

Hamilton City Council 2007/08 Annual Report Summary

Building A Vibrant Hamilton

INVESTING IN OUR PEOPLE
CREATING IDENTITY & PROSPERITY
PROTECTING OUR FUTURE

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About the Annual Report

This document is a summary of Council's full 2007/08 Annual Report. Council must produce an Annual Report at the end of each June financial year. The Annual Report shows how Council's activities and services measured up to what it said it would achieve in the Long-Term Plan. This year's Annual Report looks at year two (2007/08) of Council's 2006-16 Long-Term Plan.

The full 2007/08 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.

**This Annual Report Summary was adopted by Hamilton City Council on 26 September 2008.
The summary, which was audited by Audit New Zealand, received an unqualified audit opinion.**

Mayor and Chief Executive's Letter

Introduction

With the city now home to almost 140,000 residents, Hamilton continues to grow in both popularity and reputation. Over 8,000 Aucklanders moved to Hamilton and its environs between 2001 and 2006. An additional 20,000 people are projected to live in the city by 2017. Results from the 2007/08 Residents Survey show very high levels of resident satisfaction with Council provided facilities and services. With a customer satisfaction score of 82.3, the survey also showed that Hamilton's residents are extremely happy about living in Hamilton.

This Annual Report focuses on a number of key achievements undertaken by Council in the 2007/08 financial year (this being year 2 of Council's 2006-16 Long -Term Plan).

Hamilton 400

2007/08 saw Hamilton stage its first V8 Supercars Streetrace. The Hamilton 400 (attended by 172,000 spectators over three days in April 2008) is now officially New Zealand's largest annual event and has elevated Hamilton's status as an events-based city. Feedback on the event has been very positive, particularly in relation to the city's hospitality and friendliness. Council made it a priority to ensure that provisions were in place for fans to reduce their V8 carbon footprint.

Council also undertook a formal V8 review process, with the key finding being that all critical resource consent conditions were met and that the maximum number of people attending the event in 2009 may increase. Hamilton will host the Streetrace through to 2014. An independent economic impact assessment showed that \$28.3 million of new money was generated by the event in its first year. It is anticipated that a similar amount of expenditure will be injected into the Hamilton and regional economy in each of the remaining six years of the event.

Development of the City Strategies

The City Strategic Framework comprises eight city-wide strategies that will provide a focus for Hamilton's ongoing sustainable development. Formation of the city's Urban Design Panel in February 2008 has provided increased effect to the city's first strategy - CityScope (the city's urban design strategy) and its design guidelines 'Vista'. The next three strategies developed (in partnership with a range of key Hamilton organisations) were adopted by Council in 2007/08. i.e. the Social Well-Being Strategy; Creativity and Identity Strategy; and the Economic Development Strategy.

Sub-Regional Growth Strategy

Hamilton City Council, Environment Waikato, Waipa and Waikato District Councils have embarked on the development of a sub-regional growth strategy, known as 'Future Proof'. The partner councils want to take a strategic approach to managing growth and ensure that land resources are used sustainably and that associated infrastructure implications are understood, planned for and appropriately funded. The overall shared cost of the project is \$1.1m.

Governance

Council adopted its 2008/09 Annual Plan on 30 June 2008 and confirmed an average rate rise to existing ratepayers of 5.29%, lower than the 6.56% rise forecasted in year 3

(2008/09) of the 2006-16 Long -Term Plan. The Annual Plan reflects a level of renewed fiscal restraint, which is in direct response to a period of financial uncertainty and slowing growth for both the city and national economy. This meant that a number of submissions for new or increased funding were declined, with major proposals to the Plan to be considered as part of the 2009-19 LTCCP.

Considerable progress was made in 2007/08 towards developing Council's 2009-19 LTCCP. This included re-examining the city's growth assumptions using a comprehensive four day Enquiry by Design workshop attended by Council representatives and external participants.

Other projects included Council's participation in the Quality of Life project; release of Council's updated Governance Statement; agreement in May 2008 to fully review Hamilton's District Plan to ensure alignment with the eight city strategies; and preparation of 34 submissions to a range of external organisations on issues that have the potential to impact on the city and/or Council's operations.

City Heart

City Heart aims to develop a quality urban environment and revitalise the centre of the city. Through a public and interactive 'Enquiry by Design' process held towards the end of 2007, a range of potential concepts were developed for Victoria Street, Ward St, the River Road Car park, O'Neill Street, Claudelands Bridge and Garden Place. The project is driven by a need to deliver connectivity and cohesiveness in the city's future redevelopment. A number of the concepts and ideas require further investigation, planning and design, and will be considered as part of Council's 2009-19 LTCCP.

Environmental Initiatives

A number of initiatives that minimise the impact Council's operations may have on the natural environment (and that also reduce operating costs) are underway, with energy efficiency initiatives being a key focus. Council is also facilitating various community initiatives that make Hamilton a more sustainable city, including participation in the Communities for Climate Protection programme; working in partnership with Landcare Research to measure carbon emissions from the Hamilton 400 V8 Supercar Stretrace; commitment to the Hamilton EnviroSchools Programme; and coordination of Hamilton's first eDay to collect electronic waste.

Social and Recreational Initiatives

Initiatives progressed included the introduction of the tagging hotline 0800 TAGBUSTERS (0800 824 287); the opening of a new Information Centre at Hamilton Gardens; new hydroslides and a toddlers splash pad area at Waterworld; various shows held at Hamilton City Theatres; numerous exhibitions at Waikato Museum; launch of Library Elf reminder service in October 2007 and coordination of the successful Enderley Working Bee.

The design phase of the upgrade and redevelopment of the Claudelands Events Centre has also been ongoing during 2007/08, with the first of the physical works seeing the historic Claudelands grandstand being relocated from the Heaphy Terrace side of the site to make way for the proposed development. This will enable the grandstand to take maximum advantage of the Park.

Transportation Projects

Key roading infrastructure projects progressed in 2007/08 included:

- Upgrading the Avalon Drive/Wairere Drive/Te Rapa Road intersection (replacing the former roundabout with traffic signals).
- Four-laning Te Rapa Road from Church Road to Avalon Drive.
- Continuation of the \$20m Wairere Drive extension.
- Upgrades to Norton Road and Heaphy Terrace.

Other key initiatives undertaken included the introduction of 40 km/h speed zones around 18 Hamilton primary and intermediate schools in April 2008 and the opening of Hamilton's first dedicated bus lane in May 2008 (which runs along part of Hukanui Road).

Water and Wastewater

Hamilton's Water Treatment Station was recognised with a 'highly commended' award at the 2007 INGENIUM Excellence Awards for physical works projects in New Zealand. The Water Treatment Station upgrade (completed in February 2007) has improved capacity and addressed immediate concerns regarding Hamilton's water supply.

Council was granted a 20-year resource consent for the management and discharge of wastewater at Pukete's Wastewater Treatment Plant in August 2007. The application identified conditions that deliver a high level of public health, environmental protection and the best practical solution for Hamilton's future wastewater management - all in keeping with sustainable management principles.

Looking Ahead

This snapshot of projects and initiatives demonstrates that considerable progress was made in 2007/08 in enhancing the city's physical and social infrastructure to assist in Hamilton's ongoing sustainable development. A number of these projects will continue throughout 2008/09 and beyond. Council will also be undertaking a full review and assessment of all projects and programmes as part of developing its ten year 2009-19 LTCCP.



Bob Simcock
HAMILTON MAYOR



Michael Redman
CHIEF EXECUTIVE

Te Koromatua me Te Kaiwhakahaere Matua Reta

Whakataki

Kotahi rau, wha tekau mano nga hunga e noho nei ki Kirikiriroa, e piki haere ana whera me te rongonui te ingoa pai ranei o te waahi nei. Hipa atu waru mano nga tangata o Tamaki Makaurau e huunuku ki konei noho ai, i waenganui nga tau 2001 ki 2006. Tapiri atu ki whena rua tekau mano nga tangata e noho nei ki konei koinei te tumanako mo te tau 2017. Ko nga hua i puta mai nga riipoata mo nga tau 2007/2008 e tutuki te katoa o nga mahi e pa ana ki nga ratonga mahi o te kaunihera. Ko nga wahanga awhina kua tutuki noa atu, 82.3 orau pai heneti.

Ko whenei te riipoata e tirohia ana matou mo whenei tau me te tau kua pahure ake nei, heoi ano whenei te tau tuarua mo te tirohanga whanui 2006 ki 2016.

Kirikiriroa 400

Kei Kirikiriroa nei katahi ano ka kite te reihi tuatahi mo nga waka tere ki runga i te huarahi. He kaupapa nui te reihi nei Kirikiriroa 400 no te mea kotahi rau whitu tekau ma rua mano nga kaititiro e matakitaki nei na e toru nga ra ki te marama o Paengawhaha 2008. Ko nga korero i puta mai he tino pai rawa atu te reihi me nga whanaungatanga whakahoahoa hoki o te taone nei. Na te kaunihera i whai tikanga he nui nga rawa mo nga hunga kaititiro kia pai te haere o tena, o tena.

Na te kaunihera i rapu nga whainganga o te V8 whakanekeneke i reira tutuki nga puna whakawhitiwhiti whakaaro na te tokomaha o nga kaititiro mo te tau 2009, e whakaae ana matou te kaunihera. Ma te kaunihera e manaaki te kaupapa mai whenei tau tae noa ki 2014. He nui nga putea e uru mai ki te kaupapa nei \$28.3 miriona taara mo te tau tuatahi, na tetehi atu i rapaina whenei putea taihoa pea he orite whenei putea mo nga tau e ono i heke mai nei.

He ahu whakamua mo te taone nui

E waru nga momo rautaki e tirohia ana te kaunhira, tuatahi ko te taone 'Urban design Panel' timata ai i te marama o Hui Tanguru 2008 hei tautoko i te kaupapa 'CityScope' me te 'Vista' hoki, ara ko te toenga e toru, e ahei ana i te kaunihera 2007/08, ko te rautaki orange, te rautaki waihanga me te rautaki putea.

Nga rautaki whakatipuranga a rohe

Ko te kaunihera o Kirikiriroa, Te Taiao o Waikato, nga kaunihera a rohe o Waipa, Waikato, e tuhonohono ki a tatou ano. Ko te ingoa to matou roopu ko 'Future Proof'. Ko te take o te hononga nei kia tika ai nga whakahaeretanga o nga rawa whenua, ka marama pai, ka ahei te tono putea. \$1.1m te utu mo te kaota.

Mana whakahaere

Na te kaunihera i taurima te mahere a tau 30 o Pipiri 2008 i reira whakapumau nga reti 5.29 orau pai heneti, e heke ana ki 6.56 orau pai heneti ki roto i te (2008/0) o te mahere a tau tirohanga whanui 2006-16. Ko te tikanga o te mahere a tau kia ata tupato i nga putea mo te taone nui huri noa o te motu. No reira koinei te take i whakakorengia e te kaunihera ngetehi o nga tono 2009-19 LTCCP.

He nui nga mahi e pa ana ki te 2007/08 whakapakari kaunihera 2009-19 LTCCP. Tapiri atu ki whenei e wha nga ra e wananghia e matou e pa ana ki te tipuranga o te taone, me tetehi roopu ke atu.

Tetehi atu mahi o te kaunihera ko te 'Quality of Life', nga korero no naiane o te kaunihera mana whakahaere, te whakaaetanga o te kaunihera te marama o Haratua 2008 mahere a tau hei hono ki nga kaupapa e waru. Tetehi ano ko te 34 o nga tono mai nga ratonga e pa ana ki nga mahi o te kaunihera.

Te Manawa o te taone

Ko te tino kaupapa o te manawa o te taone kia whakahoutia ki waenganui te taone. I te mutunga o te tau 2007 e kawea nei matou he 'Enquiry by Design' e pa ana ki te huarahi o Victoria, te huarahi o Ward, te waahi mo nga waka te huarahi River, te huarahi o O'Neill, te piiriti Claudelands waahi maara no reira kei te titiro whakamua te kaupapa nei. E rapu ana tonu te kaupapa nei mo te kaunihera 2009-19 LTCCP.

He Kokiri Taiao

He maha nga kaupapa e pa ana ki Te Taiao ko te mea nui ata tupato ki te kaupapa nei. Na te kaunihera i kokiri te kaupapa nei ara ki te rapu ki waenganui nga ratonga ara noa atu te whakangungu taiao, te rangahau whenua ko te Kirikiriroa 400 whera, ka mau ki te Enviro kura hotaka, me te whakahaeretanga o te eDay ki Kirikiriroa.

Tikanga-a-Iwi, Hakinakina

Katahi ano ka uru mai te kaupapa ukui nga panui anuanu ki nga pakitara o te taone anei te nama waea 0800 TAGBUSTERS (0800 824 387). Te whakatuwheratanga o tetehi puna korero hwai mhio ki nga Maara o Kirikiriroa, ko nga hydrosides he puna mo nga pepe hou ki te Waterworld, nga momo whakakitea ki te taiwhanga o Kirikiriroa, maha nga whakaaturanga ki te Whare Taonga o Waikato, he mea hou ano Elf reminder ki nga Whare pukapuka timata a te Whiringa-a-nuku 2008 te mutunga nga pukui mahi ki Enderley.

Ko te mahi hou ki te Taiwhanga hou o Claudelands kei te mahi tonu te tuwheratanga kei te haere mai 2007/08, ka mau tonu i te Heapy Terrace grand stand.

