

Annual Report Summary 2004/05

Mayor and Chief Executive's overview

Hamilton's growth continues at a rapid rate. Our city's growth isn't a new phenomenon but Hamilton approached a watershed in terms of its development and pace in the 2004/05 financial year.

Elections in 2004 saw the new mayor and councillors bring fresh direction and vision to Hamilton city. Council's Annual Residents Survey returned the highest ever satisfaction levels, across a range of areas, in the 14 years that the survey has been conducted. Elected members enjoyed the biggest increase in satisfaction, indicating that Hamiltonians are pleased with the direction the new Council is taking for the city.

A new Hamilton events brand was launched in June as a promotional tool for the city. The brief for the creation of the brand called for an identity that positions Hamilton as a confident, modern city that's moving ahead.

Access Hamilton dominated submissions to the Proposed 2005/06 Annual Plan. Of the 574 submissions received, 465 were specifically concerned with transport issues relating to Access Hamilton. In striking the 4.73 per cent rates increase for 2005/06, Council included 3.48 per cent to be allocated specifically to Access Hamilton transportation and traffic congestion issues. On 1 March 2005, Council signed off on the building of a new commuter car parking building in Knox Street. Construction began on 25 July 2005. The five-level commuter car parking building will provide approximately 480 car parks and is due to open in January 2006. The Mill Street deviation opened for traffic in May 2005. This 1.3km arterial route is set to make a big difference to Hamilton.

Much time and resource was invested during the year by Council into securing funding arrangements to respond to city growth, which led to implementation of the Development and Financial Contributions Policy taking effect from 1 July 2005. The policy allows for the cost of infrastructural growth to be more directly targeted towards the property development sector rather than spread across all ratepayers.

Strong commercial growth has triggered a period of significant capital investment in Hamilton from all sectors, showing Hamilton's increased significance in the greater Waikato region. Council has continued to undertake major infrastructural projects to support this continued growth.

The 750mm bulk watermain pipe, which runs 3.6km from the Water Treatment Station to the South Hamilton Reservoir site on Chinaman's Hill, is nearly complete. The reservoir itself is on target to be completed in November 2005.

The predesign phase of the Water Treatment Station upgrade began in 2004 and construction started this year with the installation of an ultra-violet disinfection system. Already, the upgrade has improved the taste of Hamilton's drinking water.

Two prominent pieces of public art were commissioned and completed. Riff Raff was unveiled in Victoria Street and Nga Uri Ō Hinetuparimaunga, the stunning new sculpture at the entranceway to Hamilton Gardens, was officially presented to the city on 5 April. These two pieces of public art culminated in Hamilton winning the Creative New Zealand Arts Provision: City and Regional Councils Award 2005.

The Annual Report paints a clear picture of how, in the 2004/05 financial year, Council has responded across the board to Hamilton's growth from a provincial city to a vibrant, metropolitan centre.

Introduction to the 2004/05 Annual Report

Welcome to Hamilton City Council's 2004/05 Annual Report Summary. This document summarises Council's full 2004/05 Annual Report, which is available at any branch of Hamilton City Libraries. The summary document and full report are also available on Council's website www.hcc.govt.nz (under **publications and plans/reports and monitoring**). Alternatively you can request a hard copy by contacting the Strategic Group, phone 838 6810, email strategic@hcc.govt.nz.

Coverage in this document includes:

- Mayor and Chief Executive's Overview
- Financial Overview
- State of the City
- Council's Energy Management Programme
- Highlights of Council's Projects and Programmes for 2004/05
- Awards and Nominations
- Summary Financial Statements
- Looking Forward: 2005/06 and Beyond.

What is the Annual Report?

Council is required by the Local Government Act 2002 to produce an annual report at the completion of each June financial year. The annual report shows how the actual activities, services and performance of Council measured up to the intended levels of service and performance as set out in a specific year of the long-term council community plan or the annual plan.

This year's annual report looks at year 1 (2004/05) of Council's first long-term council community plan (known as Hamilton's Community Plan 2004-14).

Financial Overview

Council ended the year with a cash surplus of \$198,000 on a budgeted programme of work totalling \$191m. The reported net surplus after tax of \$20.3m (operating, excludes debt repayment and capital expenditure) for the 2004/05 financial year (2003/04, \$6.2m) includes non-cash vested assets \$11.4m, and capital subsidies/other capital contributions \$12.1m used to fund capital expenditure.

The significant variances to the financial result for 2003/04 included:

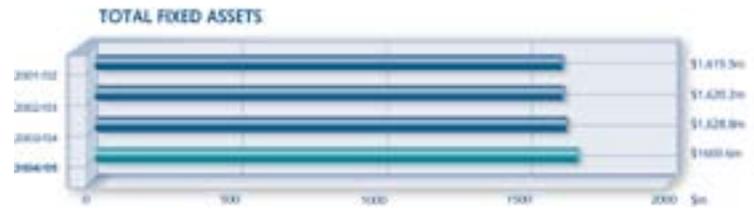
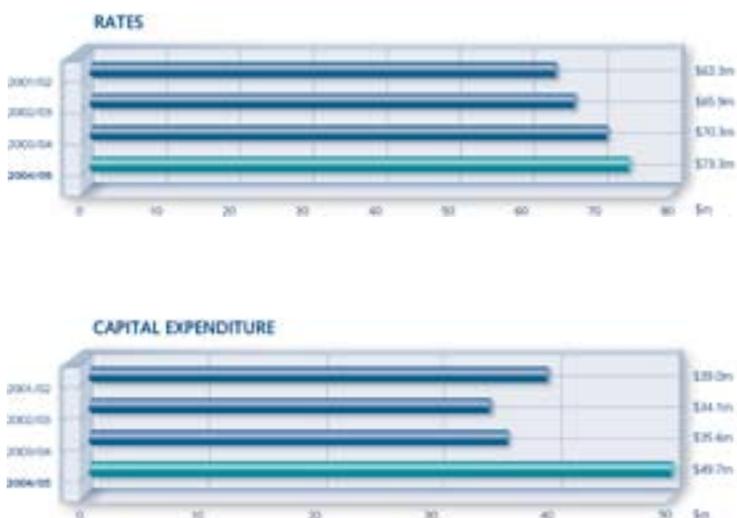
- rates levied were \$73.3m, an increase of \$3.0m over last year (2003/04, \$70.3m), of which \$1.8m was from city growth (new rateable properties)
- Transfund NZ capital subsidies received were \$5.0m, an increase of \$2.3m over last year (2003/04, \$2.7m)
- The major project for which subsidy was received was \$2.5m for the Mill Street roading development
- 2003/04 included a one off accounting write down of the library book collection asset of \$4.34m
- the net operating cost of providing services excluding the depreciation allowance decreased by \$2.8m to \$49.6m compared to 2003/04. The significant item comprising this decrease was the previous year's accounting write-off on disposal of roading assets resulting from the asset renewal programme of \$3.8m.

