



www.hamilton.co.nz

0405060708
A VISION FOR OUR CITY



ANNUAL REPORT SUMMARY

2005/06





CONTENTS

About the Annual Report	2
Mayor and Chief Executive's Overview	2
Highlights of Council's Projects and Programmes for 2005/06.....	4
Council's Partnership with Maori.....	14
State of the City	15
Financial Overview.....	19
Summary of Financial Statements	23
Awards and Nominations	25
Audit Report	26

ABOUT THE ANNUAL REPORT

This document is a summary of Council's full 2005/06 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 its Long-Term Council Community Plan (LTCCP) or the Annual Plan.

This year's Annual Report outlines what Council has achieved in year two (2005/06) of Council's first LTCCP (known as Hamilton's Community Plan 2004–14) and any amendments, variations and other changes identified in Council's 2005/06 Annual Plan.

The full 2005/06 Annual Report is available from the main Council office in Garden Place or at any branch of Hamilton City Libraries. This summary document and the full report are also available to view/download on Council's website www.hamilton.co.nz/AnnualReport. Alternatively you can request a copy by contacting the Strategic Group on 838 6810 or emailing strategic@hcc.govt.nz.

MAYOR AND CHIEF EXECUTIVE'S OVERVIEW

The 2005/06 year heralded significant shifts forward as Council embraced the challenge of delivering on its vision for a thriving and vibrant city. Hamilton is emerging as New Zealand's newest metropolitan city and is developing a unique identity that capitalises on its advantages and positions it as a thriving urban centre.

In response to continued rapid city growth, Council has taken a leadership role in guiding the future development of Hamilton's built environment with the launch of *CityScope* in December 2005. *CityScope*, Council's urban design strategy, proposes a three-year programme of initiatives, actions and development projects. Its intention is to raise the standard of urban design throughout the city and to actively plan toward the building of communities as the city expands. Council formally adopted *CityScope* in July 2006, with the CBD redevelopment as one of its flagship projects.

Council has identified events as playing the critical role in showcasing the city to national and international audiences. In February 2006, Council secured (subject to resource consent) the rights to host the V8 Supercars Street Race event. This was quickly followed by the announcement of the World Rally Championship in March 2006. In August 2006, Hamilton secured official host city status for the World Rowing Championships to be held at Lake Karapiro in 2010.

Council held a binding referendum of Hamilton residents on 13 May 2006 as to which electoral voting system should be used for Council's 2007 triennial elections and whether or not the city's water should continue to be fluoridated. Voters returned in favour of continuing with both the fluoridation of the city's water and with the First-Past-The Post (FPP) electoral system.

In November 2005, Council decided to move to a two-ward electoral system for the 2007 triennial elections. Under this system, six councillors will represent the west ward and six councillors will represent the east ward, reducing the total number of councillors from 13 to 12. The two wards will be divided by the Waikato River, mirroring the boundaries inside the city of the parliamentary seats.

Several major infrastructural projects to support ongoing city growth were undertaken in the 2005/06 year.

The Access Hamilton transport strategy made significant gains. On 19 April 2006 the Knox Street commuter car-parking building (\$8.517m in 2005/06) was opened, providing an additional 450 off-street car parks in the central city. In conjunction with the Knox Street parking building, a free CBD shuttle bus service was launched on 17 July 2006 to boost accessibility throughout the city centre. On 17 July 2006 the Orbiter bus service was launched and operates both clockwise and anti-clockwise routes circling the city every 15 minutes. Other highlights under Access Hamilton were the installation of clearways in areas that experience significant peak-time congestion and the three-laning of Boundary Road bridge.

The construction phase of the Water Treatment Station upgrade (\$12.747m in 2005/06) continued with installation of a granular activated carbon system and ultra-violet disinfection system in conjunction with other automation and renewal upgrades.

The Hamilton South Reservoir and associated bulk mains (\$3.060m in 2005/06) were commissioned and became fully operational in January 2006. This new reservoir will increase water pressure to east Hamilton and provide further security of supply for the whole city.

June 2006 saw Council adopting the 2006–16 Long-Term Plan – its primary long-term planning document that outlines Council's contribution to Hamilton's development over the next 10 years.

Council undertook a comprehensive review of rating and funding mechanisms as part of the 2006–16 Long-Term Plan. As a result, the Development and Financial Contributions Policy was further amended to provide for the recovery of contributions towards acquisition of reserves. The change also recognises the differences in demand that arise from greenfield development as opposed to infill development and provides a fairer basis for recovery in these terms. Amended development contribution rates applied from 1 July 2006.

Council's Long-Term Plan captured Hamilton's city vision within three strategic framework strands: Investing in Our People; Creating Identity and Prosperity; and Protecting our Future. The strategic framework marks a significant change in focus for Council by promoting the importance of social connectedness, urban design, arts and culture, sustainable development and distinctive identity in Council's planning.

This Annual Report provides a comprehensive overview of how, in the 2005/06 financial year, Council has responded to Hamilton's emergence as a fast-growing metropolitan city.



Michael Redman
KOROMATUA O KIRIKIRIROA



Tony Marryatt
KAIWHAKAHAERE MATUA

DELIVERING ON COUNCIL'S VISION
2005/06
ANNUAL REPORT





HIGHLIGHTS OF COUNCIL'S PROJECTS AND PROGRAMMES FOR 2005/06

HAMILTON – 'EVENTS CITY'

2005/06 was an exciting year in terms of securing high profile events for the city. Council secured, subject to resource consent, the rights to host the sole New Zealand round of the Australian V8 Supercars Street Race event. Council will also have a significant role in the hosting of the World Rally Championships starting in 2006 and is the host city for the World Rowing Championships in 2010. These additions to Hamilton's events calendar will bring with them major benefits for the city and wider region.

V8 Supercars Street Race



The Hamilton V8 Supercars Street Race is one round of the Asia Pacific V8 Supercars Championship. This event will launch Hamilton onto the international stage with the first race planned for April 2008. The hosting rights will enable Hamilton to run the event for a minimum of seven years. The race would take place annually over three days, and is likely to be held in the April school holidays each year. The other rounds of the championship include Bathurst, Clipsal 500 in Adelaide and Bahrain.

The V8 Supercars Street Race is a significant international event. The worldwide television audience is estimated at 600 million viewers and 155,000 spectators are likely to attend the street circuit during the three-day event. The economic benefits for Hamilton from this event through additional visitors and jobs are significant. The street race will be a catalyst for additional investment and associated industry growth in Hamilton. The event provides an excellent platform for profiling Hamilton internationally as well as providing excitement and enjoyment for city residents.

During 2005/06 Council undertook extensive planning and consultation to ensure the success of the event. Council recognises there are issues that need to be worked through to minimise any adverse effects of the race and to ensure that the event has widespread local support.

As part of the event planning, Council has been working through a number of issues including infrastructure and logistics planning, traffic management (free buses will be provided citywide during the weekend of the event) and environmental issues, e.g., mitigating carbon emissions, event recycling initiatives and noise management.

Two information days were held on 10 and 11 May 2006 at the Hamilton Workingmen's Club Pavilion in Frankton. The information days were targeted towards people who live or own a business close to where the event will be held. All material made available at the information days has been posted on Council's website at www.hamilton.co.nz/v8supercars.

Further consultation will take place as part of the resource consent process (the resource consent application was lodged in August 2006). This formal process will allow the views of interested and affected parties to be heard and considered by an independent commissioner.

World Rally Championship



The Propecia Rally of New Zealand will be based in Hamilton between 17 and 19 November 2006, as part of a three-year agreement between Council and Rally New Zealand. Council secured the sponsorship hosting rights for the World Rally Championship (WRC) event following negotiations that began last year.

The Mystery Creek venue will provide a 'one-base' concept for the rally, with all the teams returning in the middle and at the end of each day's special stages. It is anticipated that the official start of the rally will take place in the Hamilton's Central Business District.

The arrangement between Council and Rally New Zealand will see Hamilton becoming a sponsor of the event. Council's Event Sponsorship Fund will provide annual funding of \$125,000 for this event, which is expected to bring an economic impact of around \$12m to the wider Hamilton economy.

The WRC rally is one of the largest sporting championships in the world with an estimated 880 million televi-

sion viewers last year. The New Zealand leg of the WRC is one of 16 rounds, 11 of which are held in Europe with the other rallies in Mexico, Argentina, Japan and Australia.

World Rowing Championships

The World Rowing Championships, which are to be held at Lake Karapiro in 2010, will enable Hamilton to play a major role in the staging of the event. Hamilton is the official host city for the world championships and as a significant sponsor will play a key part in supporting the regatta.

