

# 2022-23 Annual Plan

2022-23 Maahere-aa-Tau



**Hamilton  
City Council**  
Te kaunihera o Kirikiriroa





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# Introduction

Koorero whakataki

# From the Mayor and Chief Executive

## Greetings, teenaa koutou katoa

Deliberations for year two of our 2021-2031 Long-Term Plan provided an opportunity to ensure we remain on track with the commitments we have already made to the people of Hamilton.

Those commitments include fundamental principles that Council pledged to support at the beginning of this triennium. They include prioritising core infrastructure, looking after our existing assets and ensuring people in our community have a say in the future of their city.

Each year, the Annual Plan process offers an important opportunity to check in on what has changed. This year that has been more important than ever, given the influence that some external factors, beyond our control, have had

on a comprehensive budgeting process.

As we set the budget for the coming year, we have factored in an unforeseen rise in inflation which has forced us to budget for cost increases in almost every part of our business. That inflation impact will be seen particularly in capital projects and also in personnel costs due to the very tight and competitive labour market.

But inflation is just one external factor driving a period of economic uncertainty. Council, like any other business, must deal with other considerations including the long recovery period from the COVID-19 pandemic, ongoing conflict in Ukraine and supply chain constraints which are being keenly felt all over the world.

We know the year ahead will be challenging, economically

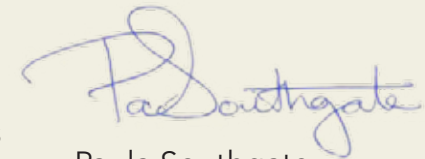
and in other ways. But it is clear ratepayers simply cannot afford to pay more to help run their city. On that basis, Council has opted to fund increased costs from debt, not rates. This means we are unlikely to balance our books - meaning everyday costs are met by rates and other revenue - until 2026-27, three years later than forecast.

No one is happy about the current financial situation. However, the approach does allow us to meet the important commitment we made to ratepayers two years ago. The average annual rates increase for 2022-23 will remain at 4.9% which is exactly what was forecast in the 2021-2031 Long-Term Plan. This provides certainty for households and businesses despite the unpredictable economic environment.

Meanwhile, we are also able to continue investing in our city.

For the coming year, we are budgeting to spend more than \$325 million on capital projects, mainly core infrastructure including water infrastructure, roads and core facilities.

Times ahead are challenging, but our city is moving ahead with confidence, as it should. Hamilton is a fast growing city and that provides both challenges and opportunities. We are moving forward in a way that sets us up for success while being mindful of the impact on ratepayers.



Paula Southgate  
Mayor



Lance Vervoort  
Chief Executive



# He kupu naa te Koromatua me te Tumu Whakarae

## Kei ngaa poohoi toroa, kei ngaa maapihi tongarewa, teenaa koutou katoa

I hua mai i te waananga moo te tau tuarua o too taatou Ahu Whakamua 10 tau te roa, te whakauunga me te whaipanga o ngaa herenga kua oaitia keetia e maatou ki ngaa kirirarau o Kirikiriroa.

Ka whai waahi ki aua herenga ngaa maatapono whakapuu, teeraa i whakaaetia e te

Kaunihera i te tiimatatanga o te toru tau kua hipa hei mea tautoko maa raatou.

Ko aua herenga tonu, ko te aro nui atu ki te tuuaahanga matua, te tiaki i oo taatou rawa me te whakauu i te whai waahitanga o te hapori ki ngaa whakatau nui moo te anamata o too raatou taaone.

Hei ia tau, maa te tukanga moo te Mahere aa-Tau, ka waatea mai te aaheinga whakahira ki te titiro me te moohio ki ngaa mea kua panoni.

Koinei te tino tau o ngaa tau katoa ki muri, i runga anoo i te awenga o ngaa aahuatanga aa-waho e kore e taea e maatou te karo me oona paanga ki teetahi tukanga whakamahere puutea aro whaanui.

I a maatou e whakarite ana i te mahere puutea moo te tau e tuu mai nei, kua whai waahi maatou ki teetahi whakapikinga taami ahumoni ohotata kaaore i matapaetia, aa, naa teenei, kua whakaritehia te mahere puutea moo te tuupono nui ka piki haere ngaa utu i ngaa

waahanga katoa o too maatou pakihi.

Ka kaha kitea eenei paanga taami ahumoni ki roto i ngaa kaupapa rawa matua, me ngaa utu kaimahi i runga anoo i te kaha o te maakete aa-kaimahi.

Heoi, ko te taami ahumoni teetahi noa iho o ngaa paanga aa-waho e whakakaha ana i te haurokuroku aa-oohanga.

Ko taa te Kaunihera, peeraa i ngaa pakihi katoa, he whai whakaaro ki ngaa aahuatanga

peenei i te whakamaauitanga o te motu i te urutaa KOWHEORI-19, te pakanga e haere tonu ana i Ukraine me ngaa taimahatanga aa-ara tukutuku e paakia whaanuitia ana ki te ao katoa.

Kei te moohio maatou he tau uaua te tau e tuu mai nei, ko te oohanga teenaa ka kaha werongia me eetahi anoo aahuatanga. Heoi, kua maarama kehokeho te kite atu kaaore e taea e ngaa kaiutu reiti te whakapiki i aa raatou naa utu ki te haapai i too raatou taaone.

I runga anoo i taua aahuatanga, kua whakatau te Kaunihera ki te utu i ngaa whakapikinga utu maa te puutea taurewa, kaua ko ngaa reiti. Ko te tikanga o

teenei, ka kore pea e taurite ana aa maatou puka kaute – ko te otinga ka puta i teenei, me utu rawa ngaa utu i te ia raa maa ngaa reiti me eetahi anoo moni whiwhi – tae atu ki 2026-27, toru tau ki muri i teeraa i matapaetia.

Kaaore teetahi i te paku harikoa i te horopaki ahumoni o naaiane. Heoi, maa teenei ahunga e tutuki ai teeraa o ngaa kii taurangi i oatihia e maatou ki ngaa kaiutu reiti i te rua tau ki muri.

Ka noho tonu te whakapikinga reiti aa-tau moo 2022-23 ki te 4.9 oorau, koinei puu te nama i matapaetia i Te Ahu Whakamua 2021-2031. Ka maaroo i teenei te huarahi ki mua moo ngaa whare kaainga me ngaa pakihi

ahakoa te haurokuroku o te taiao oohanga.

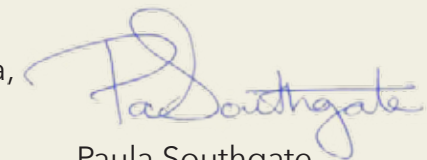
Tae noa ki taua waa, e taea tonu ana e maatou te haumi ki roto ki too taatou taaone.

Moo te tau e kainamu mai nei, kua whakaritehia te mahere puutea kia whakapau koni atu i te 325 miriona taara ki ngaa kaupapa rawa matua, maatua raa ko te tuuaahanga matua peenei i te wai, te tuuaahanga, ngaa rori me ngaa whare ratonga matua.

Kaaore e kore ka uaua te anamata, heoi, ka kaha tonu te hoe o too taatou taaone ki tua, me te tika hoki. Kei te tere tipu too taatou taaone, ko te hua o

teenaa ko ngaa arawaatea me ngaa wero.

Ko te tikanga o too taatou ahu whakamua ka hua ko te angituu i te waa tonu ka whakaaro nuitia te paanga ki ngaa kaiutu reiti.



Paula Southgate  
Koromatua



Lance Vervoort  
Tumu Whakarae

# Your Council

Ko taa taatou Kaunihera

## Maangai Maaori



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# OUR CITY TOO TAATOU TAAONE

## 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.



Opening of  
Hamilton Town  
Hall, 1905



Between the 1400s and up until the invasion of the 1860s, **Hamilton's earliest settlers included Maaori from the Tainui waka, who called the area Kirikiriroa meaning long strip of gravel.**

**The invasion of Waikato occurred during 1863 and 1864,** starting near Mercer, with the final battle occurring near Te Awamutu.

**In 1995, following a long period of negotiation over recompense for land losses in 1800s, Waikato-Tainui signed a deed of settlement with the Crown.** This made its iwi one of the most significant economic players in the region.



**Formal European settlement began on 24 August 1864, when Captain William Steele**



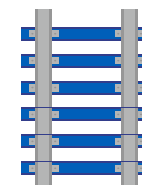
disembarked from the gunboat Rangiriri and established the first redoubt near what is now Memorial Park.

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.**



**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.



**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 1.2 million hectares** was confiscated in the Waikato region and provided the basis for subsequent European settlement in Hamilton.



**WE'RE  
GROWING**

Our population is expected to **increase to more than 200,000 by 2028\*** - and we're currently growing by 81 new residents each week.

\*Stats NZ, June 2020.



**2442 building consents** were lodged in 2021, the most since records began.

**WE'RE  
BUILDING**



Future  
bridge over  
Waikato  
River

**WE'RE  
CLEVER**



**Hamilton is ranked 21st in the** world's top smart cities.

**A record 5692 submissions** helped shape our **2021-31 Long-Term Plan.**



**WE'RE  
LISTENING**

## WE'RE YOUTHFUL



**Hamilton's median age is 32,**

the lowest of all cities in New Zealand.

## WE'RE HOME... TO BATS!



Hamilton is one of the only cities in New Zealand with an **urban population of endangered long-tailed bats.**

## WE'RE CHANGING



Hamilton will have a **Māori Ward for local government elections from 2022.**



## WE'RE PROUD

**88% of residents think Hamilton's a great place to live.**

## WE'RE DIVERSE

Hamilton's residents represent more than

**160 different ethnic groups.**



## 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 **15,924 businesses** (up from 15,027 in 2019) and **99,089 employees** (up from 92,735 in 2019).

## WE'RE SUSTAINABLE



Hamiltonians recycled **15,845 tonnes of material in 2020/21.** That's over **1,650 full garbage trucks diverted from landfill.**

## 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.



## WE'RE BOOMING

Property in Hamilton is worth \$71.4 billion - **\$27.4 billion more than it was in 2018.**



## WE'RE PIONEERING

**Hamilton was the first city in New Zealand to connect to the internet,** thanks to a partnership between The University of Waikato and NASA.

## WE'RE HUMMING

**Hamilton's GDP \$11.6 billion.\***  
\*Infometrics, provisional GDP for the year to June 2021.



Waikato River



Lake Rotorua



# What is the Annual Plan?

## He aha te Mahere aa-Tau?

### What is the Annual Plan?

It all starts with an extensive and deliberate community engagement process developed alongside the people of Hamilton to understand the aspirations that Hamiltonians have for their city. These are captured in our vision and five priorities and provide the focus for what Council will work on for the next decade.

Then Council prepares a Long-Term Plan. This sets out the

work programmes, budgets and rates needed to deliver to the vision and priorities. Each Long-Term Plan covers the next decade, with a focus on the first three years.

### Our current plan is the 2021-31 Long Term Plan.

When we aren't producing a Long-Term Plan, we produce this document, the Annual Plan. The Annual Plan gives Council the chance to review the work programme set in the

Long-Term Plan and consider where any changes are necessary. These changes could be new projects to respond to emerging issues, budget revisions, or new priorities that arise.

This Annual Plan, which is for Year Two of the 2021-31 Long-Term Plan, identifies any differences between what we said we would do in the Long-Term Plan, and what we are doing.

Did we mention the Annual Report? We produce this to review our performance and tell you, the community, how well we did on delivering to the Long-Term Plan and the most recent Annual Plan. You'll see this document available from November every year.

Council's financial year begins on 1 July and continues until 30 June.

## Piecing it all together:

**1 July 2021:**  
Council's 2021-31  
Long-Term Plan is set

**1 July 2022:**  
Council's 2022-23 Annual  
Plan (we are here)

**By 31 October 2022:**  
Council's Annual Report (reporting on  
the 2021-22 financial year) is adopted

**1 July 2023:**  
Council's 2023-24  
Annual Plan

**By 31 October 2023:**  
Council's Annual Report (reporting on  
the 2022-23 financial year) is adopted

**1 July 2024:**  
Council's 2024-34  
Long-Term Plan is set

**By 31 October 2024:**  
Council's Annual Report (reporting on  
the 2023-24 financial year) is adopted







# Delivering on our priorities

Te whai kia tutukihia  
aa maatou Kawatau



# Our vision for Hamilton

## Kirikiroa ka hua. Ka puaawai. Ka ora

**Everything we do is aimed at improving the wellbeing of Hamiltonians.**

### Our priorities

Our priorities\* 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 2021-31 Long-Term Plan and this 2022-23 Annual Plan. All our activities contribute to the overall achievement of our priorities and reflect our purpose and mission – to improve the wellbeing of Hamiltonians and to help build a more vibrant, attractive and more prosperous city.