Nga Waka Hari Kaupapa

Anei nga kaupapa hou mo nga tau 2007/08:

- Nga whakahoutia e nga huarahi Avalon/Wairere/Te Rapa (inaiane he rama huarahi kaore kau he huri rauna)
- E wha nga reina mai a Te Rapa ki Church ki Avalon.
- Haere tonu te huarahi Wairere \$20 miriona
- Whakahoutia te huarahi e Norton raua ko Heaphy

Etehi atu kaupapa 40 km/h huri noa 18 o nga kura tuatahi tuarua timata Paenga whawha tetehi kaupapa hou ko te huarahi mo nga paahi (te huarahi o Hukanui).

Nga Wai me nga Parawhakakino

Kua whiwhi tohu teitei rawa atu te waahi parawhakakino wai o Kirikiriroa mai a 2007 INGENIUM mo Aotearoa. Kua oti te whakapai waahi parawhakakino wai i te marama o Hui tanguru na reira kua tutuki pai.

Katahi ano ka whiwhi 20 tau te whakaaetanga whenua ki Pukete waahi parawhakakino wai i te marama Here turi koka 2007. Ko nga whainga otira nga hua i puta mai e pa ana ki whenei kaupapa kua tohungia kua whai mana nga ahautanga katoa.

Te Anga Whakamua

He maha nga rautaki kaupapa hoki i tutuki i whenei tau 2007/08 me nga ahuatanga e pa ana ki to taatou taone. Kei te haere tonu whenei ahuatanga mo nga tau 2008/09 ake tonu atu. Na te kaunihera i whariki whenei ki nga tau tekau hangai ki 2009-19 LTCCP.



A handwritten signature in black ink, appearing to be 'B. Simcock'.

Bob Simcock
KOROMATUA



A handwritten signature in black ink, appearing to be 'M. Redman'.

Michael Redman
KAIWHAKAHAERE MATUA

Hamilton at a Glance

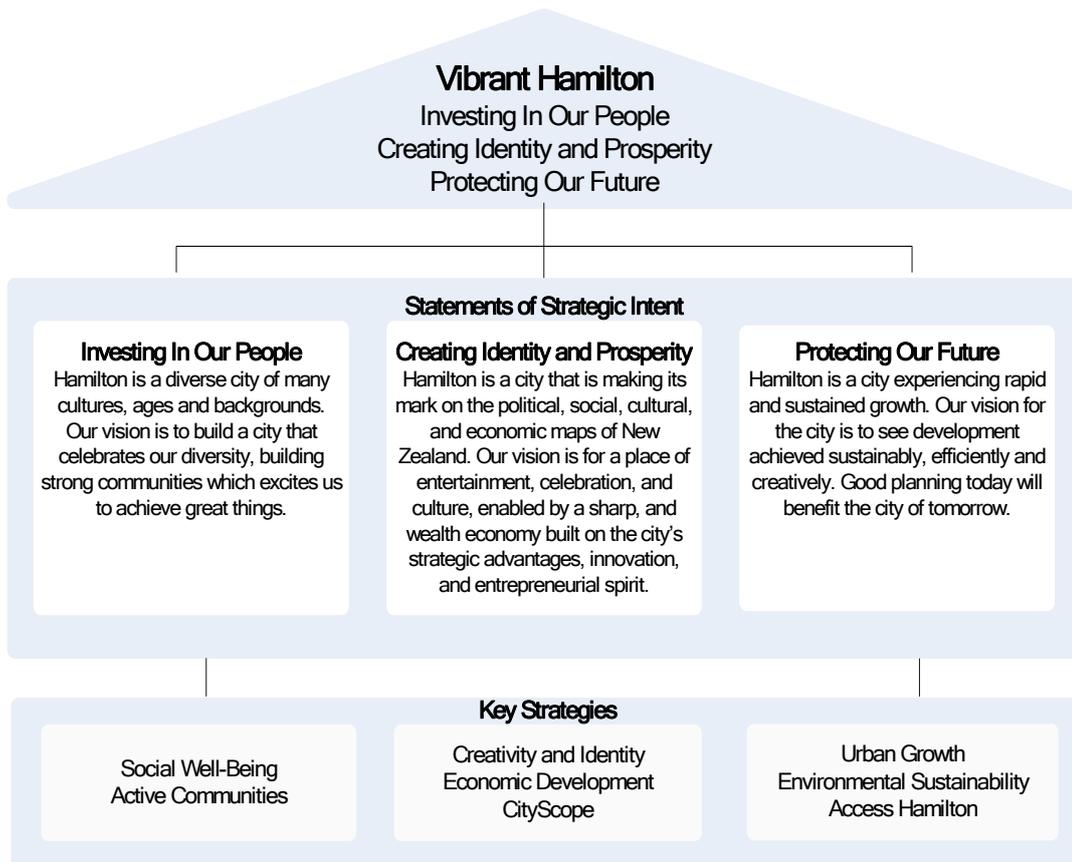
	Hamilton present	Hamilton past	A growing city...
Population	In 2008, Hamilton's estimated population is 139,136.	In 2001, Hamilton had a population of 121,000.	Hamilton has seen an estimated population increase of 11.2% between June 2001 and June 2006, well above the national increase of 7.8%. The population is projected to be almost 150,000 by 2012.
Population density	Hamilton has a population density of 1,319 people per square kilometre (compared with 15 people per square kilometre for New Zealand as a whole).	Hamilton's population density in 2001 was 1,223 people per square kilometre (compared with 13.6 people per square kilometre nationally).	The total hectares of green space per 1,000 residents in Hamilton has increased from 8.1 in 2004 to 12.4 in 2006.
Employment	There were 77,310 people employed in Hamilton as at February 2007.	On census day 2001, there were 53,079 people employed in Hamilton.	The property and business services industry employs more Hamilton residents than any other industry (approximately 16.6%).
Average earnings	On average, Hamilton employees earn \$23.32 per hour (March 2008 quarter).	Hamilton employees earned an average of \$17.74 per hour in February 2001.	The average weekly income in the Waikato Region was \$641 per week in the June 2007 quarter (an increase of 8.6% compared with the June 2006 quarter).
Average sale price of houses	The average Hamilton home now costs \$391,668 (March 2008 quarter).	The average Hamilton house sale price in the March 2004 quarter was \$227,891.	Hamilton house prices are the 9 th most expensive in New Zealand, behind the Auckland and Wellington cities and Tauranga.
Value of building consents	In the year to March 2008, 1,031 new houses worth \$211.3 million were authorised for construction within Hamilton.	In the year to March 2003, 892 new houses worth \$133.8 million were authorised for construction within Hamilton.	The value of commercial building consents in Hamilton has more than tripled in the past five years, from \$71.6 million in 2003 to \$248.2 million in 2008.
Travel to work	69.6% of employed residents living in Hamilton drove to work on Census day 2006.	67.2% of employed residents drove to work on Census day in 2001.	The percentage of employed residents using a public bus to get to work rose from 1.5% in 2001 to 1.8% in 2006.
Retail sales	Retail sales in Hamilton for the year ending March 2008 were up 3.0% on the previous year. Total retail sales for the year stood at \$2.5 billion.	Hamilton's retail sales for the year ending March 2001 totalled \$1.7 billion.	Westfield Chartwell extensions finished in December 2006, adding a multi level covered car park providing 270 car spaces, a new food court, 25 new stores and cinemas.

Council's Direction for the City

Council has developed a Strategic Framework for Hamilton which:

- provides a focus for Council's planned direction for the city's development
- provides a mechanism to integrate Council's plans and policies
- communicates Council's direction to other key stakeholders and enables them to align their strategic planning with Council's vision
- highlights that the unique urban issues facing Hamilton are of a different nature to that of the region.

The Vision contained in the Strategic Framework comprises three key statements of strategic intent that outline Council's Vision for planning and managing the city's ongoing sustainable development. The Strategic Framework provides a reference point for Council's decision-making. Eight key strategies have been identified that will deliver on the statements of strategic intent.



PROGRESS ON THE KEY STRATEGIES IN 2007/08

Four of the eight City Strategies have been developed to date — CityScope (the city's Urban Design Strategy); the Social Well-Being Strategy; Creativity and Identity Strategy and Economic Development Strategy. An outline of each of these strategies is provided below.

The Environmental Sustainability, Urban Growth and Access Hamilton strategies are currently under development. The Active Communities strategies is planned to commence in September 2008.

Social Well-Being Strategy

The Social Well-Being Strategy (adopted on 2 October 2007) represents a collaborative approach to improving social issues in Hamilton. The development of the strategy has been driven by a steering group comprising chief executives from organisations that will be able to make the greatest contribution to the strategy's outcomes across the city. Opportunities have been identified for working together through an agreed set of key social priorities and accompanying projects that will directly address pressing social issues on the ground. These priorities are encompassed within the strategy's theme areas:

- City leadership and collaboration
- Community capacity and pride
- Vibrant young people
- Quality of life
- Community safety.

Council has included funding provision of \$100,000 per annum from 2008/09 through until 2015/16 to support the implementation of eight joint flagship projects. These projects range from a community renewal project in Poets Corner, to 'cool things for youth to do that don't cost much', which seeks to address the gap of cheap and free activities for our young people to engage in. Housing affordability and economic development through home ownership also feature in this strategy.

Creativity and Identity Strategy

A series of focus groups were conducted in late 2006 to capture local feedback on creativity and identity as the first stage in the process to develop the Creativity and Identity Strategy.

Throughout May and June 2007 a number of Hamilton's creative thinkers and strategists were interviewed and asked to provide their perspectives on how creative and innovative thinking can be fostered in our city. These discussions were a valuable input into the development process for the strategy and served as the basis for a one and a half day strategic think tank process that was undertaken in early July 2007. The think tank process involved 16 creative and business thought leaders and was facilitated by visiting international cultural planner Charles Landry.

From this process a set of core principles were developed for the strategy and four key theme areas were identified:

- making small effective
- attracting and growing our talent
- expanding the aesthetic experience

- reconnecting to the river as a deeper source of meaning.

Council has included funding provision of \$100,000 per annum from 2008/09 through until 2015/16 in to support implementation of the strategy.

CityScope - Urban Design Strategy

CityScope is the city's Urban Design Strategy, which Council formally adopted in July 2006. The intention of CityScope is to raise the standard of urban design throughout the city and to actively plan toward the building of communities as the city expands. Its purpose is to establish a framework to guide the city towards a sustainable, quality urban environment. Two of the key components of the CityScope strategy are *Vista* (Hamilton's Design Guide) and the Hamilton Urban Design Panel.

Vista outlines Hamilton's expectations for better-designed environments and describes how a well-designed place should look, feel and function. The guide highlights key urban design principles considered fundamental to Hamilton's development as a prosperous, memorable and sustainable city.

Vista will be used as the basis for Hamilton's Urban Design Panel (which commenced operation in February 2008) in the review of significant development proposals in the city. The Urban Design Panel is a group of experts commissioned by Council to advise developers, their design teams and Council planners on ways to improve significant developments in the city. Advice from Council's urban design staff and the Urban Design Panel is free to applicants.

Economic Development Strategy

The Economic Development Strategy was adopted by Council in July 2008. Over an eight month period in 2007 and 2008, 12 Hamilton agencies with an interest in economic development came together to exchange ideas, build networks and explore potential opportunities. The result was a new strategic vision for Hamilton that provides a set of shared outcomes that the signatories will work together to achieve.

The Strategy's major themes are around city leadership, business environment, building on economic strengths, attracting and growing talent and developing an enterprise culture. A series of exciting flagship projects are proposed that will be developed through ongoing partnership work. As signatories to the Strategy, each agency has committed to work together over the next three to five years to deliver on these priorities for Hamilton. Hamilton City Council is the lead agency for the Hamilton Economic Development Endowment Fund, Digital Hamilton, City Heart Revitalisation, Ruakura Innovation Precinct, Visitor Attraction, Hamilton Network and the Creative Industries Incubator.

Future Proof - Sub-Regional Growth Strategy

In partnership, Hamilton City Council, Environment Waikato, Waipa and Waikato District Councils have embarked on the development of a sub-regional growth strategy, known as "Future Proof". This strategy covers the administrative areas of the three territorial authorities and the associated area of Environment Waikato. Other key organisations and groups involved in the project include the New Zealand Transport Agency, Matamata-Piako District Council and tangata whenua.

Through previous work undertaken it has been identified that there is a need to provide an integrated approach to growth management, given that the city and districts have experienced significant growth in recent years and that this is expected to continue. The respective councils want to take a strategic approach to managing growth and ensure that land resources are used efficiently and that associated infrastructure implications are understood, planned for and appropriately funded.

The project will develop a sub-regional growth strategy that is agreed between the partners. It is to be completed in time to allow consultation on the draft strategy to occur at the same time all member councils are consulting on their 2009-19 Long Term Council Community Plans in March and April 2009.

The overall cost of the sub-regional growth strategy is \$1.1m, which is being shared by the four partner councils.

Project Phases

There are four main phases to development of the strategy (with Phase 1 already underway):

- Phase 1: Research input - this phase included the production of reports investigating the perception of developers relating to greenfield residential and industrial subdivision in the sub-region. Further work was also undertaken producing a set of detailed demographic projections (in conjunction with the University of Waikato) for the sub-region (March - September 2008).
- Phase 2: Scenario development and consultation (April - October 2008).
- Phase 3: Preferred scenario development and evaluation (Late 2008).
- Phase 4: Growth management strategy document publication, consultation and adoption (December 2008 - June 2009).