Council's \$300,000 sponsorship of the World Rowing Championships (through its Event Sponsorship Fund) includes staging the opening ceremony, funding of special transport for athletes and spectators between Lake Karapiro and Hamilton and creating a festival environment for athletes, delegates and visitors.

There is an opportunity to capitalise on having overseas visitors and a huge international television audience to promote Hamilton as both a tourist destination and a place of innovation and high value jobs. The opening ceremony will be staged in the city and a range of supporting events will be delivered for visitors' and residents' enjoyment.

Hamilton's strong historic association with rowing and the broad-based support for the sport in the city makes Council an ideal sponsor of the event.

ACCESS HAMILTON

In Council's 2004 and 2005 Annual Residents Surveys, 'traffic' (including congestion) was the most important issue that residents felt Council should be addressing. In response to this, Council developed Access Hamilton, a transport strategy that focuses on easing traffic congestion and encouraging the use of alternative forms of transport such as buses, walking and cycling. Some of the highlights from Access Hamilton during 2005/06 include:

Knox Street Carpark Building and CBD Shuttle

The Knox Street commuter car parking building (\$8.517m in 2005/06) was opened on 19 April 2006 to provide off-street commuter car parking in the central city. A free inner city shuttle bus service (\$65,000 in 2005/06) was launched with the opening of the car park to encourage people to leave their cars on the edge of the CBD and use public transport in the inner city.

Fairfield Bridge

Remedial work in the vicinity of the Fairfield Bridge (\$75,000 in 2005/06) was carried out to reduce traffic congestion. The right-turn lane onto Fairfield Bridge for vehicles travelling north along Victoria Street was extended south to Abbotsford Street to create two lanes. Phasing on the traffic lights was also modified during the morning peak to improve traffic flows on the bridge, and a clearway installed along River Road during morning peak travel times.

Three-laning of Boundary Road Bridge

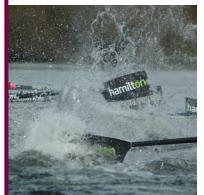
Three-laning of the Whitiara Bridge (\$105,000 in 2005/06) was completed in June 2006 to reduce excessive congestion along Boundary Road during peak travel times. This project is part of the Cross-City Connector and is the first stage in upgrading this road.

Bus Services

The Orbiter bus (\$12,000 in 2005/06) is a new route which has been operating since July 2006. It circles the city every 15 minutes in both directions, linking key trip attractors in both a clockwise and an anticlockwise direction.

A real-time information system has been installed at bus stops throughout the city to enable passengers to better plan their journey. The system has been installed at the majority of bus stops on the new Orbiter route.

A new Chartwell Express bus service (\$51,000 in 2005/06) from Thomas Road to the CBD started in February 2006. This is a fast-track service aimed at commuters.





Walking School Buses

Walking school buses (\$36,000 in 2005/06) are formal groups of children who walk to school along designated routes. These trips are supervised by school bus drivers. Schools support the walking school buses, although they are usually operated by volunteers. Walking school buses form part of the national road safety strategy and are consistent with the Land Transport Management Act. The programme is also integrated with Access Hamilton and in partnership with Environment Waikato, the Environment Centre and Ruben the Road Safety Bear. Funding for this initiative has come from Land Transport New Zealand. Nine schools in Hamilton operate walking school buses (with a total of 18 routes). Council will continue to work with school communities to instigate new walking school buses and routes.

Clearways

Five new clearways (\$3000 in 2005/06) have been implemented in the last financial year.

CITYSCOPE

In December 2005, a draft city design strategy for Hamilton – *CityScope* – was accepted by and received the support of Council. *CityScope* is an integral component of a range of initiatives (such as Access Hamilton and the CBD Upgrade) designed to ensure that Hamilton is well placed to positively address the challenges and opportunities that the city will face over the coming years.

It is Council's vision that Hamilton's evolving urban form and built environment will deliver positive social, economic and environmental outcomes. Future development in Hamilton should embrace international practice in planning, urban design, and sustainability and play the central role in delivering on the Vibrant Hamilton Vision.

Council has become a signatory to the New Zealand Urban Design Protocol and created an Urban Design Strategy Working Group to progress city design and lift the quality of urban form in Hamilton.

CityScope is a key mechanism through which a Distinctively Hamilton identity is formed and conveyed and will also enable the delivery of Council's obligations under the New Zealand Urban Design Protocol.

CityScope is founded on six key principles or underlying philosophies:

- Principles – Principles underpinning the strategy
- People – Strategies that enable others to act
- Place – Ideas that inspire a shared vision
- Process – Initiatives that challenge the process
- Promotion – Initiatives that encourage the heart
- Projects – Projects that model the way.

The full realisation of *CityScope* can only be achieved with the support of the wider Hamilton community. *CityScope* is a positive and fundamental shift in strategic planning for how the city will grow and develop in the decades ahead. Public feedback has provided clear support for *CityScope*.

Council formally adopted *CityScope* in July 2006 and will embark on a comprehensive programme of actions to ensure its implementation.



PROJECTS AND PROGRAMMES BY THE COMMUNITY PLAN'S SIX OUTCOME AREAS

The projects and programmes listed below (grouped by significant service under the six outcome areas in Hamilton's Community Plan 2004–14) are some of the key projects that Council completed/undertook in 2005/06.

OUTCOME AREA A: SUSTAINING HAMILTON'S ENVIRONMENT

Wastewater Management

Rototuna Wastewater Trunks (\$726,000 in 2005/06)

Wastewater trunkmains were installed in Te Manatu Drive (Stages 2 and 3) and trunkmains in River Road were approximately 70 per cent completed. The Borman Road, Cumberland Drive and Tuirangi Street projects were deferred until 2006/07 to align with the road construction programme. Contracts have been awarded for these projects and work is due to commence in September 2006.

Pump Station Storage (\$6000 in 2005/06)

This annual programme continues the installation of storage chambers for wastewater pump stations around the city. These chambers help prevent wastewater overflows during times of heavy rain and hence provide protection to the city's streams and the Waikato River. Plans to install a storage chamber at the Snell Drive pump station were deferred and will be completed as part of the 2006/07 work programme. The design has been completed for this project.

Stormwater Management

Rototuna Urban Growth – Construction of Borman Road Canal and Te Manatu Drive Detention Pond and Trunkmain (\$367,000 in 2005/06)

Stormwater trunkmains were installed to service Te Manatu Drive. Construction of the Te Manatu Drive Detention Pond was deferred due to delays with the resource consent and the need for drier weather conditions. Construction of the Borman Road pipeline was deferred to 2006/07 to align with the road construction programme. Works are expected to commence by November 2006.

Recycling/Refuse Collection

Horotiu Landfill Stages 4 and 6 (\$305,000 in 2005/06)

Capping of Stages 4 (\$28,000) and 6 (\$277,000) at Horotiu Landfill has continued with some delays due to inclement weather in early 2006. Work is within budget and progress has resumed. Final capping of Horotiu Landfill will take place by 31 December 2006 and gas collection will commence upon its closure.

Refuse Transfer Station Asset Management Upgrades (\$16,900 in 2005/06)

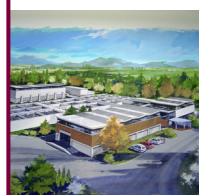
This project provided for various capital and renewal projects to maintain Council's asset at the Refuse Transfer Station (RTS). Further remediation work on the compactors is due for completion in October 2006. The RTS will be leased to Waste Management NZ Ltd after the Horotiu Landfill closes. The period of the lease will be for the following 10 years (2006/07–2015/16). Council is required to hand over a fully serviceable and sound facility.

Various capital and renewal projects have been completed at the RTS to ensure this asset remains fully serviceable and sound prior to leasing to Waste Management NZ Ltd after the Horotiu Landfill closes on 31 December 2006.

Water Supply

Upgrade of Hamilton's Water Treatment Station (\$12.747m in 2005/06)

This project ensures that Council will meet the requirements of the Drinking-Water Standards for New Zealand 2000 that will become mandatory after an amendment to the Health Act 1956 (on drinking water safety) is passed by Parliament. It is anticipated that this Bill will be enacted on 1 April 2007.





The project involves the design and construction of an upgrade to Hamilton's Water Treatment Station. Designs for the treatment station upgrade were completed and the main construction contract awarded in 2004/05. A granular activated carbon system and ultra-violet disinfection system were installed in 2005/06 in conjunction with other automation and renewal upgrades as planned. Full commissioning of the upgrade project is underway.

