLUDING GOVERNMENT GRANTS AND SUBSIDIES)

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

	2018/19 10-Year Plan	2019/20 10-Year Plan	2019/20 Annual Plan
	\$000	\$000	\$000
NZ Transport Agency roading subsidy - operating	5,887	5,617	5,993
Government grants & subsidies:			
- Waste minimisation levy	566	575	575
- Other Government grants and subsidies	573	584	245
Other grants	94	94	94
Total grants, subsidies and reimbursements	7,120	6,870	6,907

NOTE 5: INTEREST REVENUE

ACCOUNTING POLICY

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

	2018/19 10-Year Plan	2019/20 10-Year Plan	2019/20 Annual Plan
	\$000	\$000	\$000
Interest revenue			
Term deposits	1,650	1,650	1,650
Discount unwind on community loans	825	-	-
Total interest revenue	2,475	1,650	1,650

NOTE 6: OTHER REVENUE

ACCOUNTING POLICY

INFRINGEMENT FEES AND FINES

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.

DIVIDENDS

Dividends are classified as exchange revenue and are recognised when our right to receive a payment has been established.

INVESTMENT PROPERTY RENTAL REVENUE

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

BEQUESTS AND OTHER DONATIONS

Donated and bequeathed financial assets are recognised as revenue unless there are substantive use or return conditions. A liability is recorded if there is substantive use or return conditions and the liability released to revenue as the conditions are met (e.g. as the funds are spent for the nominated purpose).

FAIR VALUE GAINS

Gains arising from the fair value assessment of borrowing at low or zero interest cost are recognised as Other revenue at the date of drawdown for the period of low or interest free benefit. Over the period of the benefit the fair value is adjusted down to the nominal value of the loan.

	2018/19 10-Year Plan	2019/20 10-Year Plan	2019/20 Annual Plan
	\$000	\$000	\$000
Infringements and fines - traffic and parking	1,261	1,261	1,261
Infringements and fines - other	30	30	31
Rental revenue from investment properties	3,154	3,368	3,167
Rents - residential	268	268	268
Other rental income	595	595	595
Dividend revenue	104	104	104
Petrol tax income	1,090	1,119	1,114
Sponsorship income	22	22	22
Donations received	101	6	154
Housing Infrastructure Fund - fair value benefit	4,233	13,411	13,412
Total other revenue	10,858	20,184	20,128

NOTE 7: DEVELOPMENT CONTRIBUTIONS

ACCOUNTING POLICY

Development and financial contributions are recognised as non-exchange revenue when the application for service connection or code of compliance or s.224(c) completion of resource consent conditions is received.

	2018/19 10-Year Plan	2019/20 10-Year Plan	2019/20 Annual Plan
	\$000	\$000	\$000
Reserves	938	1,330	1,345
Stormwater	2,010	2,999	3,033
Transport	5,234	7,476	7,560
Wastewater	5,838	8,314	8,408
Water	3,498	4,985	5,041
Total development contributions	17,518	25,104	25,387

NOTE 8: CAPITAL REVENUE

ACCOUNTING POLICY

NZ TRANSPORT AGENCY ROADING SUBSIDIES - CAPITAL

NZ Transport Agency subsidies are recognised upon entitlement, which is when conditions pertaining to eligible expenditure have been fulfilled.

	2018/19 10-Year Plan	2019/20 10-Year Plan	2019/20 Annual Plan
	\$000	\$000	\$000
Capital contributions - general	4,744	11,748	11,146
NZ Transport Agency roading subsidy - capital	40,096	53,281	58,544
Total capital revenue	44,840	65,029	69,690

NOTE 9: VESTED ASSETS

ACCOUNTING POLICY

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 we have control of the asset.

	2018/19 10-Year Plan	2019/20 10-Year Plan	2019/20 Annual Plan
	\$000	\$000	\$000
Vested assets			
- Land	12,111	12,607	12,607
- Stormwater	5,088	5,297	5,297
- Transport	7,992	8,320	8,320
- Wastewater	3,036	3,160	3,160
- Water supply	1,773	1,846	1,846
Total vested assets	30,000	31,230	31,230

NOTE 10: DEPRECIATION AND AMORTISATION EXPENSE BY GROUP OF ACTIVITY

ACCOUNTING POLICY

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.