Key Achievements in 2007/08

MINIMISING COUNCIL'S AND THE COMMUNITY'S ENVIRONMENTAL IMPACT

This section highlights a number of initiatives that Council is undertaking to minimise the impact of its various operations on the natural environment. Council has introduced a number of programmes to raise staff and community awareness about the impact they may be having on the environment and, in particular, how they can minimise their carbon footprint. A selection of these programmes is highlighted below.

Biodiversity

- **Gully Restoration** - The Gully Restoration Programme provides practical support and restoration information to gully restorers and fosters appreciation of Hamilton's extensive gully systems. Currently there are 893 people on Council's gully database, representing approximately 29% of properties in Hamilton containing a gully. Major annual events include lectures, workshops and tours aimed at raising awareness, as well as the annual allocation of eco-sourced plants via the 'Plants for Gullies Scheme' (just over 1,600 eco-sourced native plants were distributed to gully owners as part of the scheme in 2007/08).

Energy

- **Energy Use for Council** - As part of its Energy Management Programme, Council is aiming to gain greater energy efficiencies in the key energy types that are used in its operations and service delivery. Council's usage of the two main energy types over the past three years is outlined below.

Energy Usage	2005/06	2006/07	2007/08
Electricity (kWh)	26,265,866	29,528,654	33,751,248
Gas (kWh)	23,565,343	22,911,390	20,219,668

Council's gas usage decreased by 11.7% between 2006/07 and 2007/08. This was primarily due to operational changes at Waterworld and the Pukete Wastewater Treatment Plant. In addition, Waterworld and the Municipal building have introduced further energy efficiency measures.

The 14.3% increase in electricity usage between 2006/07 and 2007/08 was also related to a situation at the Pukete Wastewater Treatment Plant where the co-generation plant was temporarily out of action due to a system malfunction. Other contributing factors such as the ongoing provision of street lighting throughout the city (particularly in new subdivisions) and the fluctuating temperatures impacting on the air-conditioning load at various Council sites may have also contributed to the increase. These trends have impacted on a range of continued energy efficiency gains that Council has made. e.g. improved lighting control at the Knox Street Carpark.

Council's overall growth in energy demand has slowed from 5.3% in 2006/07 to 2.9% in 2007/08.

Greenhouse Gas Emissions

- **Communities for Climate Protection (CCP)** - In October 2004 Hamilton City Council joined the Communities for Climate Protection-New Zealand Programme (CCP-NZ), an international campaign to assist councils worldwide to reduce

greenhouse gas emissions. The programme aims to reduce emissions by each council taking action, as well as councils influencing reductions in their communities. To assist councils and their communities address climate change, the programme comprises five key milestones. Each milestone has a council (corporate) component and a community component. In July 2008 Council was one of the first two councils in New Zealand to be awarded Milestone 4 (implementation of a local action plan) for being able to demonstrate reductions in emissions from its facilities.

- **V8 Carbon Emissions** - Council worked in partnership with Landcare Research to measure the carbon emissions from the Hamilton 400 V8 Supercar Street Race. It was the first event of this scale to be measured in New Zealand, and will provide Council with a greater understanding of the emissions generated by the event. Over the coming years Council will introduce additional initiatives to further reduce the carbon footprint of the Hamilton 400. Council will also work towards CarboNZero certification over the first few years of the event.
- **V8 Greening** - Council put in place a number of initiatives that assisted in reducing the carbon footprint of the Hamilton 400 V8 event (including provision of information to the public about their environmental impact) and helped the event run smoothly.

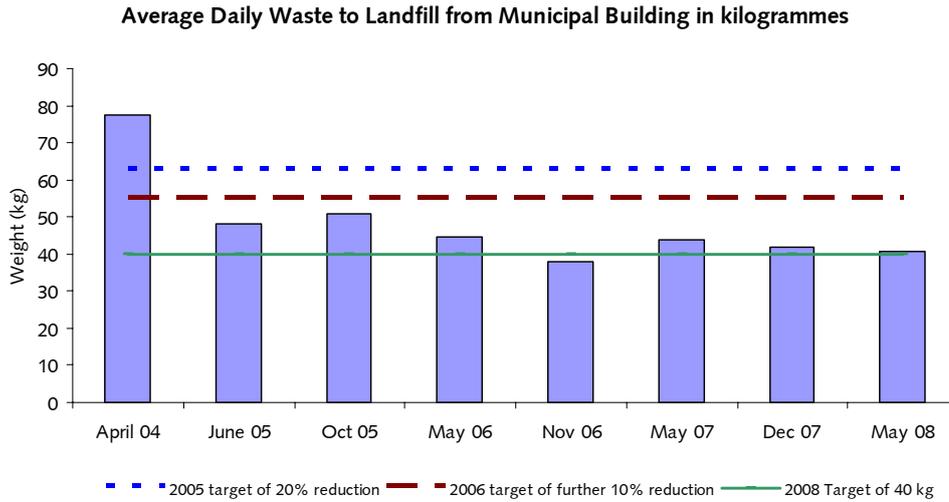
Promoting Sustainability

- **Enviroschools** - Council contributes funding towards facilitators to support the 29 Hamilton schools that currently take part in the programme.
- **Envirofund** - Twenty-eight applications were received in the March 2008 round and the total fund (\$50,000) was distributed.
- **Sustainable Urban Design** - In conjunction with Council's Eco-Design Advisor, a number of workshops and lectures about making homes more sustainable, healthier and more comfortable were held. Information was provided to people retrofitting their homes or building new homes.
- **'Know it?... Live it!' (KiLi)** - KiLi is a community environmental education programme run by Council to inform Hamilton's community of ways in which they can live and work more sustainably. The 936 people on the KiLi database receive newsletters three times a year which discuss sustainability issues and activities within Hamilton.

Refuse and Recycling

- **Internal Waste Minimisation Policy** - Council has an internal Waste Minimisation Policy that aims to minimise the amount of solid waste that is produced by all Hamilton City Council managed facilities and to ensure that waste produced is either reused or recycled wherever possible.

Waste - The six-monthly municipal building waste audit confirms that Council has been achieving its waste minimisation targets. The audit also showed that there is effective diversion of recyclables from landfill due to various waste initiatives being undertaken at the main municipal building.

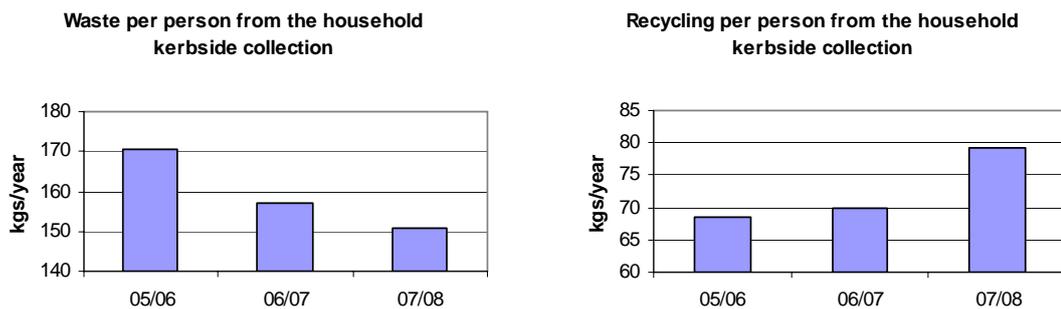


Source: Council's six monthly Waste Audit.

NB Figures have been standardised to reflect increases in municipal building staff numbers (from 344 in April 2004 to 500 in June 2008).

- **E-Day** - With 864 individuals and a number of schools taking part 40 tonnes of e-waste was diverted from landfill as part of Hamilton's first e-day held on 29 September 2007 (including almost 1,400 monitors and 1,000 computers).
- **Light Bulb Recycling** - Council initiated a recycling service in March 2008 for energy saving lighting/compact fluorescent lamps and fluorescent tubes, with drop-off points at the Environment Centre and Refuse Transfer Station.

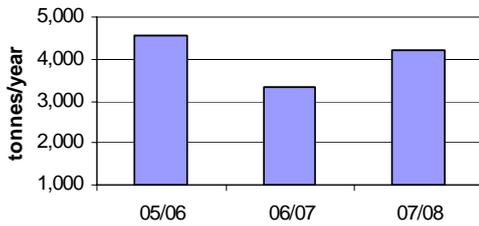
Recycling/Refuse Collection - Council provides a kerbside recycling and refuse collection service for residential properties within the city. The graphs below show that the amount of recycling per person is increasing while the amount of refuse per person, from Council's kerbside collection service, is decreasing¹.



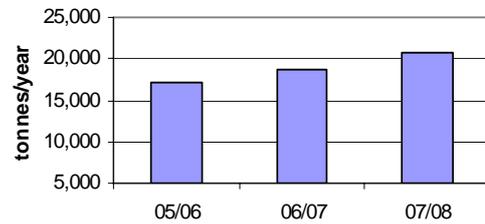
¹ This is from Council's kerbside refuse collection only. It does not include refuse collected from commercial/industrial premises by private contractors or refuse taken directly to the Refuse Transfer Station by residents.

KEY ACHIEVEMENTS IN 2007/08

Materials collected for re-use/recycling at Hamilton's Refuse Transfer Station



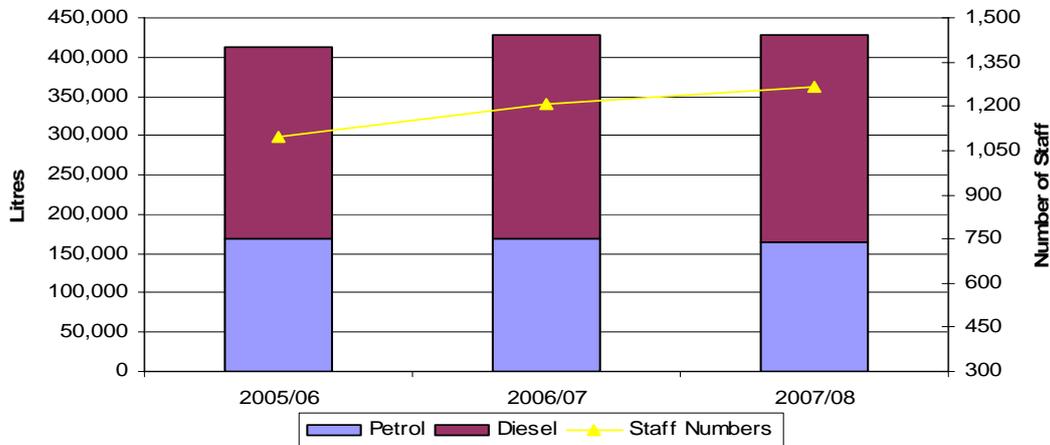
Waste diverted from landfill via the Hamilton Organic Centre



- Vehicle Fleet** - Council has increased the number of diesel vehicles that it has in its vehicle fleet as the new generation diesel vehicles may be as environmentally friendly as hybrids (Hewitt 2008)². Council considers fuel efficiency and low vehicle emissions a high priority when purchasing new vehicles. The increased number of diesel vehicles in the fleet is likely to be the main reason for the increase in diesel consumption, while the increase in staff numbers is likely to have contributed to the overall increase in fuel use by Council.

Fuel Usage	2005/06	2006/07	2007/08
Petrol (Litres)	168,772	169,910	164,238
Diesel (Litres)	242,998	257,724	263,995
Total	411,770	427,634	428,233

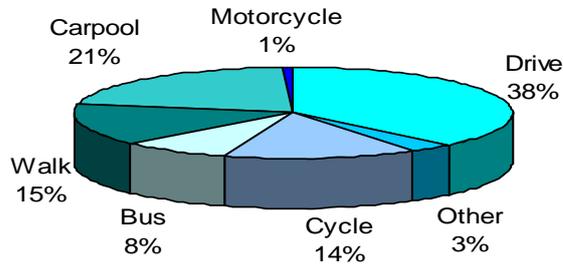
Council's Fuel Usage vs Staff Numbers



Staff Travel - Council has been running a number of programmes under the Staff Travel Plan to influence the way that staff travel to work. These include promoting public transport, carpooling and active transport (including walking and cycling). The following graph details the main means of how Council staff commute to and from work.

² Hewitt, B. (2008, January). The Case for Diesel: Clean, Efficient, Fast Cars (Hybrids Beware!). *Popular Mechanics*.

Commuting Habits of Council Staff

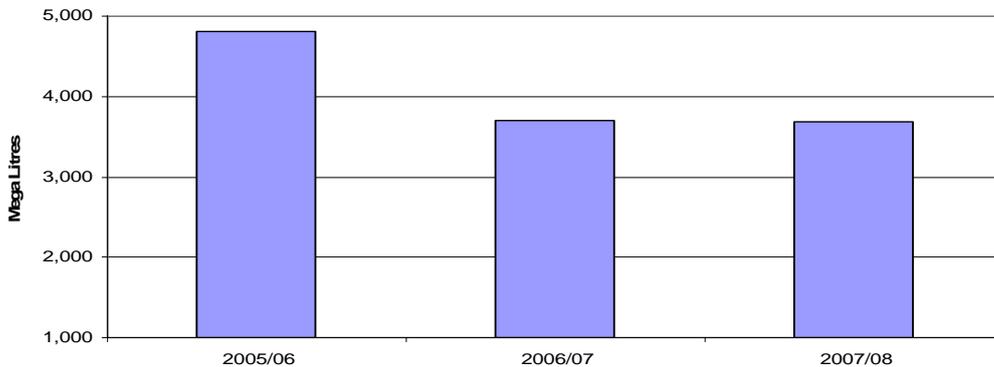


Council ran an internal campaign from August to September 2007 that provided staff with information on how they could save fuel by driving in a more sustainable manner. Council also promotes fuel efficiency to the wider community through various slogans on a number of its fleet vehicles e.g. 'Correctly inflated tyres reduce fuel consumption by 10%'.