Interest costs incurred in servicing debt (excluding internal borrowing interest) increased to \$6.91m (2003/04, \$6.78m). Overall net debt (including internal borrowing) increased to \$135.2m (2003/04, \$119.6m) due to loan funded capital expenditure.

Capital expenditure for the 2004/05 financial year was \$49.7m (2003/04, \$35.6m). A number of significant projects were undertaken during the 2004/05 financial year. These include the first year of the programme to upgrade the water treatment station (\$7.6m), construction of a new water reservoir in Hamilton south – including bulk watermain (\$5.13m), construction of Horotiu Landfill stages 4 and 6 (\$2.12m), major roading projects at Mill Street (\$3.55m) and Thomas Road (\$1.02m), Wairere Drive/Resolution Drive bulk watermain (\$1.05m), and new wastewater trunks in Rototuna (\$0.50m).

Financial Summary

The financial summary of key items from June 2002 to June 2005 is shown as follows:



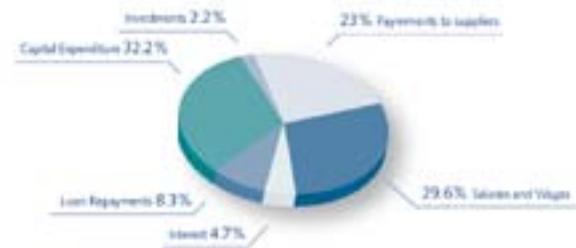
Cash Flow

The sources and uses of cash for the year ended 30 June 2005 is summarised as follows:

Sources of Cash (\$147.74m)



Uses of Cash (\$147.65m)

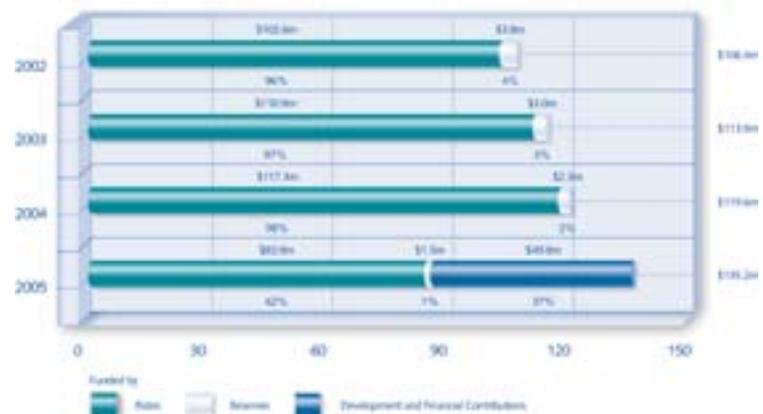


Net Debt

Council introduced an internal borrowing programme during the 2000/01 financial year. Rather than sourcing all its borrowing externally, Council utilizes funds from reserves and working capital cash to reduce external borrowing and charges an internal interest rate on these funds, which is then added to the reserves.

Council has introduced a new Development and Financial Contributions Policy commencing from 1 July 2005 which will provide a dedicated funding stream to support urban growth. In line with the introduction of this policy, Council has analysed the overall net debt based on sources of funding used to repay the principal and interest costs for subsequent years.

The graph below shows the net debt level (including internal borrowing) from June 2002 to June 2005 and how it is funded in subsequent years.



State of the City

Overall Performance of Council

Council's Annual Residents Survey (undertaken by an independent research company) is one of the main methods of ascertaining residents' views on how effectively Council is operating, and whether or not it is meeting community needs.

Residents were asked how they rated Council's overall performance over the 2004/05 year. This year the CSI (Customer Satisfaction Index) score was the highest achieved yet, with an increase from 68.5 in 2004 to 76.5 in 2005.



Value from Residential Rates

People were asked about the value they received from their residential rates. This year the Value Index was the highest achieved, with an increase from 66.8 in 2004 to 70.8 in 2005.



Council is striving to be a world-class organisation and to provide Hamilton with facilities and services of the same high standard. The results from the 2005 survey show that Council is continuing to maintain the high standard set last year, with its continual drive toward making a difference in the community, and the dedication of elected members and staff to that vision, being major factors of the organisation being so highly regarded.

Overall Quality of Life

Hamilton City Council is one of 12 member councils of the Quality of Life Project. The project's purpose is to monitor and report on Quality of Life issues that affect residents living in New Zealand's largest urban areas.

One of the key measures from the 2004 Quality of Life Survey is people's perception of their overall quality of life. As shown opposite, Hamilton residents rate their overall quality of life relatively high (sixth highest out of the 12 council areas in the project).

For further information about the Quality of Life project visit www.bigcities.govt.nz.

Council's Energy Management Programme

Hamilton City Council is one of a growing number of local authorities in New Zealand that operate an energy management programme and employ a full-time energy manager. The programme, which commenced in 1999, is focused primarily on in-house activities. Its success has been recognised nationally, receiving three awards from New Zealand's Energy Efficiency and Conservation Authority.

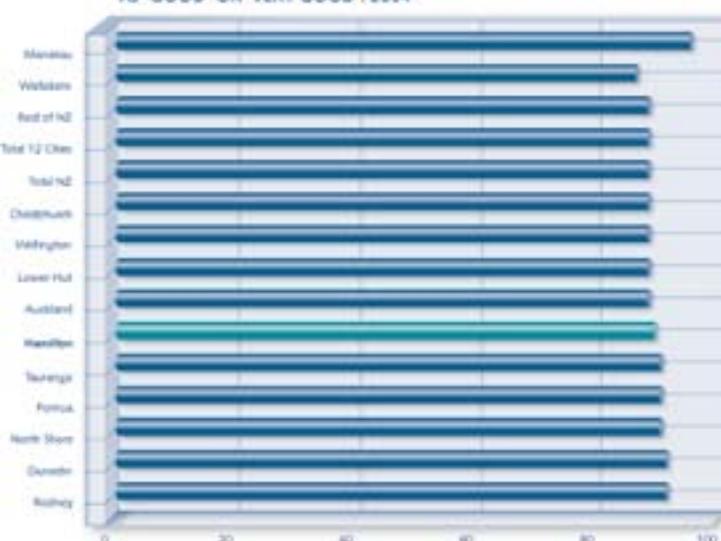
Hamilton's Sustainability Indicators

Hamilton's Sustainability Indicators were developed in consultation with the city's residents and comprise 25 indicator themes that measure the 'health' of the city. The summary of results from the 2005 update outlined below show that although Hamilton is doing well on a number of counts, traffic and its impact on the city is still a key area of concern.