Amortisation is provided on intangible assets and begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

	2018/19 10-Year Plan	2019/20 10-Year Plan	2019/20 Annual Plan
	\$000	\$000	\$000
Directly attributable depreciation and amortisation expense by group of activity			
Arts and Community	3,364	3,353	2,578
City Planning and Development	4	2	2
Democracy Services	-	-	-
Parks and Recreation	5,852	6,964	7,321
Rubbish and Recycling	436	457	657
Safety	173	189	94
Stormwater	8,772	8,909	10,281
Transport	18,652	19,540	18,095
Venues, Tourism and Major Events	5,230	5,478	5,498
Visitor Attractions	2,162	2,663	2,616
Wastewater	9,774	10,142	13,230
Water Supply	7,657	8,000	9,662
Total	62,076	65,697	70,034
Depreciation and amortisation expense not directly attributable to a group of activity	6,397	6,607	6,530
Total depreciation and amortisation expense	68,473	72,304	76,564

NOTE 11: FINANCE COSTS

ACCOUNTING POLICY

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

FAIR VALUE DISCOUNT UNWINDING

Fair value discount unwinding is recognised as a finance cost for borrowing at low or zero interest cost. The fair value benefit is recognised as other revenue.

	2018/19 10-Year Plan	2019/20 10-Year Plan	2019/20 Annual Plan
	\$000	\$000	\$000
Interest on borrowings	20,575	24,374	22,516
Interest on finance leases	70	70	70
Discount unwind on provisions	1,168	1,116	1,116
Fair value discount unwinding	197	1,160	1,160
Total finance costs	22,010	26,720	24,862

NOTE 13: INVESTMENT IN ASSOCIATES

ACCOUNTING POLICY

An associate is an entity over which we have significant influence and that is neither a subsidiary nor an interest in a joint venture.

The investment in the associate is carried at cost in the Council's financial statements.

	2018/19 10-Year Plan	2019/20 10-Year Plan	2019/20 Annual Plan
	\$000	\$000	\$000
Investment in associates			
Waikato Regional Airport Limited	7,430	7,430	7,430
Total investment in associates	7,430	7,430	7,430
Total investment in CCOs (as per Note 12) and other entities	16,408	16,408	16,946

NOTE 14: BORROWINGS

ACCOUNTING POLICY

Borrowings on normal commercial terms are initially recognised at the amount borrowed plus transaction costs. Interest due on the borrowings is subsequently accrued and added to the borrowings balance.

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

HOUSING INFRASTRUCTURE FUND LOAN

The Housing Infrastructure Fund Loan (HIF) is interest-free for 10 years from the date of each drawdown.

The fair value of the loan recognises the interest-free benefit and is recognised as other revenue. Ten years after each drawdown the loan will be recognised at its nominal value with the unwinding of the fair value gains being recognised annually as a finance cost.

FINANCE LEASES

A finance lease 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 start of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item and 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 reasonable certainty as to whether we 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.

	2018/19 10-Year Plan	2019/20 10-Year Plan	2019/20 Annual Plan
	\$000	\$000	\$000
Current portion:			
Secured loans – general	83,000	48,000	42,500
Finance leases	300	300	300
Total current portion	83,300	48,300	42,800
Non-current portion:			
Secured loans – general	413,859	557,223	501,091
Secured loans – Housing Infrastructure Fund	12,685	36,362	36,362
Finance leases	650	650	650
Total non-current portion	427,194	594,235	538,103
Total external debt	510,494	642,535	580,903
Adjustments required to determine overall debt:			
External debt	510,494	642,535	580,903
Less cash held and cash investments	(55,000)	(55,000)	(55,000)
Net debt	455,494	587,535	525,903

	2018/19 10-Year Plan	2019/20 10-Year Plan	2019/20 Annual Plan
Debt servicing performance indicators			
Financial ratios			
Liquidity ratio (target >110%)	>110%	>110%	>110%
Net debt/Total revenue (target <230%)	165%	191%	167%
Net interest on external debt/Total revenue (target <20%)	7%	7%	7%

Liquidity is defined as external term debt plus committed bank facilities plus liquid investments divided by current external debt.

Net debt is defined as total external debt less cash and cash equivalents.

Net interest on external debt is defined as the amount equal to all interest and financing costs (on external debt) less interest income for the relevant period.

Total revenue is defined as total revenue less vested assets, development contributions, and fair value benefit of Housing Infrastructure Fund loans.

NOTE 15: RESERVES

ACCOUNTING POLICY

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into accumulated funds, restricted and Council created reserves, revaluation reserves and fair value through other comprehensive revenue and expense reserve.

RESTRICTED AND COUNCIL CREATED RESERVES

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned.

Restricted reserves include those subject to specific conditions we accept as binding and which may not be revised without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Also included in restricted reserves are reserves we restrict by resolution. We may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at our discretion.