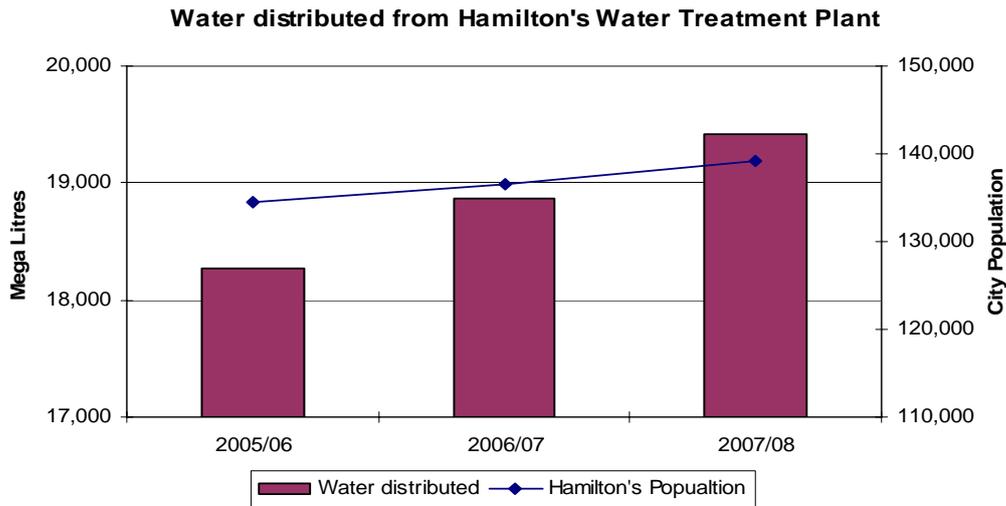
Water

Council's water usage decreased by 23.32% between 2005/06 and 2007/08.

Council's Water Usage

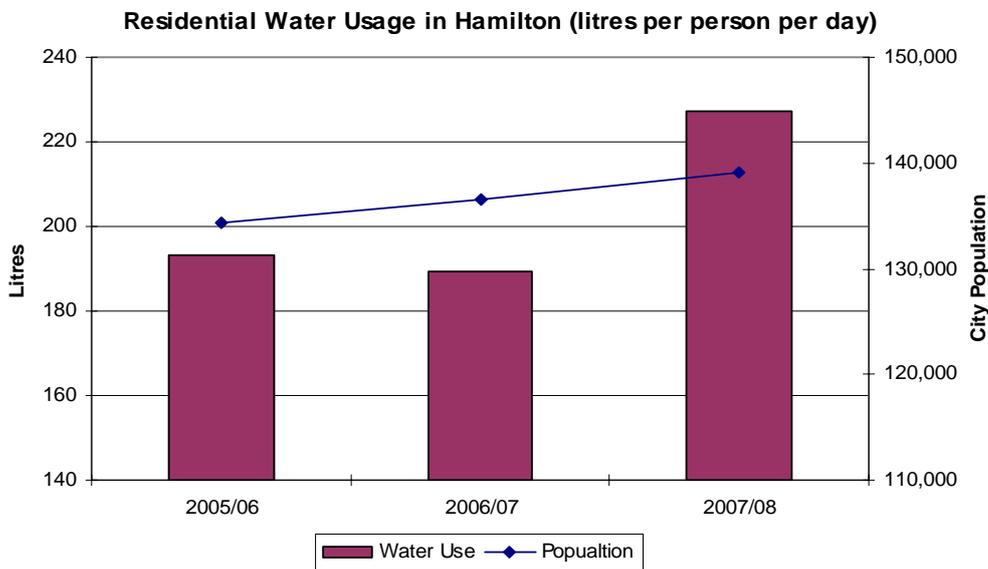


There has been an increase in the total volume of water that has been distributed from Hamilton's water treatment plant over the last three years. This is likely to be attributed to the increase in Hamilton's population and also the increase in the number of businesses in Hamilton.



- Water Saving Campaign** - During the exceptionally dry weather conditions over the 2007/08 summer Council put in place a water saving campaign to inform the public about the total sprinkler ban and other measures that they could use to help conserve water.

Residential water use per person in Hamilton has increased 15.0% from 2005/06 to 2007/08 while the number of residents within the city has increased 3.4% over the same period.



This section below highlights some of the key projects and programmes that Council completed or worked towards in 2007/08.

COMMUNITY DEVELOPMENT

Tagging Hotline Introduced

In June 2008, Council introduced a new tagging hotline for members of the public to phone if they see graffiti anywhere in the city. 0800 TAG BUSTERS (0800 824 287)

operates 24 hours a day, 7 days a week. When members of the public make a call, Council staff take details of the tagging and its location, give callers the option of making a police report and discuss options for the removal and prevention of further vandalism.

While tagging has been a major focus for Council for some time, the introduction of the hotline has taken this one step further. It is a great opportunity for Council, the Police and communities to work together.

Council's tagging response teams have been increased to support the new hotline. Three graffiti removal teams will cover a third of the city each. The teams consist of a professional painter and workers from Council's Task Force Green Employment Development Programme.

Enderley Working Bee

Over 500 volunteers walked the streets of Enderley on 8 March 2008 to clean up graffiti and litter and to encourage community spirit in the area.

The Enderley working bee was a great opportunity for Council, the Police and the community to work together, combat vandalism and generate positive neighbourhood activities. Council provided the majority of the materials, expertise and supervision for the clean up. It is anticipated that this is just the beginning for working bees based around Hamilton City Council community centres.

REPRESENTATION AND CIVIC AFFAIRS

District Plan Review

Council resolved to take significant steps towards making the city's Proposed District Plan fully operative in 2008/09. At its meeting in May 2008, Council agreed that in order to secure the best planning outcomes for Hamilton, the District Plan would be reviewed in full and subsequently aligned with the city's eight guiding key strategies, which have been developed in partnership with the community.

Since the inception of key strategies such as CityScope, Social Wellbeing and the Creativity and Identity Strategy, it has been identified that the Proposed District Plan is not structured in a way which will enable and support the Strategies desired outcomes. The Proposed District Plan was first notified in 1999 and is no longer in line with current thinking and therefore not always able to deliver on the city's aspirations.

Council will now aim to resolve outstanding appeals to enable the Proposed District Plan to become operative, with a full review expected to commence in 2009.

Local Area Plan for Hamilton East

As a result of submissions to the Proposed 2007/08 Annual Plan, funding provision of \$250,000 was made to develop comprehensive Local Area Plans for Hamilton East and Frankton residential areas. Work is now underway to develop the Local Area Plan for Hamilton East. A character assessment has been carried out to identify the distinctive elements of the study area and Council is currently preparing to consult with the community on their views on the future of Hamilton East. An open day will be held with the community in September 2008.

Council has also started work on developing a Heritage Policy. This will provide a comprehensive approach to heritage management across the entire city.

Enquiry by Design process for Council's 2009-19 LTCCP

Council has started work to develop its Long-Term Plan Council Community Plan (LTCCP) for 2009-19. Given Hamilton's significant urban growth in recent years, it is crucial that the development of a clear growth vision is at the heart of the process.

The process used for the 2009-19 LTCCP has varied from the 2006-16 Long-Term Plan process in a number of key ways. In particular, the growth assumptions that are being used in the development of the 2009-19 LTCCP have been developed through a comprehensive Enquiry by Design workshop (held over four days in March 2008). This process reviewed a range of social, cultural, environmental and economic data and examined the various growth options for how the city could grow. The outputs from the workshop were further considered by staff and Elected Members over a number of months, using a robust sustainable development framework.

Council Submissions to external Organisations

Council represents the interests of the organisation and city through submissions to a range of external organisations on issues that have the potential to impact on the city and/or Council's operations. This is seen as an important mechanism to raise the profile of Hamilton and ensure the views of Council and the city's residents are advocated at a city, regional and national level. A total of 34 submissions were made to various organisations in 2007/08.

ENVIRONMENTAL HEALTH

Alcohol Accord

A unique initiative designed to deliver a safer, more consistent and vibrant entertainment industry for the city was launched on 24 June 2008. The launch of the Hamilton Alcohol Accord is the product of a unique collaborative project between the city's liquor licensees, the Police, Health Waikato and Council.

The Accord's purpose is to agree a consistent industry approach to responsible and quality practices where the sale and consumption of liquor is involved. This will be achieved by all consenting licensees and agencies embracing a series of key principles that focus on themes of sustainability, safety, responsibility and cooperation.

2007 Food Safety Awards

Hamilton City Council's 13th annual Food Safety Awards were held at Waikato Stadium in October 2008. Hamilton's Deputy Mayor, Pippa Mahood, presented Food Safety Excellence Awards to 46 Hamilton food businesses. The award ceremony included a catered breakfast and a keynote speech by Andrew McKenzie, Executive Director of the New Zealand Food Safety Authority, and sponsors of the event.

The Food Safety Excellence Award is presented annually to food businesses identified by Council staff as achieving and maintaining a standard of excellence in food safety. The purpose of the award is to publicly recognise this achievement.

In addition to the food safety awards a further 27 food businesses have also been presented with the Food Safety Merit Award, which recognises food businesses achieving a high standard of food safety

PARKS AND GARDENS

New Information Centre at Hamilton Gardens

In August 2007, Hamilton Gardens opened their new information centre to the public, offering extended hours (seven days a week from 10am - 4pm) and the benefits of a centralised customer service area.

The attractive new centre provides maps of the gardens in seven different languages to enhance the visitor experience and increase people's understanding and appreciation of the gardens.

Redevelopment of Lake Domain Café and Function Centre

The new facility, named "The Verandah" due to its distinctive design, will accommodate a range of purposes and see the café transformed into a modern building while utilising and complementing the area's existing natural features.

Demolition of the old tearoom and construction of The Verandah commenced in June 2008 and is due to be completed by March 2009. The café will accommodate a range of purposes including a large function room intended to cater for groups such as the local business community, community and sports clubs, and educational groups.

Environmentally sustainable design will play a key part in the facility's development, incorporating features such as natural day-lighting and rainwater harvesting.

SWIMMING FACILITIES

New Hydroslides and Splash Pad Area

The new hydroslide complex and toddlers splash pad area was opened to the public on 24 November 2007. There have been over 100,000 more visitors to Waterworld compared to last year (i.e. 441,891 visitors in 2006/07 compared to 543,212 in 2007/08). The majority of these extra patrons is primarily attributable to the new slides that have been installed at Waterworld.

The four new slides consist of two twisting and turning hydroslide tubes (which are open 12 months of the year), and two speed slides that have 30 degree speed slopes (open in the summer months). There is fun for toddlers too, in the form of a splash pad with interactive water features such as fountains, water wells, sprays and bubbles.

BUILDING CONTROL

Energy Efficient Heating Initiative

Council was recognised for being one of only three councils nationwide to respond to central government's call to make it easier for homeowners to adopt energy efficient heating in their homes through the waiver of building consent fees (which commenced on 1 July 2007).

The New Zealand Energy Efficiency and Conservation Strategy (launched in October 2007) is a key part of the Government's response to meeting its energy, climate change, sustainability and economic transformation goals. In response to the strategy, Council has ensured that anyone wanting to install solar energy hot water in their home will not incur the building consent fees (usually \$215).

PLANNING GUIDANCE

Urban Design Panel

As part of CityScope (the Urban Design Strategy for the city) and its commitment to the New Zealand Urban Design Protocol, Council has set up and made available the advice of an urban design panel for the consideration and review of significant new development proposals within Hamilton.

The Urban Design Panel, which began operation in February 2008, provides free, independent expert advice on the key urban design elements of projects in the first stages. This ensures a quicker, easier consent process by helping address urban design considerations up front. The recommendations of the panel are considered by the Planning Guidance Unit in assessing Resource Consent applications and carry the same weight as other technical reports.

ECONOMIC DEVELOPMENT

City Heart

City Heart aims to develop a quality urban environment and revitalise the centre of the city. Through a public and interactive 'Enquiry by Design' process held towards the end of 2007, a range of potential concepts were developed for Victoria Street, the River Road Car park, O'Neill Street, Claudelands Bridge and Garden Place. The options took a fresh approach to how people see the city and focused on a manageable, staged investment that is led by Council.

There was a five week informal feedback period where displays were placed at strategic locations (e.g. the Central Library and Council's Reception Lounge) and public feedback forms were available. A web page was developed www.hamilton.co.nz/cityheart that provided detailed information on the project and allowed the public to submit an on-line feedback form. Formal feedback was then sought through the Proposed 2008/09 Annual Plan process. The community consultation for City Heart attracted a wide range of formal and informal submissions (120 in total), which influenced Council's final decisions. Whilst the majority of design concepts for City Heart received wide public support, it was the proposal to introduce a vehicle lane down the northern side of Garden Place that attracted significant opposition. In response to the community's feedback, Council decided not to proceed with this proposal.

As the City Heart project will affect large sections of the inner city, the approach to the project delivery will be a progression of a number of incremental projects in order to minimise disruption. A number of the concepts and ideas require further investigation, planning and design, and will be considered as part of Council's 2009-19 Long-Term Council Community Plan.