During the development of the 2021-31 Long-Term Plan, we used your feedback to create five long-term priorities for Hamilton Kirikiroa over the next decade. These priorities reflect what you said is important to you, your family and your neighbourhood.

The five priorities for our city are:

- A city that's easy to live in | He taaone e ngaawari noa iho ana te noho
- A city where our people thrive | He taaone e tipu matomato ai te tangata
- A central city where people love to be | He pokapuu taaone e ngaakautia ana e te marea
- A fun city with lots to do | He taaone kua kikii ki ngaa tini kaupapa
- A green city | He taaone tiaki taiao

All the activities we carry out contribute to the achievement of our community outcomes. If we achieve all the expectations that we have set for our service delivery, we will be making progress on achieving all five priorities.

\* These priorities are our Community Outcomes as defined under the Local Government Act 2002

# A city that's easy to live in

He taaone e ngaawari noa iho ana te noho



**We asked what kind of Hamilton Kirikiriroa you wanted to live in. You told us that you want a city that's easy to live in, explore and connect. To deliver this, we'll continue to invest in our libraries, aquatic facilities, community development, and our transport network and parking management.**

As Hamilton Kirikiriroa continues to evolve into a metropolitan centre, we have the game-changing opportunity to become a 20-minute city: compact, connected and healthy neighbourhoods in Hamilton Kirikiriroa means that people can live locally by meeting most of their daily needs walking from their home, in pleasant surroundings, and with safe, easy access to other parts of the city by cycling, using micro-mobility or public transport.

## **How are we working towards our plan?**

**Our tamariki (children) will be able to cycle safely to school and people of all ages and abilities can easily access different neighbourhoods, from one side of the Waikato River to the other - by whatever transport option they choose**

This year, we'll complete the Borman Road extension (from Kimbrae Drive to Horsham Downs Road), upgrading the Horsham Downs Road-

Borman Road intersection and urbanising (taking the road from looking rural to one which looks like it sits in an urban area, with kerb and footpaths) Borman Road east and the immediate surrounding area. This work will complete the entire length of Borman Road, from Kay Road in the west to Gordonton Road in the east.

Work continues on developing and implementing the Hamilton Parking Policy, guiding principles and management plans for Council controlled off-street and on-street parking.

We're also looking after what we have and will continue to invest in ongoing maintenance of our roads and footpaths.

**Improvements in public transport and working with our partners Waikato Regional Council to get better bus services**

This year, we're undertaking the Transport Centre Rejuvenation Project to deliver improvements needed to future proof and increase user safety. We'll be looking at the layout and how we can make the public transport experience more

efficient too. A convenient and temporary alternate site will be located for the transport centre when site works are underway.

**Investing in cycle paths, accessways and utilising our beautiful gully network so people can easily enjoy and explore Hamilton Kirikiriroa**

We'll be building more cycleways and improving what we have to make navigating the city safe, family-friendly, and attractive. We'll be installing bike and scooter parking and working with providers of EV (Electric Vehicle) charging stations to make these available at key Council owned sites and visitor destinations.

We're also working with the community and stakeholders to raise awareness of travel options and to influence travel behaviour. We've allocated \$140,000 this year for two clusters of schools to create school travel plans, which encourage the school community to think about how they get to school, weaving

some exercise into their journey and avoiding traffic congestion around the school area. This will help our local schools build safe, sustainable, and healthy journeys to and from school.

**Delivering the amenities and services that build strong communities, both in our existing neighbourhoods and for our new ones**

We're undertaking accessibility audits to better understand how our community use our facilities and making improvements to enhance access to our libraries and aquatic facilities, as well as our playgrounds and parks.

We're launching an initiative to support and encourage literacy with a new interactive New Zealand history kit that highlights the Libraries Heritage collection.

Libraries are also dynamic community hubs where people come to connect, create, share, and learn in a social space, and the new Te Kete Aronui Rototuna Library will be no different.

We're on track to be open to the public by June 2023, providing a much-needed facility in one of Hamilton's newer suburbs.

Te Kete Aronui was one of the three baskets of knowledge collected by Taane in the Maaori legend and reflects the role of the library as a community space for learning and knowledge.

The focus for our Waterworld and Gallagher facilities this year is to ensure they are welcoming and inclusive to all. We want to know more about our users so we can deliver an improved suite of facility programmes and services to our diverse community.

The Lido Pool Seasonal Cover is a project scheduled for 2023-24, but we're planning for it this year together with developing our Waterworld Facility Plan.

**Living in lively, safe communities with shared identities**

We'll continue to activate public spaces and places with support

for large and small inclusive community events, through funding and grants such as our Community Events Fund and Creative Partnerships Fund.

A new fund is available this year to assist community groups in partnering with Council to achieve the outcomes of the Welcoming Plan, to build on existing efforts to embrace cultural diversity and ensure Hamilton feels like home to anyone who chooses to move here.

We'll build upon and prioritise partnerships that focus on the negative impacts of poverty, specifically with the Kai Collective, the Youth, Employment and Work initiative, Te Aka Matua, and Emergency and Social housing.

To read more about these projects and activities, head to **[shapingourcity.hamilton.govt.nz](https://shapingourcity.hamilton.govt.nz)**

Listed Capital Projects for the 2022-23 Annual Plan include expected deferrals.



## Capital Projects - Ngaa Kaupapa Rawa

### COMMUNITY SERVICES

#### Libraries

CE10005 - Libraries collection purchases  
CE10006 - Library operational renewals  
CE10007 - Library building renewals  
CE21044 - Libraries development  
CE19017 - Rototuna community facilities

#### Aquatic facilities

CE10001 - Aquatic facilities building renewals  
CE21005 - Aquatic facilities renewals  
CE21046 - Aquatic facilities development

#### Community services total

### TRANSPORT

#### Transport network

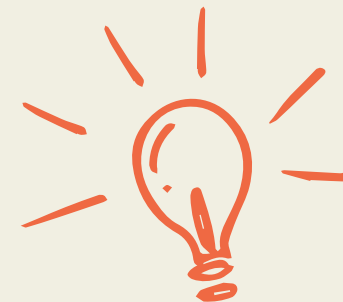
CE10072 - Footpath and street furniture renewals  
CE10074 - Drainage (kerb and channel) renewal  
CE10075 - Road base renewals  
CE10076 - Road resurfacing  
CE10077 - Bridge and structures renewals  
CE10078 - Retaining wall and structures renewals  
CE10080 - Street lighting renewals  
CE10081 - Traffic equipment renewals  
CE21012 - Transport building renewals  
CE19052 - Intersection upgrades  
CE19062 - Bridge resilience programme  
CE19064 - Transport centre rejuvenation  
CE21053 - Central city transportation improvements  
CE21057 - Ferrybank walking and cycling bridge  
CE21058 - Transportation safety improvements  
CE21059 - Transportation smart improvements  
CE21060 - Public transport improvement  
CE15087 - Transportation upgrades to allow for development  
CE15088 - Peacocke transport upgrades and development stage 1

Type	R - Renewals	LOS - Levels of service	G - Growth
	2021-22 Long-Term Plan	2022-23 Long-Term Plan	2022-23 Annual Plan
	\$000	\$000	\$000
R	980	1,013	1,049
R	171	167	123
R	3,047	91	660
LOS	294	33	0
G	7,095	2,686	12,905
	<b>11,587</b>	<b>3,990</b>	<b>14,737</b>
R	2,042	1,463	1,285
R	410	319	230
LOS	1,048	1,789	15,148
	<b>3,500</b>	<b>3,571</b>	<b>16,663</b>
	<b>15,087</b>	<b>7,561</b>	<b>31,399</b>
R	3,305	3,660	4,608
R	2,390	2,709	2,804
R	5,184	4,882	5,620
R	5,900	6,077	5,790
R	291	72	150
R	90	258	267
R	651	420	435
R	942	970	1,004
R	20	21	21
LOS	4,950	9,785	5,124
LOS	0	0	259
LOS	4,600	3,193	917
LOS	650	5,511	431
LOs	500	1,545	150
LOS	8,100	9,491	9,248
LOS	200	206	200
LOS	700	721	2,808
G	219	225	334
G	76	2,000	2,000

	Type	R - Renewals	LOS - Levels of service	G - Growth
		2021-22 Long-Term Plan	2022-23 Long-Term Plan	2022-23 Annual Plan
		\$000	\$000	\$000
CE15089 - Peacocke transport upgrades and development stage 2	G	51,098	59,292	37,598
CE15090 - Rotokauri transport upgrades and development	G	6,667	2,175	2,553
CE15092 - Rototuna transport upgrades and development	G	13,226	8,952	17,853
CE15093 - Ruakura transport upgrades and development	G	36,392	1,859	2,585
CE15096 - Cross city connector	G	200	206	406
CE19036 - Ring Road	G	15,947	206	2,206
CE19037 - Hamilton transport model	G	60	1,131	831
CE19057 - Biking plan implementation	G	11,100	13,905	9,482
CE19058 - Public transport mode shift	G	0	0	181
CE21052 - Peacocke transportation land	G	8,712	7,646	7,180
CE21055 - Te Rapa transportation upgrades and development	G	0	0	595
		<b>182,170</b>	<b>147,118</b>	<b>123,639</b>
<b>Parking management</b>				
CE10070 - Parking enforcement renewals	R	615	124	333
		<b>615</b>	<b>124</b>	<b>333</b>
<b>Transport total</b>		<b>182,785</b>	<b>147,242</b>	<b>123,973</b>

# A city where our people thrive

He taaone e tipu matomato ai te tangata



**We asked what kind of Hamilton Kirikiriroa you wanted to live in. You told us you want a city where there are opportunities to thrive in your jobs, careers and lives.**

**To deliver this, we'll actively create those opportunities so you can leverage the wonderful lifestyle our city has to offer.**

**Hamilton Kirikiriroa continues to be a place where people and businesses want to come, stay, and grow. Our attractive lifestyle, based upon a vibrant city that's easy to live in, means more and more people want to be here.**

## **How are we working towards our plan?**

**Supporting growth through both infill and new suburbs while ensuring Hamilton's unique environment is protected**

We're reviewing some of our key strategies and plans to make sure they support smart development and sustainable growth across the entire city, and also protect Hamilton's natural and built environments, our

heritage and quality of life for our residents.

We're reviewing our Hamilton Urban Growth Strategy (HUGS) for the first time since 2009, so it better reflects where Hamilton Kirikiriroa is today, and to direct our city's growth towards achieving our Vision for Hamilton.

The District Plan, the key document defining how and where the city grows, is also

being reviewed this year. You'll have your chance to submit on proposed plan changes including Plan Change 9: natural environment and cultural heritage. This plan change aims to provide greater protection to our significant natural areas, like our gullies.

Work continues to deliver the growth programmes for Peacocke, Rotokauri-Northwest, Ruakura and Central City, focussing on ensuring the delivery of great communities in

the future by weaving together our key partners, iwi, developers, and the community.

**Building on our growing reputation as a centre of excellence and a place for businesses to come, stay and grow**

Part of this is ensuring that we have the appropriate supply of land, both residential and employment, to meet demand. We'll be undertaking a Housing



and Business Development Capacity Assessment next year, that includes a deeper analysis of employment zoned land demand.

### Our public places are safe for the people that use them and want to use them

We're continuing to look at ways to improve our CCTV monitoring services and analytic capability. This year will see the rollout of the New Zealand Police Safer Cities integrated information sharing platform, which will allow real time footage sharing with the Police Command Centre.

The Briefcam programme will also be implemented this year, an advanced analytical system that allows real time and retrospective search capacity across multiple CCTV cameras, significant in locating missing persons, offenders, stolen vehicles, or those used in ram-raids.

We're also spending \$82,400 on replacements and upgrades to the CCTV network across the city.

### Empowering and enabling our diverse communities to share their voice and shape their city

By 2038, more than 30% of people living in our city will

be Maaori. Last year Council adopted He Pou Manawa Ora - Pillars and Nature in the City Strategy which outlines Council's vision for a city that celebrates its whole history, including its unique Maaori heritage, and ensures everyone has a voice in developing its future.

This year we will work alongside iwi, hapuu and kura to promote and implement the Nature in the City Strategy and continue to work with iwi and hapuu in restoration projects across the city.

The triennial local government elections will be held on 8 October 2022. For the first time,

we'll have two seats introduced in the new Maaori Ward, as well as six East Ward and six West Ward seats, and the position of Mayor.

