

HAMILTON CITY COUNCIL'S 2010/11 ANNUAL REPORT

the year in
review





Whakatauki and He Mihi

Kotahi ano te kohao te ngira
E kuhuna ai te miro ma, te miro whero
Me te miro pango.
A muri I a au kia mau ki te ture,
Ki te whakapono, ki te aroha.
Hei aha te aha! Hei aha te aha!

*There is but one eye of the needle
Through which the white, red and black threads must pass.
After me obey the commandments, keep faith,
And hold fast to love and charity
Forsake all else.*

Nga take I koreohia a tatau I mua
Tui ai te kupu korero I korerotia
Kia tu te winiwini kia tu te wanawana
I nga pu korero I wanangatia
I roto I te whai ao I te ao marama.

*We bring our combined history and past discussions
Into our plans here for the future.
Be open and stand strongly
For the issues considered and discussed,
To benefit the world, now and in the future.*

Na Potatau Te Wherowhero, 1858

the year in review

The design concept for the 'Arena Veil' reflects the narrative of the forest canopy with the structural columns reminiscent of the indigenous trees that characterised large parts of Te Papanui and the 'dancing spears' representing the Tao or hunting spears. The 'flying sun shades' recall Kukutaruhe (pigeon flight) — the manner in which the native pigeon would migrate from bush to bush in huge flocks was the name of the main gully that runs near Bankwood School with its various capillary arms reaching into present day Claudelands — with the colours of the sun shades drawn from the plumage of the Kuku, New Zealand's native wood pigeon. The accent colours used on the window film reflect the flashes of colour distinctive to Te Papanui's other native birds including the blue of the Kokako, the red of the Kaka, the distinctive orange feathers of the Tieke and the bright yellow feathers of the Hihi.

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1.0 MESSAGE FROM THE MAYOR AND CHIEF EXECUTIVE

HE KARERE MAI TE KOROMATUA ME TE KAIWHAKAHAERE MATUA

We are pleased to present this Annual Report, which looks at Hamilton City Council's performance and achievements during 2010/11. Despite New Zealand's slow economic recovery and a reduction in Council's income from new rating growth and development fees, Council's total funding surplus from general rates (after rates funded carryovers of \$4.450 million) was \$626,000 in 2010/11.

Council has made progress on a number of projects that were planned for 2010/11, as part of Council's 2009-19 LTCCP. These include:

- The completion of the new 5,000 capacity indoor arena and the new 1,200 delegate conference facilities at Claudelands,
- Continued development of the city's roading network to ease traffic flow, including the Ring Road, the Waikato Expressway Development and the Te Rapa Bypass,
- Progressing the District Plan review, with a number of workshops held on topics that provide a basis for the new plan,
- Completion of the new hydrotherapy pool at Waterworld,
- Redevelopment of Sullivan Crescent Housing for Older People, which involved construction of 19 new housing units,
- Use of the Events Sponsorship Fund to support events including the 2011 ITM400 Hamilton V8 Street car race, the World Rowing Championships at Lake Karapiro, Balloons over Waikato, and the Hamilton Gardens Summer Festival.

Other important achievements for the City in the past year included:

- Developing the 2011/12 Annual Plan, which started to address the tough decisions that need to be made to ensure Council's long term financial sustainability,
- Initiating a review of the Rating system, including the option of moving to a Capital Value rating system, with community consultation taking place in September 2011,
- Continued implementation of 'Future Proof', the Sub-Regional Growth Strategy, which sets out how Hamilton City, Waikato and Waipa District Councils and the Waikato Regional Council will manage growth and land use for the sub-region over the next 50 years,
- Providing support for Christchurch after the February 2011 earthquake, including sending six Building Inspectors to the city to assess the safety of homes.

Looking forward, we have recently set a new Vision and Goals that convey aspirations for the city, and how Council will contribute to the well-being of the community. The new Vision is to make Hamilton a smart city in every way and in everything Council does. We will be focusing on three outcomes for our community:

- Ensuring Hamilton has strong leadership,
- People feel that Hamilton is a great place to live, and
- Our economy is prosperous and innovative.

The new Vision and Goals will provide a basis for the development of our 10-Year Plan for 2012-22.

The focus in the coming year is to address and make some tough decisions around Council's long-term financial sustainability. The 2011/12 Annual Plan began this process with cuts to expenditure and projects. Work on Council's 2012-22 Ten-Year Plan has started with a comprehensive review of all Council's services, capital projects and asset portfolio. There are some challenges ahead as the Council considers what services it should continue to provide to the community and how it will fund for the growth of the city. A decision on the Rating System Review will also be made in late 2011, following consultation with the community.

HE KARERE MAI TE KOROMATUA ME TE KAIWHAKAHAERE MATUA

No maatou tonu te wairmarie to whakawhaarikihia nei teenei ripoata a tau, e tiroiro whaanui ana I ngaa pikinga me ngaa hekenga o ngaa tau 2010/11. Ahakoa ngaa ahuatanga o te paaheketanga ohaoha me te tiinhanga o ngaa take putea a te Kaunihera, ko te tuwhene te \$626,000 mo ngaa tau 2010/11.

Kei te anga whakamua ano hoki ngaa kaupapa matua I roto I te 2009-19 LTCCP a te Kaunihera mo ngaa tau 2010/11, ara:

- Te whakaotinga o te Whare hou ki Claudelands, ko toonaa rahi mo te tangata, ko te 5,000. Kua mutu ano hoki ngaa ruma waananga, ko toonaa rahi mo te tangata, ko te 1,200.
- E haere ana ngaa mahi whakawhaanui rori kia maamaa ake nga waka haere ki ro taone, ara, ko te Ring Road, te huarahi ki Waikato me te ara karo ki Te Rapa.
- E anga whakamua tonu ana te District Plan me ngoona whakaritenga katoa
- Kua oti hoki te puna whakaora ki Waterworld.
- Te whakahoutanga ake o ngaa whare Kaumaatua ki Sullivan Crescent, 19 nga whare hou kua hangaia e te Kaunihera ki teenei takiwaa.
- Kua riro ano hoki ngaa putea hei aawhina I ngaa hui nui whakarahara wheera I te Hamilton V8 Street car race, te World Rowing Championships ki Karapiro, Balloons over Waikato me te Hamilton Gardens Summer Festival.

He maha ano ngaa whakatutukitanga a te taaone mo te tau kua wehe, ara:

- Kua whakahiatotia te 2011-12 kaupapa a Tau, hei aata tirohia I ngaa take puutea kia uu tonu nga kaupapa maha a te Kaunihera mo ngaa tau kei te haere.
- Kua huri ano te titiro ki ngaa Rating system, ka waananga ake te kaupapa nei I teenei marama tonu, ara te whakaaro mo te Capital Value system.
- Kei te haere tonu ngaa whakaritenga a te kaupapa Future Proof, te Sub-Regional Growth Strategy e whakatau ana I te mahi ngaatahi a ngaa Kaunihera o Kirikiriroa, Waikato me Waipaa I te whakawhaanui ake o te rohe mo ngaa tau 50 kei te haere.
- Te mahi aawhina, manaaki ano hoki I ngaa mahi whakaoranga ki Ootautahi muri mai I te ruuwhenua o Huitanguru. Kua tukuna atu e maatou ngaa Building inspector hei tiroiro haere I ngaa whare I reeira.

Kua hangaia e maatou he tirohanga hou me ngaa wawata hou a te taaone nei hei whakapakairi ake I too maatou haapori. Ko te tirohanga hou, kia kamakama ngaa mahi katoa a te Kaunihera. E toru ngaa whainga matua, ara:

- Kia tuu rangatira ai ngaa kaiaarahi o Kirikiriroa
- Kia pai te nohonga o te tangata ki ro Kirikiriroa
- Kia rahi ake te ohanga kia auaha.

Ko ngeenei tirohanga hou me ngaa wawata hou e tuaapapa nei te 10-Year Plan for 2012-22.

Ko te tirohanga matua a te Kaunihera mo teenei tau tonu, ko ngaa take puutea o te taaone. Ka timatahia mai te Mahere Rautaki 2011-12 te aata titiro I ngaa nama, ngaa rawa me ngaa mahinga a te Kaunihera, ma teenei aronga kia kite mai e te Kaunihera te huarahi ki anga whakamua ai ngeenei kaupapa. Hei te mutunga o teenei tau tonu, ka whiriwhiri ano e te Kaunihera me peewhea hoki te whakaaro aa te haapori mo te Rating System.



Julie Hardaker
HAMILTON MAYOR



Barry Harris
CHIEF EXECUTIVE

2.0 OVERVIEW OF COUNCIL'S PERFORMANCE IN 2010/11

TE TIROHANGA WHAANUI O NGAA MAHI 2010/11

ABOUT THE ANNUAL REPORT

Council is required by the Local Government Act 2002 (LGA 2002) to develop a series of documents that communicate its plans for the city's future development. Council also has to report annually on how well it achieved what it said would be done. The three documents that make up this planning and reporting framework are:

PLANNING AND REPORTING FRAMEWORK	
DOCUMENT	DESCRIPTION
Long Term Council Community Plan (LTCCP)	The LTCCP defines Council's intentions for Hamilton over the next 10 years, and is reviewed every three years.
Annual Plan	An Annual Plan is produced in the two intervening years between each LTCCP and outlines any key changes Council has made to the LTCCP.
Annual Report	The Annual Report shows Council's performance against the activities, projects and budgets outlined in a specific year of the LTCCP or Annual Plan.

Council's Annual Report is produced at the end of the June financial year. The Annual Report shows how Council has performed against the commitments made in its 2009-19 LTCCP and any subsequent Annual Plans. The report covers both financial performance and how well Council has delivered its services to the community. The 2010/11 Annual Report reports on Year 2 of the 2009-19 LTCCP. Note: Amendments made to the LGA 2002 in 2010 changed the requirements of what is contained in the LTCCP, and also changed the name to Long Term Plan.

COUNCIL'S FOCUS IN 2010/11

The economic downturn that started in 2008 had a significant impact on the approach taken by Council as it delivered on Year 2 (2010/11) of the 2009-19 LTCCP. The 'proceed with caution' approach adopted by Council for the 2009-19 LTCCP was reflected in the development of the 2010/11 Annual Plan. The plan made provision for additional expenditure in a few areas, however there were savings made by delaying some lower priority renewal projects and trimming various operational budgets in 2010/11.

Council aims to get the balance right between supporting projects, facilities and services, while at the same time making tough decisions so that ratepayers are not burdened unnecessarily. The 2010/11 plan delivered rate savings of \$1.7 million and a 0.99% reduction to the proposed average rates increase from that shown in Year 2 (2010/11) of the 2009-19 LTCCP, from 4.66% to 3.67%.

Despite difficult economic times, it has been important for Council to make progress on key projects that were

committed to. In 2010/11, progress made on important projects included:

- The completion of the new indoor arena and conference facilities at Claudelands.
- The Service Delivery Review, which provided Council with information to consider ways of delivering services in the most effective and efficient way.
- Progression of the District Plan review, with a number of workshops held on topics that provide a basis for the new plan. The new District Plan is due to be notified late in 2012.
- Continued development of the roading network, including the City Ring road, the Waikato Expressway Development and the Te Rapa Bypass.

OPERATING IN DIFFICULT ECONOMIC TIMES

The economic downturn is continuing to have a serious impact on Council revenues. In line with general slowing of house and section sales resulting from the recent economic downturn, building consents issued for new houses have also shown an overall pattern of decline throughout 2010/11. This has resulted in Council experiencing a significant reduction in revenue from new rating growth and development contribution fees.

DEVELOPMENT CONTRIBUTION INCOME — FORECAST vs. ACTUAL OR ANTICIPATED REVENUE

JUNE FINANCIAL YEAR	FORECAST FROM 2009-19 LTCCP	ACTUAL OR ANTICIPATED REVENUE
2009/10	\$9.5 million	\$5.7 million
2010/11	\$13.8 million	\$6.4 million
2011/12	\$22.7 million	\$6.6 million

For 2010/11, revenue of \$6.4 million did not cover the interest charges of \$7.1 million. During 2010/11 Council resolved to transfer \$0.35 million from general rates to the Development Contributions Reserve. The shortfall in interest or in forecast revenue means that the development contributions loans are not being paid off as fast as expected, with the result that higher charges may be needed in future years.