Council created reserves are restricted in their application by our resolution.

REVALUATION RESERVES

This reserve relates to the revaluation of property, plant and equipment to fair value.

FAIR VALUE THROUGH OTHER COMPREHENSIVE REVENUE AND EXPENSE RESERVE

This reserve comprises the cumulative net change in the fair value of assets classified as fair value through other comprehensive revenue and expense.

	2018/19 10-Year Plan	2019/20 10-Year Plan	2019/20 Annual Plan
	\$000	\$000	
Restricted reserves			
Cemetery plot maintenance in perpetuity	1,876	1,876	1,876
Municipal endowment fund	28,639	28,639	28,639
Domain endowment fund	8,061	8,303	8,263
Waikato Art Gallery endowment reserve	11	11	11
Total restricted reserves	38,587	38,829	38,789
Council created reserves			
Bus shelter (Adshel) reserve	369	443	-
Project watershed operating reserve	272	-	185
Waste minimisation reserve	614	633	251
Hamilton Gardens reserve	-	-	-
Total council created reserves	1,255	1,076	436
Total restricted and council created reserves	39,842	39,905	39,225

NOTE 15: RESERVES

	Activities to which the reserve relates	Opening balance July 2019	Transfers into reserve	Transfers out of reserve	Closing balance June 2020
Restricted reserves		\$000	\$000	\$000	\$000
Cemetery plot maintenance in perpetuity - to maintain and provide for improvements to the cemeteries.	Cemeteries and Crematorium	1,876	57	(57)	1,876
Municipal endowment fund - to provide a capital fund for crown endowment land vested in the Council for investment	Strategic Property Investment	28,639	-	-	28,639
Domain endowment fund - 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 Recreation Stormwater	8,061	202	-	8,263
Waikato Art Gallery endowment reserve - to provide funds for the acquisition of works of art for the Waikato Museum of Art and History.	Visitor Attractions	11	-	-	11
Total restricted reserves		38,587	259	(57)	38,789
Council created reserves					
Bus shelter (adshel) reserve - to manage the income generated from advertising in bus shelters to provide, maintain and enhance passenger infrastructure.	Transport	369	129	(498)	-
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 Recreation Stormwater	272	11	(98)	185
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.	Rubbish and Recycling	614	593	(956)	251
Hamilton Gardens reserve - to provide funds for the development of Hamilton Gardens. Funds are being sourced from a targeted rate.	Parks and Recreation	-	1,039	(1,039)	-
Total Council created reserves		1,255	1,772	(2,591)	436
Total restricted and Council created reserves		39,842	2,031	(2,648)	39,225

NOTE 16: RECONCILIATION BETWEEN PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE AND PROSPECTIVE FUNDING IMPACT STATEMENT

	2018/19 10-Year Plan	2019/20 10-Year Plan	2019/20 Annual Plan
	\$000	\$000	\$000
Operating surplus/(deficit) per prospective statement of comprehensive revenue and expense	76,341	112,545	110,422
Items recognised as revenue in the statement of comprehensive revenue and expense and as capital expenditure funding sources in funding impact statements:			
Capital subsidies	(40,096)	(53,281)	(58,544)
Development, financial and capital contributions	(22,263)	(36,852)	(36,533)
Non-cash items recognised in prospective statement of comprehensive revenue and expense and not included in funding impact statements:			
Depreciation	68,473	72,304	76,564
Recognition of revenue from vested assets	(30,000)	(31,230)	(31,230)
Gain on fair value of investment properties	(565)	(579)	(579)
Housing Infrastructure Fund - fair value benefit	(4,233)	(13,411)	(13,412)
Housing Infrastructure Fund - fair value discount unwinding	197	1,160	1,160
Operating funding surplus/(deficit) per prospective funding impact statement	47,854	50,656	47,848
Balance as per Council FIS operating surplus/(deficit) of operating funding	47,854	50,656	47,848

ANNUAL PLAN DISCLOSURE STATEMENT

FOR YEAR ENDING 30 JUNE 2020

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 Hamilton's rateable capital value	0.42%	Yes
Increases	Average rates increases to existing ratepayers will not exceed 9.7% in 2019, and then 3.8% from 2020 onwards	3.8%	Yes
DEBT AFFORDABILITY BENCHMARK			
The net debt to revenue ratio will remain below 230%		167%	Yes
BALANCED BUDGET BENCHMARK			
100%		119%	Yes
ESSENTIAL SERVICES BENCHMARK			
100%		529%	Yes
DEBT SERVICING BENCHMARK			
15%		7%	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% of its planned revenue.