Hamilton South Reservoir and Bulkmain (\$3.060m in 2005/06)

The Hamilton South Reservoir and associated bulkmain were commissioned in January 2006 and are now fully operational. This new reservoir will increase water supply pressure to areas of Hamilton located on the east of the Waikato River and will provide further security of supply for the whole city. Minor remedial work to remedy air venting and water hammer is due for completion in August 2006.

Rototuna Urban Growth – Extension of the Rototuna Water Supply Reticulation Trunkmain (\$173,000 in 2005/06)

The water trunkmain was extended along Resolution Drive from Discovery Drive to the proposed Rototuna northern arterial road. Other water trunkmain projects associated with subdivision development (Ashmore and Horsham Estate) were progressed as required. This ongoing project will ensure the development of essential water supply infrastructure to meet the demands of residential growth and expansion in the city's north-eastern area.

Sustainable Environment

Environmental Education Programme – Shopping Booklet

The "Know it...? Live it!" community education programme was furthered with the production of the final booklet in the series on Sustainable Living. This fifth booklet, *A household guide to making informed consumer choices for your health and the environment*, is designed to help people in Hamilton understand that lifestyle choices and purchasing decisions have an impact on the environment. The booklet was launched pre-Christmas 2005 and was supported by seasonal and topical fact sheets explaining how to utilise critical thinking when making purchasing decisions in order to make a positive difference to the environment.

Bikewise Week 2006

Bikewise Week is an annual national event. Linking strongly with Access Hamilton's objective of reducing congestion and increasing the use of alternative modes of transport, Bikewise Week aims to raise the profile of cycling both as a form of transport and active recreation. Council partners with Environment Waikato, Sport Waikato and the Hamilton Environment Centre to coordinate events over the week. Events held in 2005/06 included the Round the Bridges Bike Ride, the Bike Wise Battle (an inter-business challenge aiming to get as many staff to take up cycling during the week as possible), and the Go By Bike Breakfast on Wednesday 1 March 2006 (a free breakfast in Civic Plaza was provided for everyone cycling into the city on that day). The Go By Bike Breakfast event was a huge success with over 300 cyclists attending the event and Hamilton's event receiving the 'Gold Standard' from the national organisers for getting 30 seconds of news coverage on TV One News.



Environmental Health

Hamilton City Selected as Case Study by Ministry of Justice

Hamilton has been selected as an example of 'good practice' by the Ministry of Justice for its efforts in crime prevention. Police statistics show that residents are justified in feeling safer, and violence and disorder in the central city has decreased significantly in the last two years. Disorder has decreased by more than 65 per cent and violence by nearly 20 per cent since 2003. Council has engaged with crime prevention partners to develop and implement initiatives that effect a reduction in crime and improve people's safety in the central city, e.g., 24/7 public place liquor ban bylaw in the central city, Council's City Safety Night Patrol Team, increased monitoring and enforcement of the Sale of Liquor Act by Council and Police, the 'Night Rider' late night bus service and a youth-at-risk initiative.



OUTCOME AREA B: GROWING HAMILTON

Road Network Management

Extension of Resolution Drive – Discovery Drive to Borman Road (\$2.011m in 2005/06)

The extension of Resolution Drive, to enable subdivision developments in the Rototuna growth cell, is expected to be completed in September 2006. This project will be completed within the allocated budget and well within the timeframe.

Riverlea Road Upgrade (\$1.611m in 2005/06)

The Riverlea Road upgrade was completed in June 2006. This work, including kerb and channelling and high grade asphaltting, upgraded Riverlea Road from a rural standard to an urban standard road.

Construction of Cycleways (\$185,000 in 2005/06)

Two major off-road cycleways (Hamilton Gardens to Wellington Street and Thomas Road to St James Drive) were constructed during 2005/06.

Building Control

Earthquake-Prone, Dangerous and Insanitary Buildings Policy

The Building Act 2004 requires all territorial authorities in New Zealand to adopt a policy on earthquake-prone, dangerous and insanitary buildings. Council's policy (adopted in May 2006) reflects Hamilton's local economic, social and seismic conditions and has been developed in a way that aims to balance potential health and safety benefits with economic costs to building owners. Special recognition has also been made of the need to protect and deal with heritage buildings. The first formal review of the policy will be in 2009.

Waikato Building Consent

Council's Building Control Unit, together with Waikato, Waipa, Matamata-Piako and Otorohonga district councils, have successfully developed a single building consent application form that is utilised across all five local authorities. The single application form streamlines the building consent process for developers and builders throughout the region.

Planning Guidance

Urban Design Advice

The aim of Council's urban design strategy (*CityScope*) is to ensure alignment of all projects and initiatives and to achieve outcomes that deliver on the strategy's ambitions and aspirations. Processes have been developed around resource consents to raise the significance of urban design matters and to encourage pre-design consultation. This has enabled applicants to discuss with Council staff, at an early stage, how their application may benefit from urban design techniques or be enhanced by Council's plans for its roading network (Access Hamilton), the CBD development plans and various aspects of *CityScope*.

Animal Care and Control

Dog Day Afternoon

Council ran its annual Dog Day Afternoon event for the fourth consecutive year on 6 March 2006. This event is aimed at promoting and celebrating responsible dog ownership and featured stalls, displays, activities, competitions and information about dog ownership. The number of people attending the event has increased each year, with around 2000 people attending in 2006, and around 250 dogs and 500 people participating in the Pet Practice Dog Walk around Hamilton Lake.

OUTCOME AREA C: PROMOTING HAMILTON

Economic Development

Hamilton's Economic Development Strategy

Hamilton's Economic Development Strategy was updated by Council in November 2005. The strategy reflects a commitment to ag-biotech, light aviation and transport logistics as key strengths and opportunities to generate economic wealth. In addition, the strategy identifies light engineering, science and medical research and education as important contributors to the city's economic development.





The Katolyst Group

Hamilton's Innovation Park has continued to grow over the past 12 months. It now has over 50 companies and 300 people working in a range of high technology businesses. The park also assisted companies to raise over \$6m in capital, facilitated the development of agri-technologies through the Walton dairy farm and showcased animal traceability technologies to over 5000 farmers at the 2006 National Fieldays event.

City Promotion

Website Redevelopment

The redevelopment of Council's managed website www.hamilton.co.nz has seen a significant improvement in content and ease of navigation and has resulted in an increase in the number of visitors to the site. The site was launched in November 2005, and from approximately 10,000 visitors per month prior to redevelopment, www.hamilton.co.nz now has more than 60,000 visitors per month.

OUTCOME AREA D: EXPERIENCING ARTS, CULTURE AND HERITAGE IN HAMILTON

Hamilton Theatre Services

Theatre Upgrades

The condition of Hamilton's theatres has meant that major renovations have been needed. The recent upgrade of the Community Theatre included a complete renovation of the entrance foyer, recarpeting part of the auditorium and replacing the seating in this area. The Meteor upgrade included refurbishment of the entrance foyer, toilet facilities and catering area, recarpeting and repainting of walls and ceilings, replacement and upgrade of the lighting grid and general refurbishment of all public areas except the actual theatre space. Painting of the exterior was also completed.

Council's 2006–16 Long-Term Plan makes funding provision for continued upgrading of The Meteor and installation of air conditioning at Founders Memorial Theatre in order to improve overall customer experience.

TicketDirect Improvements

Customers have increased choice in booking a ticket to a show, sports or entertainment event. TicketDirect has been moved from Founders Memorial Theatre, and tickets can now be purchased from any branch of Hamilton City Libraries. Tickets are still available to purchase online or over the phone, and the TicketDirect call centre now offers extended hours for ease of access for customers.

Hamilton City Libraries

Internet Access Available at Libraries

All Hamilton City Libraries now provide customers with Internet access. The libraries are trialing free internet access to members of the libraries who are residents of the city and Waikato District, although whether the service continues on this basis will be dependent on user numbers. Internet terminals can be booked for periods of up to 30 minutes.

Waikato Museum of Art and History

A Dynamic Exhibition Programme

The Waikato Museum offered a varied and innovative exhibition programme during 2005/06, which involved wide sections of the community. Key exhibitions included:

- *A Tale to Tell*, an exhibition of high quality work by British narrative painters of the Victorian era. This is the first time that this exhibition has travelled outside of Auckland
- *Aukaha – 40 Years On*, a collection of several leading Maori contemporary artists in recognition of the first large-scale contemporary Maori art exhibition that was held in Hamilton 40 years ago
- *Rare View: A glimpse into Hamilton's Somali community*, a photographic exhibition that provided insights into the Somali community in Hamilton. The exhibition was recognised by the Human Rights Race Relations Commission for its work in addressing ethnic stereotypes and won the Creative New Zealand Creative Places: Cultural Festivals and Arts Events Award.