The 2011/12 Annual Plan has now budgeted for \$6.6 million of development contribution income (compared to the \$22.7 million anticipated for 2011/12 in the 2009-19 LTCCP).

The reduction in revenue streams in 2010/11 has been compounded by resource scarcity that has increased the cost of raw materials. This has increased the cost of some

projects and services that Council provides, such as roading infrastructure and new buildings. The cost of legislative compliance has also increased, for example changes to water supply standards.

Despite the economic downturn, Hamilton's population is increasing at a steady rate, reaching almost 144,000 at 30 June 2010. Projections indicate that the city will need to accommodate an additional 25,000 people between 2009 and 2019, which in turn will place increased pressure on Council's services and infrastructure.

As part of addressing this increase, Hamilton City Council and Waikato District Council altered their common boundaries, and from 1 July 2011 a number of properties in the Horotiu, Ruakura, and Borman Road area became part of Hamilton. The Hamilton Urban Growth Strategy (HUGS) and Future Proof sub-regional growth strategy will continue to guide and shape the city's development over the next 10 years and beyond.

Council continues to monitor and analyse the environment in which it operates. The ongoing analysis provides useful information on the possible implications that any trends may have for Council. Factors for Council to consider over the next few years include:

- The impact of Local Government reform could potentially see the size of the city grow
- Economic opportunities for Hamilton as a result of the continued growth of Auckland
- The increasing emphasis on protecting the natural environment coming from Central Government will make the delivery of some services more complex and costly
- Balancing the needs of an increasingly ageing population and a large younger population also presents challenges.

CHANGES TO COUNCIL'S GOVERNANCE AND MANAGEMENT

Local authority elections throughout New Zealand were held on Saturday 9 October 2010. Hamilton voters elected a new mayor, Julie Hardaker, and three new councillors, and re-elected nine councillors from the previous Council to the Hamilton City Council.

Council is supported by a corporate organisation, led by a Chief Executive and six General Managers. During 2010/11, the previous Chief Executive, Michael Redman, left the organisation. Blair Bowcott was Acting Chief Executive from October 2010 to April 2011, with Barry Harris starting in the role as Chief Executive on 4 April 2011.

SUMMARY OF FINANCIAL PERFORMANCE

Despite challenging times in 2010/11, Council delivered on the majority of its committed projects and programmes.

For the 2010/11 financial year, Council and its group of entities reported a deficit after tax of \$24,000, compared to the \$13 million budgeted surplus. In comparison, a

\$20.9 million deficit was recorded for the 2009/10 financial year.

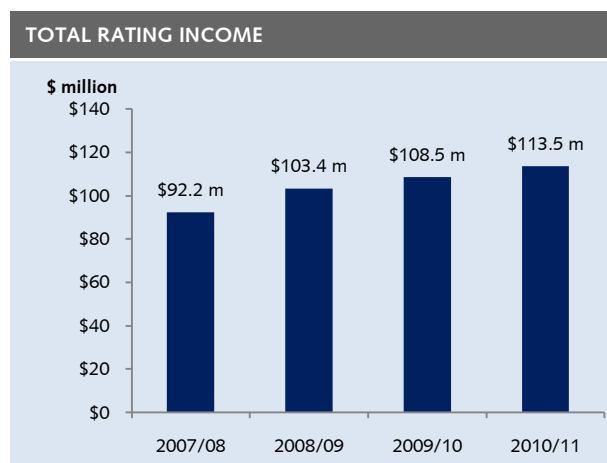
The deficit of \$24,000 included \$11.6 million losses on various items, including losses on property, plant and equipment (\$5.9m), revaluation losses on investment properties (\$213,000), and fair value losses on internal rate swaps (\$5.5m) and additional unbudgeted depreciation (\$1m). Offsetting these unfavourable variances were finance costs of \$2.9 million less than budgeted due to delay and timing of borrowings required for various capital expenditure and the deferral of some projects. The total funding surplus from general rates after rates funded carryovers of \$4.450 million was \$626,000.

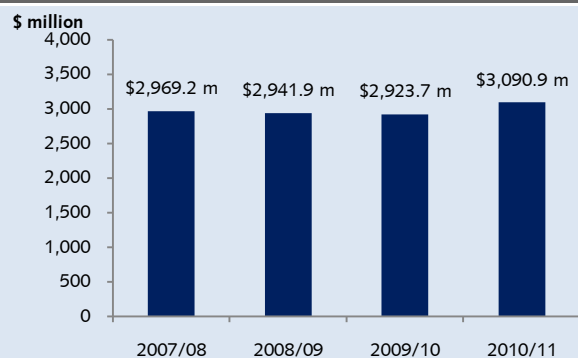
Although Council budgeted to spend \$118.6 million on capital items, the actual spend was \$111.2 million (compared to the actual capital spend in 2009/10 of \$109.1 million). The additional capital spend was funded by way of budget carried over from the previous year.

Examples of significant projects undertaken during 2010/11 included work associated with the upgrade to the Sullivan Crescent Housing for Older People complex (\$2.6m), Claudelands Events Centre (\$28m), Ring Road including four laning (\$16.6m), Wairere Drive stage 3 (\$3.7m), Northern Growth Corridor (\$7.5m), Rotokauri wastewater trunkmain (\$8.8m), Pukete Wastewater secondary treatment plant (\$1.9m) and Council's information systems upgrade (\$2.3m).

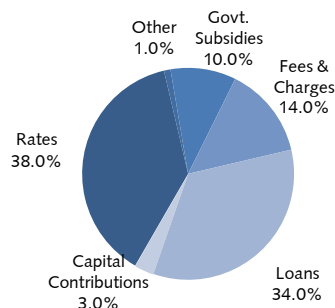
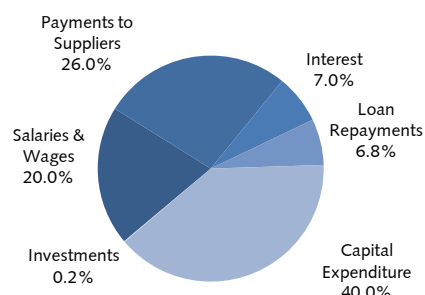
Rates revenue (after penalties and remissions) of \$113.5 million was an increase of \$5 million over the last year, with \$93 million of other revenue comprising fees and charges, and government subsidies. In comparison, other revenue in 2009/10 was \$70.2 million. The increase in other revenue was mainly due to additional capital subsidies on roading works and due to a higher value of assets being vested to Council compared to the previous year.

Trend data for the city's rating income, ratepayer's equity, total fixed assets and capital expenditure between 2007/08 and 2010/11 is outlined in the following graphs.



RATEPAYERS EQUITY**TOTAL FIXED ASSETS (INCLUDES INVESTMENT PROPERTIES)****CAPITAL EXPENDITURE****Cash Flow**

The sources and uses of cash for the year ended 30 June 2011 is summarised as follows:

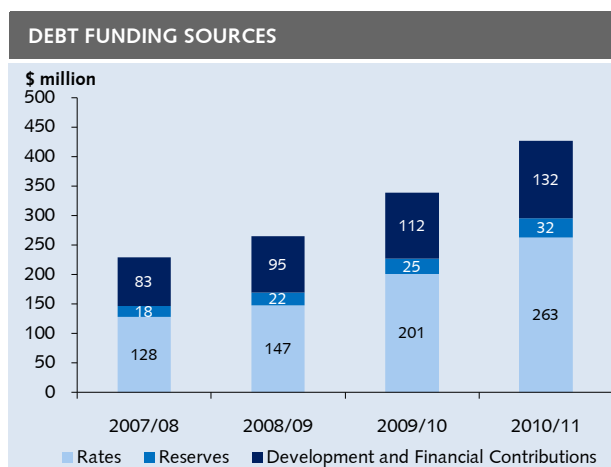
SOURCES OF CASH (\$297M)**USES OF CASH (\$274M)****City Debt**

Rather than sourcing all of its borrowing externally, Council utilises funds from reserves and working capital cash to reduce external borrowing. Internal interest is charged 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 debt based on sources of funding used to repay the principal and interest costs for subsequent years.

Overall debt (which includes internal borrowing) increased from \$338.5 million in 2009/10 to \$427 million in 2010/11 due to further loan funded capital expenditure. At 30 June 2011, Council had short-term investments of \$31.940 million which partially offsets the overall debt of \$427 million. Interest cost incurred in servicing debt (excluding internal borrowing interest) increased to \$19.7 million (2009/10 \$17.1 million).

The following graph shows the debt levels (including internal borrowing) from 2007/08 to 2010/11 and how it is funded.



V8 Street Race Reserve Fund

During the 2011/12 Annual Plan process, Council received a number of submissions relating to Council's financial involvement in events such as the ITM400 Hamilton V8 Street race.

Submitters raising concerns about the V8 Street race were advised that in the interest of improving the event a review of the ITM400 Hamilton V8 Street race is carried out after each event. Council has a contract with V8 Supercars Pty Ltd through to 2014, with a right of extension for a further three years.

When considering the submissions, Council noted that a deficit V8 reserve exists to the value of approximately \$14.3 million. The V8 reserve has been used primarily to fund infrastructure costs associated with establishing the V8 circuit prior to the first event in 2008 (including the track and pitlane assets that are put up and taken down for each event). There have been further transitional costs in relation to the V8's from the previous event promoter relating to the payment of the balance of the previous promoters creditors, coupled with increased event operating costs which have also been funded from this reserve. The V8 reserve has a negative balance as it has "pre-funded" these costs; effectively the cash has been spent and it is an internal loan. Other costs of the event have been funded from other sources such as the event sponsorship fund, loans and rates.

Council note that having a negative reserve is unsustainable, and while the ITM400 Hamilton V8 Street race generates lease income that is transferred to the reserve to partially offset interest costs, this is not sufficient to meet all the interest costs or make any reduction in the deficit principal balance. The original intention when this deficit reserve was established prior to the first V8 event was that the income payable to Council from the event would be sufficient to pay off the interest and principal. This income received has not been as high as originally anticipated, and under the current contract with V8 Supercars will continue to be insufficient causing the balance of the reserve to increase due to compounding interest costs.

Council noted that the 2012-22 10-Year Plan will need to address the financial treatment of this negative reserve

In March 2011, Council commissioned Audit New Zealand to carry out an assurance review of the systems, processes and controls that Council applied to decisions on the V8 Supercar event contract originally entered into in 2006 and subsequently moved to the Australian company V8 Supercars Australia Pty in 2010 when the original promoter experienced financial difficulties. The report is anticipated to be released later in 2011.

AA- Credit Rating

In June 2011 Council was informed that it had maintained its internationally recognised credit rating of AA- by Fitch Ratings.

Fitch Ratings' Sydney office reaffirmed Council's Local Currency Long-Term Rating at AA-, while its Local Currency Short-Term Rating was affirmed at F1+.

Fitch Ratings said both credit ratings reflected Council's healthy operating margin, solid (although slightly weakened) economic profile, and the strong institutional framework under which it operates.

The agency confirmed Council's outlook as "stable", and noted the new Council leadership had "emphasised their focus on improving Hamilton's healthy and sustainable financial performance, which includes a reduced growth of the Council's debt".

New Zealand Local Government Funding Agency Scheme

Due to the similar nature of local authorities and the large sector borrowing requirements, a number of local authorities proposed to participate in a funding scheme specifically for local authorities. The design of this scheme is based on a number of similar schemes that have operated successfully in other countries for many years.

The funding scheme will be a Council Controlled Trading Organisation called the New Zealand Local Government Funding Agency (LGFA).

A Bill enabling the establishment of the LGFA has been introduced to Parliament and is due to be enacted by September 2011. The LGFA will operate as a large-scale borrower which will then re-lend to councils, enabling a co-operative approach to borrowing and has the potential to save local authorities around \$25 million a year.