COUNCIL FUNDING IMPACT STATEMENT AND RATING INFORMATION

The Funding Impact Statement is made up of three parts:

- Rating Information for 2019/20
- Rates Samples for 2019/20
- The Whole of Council Funding Impact Statement.

The Funding Impact Statement should be read in conjunction with our Revenue and Financing Policy and Rating Policy. These can be found on our website.

RATING INFORMATION FOR 2019/20

We set and assess these rates under the Local Government (Rating) Act 2002:

- General Rate
- Uniform Annual General Charge (UAGC)
- Targeted Rates include:
 - Transitional Rate
 - Business Improvement District (BID)
 - Central City
 - Hamilton Gardens
 - Service Use Water
 - Service Use Wastewater
 - Service Use Refuse
 - Metered Water
 - Commercial and Other category non-metered water

Details of the rates revenue to be collected and the rating 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 differential bases are the use to which the land is put, the provision or availability to the land of a service provided, the activities permitted, controlled, or discretionary for the area in which the land is situated, and in the case of the BID Commercial differential, the location of the land.

The objective of including differentials in the general rate is to achieve an appropriate distribution of the general rate, considering all factors we believe are relevant.

This rate covers all of the services we provide.

The total revenue sought is \$147,146,477.

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

SOURCE	DIFFERENTIAL CATEGORIES	DIFFERENTIAL FACTOR	PERCENTAGE OF TOTAL GENERAL RATES	RATE IN THE DOLLAR OF CAPITAL VALUE (GST INCL)	RATES REVENUE (GST INCL)
General Rate	Commercial	2.5690	33.45%	0.00690286	\$49,219,716
	BID Commercial	2.4405	7.00%	0.00655772	\$10,302,503
	Other	0.7450	1.50%	0.00200186	\$2,205,311
	Residential	1.0000	58.05%	0.00268699	\$85,418,947

Figures in this statement include GST unless otherwise stated.

GENERAL RATE RATING CATEGORIES

GENERAL RATE CATEGORY	DESCRIPTION
Commercial	All rating units: <ol style="list-style-type: none"> i. used solely or principally for commercial or industrial purposes; or ii. used solely or principally for commercial residential purposes, including, but not limited to, hotels, boarding houses, rest homes, motels, residential clubs, hospital care facilities, hostels. Commercial residential purposes are where a property is being provided for residential accommodation at a fee with the average occupancy period of the property not exceeding three months; or iii. where the area of a chartered club used for the restaurant, bar and gaming machines; or iv. where the commercial portion of a rating unit which has mixed use; or v. where land is developed or under development for a commercial use; or vi. where a commercial development is marketed for sale or lease, but where works have not yet commenced, whether-or-not wastewater services are currently available; or vii. where vacant land is within any District Plan zone that is predominantly used for commercial or industrial purposes; or viii. used as show homes; or ix. where resource consents require the rating units can only be used for a commercial purpose; or x. used as utility networks.
BID Commercial	All rating units that meet the definition of Commercial above and are located within the Business Improvement District as shown on the 'Business Improvement District (BID) and Central City areas map' in Schedule one of the Rating Policy.
Other	All rating units that do not meet the definition of Commercial or BID Commercial rating categories and where: <ol style="list-style-type: none"> i. connection to the our wastewater network is not available; and ii. water supply is through a metered connection or connection to the council's water network is not available.
Residential	All rating units that do not meet the definition of Commercial, BID Commercial, or Other rating categories, or: <ol style="list-style-type: none"> i. land under development intended for a residential use; or ii. land where a proposed residential development is marketed for sale, whether or not water and wastewater services are currently available.

Land described in Part 2 Schedule 1 of the Local Government (Rating) Act 2002 (broadly speaking, land owned or used by societies for arts or sports) will be assessed at 50% of the residential rate (general rate, UAGC, transitional rate and Hamilton Gardens rate) that applies to the land. This general rate revenue is included within the Residential category shown in the table above, and within the targeted rates revenue where applicable.

UNIFORM ANNUAL GENERAL CHARGE

A Uniform Annual General Charge (UAGC) is set and assessed on all rateable land. The UAGC is set at \$348 per Separately Used or Inhabited Part of a rating unit (SUIP). We have determined the level of UAGC in order to distribute the allocation of the general rate at an appropriate level among all ratepayers.

The total revenue sought from the UAGC is \$23,077,794.