The Creative Industries Incubator

An exciting partnership is underway between Wintec and Council around a Creative Industries Incubator - now named Soda Inc, and will be located on the top floor of the Meteor. The Incubator will enable new creative start-up businesses to be in one central CBD hub. Businesses that tenant the Creative Incubator will be within a supportive environment for entrepreneurs, who will help grow the creative industries economy in Hamilton.

The project is aligned with the Creativity and Identity Strategy's goal of attracting and growing talent in the city, and is a partnership between Council, Wintec and local creative industries. Council has agreed to provide the space at the Meteor free of charge, with this arrangement to be reviewed annually.

CITY PROMOTION

Hamilton 400

The Hamilton 400 V8 Supercars is officially New Zealand's largest annual event with more than 172,000 attending over the three days of the event in April 2008.

Hamilton set an example of how cities can successfully host an event of this size with minimum disruption. Thousands used the free public transport, leaving Hamilton's roads clear and accessible for the unprecedented numbers of visitors. Behaviour in the city was impressive with police reporting a lower crime rate compared to an average

weekend. The feedback received by Council has been very positive, particularly in relation to the city's hospitality and friendliness.

While the event was very successful, there is always room for improvement. Council put in place a formal V8 review process which was overseen by an independent chairperson. The review analysed the performance against all conditions in the resource consent, the outcome of all debriefs with emergency services, road control and a complete summary of any feedback received. The review also examined aspects of the race such as communication and marketing, project and financial management and regulatory management. Two reports were considered by Council in August 2008 - the first report concluded that all critical resource consent conditions were met and noted that the maximum number of people attending the event in 2009 may increase. The second report outlined all other recommendations that came out of the review process that did not relate directly to existing resource consent conditions. This report included an independent economic impact assessment which showed that \$28.3 million of new money was generated by the event in its first year. Incremental expenditure was generated by an estimated 51,750 visitors to the city. Of these visitors, 36,250 attended the event (the remaining 15,500 accompanied ticket holders to Hamilton but did not attend the event). It is anticipated that a similar amount of expenditure will be injected into the Hamilton and regional economy in each of the remaining six years of the event.

With the Hamilton 400 being New Zealand's largest annual event, Council made it a priority to ensure that provisions were in place for fans to reduce their V8 carbon footprint. The following outlines some of the achievements from the 172,000 who attended the event:

- 101,080 people used Hamilton's city buses immediately prior to and during the three day event, more than triple the number that would normally be carried during such a period.
- Thousands more used the Park and Ride bus service, cycled or walked to ensure the roads stayed congestion free and to reduce the carbon footprint of the event.
- 62% of the waste generated was able to be recycled and the event was kept clean and tidy.
- 2,000 eco-sourced native trees will be planted this planting season in the Wairere Drive gully system, to help offset carbon emissions.
- Over 1,000 race fans wrote down five ways that they can save fuel by changing their driving behaviour to enter Council's "Drive Like a Saint" competition, to win t-shirts signed by V8 drivers Greg Murphy and Jason Bright.

The website www.hamilton.co.nz/v8supercars has more information about the 2008 V8 Supercars Hamilton 400 event and the next race in 2009. Hamilton will host the event until 2014.

HAMILTON CITY THEATRES

Burn the Floor

Internationally acclaimed dance troupe, *Burn the Floor*, provided a show stopping dance spectacular in Hamilton in August 2007.

The talented cast of 16 international ballroom dancers pulled off some extreme moves to the samba, jive and jitterbug, tango, rumba and more. The Broadway style, high energy show was performed with absolute precision thanks to the amazing choreography and cast of professional ballroom dancers, including New Zealand born dancer Peta Murgatroyd.

HAMILTON CITY LIBRARIES

Free Tutorials at the Library

As part of its commitment to making information more accessible to the community, Hamilton City Libraries started offering free tutorials in May 2007. The aim was to educate customers and staff in the use of the catalogue, webpages, internet and databases.

Whether library visitors wanted to search the internet and the catalogue system, search for biographies or complete a family history - the LEARN-it tutorials were a good place to start. The tutorials were held daily and alternated between the Chartwell, Hillcrest, Dinsdale, Glenview and St Andrews libraries. In future, the LEARN-it tutorials will be run on request.

Library Elf

Launched in October 2007, Hamilton City Library-users have been able to register for some 'elf-help' in the form of a free email reminder service. ELF is a web-based and email tool for library users that makes it easier for a borrower to keep track of what they have due, overdue or ready for pickup. Library users can subscribe to the ELF service free of charge by registering online at the Hamilton City Libraries website: www.hamiltonlibraries.co.nz.

WAIKATO MUSEUM OF ART AND HISTORY

Te Atairangikaahu: The Soaring Hawk of the Dawn

From 8 December 2007 to 27 July 2008, visitors to the Museum could view the photographic exhibition that celebrates the life and reign of Te Arikinui Dame Te Atairangikaahu. The opening signified the official close of 12 months of mourning the loss of Te Arikinui Dame Te Atairangikaahu on 15 August 2006.

The Tangihanga (funeral) was captured on film with the permission of the Tainui people. The exhibition features this collection of photos throughout the formal period of the Tangihanga. In essence, the exhibition is a celebration of the life of Te Arikinui Dame Te Atairangikaahu and outlines the pathway of her birthright and succession as a leader of Kingitanga during her 40 year reign. Te Arikinui was a Queen and leader who was both loved by her community and respected internationally for her wisdom and vision.

The Big Ice: Scientific Exploration in Antarctica

On 9 May 2008 the *Big Ice* exhibition arrived at the Waikato Museum providing the opportunity for visitors to explore the world's most extreme continent and to celebrate New Zealand's role in 50 years of scientific exploration in Antarctica. The exhibition ran until 3 August 2008.

The *Big Ice* captured the essence of the continent and highlighted its extremes. The exhibition featured the figureheads of many heroic Antarctic explorations, amazing artistic responses and stunning photography.

Exhibition visitors could take their pick of viewing real pieces of Antarctica, showing the impact of the extreme environment, learning about Antarctic penguins, dressing up in real Antarctic clothing or sitting on a sledge.

The Mighty River Waikato - from Hinaki to Hydropower

The first exhibition of its kind, *The Mighty River Waikato* focuses on the Waikato region's natural heritage from a scientific perspective. The exhibition, which commenced in October 2007, and draws on other disciplines including social history, visual arts and tangata whenua to present comprehensive information about the Waikato River's diverse attributes.

Some highlights of the exhibition include an impressionistic scene of Waikato in the deep past, a purpose-built discovery centre called the River Station where visitors can use modern wentzscopes (easy view microscopes). Investigative tools are used to examine river specimens and an interactive hydropower generation display features the beneficial use of water.

The continued preservation and use of the Waikato River has demanded a merging of cultural and scientific knowledge and the exhibition brings to life the relationships of science and culture to our regions natural heritage.

Over 3,000 people attended the 'Go with the Flow' day held on Sunday 2 March 2008, to celebrate Children's Day and *The Mighty River Waikato* exhibition.

EVENT FACILITIES

Redevelopment of Claudelands Events Centre

The design phase of the upgrade and redevelopment of the Claudelands Events Centre has been ongoing during 2007/08, with the first of the physical works being the relocation of the historic Claudelands grandstand from the Heaphy Terrace side of the site to make way for the proposed development.

The relocation of the grandstand took place in April 2008, with the grandstand being moved 500m around the Claudelands Oval to the centre of Claudelands Park. The new location has been selected to enable the grandstand to take maximum advantage of the Park, including the playground and key components in the Claudelands redevelopment.

The arena and conference areas are expected to commence in the first half of 2009 with the whole project anticipated to be completed in early 2011.

HAMILTON ZOO

New Baby Tamarin for Hamilton Zoo

A baby Cotton-topped Tamarin was born on 31 March 2007 at the Hamilton Zoo to parents Florence and Lucas. As is common practice for Cotton-topped Tamarins, father Lucas is responsible for looking after the baby during the day before handing it back to Florence for feeding.

Originating from North West Colombia, Cotton-topped Tamarins have a streak of long white hair on their heads, which they raise as a mild threat. The endangered species live in extended family groups and their diet consists of flowers, gum and animal matter - including insects, mice and birds.

Hamilton Zoo Celebrates Rare New Zealand Falcon

On 4 February 2008, Hamilton Zoo released a New Zealand falcon chick at Kakepuku Mountain, celebrating the city's first successful raising of this rare bird.

Once widespread throughout New Zealand, there are now only isolated populations nationwide and the falcon has been classified as endangered. Hamilton Zoo is working with the Kakepuku Mountain Conservation Society and the Department of Conservation to protect and preserve this species.

WASTEWATER MANAGEMENT

20-year Resource Consent for Wastewater Plant

In August 2007 Council was granted a 20-year resource consent for the management and discharge of wastewater at the Wastewater Treatment Plant in Pukete.

The application identified conditions that deliver a high level of public health, environmental protection and the best practical solution for Hamilton's future wastewater management - all in keeping with sustainable management principles.

World-First in Hamilton

The official opening of Hamilton's STERM™ (Sludge Total Energy Recuperation Module) plant in June 2008 is very timely with the growing concerns about wastewater disposal and carbon fuel usage. STERM™ also offers incredible environmental benefits and global trade opportunities. This was a private initiative undertaken in collaboration with Hamilton City Council on the site of the Waste Water Treatment Plant.

The new technology addresses one of the most challenging pollution problems - the sustainable elimination of human waste. The STERM™ eliminates sludge, the end product of wastewater treatment plants, which is traditionally loaded onto trucks and dumped in landfills, applied to land as fertiliser, or composted. The STERM™ process incorporates a unique drying process that converts de-watered sludge into a sterile fuel which is recycled to provide energy for the system, leaving only an inert sand/ash as the end product. This remaining sand/ash represents a 93% reduction of the wet sludge processed and can be used for commercial purposes, such as road aggregate.

It is expected that the technology will attract global interest as environmental standards and concerns about wastewater disposal increase worldwide.

STORMWATER MANAGEMENT

Stormwater Improvement Project

Completion of the Brookfield St and Plunket Terrace stormwater improvement project (\$499,000) will prevent major flooding in the area.

The installation of new street drainage and the construction of a new outfall to the Waikato River from Plunket Terrace will eliminate such events. Work included the directional drilling of 170m of outfall pipe from Brookfield Street to the river.

Rototuna Stormwater Extension

Extension of the stormwater network to enable urban growth in Rototuna continued in 2007/08, with funding of \$2.099m allocated for the project. The stormwater system was extended by constructing the first stage of a floodway channel to the northeast and a control weir in the existing floodway near Magellan Rise.

RECYCLING / REFUSE COLLECTION

eDay

Hamilton's first eDay was held on 29 September 2007, with 30 people volunteering for the day. The Hamilton contribution was impressive, with 42 tonnes of electronic waste being diverted from landfills, and coming in at second highest in the country. This included almost 1,400 monitors and 1,000 computers from the 840 cars that came through.

eDay is a community initiative designed to raise awareness of the hazardous nature of electronic waste (e-waste), while offering an easy way for households to dispose of old computers and mobile phones in an environmentally sustainable manner. eDay was created in response to a growing concern about the volume of e-waste being dumped in landfills around the country with a potentially toxic effect on the environment. Electronic waste is one of the world's fastest growing and largest waste streams.

Kiwis cleared their home of nearly 300 tonnes of old computer equipment and mobile phones in New Zealand's first national eDay. Thanks to the event, more than 26,000 computer items (including monitors, central processing units and printers) were diverted from being dumped in landfills.

WATER SUPPLY

Excellence Award for Water Treatment Station

Hamilton's Water Treatment Station was recognised with a 'highly commended' at the 2007 INGENIUM Excellence Awards for physical works projects in New Zealand (INGENIUM is the Association of Local Government Engineering New Zealand Incorporated). The project was judged mainly on the criteria of economics, environmental, social, cultural, consultation and innovation strategies.

The Water Treatment Station upgrade (completed in February 2007) is a significant milestone in future planning for Hamilton. Along with improved capacity, the upgrade also addressed immediate concerns regarding Hamilton's water supply. Hamilton residents now experience an improved water taste, along with improved filtering and treatment processes and protection against the risk of algal toxins.

Wairere Drive Bulkmain Augmentation and Extension

In conjunction with the construction of Wairere Drive from Hukanui to Tramway Road, the eastern bulk watermain was extended along Wairere Drive in 2007/08, at a cost of \$1.82m. This project was necessary to ensure that the water supply meets urban growth requirements.

SUSTAINABLE ENVIRONMENT

Gully Restoration Programme

Restoration of the 700-hectare expanse of gullies in Hamilton is a worthwhile challenge for the city. Focusing resources on priority areas has proven the most effective approach for both Council and private landowners and a number of good partnerships have already been formed.

Council, in partnership with the University of Waikato Centre for Continuing Education, presented a series of hands-on workshops focusing on gully restoration. Information builds on Council's Gully Restoration Programme and highlights the different stages of restoration and the distinctive features of gully ecology.

Sustainable Urban Design Workshops

Council has introduced Sustainable Urban Design Workshops for people building their own home, refurbishing an existing home, or interested in finding out more about Hamilton's 'green' buildings. The programme aims to contribute to a sustainable future for Hamilton through exploring designs that improve comfort and health, reduce natural resource consumption and save money.

The first set of workshops for 2008 ran from April to May and included: How to Buy a Better Home; Green Home Introduction; Eco-Design for a New House; and Fine Tuning a New House for Energy Efficiency. With the first series in 2007 and 2008 proving so popular, a second series has been organised for the second half of the year (starting in August 2008). The workshops covered the following: Retrofit (a workout for your existing home); Water Efficiency; Solar and Wind Energy; and Eco-Home Design. For more information, please visit the website www.hamilton.co.nz/sud.