To help with the establishment of the agency the Government has already allocated \$5 million for investment. A further amount of approximately \$20-25 million of establishment capital will be sourced from councils. All nine councils who have funded the development of the LGFA (including Hamilton City Council) included the LGFA shareholding in their proposed 2011/12 Annual Plan. Through the public submission process, Council resolved to participate in the LGFA as a Principal Shareholding Local Authority. It also decided that the Chief Executive will report back to Council on the final proposal and on the final participation arrangements in the LGFA.

SERVICE DELIVERY PERFORMANCE

Council has structured its activities by 10 groups, which comprise a total of 34 activities. The 10 Activity Groups

provide the main means of delivering Council's services and work programmes.

Section 3.0 of this document provides a detailed assessment of how well Council's activities performed during 2010/11, covering both financial results and how effectively services have been delivered to the community.

Performance against 2010/11 Targets

The 2009-19 LTCCP includes performance measures and targets for each activity. Section 3.0 reports the results for 2010/11 (Year 2 of the LTCCP) and also discusses any important aspects of performance in addition to the performance measures.

The performance measures and targets in the LTCCP take into account the diversity of Council's facilities and services and were developed from a wide range of sources. They are based on service provision attributes such as quality, safety, sustainability, accessibility and reliability/responsiveness. The LTCCP performance measurement framework was also independently assessed by Council's auditors, Audit New Zealand.

Results are coded using the following key:

KEY:

- = Target achieved
- = Within 5% of target
- = Not achieved

PERFORMANCE AGAINST 2010/11 TARGETS				
ACTIVITY GROUP				TOTAL
City Profile	8			8
City Safety	8		1	9
Community Services and Amenities	14	1	1	16
Democracy	6	1	3	10
Event and Cultural Venues	13		5	18
Recreation	13	1	1	15
Transportation	13	1	2	16
Urban Development	4	2	1	7
Waste Minimisation	5			5
Water Management	14		1	15
Total	98	6	15	119

Of the 119 performance measures for 2010/11 across Council's 10 Activity Groups, 98 were 100% achieved, 6 were achieved within 5% of the target, and 15 were not achieved. Section 3.0 provides detailed information for all

the performance measures, including why targets were not achieved.

Monitoring Citywide Trends

Council is also required to monitor progress being made towards Hamilton's Community Outcomes. This is achieved through looking at trend data from a number of measures known as Hamilton's Community Outcomes Progress Indicators (COPIs).

Trend data of the relevant COPIs that Council's 10 Activity Groups contribute towards is outlined at the end of each Activity Group in Section 3.0 of this document. In summary, of the 74 COPIs monitored in 2010/11, 16 were identified as improving/favourable, 41 showed a uncertain or stable trend, and 17 were identified as declining/unfavourable.

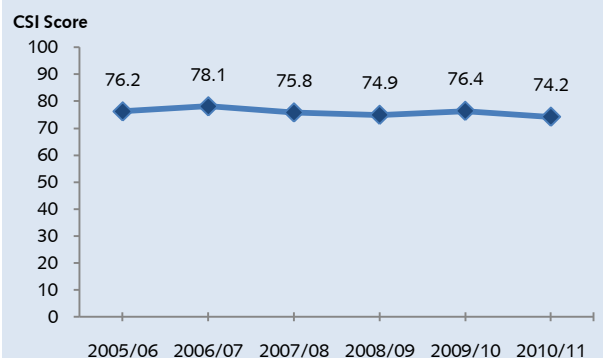
RESIDENTS' SATISFACTION SURVEY

Council's Residents Survey, which is undertaken each quarter, is one of the main methods of obtaining Hamilton residents' perceptions of how effectively Council is operating, particularly in regard to its key facilities and services. The survey has been carried out since 1984 by an independent research company, and provides a useful measure of community opinion over time.

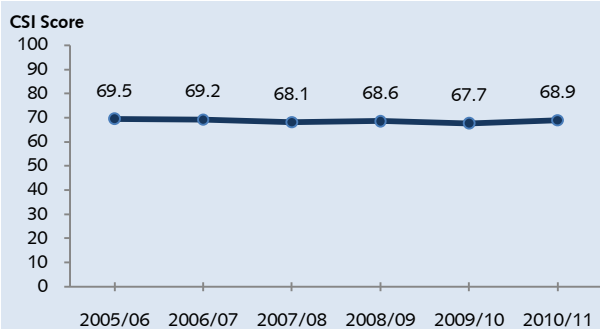
The use of satisfaction scores allows results to be compared from year-to-year. The scores are based on an 11 point satisfaction scale (0 = very dissatisfied to 10 = very satisfied). Scores from individual survey respondents are then aggregated into a single Customer Satisfaction Index score (CSI score) out of 100.

The following graphs include a summary of results for residents' satisfaction with the overall performance of Council, the value received from residential rates, and the quality of Council facilities and services.

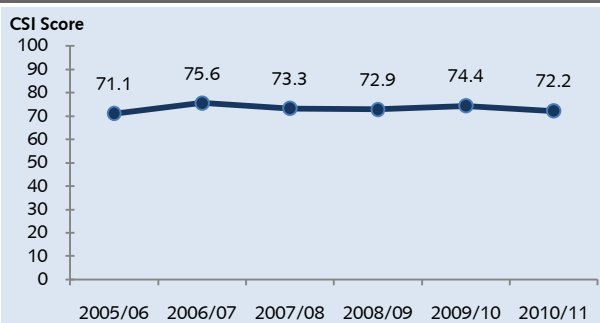
OVERALL PERFORMANCE OF COUNCIL



VALUE FOR RESIDENTIAL RATES



QUALITY OF COUNCIL FACILITIES AND SERVICES



Since 2004, survey results show that residents have identified transportation issues as the most important area that Council should be looking at. Council is addressing these issues through the Access Hamilton Strategy, which aims to meet the changing travel demands of the city by providing an affordable, safe, responsive and sustainable transport system.

For the majority of questions in the Residents Survey, respondents are only asked to rate their satisfaction with a facility/service if they have used that particular facility/service in the past 12 months. This approach reduces the number of 'don't know' responses. On occasion, respondents have been asked for reasons why they don't use a particular service or facility. The majority of responses were centred on a lack of interest in using a facility or not having enough spare time to use a facility, rather than the respondent having specific issues with the provision of the facility or service.

UPDATE ON KEY PROJECTS

Section 3.0 of this document, which reports on the service delivery performance of Council's 10 Activity Groups, also provides a selection of highlights for each Activity Group. These focus on projects that were either completed or where significant progress was made during the 2010/11 financial year. Below is a selection of the highlights for Council during 2010/11.

Claudelands Redevelopment

The construction of the new \$68.86 million Claudelands arena continued throughout 2010/11. Claudelands now has a new 1,200 delegate conference facility and a new 5,000 capacity indoor arena.

The conference facilities were completed in mid April 2011 with the first booking being a 700 delegate corporate conference in May 2011. The conference facilities will provide opportunities for large meetings and conferences for up to 1,200 delegates and for functions and banquets for up to 750 people.

The arena was completed in mid June 2011 with a community open day being held on 18 June with almost 12,000 people attending the day.

The arena will provide opportunities to host music concerts (such as Edgetravaganza, an all day music festival), live performances and major sporting events for up to 5,000 spectators (such as the NZ Breakers basketball games).

The new exhibition halls and plaza (completed in 2009/10) were fully operational while the conference facilities and arena were undergoing construction.

During 2010/11 a range of national and local events continued to be held at Claudelands. These events included the Dunkley's Great NZ Craft Show, Waikato Home and Garden Show, Sir Colin Meads Tribute dinner, Campercare Motorhome and Caravan Show, Women's Lifestyle Expo, NZ International Tattoo and Art Expo, and the Waikato A&P Show.

V8 Street Race 2011

Despite rainy weather over the event weekend, 105,432 tickets were sold for the 2011 ITM400 Hamilton V8 Street car race. An independent economic survey, commissioned by Hamilton City Council, showed that the event attracted more than 31,000 race-going visitors to the city, 7,500 more visitors than for the inaugural event in 2008.

While attendance figures show more people attended the event in 2008, this year's survey indicates overall visitors to the city increased, resulting in a positive impact on the local economy. Visitors to this year's event are estimated to have spent an average of \$210 each, resulting in a direct spend of approximately \$6.5 million.

Access to the Frankton precinct was extended this year, with General Admission ticket holders allowed to use this area. Previously, General Admission tickets had not been provided within the Frankton precinct, with only grandstand and flexi-stand admission available.

V8 Supercars broadened the entertainment components of this year's event with additional racing categories and more on-track entertainment, and the inclusion of two international act concerts held at Seddon Park (ZZ Top on Saturday night and Good Charlotte on Sunday night). Attendance was high, despite the rainy weather, with approximately 17,700 attending Saturday and 13,000 attending the Sunday night concert. Admission to the concerts was automatically included for three day event ticket holders, while single Saturday and Sunday event tickets with concert admission included were also able to be purchased.

Rating Review

Council is carrying out a rating review as part of the 2012-22 Long Term Plan process. The Rating Review is moving to a pre-consultative phase after Council workshops in

April, May and June 2011 at which Councillors opted to further investigate the rating system.

Options to consider include:

- Moving to a Capital Value rating system
- Introducing targeted rates for water and refuse as a step towards full user pays (water metering, rubbish bag stickers)
- Phasing in any changes over a period of time (e.g. over 3 years or 5 years)
- Reducing or removing some differentials.

Council will now speak with major stakeholders and representatives of residential ratepayers on options for changing the rating system. Formal consultation about the adoption of a CV rating system will be carried out in September/October 2011.

'Fast Forward' - District Plan Review

'Fast Forward' - the review of Hamilton's District Plan - is one of Council's most significant long-term projects. The District Plan affects all Hamilton residents and organisations, as it sets out the rules and policies for how people can develop and use land in the city.

The existing District Plan is now over ten years old and much has changed in that time. The new District Plan will address issues such as residential intensification, City Heart vitality, character and heritage, social well-being, transportation and accessibility, environmental sustainability, and the Waikato River.

In August 2010, a review document was produced and a summary of this document was distributed to all Hamilton residents. The documents outlined how the city wants to address Hamilton's most pressing issues, and asked residents their opinion about Council's thinking so far. The results of the consultation were considered in February 2011, and provided direction on the options going forward. During 2010/11, a number of workshops have also been held on topics that provide a basis for the new plan. The new District Plan is intended to be formally notified late in 2012.

In order to notify the new District Plan, the existing Proposed District Plan needs to be made operative, which is a requirement of the Resource Management Act 1991. In June 2011, Council resolved to make the Proposed District Plan 'operative in part', which then came into effect in August 2011.

Council Decisions on District Plan Variations

Variation 20 to the existing District Plan was progressed to formal hearings of Council, where final decisions were made about public submissions received. One appeal has been lodged against the decisions and work is now underway to resolve this. *Variation 20: Managing Change and Character in Hamilton East* aims to identify additional heritage items, establish a new Heritage Precinct and a new zone reflecting the general character of development in the Hamilton East neighbourhood.

Council staff have settled all appeals to Variations i.e. 7: *Temple View*; 15: *Subdivision Connectivity, Heritage, Special Provisions in New Growth Areas and*

Miscellaneous Provisions and 18: *Rotokauri Structure Plan*; and are actively working to resolve the appeals to *Variations 13: Residential Centres* and *14: Peacocke Growth Cell*.

Implementation of Future Proof

Formal implementation of the Sub-Regional Growth Strategy 'Future Proof' started in 2009/10, with Council being appointed as the administering authority for the first three years.

Future Proof covers the areas of Hamilton City, Waikato and Waipa District Councils and the Waikato Regional Council. It sets out how these councils will manage growth and land use for the sub-region over the next 50 years.

An Implementation Committee was established in 2009/10. The committee consists of two elected members from each of the partner councils, along with two tangata whenua representatives.

During 2010/11, the Proposed Regional Policy Statement was notified by Waikato Regional Council, which forms the basis for the Future Proof Settlement Pattern. Two studies (Southern Sector Study and Office and Retail study) were completed, and a Residential Intensification Toolkit was also finalised. The Future Proof Business Land Review was completed, a Communication Strategy was adopted and a Sub-Regional Three Waters Strategy was developed.