To read more about these projects and activities, head to [shapingourcity.hamilton.govt.nz](https://shapingourcity.hamilton.govt.nz)

Listed Capital Projects for the 2022-23 Annual Plan include expected deferrals.

## Capital Projects - Ngaa Kaupapa Rawa

### SAFETY

#### Public safety

CE21015 - City safe renewals

#### Animal control

CE21013 - Animal control building renewals

#### Safety total

Type	R - Renewals	LOS - Levels of service	G - Growth
	2021-22 Long-Term Plan	2022-23 Long-Term Plan	2022-23 Annual Plan
	\$000	\$000	\$000
R	171	121	111
	<b>171</b>	<b>121</b>	<b>111</b>
R	0	11	12
	<b>0</b>	<b>11</b>	<b>12</b>
	<b>171</b>	<b>132</b>	<b>123</b>

# A central city where people love to be

He pokapuu taaone e ngaakautia ana e te marea



**We asked what kind of Hamilton Kirikiriroa you wanted to live in. You told us you want a central city that is the beating heart of Hamilton, which always has something going on for our diverse communities to come together and enjoy**

## How are we working towards our plan?

### **Opening up the city to the Waikato River, encouraging people to love and work in the central city, and making it easy to access and move around in**

Following the transformation of the Municipal Pools site in Ferrybank Park, we'll be enhancing this green space into parkland, reconnecting the community to the river, and providing more space for play and recreation within the central city.

We're continuing work on the Central City Walking and Cycling Bridge to get you across the river as promised, whether it be by walking, biking, scootering or skating.

We'll be upgrading the intersection at Tristram and Collingwood Streets to make it safer for the increased number of people walking and cycling in this area. This includes raised safety platforms on the Collingwood Street approaches to the intersection and raised safety platforms with zebra crossings on Tristram

Street, north and south of the intersection.

### **Supporting and providing funding for central city activations**

We'll continue supporting and providing funding for central city activations such as the Hamilton Central Business Association events programme and the annual Christmas parade and Christmas tree installation.

We'll continue to support Boon street art festivals, which brings art to our city's streets.

This year, we're supporting Boon After Dark, a free family-friendly accessible event that brings the 'Phonic Light Bridge' to Garden Place and the interactive 'UV Spaghetti' to Victoria on the River.

To read more about these projects and activities, head to **[shapingourcity.hamilton.govt.nz](https://shapingourcity.hamilton.govt.nz)**

This priority does not have a separate capital programme as the costs are already reflected in our other activity statements.

# A fun city with lots to do

He taaone kua kikii ki ngaa tini kaupapa



**We asked what kind of Hamilton Kirikiriroa you wanted to live in. You told us that you want the city to be an even better place for everyone to play, with things to do or see around every corner.**

## **How are we working towards our plan?**

### **Ensuring our city provides opportunities for everyone to play and have fun - whether it be through organised sport, local playgrounds, events, or our visitor destinations**

We'll be purchasing a neighbourhood park within Peacocke Stage One and a community park within Northern Rotokauri, to ensure Hamilton Kirikiriroa continues to have a range of recreation facilities and open green spaces for the community (and future community) to enjoy.

So people can enjoy more of our facilities all year round, we're

making some improvements. The fields at Gower and Korikori Parks will receive LED floodlight upgrades, and the Fairfield Park skate space will have new lighting to enable safe use during the winter months.

We're undertaking sports parks drainage improvements at Steele Park, Flagstaff Park and Swarbrick Park to improve playing capacity, and we're improving our change room facilities at Porritt Stadium, Korikori and Gower Parks in anticipation of the 2023 FIFA Women's World Cup, where we'll host teams for training. The track at Porritt Stadium will be resurfaced and we're renewing Field Two to meet FIFA training standards.

The Founders Theatre site is a significant public space in the central city. This year, we'll be transforming the site into a multi-purpose park and community space with purpose-built facilities to meet the needs of the community. We'll pay homage to Founders history, provide space for open air performances, and reinstate its fountains.

We're continuing to partner with Pukete Neighbourhood Trust to progress the planning of the Pukete Neighbourhood House, a proposed facility aligned with the upgrade of the Te Rapa Sportsdrome. Detailed planning works to upgrade the Te Rapa Sportsdrome flooring to reinvigorate the facility will be

progressed in alignment with the Pukete Neighbourhood House project.

### **Unique visitor and education experiences at the Zoo that connect people with nature and wildlife and showcase conservation in action**

We have some exciting new exhibits planned at the Hamilton Zoo, including building spaces to display New Zealand eels, lace monitor lizards, and an interactive farmyard enclosure.

We're improving the primate enclosure to provide chimps with shade and siamang with more tunnels.

We're also making it easier to get

around the zoo by widening and flattening all zoo paths.

### Hamilton Gardens is an internationally acclaimed attraction

Last year, we opened the new Ancient Egyptian Garden, and this year we're working on the development of the Medieval, Pasifika and Baroque Gardens. We're also opening the new Visitor Centre, which will ensure a single secure entry point for visitors, as well as providing a range of other benefits to enhance your visitor experience.

### Care for, preserve and share stories about the objects and

### taonga of the Waikato region and beyond, through a variety of exhibitions, events, and education activities at Waikato Museum

Our Exscite exhibition has been redeveloped over two floors with new and improved interactives, themes and experiences grounded in the New Zealand science curriculum with a focus on the Waikato River, ecology, environment, and matauranga Maaori.

We'll be hosting a touring exhibition from the Natural History Museum in London, showcasing the stunning images from the annual Wildlife

Photographer of the Year competition, sharing the diversity and beauty of the natural world.

Entering the Museum will look a little different this year too, with the Victoria Street upgrade. This project will deliver a strong visual connection to Victoria Street, with better access to welcome our manuhiri (visitors). This project will also deliver a climate controlled environment that meets the standards for safe care, storage and display of objects, taonga and artworks.

### Cemeteries serve as passive spaces of reflection and remembrance for the community

We're expanding the Oak Lawn and Web of Memories to ensure we continue to provide for burials and interments.

We're also purchasing a new mower for Hamilton Park Cemetery and allocating additional resourcing to enable the individual edging of 12,500 plaques in the Burial Lawn.

To read more about these projects and activities, head to [shapingourcity.hamilton.govt.nz](https://shapingourcity.hamilton.govt.nz)

Listed Capital Projects for the 2022-23 Annual Plan include expected deferrals.

## Capital Projects - Ngaa Kaupapa Rawa

### VISITOR DESTINATIONS

#### Hamilton Gardens

- CE10026 - Hamilton Gardens renewals
- CE10028 - Hamilton Gardens building renewals
- CE21001 - Nursery renewals
- CE19023 - Hamilton Gardens development
- CE21047 - Hamilton Gardens themed gardens

#### Hamilton Zoo and Waiwhakareke Natural Heritage Park

- CE10017 - Hamilton Zoo building renewals
- CE21002 - Hamilton Zoo operational renewals
- CE21043 - Hamilton Zoo and Waiwhakareke development

Type	R - Renewals	LOS - Levels of service	G - Growth
	2021-22 Long-Term Plan	2022-23 Long-Term Plan	2022-23 Annual Plan
	\$000	\$000	\$000
R	40	14	15
R	132	0	0
R	244	92	0
LOS	1,963	2,010	3,745
LOS	400	0	0
	<b>2,779</b>	<b>2,116</b>	<b>3,760</b>
R	1,675	915	614
R	2,317	2,035	1,269
LOS	3,237	7,976	4,867
	<b>7,229</b>	<b>10,926</b>	<b>6,750</b>



		R - Renewals	LOS - Levels of service	G - Growth
	Type	2021-22 Long-Term Plan	2022-23 Long-Term Plan	2022-23 Annual Plan
		\$000	\$000	\$000
<b>Waikato Museum</b>				
CE10008 - Museum operational renewals	R	74	89	388
CE10011 - Museum building renewals	R	50	51	124
CE19028 - Collection acquisition fund	LOS	42	45	6
CE21045 - Museum development	LOS	504	618	637
		<b>670</b>	<b>803</b>	<b>1,155</b>
<b>Visitor destinations total</b>		<b>10,678</b>	<b>13,845</b>	<b>11,665</b>
<b>VENUES TOURISM AND MAJOR EVENTS</b>				
CE21011 - VTME building renewals	R	5,558	6,290	4,269
CE21042 - VTME operational renewals	R	1,692	2,771	2,678
CE21041 - VTME security and health and safety programmes	LOS	861	721	949
<b>Venues, Tourism and Major Events total</b>		<b>8,111</b>	<b>9,782</b>	<b>7,896</b>
<b>PARKS AND RECREATION</b>				
<b>Parks and sport parks</b>				
CE10030 - Parks and recreation building renewals	R	741	3,191	2,435
CE21001 - Nursery renewals	R	24	10	358
CE21003 - Parks and recreation renewals	R	2,686	4,975	4,095
CE17004 - River plan	LOS	1,132	5,154	2,204
CE21006 - Nature in the city gully restoration and development	LOS	581	971	910
CE21010 - Parks and recreation development	LOS	3,030	8,891	20,433
CE19007 - Peacocke parks development	G	1,190	555	2,125
CE19009 - Rototuna parks development	G	2,000	0	0
		<b>11,384</b>	<b>23,747</b>	<b>32,560</b>
<b>Cemeteries and crematorium</b>				
CE10021 - Cemetery and crematorium building renewals	R	5	5	5
CE21004 - Cemeteries and crematorium renewals	R	113	146	219
CE21007 - Cemeteries and crematorium development	G	70	49	117
		<b>188</b>	<b>200</b>	<b>341</b>
<b>Indoor recreation</b>				
CE21008 - Indoor recreation development	LOS	675	1,680	1,297
		<b>675</b>	<b>1,680</b>	<b>1,297</b>
<b>Community facilities</b>				
CE19070 - Community facilities building renewals	R	1,620	933	1,722
		<b>1,620</b>	<b>933</b>	<b>1,722</b>
<b>Parks and recreation total</b>		<b>13,867</b>	<b>26,560</b>	<b>35,921</b>

# A green city

He taaone tiaki taiao



**We asked what kind of Hamilton Kirikiriroa you wanted to live in. We want to do it right together, so our city will get better by the day and we can leave a legacy we can all be proud of.**

**To protect Hamilton Kirikiriroa for future generations and to become a sustainable city, we'll continue to challenge how we live within our city and how it grows.**

## **How are we working towards our plan?**

### **Planning to ensure we continue to have a green, clean city that we are proud of**

This year, we'll review our Water Supply Bylaw and our Trade Waste and Wastewater Bylaw, and the impact of the National Policy Statement for Urban Development. The change in central government direction for urban development has significant consequences on the anticipated water infrastructure

investment required to support growth, so we're continuing to work to understand these impacts and identify the future infrastructure options and investment required.

Work continues to develop a Three Waters infrastructure strategy. This is to optimise future investment in infrastructure required to support subregional growth and to deliver on the Te Ture Whaimana outcomes.

### **Embracing the sustainable use of natural resources such as our water**

We'll continue looking after what we have with replacements and upgrades to our water network and treatment plant assets to reduce the risk of asset failure. We'll do this by proactively replacing aging assets and improving compliance.

We're also building. Construction is anticipated to commence on an upgrade to

the Water Treatment Plant to increase treatment capacity by approximately 30%.

### **Commitment to protecting our environment for future generations**

This year, we'll undertake future proof upgrades across our water, wastewater, and stormwater.

We have a programme of works to reconfigure the water network to improve resilience and enable growth. This

includes the upgrade of the existing Newcastle Pumpstation to increase capacity, and the construction of a strategic water line in the Hamilton South demand zone to service the Peacocke growth cell.

We're also enhancing our treatment capacity by constructing emergency wastewater pumpstation storage at the Fairfield Pumpstation and retrofitting four existing wastewater Bioreactors. We're installing storage capacity within the wastewater network including the upgrade of the Fitzroy Pumpstation and the diversion of flow from the Western Wastewater Interceptor, and the designation of strategic bulk wastewater storage sites to enable future construction.

### **Tackling how our city responds to climate change**

We're investigating how we can reduce the emissions and energy use at the Pukete Wastewater Treatment Plant.

We will adopt our Climate Change Strategy and commence actions needed to deliver to the outcomes we want in the strategy.

### **Honouring, enhancing and protecting taonga (treasures) like the Waikato River, and our city's extensive and unique gully system**

The Nature in the City Programme this year will establish detailed scientific understandings of each gully system and the ecological values within each Significant Natural Area.

We're establishing our restoration methodology combining science and matauranga Maaori and setting in place programmes for monitoring and reporting on biodiversity, recreational and community use.