Overall Summary of Trends

Improving Trend 9 Indicators	<ul style="list-style-type: none"> Water Quality Soil Health Urban Trees Business Visitor Accommodation Education Youth Well-Being Crime and Safety Health
No change in Trend 12 Indicators	<ul style="list-style-type: none"> Air Quality Water Usage Noise Solid Waste Urban Development Work Income Arts and Culture Public Involvement in Decision-Making Partnership with Maori Community Diversity and Cohesion Sports and Participation
Deteriorating Trend 2 Indicators	<ul style="list-style-type: none"> Transport Housing Affordability
Insufficient Data to Determine Trend 2 Indicators	<ul style="list-style-type: none"> Energy Historic Structures/Sites

PERCENTAGE OF RESIDENTS RATING THEIR OVERALL QUALITY OF LIFE AS 'GOOD' OR 'VERY GOOD': 2004



Overall Gains

Since the Council's corporate energy management programme began in 1999, Council has reduced energy costs by \$1.26m, saved 9.25m kWh, and cut CO₂ emissions by 10,100 tonnes. Actual cost savings arising from Council's generation facilities and energy efficiency initiatives for 2004/05 were \$570,000, equivalent to 14 per cent of Council's energy costs.

Highlights of Projects and Programmes for 2004/05

Hamilton is a growing and dynamic city, as shown by the 11,000 additional residents gained between June 2001 (121,000) and June 2005 (132,000). Over 162,000 people are projected to live in Hamilton by 2026. Business growth has also increased significantly, i.e., from 8891 businesses in 2000 to 10,313 businesses in 2004.

Such growth requires Council to plan for and carefully manage the city's ongoing development. A selection of the highlighted projects and programmes that Council completed/undertook in 2004/05 from the full Annual Report is shown below.

Outcome Area A: Sustaining Hamilton's Environment

Wastewater Management

Far Eastern Interceptor Stage 5 (\$243,000)

This project consists of the installation of 554m of 1050mm diameter wastewater main from Huntington Drive to Wairere Drive, and was completed in August 2004. The next stage of the interceptor will be included in the design and construction of Wairere Drive.

Stormwater Management

Network Upgrade to Assist in Flood Prevention (\$376,000)

This project focused on:

- **Malcolm Street Stormwater Improvements**

Upgrading of the stormwater main in Malcolm Street was completed. This work will assist in reducing the likelihood of flooding of several homes in the area, which previously occurred during extreme rain events.

- **River Road Stormwater Main**

Good progress was made on installing a new stormwater line between Swarbrick Landing and Glen Lynne Avenue. The work was designed to relieve surface flooding that occurs during extreme rain events, which results in damage to private property.

Recycling/Refuse Collection

Recycling Initiatives for Primary and Intermediate Schools

As a result of a trial co-ordinated by the EnviroSchools Foundation, Carter Holt Harvey and Council, Hamilton's primary and intermediate schools were supplied with recycling bins

and included in Council's household recycling collection in February 2005. The programme funded by Council, has been a great success as evidenced by the extensive use of the bins.

Water Supply

Upgrade of Hamilton's Water Treatment Station (\$7.599m)

This project assists in meeting the requirements of the Drinking-Water Standards New Zealand 2000 that will become mandatory after the Health Bill is passed by Parliament. In addition, the requirements became more stringent in 2005.

This project involved the design and construction of an upgrade to Hamilton's Water Treatment Station. The objectives of the Water Treatment Station upgrade are to ensure:

- the optimal capacity for Hamilton's residential and industrial growth
- retention of the 'Aa' grade water supply rating
- advanced pathogen (Cryptosporidium) protection
- removal of odour and ensure optimal taste
- management of potential toxins
- control of corrosivity of the treated water on the pipes and network
- effective automation and control.

The temporary works installed and operated prior to the upgrade has improved the drinking water's taste, particularly in relation to avoiding the tainting caused by algal blooms in the Waikato River in 2003.

Customer Satisfaction Index (CSI) results from Council's Annual Residents Survey			
Facility/Service	2003	2004	2005
Clarity of the water	69.2	70.0	78.0
Taste and odour of the water	57.7	60.1	70.0
Continuity of water supply	84.1	80.4	85.4
Water pressure	81.5	79.1	85.1

The predesign phase of the upgrade commenced in 2004, and construction started in 2005. The installation of granular activated carbon is scheduled for 2006/07, as well as automation and renewal upgrades. In 2013/14 \$7 million is budgeted for possible ozonation.

Hamilton South Reservoir Project and Bulk Watermain (\$5.131m)

The tender for design and construction of the new 21 megalitre concrete reservoir (currently

being constructed on Chinaman's Hill, Ohaupo Road, just south of the city boundary) was awarded to Brian Perry Civil of Hamilton. Construction of the reservoir is progressing well, and is due for completion by November 2005.

The reservoir will primarily assist in providing more water to the north-east area of the city and improve levels of service to the elevated areas in Hillcrest. It will also increase the overall water storage capacity in the city to a more acceptable level to accommodate the growing demand for water and also in case of emergency events.

Good progress is also being made on the construction of a 750mm diameter bulk watermain which runs 3.6km between the Water Treatment Station and Hamilton South Reservoir on Chinaman's Hill.



Sustainable Environment

Gully Restoration Programme

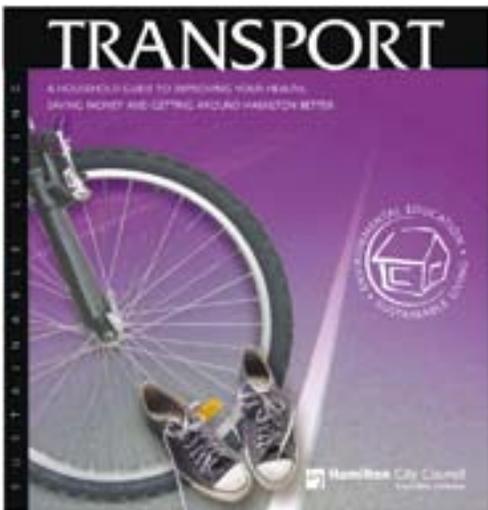
The Gully Restoration Programme aims to encourage and support private gully owners to undertake restorations on their own gully sections and to contribute to the overall vision of ecological restoration for Hamilton.