Changes to Council's Committee Structure

Council reconfigured its committee structure in order to increase the focus on setting strategy and policy and to deal with Council business more efficiently.

At its 29 June 2011 meeting, Council unanimously agreed to the formation of four committees: Strategy and Policy, Finance and Monitoring, Operations and Activity Performance, and Statutory Management.

The revised Committee structure came into effect in August, and aims to ensure greater visibility relating to Council's business, as well as more accurate and timely reporting of decisions and operational activity.

Waikato Expressway Development and the Te Rapa Bypass

Council is continuing to work with the New Zealand Transport Agency to deliver the Te Rapa Bypass. The Te Rapa section of the Waikato Expressway begins in Avalon Drive in the north-west of Hamilton and extends into Waikato District. It will connect with the existing SH1 and the future Ngaruawahia section in Horotiu.

When completed, the Waikato Expressway will be a key transport corridor, connecting Auckland to the agricultural and business centres of Waikato and Bay of Plenty. The Expressway will improve economic growth and productivity through more efficient movement of people and freight.

Work on the Bypass is progressing well and Council components are either constructed or committed for construction. The budget for Council's roading component has been set at \$14 million.

Continued Development of the City Ring Road

A construction contract was awarded for the widening of Wairere Drive between Pukete Road and Resolution Drive to four lanes and for the Ring Road extension from Crosby Road/Gordonton Road to Ruakura Road. Physical work is well underway and progress is good following a dry summer period.

The new roundabout linking Wairere Drive, Hukanui Road and Tramway Road was completed on time and on budget. This new road extension will become part of the 'Ring Road' infrastructure and form part of the greater Wairere Drive corridor. The road was opened to the public by the Mayor, Councillors and key partners in December 2010.

Investigation and Designation Phases of Southern Links

A joint contract is in place between Council and the New Zealand Transport Agency for the investigation and designation of the Southern Links Corridors. The Southern Links project involves around 32 kilometres of possible future transport network, including two new crossings of the Waikato River, 21km of state highway and 11km of urban arterial roads in the city's Peacocke structure plan area. The long-term aim of the project is to develop an effective network of well connected state highway and urban arterial routes.

Work is well underway and a number of public communications, public open days and consultation has taken place. This project will continue during 2011/12. Council has committed \$2.4 million to these designation costs.

Waste Minimisation Initiatives

Council has identified opportunities for minimising waste to landfill by reviewing alternative options for sewage sludge disposal from the wastewater treatment plant. There is the potential to divert 11,000 tonnes of waste per year from landfill, and during 2011, a study to identify suitable options has been progressed.

Council has funded several trials of alternative disposal of the sewage sludge and potential uses for the end-product. A worm composting trial was carried out, with the sewage sludge mixed with other products to make a soil conditioner. Another trial is underway with a variety of partners including other councils and industry, on a process known as pyrolysis, which can convert sludge into other useable products such as oil and gas. This project is part of the Council's Back to Earth initiative.

Council also provides support, both financially and in staff resources, to other waste minimisation initiatives including:

- Sustainabiz, a resource provided by the Waikato Regional Council that works with businesses to minimise waste
- The Regional Waste Exchange, which was recently relaunched and will enable the free exchange of unwanted items
- E-day, a nationally organised event held annually in November to enable residents to dispose of e-waste free of charge.

Improvements to Wastewater Infrastructure

The 2010/11 year has seen a significant amount of wastewater infrastructure projects completed or underway to cater for new growth or improved service. This includes a pumpstation upgrade in the Templeview area and the installation of 2.3km wastewater interceptor under the Te Rapa bypass in preparation for development of Stage 1 of the Rotokauri growth cell. The wastewater interceptor works were completed by the New Zealand Transport Agency's contractor with an approved budget of \$9.6 million.

The new clarifier and aeration basin at the Wastewater Treatment Plant has been completed and will further allow Council to manage resource consents more effectively and cater for city growth.

Support for Christchurch after the Earthquake

Soon after the February 2011 earthquake in Christchurch, Hamilton's Civil Defence Emergency Operations Centre (EOC) was activated and busy with mainly Council staff coordinating assistance for the national emergency effort.

As the extent of the devastation became clear, the EOC worked to coordinate support and assistance. Around 170 Civil Defence-trained Council staff, including engineers, water and waste technicians, transportation, communication and public information staff volunteered to be available to go to Christchurch. Six building inspectors went to Christchurch to be part of the teams that assessed the structural safety of 78,000 homes in the first weeks after the earthquake. Council also coordinated the response from neighbouring councils - Waikato and Waipa district councils.

As well as local websites and webpages being developed to speed up support, a Recovery Assistance Centre was set up near Garden Place for the 500-plus evacuees who came to the Waikato, as a 'one-stop shop' to help them with their emergency needs. Volunteers, Council's Community Development staff, Housing NZ, Work and Income, Red Cross and the Salvation Army were on hand for the 40-60 evacuees who visited the centre each day. Over 90 volunteers, many from Council, undertook welfare training in addition to the 135 staff who volunteered for helping in the EOC or as welfare support staff.

Redevelopment of Sullivan Crescent Housing for Older People Complex Completed

The construction phase of the redeveloped housing complex at Sullivan Crescent was completed in June 2011. The new energy efficient units have been designed to better meet the needs of customers by providing healthy, affordable, and quality housing. Tenancing of the 19 new units for older people also started in June 2011.

Love NZ Public Space Recycling

In May 2011 the Minister for the Environment Hon. Dr Nick Smith launched the national Love NZ public space recycling programme in Hamilton.

In preparation for the Rugby World Cup 2011, Hamilton now has ten new permanent Love NZ recycling bins located in Frankton, Lake Rotorua, the Transport Centre, Hamilton East Shopping Centre and the central city including Garden Place. Permanent Love NZ recycling bins

are also located at Waikato Stadium, Claudelands Event Centre, Seddon Park and Hamilton Theatres.

The Love NZ public place recycling project is managed by the Glass Packaging Forum nationally and has been funded by the Government's Waste Minimisation Fund (\$1.6 million) and the Glass Packaging Forum. The Forum is partnering with councils and private businesses nationally to install and service recycling facilities.

Construction of the Hydrotherapy Pool at Waterworld

Work started on the new hydrotherapy pool at Waterworld with a ground breaking ceremony on 25 February 2010. Construction of the much anticipated hydrotherapy pool has continued during the 2010/11 and was opened in July 2011. This facility uses heated water therapy to provide benefits to a wide range of users, including people with disabilities, those rehabilitating after injury or accidents, and those doing a variety of exercise programmes. The \$2.5 million pool was jointly funded by Council and the Hydrotherapy Pool Trust, with the Trust contributing just over a third of the projects's total cost.

Ongoing Development of Hamilton Gardens

Te Parapara Garden was officially opened in December 2010. This has been a joint project with Nga Mana Toopu O Kirikiriroa and other sponsors. Staff are now working with the Hamilton Gardens Development Trust to develop three of the Fantasy Gardens over a seven year period. The Tudor Garden is due to open in 2014, the Tropical Garden in 2016 and the Surrealist Garden in 2017. Completion of these three gardens will finally link all of the central high profile gardens together.

Upgrade of Council's Information Systems and Processes

This project aims to provide cross-Council integration and management of information. It will enhance service delivery to customers, making it easier and quicker for them to work with Council by making processes efficient. 2010/11 was the second year of this 10-year project, and saw the introduction of a new GIS system, a document management systems, and various point-of-sale systems at Council facilities across the city. The project is on track to meet the overall budget of \$12.8 million over 10 years.

ENHANCING THE CENTRAL CITY

A number of pressures are being placed on the central city, including the recent economic downturn and subsequent decline in retail sales, along with competition from other large retail complexes throughout Hamilton. Parking, rates (relative to other commercial areas in the city), and development contributions are also key issues for the central city's viability.

The CityHeart programme is aimed at developing a quality urban environment that will attract people to the central city and assist in the revitalisation process. Over the 2009-19 period, Council has made funding provision of \$8.2 million to carry out a range of key projects in the central city. Progress on these projects during 2010/11 is described in the following highlights:

Garden Place Redesign

During 2010/11 work has continued on the redevelopment of Garden Place. The first work completed was the partial extension of Worley Place, which will provide a transition into the shared space environment between Worley Place and Alexandra Street. This part of the project is planned for 2011/12 as part of the Garden Place car park works. An added benefit of the Worley Place extension has been the creation of an additional 17 public car parks.

Following Worley Place, the changes in Garden Place saw the removal of the brick wall and palm garden located at the Victoria Street end. This demolition work made way for the permanent stage area and 'outdoor living room' which saw seven of the nine existing palm trees retained within Garden Place, with the remaining two palms being transplanted to a neighbourhood reserve. This work was completed before Christmas 2010 and supported the 'Summer in Garden Place' programme of events.

In 2011, work started on the removal of the Peace Wall located by the entrance to the Garden Place car park. This allowed the reconfiguration of the main lawn area, as well as the installation of a water feature, a sound system, new pedestrian lighting and furniture.

In addition to these completed works, others works to be installed in 2011/12 as part of this makeover include an art piece, an outdoor covered space, kiosks and planters.

Garden Place Underground Car Park

Towards the end of 2010/11 work started on relocating the public access to the Garden Place car park from its current location at Alexandra/Caro Streets to Anglesea Street. This work will see the construction of a signalised intersection on Anglesea Street to control vehicle movements between the car park and Anglesea Street. This phase of the project is expected to be completed by November 2011.

Once the Anglesea Street car park access is open, work will begin to close the existing car park entrance on Alexandra/Caro Streets. The Peace Wall structure will be demolished and a shared space environment will be created, which involves linking Worley Place and Alexandra Street to allow slow moving vehicles to pass through. This second phase of works is expected to be completed by June 2012.

Parking in Central City Study

Council carried out studies and trials into improving the city centre parking. A number of trials were carried out throughout the year and a report was presented to Council on the findings. Council confirmed new parking initiatives, particularly relating to time limits for on-street parking and weekend parking surveillance.

Data from the parking surveys assisted Council in identifying the areas of high demand, the length of time vehicles are parked for and at what times of the day vehicle numbers in the city centre are at their highest. This has provided Council with a better understanding of the city's parking situation and will assist in planning for future parking requirements and regulations.

As a result of the parking survey, Council developed a parking model for the city centre. A number of options were tested and based on this work, Council approved a new parking trial on 11 August 2010. The trial provided Council with further information on how pricing in particular influences parking behaviour. In June 2011, Council decided to align and simplify central city parking restrictions, by increasing the time limit for all on-street metered parks and pay-and-display parks in the central city to 120 minutes, and setting the fee at \$2 per hour from Mondays to Saturdays.

LOOKING AHEAD — FUTURE PRIORITIES

A major project for Council that has already begun and will continue during 2011/12 is the development of the 10-Year Plan 2012-22. This project and a number of other key projects are outlined below.

Developing the 10-Year Plan 2012-22

Council must develop a new 10-Year Plan by 30 June 2012. The 10-Year Plan must outline what Council proposes to do over the plan's 10 year period, the activities it proposes to carry out, the cost of those activities and how they will be paid for, and the contribution these activities will have on the area's community outcomes and well-being.

The 10-Year Plan process has been broadly split into four key phases:

- Direction setting (up to end of June 2010)
- Evaluating and analysis (July to October 2010)
- Drafting (October 2010 to February 2012)
- Consulting and adopting (March to end of June 2012).

The phases throughout 2011 will include communication and engagement with residents and key stakeholders on aspects of the plan's development. A formal consultation process will be carried out in the first half of 2012, once a draft plan has been developed.

If Council was to carry on with the financial strategy as outlined in the 2009-19 LTCCP, it would be placing its long-term financial sustainability at risk. The 2009-19 LTCCP included financial policy limits that Council must operate within. The policy limit of most concern is the ratio of debt to revenue. If Council does not address its financial issues, it may breach policy limits in coming years. Council's AA- credit rating, which provides greater access to more competitive borrowing rates, could also be affected if financial policy limits are breached.

As part of the 2011/12 Annual Plan process, a range of options were considered to reduce spending in 2011/12. When making decisions, Council had to balance short-term immediate savings with longer-term considerations, such as maintaining a high standard of services and facilities and future financial sustainability.