We're also collating our baseline data so our progress on Nature in the City can be tracked for future years.

Restoration and erosion control works in the identified priority area of Mangaiti Gully, 10 hectares between Gordonton Road and Keswick Crescent, are due to be completed early this year. Maintenance, weeding and planting native species began in 2021 and will eventually see more than 70,000 native plants planted in the Mangaiti Gully, contributing to our goal of achieving at least 10% indigenous vegetation cover across the city.

This year, our Nature in the City physical works will focus on native planting restoration and path development within Donny Park.

### **Minimising our impact on the land by leading the country in waste minimisation practices**

We will continue to optimise the city's rubbish and recycling service in line with the growth of our city and any proposed changes by central government.

A review of our compliance and enforcement activities will see

more focus on illegal dumping and associated compliance issues.

Our Waste Management and Minimisation Plan will continue to be implemented, including the provision of waste minimisation education.

Although it is now closed, we continue to look after what we have and our focus this year is undertaking upgrades to ensure that the Horotiu landfill remains compliant.

To read more about these projects and activities, head to **[shapingourcity.hamilton.govt.nz](https://shapingourcity.hamilton.govt.nz)**

Listed Capital Projects for the 2022-23 Annual Plan include expected deferrals.

## Capital Projects - Ngaa Kaupapa Rawa

### WATER SUPPLY

#### Water treatment and storage

CE10138 - Treatment plant and reservoir renewals

CE15139 - Water treatment plant compliance minor upgrades

CE15144 - Upgrade water treatment plant

#### Water distribution

CE10123 - Watermain renewals

CE10124 - Watermain valves and hydrants renewals

CE10145 - Tools of trade renewals

CE15158 - Water model

CE15133 - Water network improvements

CE15126 - Rototuna upgrade or new watermain

CE15127 - Water pipe upgrades

CE15128 - Rotokauri upgrade and new watermain stage 1

CE15132 - Water network upgrades to allow new development

CE15134 - Water demand management - Pukete reservoir zone

CE15135 - Peacocke water distribution mains stage 1

CE15137 - Water demand management - Newcastle reservoir zone

CE15141 - Water demand management - Hillcrest reservoir zone

CE15146 - Water customer connections

CE15148 - Ruakura upgrade and new watermain

CE15159 - Water master plan

CE19045 - Ruakura reservoir and associate bulk mains

CE19046 - Peacocke watermain stage 2

### Water supply total

### WASTEWATER

#### Wastewater collection

CE10100 - Wastewater pump station asset renewals

CE10101 - Wastewater asset renewals

CE15160 - Wastewater model

CE15103 - Wastewater network improvements

CE15105 - Rototuna wastewater infrastructure

CE15107 - Rotokauri wastewater infrastructure

CE15111 - Increase capacity of wastewater network

CE15121 - Wastewater customer connections to network

CE15161 - Wastewater master plan

CE19040 - Peacocke wastewater infrastructure stage 2

CE19041 - Increase capacity wastewater far east network

CE19042 - Peacocke wastewater south network

CE19043 - Increase capacity wastewater west network

CE19044 - Increase capacity wastewater east network

Type	2021-22 Long-Term Plan	2022-23 Long-Term Plan	2022-23 Annual Plan
	\$000	\$000	\$000
R	1,283	1,042	1,512
LOS	425	1,195	966
G	14,000	7,674	8,462
	<b>15,708</b>	<b>9,911</b>	<b>10,940</b>
R	2,525	5,131	3,639
R	700	668	692
R	40	41	43
R	100	121	373
LOS	350	427	227
G	0	796	796
G	0	0	700
G	84	130	84
G	1,200	3,605	3,605
G	0	0	500
G	22	0	0
G	10,000	4,076	7,548
G	63	0	18
G	50	52	634
G	200	0	0
G	183	188	5
G	0	0	1,500
G	242	1,267	667
	<b>15,759</b>	<b>16,502</b>	<b>21,031</b>
	<b>31,467</b>	<b>26,413</b>	<b>31,971</b>
R	1,063	983	517
R	5,000	3,924	3,807
R	100	109	524
LOS	1,304	2,060	2,280
G	500	470	1,021
G	121	166	0
G	1,233	1,594	2,211
G	75	77	1,077
G	600	103	0
G	742	711	6,108
G	3,500	0	4,000
G	11,480	23,863	13,763
G	5,258	4,746	6,720
G	1,100	0	1,188
	<b>32,076</b>	<b>38,806</b>	<b>43,216</b>



	Type	2021-22 Long-Term Plan	2022-23 Long-Term Plan	2022-23 Annual Plan
		\$000	\$000	\$000
<b>Wastewater treatment and storage</b>				
CE10115 - Wastewater treatment plant asset renewals	R	3,029	3,302	3,033
CE15120 - Wastewater treatment plant compliance	LOS	490	577	4,465
CE15117 - Upgrade wastewater treatment plant	G	1,700	11,433	5,946
CE21073 - Subregional wastewater treatment plant	G	1,000	6,695	763
		<b>6,219</b>	<b>22,007</b>	<b>14,207</b>
<b>Wastewater total</b>		<b>38,295</b>	<b>60,813</b>	<b>57,423</b>
<b>STORMWATER</b>				
CE10058 - Stormwater asset renewals	R	569	860	753
CE15067 - Comprehensive stormwater consent implementation	LOS	79	329	366
CE19026 - Erosion control works	LOS	1,434	1,341	953
CE21031 - Flood management	LOS	0	155	12
CE21062 - Stormwater asset upgrades	LOS	50	161	166
CE15059 - Rototuna stormwater infrastructure	G	57	178	1,379
CE15060 - Rotokauri stormwater infrastructure stage 1	G	2,200	2,266	1,543
CE15062 - Peacocke stormwater infrastructure stage 2	G	0	157	157
CE15063 - Peacocke stormwater infrastructure stage 2	G	4,826	2,951	2,951
CE15068 - Stormwater customer connections	G	25	26	26
CE15162 - Integrated catchment management plan	G	1,151	1,133	1,178
CE21032 - Stormwater infrastructure upgrades	G	0	0	265
CE21066 - Ruakura stormwater infrastructure	G	3,000	1,030	1,961
<b>Stormwater total</b>		<b>13,391</b>	<b>10,587</b>	<b>11,710</b>
<b>RUBBISH AND RECYCLING</b>				
CE10054 - Closed landfill assets renewals	R	450	58	453
CE10056 - Refuse Transfer Station and Hamilton Organics Centre asset renewals	R	50	108	112
CE15055 - Closed landfill management	LOS	50	25	26
<b>Rubbish and recycling total</b>		<b>550</b>	<b>191</b>	<b>591</b>
<b>OVERHEAD AND SUPPORT UNITS</b>				
<b>Corporate</b>				
CE10158 - Fleet vehicle renewals	R	1,944	1,392	1,258
CE21014 - Corporate building renewals	R	2,754	2,837	2,336
		<b>4,698</b>	<b>4,228</b>	<b>3,594</b>
<b>Information services</b>				
CE21025 - Information services renewals	R	4,070	3,502	3,625
CE21026 - Information services upgrades	LOS	5,415	5,340	5,527
		<b>9,485</b>	<b>8,842</b>	<b>9,152</b>
<b>Strategic property</b>				
CE10151 - Strategic property renewals	R	85	113	117
		<b>85</b>	<b>113</b>	<b>117</b>
<b>Overhead and support unit total</b>		<b>14,268</b>	<b>13,183</b>	<b>12,863</b>



# Financial matters

Ko ngaa take puutea



# Key changes to the 2021-31 Long-Term Plan

Ngaa panonitanga matua ki te Mahere  
Ahu Whakamua 2021-31

**In response to increasing costs from rising inflation and the ongoing impacts of COVID-19 on the supply chain and labour resources, we have adjusted our 2022-23 Annual Plan budget.**

Every three years we set our budget and work programme for the next decade and the latest edition is our 2021-31 Long-Term Plan. Year Two of this plan is 2022-23 – the year of our Annual Plan. The budget for the Long-Term was developed as a Community Wellbeing Budget to give effect to the five priorities. We worked alongside our residents, so it reflects

the aspirations they have for Hamilton Kirikiriroa.

We told the community what we would do in 2022-23 and we're sticking to that. However, we didn't foresee the major challenge of increasing costs driven mainly by the high rate of inflation New Zealand is experiencing when planning our 2022-23 budget and work

programme during the Long-Term Plan.

Based on feedback from the community, we have introduced several projects and operational activities. Funding has been allocated for the creation of School Travel Plans, a new grant fund available for community application to implement projects from our

Welcoming Plan, and additional funding for minor Cycle Facility Improvements.

Several projects that were not funded in Year Two of the 2021-31 Long-Term Plan have also been brought forward following community consultation. This includes funding for an initiative at the Pukete Wastewater Treatment Plant to improve

the resilience of the electricity supply, funding for the acquisition of a community park in Rotokauri, and funding for the installation of cycle wands to improve the safety of cyclists.

Other budget changes approved by Council, that have impacted the budget, are from increases in our electricity costs, an additional spend on cyber security and an increase in an existing contract for sludge removal from the Pukete Wastewater Treatment Plant.

The 2021-31 Long-Term Plan Year Two capital programme of \$316 million has therefore been revised to \$325.5 million.

We've reviewed our assumptions about inflation. An inflation rate of 6% has been used for personnel costs (an increase of 3.5% above

the 2021-31 Long-Term Plan assumption), and an inflation rate of 5% for other operating costs (an increase of 2.1% above the 2021-31 Long-Term Plan assumption). The financial impact of the change in the inflation assumption is \$2.6 million for operating costs, and \$3.8 million for personnel.

An inflation rate of 7% has been used for capital projects assessed as having a cost escalation risk due to inflation (an increase of 4% above the Long-Term Plan assumption). The inflation rate of 3% was retained for the capital projects not deemed to be at risk of cost escalation from inflation. The financial impact of a forecast increase in the capital programme is \$10.6 million.

The depreciation expense forecast in the 2021-31 Long-Term Plan for Year Two has been

updated to incorporate the impact of the 2021 revaluation of Building and Transportation assets, and the impact of the 2022 revaluation for Buildings, Refuse, Stormwater, Wastewater Treatment Plant, Water Supply and Water Treatment Station assets. This has resulted in an increase in the depreciation expense from \$79.9 million to \$86.5 million.

The combined impact of the adjustments mean that we are now forecasting an operating surplus in 2022-23 of \$53.4 million, \$78.1 million less than the \$131.5 million forecast in Year Two of the 2021-31 Long-Term Plan.

The operating surplus is 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 excluded expenses that aren't everyday costs. We are now forecasting a 'Balancing the Books' deficit for 2022-23 of \$14 million, compared to the \$2 million deficit forecast in Year Two of the 2021-31 Long-Term Plan.

The increases to our budgets are covered by debt, which enables us to retain the average rates increase for 2022-23 of 4.9% as signalled for Year 2 of the Long-Term Plan.



# Financial strategy

Te Rautaki aa-Tahua

**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 2021-31 Long-Term Plan, we revised the strategy and we will review it again when we prepare the 2024-34 Long-Term 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 2021-31 Long-Term 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 2022-23 Annual Plan incorporates the forecast impact of COVID-19 on our revenue and expenditure,

resulting in the Balancing the Books measure being forecast to move to a surplus two years later than planned in the Long-Term Plan. The Debt to Revenue measure and Net Debt measure remain within the financial strategy parameters set for 2022-23 in the Long-Term Plan.

## Rates

Council has set the average rate

increase for 2022-23 at 4.9%. This is in line with what was proposed in the 2021-31 Long-Term Plan.