TRANSPORT: ROAD NETWORK MANAGEMENT

Intersection Upgrade: Avalon Drive / Wairere Drive / Te Rapa Road

Traffic signals have replaced a roundabout at the busy Avalon Drive / Wairere Drive / Te Rapa Road intersection in a bid to make the area easier for pedestrians and cyclists to cross safely. New approach lanes have been constructed on all four parts of the intersection, and shared cycle and pedestrian paths constructed on Wairere Drive and both sections of Te Rapa Road.

Council paid Transit New Zealand a contribution of \$2.6m (funded by an Access Hamilton loan) towards the cost of four-laning Te Rapa Road from Church Road to Avalon Drive, and upgrading the Avalon Drive/Wairere Drive intersection.

Rototuna Rooding Growth - River Road and Gordonton Road

The first of these projects (with a funding allocation of \$3.65m in 2007/08) is to provide the reconstruction of River Road to urban standard between a point north of Sylvester Road and approximately 1858 River Road. The work includes on-road cycle facilities, pedestrian facilities, kerb and channel, street lighting and sealed road pavement.

The second project provided for the designation of a strip of land along Gordonton Road, between Crosby Road and Borman Road, to protect the corridor for future road widening and urban upgrade. The cost of the project was \$116,600 in 2007/08. Both

of these projects have been designed in 2007/08 and construction for River Road is planned in 2008/09.

40km/h: New Speed Zones around Schools

Initially 14 new speed zones around primary and intermediate schools were introduced in April 2008. At the end of the 2007/08 financial year, the total increased to 18 schools. Introduction of the speed zones is part of Council's commitment to the 2010 Child Casualty Reduction targets.

The new speed zones have been marked with electronic 40km/h speed limit signs and feature alternating flashing beacons as vehicles approach the zone while speed restrictions are in operation. Speed zones are in operation 35 minutes before school starts and 20 minutes after the end of the school day. They can also be used by the schools at other times when large numbers of children will be using the road.

TRANSPORT: ACCESS HAMILTON

Wairere Drive Extension — Hukanui Road to Tramway Road

This \$20m project, to be constructed between Hukanui Road and Tramway Road, is the largest Council has ever awarded. The project commenced in September 2004 and is anticipated to be completed by October 2010.

This project forms part of the city's ring road and is a key part of the Access Hamilton integrated transport system, which includes off-road pedestrian and cycling facilities. The new road will link Hukanui to Tramway Road. A continuation of the route to the south (E1) is the next step in the Wairere Drive corridor that will in time connect with Cobham Drive.

Norton Road Upgrade

The Norton Road upgrade commenced in August 2007, with the majority of work completed by June 2008, with a number of integrated features and safety improvements included in the project.

There were several safety aspects central to the upgrade. Reducing the high contour of the road and installing a widened central flush median has enabled safer right-turning for vehicles at intersections and into properties. Safe and convenient pedestrian islands for the visually impaired have also been installed at key locations. The project also involved marking dedicated cycle lanes, providing indented parking bays and lighting upgrades. The Norton Road / Maeroa Road intersection has been future proofed for possible traffic signals. The total project cost was \$2.45m.

Priority Lane for Buses

On 5 May 2008, the first bus lane in Hamilton began operation. The dedicated lane runs along the east side of Hukanui Road between Elmira Avenue and to the intersection of Clarkin Road/Snell Drive. This improvement has allowed buses to lessen their travel time, with minimal effect on other traffic. The bus priority lane can also be used by cyclists, motor cyclists and mopeds.

Heaphy Terrace Upgrade

The makeover of the Heaphy Terrace shopping area (carried out between September 2007 and March 2008) has resulted in many improvements - based on improving the

safety of pedestrians and cyclists. The main issues focused on were the amount of and impact of illegal on-street parking, the lack of visibility for pedestrians using the crossing and the lack of facilities for cyclists.

The improvements have seen a relocation of the kerbs at intersections and new pedestrian islands being installed. New marked parking includes four parking bays for people with disabilities and two 5-minute bays. The shopping area between Winter Street and Alfred Street now has new bench seating, rubbish bins and cycle parking, cycle lane markings, resurfacing of footpaths and street trees and landscaping changes.

Waikato Regional Transportation Model

The Waikato Regional Transportation Model (WRTM) is a new \$2.25m transport model planned for the Waikato Region that will replace the existing models held by councils and consultants throughout the region. There are eight funding partners involved in the WRTM project including seven local authorities and Transit New Zealand. Hamilton City Council's share of the model build phase is 22.5% spread across two financial years.

The WRTM model build is scheduled for completion in June 2009. It is currently in the data collection phase, which involves three main components:

- a roadside interview survey, completed in June 2008, which undertook 47,000 driver surveys;
- a Household Interview Survey which commenced on 21 July, which aims to survey 1% of all households (2,000) in the Waikato Region;
- a Bus Passenger Survey that commenced in July and will survey 33% of all passengers on buses servicing Hamilton.

Once completed, the WRTM will enable testing of land use policy (e.g. structure plans, major resource consents), assessment of roading schemes (e.g. Wairere Drive, E1) and new bus passenger services.

Council's Partnership with Maori

Hamilton City Council (Te Kaunihera o Kirikiriroa) supports the principles of justice and partnership offered and agreed to in the Treaty of Waitangi (Te Tiriti o Waitangi) by Maori and the Crown. Through Articles II and III Council recognises Maori as tangata whenua with kaitiakitanga (guardianship) status and ownership rights regarding land, and that Maori are assured the same rights as other citizens. To this end, Council continues to develop its partnerships with:

- Waikato Raupatu Trustee Company Ltd - the iwi authority representing the views of Waikato-Tainui across the Waikato and King Country regions.
- Nga Mana Toopu o Kirikiriroa (NaMTOK) - an iwi group representing the views of mana whenua³ (Maori with historic ties to the local Hamilton/Kirikiriroa area) on issues relating to the management of Hamilton's natural and physical resources.
- Te Runanga o Kirikiriroa (TeROK) - an urban Maori organisation representing the views of maataa waka⁴ (Maori from other areas) on social issues and Maori contribution to decision-making.

The city enjoys the benefits of the historic knowledge, experience and views of Maori and the inclusive role that Maori play in Hamilton communities. The Local Government Act 2002 reinforces the importance of continuing to foster such relationships, the necessity of good communication and the value of Maori heritage and values in New Zealand's progress as a distinctive nation.

Maori people comprise around 20% of Hamilton's residents. It is estimated that 40% of those identifying as Maori are from hapu with close ties to the Hamilton area, while 60% are originally from other areas of the country. Council has an important role in supporting its local communities, including working to improve the opportunities for Maori and other citizens to contribute to decision-making and play an active role in the city's development.

Council is currently undertaking a review of its current capacity and relationships with Maori organisations. Each of Council's three partner organisations are involved in the review process as key stakeholders.

In terms of Waikato-Tainui culture the Waikato River is regarded as te tupuna awa (the ancestral river), representing the mana (authority) and mauri (life force) of the iwi. Consequently, a key environmental issue for the Raupatu Lands Trust is to monitor any pollutant effects on the river and lakes within the city. During 2007/08 the Guardians Establishment Committee (GEC) formed to develop a Vision for the Waikato River. Hamilton Mayor Bob Simcock was a member of this committee. Council will continue to work with Waikato-Tainui to develop appropriate processes that contribute to realising the vision set out by the GEC.

³ Mana whenua: Maori who are tied to the area/land by whakapapa (genealogy) whose ancestors have lived and died there. As a result they are kaitiaki (guardians) of that area of land.

⁴ Maataa waka: Maori of different tribal affiliations who are living within the area/land of the mana whenua group, i.e., Maori living outside their own tribal boundaries. Te Runanga o Kirikiriroa also represents Pacific Island people living in Kirikiriroa/Hamilton under a broad application of this concept.

Monitoring Council's Performance

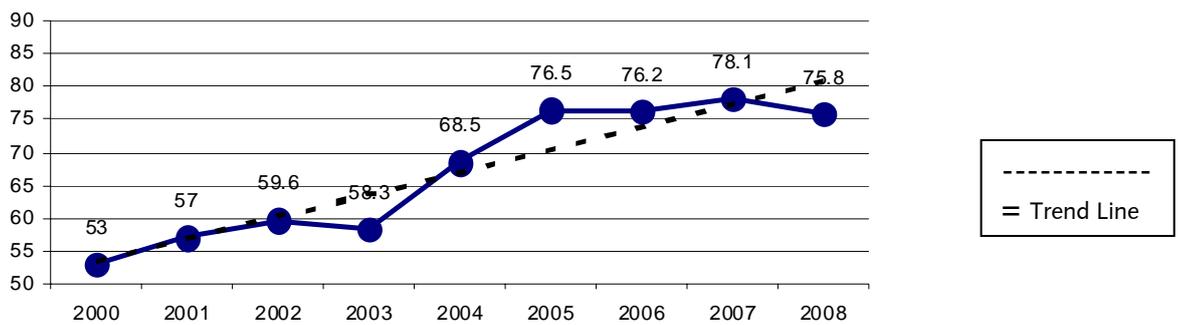
Council monitors its performance through a range of mechanisms. Council's Quarterly Residents Survey is one of the main methods of ascertaining residents' views on how effectively Council is operating, particularly in regard to its provision of key facilities and services. The Quarterly Residents Survey contains four key measures of Council's overall performance and resident's satisfaction with services and facilities.

Results from the 2008 Residents Survey report (covering the four quarters July 2007 to June 2008) show that although the ratings were slightly lower than those recorded in the year ended 2007, they still represented high levels of satisfaction for key areas.

Overall Performance of Council

Residents were asked how they rated Council's overall performance over the 2007/08 year (when answering this question residents take into account Council management and staff, elected representatives, improvements in facilities/services etc). This year the overall CSI score achieved was 75.8.

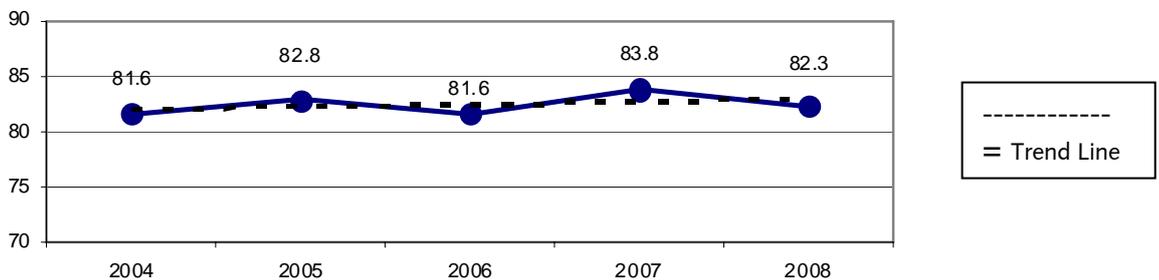
OVERALL PERFORMANCE OF COUNCIL (CSI Score)



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 82.3, reflecting exceptional customer satisfaction.

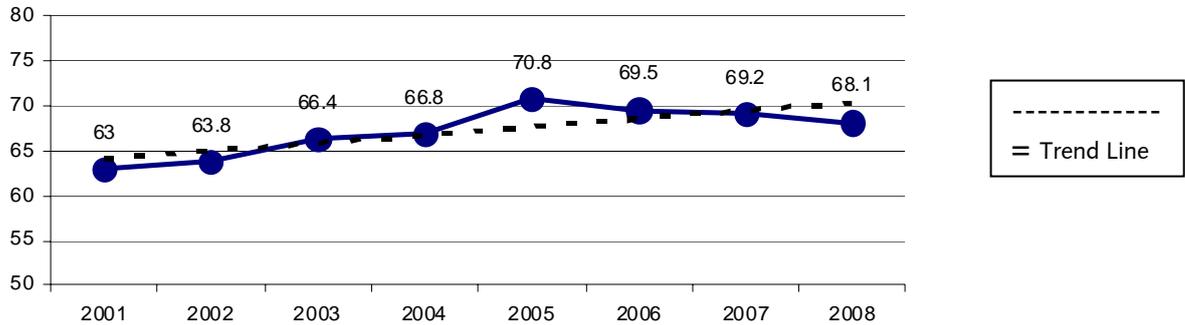
HAMILTON AS A PLACE TO LIVE (CSI Score)



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 68.1, down from the record high of 70.8 achieved in 2005.

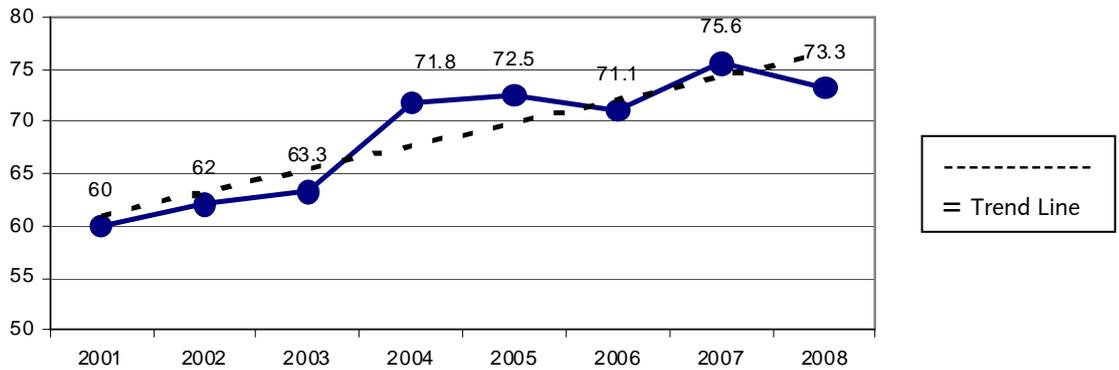
VALUE FROM RESIDENTIAL RATES (Value Index)



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 2008 was 73.3.