Many of the savings options considered would have substantially altered the services Council provides. Council's view is that these types of decisions could not be made in isolation and need to be thoroughly considered as part of a complete review of Council's operations,

including all of the services Council provides to the community.

This work is currently underway as part of developing the 10-Year Plan 2012-22. The types of matters under consideration include:

- Council's overall direction and priorities for the city.
- The services Council provides, and whether or not Council should be providing them.
- How they are provided, for example looking at other options such as Council Controlled Organisations.
- How Council will fund its services.

All Council's key funding and financial policies will be reviewed as part of the ten year plan process. For example, the Development and Financial Contribution Policy will be reviewed in order to address issues around funding growth in a more financially sustainable manner.

The current policy is not a sustainable means of funding debt related to growth in the future, as in the last two years development contributions revenue has not been enough to cover interest costs. The 10-Year Plan review will seek to limit future development contribution charge increases by reducing Council's growth-related capital expenditure. It will also look at the mix of growth expenditure funded by development contributions and rates so that the financing costs are fully funded.

Service Delivery Review

In 2009, Council resolved to carry out a service delivery review of a range of services it provides. The review was aimed at providing Council with information to consider the potential use of alternative structures for delivering services in the most effective and efficient way.

Through its Proposed 2011/12 Annual Plan, Council consulted on a proposal to introduce two new Council Controlled Organisations to manage swimming and indoor recreation services, and event services.

After considering the issues raised in submissions to the proposed plan on this topic, Council authorised the Chief Executive to identify opportunities offered by CCOs following his review and assessment of the entire organisation. This is to ensure that any move to introduce CCO's is fully aligned with the future direction of the organisation.

The Chief Executive will report back to Council on the opportunities, structures and timeframes for introducing CCOs.

Rating Review

Council is continuing with its rating review as part of the Long Term Plan process. After Council workshops in April, May and June, Councillors opted to further investigate moving to a Capital Value (CV) rating system.

At an Extraordinary Council meeting in August 2011 Councillors were asked to consider a recommendation that formal consultation with residents be carried out in September about the adoption of a CV rating system. The recommendation includes the introduction of CV over five

years, the retention of rural differentials, additional rating support for the CBD, and a targeted rate for water and rubbish.

Progressing the District Plan Review

Work on the District Plan review will continue. The new District Plan will be developed during 2011/12 and is intended to be formally notified in 2012.

In order to notify the new District Plan, the existing Proposed District Plan needed to be made operative, a requirement of the Resource Management Act 1991. In June 2011, Council resolved to make the Proposed District Plan 'operative in part', which then came into effect in August 2011.

Continued Implementation of Future Proof

Key projects over the next three years include:

- Implementation of the Communication Strategy to maintain high levels of awareness of growth management issues in the community
- Implementation of the Three Waters Strategy through action plans
- Central Government Engagement initiatives
- Full review of the Future Proof Strategy and Action Plan.

Developing a Structure Plan for the Ruakura Area

A detailed plan for the Ruakura area of the city is being developed as part of the District Plan review. Investigative work and consultation with key stakeholders has taken place, with further work to take place in 2011/12. The Structure Plan will be publicly notified as part of the new District Plan in 2012.

3.0 PERFORMANCE OF COUNCIL'S 10 ACTIVITY GROUPS

NGAA WHAKARITENGA O NGAA ROOPU MAHI TEKAU AA TE KAUNIHERA

INTRODUCTION TO THE ACTIVITY GROUPS

Council has structured its Activities by 10 groups. The Activity Groups are based on commonalities in the nature of individual Activities' functions, and in the contributions that they make to Hamilton's Community Outcomes and the City Strategies.

The following table lists each of the Activity Groups and their corresponding Activities. It also includes the Community Outcomes and the City Strategies that each Activity Group primarily contributes to.

COUNCIL'S 10 ACTIVITY GROUPS				
ACTIVITY GROUPS	ACTIVITIES	PRIMARY COMMUNITY OUTCOMES	PRIMARY CITY STRATEGIES	PAGE #
City Profile	<ul style="list-style-type: none"> City Promotion Economic Development Strategic Property Development 	<ul style="list-style-type: none"> Intelligent and Progressive City Unique Identity 	<ul style="list-style-type: none"> Economic Development 	19
City Safety	<ul style="list-style-type: none"> Emergency Management Animal Care and Control Central City Safety Environmental Health 	<ul style="list-style-type: none"> Safety and Community Spirit 	<ul style="list-style-type: none"> Social Well-being 	27
Community Services and Amenities	<ul style="list-style-type: none"> Community Development Hamilton City Libraries Community Centres and Halls Housing for Older People Cemeteries and Crematorium Public Toilets 	<ul style="list-style-type: none"> Safety and Community Spirit Healthy and Happy 	<ul style="list-style-type: none"> Social Well-being 	35
Democracy	<ul style="list-style-type: none"> Representation and Civic Affairs Partnership with Maori 	<ul style="list-style-type: none"> Working Together 	<ul style="list-style-type: none"> Social Well-being 	45
Event and Cultural Venues	<ul style="list-style-type: none"> Waikato Stadium Claudlands Events Centre Hamilton City Theatres Seddon Park Waikato Museum 	<ul style="list-style-type: none"> Vibrant and Creative Intelligent and Progressive City 	<ul style="list-style-type: none"> Creativity and Identity Economic Development 	51
Recreation	<ul style="list-style-type: none"> Parks and Gardens Sports Areas Hamilton Zoo Swimming Facilities 	<ul style="list-style-type: none"> Healthy and Happy 	<ul style="list-style-type: none"> Active Communities 	61
Transportation	<ul style="list-style-type: none"> Transportation Network Parking Enforcement 	<ul style="list-style-type: none"> Sustainable and Well-planned 	<ul style="list-style-type: none"> Access Hamilton 	69
Urban Development	<ul style="list-style-type: none"> City Planning Planning Guidance Building Control Sustainable Environment 	<ul style="list-style-type: none"> Sustainable and Well-planned 	<ul style="list-style-type: none"> Hamilton Urban Growth CityScope Environmental Sustainability 	79
Waste Minimisation	<ul style="list-style-type: none"> Refuse and Recycling 	<ul style="list-style-type: none"> Sustainable and Well-planned 	<ul style="list-style-type: none"> Environmental Sustainability 	89
Water Management	<ul style="list-style-type: none"> Water Supply Wastewater Stormwater 	<ul style="list-style-type: none"> Sustainable and Well-planned 	<ul style="list-style-type: none"> Environmental Sustainability 	95

CONTENT OF THIS SECTION

This section reports on how well Council's Activities performed during 2010/11 against the goals and targets set out in Sections 8.0 - 8.11 of the 2009-19 LTCCP (Volume 1). The reporting covers both financial results and how effectively services have been delivered to the community.

REPORTING ON SERVICE PERFORMANCE

Reporting on service performance is provided for each individual activity and includes the following information:

2010/11 Highlights




Highlights may include major projects completed or progressed, positive initiatives, awards won, or key milestones achieved. They communicate some of the key initiatives that Council has been working on throughout the year.

Service Performance

The 2009-19 LTCCP includes performance measures and targets for each activity. This section reports the results for year 2 of the LTCCP (2010/11) and also discusses any additional areas of performance that aren't included in the performance measures.

Results are coded using the following key:

KEY:

-  = Target achieved
-  = Within 5% of target
-  = Not achieved

Looking Ahead - Future Priorities

As well as reporting on past performance, it is also important to know about upcoming priorities. This section looks ahead and discusses the key priorities for activities for the future.

EFFECTS ON COMMUNITY WELL-BEING

Hamilton's Community Outcomes identify the aspects of well-being that are important for the city. Council monitors the effects that its Activities have on community well-being by focusing on the Community Outcomes that were identified as being the most important for Hamilton and were included in the 2009-19 LTCCP.

This section identifies the Community Outcomes that the Activity Group primarily contributes to, and reports on indicators that help to monitor well-being over time.

The 2009-19 LTCCP also identifies the significant existing or potential negative effects that may occur as a result of providing activities. This section also reports on whether any of these have occurred in 2010/11 and what is being done to mitigate these effects where they have occurred.

SIGNIFICANT ACQUISITIONS OR REPLACEMENTS OF ASSETS

This section describes any significant acquisitions or replacements of assets during 2010/11, for capital projects

exceeding \$1 million. It includes the reasons for the acquisition or replacement, including reasons for any significant variation from that shown in year 2 (2010/11) of the 2009-19 LTCCP.

COST OF SERVICE STATEMENTS

The Cost of Service Statement shows the cost centre accounts for the activities, comparing actual expenditure against budget. The statements show how much revenue and expenditure (budget/actual) there was for each of the operational services in the cost centre.

RESIDENTS SURVEY AND CUSTOMER SATISFACTION SURVEYS

A number of the performance measures and targets relating to satisfaction scores are sourced from Council's Residents Survey and the Customer Satisfaction Survey Programme.

The Residents Survey is carried out each quarter, and is a way to obtain Hamilton residents' views on how Council is operating its key facilities and services. This survey has been carried out since 1984 by an independent research company and provides a measure of community opinion over time.

The Quarterly Residents Survey is conducted by telephone and interviews 175 randomly selected Hamilton residents. Each quarterly report contains results based on a 12 month moving average, meaning that each quarter has a full sample of 700 respondents.

For the majority of questions in the Residents Survey, respondents are only asked to rate their satisfaction with a facility/service if they have used that particular facility/service in the past 12 months. This approach reduces the number of 'don't know' responses.

Council also carries out customer satisfaction surveys for a number of its activities to gain customer feedback about particular services.

The following framework is used to interpret the satisfaction scores.

SATISFACTION SCORE FRAMEWORK		
'CUSTOMER CHOICE' SATISFACTION SCORES	PERFORMANCE CATEGORIES	'NO CUSTOMER CHOICE' SATISFACTION SCORES
84 or higher	Exceptional performance	79 or higher
82 - 83	Excellent performance	77 - 78
78 - 81	Very good performance	73 - 76
73 - 77	Good performance, but with potential for improvement	68 - 72
67 - 72	Fair, needs improvement	62 - 67
66 or lower	Needs significant improvement	61 or lower

This framework covers two streams of Council provided services; those with 'customer choice' and those where there is 'no customer choice'. Each of these streams has a different satisfaction score interpretation.

'Customer choice' services and facilities would normally expect to receive higher satisfaction scores, as dissatisfied customers can take their business elsewhere. For 'no customer choice' services and facilities, the customer cannot change service provider, therefore dissatisfied customers remain as users, which can result in a lower score.

Examples of 'customer choice' facilities and services include Hamilton Zoo, Waterworld, Hamilton Gardens and Waikato Museum. Examples of 'no customer choice' facilities and services include the water supply, footpaths, animal control services and household refuse collection.

HAMILTON'S COMMUNITY OUTCOMES

Community Outcomes are the things the community thinks are important for its well-being. The Community Outcomes listed in the table below were developed during 2004 and 2005, in consultation with the community. These Community Outcomes, along with a strategic framework

of eight City Strategies, were used during the development of the 2009-19 LTCCP.

During 2010/11, Central Government passed changes to the Local Government Act (LGA), with a change of focus for Community Outcomes in the future. There is still a requirement for councils to identify Community Outcomes. However, the focus now is on what a council aims to achieve in order to promote well-being, rather than the approach under the previous legislation that required councils to facilitate, coordinate and consult on a set of Community Outcomes that were 'owned' by the whole community.

Following these changes to the LGA and the election of a new Mayor and Council in November 2010, work was carried out during 2010/11 to develop a new Vision, Community Outcomes and Goals. These are a key input for the development of Council's 2012-22 10-Year Plan.

The 10-Year Plan development programme includes the review and alignment of the City Strategies in light of any changes to Council's direction.