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

An SUIP is every rating unit and, without limitation, every additional dwelling, commercial or community activity. This includes:

- a) any part or parts of a rating unit used or occupied by the ratepayer for more than one single use
- b) any parts, whether or not actually occupied at any particular time, which are used for rental (or other form of occupation) on an occasional or long-term basis
- c) vacant land and vacant premises offered or intended for use or habitation and usually used as such are defined as 'used'.

For the purposes of clarity, every rating unit has a minimum of one SUIP.

As part of this definition, the list below sets out our intent in the application of SUIPs to rating units used as for residential purposes:

- the second and each additional SUIP must have a separate bathroom, bedroom or living area and separate sink
- any part of a rating unit as described in a-c above that is inhabited by virtue of a tenancy, lease, license or other agreement on an occasional or long-term basis
- single dwelling with flat attached
- two or more houses, flats or apartments on one rating unit

- ancillary flat or detached dwellings (as defined in the District Plan)
- individually surveyed lots of vacant land on one Certificate of Title offered for sale separately or in groups; and
- residential accommodation rented individually per room. For a residential property to be classified as having additional SUIPs, each part must have a separate bathroom, bedroom or living area and separate sink.

As part of this definition, the list below sets out our intent in the application of SUIPs to rating units used for commercial activities:

- a commercial activity is any activity involving the exchange of goods or services for reward (whether for profit or not)
- any part of a rating unit as described in a-c above that is inhabited through a tenancy, lease, license or other agreement on an occasional or long-term basis
- commercial building where there are clearly defined vacant parts, advertised for lease or tenancy
- business premise with separate permitted residential activity
- home-based business (as defined in the District Plan)
- each use within a single rating unit involving a different activity conducted by a person, company,

or organisation different to the ratepayer (i.e. a large store which has a café operating within it, where the café is a separate business entity)

- commercial building leased, or sub-leased, to multiple tenants
- a separate dwelling used for short-term accommodation
- commercial accommodation provided on a single rating unit for short-term stays (where average occupancy is limited as prescribed within the District Plan) will be one SUIP.

In addition to the primary use, the list below defines our intent in the application of SUIPs to rating units used as community activities:

- a community activity is any activity operated by an organisation (including clubs and societies)

- any activity meeting the definition of Schedule 1 of the Local Government Rating Act 2002.

TARGETED RATES

We are not seeking or inviting lump sum contributions for targeted rates.

TRANSITIONAL RATE

The transitional rate is set and assessed on the land value of all rateable land in Hamilton.

The transitional rate is set on a differential basis. The differential bases are the use to which the land is put, the provision or availability to the land of a service provided, 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 total revenue sought is \$47,236,129.

SOURCE	DIFFERENTIAL CATEGORIES	DIFFERENTIAL FACTOR	PERCENTAGE OF TOTAL TRANSITIONAL RATES	RATE IN THE DOLLAR OF LAND VALUE (GST INCL)	RATES REVENUE (GST INCL)
Transitional Rate	Commercial	3.1418	25.69%	0.00518032	\$12,134,203
	BID Commercial	2.9847	6.56%	0.00492131	\$3,098,134
	Residential	1.0000	64.43%	0.00164884	\$30,433,483
	Multi-unit Residential	1.5289	2.15%	0.00252083	\$1,017,181
	Rural Residential	0.7416	0.05%	0.00122283	\$24,359
	Rural Small	0.4614	0.76%	0.00076075	\$357,435
	Rural Large	0.2503	0.36%	0.00041266	\$171,334

The Transitional rate funds the following activities:

- Community development
- Libraries
- Theatre
- City planning
- Planning guidance
- Building control
- Claudelands
- FMG Stadium Waikato
- Seddon Park
- i-SITE
- Tourism and events funding
- Hamilton Gardens
- Waikato Museum
- Hamilton Zoo
- Animal education and control
- Environmental health
- Alcohol licensing
- Public safety
- Civil Defence
- Governance and public affairs
- Partnership with Maori
- Community parks
- Natural areas
- Streetscapes
- Sports parks
- Cemeteries and crematorium
- Pools
- Indoor recreation
- Landfill site management
- Refuse collection
- Waste minimisation
- Stormwater network
- Transport network
- Parking management
- Wastewater treatment and disposal
- Wastewater collection
- Water treatment and storage
- Water distribution.