QUALITY OF COUNCIL SERVICES AND FACILITIES (Improvement Index)



Customer Satisfaction with Services and Facilities

Council measures its performance against community satisfaction then uses the survey results to assist in planning for future services that are tailored to the community's needs.

Overall, of the 68 facilities and services surveyed in the 2008 Residents Survey, 25 increased their satisfaction rating between 2007 and 2008 and 43 recorded a decreased rating. The results for 2008 (July 2007 - June 2008) are slightly lower than the 2007 results (July 2006 - June 2007) but most still remain above the 2006 results. While many of the CSI scores are down slightly, the results remain significantly ahead of recent history. The 2008 results show that once again, significant proportions of Hamilton residents are very satisfied with most of the services and facilities Council provides (although Council recognises that there are still opportunities for improvement).

For more information about the Quarterly Residents Survey, go to www.hamilton.co.nz/residentssurvey.

Main Issues Council Should be Looking at

Respondents to the Quarterly Residents Survey are also asked to identify the three most important issues Council should be looking at. Responses to this question provide important data for Council when considering service levels for Council activities. A summary of the responses from the last five years is provided below.

Roads was rated as the main issue (24.4% of total mentions) this year while *Law and Order* (23.7%) was the second most commonly mentioned issue. *Traffic* (20.1%) was the third most commonly mentioned issue, with *Rates* (11.0%) being fourth. This was followed by *Public Transport* (10.6%) then *City Development / Planning* (8.5%).

2004	2005	2006	Jul 06 - Jun 07	Jul 07 - Jun 08
<ul style="list-style-type: none"> • Traffic, including congestion (26.9%) • Law and Order (including safety, crime and other law and order) (18.4%) • Roads (including road maintenance, development of roads and bypasses) (17.1%) • Water or drinking water (11.3%) • Car parking (9.9%) • Public Transport (9.7%) 	<ul style="list-style-type: none"> • Traffic, including congestion (45.3%) • Roads (including road maintenance, development of roads and bypasses) (21.6%) • Public Transport (21.6%) • Law and Order (including safety, crime and other law and order) (16.5%) • Car parking (12.5%) • City Development / Planning (14.7%) 	<ul style="list-style-type: none"> • Traffic, including congestion (36.6%) • Roads (including road maintenance, development of roads and bypasses) (26.6%) • Public Transport (15.0%) • Law and Order (including safety, crime and other law and order) (14.1%) • City Development / Planning (9.7%) • Recreational facilities (9.7%) 	<ul style="list-style-type: none"> • Traffic, including congestion (22.0%) • Roads (including road maintenance, development of roads and bypasses) (20.3%) • Law and Order (including safety, crime and other law and order) (16.7%) • City Development / Planning (10.6%) • Public Transport (10.4%) • Road safety (8.1%) • Rates (7.2%) 	<ul style="list-style-type: none"> • Roads (including road maintenance, development of roads and bypasses) (24.4%) • Law and Order (including safety, crime, graffiti and other law and order) (23.7%) • Traffic, including congestion (20.1%) • Rates (11.0%) • Public Transport (10.6%) • City Development / Planning (8.5%)

Performance Measures and Targets for Significant Services

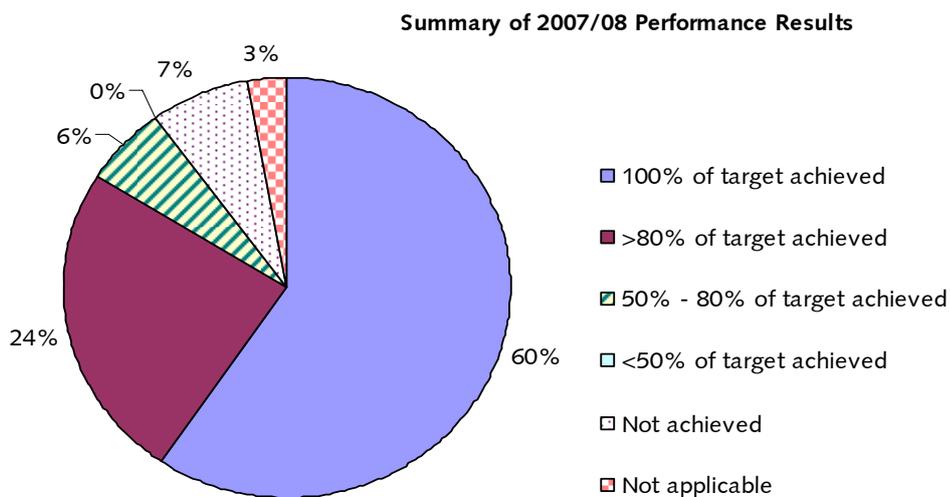
Council's 2006-16 Long-Term Plan includes the key performance measures and targets for each of the 10 financial years covered by the plan. These measures are used to report on how the following 25 significant services performed in 2007/08:

Investing In Our People	Creating Identity and Prosperity	Protecting Our Future
<ul style="list-style-type: none"> • Community Development • Community Facilities • Emergency Management • Partnership with Maori • Representation and Civic Affairs • Environmental Health • Parks and Gardens • Sports Areas • Swimming Facilities 	<ul style="list-style-type: none"> • Environmental Services <ul style="list-style-type: none"> ➢ Animal Care and Control ➢ Building Control ➢ Parking Enforcement ➢ Planning Guidance • Economic Development • City Promotion • Performing Arts • Hamilton City Libraries • Waikato Museum of Art and History • Event Facilities • Hamilton Zoo 	<ul style="list-style-type: none"> • Wastewater Management • Stormwater Management • Recycling/Refuse Collection • Water Supply • Sustainable Environment • Transport: Road Network Management • Transport: Access Hamilton • Endowment and Investment Property Portfolio Management

The performance measures and targets take into account the diversity of Council's facilities and services and were developed from a wide range of sources. They measure things such as quality, customer satisfaction, usage, meeting legislative requirements, public health and safety, timeliness, etc. They were also independently assessed and signed off by Council's auditors, Audit New Zealand.

In 2007/08 there were 148 performance measures across Council's 25 significant services (from Year 2 of Council's 2006-16 Long-Term Plan). Of these, 88 measures (60%) were 100% achieved, 36 (24%) were greater than 80% achieved, 9 (6%) were 50% - 80% achieved, none were less than 50% achieved, 11 (7%) were not achieved and 4 (3%) were not applicable.

Summary of 2007/08 Performance Results



Reporting on Community Outcomes

The Local Government Act 2002 requires councils to get their local communities thinking about and identifying how they would like to see Hamilton develop over the next 10 years and beyond and to translate this thinking into what are known as community outcomes. Hamilton's Community Outcomes, which were developed using extensive community engagement throughout 2004 and 2005, have seven themes:

HAMILTON'S COMMUNITY OUTCOMES

<p style="text-align: center;">Sustainable and Well-Planned <i>"An attractive city that is planned for the well-being of people and nature, now and in the future"</i></p>
<p style="text-align: center;">Vibrant and Creative <i>"A city that encourages creativity for a vibrant lifestyle"</i></p>
<p style="text-align: center;">Unique Identity <i>"A city with a strong identity that recognises the significance of its river and history"</i></p>
<p style="text-align: center;">Safety and Community Spirit <i>"A safe, friendly city where all people feel connected and valued"</i></p>
<p style="text-align: center;">Health and Happy <i>"Active and healthy people with access to affordable facilities and services"</i></p>
<p style="text-align: center;">Intelligent and Progressive City <i>"Business growth that is in harmony with the city's identity and community spirit"</i></p>
<p style="text-align: center;">Working Together <i>"Collaborative decision-making and planning are common practice"</i></p>

One hundred and sixteen Community Outcomes Progress Indicators have been developed to measure progress towards Hamilton's Community Outcomes.

Approximately 50 of the 116 Community Outcomes Progress Indicators are shown throughout Section 10.0 of the full 2007/08 Annual Report (Statements of Service Performance section). The indicators shown under each significant service:

- Are those indicators that are considered to be influenced by the activities of that significant service.
- Were able to be readily reported as Council already had monitoring processes in place to collect and report on relevant measure(s) for each indicator.

The indicators reported focus on the most recent results available. No interpretative analysis of these results has been undertaken (apart from showing the trend of the results over time). In depth analysis and interpretation will be included in the full 3-year Community Outcomes report to be released in late 2008.

These indicators also assist in measuring identified effects (positive and negative) that the delivery of each significant service has on community well-being.

Financial Overview

Council and its group of entities has reported a net surplus after tax of \$2.2m for the 2007/08 financial year (2006/07 \$26.6m). The net surplus for 2007/08 includes non cash vested assets received \$20.6m, and capital subsidies/other capital contributions of \$19.4m used to fund capital expenditure.

The significant variances to the financial result for 2006/07 included:

- net rates revenue was \$91.9m, an increase of \$6.4m over last year (2006/07 \$85.5m), of which \$1.4m was from city growth (new rateable properties).
- other revenue was \$87.0m, an increase of \$16.4m over last year (2006/07 \$70.6m). This was mainly due to a greater value of assets being vested to Council compared to the previous year, and an increase in capital subsidies from Land Transport New Zealand being received.
- other gains decreased by \$7.0m compared to 2006/07 and other losses increased by \$20.7m. This was due to a loss being realised on disposals of property, plant and equipment rather than a gain in the previous year, unrealised losses being recorded on valuation of investment properties and interest rate swaps. There were also adjustments to fixed assets upon revaluation.
- employee benefit expenses increased by \$6.1m to \$49.3m as a result of salary and wage increases and greater staff numbers.
- depreciation and amortisation increased by \$8.0m to \$44.1m due to infrastructure asset values increasing substantially upon revaluation.

Interest cost incurred in servicing debt (excluding internal borrowing interest) increased to \$12.9m (2006/07 \$9.7m).

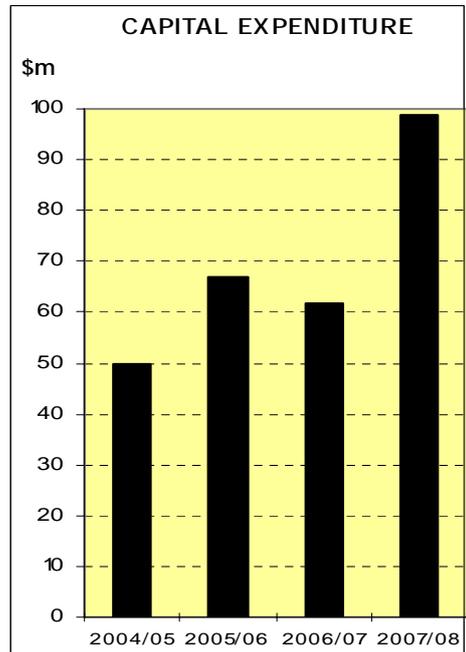
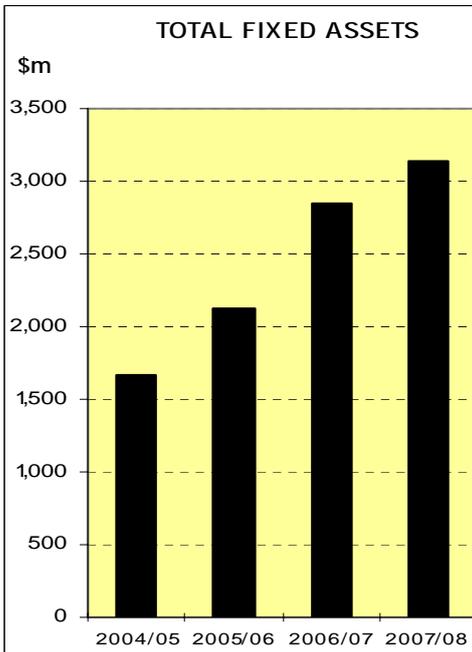
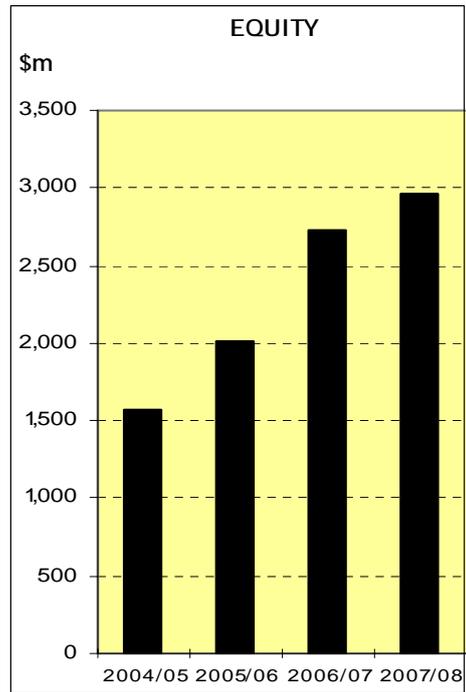
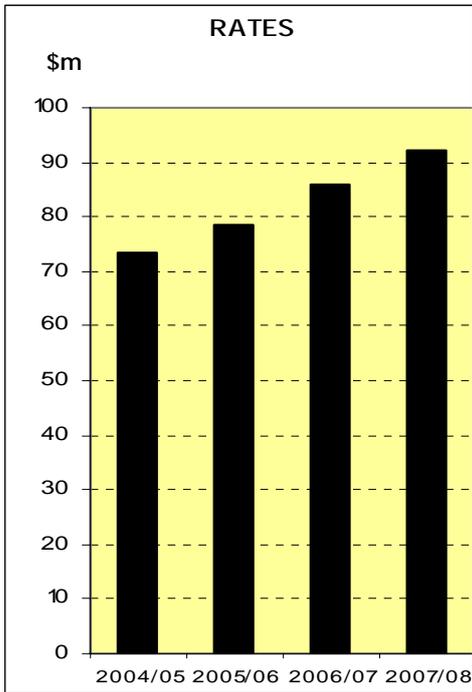
Overall net debt (including internal borrowing) increased to \$229.0m (2006/07 \$187.5m) due to further loan funded capital expenditure.