HAMILTON'S COMMUNITY OUTCOMES		
Community Outcomes are the things the community thinks are important for their well-being and for Hamilton's future - the community's goals. The outcomes identified by the community indicate the community's desire for how the city should progress socially, economically, environmentally and culturally.		SUSTAINABLE & WELL-PLANNED An attractive city that is planned for the well-being of people and nature, now and in the future
VIBRANT & CREATIVE A city that encourages creativity for a vibrant lifestyle.	UNIQUE IDENTITY A city with a strong identity that recognises the significance of its river and history.	SAFETY & COMMUNITY SPIRIT A safe, friendly city where all people feel connected and valued.
HEALTHY & HAPPY Active and healthy people with access to affordable facilities and services.	INTELLIGENT & PROGRESSIVE CITY Business growth that is in harmony with the city's identity and community spirit.	WORKING TOGETHER Collaborative decision-making and planning are common practice.

3.1 CITY PROFILE

WHAKAATURANGA TAAONE-NUI

Council's City Profile Activity Group includes:

- City Promotion
- Economic Development
- Strategic Property Investment

2010/11 HIGHLIGHTS

World Rowing Championships

Hamilton played a major role as official host city for the World Rowing Championships held at Lake Karapiro in November 2010. With 50 countries competing, the World Rowing Championships became the biggest international sporting event in New Zealand since the 1990 Commonwealth Games. A total of 25,070 people attended the event, including 1,270 international athletes and support staff, 910 officials and 22,890 spectators.

An Economic Impact Study carried out by Rowing New Zealand after the championship estimated that around one-quarter of attendees (6,000) came from the Hamilton and Cambridge areas, and approximately 2,000 from other areas in the Waikato. Around 14,000 came from elsewhere in New Zealand and 3,000 from overseas. This data was obtained from a variety of sources including a post-event online survey sent to 608 spectators.

The World Rowing Championships was an invaluable opportunity for Hamilton to demonstrate what it has to offer as a place to visit, live and work and strengthen its reputation as an events destination.

'Summer in Garden Place' programme

The 'Summer in Garden Place' programme was held again in 2010/11. The programme aims to encourage people to meet, enjoy activities and make use of the newly redesigned Garden Place. More than 6,000 people attended a programme of events which included festive entertainment around the Christmas tree, outdoor Saturday evening movie screenings, family fun days, a children's toy trade, craft markets, free giant board games and a mobile library bookstand. Tables and chairs were also provided for public use during the events.

Work continues for Hamilton Central Business Improvement District

Hamilton Central Business Association has been working to deliver projects from their 3-year strategic plan for the Business Improvement District (BID). The first goal of attracting more customers to the CBD involved creating and marketing a new brand for the precinct, including the launch of a new website www.hamiltoncentral.co.nz.

During the year, there have been opportunities for members to participate in customer service and event marketing workshops. The BID's continuing focus is on marketing and promotion, and also developing partnerships with key stakeholders in the city.

Hamilton Digital Industry Leadership Forum

The Hamilton Digital Industry Leadership Forum continued to promote cluster group activities with a shared vision of a 'Smart Waikato through Digital Revolution'. A free WiFi service was established in the city centre in November 2010. Almost 2,000 people use it each month and 13% of the network's use is to find information about Hamilton. The service was successfully extended to Parachute 2011 and the ITM 400 and used by over 1,100 people at each event.

Opportunity Hamilton

Opportunity Hamilton published 'Let's do business', an investment prospectus highlighting key industry sectors and successful local innovators, raising the profile of Hamilton as the place to live, work and invest. A new website www.investwaikato.com has been launched, where global investors and business leaders can locate Hamilton and Waikato enterprises. A new service has been developed to make it easy for business owners and investors to select Hamilton when considering starting up, relocating or expanding their businesses.

New lease on the BNZ Building

The Bank of New Zealand has entered into a new nine year lease on their current premises in the Council-owned BNZ Building, on Victoria Street in Hamilton. Securing a quality anchor tenant in a challenging economic environment has increased the performance of the asset significantly.

Council Owned Buildings Retain Tenants

The global economic downturn and subsequent credit crunch created a challenging environment for retail and commercial tenants. A number of tenants in Council owned properties experienced difficulties trading but all survived the recession. The Municipal Endowment Fund (MEF) Portfolio remains substantially tenanted with only one current vacancy of premises.

MEF managers have worked hard to retain tenants. There have been a number of requests for rental reductions from tenants experiencing trading difficulties. Each of these requests has been assessed on its individual merits and resolved accordingly.

CITY PROMOTION

This area focuses on marketing the city to a variety of audiences through the 'Hamilton' brand, aiming to communicate the points of difference and advantages that Hamilton has to offer to local residents and those living outside the city.

Encouraging and supporting event development is a key mechanism for promoting the city, which Council contributes to through its Event Sponsorship Fund. This activity also manages the i-SITE Visitor Information Centre, which offers a travel and accommodation booking service for visitors to Hamilton.




SERVICE DELIVERY PERFORMANCE

Performance against 2010/11 Targets

Council's City Promotion Activity reports against the following three performance measures, which focus on delivering high quality information that promotes a positive image of Hamilton and keeps people well informed about what is happening in the city.

Council is exceeding its target around the number of 'unique visitors' to the www.hamilton.co.nz website. The website provides information about Council services; Council management and elected members; online services; and community information.

CITY PROMOTION (Key service attribute: quality)

PERFORMANCE MEASURES	2010/11 TARGETS	2010/11 RESULTS	2009/10 RESULTS	ADDITIONAL INFORMATION
LEVEL OF SERVICE: high quality information is provided.				
Residents' satisfaction with the Visitor Information Centre.	Satisfaction score of 78 — 81	Satisfaction score of 83.7 	Satisfaction score of 84.6	Measured through Council's Residents Survey. The 2010/11 result indicates 'exceptional performance' for a 'customer choice' service. The target was for a score of 78 — 81, which indicates 'very good performance'.
Residents' satisfaction with the City News publication.	Satisfaction score of 73 — 77	Satisfaction score of 76.7 	Satisfaction score of 79.1	Measured through Council's Residents Survey. The 2010/11 target and result indicate 'good performance, but with potential for improvement' for a 'customer choice' service.
Number of unique visitors to the Hamilton City Council website.	An average of 25,000 visitors per month.	An average of 29,297 visitors per month. 	An average of 28,000 visitors per month.	The total number of unique visitors for 2010/11 was 351,573.



= target achieved



= within 5% of target



= target not achieved

Additional Key Areas of Performance

In terms of the events development and support function, Council sponsored a total of 40 events during 2010/11:

- 17 Community Events, which are events that attract attendance of 1,000 or more people, are free or low cost, and are high profile activities for the community. Events included Treats in the Park, Carols in the Park and the Giant Pumpkin Carnival.
- 16 Special Events, which are events that are significant in terms of lifting the status, awareness or profile of Hamilton and bringing visitors to the city. Events included Nitro Circus, Craft and Quilt Fair and Bridge to Bridge Waterski Classic.
- 7 Hallmark Events, which are Hamilton's key iconic events and include the ITM400 Hamilton Street Race, Balloons Over Waikato, Hamilton Gardens Summer Festival, Gallagher Great Race rowing regatta, Hamilton Christmas Parade and the Parachute Music Festival. Also included in this category was the one-off 2010 World Rowing Championships.

LOOKING AHEAD — FUTURE PRIORITIES

Council played a key role in bidding for and securing three games as part of the Rugby World Cup 2011, including an All Blacks game. Hamilton will be one of three main centres hosting the All Blacks. Games are scheduled for September and October 2011. Events planned during the Rugby World Cup 2011 include community days and the River Festival to attract visitors to stay in the city.

Council has a contract with V8 Supercars Pty Ltd to host the ITM400 Hamilton V8 Street race through to 2014, with a right of extension for a further three years.

As part of the process to develop the 10-Year Plan 2012-22, Council will be carrying out a complete review of the services it provides. As a result of this process, there may be changes in the future to the services outlined here.

ECONOMIC DEVELOPMENT

Ensures a city wide collaborative approach to fostering economic development in and around Hamilton. Areas of focus include the recruitment of business operations, assisting in the expansion or retention of business operations, supporting the start-up of new businesses, and providing funding for an Economic Development Agency in Hamilton.

SERVICE DELIVERY PERFORMANCE

Performance against 2010/11 Targets

Council's Economic Development Activity reports against the following two performance measures, which are focused around attracting businesses to the city. The city's Economic Development Agency 'Opportunity Hamilton' is contracted to provide these services. Council has a service agreement with Opportunity Hamilton to a value of up to \$430,000 per annum.

With over 20 years of supporting businesses, Opportunity Hamilton is a one stop shop for advice and assistance to start a new business; grow an existing business; relocate a business to Hamilton; find out about industry groups in Hamilton, and invest in Hamilton.

Additional Key Areas of Performance

In addition to the performance measure around attracting business to Hamilton, Opportunity Hamilton provides other services. Key achievements include the February 2011 launch (in partnership with Innovation Waikato) of the regional partner program for Ministry of Science and Innovation and New Zealand Trade and Enterprise. The focus has been on growing existing businesses as they struggle with the recession. This has resulted in several businesses retaining staff levels and in some cases employing new staff. For more information, visit www.opportunityhamilton.co.nz

LOOKING AHEAD — FUTURE PRIORITIES

A major priority for the Economic Development activity will focus on implementing the Digital Hamilton strategy. It will be necessary to work together with key stakeholders to ensure the opportunities created by ultra fast broadband are maximised. Key projects will be to hold a second Digital Hamilton Industry Forum and also investigate the expansion of the coverage area of free WiFi in the city. Attracting new businesses to the CBD will also be a key priority.


As part of the process to develop the 10-Year Plan 2012-22, Council will be carrying out a complete review of the services it provides. As a result of this process, there may be changes in the future to the services outlined here.

ECONOMIC DEVELOPMENT (Key service attribute: cost effectiveness)

PERFORMANCE MEASURES	2010/11 TARGETS	2010/11 RESULTS	2009/10 RESULTS	ADDITIONAL INFORMATION
LEVEL OF SERVICE: grant monies are used effectively.				
Economic Development Agency achieves all annually set performance targets relating to the business attraction programme (Business Gateway Project). Initiatives result in:	1,000 website visits	1,006 website visits per month. 	Over 1,000 website visits per month since February 2010	Opportunity Hamilton has also launched a 'Facebook' page, a 'Linked in' group and a website www.investwaikato.com
	2 new businesses attracted to Hamilton.	2 new businesses attracted in 2010/11. 	No businesses attracted in 2009/10.	During 2010/11, two new businesses were attracted to Hamilton: Couplands Bakeries (new factory in Te Rapa plus 3 retail outlets) and Waikato AIC Limited (new aviation paint shop facility).

 = target achieved

 = within 5% of target

 = target not achieved

STRATEGIC PROPERTY INVESTMENT

This activity manages two funds - the Domain Endowment Fund and the Municipal Endowment Fund and administers 127 leases across a broad range of Council owned properties throughout Hamilton. Both funds are required by legislation to be invested in property, in order to maximise the financial return for the city.

The Domain Endowment Fund proceeds are used for the purchase of land for reserves and for the creation, improvement and development of reserves and parks within the city.




The Municipal Endowment Fund is invested in commercial properties and income from the fund is used to reduce the rates requirement of the city. Other properties that this

activity manages include Council owned and occupied buildings and Council owned and leased buildings.

SERVICE DELIVERY PERFORMANCE

Performance against 2010/11 Targets

Council's Strategic Property Investment Activity reports against the following three performance measures. These measures are to ensure that Council is receiving a suitable return on its strategic property investments, and that the buildings in the Municipal Endowment Fund are occupied to an appropriate level.

STRATEGIC PROPERTY INVESTMENT (Key service attribute: cost effectiveness)				
PERFORMANCE MEASURES	2010/11 TARGETS	2010/11 RESULTS	2009/10 RESULTS	ADDITIONAL INFORMATION
LEVEL OF SERVICE: buildings in the Municipal Endowment Fund (MEF) are appropriately utilised.				
Commercial and retail premises across the MEF portfolio return an annual occupancy level of 90%.	90% occupancy rate.	98.4% occupancy rate 	100% occupancy rate	
LEVEL OF SERVICE: return on investment is appropriate.				
Achieve an annual gross return on the Domain Endowment Fund that is in line with the average market return of similar properties.	Gross return in line with average market return.	Independent assessor confirmed returns as typical for the Hamilton property market. 	Independent assessor confirmed returns as typical for the Hamilton property market.	Performance against this target is assessed by an independent registered valuer.
Achieve an annual gross return on Municipal Endowment Fund Investment properties that is typical for the Hamilton property market.	Gross return typical for Hamilton property market.	Independent assessor confirmed returns as typical for the Hamilton property market. 	Independent assessor confirmed returns as typical for the Hamilton property market.	Performance against this target is assessed by an independent registered valuer.