- The Waikato Museum also hosted two significant international exhibitions:
 - *Wrapped*, which showcased some of the finest examples of Korean textile art
 - *Letters to the Ancestors* from the renowned Centre Cultural Tjibaou in New Caledonia.
- Waikato Museum continues to host one of New Zealand's most prestigious contemporary art events, the Trust Waikato National Contemporary Art Awards
- The giant fossilised penguin, which was discovered in Kawhia Harbour by members of the Hamilton Junior Naturalists Club in January, is on display at Waikato Museum
- Speed, a science exhibition in the Excite gallery, contained a number of highly interactive exhibits for children to explore the principles of motion
- Two major cultural days were held involving Korean and Pacific cultures. More than 5000 people attended each day.



OUTCOME AREA E: LIVING IN HAMILTON

Community Support

Recognyz Youth Awards 2006

The Hamilton Youth Council (along with representatives from community groups and organisations) ran a successful Hamilton Youth Awards event this year. Seven award categories attracted 48 nominations which culminated in an awards evening in April 2006. The Recognyz Youth Awards has now become an annual event on the Hamilton Youth Council Action Plan, leading up to national Youth Week (currently celebrated in May each year).



Ethnic Communities Listening Forum

The second Listening Forum for Hamilton's Ethnic Communities was held in June 2006. This forum contributes towards increasing the awareness of ethnic issues in Hamilton. Around 75 participants from 37 different ethnic groups attended to discuss social and cultural connectedness, health and well-being, education, language and literacy, employment and financial management.

Community Facilities

Cemetery Database Now Online

People with family buried in Hamilton Park Cemetery, Hamilton East or West Cemeteries now have 24-hour access to burial and cremation records. Hamilton Park Cemetery (in Newstead) installed an on-site touch-sensitive data kiosk in the administration building. The kiosk is accessible during the opening hours of the cemetery, making the search for relatives or ancestors more convenient. A new database was also launched which contains both burial and cremation records for all three cemeteries. This database is accessed through the Hamilton City website www.hamilton.co.nz (keyword **cemetery database**). Information at both the kiosk and the online database is continuously updated.

Representation and Civic Affairs

Council's Electoral System and Fluoridation of the Water Supply

A binding referendum of Hamilton's residents (eligible voters) was conducted on 13 May 2006. Voting came out in favour of continuing with both the First Past the Post (FPP) electoral system and the fluoridation of the city's water supply. The FPP electoral system will now be used for the 2007 and 2010 triennial Council elections.

Council will also be moving to a two-ward electoral system with fewer councillors at the next local authority elections in 2007. The two-ward system will mean the number of councillors for the next election in 2007 will reduce from 13 to 12, with six councillors representing each ward. The two wards will be east and west of the Waikato River, mirroring the boundaries inside the city of the parliamentary seats.

Development and Financial Contributions Policy

As part of Council's 2005/06 Annual Plan the Development and Financial Contributions Policy was introduced on 1 July 2005 (as required by the Local Government Act 2002) to enable the recovery of growth related capital expenditure through contributions made by developers. This policy was further amended during 2005/06



as part of Council's 2006–16 Long-Term Plan. The amended policy provides for the recovery of contributions towards the acquisition of reserves and also provides a fairer basis for recovery, recognising the differences in demand that arise from greenfield development as opposed to infill development.

The amended policy will be supported by a variation to Council's Proposed District Plan that will remove the basis for reserves contributions to be collected under the Resource Management Act 1991. The amended development contribution rates apply to all consents granted from 1 July 2006.

Council's 2006–16 Long-Term Plan

On 30 June 2006, Council adopted its 2006–16 Long-Term Plan with an unqualified audit opinion from Audit New Zealand. Under the Local Government Act 2002 Council is required to produce a Long-Term Plan every three years. This is Council's primary long-term planning document that outlines its contribution to Hamilton's development over the next 10 years.

The Proposed 2006–16 Long-Term Plan was available for public submissions between 31 March–1 May 2006. A total of 202 submissions were received.

Projected expenditure through the plan over the next 10 years is \$3 billion, of which special capital projects account for \$1.1 billion. Rate increases over the 10-year period to existing ratepayers average just over 2 per cent above the CPI (Consumer Price Index), including additional Access Hamilton targeted rates in 2008/09, 2010/11 and 2011/12.

Copies of Council's final 2006–16 Long-Term Plan can be obtained from the main Council office in Garden Place or any branch of Hamilton City Libraries. The plan can also be viewed/downloaded from Council's website www.hamilton.co.nz/LongTermPlan.

Hamilton's Community Outcomes

The Local Government Act 2002 requires Council to carry out a process to identify community outcomes and priorities for the future of the city. This means developing vision statements, through community consultation, about how people want the city to develop over the coming 10 years.

During May and June 2005, more than 3000 people had their say about what would make Hamilton a better place. All the ideas and opinions collected were used to identify a draft set of community outcomes statements. The draft statements were distributed in August 2005 for community feedback, which included a flyer delivered to all Hamilton households through the Hamilton Press (a local community newspaper). This community feedback was taken into account by the Steering Group before signing off the final set of statements in late October 2005. Reports from each stage of the consultation are available at www.myhamilton.co.nz.

The new set of community outcomes for Hamilton were a key input into the development of Council's 2006–16 Long-Term Plan.

Disability Strategy

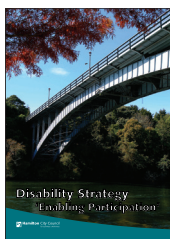
Council's Disability Strategy was launched by Hamilton mayor Michael Redman on 14 March 2006. Hamilton was one of the first councils in New Zealand to develop a local response to the New Zealand Disability Strategy that was introduced by central government in 2001. The purpose of Council's Disability Strategy is to enable wider participation of people with disabilities in Hamilton. A key aspect of participation is ensuring that Council's services and facilities are appropriate and accessible for people with disabilities. The Disability Strategy is accompanied by an action plan that outlines specific actions that Council units will undertake to fulfil the objectives of the strategy.

OUTCOME AREA F: ENJOYING HAMILTON

Parks and Gardens

Hamilton Gardens – Chinoiserie Development

A new Chinoiserie Pavilion was completed in the Perfume Garden at Hamilton Gardens in 2005/06 with funds raised by the Friends of Hamilton Gardens. The Pavilion has already been used for various performances and functions. The building's design was based on a surviving example of early 18th century Chinoiserie design called the 'Chinese House', which is now located in a famous English garden called Stowe.



Hamilton Lake Domain

In 1998/99 the Hamilton Lake Domain Taskforce (made up of representatives from the community) was created to develop a vision for the Hamilton Lake Domain. The aim of the taskforce was to develop a programme of works for the domain, including the development and renewal of walkways, playgrounds, vegetation, roads and car parks. The 2005/06 financial year saw the completion of a seven-year programme with final work undertaken on the road and car parking around the domain.

Event Facilities

World Indigenous People's Conference in Education

Waikato Stadium hosted the closing ceremony and cultural performance of the World Indigenous People's Conference in Education in December 2005. The closing ceremony attracted around 8000 people.

NRL Rugby League

Waikato Stadium hosted the annual Pirtek Parramatta Eels home rugby league match against the Vodafone Warriors on 18 March 2006. A crowd of 12,500 attended the game.

NZ All Blacks vs Ireland Test

Waikato Stadium hosted the New Zealand All Blacks vs Ireland test on Saturday 10 June 2006. A capacity crowd of 30,500 people attended the game.

International Cricket Practise Facility Completed

The work on the new cricket practise facility and outfield was completed and international cricket will resume at Seddon Park in the 2006/07 season.

Swimming Facilities

Aqua Play Gym for Children at the Pools

This programme operates every Thursday and every second Sunday in the 25-metre pool at Waterworld. The programme is based around the theory of 'purposeful, goal directed play', and the philosophy that children learn through play. The programme targets six-month to six-year-old children, and each child has to have a parent in the pool with them.

Hamilton Zoo

Conservation of a Native Frog Species

The Houchstetter Frog is one of four living species of frog native to New Zealand. Although they are the most widespread of New Zealand's remaining native frog species, they are still threatened with extinction. Hamilton Zoo partnered with the Department of Conservation to help save the species by determining captive breeding and rearing techniques. If the Houchstetter Frog numbers do decline further, knowledge of these techniques could be vital to ensure their continued survival.