During the year a revaluation of infrastructure assets was undertaken which resulted in a \$240.8m increase in the values of these assets. Largely as a result of these revaluations, total fixed assets increased to \$3,144.4m (2006/07 \$2,851.6m).

Capital expenditure for the 2007/08 financial year was \$98.7m (2006/07 \$61.6m). A number of significant projects were undertaken during the 2007/08 financial year. These include work associated with upgrading Claudelands Event Centre (\$3.5m), V8 related projects (\$13.2m), major roading projects at Wairere Drive (\$6.0m) and Rototuna roading growth (\$6.2m), and land purchases for reserves (\$11.4m).

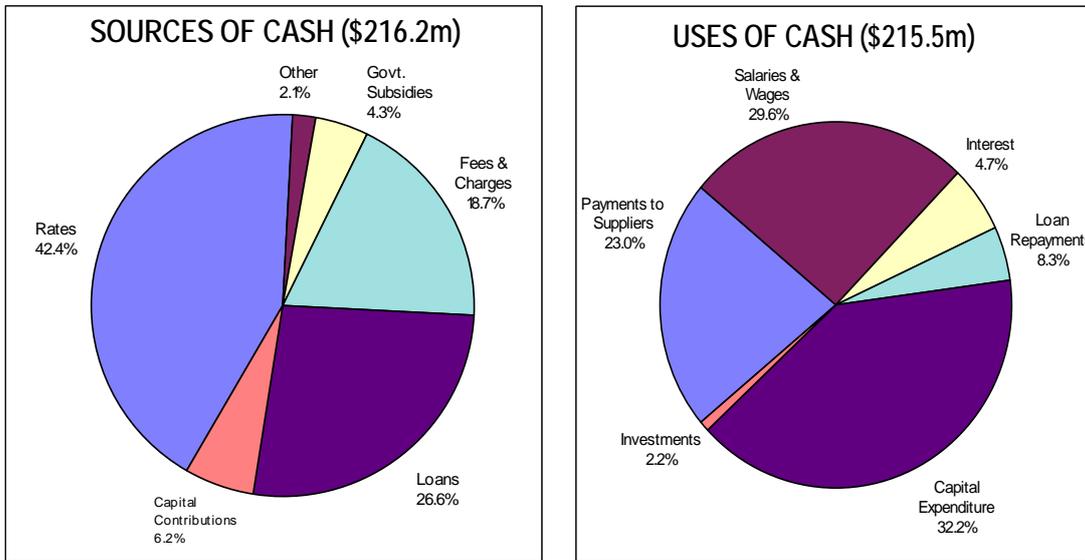
Financial Summary

The financial summary of key items from June 2005 to June 2008 is shown as follows:



Cash Flow

The sources and uses of cash for the year ended 30 June 2008 is summarised as follows:

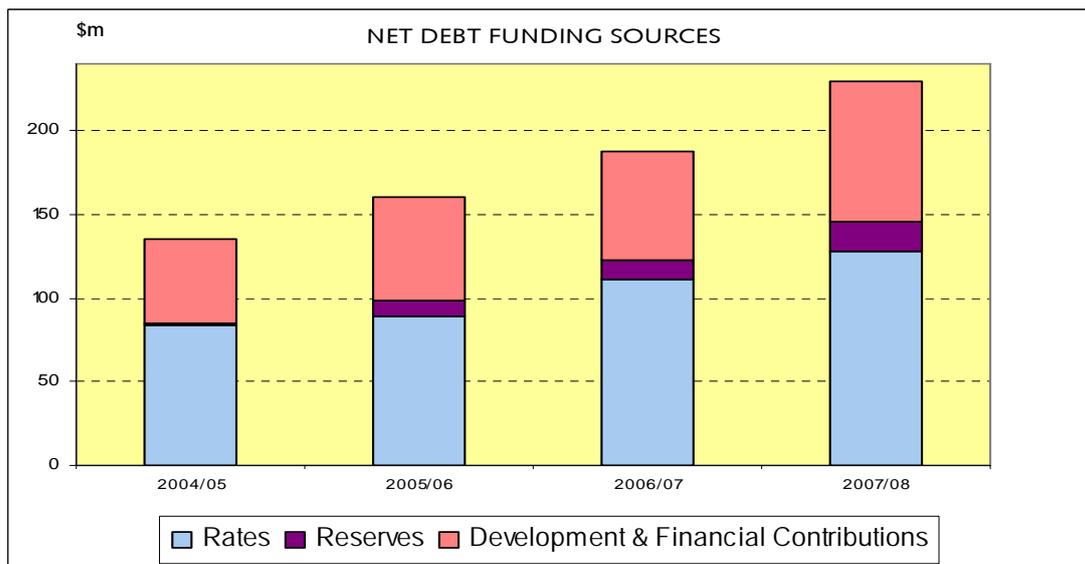


City Debt

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 2005 to June 2008 and how it is funded in subsequent years.



Debt Servicing Performance Targets

Policy Limits - Council Net Debt

- 1. Interest on Council debt (excluding interest on Development and Financial Contributions Levy (DCL) debt) shall not exceed 20% of total rating income.**
Interest on Council's debt for the year ended 30 June 2008 was \$8.6m, compared with rating income of \$92.2m.
 - The target has been met at 9.3%.
- 2. Net debt (Council) shall not exceed 180% of total income (excluding total DCL contributions received per annum in income).**
Council's net debt as at 30 June 2008 was \$146.0m, compared with total income of \$173.0m.
 - The target has been met at 84.4%.
- 3. Net debt (Council) per capita shall not exceed \$1,800.**
Council's net debt as at 30 June 2008 was \$146.0m, compared with the estimated population of Hamilton of 139,136.
 - The target has been met at \$1,050.

Policy Limits - Total Net Debt

- 1. Net debt shall not exceed 25% of total assets.**
Total net debt as at 30 June 2008 was \$229.0m, compared with total assets of \$3,215.5m.
 - The target has been met at 7.1%.
- 2. Net debt shall not exceed 300% of total income (including total DCL contributions received per annum in income).**
Total net debt as at 30 June 2008 was \$229.0m, compared with total income of \$178.9m.
 - The target has been met at 128.0%.
- 3. Interest (total) shall not exceed 20% of total income (including total DCL contributions received per annum in income).**
Total interest as at 30 June 2008 was \$14.7m, compared with total income of \$178.9m.
 - The target has been met at 8.2%.
- 4. Liquidity (on total net debt and working capital) will be at least 110%.**
 - The target has been met at 123.1%.

SUMMARY FINANCIAL STATEMENTS

Summary Financial Statements

SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	Note	Group		Actual 2007 \$000	Comments
		Actual 2008 \$000	Budget 2008 \$000		
FINANCIAL PERFORMANCE TO 30 JUNE					
Rates revenue		91,912	91,840	85,461	Includes all rates and rates penalties received.
Other revenue	(1)	86,965	75,106	70,638	Includes operating revenue, capital contributions, and sundry other income.
Other gains		6,470	1,750	13,448	Includes gains on disposal of assets, gain in value of investment properties, and fair value gain on interest rate swaps.
Total revenue		185,347	168,696	169,547	
Employee benefit expenses		49,312	47,379	43,257	Includes salaries, wages and any other employee benefits.
Depreciation and amortisation	(2)	44,139	37,247	36,150	
Other expenses	(3)	57,621	47,652	55,818	All other operating expenses.
Finance costs	(4)	13,447	19,562	9,897	Interest on borrowings.
Other losses	(5)	20,667	0	6	Includes losses on disposal of assets, loss in value of investment properties, fair value losses on interest rate swaps, and adjustments to assets on revaluation.
Total expenditure		185,186	151,840	145,128	
Surplus before taxation		161	16,856	24,419	
Taxation		-	-	-	
Share of associate's retained surplus/(loss)		2,047	670	2,133	Includes Hamilton Riverview Hotel Ltd and Waikato Regional Airport Ltd.
Net surplus		2,208	17,526	26,552	
MOVEMENTS IN EQUITY (CHANGES IN THE VALUE OF NET ASSETS OWNED BY RATEPAYERS) TO 30 JUNE					
Net surplus		2,208	17,526	26,552	
Increase in asset revaluation reserves	(6)	242,120	71,786	694,235	Assets revalued includes land, operational buildings, the water and wastewater treatment plants, heritage assets and shareholdings.
Total recognised revenues and expenses for the year		244,328	89,312	720,787	
Equity at the beginning of the year		2,724,902	2,011,721	2,004,115	
Equity at the end of the year		2,969,230	2,101,033	2,724,902	Represents the net value of assets owned by the city.
FINANCIAL POSITION AT 30 JUNE					
Current assets		22,098	13,138	13,950	Assets expected to be converted to cash over the next 12 months, e.g. cash, accounts receivable.
Non-current assets		3,193,413	2,406,719	2,892,155	Assets expected to be held for longer than 1 year.
Total assets		3,215,511	2,419,857	2,906,105	
Current liabilities	(7)	100,188	40,962	47,714	Due for repayment within 12 months, e.g. payables, current portion of loan repayments.
Non-current liabilities	(7)	146,093	277,862	133,489	Due for repayment after 12 months, e.g. term debt.
Equity		2,969,230	2,101,033	2,724,902	Represents the net value of assets owned by the city.
Total equity and liabilities		3,215,511	2,419,857	2,906,105	
CASH FLOWS TO 30 JUNE					
Opening cash balance at 1 July		558	0	290	
Net cash inflows/(outflows) from operating activities		38,637	44,349	41,065	Includes rates, subsidies, receipts from customers, capital contributions, payments to suppliers, employees, and interest on loans.
Net cash inflows/(outflows) from investing activities		(85,474)	(163,494)	(47,563)	Includes capital expenditure and investments.
Net cash inflows/(outflows) from financing activities		47,568	119,145	6,766	Includes loans uplifted and repaid.
Closing cash balance at 30 June		1,289	-	558	

SUMMARY FINANCIAL STATEMENTS

Notes

(1) Other revenue was \$11.9 million greater than budget principally due to more assets being vested to Council than budgeted.

(2) Depreciation and amortisation was \$6.9 million greater than budget due to the revaluation of infrastructure assets.

(3) Other expenses were \$8.6 million greater than budget mainly due to expenditure on approved projects from previous years that were completed in the 2007/08 financial year.

(4) Finance costs were \$4.8 million less than budget due to the later timing of borrowings required for various capital projects.

(5) Other losses totalling \$20.7 million are not budgeted for as they are either unexpected, such as losses on disposal of assets, or not yet realised such as revaluation losses on investment properties, fair value losses on interest rate swaps and asset adjustments on revaluation.

(6) Infrastructure assets increased in value by \$242.1 million which was greater than budgeted due to the rapidly escalating costs associated with providing these sorts of assets.

(7) Total liabilities are \$72.5 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% owned Council Controlled Organisation (CCO), Hamilton Properties Ltd. This company is not trading at present.

Hamilton City Council's 50% share in the Waikato Regional Airport Ltd, 41.38% share in Hamilton Riverview Hotel Ltd (Novotel) and 34.85% share of Hamilton Fibre Networks Ltd is equity accounted in the group results.

Hamilton City Council has complied with New Zealand equivalents to the International Financial Reporting Standards as applicable for public benefit entities.

All amounts are shown in NZ\$000's and as such are rounded to the nearest \$1,000.

Capital commitments and contingent liabilities

Council has contracts committing it to spend \$16.7 million (2007 \$16.4 million) on capital works. In addition, Council has authorised a further \$89.7 million (2007 \$79.2 million) for expenditure on capital projects that are as yet unstarted.

Contingent liabilities, which are dependent on other future events, are \$13.5 million (2007 \$12.4 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 Chief Executive on the 26th September 2008.

This summary can not 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 the 26th September 2008.

The full annual report can be obtained from the website www.hamilton.co.nz or from the Hamilton City Council main office.

Audit Report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

AUDIT REPORT

TO THE READERS OF HAMILTON CITY COUNCIL AND GROUP'S SUMMARY ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2008

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-43: Summary Financial Statements and is consistent with the full financial statements from which it is derived.

We expressed an unqualified audit opinion, in our report dated 26 September 2008, on:

- the full financial statements; and
- the Council and group'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 incorporate the New Zealand Auditing Standards.

After balance date, we have been engaged by the City Council to provide assurance over the procurement process for the City Heart Project. Other than the audit and in conducting the audit of the amendments to the 2006-2016 Long Term Council Community Plan and the assurance related assignment, we have no relationship with or interests in the 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.



Karen MacKenzie, Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand
26 September 2008