= target achieved



= within 5% of target



= target not achieved

Municipal Endowment Fund (MEF)

The performance of the MEF has been closely monitored during the economic downturn. The MEF Portfolio remains substantially tenanted with only one current vacancy of premises. While rent reviews have consistently resulted in market rental reductions, ratchet clauses have maintained contract rentals at higher levels.

The MEF is actively managed to ensure that income returned to the ratepayers is maximised. In 2010/11, \$3,207,474 from this fund went towards reducing rates. As a comparison, in 2009/10, \$3,150,166 from this fund went towards reducing rates.

Domain Endowment Fund (DEF)

The income returned from the DEF is derived predominantly from rental generated by ground leases. The income is used to offset the total operating costs for the 16 parks classified as "Domain Parks". The income generated by the DEF covered 75% of the total operating cost of the Domain Parks during the 2010/11 year (\$758,441 was used to contribute towards the maintenance of reserve). In 2009/10, \$727,930 was used to contribute towards the maintenance of reserve.

LOOKING AHEAD — FUTURE PRIORITIES

Endowment Fund Managers conduct an annual strategic review of the performance of the property assets and the assets with unacceptable risk profiles will be identified for disposal. Lessees will be actively encouraged to freehold ground leases. Council will consider the composition of the MEF Investment Portfolio in the context of a Council-wide Property Asset Analysis exercise.

As part of the process to develop the 10-Year Plan 2012-22, Council will be carrying out a complete review of the services it provides. As a result of this process, there may be changes in the future to the services outlined here.

EFFECTS ON COMMUNITY WELL-BEING

Hamilton's Community Outcomes identify the aspects of well-being that are important for the city. Council monitors the effects that its Activities have on community well-being by focusing on the Community Outcomes that have been identified as being the most important for Hamilton.

The City Profile Activities primarily contribute to the 'Unique Identity' and 'Intelligent and Progressive City' Community Outcomes, in particular to the following:

UNIQUE IDENTITY

"A city with a strong identity that recognises the significance of its river and history"

Hamilton people want a city that:

- Is a great place to learn, work and play, where people are proud of the education sector and embrace student culture.
- Supports research, education and innovation, and is recognised as a centre of excellence.

INTELLIGENT AND PROGRESSIVE CITY

"Business growth that is in harmony with the city's identity and community spirit"

Hamilton people want a city that:

- Is recognised as the thriving economic hub for the Waikato Region and provider of regional services.
- Attracts and retains sustainable, innovative businesses.
- Offers a range of job opportunities throughout the city to suit all skill levels.
- Is progressive and cosmopolitan, creating an environment for business success.
- Attracts and retains people and investment and grows great ideas.

COMMUNITY OUTCOMES PROGRESS INDICATORS

Progress towards Hamilton's Community Outcomes is monitored through a selection of indicators. Indicators provide ways in which to measure, directly or indirectly, changes to social, environmental, economic and cultural well-being over time.

The following progress indicators are used to monitor the effect that the City Profile Activities have on progressing the Community Outcomes.

REPORTING ON PROGRESS INDICATORS					
COMMUNITY OUTCOMES PROGRESS INDICATORS		LATEST RESULTS			TREND
S	Residents' rating of sense of pride in the way their city looks and feels (percentage of people who agreed or strongly agreed). Source: <i>Quality of Life Survey</i>	2006 69%	2008 68%	2010 60%	
M	Number of businesses in Hamilton (as at February each year). Source: <i>Statistics New Zealand</i>	2008 13,211	2009 13,319	2010 13,086	
M	Total employment in Hamilton (as at February each year). Source: <i>Statistics New Zealand</i>	2008 77,730	2009 75,530	2010 73,050	
M	Proportion of employees in Hamilton to that of the Waikato Region (as at February each year). Source: <i>Statistics New Zealand</i>	Hamilton: 2008 77,850	2009 75,370	2010 73,050	
		Waikato: 2008 170,250	2009 164,700	2010 161,610	
		% in Hamilton: 2008 45.7%	2009 45.8%	2010 45.2%	
M	Visitor guest nights (for the year ended June). Source: <i>Statistics New Zealand</i>	2008/09 531,239	2009/10 535,885	2010/11 546,467	
M	Average hotel/motel occupancy rates (for the year ended March). Source: <i>Statistics New Zealand</i>	2008/09 50.5%	2009/10 51.9%	2010/11 55.1%	
S	Number of events listed on the 'What's On Hamilton' website. Source: <i>Hamilton City Council</i>	2009 Not applicable (monitoring began in July 2009)	2010 3,115 events on the website as at June 2010	2011 2,997 events on the website as at June 2011	

KEY:

M	= Moderate contribution		= Improving/favourable
S	= Significant contribution		= Uncertain/no trend
O	= Council is the only provider		= Declining/unfavourable

MONITORING NEGATIVE EFFECTS

Existing or potential negative effects on the current and future well-being of the community are an important consideration for Council when planning and carrying out its activities.

During 2010/11 there were no instances of negative effects on the community from the City Profile Activities that were considered significant.

SIGNIFICANT ACQUISITIONS OR REPLACEMENTS OF ASSETS

SIGNIFICANT ACQUISITIONS OR REPLACEMENTS OF ASSETS				
	PROJECT REFERENCE NUMBER (SAP #)	ACTUAL 2010/11 (\$000)	BUDGET 2010/11 (\$000)	REASON
ECONOMIC DEVELOPMENT				
CityHeart Garden Pl & Civic Square	917	2,524	2,487	Project involves the redevelopment of Garden Place. Work began in the 2010/11 year and was substantially completed. It is due for completion in October 2011.
Property Management Unit	149	1,206	1,077	This project is for the replacement of Council's existing Fleet.
Vehicle & Plant Renewals				
Property Management Capital Asset Renewal	150	2,602	2,514	This project is for the renewal/refurbishment of Council's current building stock.
Pensioner Housing Upgrade Programme	654	2,638	2,944	This project was for the replacement of Pensioner Housing buildings at Council's Sullivan Crescent site. The existing 24 units were coming to the end of their useful life so were demolished and replaced with 19 new units.

COST OF SERVICE STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

COST OF SERVICE STATEMENT FOR THE YEAR ENDED 30 JUNE 2011				
	NOTE	ACTUAL 2010/11 (\$000)	BUDGET 2010/11 (\$000)	ACTUAL 2009/10 (\$000)
GROUP OF ACTIVITY - OPERATING STATEMENT				
OPERATING REVENUE				
Activity revenue - user charges and fees		9,615	8,721	7,790
General rates		3,103	3,096	2,636
Other general sources		10	25	11
Total operating revenue		12,728	11,842	10,437
OPERATING EXPENDITURE				
City Promotion	1	6,727	5,670	7,190
Economic Development	2	6,117	3,949	6,731
Strategic Property Investment		3,456	2,602	2,894
Total operating expenditure		16,300	12,221	16,815
Operating surplus/(deficit)		(3,572)	(379)	(6,378)
GROUP OF ACTIVITY - CAPITAL AND RESERVES FUNDING STATEMENT				
CAPITAL EXPENDITURE				
Growth		-	-	-
Increased level of service		2,807	2,612	556
Renewal		120	122	149
Total capital expenditure		2,927	2,734	705
Loan repayments		549	669	4,241
Transfers to reserves		1,338	1,881	968
Operating deficit		3,572	379	6,378
Total funding required		8,386	5,663	12,292
Funded by:				
Operating surplus		-	-	-
Funding from non-cash expenses		2,718	2,381	593
Loans raised		2,842	2,621	6,510
Proceeds from sale of assets		733	-	4,566
Transfers from reserves	3	3,719	420	2,453
Total funding applied		10,012	5,422	14,122
Funding surplus/(deficit)		1,626	(241)	1,830

Notes to the Cost of Service Statements:

1. Additional expenditure for the on charging of accommodation booked for the World Rowing Championships offset by additional revenue
2. Transitional costs in relation to the V8's from the previous event promoter coupled with increased event operating costs.
3. Includes a transfer of \$3.2m from the V8 Reserve to fund the costs included in note 2 above.

3.2 CITY SAFETY

HAUMARU TAAONE-NUI

Council's City Safety Activity Group includes:

- Animal Care and Control
- Central City Safety
- Emergency Management
- Environmental Health

2010/11 HIGHLIGHTS

Record Number of Dogs Registered during 2010/11

There has been an increase in the number of dogs registered in the 2010/11 year, with numbers up by 6.7% from the previous year. This increase is partly due to Council's Animal Education and Control staff continuing to work with and educate the community about the responsibility that comes with owning a dog.

Support for Christchurch after the Earthquake

Soon after the February 2011 earthquake in Christchurch, Hamilton's Civil Defence Emergency Operations Centre (EOC) was activated and busy with mainly Council staff coordinating assistance for the national emergency effort.

As the extent of the devastation became clear, the EOC worked to coordinate support and assistance. Around 170 Civil Defence-trained Council staff, including engineers, water and waste technicians, transportation, communication and public information staff volunteered to be available to go to Christchurch. Six building inspectors went to Christchurch to be part of the teams that assessed the structural safety of 78,000 homes in the first weeks after the earthquake. Council also coordinated the response from neighbouring councils - Waikato and Waipa district councils.

As well as local websites and webpages being developed to speed up support, a Recovery Assistance Centre was set up near Garden Place for the 500-plus evacuees who came to the Waikato, as a 'one-stop shop' to help them with their emergency needs. Volunteers, Council's Community Development staff, Housing NZ, Work and Income, Red Cross and the Salvation Army were on hand for the 40-60 evacuees who visited the centre each day. Over 90 volunteers, many from Council, undertook welfare training in addition to the 135 staff who volunteered for helping in the EOC or as welfare support staff.

Support for Families in Flooding Events

Hamilton's Civil Defence Emergency Operations Centre (EOC) was activated to provide support for families affected by flooding in October 2010. Mail drops were

carried out at properties around the Grantham Street and Ann Street areas of Hamilton, to inform residents of the possibility of flooding from the Waikato River, following heavy rainfall. The Celebrating Age Centre on Victoria Street was set up as a welfare centre; however evacuation of residents was not required. This has demonstrated that Council has the capacity to respond to events of this nature.

Food Control Plans

Council is encouraging local food businesses to voluntarily implement a Food Control Plan, in preparation for the requirements that will become compulsory under the new Food Act, which is currently being considered by Parliament.

During 2010/11, Environmental Health staff have participated in the NZ Food Safety Authority's Voluntary Implementation Programme, which involves mentoring food businesses to implement an approved Food Control Plan as a food safety risk management tool. As a result, 135 food service and catering businesses in Hamilton have developed Food Control Plans. The aim of the programme is to achieve improved food safety outcomes for Hamilton, and also to prepare businesses and Council staff for the new legislative requirements.

ANIMAL CARE AND CONTROL

Contributes to making Hamilton a safe city by ensuring dog owners comply with dog legislation and by promoting responsible dog ownership through education initiatives. In their day-to-day operations, staff aim to maximise the number of dogs registered, investigate complaints, provide public education, and provide for the impounding of stray and seized dogs.

SERVICE DELIVERY PERFORMANCE

Performance against 2010/11 Targets

Animal Care and Control reports against the following three performance measures, which are focused around maintaining public safety and providing a timely response to urgent and routine requests. Results for 2010/11 show that the 24 hour response service continues to provide a prompt service to customers. Threats to public safety are the main priority for this activity. Dog attack statistics have decreased by just over 5% during the past year. There were no reported dog attacks that caused serious injury to a person during 2010/11.