An enclosure has been built at the zoo to house the frogs and has been designed to recreate their natural habitat with rocky streams as well as patches of leaf litter and logs. There is even a sprinkler system in the ceiling to mimic rainfall.

Animal Additions to Hamilton Zoo

There have been a number of recent arrivals to Hamilton Zoo, including two baby African hunting dogs born at the zoo in May 2006. The babies have been settling in well and are getting bigger and stronger every day. The zoo also received five red-necked wallabies and a pair of Australian cranes (brolgas) from Auckland Zoo in May 2006.





D. COUNCIL'S PARTNERSHIP WITH MAORI

Council has two established partnerships; one with the local mana whenua of Hamilton, through Nga Mana Toopu o Kirikiriroa (NaMTOK), and one with tauiwi and Pacific peoples, through Te Runanga o Kirikiriroa (TeROK). Both these partnerships include annual financial contracts that support and enable these groups to participate in the democratic and decision-making processes of Council.

A number of specific projects were achieved in 2005/06 that furthered partnerships between Council and Maori and contributed to Maori well-being:

Completion of Stage 1 of Te Parapara Garden, Hamilton Gardens

This garden showcases traditional Maori horticulture practices, and aims to reconstruct traditional Maori garden features and carved structures that were present along the banks of the Waikato River between 1840–1850. Council has worked closely with Nga Mana Toopu o Kirikiriroa in the design and development of Te Parapara Garden. Stage 1 of the garden development was officially unveiled on 20 July 2006, and the remainder of the work is expected to take place between 2006/07 and 2009/10.

Celebration of Te Arikinui Dame Te Atairangikaahu's Coronation

In recognition of Te Arikinui Dame Te Atairangikaahu's 40th anniversary of her coronation (koroneihana), Council displayed celebratory street flags in Hamilton's Central Business District.

Sadly, Dame Te Ata passed away on 15 August 2006. Council acknowledges her significant contribution to Maoridom and her role as a visionary leader in New Zealand. An official Council delegation attended Dame Te Ata's tangi at Turangawaewae Marae in Ngaruawahia on 17 August 2006.

Council also made a remembrance book in Dame Te Ata's honour available in Council's main building in Garden Place. The pages of the book will be professionally bound into a permanent book and presented to Dame Te Ata's family.

Promotion of an Annual Kowhai Festival

During Council's 2005/06 Annual Plan submission process, Nga Mana Toopu o Kirikiriroa proposed that an annual kowhai festival be established to acknowledge pre-European horticulture and to increase the profile and importance of the Waikato River within the city. Council endorsed the concept of the kowhai festival by planting 277 kowhai trees along the Waikato River in 2005/06 (between the Ferrybank Lounge and Claudelands Bridge).

Interagency Hui on Increasing Maori Participation in Local Government

Staff from Council were involved in an interagency project team aimed at increasing Maori participation in democratic processes in local government. A number of agencies collaborated in this project, including the Ministry of Social Development, the Department of Internal Affairs, Te Runanga o Kirikiriroa, Te Puni Kokiri and Environment Waikato. Three hui were held in Hamilton in July 2006.

Consultation on Representation Review

As part of a representation review in August 2005, Council resolved to adopt the Single Transferable Voting (STV) system for Council's 2007 triennial election. Feedback provided by TeROK showed support for the STV voting system as a way of potentially increasing the chances of Maori representation within the elected members if Council decided against the creation of separate Maori wards and seats. Council subsequently decided not to introduce dedicated Maori wards but adopted to introduce the STV electoral voting system. Council's decision to adopt STV was overturned by a binding referendum that was held on 13 May 2006 (forced by a residents' poll on the issue). The results of this referendum called for the First Past the Post voting system to be retained as the preferred voting system for Council's 2007 and 2010 triennial elections.



E. STATE OF THE CITY

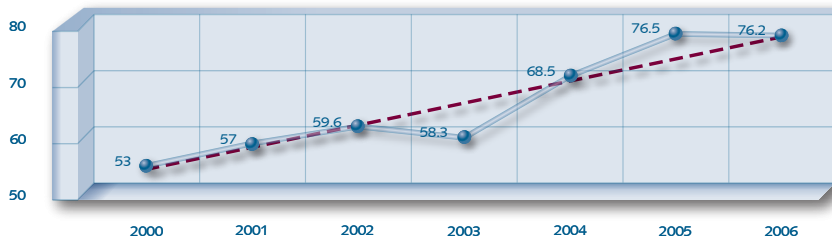
ANNUAL RESIDENTS SURVEY

Council's Annual Residents Survey (ARS) is one of the main methods of ascertaining residents' views on how effectively Council is operating, particularly in regard to its provision of key facilities and services. The 2006 survey was conducted between 19 May and 11 June 2006 by telephone interview and gained responses from 700 randomly selected Hamilton residents.

Overall Performance of Council

Residents were asked how they rated Council's overall performance over the 2005/06 year (when answering this question residents take into account Council management and staff, elected representatives, improvements in facilities/services, etc). This year the customer satisfaction index (CSI)¹ score achieved remained high at 76.2.

OVERALL PERFORMANCE OF COUNCIL (CSI Scores)

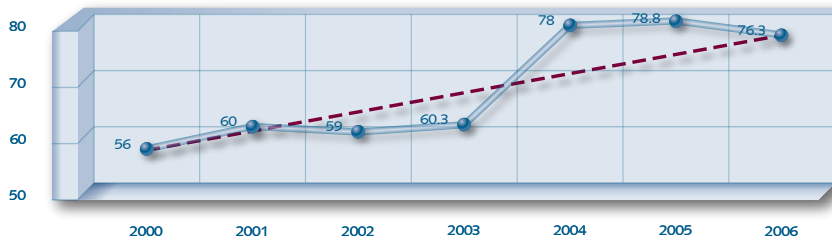


Hamilton as a Place to Live

Respondents were asked how they rated their satisfaction with Hamilton as a place live. This year's CSI score was 81.6, reflecting exceptional customer satisfaction.

Respondents were then asked if they felt that Hamilton had become a better or worse place to live during the past 12 months. The 2006 index was 76.3, down 2.5 points from 2005, but still well ahead from 2002 when the index was 59.

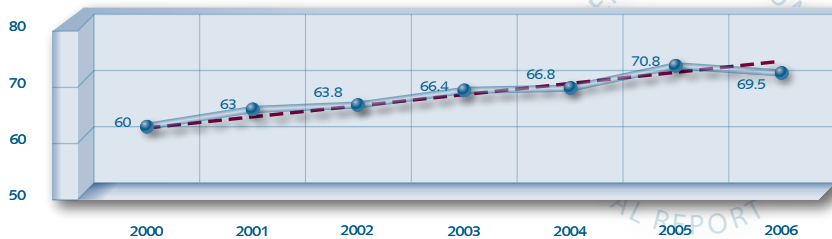
HAMILTON AS A PLACE TO LIVE (Index Score)



Value from Residential Rates

Respondents who paid residential rates to Council were asked to evaluate the value they received from those residential rates. This year the Value Index was 69.5, slightly down from the record high of 70.8 achieved in 2005.

VALUE FROM RESIDENTIAL RATES (Value Index)

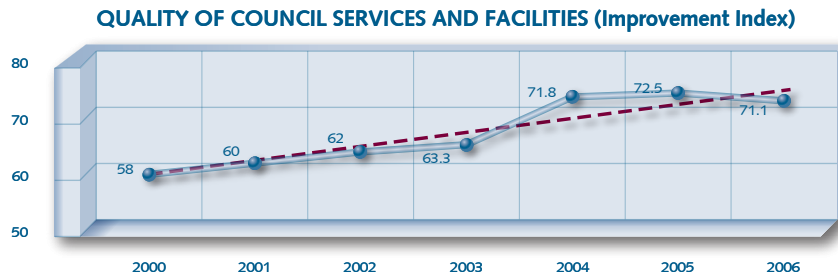


¹ The CSI (Customer Satisfaction Index) is based on an 11-point satisfaction scale (0 = very dissatisfied to 10 = very satisfied). Scores from individual survey respondents are then aggregated into a single index out of 100.



Quality of Council Services and Facilities

Respondents were asked overall how they would rate the quality of Council facilities and services in the past 12 months. The Improvement Index for 2006 was 71.1, reflecting a 1.4 point decrease from last year (72.5) but similar to the index of 71.8 in 2004.