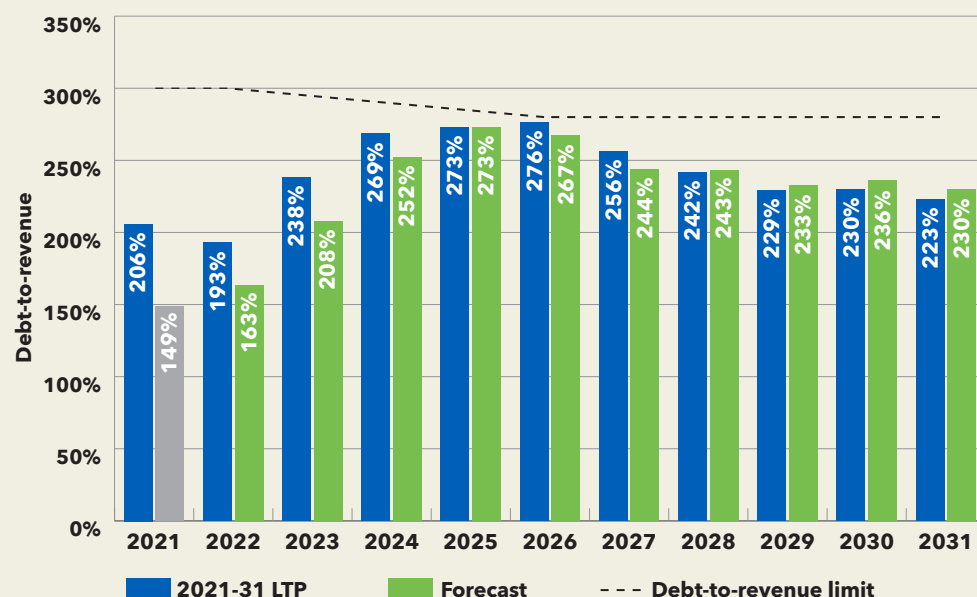
## Debt

### Debt to revenue

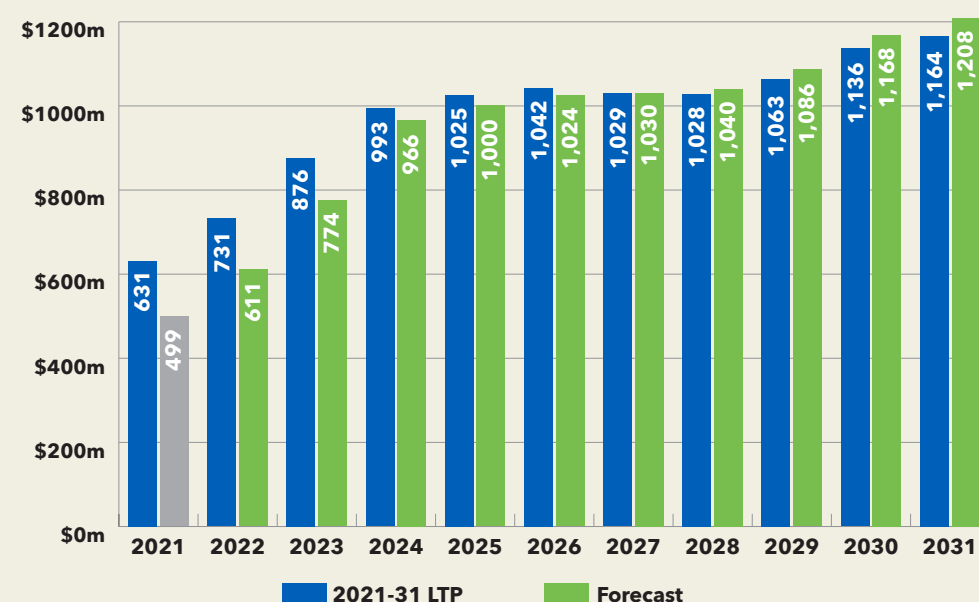
To keep debt to manageable levels, the financial strategy caps Debt to Revenue at 300% for the year ending June

2022, decreasing by 5% for each of the next four years, to 280% for the year ending June 2026 and beyond. Our lenders will let us borrow up to these maximum Debt to Revenue ratios. Remaining under these limits, over the 10 years, supports Council's strong credit rating (AA-). In 2022-23 Debt to Revenue is forecast at 208%, compared to 238% in the

### Debt-to-revenue limit



### Net debt



2021-31 Long-Term Plan. Debt capacity headroom (the gap between the limit and forecast) looks to tighten in later years of the 2021-31 Long-Term Plan.

### Net debt

In the 2021-31 Long-Term Plan Net Debt in 2022-23 was expected to be \$876 million. We are now forecasting it at \$774

million. The Net Debt graph shows we are forecasting a decrease in Net Debt against the 2021-31 Long-Term 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.

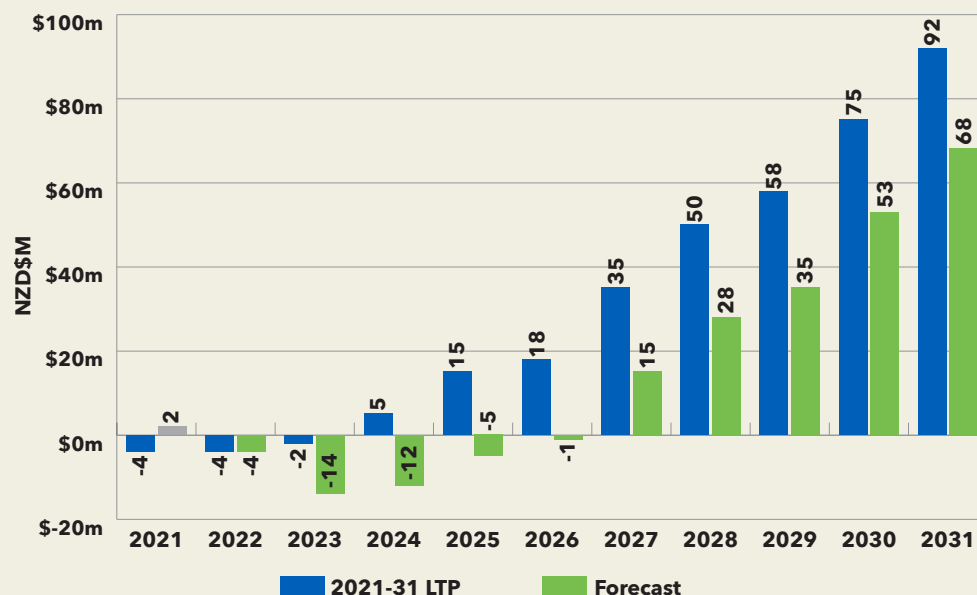
The 2021-31 Long-Term Plan budgeted Balancing the Books deficits in 2021-22 and 2022-23 then surpluses from 2023-24 onwards. Instead, we expect a larger than forecast Balancing the Books deficit in 2022-23 of \$14 million, compared to the \$2 million deficit in the 2021-31 Long-Term Plan. The books are now projected to be balanced

from 2026-27 onwards.

The main reasons for the shift are:

- Increase in operating and capital inflation costs
- Increase in finance costs as interest rates rise
- Increase in depreciation as assets are revalued.

### Balancing the books



	What's in our Long Term Plan for 2022-23	What's in our Annual Plan for 2022-23
Net debt	\$876M	\$774M
Debt to revenue ratio	238%	208%
Balancing the books	(\$2M)	(\$14M)

# Financial statements Ngaa Tauaakii aa-Tahua

## Prospective statement of comprehensive revenue and expenses

Forecast for the year ending 30 June 2023

		2021-22 Long-Term Plan	2022-23 Long-Term Plan	2022-23 Annual Plan
	Notes	\$000	\$000	\$000
<b>Revenue</b>				
Rates	2	221,714	237,140	239,860
Fees and user charges	3	40,723	43,775	43,238
Subsidies and grants	4	8,664	8,867	8,865
Interest revenue	5	302	311	1,866
Other revenue	6	14,780	18,667	17,805
Development contributions	7	31,622	33,822	33,822
Capital revenue	8	101,588	71,661	70,820
Vested assets	9	34,491	39,199	39,199
<b>Total revenue (excluding gains)</b>		<b>453,885</b>	<b>453,441</b>	<b>455,474</b>
<b>Expenditure</b>				
Personnel costs		96,917	100,204	109,125
Depreciation and amortisation expense	10	75,534	79,914	86,520
Finance costs	11	16,270	21,583	21,454
Operating and maintenance costs		68,670	73,832	76,838
Professional costs		16,531	15,071	16,695
Administration costs		24,215	19,578	17,638
Property costs		11,779	12,517	13,754
<b>Total expenses (excluding losses)</b>		<b>309,917</b>	<b>322,699</b>	<b>342,024</b>
<b>Operating surplus/(deficit)*</b>		<b>143,968</b>	<b>130,742</b>	<b>113,450</b>
Gains		756	775	1,011
Losses		(61,103)	-	(61,103)
<b>Total surplus/(deficit)</b>		<b>83,622</b>	<b>131,517</b>	<b>53,359</b>
<b>Other comprehensive revenue and expense</b>				
Items that will not be reclassified to surplus/(deficit)				
Gain on property, plant and equipment revaluations		112,916	48,475	52,063
<b>Total other comprehensive revenue and expense</b>		<b>112,916</b>	<b>48,475</b>	<b>52,063</b>
<b>Total comprehensive revenue and expense</b>		<b>196,538</b>	<b>179,992</b>	<b>105,422</b>

The accompanying notes form part of these financial statements



# Prospective statement of changes in equity

Forecast for the year ending 30 June 2023

	2021-22 Long-Term Plan	2022-23 Long-Term Plan	2022-23 Annual Plan
Notes	\$000	\$000	\$000
<b>Equity balance at 1 July</b>	4,221,514	4,418,052	4,829,519
Total comprehensive revenue and expense for the period	196,538	179,992	105,422
Equity balance at 30 June	4,418,052	4,598,044	4,934,941
<b>Accumulated comprehensive revenue and expense</b>			
Balance at beginning of year	1,931,292	2,014,949	2,149,456
Operating surplus/(deficit)	83,622	131,517	53,359
Transfers (to)/from restricted and council created reserves	35	44	(94)
Balance at end of year	2,014,949	2,146,511	2,202,721
<b>Revaluation reserves</b>			
Balance at beginning of year	2,248,275	2,361,192	2,637,302
Revaluation gains	112,916	48,475	52,063
Balance at end of year	2,361,192	2,409,667	2,689,365
<b>Restricted and council created reserves</b>			
Balance at beginning of year	41,946	41,911	42,761
Transfers (to)/from reserves	(35)	(44)	94
Balance at end of year	41,911	41,867	42,855
<b>Equity balance at 30 June</b>	<b>4,418,052</b>	<b>4,598,044</b>	<b>4,934,941</b>

The accompanying notes form part of these financial statements.

# Prospective balancing the books measure

Forecast for the year ending 30 June 2023

	2021-22 Long-Term Plan	2022-23 Long-Term Plan	2022-23 Annual Plan
Notes	\$000	\$000	\$000
<b>Surplus/(deficit)</b>	83,622	131,517	53,359
<b>Remove capital revenue</b>			
Vested assets	(34,491)	(39,199)	(39,199)
Part of development and financial contributions <sup>A</sup>	(20,554)	(21,984)	(21,984)
Capital subsidy (excluding subsidy on transport renewals) <sup>B</sup>	(60,479)	(58,906)	(53,729)
Other capital contributions	(32,863)	(5,040)	(9,377)
Other items not considered everyday operating revenue <sup>C</sup>	(8,084)	(11,780)	(10,887)
<b>Remove (gains)/losses</b>			
All (gains)/losses	60,347	(775)	60,092
<b>Remove other expenses</b>			
Other items not considered everyday operating expenses <sup>D</sup>	9,585	4,327	7,280
<b>Balancing the books (surplus/ (deficit))</b>	<b>(2,918)</b>	<b>(1,840)</b>	<b>(14,444)</b>

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

Forecast for the year ending 30 June 2023

		2021-22 Long-Term Plan	2022-23 Long-Term Plan	2022-23 Annual Plan
	Notes	\$000	\$000	\$000
<b>Assets</b>				
<b>Current assets</b>				
Cash & cash equivalents		50,000	50,000	102,174
Receivables		34,520	34,817	31,550
Prepayments		1,755	1,755	2,460
Inventory		160	160	189
Other financial assets	12	1,320	1,488	12,275
<b>Total current assets</b>		<b>87,755</b>	<b>88,220</b>	<b>148,649</b>
<b>Non-current assets</b>				
Property, plant and equipment		5,118,820	5,435,271	5,654,610
Intangible assets		31,886	38,646	23,664
Investment property		31,014	31,790	46,585
Other financial assets	12			
- Investment in CCOs and other similar entities		11,230	11,230	12,238
- Other investments		13,151	14,212	14,981
<b>Total other financial assets</b>	12	<b>24,381</b>	<b>25,442</b>	<b>27,219</b>
Investment in associates	13	7,430	7,430	7,430
Derivative financial instruments		1,191	1,191	629
<b>Total non-current assets</b>		<b>5,214,722</b>	<b>5,539,770</b>	<b>5,760,138</b>
<b>Total assets</b>		<b>5,302,477</b>	<b>5,627,990</b>	<b>5,908,786</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Payables and deferred revenue		38,446	38,446	48,261
Employee entitlements		9,620	9,620	9,682
Provisions		1,626	1,830	3,504
Borrowings	14	86,900	81,900	112,862
Derivative financial instruments		322	322	524
<b>Total current liabilities</b>		<b>136,914</b>	<b>132,118</b>	<b>174,833</b>
<b>Non-current liabilities</b>				
Employee entitlements		1,100	1,100	985
Provisions		13,368	12,454	13,353
Borrowings	14	666,315	817,545	748,096
Derivative financial instruments		66,728	66,728	36,578
<b>Total non-current liabilities</b>		<b>747,511</b>	<b>897,827</b>	<b>799,011</b>
<b>Total liabilities</b>		<b>884,425</b>	<b>1,029,945</b>	<b>973,845</b>
<b>Net assets</b>		<b>4,418,052</b>	<b>4,598,044</b>	<b>4,934,941</b>
<b>Equity</b>				
Accumulated funds		2,014,949	2,146,511	2,202,721
Other reserves		2,361,192	2,409,667	2,689,365
Restricted reserves	15	41,410	41,451	41,911
Council created reserves	15	501	416	944
<b>Total equity</b>		<b>4,418,052</b>	<b>4,598,044</b>	<b>4,934,941</b>

The accompanying notes form part of these financial statements.