TRANSITIONAL RATE CATEGORIES

TRANSITIONAL RATE CATEGORY	DESCRIPTION
Commercial	<p>All rating units:</p> <ul style="list-style-type: none"> i. used solely or principally for commercial or industrial purposes; or ii. used solely or principally for commercial residential purposes, including, but not limited to, hotels, boarding houses, rest homes, show homes, motels, residential clubs, hospital care facilities, hostels. <p>Commercial residential purposes are where a property is being provided for residential accommodation at a fee with the average occupancy period of the property not exceeding three months. Hostel is the residence or lodging place for persons.; or</p> <ul style="list-style-type: none"> iii. where the area of a chartered club used for the restaurant, bar and gaming machines; or iv. where the commercial portion of the property, which is used for both commercial/ residential use, i.e. small business, operated from residential property; or v. that are vacant land in District Plan business, central city, knowledge and industrial zones and any vacant land in other District Plan zones that are predominantly used for commercial purposes; or vi. used as Utility Networks
BID Commercial	All rating units that meet the definition of Commercial above and are within the Business Improvement District as shown on the 'Business Improvement District (BID) and Central City areas map' in Schedule one of the Rating Policy.
Residential	<p>All rating units:</p> <ul style="list-style-type: none"> i. used solely or principally for residential purposes and don't meet the definition of commercial or rural; or ii. land under development for a residential subdivision and no longer used principally for rural purposes or bare land marketed for residential section sales not under development; or iii. vacant land in District Plan residential zones for residential use, any vacant land in other District Plan zones that are predominantly used for residential purposes and any land used for other purpose not specified in the category; or iv. any other rating units which do not meet the rating category description for Multi-Unit Residential, Commercial, BID Commercial, Rural Residential, Rural Small Holdings and Rural Large Holdings.
Multi-Unit Residential	All rating units used solely or principally for three or more residential dwellings/households on a single title including residential centres, but excluding properties categorised as Commercial.
Rural Residential	All rating units more than 2000 square metres, used solely or principally for residential purposes as the home or residence of not more than two households which receive full water and wastewater services, but where there is a reduced level of general services otherwise provided to residential property.
Rural Small	All rating units more than 2000 square metres and less than 10ha, which are used solely or principally for rural purposes. Rural purposes include agricultural, horticultural or pastoral purposes and the keeping of bees or poultry or other livestock.
Rural Large	All rating units 10ha and more, which are used solely or principally for rural purposes. Rural purposes include agricultural, horticultural or pastoral purposes and the keeping of bees or poultry or other livestock.

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:

- a fixed amount per connected meter, based on the nature of the connection, as follows:
 - i. \$453.60 for all metered rating units (except rating units receiving a restricted flow supply)
 - ii. \$352.80 for rating units receiving a restricted flow supply.
- a charge per unit of water consumed or supplied on every metered connection in accordance with the following scale:
 - i. all metered rating units (except rating units receiving a restricted supply) – \$1.89 per kilolitre of water supplied after the first 60 kilolitres of consumption or supply per quarter.
 - ii. rating units receiving a restricted flow supply – \$1.47 per kilolitre of water supplied after the first 60 kilolitres of consumption or supply per quarter.

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

The total revenue sought is \$9,255,379.

COMMERCIAL AND OTHER CATEGORY NON-METERED WATER RATE

The rate is set and assessed on Commercial and Other category properties connected to the water network, but not provided with a metered connection. The rate is \$453.60 per rating unit.

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

The total revenue sought is \$273,521.

Properties in Waikato District Council and Waipa District Council areas supplied with water under contractual arrangements will be charged according to these contracts.

BUSINESS IMPROVEMENT DISTRICT (BID) RATE

This rate is set and assessed on all rating units defined within the BID Commercial General rate category and comprises both a fixed amount per SUIP and a rate in the dollar based on the Capital Value.

The Business Improvement District (BID) and Central City rating areas map is shown in Schedule 1 of the Rating Policy. The components of this rate are:

- a) BID Fixed rate: a fixed amount of \$240 per SUIP of a commercial rating unit within the defined area
- 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 BID Fixed rate. The rate is 0.00002327 per dollar of capital value.

The rate provides funding to the Tourism and Events Funding activity.

The total revenue sought is \$348,853.

CENTRAL CITY RATE

This rate is set on all rating units defined within the BID Commercial General rate category and is set as a fixed amount per SUIP.

The Business Improvement District (BID) and Central City rating areas map is shown on Schedule 1 of the Rating Policy.

The rate is a fixed amount of \$128 per SUIP.

The rate provides funding to the Transportation Network activity.

The total revenue sought is \$166,750.

HAMILTON GARDENS RATE

This rate is set and assessed as a fixed amount on all rating units.

The rate is set at \$12.65 per SUIP.

The rate contributes funding to develop and maintain themed gardens and infrastructure as part of the Hamilton Gardens activity.

The total revenue sought is \$838,891.