Results for Individual Facilities and Services

Overall, of the 66 facilities and services surveyed in the 2006 residents survey, 22 increased their satisfaction rating between 2005 and 2006 and 44 recorded a decreased rating. Although the results for 2006 are slightly lower than those for 2005, many of the 2005 results were significantly ahead of recent history. The 2006 results show that once again, significant proportions of Hamilton residents are very satisfied with most of the services and facilities Council provides (although there are still opportunities for improvement).

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 Hamilton Sustainability Indicators have provided a way to measure (directly or indirectly), changes to Hamilton's environmental, social, economic and cultural well-being. The summary of results from the 2006 update outlined below show that although Hamilton is doing well on a number of counts, a number of issues remain for the community, e.g., noise, solid waste and housing affordability.

Key to Indicator Trends

- ☺ Improving trend
- ☹ No change in trend
- ★ Proposed new indicator
- ⊖ Deteriorating trend
- ✦ Insufficient data to determine trend



Overall Summary of Trends

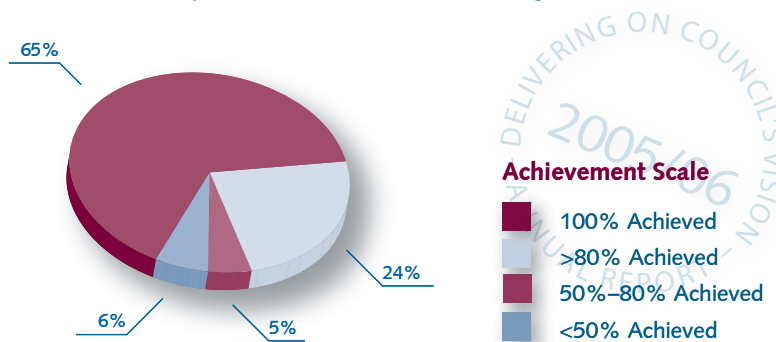
<p>Improving Trend</p> <p>☺ 15 Indicators</p>	<ul style="list-style-type: none"> • Air Quality • Water Quality • Water Usage • Soil Health • Urban Trees • Work • Income • Business • Visitor Accommodation • Education • Public Involvement in Decision-Making • Youth Well-Being • Crime and Safety • Health • Sport and Participation
<p>No Change in Trend</p> <p>☹ 5 Indicators</p>	<ul style="list-style-type: none"> • Urban Development • Transport • Historic Structures/Sites • Arts and Culture • Community Diversity and Cohesion
<p>Deteriorating Trend</p> <p>☹ 3 Indicators</p>	<ul style="list-style-type: none"> • Noise • Solid Waste • Housing Affordability
<p>Insufficient Data to Determine Trend</p> <p>✦ 2 Indicators</p>	<ul style="list-style-type: none"> • Energy • Partnership with Maori



PERFORMANCE MEASURES AND TARGETS FOR SIGNIFICANT SERVICES

Key performance measures and targets are used to maintain and enhance the intended levels of service for each of Council's 25 significant services. The performance measures and targets take into account the diversity of Council's facilities and services and have been developed to appropriately measure the way in which the significant service is provided.

The pie graph below shows the overall performance results for 2005/06 against an achievement scale.





In 2005/06 there were 147 performance measures across Council's 25 significant services. Of these, 95 measures (65%) were fully achieved, 36 (24%) were over 80 per cent achieved, 7 (5%) were 50 per cent to 80 per cent achieved, and 9 (6%) were less than 50 per cent achieved.

The following table shows a selection of six of the 147 performance measures and the results for 2005/06. These performance measures provide an outline of the types of measures and targets that Council uses to determine how well its facilities and services have performed. The results are used as a key input into ongoing service delivery improvements.

Key Performance Measures	Target	Results achieved in 2005/06
Outcome Area A: Sustaining Hamilton's Environment – Water Supply		
Retained the Ministry of Health's grading of the city's water treatment station operation at 'A', and the city's water pipe network system at 'a'.	Water supply grading Aa.	Achieved. Hamilton's water supply was graded by the Waikato District Health Board's Public Health Unit (on behalf of the Ministry of Health) earlier this year. The outcome of the assessment was the retention of the 'Aa' grade for the treatment plant and source, as well as the Hamilton and Temple View distribution zones.
Outcome Area B: Growing Hamilton – Planning Guidance		
All resource consent applications and certificates processed within the statutory time limits of the: <ul style="list-style-type: none"> Resource Management Act 1991 Hamilton City District Plan(s). 	100%	97.42% (681 out of 699) of all resource consent applications were granted within the statutory timeframe. Overall 2.58% of all applications were assessed outside of the statutory timeframe. These applications were of a complex nature and final decisions had to be made by Council's Statutory Management Committee.
Outcome Area C: Promoting Hamilton – City Promotion		
Achieved an average of 10,000 visitors per month to the Hamilton City Council website www.hcc.govt.nz .	10,000.	Achieved. The website was redeveloped to www.hamilton.co.nz and made live in November 2005. The website is achieving 60,000 visitors per month.
Outcome Area D: Experiencing Arts, Culture and Heritage in Hamilton – Hamilton City Libraries		
Issued 1.6 million items of library material across the central and community libraries.	1.6 million.	Achieved (1.73 million items). This measure reflects the refreshing and restocking of the library collection with a more diverse range of stock.
Outcome Area E: Living in Hamilton – Emergency Management		
Implemented Emergency Management Training Plans.	110 Council staff trained.	Achieved. 250 staff were trained through 22 training sessions.
Outcome Area F: Enjoying Hamilton – Hamilton Zoo		
Achieved a CSI score of 75 for Hamilton Zoo, as measured by a survey of Zoo users.	75 CSI.	Achieved. 90.2 CSI.

F. FINANCIAL OVERVIEW

Council has reported a net surplus after tax of \$15.9m for the 2005/06 financial year (2004/05, \$20.3m). The net surplus for 2005/06 includes non-cash vested assets received (\$13.1m), and capital subsidies/other capital contributions (\$14.1m) used to fund capital expenditure.

The significant variances to the financial result for 2004/05 included:

- rates levied were \$78.5m, an increase of \$4.9m over last year (2004/05, \$73.3m), of which \$1.6m was from city growth (new rateable properties).
- Land Transport New Zealand capital subsidies received were \$3.2m, a decrease of \$1.8m over last year (2004/05, \$5.0m). The major expenditure for which subsidy was received was \$1.3m for carriageway reseals.
- the net operating cost of providing services excluding the depreciation allowance increased by \$6.0m to \$55.6m compared to 2004/05.

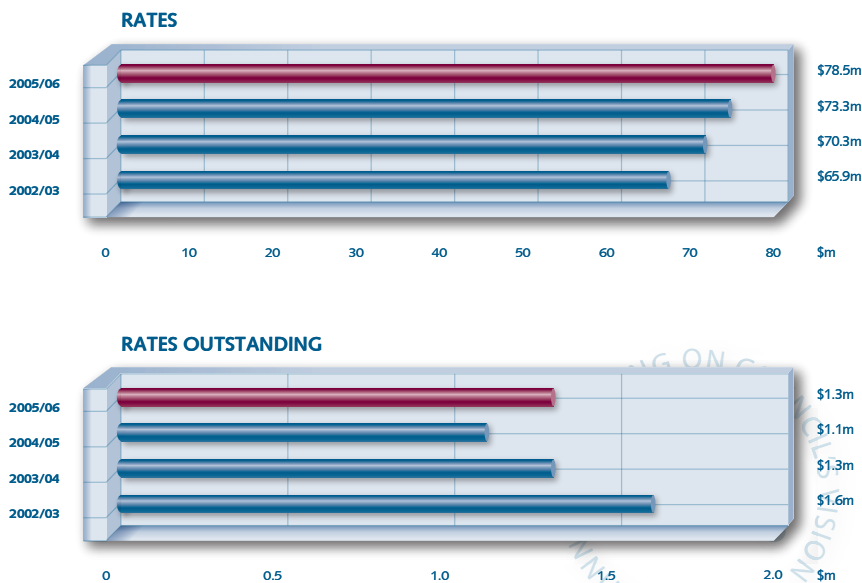
Interest cost incurred in servicing debt (excluding internal borrowing interest) increased to \$8.6m (2004/05, \$6.9m). Overall net debt (including internal borrowing) increased to \$160.6m (2004/05, \$135.2m) due to loan funded capital expenditure.

During the year a revaluation of infrastructure assets was undertaken which resulted in a \$401.9m increase in the value of that category of assets. In addition, investment properties increased in value by \$6.9m, and shareholdings increased in value by \$15.8m. Largely as a result of these revaluations, total fixed assets increased to \$2,120.8m (2004/05, \$1,669.1m).