The programme supports a range of initiatives to assist the private gully restorer. These include the provision of native plants through the Plants for Gullies Scheme, workshops and seminars, and an onsite suggestion service. There are now over 500 people on the gully restoration database.



**Environmental Education Programme
– Transport and Energy booklets**

The “Know it...? Live it!” community education programme was furthered with the production of the Transport and Energy household booklets. The booklets were supported by a series of events and educational opportunities to learn about Hamilton’s urban issues. A Commuter Challenge event was held to prompt residents to question their travel behaviour and choices. The event pitted competitor against competitor on different forms of transport, to highlight their various efficiencies when making a journey during peak hour morning traffic to Hamilton’s city centre. The final booklet in the series will cover the issue of green retail.



Environmental Health

24/7 Alcohol Ban in the Central City

The Hamilton City Council Public Places Liquor Control Bylaw 2005 repealed the Hamilton City Council Public Places Liquor Control Bylaw 2003 and provides for the better regulation of uncontrolled drinking in public places with a view to prevent incidences of violence and disorderly behaviour. The new bylaw prohibits the carrying of alcohol in the central city at all times (i.e., 24 hours a day and seven days a week).

Other highlights for Outcome Area A featured in the full Annual Report:

- Rototuna Wastewater trunks (\$502,000)
- Far Eastern Wastewater Interceptor Stage 5 (\$243,000)
- Stormwater network upgrade to assist in flood prevention (\$376,000)
- Horotiu Landfill Stages 4 and 6 (\$2.116m)
- Water Supply: Valve and Hydrant replacements
- Waste Management Plan Review
- Extension of Council’s Procurement Policy to include environmental standards
- Environmental Noise Monitoring (\$25,000)
- Central city youth at risk co-ordinator

Outcome Area B: Growing Hamilton

Road Network Management

Access Hamilton

In Council’s 2004 and 2005 Residents Survey, ‘traffic’ (including congestion) was the most important issue that residents felt Council should be addressing, i.e., this was mentioned by 27 per cent and 46 per cent of residents respectively.

Council has responded by developing ‘Access Hamilton’, which focuses on enabling good access in and around the city by managing the issues of traffic congestion, travel times, safety, risk, parking, and ensuring good networks for all travellers who walk, cycle or use passenger transport and cars. It is about balancing choices in relation to the demands placed on transport infrastructure, with the supply of transport infrastructure.

Access Hamilton integrates many of Council’s existing strategies and construction programmes. In summary, the key elements of Access Hamilton are:

- Ring road and cross-city connector
- Arterial road and intersection upgrades
- Alternatives to the car (public transport, ferries, park and ride, trains, walking, cycling)
- Provision of commuter parking in the Central Business District
- Travel demand management.

Council distributed an Access Hamilton Information Sheet to all Hamilton households in March 2005 seeking residents’ views on the Access Hamilton proposals. These views were considered as part of Council’s 2005/06 Annual Plan process.

On 27 June 2005 Council resolved to introduce a targeted rate for 2005/06 to fund the Access Hamilton initiatives. The amount proposed to be levied by the new targeted rate for 2005/06 is \$2,559,840 (GST exclusive) and commenced on 1 July 2005.

Customer Satisfaction Index (CSI) results from Council’s Annual Residents Survey			
Facility/Service	2003	2004	2005
Streets in general	72.3	67.8	74.6
Traffic management	67.1	68.4	73.8
Cycling facilities	60.3	65.6	67.5

Mill Street Deviation

Over 22,000 motorists are forecast to use the four lane arterial road linking Mill Street to the Norton Road/Hall Street intersection. The deviation is expected to have a major impact on freeing up traffic flows and less time spent in the car.



The Mill Street deviation opened for traffic in May 2005. The widening of Norton Road and rebuilding of Seddon Road was completed in June.

The deviation features a new pedestrian underpass and a dedicated cycle lane. Fraser Tech Rugby Club has also been shifted. A lot of attention has been paid to getting the look and feel of the environment right, with five-year old Scarlet Oaks flanking the reserve and mass plantings, cobblestones and cherry trees being a feature.

The \$6m project has been complex, however, this 1.3km arterial route is set to make a big difference to Hamilton.

New Commuter Car Park Building in Knox Street

On 1 March 2005 Council signed off on the construction of a new commuter car park building in Knox Street. Construction began on 25 July 2005. The five-level commuter car parking building will provide approximately 480 car parks at an opening rate of \$4 for all-day parking, and is due to open in January 2006.



Customer Satisfaction Index (CSI) results from Council’s Annual Residents Survey			
Facility/Service	2003	2004	2005
Central city car parking in general	63.2	56.2	59.1

Building Control

New Building Hamilton Website

Council’s Building Control Unit is leading Hamilton in information for the building

industry – making information and resources even more accessible. The Building Control Unit launched a new, comprehensive website (www.buildhamilton.co.nz) on 16 March 2005. The website brings a host of relevant up-to-date information to the fingertips of residential or commercial builders and developers.

From ordering a LIM report online to electronic forms, legislation links to seminar and workshop listings, fees and charges to news – www.buildhamilton.co.nz centralises a diverse range of helpful resources.

Animal Care and Control

New Dog Control Bylaw

The Dog Control Bylaw 2004 was introduced on 29 September 2004 and repealed the Animal and Bird Bylaw and the Amendment Bylaw 1999. The Dog Control Policy 1997 was also reviewed and was adopted by Council on 13 May 2005.

Customer Satisfaction Index (CSI) results from Council's Annual Residents Survey

Facility/Service	2003	2004	2005
Dog control service	74.2	71.9	80.4

The new policy and bylaw places considerable emphasis on ensuring public safety, while at the same time acknowledging the recreational needs of dogs and their owners. The new bylaw contains more specific objectives around dog control and greater enforcement powers.



Other highlights for Outcome Area B featured in the full Annual Report:

- Asphalt pavement resurfacing programme for roads
- Parking Enforcement: Electronic Ticketing Machines (\$110,000)
- Building Control: Registered Inspection body
- Landonline TA Online Certification for land transfer survey plans

Outcome Area C: Promoting Hamilton

Economic Development

CTC Aviation Pilot Training Centre Opening
Council worked with other economic

development agencies in the city to help secure a major airline pilot training operation for Hamilton International Airport. CTC Aviation is the largest trainer of airline pilots in the world and has established its first base outside of the United Kingdom at Hamilton International Airport. One hundred and twenty pilots will be trained per year.