SERVICE USE CATEGORY

Service Use Category includes rating units that are defined by the use, for the purpose of charging water, wastewater and refuse collection, set and assessed as targeted rates.

Service Use Category rating units are provided with one or more of these services and are used:

- i. as a reserve under the Reserves Act 1977
- ii. for conservation, wildlife management or preservation purposes and not for private pecuniary profit and accessible to the public
- iii. by us for:
 - public garden, reserve, or children playground
 - games and sports
 - public hall, athenaeum, museum, gallery or similar institution
 - public baths, swimming baths and sanitary convenience
 - cemeteries or crematorium.
- iv. by the Queen Elizabeth the Second National Trust
- v. by the Royal Foundation of the Blind, except as an endowment
- vi. by or for an education establishment, special school or other institution under s159(1) of the Education Act 1989

- vii. by a district health board for health and health related services
- viii. solely and principally as a place of religious worship, Sunday or Sabbath school or other form of religious worship and not for private pecuniary profit
- ix. as Maaori meeting house that is Maaori freehold land not exceeding 2ha.
- x. as railway or for the loading and unloading of goods or passengers from trains
- xi. for the free maintenance or relief of persons in need, not exceeding 1.5ha.

Where there is a community, sporting or cultural activity on Council reserve land, and the activity is subject to a lease agreement as defined within our Community Occupancy Policy, these targeted rates will apply.

Upon application, we extend the rating treatment of the Service Use category to rating units which are operated by not for profit organisations, whom provide benefits to the wider community and where there is no private pecuniary gain. Refer to the Rates Remissions and Postponements Policy for criteria.

SERVICE USE - WATER RATE

The rate is set and assessed on properties defined as a Service Use Category and which

are connected to our water network but are not provided with a metered connection.

The rate is a fixed amount of \$453.60 per SUIP.

The rate provides funding towards the Water Distribution and Water Treatment and Storage activities.

The total revenue sought is \$56,700.

SERVICE USE - REFUSE RATE

The rate is set and assessed on properties defined as a Service Use Category and which are provided with refuse collection service.

The rate is a fixed amount of \$152 per SUIP.

The rate provides funding towards the Refuse Collection activity.

The total revenue sought is \$20,216.

SERVICE USE - WASTEWATER RATE

The rate is set and assessed on properties defined as a Service Use Category and which are connected to the wastewater network. This rate comprises two components. These are:

- a rate per dollar of land value set at 0.00114208.
- a rate per dollar of capital value set at 0.00033046.

The rate provides funding towards the Wastewater Collection and Wastewater Treatment and Disposal activities.

The total revenue sought is \$1,391,634.

INSPECTION OF RATING INFORMATION DATABASE

In accordance with the Local Government (Rating) Act 2002, the District Valuation Roll and Rates Records are available for public inspection at the Council Offices, Garden Place, Hamilton, between the hours of 7.45am and 5.00pm on all business days of the week.

RATING BASE

Total land value for 2019/20 is \$23,249,177,900.

Total capital value for 2019/20 is \$44,189,721,000.

The projected number of rating units for 2019/20 is 59,887.