Capital expenditure for the 2005/06 financial year was \$67.1m (2004/05, \$49.7m). A number of significant projects were undertaken during the 2005/06 financial year. These include continued work on the upgrade to the water treatment station (\$12.8m), completion of a new water reservoir in Hamilton south (\$3.1m), construction of Horotiu Landfill stage 6 (\$3.0m), major roading projects at Resolution Drive (\$2.0m) and Riverlea Road (\$1.6m), Knox Street car park building construction (\$8.5m), and land purchases for reserves (\$6.2m).

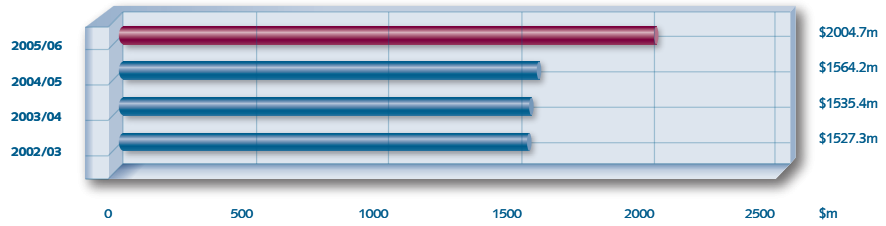
FINANCIAL SUMMARY

The financial summary of key items from June 2003 to June 2006 is shown as follows:

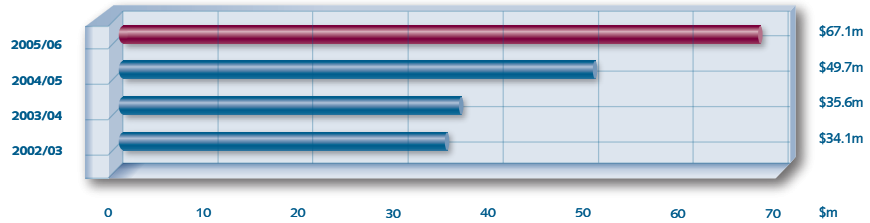




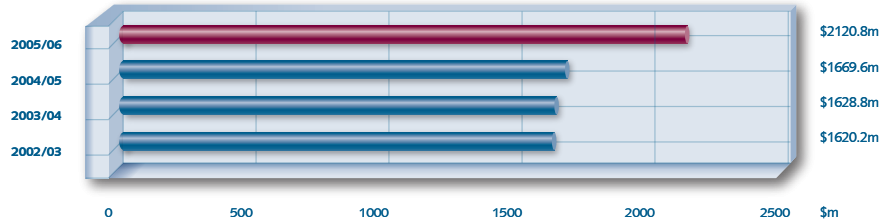
RATEPAYERS EQUITY



CAPITAL EXPENDITURE



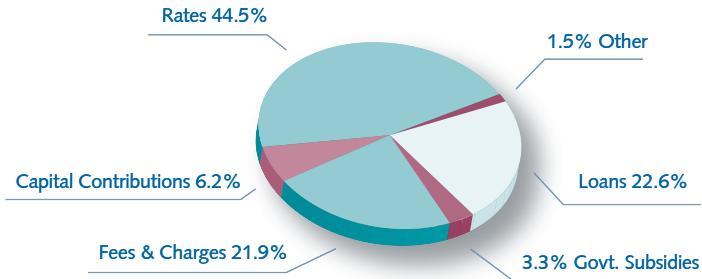
TOTAL FIXED ASSETS



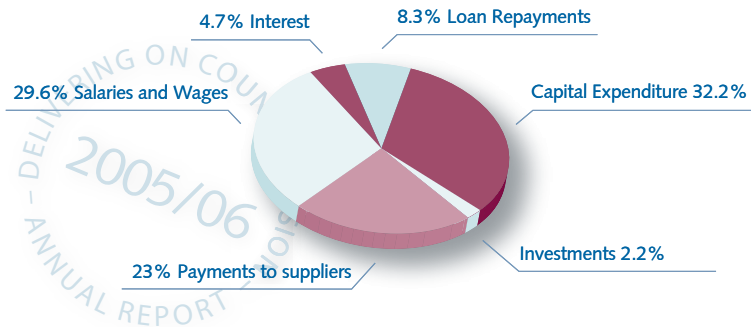
Cash Flow

The sources and uses of cash for the year ended 30 June 2006 is summarised as follows:

Sources of Cash (\$175.8m)



Uses of Cash (\$175.6m)

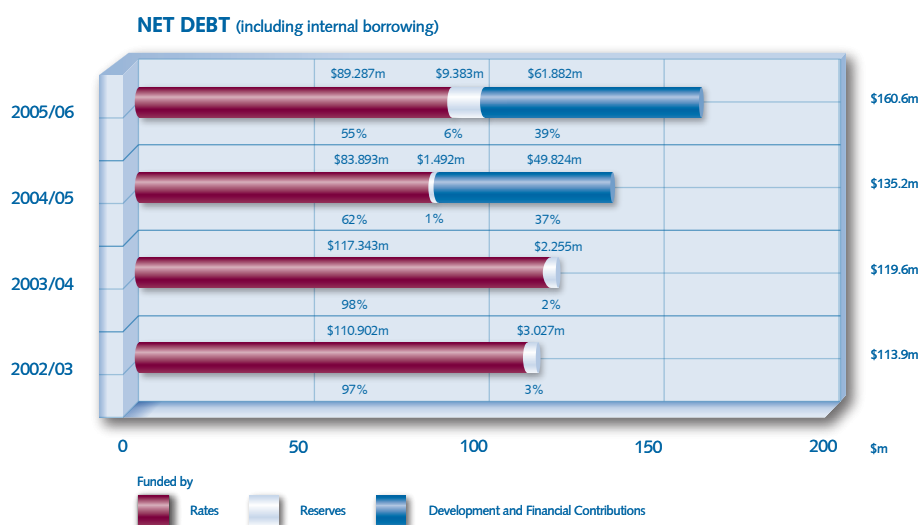


Net Debt

Council introduced an internal borrowing programme during the 2000/01 financial year. Rather than sourcing all its borrowing externally, Council utilises 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 introduced a policy of development and financial contributions from 1 July 2005 which provides 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 levels (including internal borrowing) from June 2003 to June 2006 and how it is funded in subsequent years.



Council has six key financial performance targets for the management of debt. These are:

1. The net debt shall not exceed 15 per cent of total equity.

Council's net debt as at 30 June 2006 is \$160.6m, compared with ratepayers' equity of \$2,004.7m. The target has been met at 8.0 per cent.

2. The net debt shall not exceed 150 per cent of total revenue.

Council's net debt as at 30 June 2006 is \$160.6m, compared with total revenue of \$135.5m. The target has been met at 118.5 per cent.

3. The total cost of servicing the interest payments shall not exceed 15 per cent of total revenue for that year.

Total interest costs for 2005/06 are \$10.47m, compared with total revenue of \$135.5m. The target has been met at 7.7 per cent.

4. The total cost of servicing the interest payments shall not exceed 20 per cent of rates levied for that year.

Total interest costs for 2005/06 are \$10.47m, compared with rating revenue of \$78.5m. The target has been met at 13.3 per cent.

5. The net debt per capita shall not exceed \$1500 for that year.

Council's net debt as at 30 June 2006 is \$160.6m, compared with the estimated population of 133,000. The target has been met at \$1208.

6. Liquidity – the term debt and committed loan facilities as a percentage of current net debt shall not be less than 110 per cent.

Council's term debt and committed loan facilities as at 30 June 2006 is \$190.9m, compared with the current net debt (including working capital requirements) of \$136.2m. The target has been met at 140.2 per cent.





FINANCIAL SUMMARY	2002/03	2003/04	2004/05	2005/06
Rates levied	\$65.9m	\$70.3m	\$73.3m	\$78.5m
Rates outstanding	\$1.6m	\$1.3m	\$1.1m	\$1.3m
Total fixed assets	\$1620.2m	\$1628.8m	\$1669.6m	\$2120.8m
Ratepayers' equity	\$1527.3m	\$1535.4m	\$1564.2m	\$2004.7m
Capital expenditure	\$34.1m	\$35.6m	\$49.7m	\$67.1m
Net debt	\$113.9m	\$119.6m	\$135.2m	\$160.6m

FINANCIAL INDICATORS

% Rates outstanding to rate levied	2.4%	1.82%	1.5%	1.7%
Net debt per capita	\$923	\$957	\$1024	\$1208
Net debt as % of total revenue	107.3%	105.1%	108.5%	118.5%
Interest payment as % of rates levied	11.7%	11.0%	11.5%	13.3%
Interest as % of total revenue	7.3%	6.8%	6.8%	7.7%
Net debt as % of ratepayers' equity	7.5%	7.8%	8.6%	8.0%
Liquidity-term debt and committed loan facilities as % to current net debt (including working capital requirements)	150.9%	151.8%	140.2%	140.2%

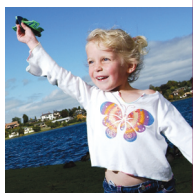
* Net debt and interest includes internal borrowing.