It is estimated that CTC's establishment will inject approximately \$90 million into the local economy over the next 10 years. This figure includes CTC's own expenditure, employment of local labour during construction, spending by CTC cadets and instructors, as well as injection from ongoing operators.

City Promotion

Launch of New Hamilton Brand

A new Hamilton logo has been launched as a promotional tool for the city. The new look was developed primarily as an events brand for the city but is also being used in a wider context to promote Hamilton.

The brief for the creation of the logo called for an identity that positions Hamilton as a confident, modern city that's moving ahead.

Some of the first uses of the new brand have been on the city entranceway billboards and on pole banners promoting events in Hamilton.



Outcome Area D: Experiencing Arts, Culture and Heritage in Hamilton

Hamilton City Libraries

New look for Hamilton City Libraries Website

The Hamilton City Libraries' website www.hamiltonlibraries.co.nz was revamped in keeping with the revised colour scheme of the central and community libraries. The homepage now features a 'quick selection menu' comprising:

- What's New
- Kids Corner
- Teen Zone
- Sound/Vision
- Links/Database
- Our Heritage
- Adult Fiction
- Adult Non-Fiction

The revised website went live in November 2004 and is the primary reason for the significant increase in visitor numbers to the site, i.e., an 866 per cent increase between 2003/04 (118,000) and 2004/05 (1.14m).

Digitalisation of the Historic Photograph Collection

Hamilton City Libraries' best kept secret is now out of the bag! Its collection of historic photographs is set to join the digital revolution and a sample of this collection is now available online from the Hamilton City Libraries' website www.hamiltonlibraries.co.nz.

At the click of a mouse, you can peruse photographs portraying the Union Bridge in the 1880s, Hamilton Lake in the 1930s, the devastation caused by the Frankton Tornado, paddle-steamers on the Waikato River and much more.

While Hamilton City Libraries is aiming to extend the online collection, the central library houses 13,000 historic photographs in hard copy.

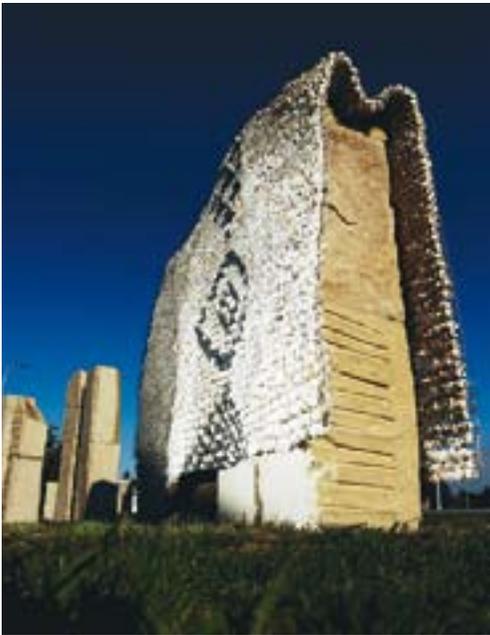
Customer Satisfaction Index (CSI) results from Council's Annual Residents Survey

Facility/Service	2003	2004	2005
Central library	83.2	82.1	83.2
Your branch library	79.6	79.9	80.1

Waikato Museum of Art and History

Public Art

This year two significant pieces of public art were unveiled to the public: the monumental sculpture Nga Uri o Hinetuparimaunga by Chris Booth and Diggeress Te Kanawa and a statue of Riff Raff (the Rocky Horror Picture Show icon created by Hamiltonian Richard O'Brien) created by Weta Workshops. Both works were commissioned in advance of Council endorsing an Art in Public Places Policy. The implementation of this policy and increased dialogue around the arts led to Hamilton receiving the Creative New Zealand Creative Places Award.



Other highlights for Outcome Area D featured in the full Annual Report:

- New sound system for Founders Memorial Theatre (\$185,000)
- Waikato Art Gallery (new gallery space)
- Increased Storage Space for Waikato Museum's permanent art collection (\$97,000)

Outcome Area E: Living in Hamilton



Community Support

Developing a Disability Strategy for Council

A working group comprising Council staff and representatives from the disability community was established in September 2004 to facilitate the development of a Disability Strategy for Council.

A draft strategy was developed following workshops held with the disability community during March 2005. This document was considered by Council in August 2005 and public feedback will be sought before final decisions on the strategy and adoption in late 2005.

Emergency Management

Regional Support and Co-ordination

Role for Emergency Management

In partnership with Environment Waikato, Council has developed a regional support and co-ordination role for civil defence activities in the greater Waikato region. These activities are being undertaken in line with the requirements of the new Civil Defence and Emergency Management Act 2002.

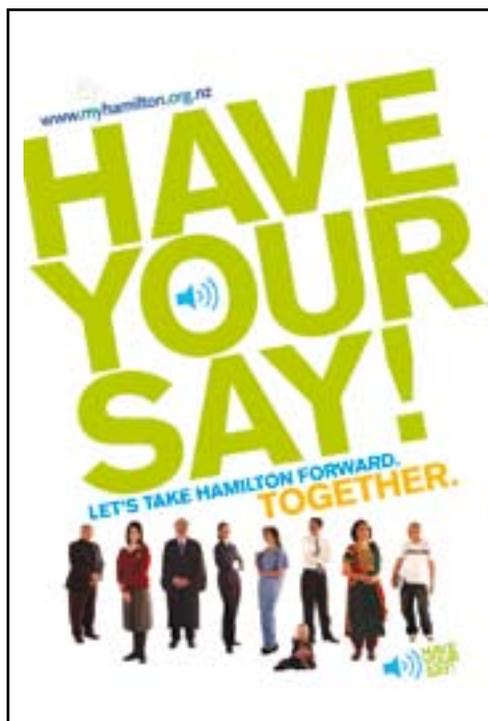
A number of transitional arrangements to ensure a co-ordinated emergency response have been put in place, including the establishment of a new Emergency Operations Centre at Duke Street. The centre is fully functional and is supported by trained staff and a RT communications system.

Representation and Civic Affairs

New Community Outcomes for Hamilton

The community's vision for Hamilton is currently being updated to reflect changing aspirations for the city, and to meet Council's obligations under the Local Government Act 2002. The Act requires Council to initiate a process to identify community outcomes for the intermediate and long-term future of the city.