# Prospective statement of cash flows

Forecast for the year ending 30 June 2023

		2021-22 Long-Term Plan	2022-23 Long-Term Plan	2022-23 Annual Plan
<b>Cash flows from operating activities</b>	Notes	\$000	\$000	\$000
<b>Cash will be provided from:</b>				
Rates revenue	2	221,714	237,140	239,860
Fees and user charges		40,723	43,775	43,238
Government operating subsidies and grants		8,664	8,867	8,865
Government capital subsidies and grants		68,725	66,621	61,443
Other capital contributions		64,485	38,862	43,198
Interest received		302	311	1,866
Dividends received		104	104	104
Sundry revenue		2,113	6,486	6,698
<b>Total</b>		<b>406,831</b>	<b>402,165</b>	<b>405,273</b>
<b>Cash will be applied to:</b>				
Payments to employees		96,917	100,204	109,125
Payments for suppliers		125,398	121,829	125,655
Interest paid		15,554	20,134	19,843
Net GST paid		-	-	-
<b>Total</b>		<b>237,868</b>	<b>242,167</b>	<b>254,624</b>
<b>Net cash flow from operating activities</b>		<b>168,962</b>	<b>159,998</b>	<b>150,649</b>
<b>Cash flows from investing activities</b>				
<b>Cash will be provided from:</b>				
Proceeds from reduction in other financial assets		432	440	440
Proceeds from maturity of NZLGFA borrower notes		960	880	880
Proceeds from sale of assets held for sale		-	-	-
Proceeds from sale of property, plant and equipment		-	-	-
<b>Total</b>		<b>1,392</b>	<b>1,320</b>	<b>1,320</b>
<b>Cash will be applied to:</b>				
NZLGFA borrower notes		2,342	2,549	3,111
Purchase of property, plant and equipment and intangible assets		328,668	316,310	325,535
<b>Total</b>		<b>331,010</b>	<b>318,860</b>	<b>328,646</b>
<b>Net cash flow from investing activities</b>		<b>(329,618)</b>	<b>(317,540)</b>	<b>(327,326)</b>
<b>Cash flows from financing activities</b>				
<b>Cash will be provided from:</b>				
Finance leases raised		300	300	173
Loans raised		194,030	230,783	238,812
<b>Total</b>		<b>194,330</b>	<b>231,083</b>	<b>238,985</b>
<b>Cash will be applied to:</b>				
Loan repayments		60,000	74,100	64,100
Finance lease repayments		300	300	173
<b>Total</b>		<b>60,300</b>	<b>74,400</b>	<b>64,273</b>
<b>Net cash flow from financing activities</b>		<b>134,030</b>	<b>156,683</b>	<b>174,712</b>
<b>Cash Balance</b>				
Net increase/(decrease) in cash held		(26,000)	-	-
Opening cash and cash equivalents balance		76,000	50,000	102,174
<b>Closing cash and cash equivalents balance</b>		<b>50,000</b>	<b>50,000</b>	<b>102,174</b>

The accompanying notes form part of these financial statements.

# Notes to the financial statements

## Nga nooti ki ngaa tauaakii aa-tahua

### 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 30 June 2022. 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 requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

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

The reporting period for these prospective financial statements is for the year ending 30 June 2023. The prospective financial statements are presented in New Zealand dollars, rounded

to the nearest thousand (\$000), unless otherwise stated.

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

The purpose of the prospective financial information is to support 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 requires the use of judgements, estimates and assumptions. Where material, information on the main assumptions is provided in the relevant accounting policy.

The estimates and assumptions are based on historical experience as well as other factors that are believed to be reasonable under the circumstances. Subsequent actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis and adjustments are made where necessary.

Judgements that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are

discussed in the relevant notes. Significant judgements and estimations include landfill post-closure costs, asset revaluations, impairments, certain fair value calculations and provisions.

## **Significant accounting policies**

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

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

### **Exchange transactions**

Exchange transactions are transactions where the Council receives assets (primarily cash)

or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services, or use of assets) to another entity in exchange.

## **Non-exchange transactions**

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

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

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 and 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 stated 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 comprises current and deferred tax.

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

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

## **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 consist of:

### Operational assets

These include land, buildings (which includes cultural assets, community and leisure facilities), improvements, non-restricted parks and gardens, plant and equipment, vehicles, sports areas and library books.

### Zoo animals

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

### Restricted assets

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

### Heritage assets

These are museum collections and library collections (New

Zealand Room).

### Infrastructure assets

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

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

### Additions

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

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

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no

cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

### Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported in the net surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

### Subsequent costs

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

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

## Revaluation

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

The carrying values of revalued assets are assessed annually to 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 have been estimated as follows:

Asset Class	Years	Depreciation rate
<b>Buildings - structure/fit out/services</b>	5-200	0.5%-20%
<b>Plant and vehicles</b>	3-15	6.7%-33.3%
<b>Furniture, fittings and equipment</b>	5-50	2%-20%
<b>Library books</b>	3-14	7.1-33.3%
<b>Zoo animal (acquisition costs)</b>	10	10%
<b>Improvements - Parks &amp; Gardens</b>	5 - 150	0.7% - 20%
<b>Roads and traffic network:</b>		
Top surface (seal)	5 - 20	5% - 20%
Pavement (basecourse)	50 - 140	0.7% - 2%
Concrete	60	1.7%
Drainage	60-70	1.4-1.7%
Carparks	6 - 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%

## 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

Asset Class	Years	Depreciation rate
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%
<b>Wastewater reticulation</b>		
Pipes	30 - 100	1% - 3.3%
Manholes	100	1%
Treatment plant	5 - 100	1% - 20%
Valves	40 - 75	1.3% - 2.5%
Pump stations	15 - 100	1% - 6.7%



Asset Class	Years	Depreciation rate
<b>Stormwater system:</b>		
Pipes	30 - 100	1% - 3.3%
Manholes, inlets and outlets	100	1%
Soakage trench	50	2%
Fish Pass	50	2%
Channels	70-90	1.1%-1.4%
Erosion Control	50-100	1%-2%
<b>Water reticulation:</b>		
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	5 - 100	1% - 20%
Meters	15	6.7%
Hydrants	50 - 75	1.3% - 2%
Cathodic Protection Device	15 - 100	1% - 6.7%
Reservoirs	15 - 100	1% - 6.7%
<b>Refuse - Rubbish and Recycling</b>	5 - 100	1% - 20%

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 that Council control is 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:

<b>Computer software</b>	3-10 years
<b>Consents &amp; designations</b>	10-35 years
<b>Licenses</b>	3-10 years
<b>Models</b>	7-30 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 in respect of service that employees have accumulated up until twelve months after balance date.

### Long-term employee entitlements

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

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

## Presentation of employee entitlements

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

## Superannuation schemes

### Defined contribution schemes

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense 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 guarantee contracts

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 comprises bank balances, cash on hand and short term deposits with a maturity of three months or less.

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

## Public benefit entity financial reporting standard 42 prospective financial statements

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

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

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

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

It is a requirement of the Local Government Act 2002 to present prospective financial statements that span one year and include them within the Annual Plan. This provides an opportunity for ratepayers and residents to review the projected

financial results and position of the Council. Prospective financial statements are revised annually to reflect updated assumptions and costs.

- (iii) Bases for assumptions, risks and uncertainties

The financial information has been prepared 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 2022-23 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, and the variations may be

material.

- (iv) Other disclosures

These prospective financial statements were adopted as part of the 2022-23 Annual Plan for Hamilton City Council. The Council is responsible for the prospective financial statements presented, including the assumptions underlying prospective financial statements and all other disclosures. 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.

	2021-22 Long-Term Plan	2022-23 Long-Term Plan	2022-23 Annual Plan
	\$000	\$000	\$000
<b>General rates</b>			
General rates	213,260	228,225	228,555
Rates charges to Council properties	(518)	(544)	(613)
<b>Targeted rates</b>			
Government compliance rate	9,656	10,352	10,336
Metered water supply	8,618	8,868	8,868
Metered water charges to Council properties	(460)	(474)	(474)
Business improvement district rate	310	319	319
Service category rates (water, refuse and sewerage)	1,419	1,488	1,545
Central city rates	145	145	145
<b>Penalties and remissions</b>			
Rates penalties	1,067	1,119	1,128
Rates remissions			
- Hardship	(319)	(335)	(335)
- HCC utilities	(10,056)	(10,549)	(8,223)
- HCC other	(1,152)	(1,209)	(1,093)
- Community retail	(59)	(61)	(70)
- Wastewater, water and refuse	(196)	(205)	(226)
<b>Total rates</b>	<b>221,714</b>	<b>237,140</b>	<b>239,860</b>



## 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 consent fees

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.

	2021-22 Long-Term Plan	2022-23 Long-Term Plan	2022-23 Annual Plan
	\$000	\$000	\$000
Animal control charges	1,045	1,075	1,075
Building and resource consent charges	10,347	11,389	11,389
Cemetery and crematorium charges	1,629	1,676	1,676
Event facilities charges	4,141	4,282	4,282
Hamilton Gardens charges	140	990	177
Parking fees	1,900	1,955	1,955
Swimming pools charges	2,745	3,034	3,034
Trade waste charges	3,095	3,179	3,179
Zoo charges	1,736	1,878	1,878
Other fees and charges	3,867	3,538	3,593
Commission received	830	1,059	1,059
Sale of goods	3,143	3,371	3,371
Operating contributions	6,105	6,348	6,569
<b>Total fees and charges</b>	<b>40,723</b>	<b>43,775</b>	<b>43,238</b>

## 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.

	2021-22 Long-Term Plan	2022-23 Long-Term Plan	2022-23 Annual Plan
	\$000	\$000	\$000
New Zealand Transport Agency roading subsidy - operating	7,440	7,648	7,648
Waste minimisation levy	642	650	650
Other grants	582	569	567
<b>Total grants, subsidies and reimbursements</b>	<b>8,664</b>	<b>8,867</b>	<b>8,865</b>

## Note 5: Interest revenue

### Accounting policy

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

	2021-22 Long-Term Plan	2022-23 Long-Term Plan	2022-23 Annual Plan
	\$000	\$000	\$000
Term deposits	302	311	1,866
<b>Total interest revenue</b>	<b>302</b>	<b>311</b>	<b>1,866</b>

## 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.

	2021-22 Long-Term Plan	2022-23 Long-Term Plan	2022-23 Annual Plan
	\$000	\$000	\$000
Infringements and fines	1,656	1,656	1,656
Rental income	3,693	3,848	3,879
Dividend revenue	104	104	104
Petrol tax income	1,200	1,235	1,235
Sponsorship income	22	22	22
Donations received	22	23	23
Housing Infrastructure Fund - fair value benefit	8,084	11,780	10,887
<b>Total other revenue</b>	<b>14,780</b>	<b>18,667</b>	<b>17,805</b>

## Note 7: Development contributions

### Accounting policy

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

	2021-22 Long-Term Plan	2022-23 Long-Term Plan	2022-23 Annual Plan
	\$000	\$000	\$000
Community Services	-	-	-
Reserves	821	1,168	1,168
Stormwater	4,929	6,197	6,197
Transport	11,638	11,521	11,521
Wastewater	9,123	9,796	9,796
Water Supply	5,111	5,140	5,140
<b>Total development contributions</b>	<b>31,622</b>	<b>33,822</b>	<b>33,822</b>

## Note 8: Capital revenue

### Accounting policy

#### New Zealand Transport Agency roading subsidies - capital

Reimbursements (e.g. NZTA roading claim payments) are recognised upon entitlement, which is when conditions pertaining to eligible expenditure have been fulfilled.