DELIVERING ON COUNCIL'S VISION
2005/06
ANNUAL REPORT

G. SUMMARY FINANCIAL STATEMENTS

	Council and Consolidated			Comments	
	Note	Actual 2006 \$000	Budget 2006 \$000		Actual 2005 \$000
Financial Performance to 30 June					
Operating revenue		119,316	114,885	110,281	Includes income from strategic areas and rates.
Non-operating revenue	1	29,300	16,807	25,694	Includes vested assets, capital subsidies, capital contributions and sundry other income.
Total revenue		148,616	131,692	135,975	
Operating expenditure		132,516	125,377	116,297	Includes expenditure from strategic areas.
Non-operating expenditure		62	50	12	Includes sundry expenditure.
Total expenditure		132,578	125,427	116,309	
Surplus before taxation		16,038	6,265	19,666	
Taxation		0	0	0	
Share of associate's retained surplus/(loss)		(181)	0	667	Includes Hamilton Riverview Hotel Ltd, NZ Local Government Insurance Co Ltd, and Waikato Regional Airport Ltd.
Net surplus	2	15,857	6,265	20,333	
Movements in Equity (Changes in the value of net assets owned by ratepayers) to 30 June					
Net surplus		15,857	6,265	20,333	
Increase in asset revaluation reserves	3	424,664	0	8,434	Assets revalued includes infrastructure assets, investment properties, and shareholdings.
Total recognised revenues and expenses for the year		440,521	6,265	28,767	
Equity at beginning of year		1,564,158	1,567,865	1,535,391	
Equity at end of year		2,004,679	1,574,130	1,564,158	Represents the net value of assets owned by the city.
Financial Position at 30 June					
Current Assets		15,113	15,434	10,441	Assets expected to be converted to cash over the next 12 months, e.g., bank accounts receivable.
Non-Current Assets		2,156,414	1,744,778	1,692,971	Assets expected to be held for longer than 12 months, e.g., fixed assets.
Total Assets		2,171,527	1,760,212	1,703,412	
Current Liabilities	4	54,510	28,664	28,890	Due for repayment within 12 months, e.g., accounts payable, employee entitlements.
Non-current Liabilities	4	112,338	157,418	110,364	Due for repayment after 12 months, e.g., term debt.
Equity		2,004,679	1,574,130	1,564,158	Represents the net value of assets owned by the city.
Total equity and liabilities		2,171,527	1,760,212	1,703,412	
Cash Flows to 30 June					
Opening cash balance at 1 July		107	(300)	18	
Net cash inflows/(outflows) from operating activities		37,527	29,769	39,202	Includes rates, subsidies, receipts from customers, capital contributions, and payments to suppliers, employees, and interest on loans.
Net cash inflows/(outflows) from investing activities		(67,913)	(56,268)	(49,596)	Includes capital expenditure and investments.
Net cash inflows/(outflows) from financing activities		30,569	26,499	10,483	Includes loans uplifted and repaid.
Closing cash balance at 30 June		290	(300)	107	





NOTES

- (1) Non operating revenue exceeded budget by \$12.5 million, mainly due to the greater than budgeted amount of vested assets received (\$9 million), and higher contribution than budgeted from subdividers and other capital contributions (\$4 million). This is a reflection of the growth within the city.
- (2) The net surplus includes non-cash vested assets received (\$13.1 million), and capital subsidies/other capital contributions received (\$14.1 million) used to fund capital expenditure.
- (3) Investment properties increased in value by \$6.9 million, and shareholdings increased in value by \$15.8 million. These categories of asset are revalued annually. Infrastructure assets increased in value by \$401.9 million and were revalued one year earlier than was budgeted due to the large change in the value of these assets.
- (4) Total liabilities are \$19.2 million lower than budget, due to various loan funded capital projects being 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), 7.69 per cent share in Local Authority Shared Services Ltd, 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 Commitments and Contingent Liabilities

Council had commitments to spend \$31.2 million as at 30 June 2006 (2005, \$48.4 million) on capital projects. The decrease on the previous year is primarily due to two large projects (construction of the Water Treatment Station and the Knox Street car park) being approved before 30 June 2005 and completed during the year.

Contingent liabilities (which are dependent on other future events) were \$13.7 million as at 30 June 2006 (2005, \$13.3 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 (2005, \$11.8 million).

Disclaimer

The specific disclosures included in this summary annual report have been extracted from the full annual report and was authorised for issue by the General Manager Corporate on 22nd September 2006.

This summary cannot be expected to provide as complete an understanding as provided by the full annual report of the financial and service performance, financial position and cash flows of Hamilton City Council.

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 22 September 2006.

H. AWARDS AND NOMINATIONS

The following outlines a selection of key nominations and awards that Council received during 2005/06.

Communities for Climate Protection Milestone 1 – Community

In October 2004 Council joined the Communities for Climate Protection™ New Zealand (CCP™-NZ), a worldwide campaign that provides a strategic framework (comprising five key milestones) whereby councils and their communities can take action to reduce greenhouse gas emissions. Milestone 1 of the programme required Council to calculate and forecast emission inventories both corporately and for the local community from 2000/01 through to 2009/10 on a business as usual basis. Council achieved Milestone 1 (Corporate) in 2004/05 and this year (2005/06) received Milestone 1 (Community).

Ministry for the Environment Public Sector Award 2006 – Highly Commended

In 2006 Council was highly commended for its energy management programme. The programme has achieved over \$1.3m in cost savings, reduced energy usage by 9,500,000 kWh, and cut CO₂ emissions by 10,000 tonnes. The judges noted that Council's energy management programme was an excellent example of what other local authorities could achieve.

The Roger's Rose Garden – World Federation of Rose Societies Garden of Excellence Award

The World Federation of Rose Societies awarded The Roger's Rose Garden at Hamilton Gardens this award in recognition of the contribution that the garden has made to the development of rose species internationally through its rose trial programme and the annual Pacific Rose Bowl Festival.

Rare View: A Glimpse into Hamilton's Somali Community

Council won the Creative New Zealand Creative Places: Cultural Festivals and Arts Events Award 2006 for the *Rare View* photographic exhibition that provided insights into the Somali community in Hamilton. The exhibition was also recognised by the Human Rights Race Relations Committee for its work in addressing ethnic stereotypes.

Bikewise Week 2006

Bikewise Week (an annual event held nationally) aims to raise the profile of cycling both as a form of transport and active recreation. The Go By Bike Breakfast event (a free breakfast in Civic Plaza for everyone cycling into the city on that day) was a huge success in 2006 with over 300 cyclists attending the event and Hamilton's event receiving the 'Gold Standard' from the national organisers for getting a 30 second spot on TV One News.

ACC Audit – Tertiary Status

During 2005/06 Hamilton City Council maintained its tertiary level rating for ACC (Accident Compensation Corporation) 'Workplace Safety Management Practices', which is a qualifying audit of workplace safety management practices. Council has maintained its tertiary level rating three times in succession.





AUDIT NEW ZEALAND
Mana Arotake Aotearoa

AUDIT REPORT
TO THE READERS OF HAMILTON CITY COUNCIL'S SUMMARY ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006

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 22 September 2006, on:

- the full financial statements; and
- 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
Tauranga, New Zealand
22 September 2006

Matters relating to the electronic presentation of the audited financial statements

This audit report relates to the financial statements of Hamilton City Council for the year ended 30 June 2006 included on Hamilton City Council's web site. The Hamilton City Council is responsible for the maintenance and integrity of the Hamilton City Council's web site. We have not been engaged to report on the integrity of the Hamilton City Council's web site. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 22 September 2006 to confirm the information included in the audited financial statements presented on this web site.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



www.hamilton.co.nz

0405060708

A VISION FOR OUR CITY



Hamilton City Council
Municipal Offices
Garden Place
Private Bag 3010
Hamilton 3420
New Zealand
Phone +64 (0)7 838 6699
Fax +64 (0)7 838 6599
Email info@hcc.govt.nz
Internet www.hamilton.co.nz



Hamilton City Council

Te kaunihera o Kirikiriroa