During May and June 2005, more than 3000 people had their say about what would make Hamilton a better place. Opportunities were provided through focus groups, surveys and a hui hosted by mana whenua. Consultation was also undertaken by Council's neighbourhood and youth development workers to identify issues and opportunities at the neighbourhood level in Hamilton; and by Choosing Futures Waikato (www.choosingfutures.co.nz) to identify community outcomes for the Waikato region as a whole.

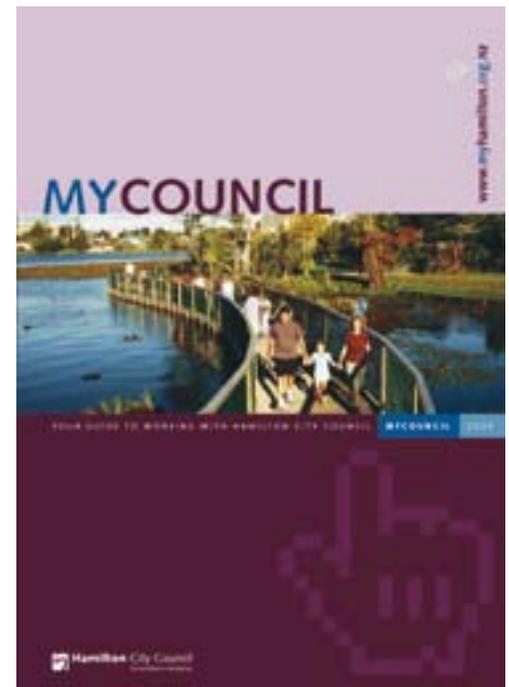


All these community ideas and opinions were used to identify a draft set of community outcomes – statements of what Hamilton communities want to work towards over the coming 10 years. The draft community outcome statements were developed by a consultation steering group who represent the city's social, economic, environmental and cultural well-being.

For further information please visit www.myhamilton.org.nz, or phone 838 6618.

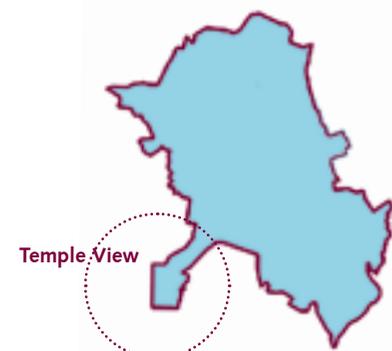
Council's Governance Statement

Council's new Governance Statement (known as mycouncil 2005) was produced in March 2005. The publication guides people through how Council is structured, and how Council works with its communities to make decisions for the future of Hamilton. mycouncil 2005 contains information that will help people understand how to keep informed of Council's initiatives and planning processes, to enable them to influence Council's decision-making through community consultation.



Temple View becomes part of Hamilton

Around 1400 new residents were welcomed into Hamilton when the Temple View community became a part of the West Ward of Hamilton on 1 July 2004. Temple View is the eleventh extension to the Hamilton boundary, and incorporates 433 hectares of land, bringing the total city area to 9860 hectares.



Other highlights for Outcome Area E featured in the full Annual Report:

- Community Centre/House Relationship Agreements
- Upgrade of Graham Street Units (\$425,000)
- New Prostitution Bylaw
- Review of Council's Development and Financial Contributions Policy
- 2004 Council Elections

Outcome Area F: Enjoying Hamilton



Parks and Gardens

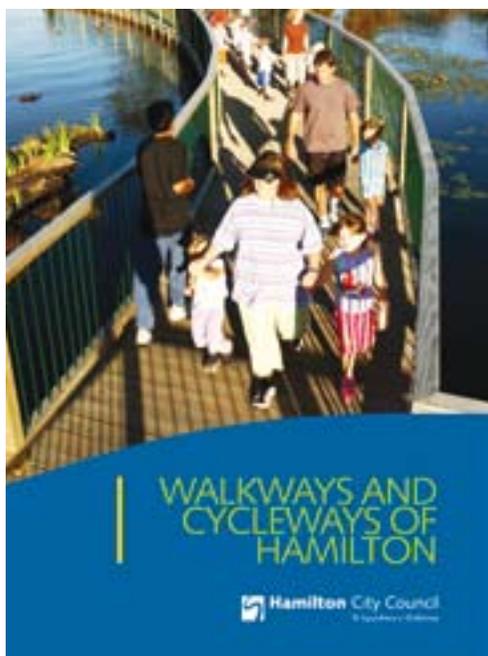
Riverside Routes Available for Cycling

The routes alongside the Waikato River in Hamilton are now available for shared use by both cyclists and walkers.

Cycling is both a growing recreational past time and a commuter option for many Hamilton residents. Shared use of the riverside routes means that one of the city's greatest recreation resources and central commuter routes is now available to many more users.

Customer Satisfaction Index (CSI) results from Council's Annual Residents Survey

Facility/Service	2003	2004	2005
City walkways	80.0	81.4	80.8
Cycling facilities	60.3	65.6	67.5



Indian Char Bagh Garden

In February 2005 Stage III of the development programme completed the basic Indian Char Bagh Garden which was officially opened by Prime Minister Helen Clark. This stage (\$30,000 in 2004/05) included the completion of the Indian Char Bagh Garden Pavilion. Further enhancements to the garden are planned to be undertaken as sponsorship is obtained.



Claudlands Park Development (\$306,000)

The development of Claudlands Park as a public park continued in 2004/05 with the integration of Jubilee Park (Claudlands Bush) through the connection of internal pathways with those in Claudlands Park. The completion of further stages of the playground (in partnership with Fairfield Rotary Club) was also undertaken.



Hamilton Zoo

Chimpanzee Exhibit (\$331,000)

The chimpanzee exhibit (which was officially opened on 29 November 2004) contains six chimps – Lucifer, Lucy, Luka, Mike, Sally and Suzie.

The indoor dens have internal heating, hammocks, hanging ropes and climbing poles. Outside, the fun continues as the chimps have free run of a large area with more climbing frames plus wet and dry river beds.

The chimps are now set to be TV stars as Hamilton again becomes the venue for a television film crew. Trilogy Productions, an Auckland-based independent production house, has been filming a TV3 documentary called Pecking Order. The documentary examines the subject of birth order, that is, how a person's place in the family affects aspects of their lives

Event Facilities

Waikato Stadium Hosts Key Games

Waikato Stadium hosted the New Zealand Maori vs British and Irish Lions rugby game on 11 June 2005, with a capacity crowd of 30,500. The stadium also hosted its first ever NRL Rugby League premier match, Pirtek Parramatta Eels vs New Zealand Warriors on 18 June 2005.