2019/20 RATES - SAMPLE PROPERTIES

			2015 RATING VALUES		2018/19 RATES					2018 RATING VALUES		2019/20 RATES						
Transitional rates differential category	General rates differential category	SUIPs	Land value	Capital value	Uniform Annual General Charges	Land value Transitional rates	Capital Value General rates	Other rates	Total rates	Land value	Capital value	Uniform Annual General Charges	Land value Transitional rates	Capital Value General rates	Other rates	Total rates	Total rates change (\$)	Total rates change (%)
RESIDENTIAL SECTOR																		
Residential	Residential	1	250,000	250,000	165	1,304	621	12	2,102	400,000	400,000	348	660	1,075	13	2,095	(7)	(0.3%)
Residential	Residential	1	140,000	240,000	165	730	597	12	1,503	210,000	325,000	348	346	873	13	1,580	77	5.1%
Residential	Residential	1	210,000	405,000	165	1,095	1,007	12	2,278	345,000	520,000	348	569	1,397	13	2,327	49	2.1%
Residential	Residential	1	300,000	720,000	165	1,564	1,790	12	3,531	460,000	890,000	348	758	2,391	13	3,511	(20)	(0.6%)
Multi Unit Residential	Residential	4	240,000	710,000	660	1,849	1,765	46	4,320	395,000	1,180,000	1,392	996	3,171	51	5,609	1,289	29.8%
Multi Unit Residential	Residential	10	570,000	910,000	1,650	4,392	2,262	115	8,419	940,000	1,790,000	3,480	2,370	4,810	127	10,786	2,367	28.1%
Rural Residential	Residential	1	345,000	750,000	165	1,160	1,864	12	3,201	850,000	1,450,000	348	1,039	3,896	13	5,296	2,095	65.5%
OTHER SECTOR																		
Rural Small	Other	1	360,000	360,000	165	775	664	12	1,616	580,000	580,000	348	441	1,161	13	1,963	347	21.5%
Rural Small	Other	1	330,000	660,000	165	711	1,217	12	2,105	445,000	960,000	348	339	1,922	13	2,621	516	24.5%
Rural Small	Other	1	710,000	960,000	165	1,529	1,771	12	3,476	2,350,000	2,600,000	348	1,788	5,205	13	7,353	3,877	111.5%
Rural Large	Other	1	1,850,000	1,850,000	165	2,010	3,413	12	5,599	2,960,000	2,960,000	348	1,221	5,926	13	7,508	1,909	34.1%
Rural Large	Other	1	2,500,000	2,990,000	165	2,716	5,516	12	8,408	3,380,000	4,340,000	348	1,395	8,688	13	10,444	2,036	24.2%
COMMERCIAL SECTOR																		
Commercial	Commercial	1	570,000	570,000	165	8,280	3,250	12	11,707	700,000	700,000	348	3,626	4,832	13	8,819	(2,888)	(24.7%)
Commercial	Commercial	1	122,000	275,000	165	1,772	1,568	12	3,517	215,000	400,000	348	1,114	2,761	13	4,236	719	20.4%
Commercial	Commercial	1	240,000	500,000	165	3,486	2,851	12	6,514	335,000	640,000	348	1,735	4,418	13	6,514	0	0.0%
Commercial	Commercial	1	630,000	1,400,000	165	9,151	7,983	12	17,311	820,000	1,820,000	348	4,248	12,563	13	17,172	(139)	(0.8%)
Commercial	Commercial	8	1,730,000	4,230,000	1,320	25,130	24,120	92	50,662	2,430,000	5,300,000	2,784	12,588	36,585	101	52,059	1,397	2.8%
BID Commercial	BID Commercial	1	111,000	510,000	165	1,532	2,763	386	4,846	138,000	550,000	348	679	3,607	393	5,027	181	3.7%
BID Commercial	BID Commercial	1	270,000	1,070,000	165	3,726	5,796	396	10,083	340,000	1,150,000	348	1,673	7,541	407	9,970	(113)	(1.1%)
BID Commercial	BID Commercial	3	720,000	2,070,000	495	9,936	11,213	1,168	22,812	900,000	2,260,000	1,044	4,429	14,820	1,195	21,488	(1,324)	(5.8%)

PROSPECTIVE WHOLE OF COUNCIL FUNDING IMPACT STATEMENT

FOR THE YEAR ENDING 30 JUNE 2020

	2018/19 10-Year Plan	2019/20 10-Year Plan	2019/20 Annual Plan
	\$000	\$000	\$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	90,582	139,996	140,314
Targeted rates	89,131	51,082	51,343
Subsidies and grants for operating purposes	7,120	6,870	6,907
Fees and charges	39,303	40,818	42,108
Interest and dividends from investments	2,579	1,754	1,754
Local authorities fuel tax, fines, infringement fees and other receipts	2,502	2,434	2,581
Total operating funding	231,217	242,954	245,007
Application of operating funding			
Payments to staff and suppliers	161,550	166,738	173,457
Finance costs	21,813	25,560	23,702
Other operating funding applications	-	-	-
Total applications of operating funding	183,363	192,298	197,159
Surplus/(deficit) of operating funding	47,854	50,656	47,848
Sources of capital funding			
Subsidies and grants for capital expenditure	44,840	65,029	69,690
Development and financial contributions	17,518	25,104	25,387
Increase/(decrease) in debt	99,149	144,293	176,038
Gross proceeds from sale of assets	20,925	2,125	2,125
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	182,432	236,551	273,240
Applications of capital funding			
Capital expenditure:			
- to meet additional demand	140,504	208,632	225,275
- to improve the level of service	26,819	28,953	35,956
- to replace existing assets	55,441	50,973	62,373
Increase/(decrease) in reserves	(7,438)	(1,351)	(2,516)
Increase/(decrease) in investments	14,960	-	-
Total applications of capital funding	230,286	287,207	321,088
Surplus/(deficit) of capital funding	(47,854)	(50,656)	(47,848)
Funding balance	-	-	-



FURTHER INFORMATION

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 hamilton.govt.nz/annualplan

 /hamiltoncitycouncil