	2021-22 Long-Term Plan	2022-23 Long-Term Plan	2022-23 Annual Plan
	\$000	\$000	\$000
Capital contributions - general	32,863	5,040	9,377
New Zealand Transport Authority roading subsidy - capital	68,725	66,621	61,443
<b>Total capital revenue</b>	<b>101,588</b>	<b>71,661</b>	<b>70,820</b>

## 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.

		2021-22 Long-Term Plan	2022-23 Long-Term Plan	2022-23 Annual Plan
Vested assets		\$000	\$000	\$000
	- Stormwater	4,800	5,455	5,455
	- Transport	24,589	27,946	27,946
	- Wastewater	3,312	3,764	3,764
	- Water supply	1,790	2,034	2,034
<b>Total vested assets</b>		<b>34,491</b>	<b>39,199</b>	<b>39,199</b>



## Note 10: Depreciation and amortisation expense by group of activity

### Accounting policy

Depreciation is provided on a straight-line basis on all property, plant, and equipment other than land, 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.

	2021-22 Long-Term Plan	2022-23 Long-Term Plan	2022-23 Annual Plan
	\$000	\$000	\$000
Growth	-	-	-
Safety	89	90	111
Community Services	4,105	4,176	5,108
Governance	-	-	-
Overheads/Support Units	5,147	5,815	7,102
Parks and Recreation	5,391	5,514	5,818
Rubbish and Recycling	560	587	549
Stormwater	9,838	10,349	11,161
Transport	20,546	22,222	21,916
Venues, Tourism and Major Events	5,918	6,085	8,132
Visitor Destinations	2,687	2,849	3,277
Wastewater	12,909	13,651	13,911
Water Supply	8,344	8,576	9,434
<b>Total depreciation expense</b>	<b>75,534</b>	<b>79,914</b>	<b>86,520</b>

## 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.

	2021-22 Long-Term Plan	2022-23 Long-Term Plan	2022-23 Annual Plan
	\$000	\$000	\$000
Interest on borrowings	15,534	20,114	19,823
Interest on finance leases	20	20	20
Discount unwind on provisions	132	122	330
Fair value discount unwinding	585	1,327	1,280
<b>Total finance costs</b>	<b>16,270</b>	<b>21,583</b>	<b>21,454</b>

## Note 12: Other financial assets

### Accounting policy

Financial assets (other than shares in subsidiaries) are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

### Term deposits and community loans (loans and receivables)

For loans to community organisations, the difference between the loan amount and present value of the expected future cash flows of the loan is recognised in the surplus or deficit as an interest expense.

After initial recognition, term deposits and loans to community organisations are measured at amortised cost using the effective interest method. Where applicable, interest accrued is added to the investment balance.

At year-end, the assets are assessed for indicators of impairment. Impairment is established when there is evidence that we will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation and default in payments are indicators that the asset is impaired. If assets are impaired, the amount not expected to be collected is recognised in the surplus or deficit.

### Shares in subsidiaries

The investment in subsidiaries is carried at cost.

### Unlisted shares

Shares (other than shares in subsidiaries) and listed bonds (other than those designated as held to maturity) are designated at fair value through other comprehensive revenue and expense.

### Impairment

Impairment in term deposits, local authority stock, government stock bonds, general and community loans are recognised directly against the instruments' carrying amount.

If impairment evidence exists, the cumulative loss recognised in other comprehensive revenue and expense is transferred to the surplus or deficit.

Impairment losses on shares recognised in the surplus or deficit are not reversed through the surplus or deficit.

## Note 12: Other financial assets

	2021-22 Long-Term Plan	2022-23 Long-Term Plan	2022-23 Annual Plan
<b>Current portion</b>	\$000	\$000	\$000
Loan to Melody Dairies Partnership Limited	440	448	448
Term deposits with maturities greater than 3 months but less than 1 year	880	1,040	11,826
<b>Total current portion</b>	<b>1,320</b>	<b>1,488</b>	<b>12,275</b>
<b>Non-current portion</b>			
<b>Investment in CCOs and similar entities</b>			
NZ Local Government Funding Agency Limited	6,939	6,939	7,885
Shares in subsidiaries			
- Waikato Innovation Growth Limited	4,000	4,000	4,000
Waikato Local Authority Shared Services Limited	291	291	353
	<b>11,230</b>	<b>11,230</b>	<b>12,238</b>
<b>Other investments</b>			
Civic Financial Services Limited	188	188	195
Loan to Melody Dairies Limited Partnership	2,317	1,869	1,869
Term deposits with maturities greater than 1 year	10,646	12,155	12,917
	<b>13,151</b>	<b>14,212</b>	<b>14,981</b>
<b>Total non-current portion</b>	<b>24,381</b>	<b>25,442</b>	<b>27,219</b>
<b>Total other financial assets</b>	<b>25,701</b>	<b>26,930</b>	<b>39,493</b>

## Note 13: Investment in associates

### Accounting policy

If the share of deficits of an associate equals or exceeds its interest in the associate, the group discontinues recognising its share of further deficits. After the group's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports surpluses, the group will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

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

	2021-22 Long-Term Plan	2022-23 Long-Term Plan	2022-23 Annual Plan
<b>Investment in associates</b>	\$000	\$000	\$000
Waikato Regional Airport Limited	7,430	7,430	7,430
<b>Total investment in associates</b>	<b>7,430</b>	<b>7,430</b>	<b>7,430</b>
<b>Total investment in CCOs (as per Note 12) and other entities</b>	<b>18,660</b>	<b>18,660</b>	<b>19,668</b>



## **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 ten 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.

## Note 14: Borrowings

	2021-22 Long-Term Plan	2022-23 Long-Term Plan	2022-23 Annual Plan
<b>Current portion</b>	\$000	\$000	\$000
Secured loans - Housing Infrastructure Fund	4,100	4,100	4,100
Secured loans - general	82,500	77,500	108,589
Finance leases	300	300	173
<b>Current portion</b>	<b>86,900</b>	<b>81,900</b>	<b>112,862</b>
<b>Non-current portion</b>			
Secured loans - general	592,538	699,509	659,694
Secured loans - Housing Infrastructure Fund	72,942	117,201	88,067
Finance Leases	835	835	335
<b>Non-current portion</b>	<b>666,315</b>	<b>817,545</b>	<b>748,096</b>
<b>Total external debt</b>	<b>753,215</b>	<b>899,445</b>	<b>860,957</b>
Adjustments required to determine overall debt:			
External debt	753,215	899,445	860,957
Less cash held and cash investments	(61,526)	(63,195)	(126,917)
Add cash backed reserves	39,666	39,707	40,165
<b>Net debt</b>	<b>731,355</b>	<b>875,957</b>	<b>774,206</b>

	2021-22 Long-Term Plan	2022-23 Long-Term Plan	2022-23 Annual Plan
<b>Debt servicing performance indicators financial ratios</b>			
Liquidity ratio (target >110%)	>110%	>110%	>110%
Net debt/Total revenue (target <295%)	193%	238%	208%
Net interest on external debt/Total revenue (target <20%)	4%	6%	4%

**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.

**Cash flow** is defined as net surplus (or deficit) plus depreciation, less vested assets, and capital subsidies.

**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.

	2021-22 Long-Term Plan	2022-23 Long-Term Plan	2022-23 Annual Plan
<b>Restricted reserves</b>	\$000	\$000	\$000
Cemetery plot maintenance in perpetuity	1,733	1,733	1,735
Municipal endowment fund	31,415	31,415	31,917
Domain endowment fund	8,251	8,292	8,249
Waikato Art Gallery endowment reserve	11	11	11
<b>Total restricted reserves</b>	<b>41,410</b>	<b>41,451</b>	<b>41,911</b>
<b>Council created reserves</b>			
Bus shelter (adshel) reserve			
Project watershed operating reserve	308	308	210
Waste minimisation reserve	193	108	734
<b>Total council created reserves</b>	<b>501</b>	<b>416</b>	<b>944</b>
<b>Total restricted and council created reserves</b>	<b>41,911</b>	<b>41,867</b>	<b>42,855</b>

## Note 15: Reserves

	Activities to which the reserve relates	Opening balance July	Transfers into reserve	Transfers out of reserve	Closing balance June
<b>Restricted reserves</b>		\$000	\$000	\$000	\$000
Cemetery Plot Maintenance in perpetuity - to maintain and provide for improvements to the cemeteries.	Cemeteries and Crematorium	1,735	9	(9)	1,735
Municipal endowment fund - to provide a capital fund for crown endowment land vested in the Council for investment	Strategic Property Investment	31,760	157	-	31,917
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	8,208	41	-	8,249
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
<b>Total restricted reserves</b>		<b>41,713</b>	<b>207</b>	<b>(9)</b>	<b>41,911</b>
<b>Council created reserves</b>					
Bus shelter (adshel) reserve - to manage the income generated from advertising in bus shelters to provide, maintain and enhance passenger infrastructure	Transport	-	95	(95)	-
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	210	2	(2)	210
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	839	651	(756)	734
<b>Total council created reserves</b>		<b>1,049</b>	<b>748</b>	<b>(853)</b>	<b>944</b>
<b>Total restricted and council created reserves</b>		<b>42,761</b>	<b>955</b>	<b>(862)</b>	<b>42,855</b>

## Note 16: Reconciliation between Prospective Statement of Comprehensive Revenue and Expense and Prospective Funding Impact Statement

	2021-22 Long-Term Plan	2022-23 Long-Term Plan	2022-23 Annual Plan
Operating surplus/(deficit) per prospective statement of comprehensive revenue and expense	\$000	\$000	\$000
	83,622	131,517	53,359
<b>Items recognised as revenue in the statement of comprehensive revenue and expense and as capital expenditure funding sources in funding impact statements:</b>			
Capital subsidies	(68,725)	(66,621)	(61,443)
Development, financial and capital contributions	(64,485)	(38,862)	(43,198)
<b>Non-cash items recognised in prospective statement of comprehensive revenue and expense and not included in funding impact statements:</b>			
Depreciation	75,534	79,914	86,520
Recognition of revenue from vested assets	(34,491)	(39,199)	(39,199)
Gain on fair value of investment properties	(756)	(775)	(1,011)
Housing Infrastructure Fund - fair value benefit	(8,084)	(11,780)	(10,887)
Housing Infrastructure Fund - fair value discount unwinding	585	1,327	1,280
Transfer of assets constructed but not owned	61,103	-	61,103
<b>Operating funding surplus/(deficit) per prospective funding impact statement</b>	<b>44,302</b>	<b>55,522</b>	<b>46,523</b>
<b>Balance as per Council FIS operating surplus/(deficit) of operating funding</b>	<b>44,302</b>	<b>55,522</b>	<b>46,523</b>



# Annual Plan

# Disclosure Statement

Te tauaakii whakaatu i te Mahere aa-Tau

**For year ended 30 June 2023**

## **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
<b>Rates affordability benchmark</b>			
Income	Rates will not exceed 0.627% of Hamilton's rateable capital value	0.32%	Yes
Increases	Average rate increases to existing ratepayers will not exceed 4.9%.	4.90%	Yes
<b>Debt affordability benchmark</b>			
The debt to revenue ratio will remain below 295%		208%	Yes
<b>Balanced budget benchmark</b>			
100%		137%	Yes
<b>Essential services benchmark</b>			
100%		399%	Yes
<b>Debt servicing benchmark</b>			
15%		6%	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 Long-Term 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 Long-Term 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 Long-Term 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

Te tauaaki o ngaa paanga i hua mai i te whakapaunga puutea a te Kaunihera me ngaa moohiohio aa-taake kaunihera

**The Funding Impact Statement is made up of three parts:**

- Rating Information for 2022-23
- Rates Samples for 2022-23
- 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.

Figures in this statement include GST unless otherwise stated.

## Rating information for 2022-23

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

- General rate
- Uniform Annual General Charge (UAGC)
- Targeted rates include:
  - Business Improvement District (BID)
  - Central city
  - Government compliance
  - 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 the rules to which the land is subject under the operative district plan, 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 \$219,382,771.

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, and

Government compliance rate) that applies to the land. This general rate revenue is included within the Residential category, 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 \$613 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 \$43,455,570.