Customer Satisfaction Index (CSI) results from Council's Annual Residents Survey

Facility/Service	2003	2004	2005
Waikato Stadium	84.4	85.1	84.6

including health, education, personality, earning capacity and relationships.

The chimpanzee exhibit is one of the main reasons for the significant increase in visitor numbers to the zoo (from 99,506 in 2003/04 to 121,721 in 2004/05).

Customer Satisfaction Index (CSI) results from Council's Annual Residents Survey

Facility/Service	2003	2004	2005
Hamilton Zoo	82.1	83.1	83.0

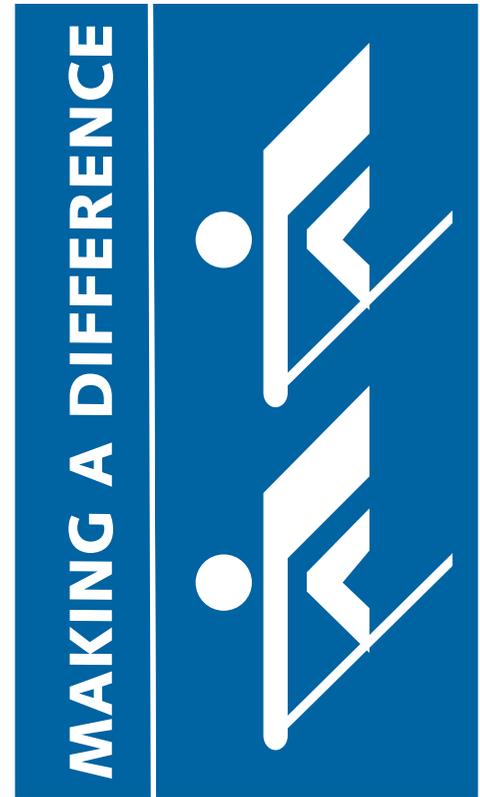
Other highlights for Outcome Area F featured in the full Annual Report:

- Sports Parks Management Plan
- International standard cricket practice facility at Westpac Park
- Increased usage of Council's swimming facilities
- New branding for Hamilton Zoo

Awards and Nominations

Council received a number of awards and nominations during 2004/05 including:

- the Local Government sector of the PESA awards (Performance Excellence Study Award)
- a New Zealand Business Excellence Progress Award in November 2004 from the New Zealand Business Excellence Foundation
- a Bronze Paua Award in the 2004/05 Waikato Business and Environment Awards, which recognised Council's efforts in achieving waste reduction and using resources efficiently
- recognition by the Ministerial Group on Climate Change for its work in achieving Milestone 1 of the Communities for Climate Protection programme
- the Creative New Zealand Creative Places Award for Arts Provision, which saw Council compete against all other local authorities in the country.



Summary Financial Statements

		Council and Consolidated			
		Actual 2005 \$000	Budget 2005 \$000	Actual 2004 \$000	Comments
FINANCIAL PERFORMANCE TO 30 JUNE		Note			
Operating revenue		110,281	107,294	102,426	Includes income from strategic areas and rates.
Non operating revenue	(1)	25,694	13,849	22,691	Includes vested assets, capital subsidies, capital contributions, and sundry other income.
Total revenue		135,975	121,143	125,117	
Operating expenditure		116,297	117,881	115,178	Includes expenditure from strategic areas.
Non operating expenditure		12	40	4,356	Includes sundry expenditure and library asset write-down (2004 year).
Total expenditure		116,309	117,921	119,534	
Surplus before taxation		19,666	3,222	5,583	
Taxation		0	0	0	
Share of associate's retained surplus		667	0	613	Includes Hamilton Riverview Hotel Ltd, NZ Local Government Insurance Co Ltd, and Waikato Regional Airport Ltd.
Net surplus	(2)	20,333	3,222	6,196	
MOVEMENTS IN EQUITY (CHANGES IN THE VALUE OF NET ASSETS OWNED BY RATEPAYERS) TO 30 JUNE					
Net surplus		20,333	3,222	6,196	
Increase in asset revaluation reserves		8,434	0	1,896	
Total recognised revenues and expenses for the year		28,767	3,222	8,092	
Equity at the beginning of the year		1,535,391	1,553,474	1,527,299	
Equity at the end of the year		1,564,158	1,556,696	1,535,391	Represents the net value of assets owned by the city.
FINANCIAL POSITION AT 30 JUNE					
Current assets		10,441	10,400	11,012	Assets expected to be converted to cash over the next 12 months, e.g. bank, accounts receivable.
Non-current assets		1,692,971	1,701,626	1,647,449	Assets expected to be held for longer than 12 months, e.g. fixed assets.
Total assets		1,703,412	1,712,026	1,658,461	
Current liabilities		28,890	23,818	23,881	Due for repayment within 12 months, e.g. accounts payable, employee, entitlements.
Non-current liabilities	(3)	110,364	131,512	99,189	Due for repayment after 12 months, e.g. term debt.
Equity		1,564,158	1,556,696	1,535,391	Represents the net value of assets owned by the city.
Total equity and liabilities		1,703,412	1,712,026	1,658,461	
CASH FLOWS TO 30 JUNE					
Opening cash balance at 1 July		18	1,322	212	
Net cash inflows/(outflows) from operating activities		39,202	24,360	35,180	Includes rates, subsidies, receipts from customers, capital contributions, and payments to suppliers, employees, and interest on loans.
Net cash inflows/(outflows) from investing activities		(49,596)	(36,805)	(31,534)	Includes capital expenditure and investments.
Net cash inflows/(outflows) from financing activities		10,483	10,823	(3,840)	Includes loans uplifted and repaid.
Closing cash balance at 30 June		107	(300)	18	

Notes

- (1) Non operating revenue exceeded budget by \$11.8 million, mainly due to the additional level of vested assets \$7.2 million, higher contribution from subdividers and other capital contributions \$2.6 million, and higher level of Transfund capital subsidy \$1.4 million. These trends reflect the growth within the city.
- (2) The net surplus includes non-cash vested assets \$11.4m, and capital subsidies/other capital contributions \$12.1m used to fund capital expenditure.
- (3) Non-current liabilities is \$21.1 million lower than budget, mainly due the lower level of term debt resulting from an increase internal borrowing and also due to various loan funded capital projects deferred to the next financial year.

Accounting Policies

Hamilton City Council is a territorial authority governed by the Local Government Act 2002. The financial statements cover all the activities of Hamilton City Council and its 100 per cent owned Council Controlled Organisation (CCO), Hamilton Properties Ltd. As this CCO is non trading, Council and consolidated figures have not been disclosed separately in the financial statements.

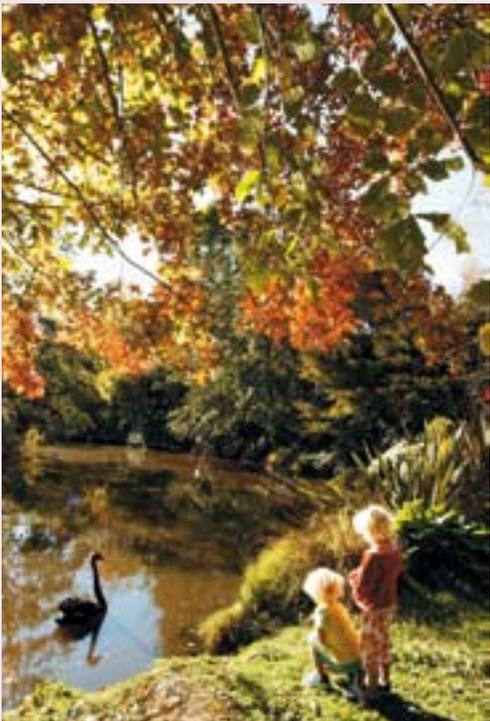
Hamilton City Council's 50 per cent share in the Waikato Regional Airport Ltd, 41.38 per cent share in Hamilton Riverview Hotel Ltd (Novotel), and 3.17 per cent New Zealand Local Government Insurance Company Ltd is equity accounted.

There have been no changes in the accounting policies since the date of the last audited financial statements. All policies have been applied on a basis consistent with the previous year.

Capital Commitment and Contingent Liabilities

Council had commitments to spend \$48.4 million as at 30 June 2005 (2004: \$23.9million) on capital projects. The increase on the previous year is primarily due to the construction of Water Treatment Station \$12.4 million and the Knox Street car park \$7.7 million.

Contingent liabilities (which are dependent on other future events) were \$13.3million as at 30 June 2005 (2004: \$12.3 million). The majority of this relates to uncalled capital in respect of Waikato Regional Airport Ltd \$11.8 million as part of the airport development (2004: \$10.8 million).



Audit New Zealand

AUDIT REPORT

**TO THE READERS OF HAMILTON CITY COUNCIL'S
SUMMARY ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2005**

We have audited the summary annual report.

Unqualified opinion

In our opinion:

- ▲ the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- ▲ the information reported in the summary financial statements complies with FRS-39: Summary Financial Reports and is consistent with the full financial statements from which it is derived.

We expressed an unqualified audit opinion, in our report dated 14 September 2005, on:

- ▲ the full financial statements; and
- ▲ the Council's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report.

Basis of opinion

Our audit was conducted in accordance with the Auditor-General's Auditing Standards, which include New Zealand Auditing Standards. Other than in our capacity as auditor, we have no relationship with or interests in Hamilton City Council or any of its subsidiaries.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary annual report and we are responsible for expressing an opinion on that report. These responsibilities arise from the Local Government Act 2002.

B H Halford
Audit New Zealand
On behalf of the Auditor-General
Hamilton, New Zealand
14 September 2005

DISCLAIMER

Specific disclosures included in this Summary document were extracted from Council's full 2004/05 Annual Report. The Summary was authorised for issue by the General Manager Corporate on 14 September 2005.

While this Summary fairly and consistently represents the major matters dealt with in the 2004/05 Annual Report, it is not intended to be a substitute for the full report.

The summary has been examined for consistency with the full Annual Report and was audited by Audit New Zealand on behalf of the Office of the Auditor-General. The full Annual Report and Summary received an unqualified audit opinion on 14 September 2005.

The summary document and full report are also available on Council's website www.hcc.govt.nz (under **publications and plans/reports and monitoring**). Alternatively you can request a hard copy by contacting the Strategic Group, phone 838 6810, email strategic@hcc.govt.nz .

Looking Forward: 2005/06 and Beyond

The following provides an overview of some of the key projects that Council will be progressing in the 2005/06 financial year and beyond.

New Community Outcomes for Hamilton

A consultation steering group (comprising representatives from a range of Hamilton organisations) is facilitating the development of a new set of community outcomes for the city.

The new community outcomes will be an integral part of Council's 2006–16 LTCCP, and will also be available to help guide long-term planning in the city by any organisation or group over the coming years. They will be the foundation for a Community Outcomes Strategy that can be shared by all Hamilton stakeholders.

For further information on the Community Outcomes process, visit: www.myhamilton.org.nz.

2006–16 Long Term Council Community Plan (LTCCP)

Council will be developing its 2006–16 LTCCP in the 2005/06 financial year. This document will be Council's primary long-term strategic framework outlining its contribution to the city's development over the next 10 years, and will be available as a draft document for public submissions in April 2006.

A key feature of the 2006–16 LTCCP will be the inclusion of the new set of community outcomes for Hamilton, and a clear demonstration of Council's contribution towards the outcomes.

Access Hamilton

As noted in the highlights section, Council is developing Access Hamilton, which focuses on enabling good access in and around the city by managing the issues of traffic congestion, travel times, safety, risk, parking, and ensuring good networks for all travellers who walk, cycle or use passenger transport and cars. Access Hamilton is about balancing choices in relation to the demands placed on transport infrastructure, with the supply of transport infrastructure.

Representation Review

The Local Electoral Act 2001 requires Council to make decisions on the electoral system to be used for future elections, the establishment of Maori wards, and the basis of representation within the city (including number of wards/councillors, ward boundaries and community boards). As these issues are connected, they will be considered together by Council during 2005.

Council's Development and Financial Contributions Policy

Council's Development and Financial Contributions Policy was reviewed in 2004/05 and a new policy prepared under the Local Government Act 2002 that will enable the recovery of growth related capital expenditure from new development throughout the city. The policy allows for the cost of infrastructural growth to be more directly targeted towards the property development sector rather than spread across all ratepayers.

The new policy came into force on 1 July 2005. Council will be undertaking a further review of the policy in 2005/06, and will release the second policy review as part of its Proposed 2006–16 LTCCP.