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)
<b>General rate</b>	Commercial	2.9765	34.37%	0.00711732	\$75,394,409
	BID Commercial	2.8277	6.99%	0.00676145	\$15,336,882
	Other	0.7400	2.06%	0.00176948	\$4,511,199
	Residential	1.0000	56.58%	0.00239119	\$124,140,281

General rate category	Description
<b>Commercial</b>	<p>All rating units:</p> <ul style="list-style-type: none"> <li>i. used solely or principally for commercial or industrial purposes; or</li> <li>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</li> <li>iii. used as a chartered club, for any area used for restaurant, bar, or gaming machines; or</li> <li>iv. used as a mixed-use development, for any area used commercially; or</li> <li>v. where land is developed or under development for a commercial use; or</li> <li>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</li> <li>vii. where vacant land is within any District Plan zone that is predominantly used for commercial or industrial purposes; or</li> <li>viii. used as show homes; or</li> <li>ix. where resource consents require the rating units can only be used for a commercial purpose; or</li> <li>x. used as utility networks.</li> </ul> <p>Rating Units that meet the definition above but are located in the Business Improvement District will be categorised as BID Commercial.</p>
<b>BID Commercial</b>	<p>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.</p>
<b>Other</b>	<p>All rating units that do not meet the definition of Commercial or BID Commercial rating categories and where:</p> <ul style="list-style-type: none"> <li>i. connection to our wastewater network is not available; and</li> <li>ii. water supply is through a metered connection or connection to the council's water network is not available.</li> </ul>
<b>Residential</b>	<p>All rating units that do not meet the definition of Commercial, BID Commercial, or Other rating categories; or:</p> <ul style="list-style-type: none"> <li>i. land under development intended for a residential use; or</li> <li>ii. land where a proposed residential development is marketed for sale, whether-or-not water and wastewater services are currently available.</li> </ul>



## 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 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.

### Metered water rate

This 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).

This rate is:

- a fixed amount per connected meter, based on the nature of the connection, as follows:
  - i. \$456 for all metered rating units (except rating units receiving a restricted flow supply); and
  - ii. \$456 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) - \$1.85 per kilolitre of water supplied after the first 60 kilolitres of consumption or supply per quarter; and

- ii. rating units receiving a restricted flow supply - \$1.65 per kilolitre of water supplied after the first 60 kilolitres of consumption or supply per quarter.

This rate contributes to the funding of the Water Distribution and Water Treatment and Storage activities. The total revenue sought is \$9,925,310.

### Commercial and Other category non-metered water rate

This 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 \$456 per rating unit.

This rate contributes to the funding of the Water Distribution and Water Treatment and Storage activities. The total revenue sought is \$273,144.

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; and
- b. BID CV rate: a rate per dollar of capital value required to meet the total revenue, after allowing for the total revenue raised by the BID Fixed rate. The rate is \$0.00002482 per dollar of capital value.

This rate provides funding to the City Planning activity. The total revenue sought is \$366,867.

### 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.

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

This rate provides funding to the Transportation Network activity. The total revenue sought is \$166,750.

## Government compliance rate

This rate is set and assessed on the capital value of all rateable land in the city.

This rate is 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 the rules to which the land is subject under the operative district plan, and in the case of the BID Commercial differential, the location of the land.

This rate provides funding to the Wastewater Treatment and Disposal, Wastewater Collection, Water Treatment and Storage, Water Distribution, Stormwater Network, and City Planning activities. The total revenue sought is \$11,885,836.

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 that applies to the land. This Government compliance rate revenue is included within the Residential category.

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

Source	Differential categories	Differential factor	Percentage of total Government compliance rates	Rate in the dollar of capital value (GST incl)	Rates revenue (GST incl)
<b>Government compliance rate</b>	Commercial	2.9765	34.37%	0.00038561	\$4,084,801
	BID Commercial	2.8277	6.99%	0.00036633	\$830,940
	Other	0.7400	2.06%	0.00009587	\$244,416
	Residential	1.0000	56.58%	0.00012955	\$6,725,679

## Government compliance rate categories

Government compliance rate category	Description
<b>Commercial</b>	<p>All rating units:</p> <ul style="list-style-type: none"> <li>i. used solely or principally for commercial or industrial purposes; or</li> <li>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</li> <li>iii. used as a chartered club, for any area used for restaurant, bar, or gaming machines; or</li> <li>iv. used as a mixed-use development, for any area used commercially; or</li> <li>v. where land is developed or under development for a commercial use; or</li> <li>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</li> <li>vii. where vacant land is within any District Plan zone that is predominantly used for commercial or industrial purposes; or</li> <li>viii. used as show homes; or</li> <li>ix. where resource consents require the rating units can only be used for a commercial purpose; or</li> <li>x. used as utility networks.</li> </ul> <p>Rating Units that meet the definition above but are located in the Business Improvement District will be categorised as BID Commercial.</p>
<b>BID Commercial</b>	<p>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.</p>
<b>Other</b>	<p>All rating units that do not meet the definition of Commercial or BID Commercial rating categories and where:</p> <ul style="list-style-type: none"> <li>i. connection to our wastewater network is not available; and</li> <li>ii. water supply is through a metered connection or connection to the council's water network is not available</li> </ul>
<b>Residential</b>	<p>All rating units that do not meet the definition of Commercial, BID Commercial, or Other rating categories; or:</p> <ul style="list-style-type: none"> <li>i. land under development intended for a residential use; or</li> <li>ii. land where a proposed residential development is marketed for sale, whether-or-not water and wastewater services are currently available.</li> </ul>

## Service use category

Service Use Category means rating units that are defined by the use of the land, 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 1.5 hectares.

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 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 \$456 per SUIP.

The rate provides funding towards the Water Distribution and Water Treatment and Storage activities. The total revenue sought is \$62,472.

## Service use refuse rate

The rate is set and assessed on properties defined as Service Use Category and which are provided with refuse collection service. The rate is a fixed amount of \$187 per SUIP.

The rate provides funding towards the Refuse Collection activity. The total revenue sought is \$29,546.

## Service use wastewater rate

The rate is set and assessed on properties defined as 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 \$0.00067276; and
- a rate per dollar of capital value set at \$0.00028288.

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

The total revenue sought is \$1,684,704.

## **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, 260 Anglesea Street, Hamilton, between the hours of 7:45 am and 5.00 pm on all business days of the week.

## **Rating base**

Total land value for 2022-23 is \$40,249,685,000.

Total capital value for 2022-23 is \$71,756,391,000.

The projected number of rating units for 2022-23 is 63,185.



# 2022-23 Rates - sample properties

Including GST

General rate differential category	Separate parts (SUIPs)	2018 capital value	2021-22 RATES					2021 capital value	2022-23 RATES					Total rates change (\$)	Total rates change (%)
			Uniform Annual General Charge	General rates	Other rates	Government compliance rate	Total rates		Uniform Annual General Charge	General rates	Other rates	Government compliance rate	Total rates		
Residential	1	365,000	584	1,307	0	71	<b>1,962</b>	600,000	613	1,435	0	78	<b>2,125</b>	164	8.4%
Residential	1	435,000	584	1,557	0	84	<b>2,226</b>	690,000	613	1,650	0	89	<b>2,352</b>	127	5.7%
Residential	1	530,000	584	1,897	0	103	<b>2,584</b>	820,000	613	1,961	0	106	<b>2,680</b>	96	3.7%
Residential	1	670,000	584	2,399	0	130	<b>3,113</b>	1,020,000	613	2,439	0	132	<b>3,184</b>	72	2.3%
Residential	1	820,000	584	2,936	0	159	<b>3,679</b>	1,250,000	613	2,989	0	162	<b>3,764</b>	85	2.3%
Residential	4	875,000	2,336	3,133	0	170	<b>5,638</b>	1,610,000	2,452	3,850	0	209	<b>6,510</b>	872	15.5%
Residential	12	2,000,000	7,008	7,160	0	388	<b>14,556</b>	3,140,000	7,356	7,508	0	407	<b>15,271</b>	715	4.9%
Other	1	490,000	584	1,298	0	70	<b>1,952</b>	690,000	613	1,221	0	66	<b>1,900</b>	-52	-2.7%
Other	1	1,005,500	584	2,664	0	144	<b>3,392</b>	2,800,000	613	4,955	0	268	<b>5,836</b>	2,444	72.0%
Other	1	2,960,000	584	7,842	0	425	<b>8,851</b>	10,080,000	613	17,836	0	966	<b>19,416</b>	10,565	119.4%
Commercial	1	190,000	584	1,801	0	98	<b>2,482</b>	295,000	613	2,100	0	114	<b>2,826</b>	344	13.9%
Commercial	1	374,500	584	3,549	0	192	<b>4,326</b>	585,000	613	4,164	0	226	<b>5,002</b>	677	15.6%
Commercial	1	640,000	584	6,065	0	329	<b>6,978</b>	955,000	613	6,797	0	368	<b>7,778</b>	800	11.5%
Commercial	1	1,375,000	584	13,031	0	706	<b>14,321</b>	2,260,000	613	16,085	0	871	<b>17,570</b>	3,248	22.7%
Commercial	1	2,962,000	584	28,072	0	1,521	<b>30,176</b>	4,900,000	613	34,875	0	1,889	<b>37,377</b>	7,201	23.9%
Commercial	4	2,100,000	2,336	19,902	0	1,078	<b>23,316</b>	2,900,000	2,452	20,640	0	1,118	<b>24,211</b>	894	3.8%
Commercial	10	12,000,000	5,840	113,727	0	6,162	<b>125,728</b>	25,000,000	6,130	177,933	0	9,640	<b>193,703</b>	67,975	54.1%
BID Commercial	1	188,000	584	1,693	372	92	<b>2,740</b>	242,000	613	1,636	374	89	<b>2,712</b>	-28	-1.0%
BID Commercial	1	310,000	584	2,791	375	151	<b>3,901</b>	360,000	613	2,434	377	132	<b>3,556</b>	-345	-8.9%
BID Commercial	1	700,000	584	6,302	385	341	<b>7,613</b>	1,015,000	613	6,863	393	372	<b>8,241</b>	628	8.2%
BID Commercial	1	1,460,000	584	13,145	405	712	<b>14,846</b>	1,685,000	613	11,393	410	617	<b>13,033</b>	-1,813	-12.2%
BID Commercial	1	3,268,000	584	29,423	452	1,594	<b>32,053</b>	4,900,000	613	33,131	490	1,795	<b>36,029</b>	3,976	12.4%
BID Commercial	4	3,000,000	2,336	27,010	1,546	1,463	<b>32,356</b>	3,900,000	2,452	26,370	1,569	1,429	<b>31,819</b>	-536	-1.7%
BID Commercial	10	20,000,000	5,840	180,067	4,190	9,756	<b>199,854</b>	26,000,000	6,130	175,798	4,325	9,525	<b>195,778</b>	-4,076	-2.0%

# Prospective Whole of Council Funding Impact Statement

Forecast for the year ending 30 June 2023	2021-22 Long-Term Plan	2022-23 Long-Term Plan	2022-23 Annual Plan
	\$000	\$000	\$000
<b>Sources of Operating Funding</b>			
General rates, uniform annual general charges, rates penalties	201,566	215,967	218,648
Targeted Rates	20,148	21,173	21,213
Subsidies and grants for operating purposes	8,664	8,867	8,865
Fees and charges	41,262	44,335	43,798
Interest and dividends from investments	406	415	1,970
Local authorities fuel tax, fines, infringement fees, and other receipts	6,053	6,222	6,253
<b>Total Operating Funding (A)</b>	<b>278,100</b>	<b>296,979</b>	<b>300,747</b>
<b>Applications of Operating Funding</b>			
Payments to staff and suppliers	218,113	221,202	234,050
Finance Costs	15,686	20,256	20,173
Other operating funding applications	-	-	-
Total Applications of Operating Funding (B)	233,798	241,457	254,223
<b>Surplus/(Deficit) of Operating Funding (A - B)</b>	<b>44,302</b>	<b>55,522</b>	<b>46,523</b>
<b>Sources of Capital Funding</b>			
Subsidies and grants for capital expenditure	101,588	71,661	70,820
Development and financial contributions	31,622	33,822	33,822
Increase (decrease) in debt	134,030	156,683	174,712
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total Sources of Capital Funding (C)</b>	<b>267,240</b>	<b>262,166</b>	<b>279,354</b>
<b>Application of Capital Funding</b>			
Capital Expenditure:			
- to meet additional demand	218,663	176,152	161,453
- to improve the level of service	43,064	72,073	84,096
- to replace existing assets	66,942	68,086	79,986
Increase (decrease) in reserves	7,492	(292)	(1,889)
Increase (decrease) of investments	(24,618)	1,669	2,231
Total Applications of Capital Funding (D)	311,542	317,688	325,877
<b>Surplus/(Deficit) of Capital Funding (C - D)</b>	<b>(44,302)</b>	<b>(55,522)</b>	<b>(46,523)</b>
<b>Funding Balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>



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