ANIMAL CARE AND CONTROL (Key service attributes: quality and reliability/responsiveness)				
PERFORMANCE MEASURES	2010/11 TARGETS	2010/11 RESULTS	2009/10 RESULTS	ADDITIONAL INFORMATION
LEVEL OF SERVICE: dog control services are effective in protecting the community.				
Residents' satisfaction with the dog control service.	Satisfaction score of 77 — 78	Satisfaction score of 82.5 	Satisfaction score of 80.5	Measured through Council's Residents Survey. The 2010/11 result of 82.5 indicates 'exceptional performance' for a 'no customer choice' service. The target was for a score of 77 — 78, which indicates 'excellent performance'.
LEVEL OF SERVICE: a reliable and timely response is provided.				
Percentage of urgent requests for service involving dog threats to public safety responded to within one hour.	80%	99.4% 	99.2%	
Percentage of routine requests for service relating to dog control responded to within 48 hours.	90%	100% 	99%	

 = target achieved

 = within 5% of target

 = target not achieved

LOOKING AHEAD — FUTURE PRIORITIES

The priority for this activity is to continue to provide a high standard of service for functions such as enforcement of dog control legislation, dog registration and caring for impounded dogs. Providing education services to the community on personal safety around dogs will also be a key focus.

As part of the process to develop the 10-Year Plan 2012-22, Council will be carrying out a complete review of the services it provides. As a result of this process, there may be changes in the future to the services outlined here.

CENTRAL CITY SAFETY

Engages with crime prevention partners to develop and implement initiatives that form an overall approach to safety. The overall aim is to reduce crime and disorder and improve people's safety and perceptions of safety in the city centre.

Aspects include partnership with the Police, liquor licensing, late night transport options, improved lighting,

reduced tagging and Crime Prevention through Environmental Design (CPTED - a crime prevention philosophy based on careful design aimed at reducing the risk of crime).


Council manages the central city camera network (which also assists the police in their investigation of crime).

The 'City Safe' patrol teams are present in the central city every day of the week and increasingly have a presence outside of the central city. Hamilton has a Liquor Control bylaw in effect in areas of the city to ensure that drinking is appropriately managed. As well as a 24/7 ban in certain parts of Hamilton, this bylaw becomes a city-wide ban from 10pm until 6am every day.

SERVICE DELIVERY PERFORMANCE

Performance against 2010/11 Targets

Central City Safety reports against the following two performance measures, which focus on residents' satisfaction with the City Safe Patrol team and liquor licensing inspections.

CENTRAL CITY SAFETY (Key service attributes: quality and reliability/responsiveness)				
PERFORMANCE MEASURES	2010/11 TARGETS	2010/11 RESULTS	2009/10 RESULTS	ADDITIONAL INFORMATION
LEVEL OF SERVICE: a reliable and timely response is provided.				
Number of inspections of licensed premises per year.	200 inspections	317 inspections 	304 inspections	The target is based on anticipated scheduled inspections. The number of inspections carried in 2010/11 exceeded the target, mainly due to follow-up inspections and increased inspections generated by events. For example, the Food and Wine festival held at Hamilton Gardens in February 2011, which

PERFORMANCE MEASURES	2010/11 TARGETS	2010/11 RESULTS	2009/10 RESULTS	ADDITIONAL INFORMATION
				required special licenses to be granted and subsequent inspections to be carried out.
LEVEL OF SERVICE: city safe patrol services are effective in protecting the community.				
Residents' satisfaction with the City Safe Patrol Team.	Satisfaction score of 73 — 76	Satisfaction score of 79.0 	Satisfaction score of 78.6	Measured through Council's Residents Survey. The 2010/11 result of 79.0 indicates 'exceptional performance' for a 'no customer choice' service. The target was for a score of 73 — 76, which indicates 'very good performance'.

 = target achieved

 = within 5% of target

 = target not achieved

Additional Key Areas of Performance

The main focus for Central City Safety in 2010/11 has been to display a greater presence, enhance customer focus and improve inter-agency collaboration and communication. The City Safe programme works closely with the Ministry of Justice, the Police and other key stakeholders to support their programmes. City Safe staff also collaborate with both government and other non governmental organisations, as well as the Hamilton Central Business District Association and retailers across Hamilton to gain a greater understanding of safety and security issues throughout the City. This approach is recognised as an effective, beneficial and sustainable way to promote safety, the perception of safety and reduce injuries.

Council's liquor licensing team also works collaboratively with the Police. In particular, Council inspectors become involved when the Police are carrying out major operations to monitor compliance with liquor control laws for both on and off licensed premises in the city. Council inspectors also work with the Police to monitor licensed premises during large events such as the V8 Supercar event and rugby test matches held at Waikato Stadium.

LOOKING AHEAD — FUTURE PRIORITIES

Continuing to enhance city safety through improved coordination of the agencies and partners involved will again be a major focus for this activity for the future.

In addition, the City Safe staff will be focusing on ensuring the safety of visitors attending events held in Hamilton during the upcoming Rugby World Cup 2011.

As part of the process to develop the 10-Year Plan 2012-22, Council will be carrying out a complete review of the

services it provides. As a result of this process, there may be changes in the future to the services outlined here.

EMERGENCY MANAGEMENT

Focuses on developing and maintaining an appropriate level of planning and support to ensure that the Waikato Valley Emergency Operating Area (WVEOA) can respond to and recover from any disaster event. Five neighbouring local authorities comprising Waikato, Waipa, Otorohanga, Waitomo and Hamilton form the WVEOA.

Hamilton is the administering authority for the WVEOA. The Emergency Operations Centre is located at Council's Duke Street Depot in Hamilton.

Emergency Management focuses on 'the 4Rs':


- **Reduction** - identifying, analysing and mitigating risks to human life, property and the environment
- **Readiness** - developing capabilities before an emergency occurs
- **Response** - taking action immediately before, during or directly after an emergency
- **Recovery** - undertaking activities to restore the community's capacity to return to normal.

SERVICE DELIVERY PERFORMANCE

Performance against 2010/11 Targets

Preparedness to respond to an emergency event is of high importance for this activity. Emergency Management reports against the following performance measure, which assesses the effectiveness of this activity's systems and processes.

EMERGENCY MANAGEMENT (Key service attribute: preparedness)

PERFORMANCE MEASURES	2010/11 TARGETS	2010/11 RESULTS	2009/10 RESULTS	ADDITIONAL INFORMATION
LEVEL OF SERVICE: emergency management response systems have been tested.				
Number of preparedness exercises held each year.	One exercise held.	Two exercises held. 	Two exercises held.	The exercises test the Civil Deference Emergency Management response systems and processes, and can be used to assess preparedness for a disaster event. This years exercises were: <ul style="list-style-type: none"> • Exercise Tangaroa: testing preparations for responding to a national tsunami warning.

PERFORMANCE MEASURES	2010/11 TARGETS	2010/11 RESULTS	2009/10 RESULTS	ADDITIONAL INFORMATION
				<ul style="list-style-type: none"> Exercise Shake'n'Break: a practise for staff from the five territorial authorities in the Waikato Valley Emergency Operating Area, to test standard operating procedures.

■ = target achieved

■ = within 5% of target

■ = target not achieved

Additional Key Areas of Performance

The training and relationship management that Emergency Management staff work towards throughout the year culminates with the preparedness exercises that they run. The outcome of the exercises indicates the ability of the team to respond if faced with a disaster event. During the exercises and the activations that happened in 2010/11, all systems within the Emergency Operations Centre worked as they were designed to.

The Ministry of Civil Defence and Emergency Management (CDEM) measures and audits the performance of the regional Civil Defence Emergency Management Group. The November 2009 Waikato CDEM Capability Assessment Report highlighted four critical areas for improvement. These were Culture, Leadership, Structure and Funding, with Leadership being the most important area for the Group to prioritise. The issues raised in this report have been addressed at every opportunity, particularly with as part of the Draft Waikato CDEM Group Plan, which went out for public consultation in July/August 2011.

LOOKING AHEAD — FUTURE PRIORITIES

A new Waikato Civil Defence draft emergency plan was available for public consultation in July/August 2011. The five-year draft plan aims to enhance the capability of the Waikato region to respond to disasters.

Highlights of the proposed plan include:

- A clearer framework for working together involving all supporting agencies
- A new regional hazards forum
- Development of a Group risk reduction programme
- Implementation of new public education and public information management plans

- A new professional development programme for staff and a Group exercise plan
- Development of a Group mass evacuation plan.

Another feature of the new plan is the development of a detailed Group recovery plan for helping communities affected by disasters to get back on their feet as soon as possible.

As part of the process to develop the 10-Year Plan 2012-22, Council will be carrying out a complete review of the services it provides. As a result of this process, there may be changes in the future to the services outlined here.

ENVIRONMENTAL HEALTH

Provides protection and promotion of public health and safety in the city. This is achieved by undertaking the monitoring, inspection, registration and enforcement of standards in relation to food businesses, hairdressers and other regulated businesses (under the Health Act 1956) and the monitoring of recreational water quality (including public swimming pools).

The activity also investigates reported cases of communicable disease, manages hazardous substances in public places and residential areas, provides a noise control service, carries out an environmental noise monitoring programme and controls the use of contaminated land.

SERVICE DELIVERY PERFORMANCE

Performance against 2010/11 Targets

Environmental Health reports against the following three performance measures, which focus on residents' satisfaction with Council's noise complaints service and food premises' compliance with actions required to meet food hygiene regulations.

ENVIRONMENTAL HEALTH (Key service attributes: reliability and responsiveness)

PERFORMANCE MEASURES	2010/11 TARGETS	2010/11 RESULTS	2009/10 RESULTS	ADDITIONAL INFORMATION
LEVEL OF SERVICE: a reliable and timely response is provided.				
Percentage of complaints relating to excessive noise responded to within 30 minutes.	95%	96% ■	95%	The results throughout the year are variable from month to month, but the overall target for the year was achieved.
Residents' satisfaction with the handling of noise complaints.	Satisfaction score of 77 - 78	Satisfaction score of 81.4 ■	Satisfaction score of 74.1	Measured through Council's Residents Survey. The 2010/11 result of 81.4 indicates 'exceptional performance' for a 'no customer choice' service. The target was for a score of 77 — 78, which indicates 'excellent performance'.
Percentage of licensed food premises complying with	100%	90% ■	96%	A 'Notice of Improvement' is issued by an Environmental Health officer when a food premise needs to take action to ensure they

PERFORMANCE MEASURES	2010/11 TARGETS	2010/11 RESULTS	2009/10 RESULTS	ADDITIONAL INFORMATION
notices of Improvement within agreed timeframes.				meet food hygiene regulations. In the event that a registered food premise does not comply with a Notice of Improvement, further action is taken to ensure compliance. In 2010/11 seven food premises were yet to comply with their Notice of Improvement and are being managed through the process.

■ = target achieved

■ = within 5% of target

■ = target not achieved

Additional Key Areas of Performance

Under the Resource Management Act, the Environmental Health team is required to control any actual or potential effects of the use, development or protection of land. This includes the prevention or mitigation of any adverse effects or development, subdivision or the use of contaminated land.

Council's approach to contaminated sites is based on the Ministry for the Environment's Contaminated Land Management Guidelines, which reflect best practice for the management of contaminated land.

Council's Contaminated Land Officers manage contaminated land in the city by:

- Identifying, registering and classifying sites and recording them on Council's database of selected land uses (based on the Ministry for the Environment's published Hazardous Activities and Industries List)
- Releasing information through official requests, for example Land Information Memoranda (LIM) and Project Information Memoranda (PIM)
- Identifying high risk sites and carrying out preliminary site investigations for high risk sites
- Requiring detailed site investigations through the building and planning consents applications process
- Providing technical input into the environmental noise, hazardous substances and contaminated land sections of the Hamilton District Plan review.

LOOKING AHEAD — FUTURE PRIORITIES

The major priorities for Environmental Health in the future include:

- Preparing to work within the proposed Food Act, which will involve developing new procedures and achieving certain outcomes within statutory timeframes
- Responding to the proposed National Environmental Standard for Contaminants in Soil, which will require fine-tuning of current procedures.

As part of the process to develop the 10-Year Plan 2012-22, Council will be carrying out a complete review of the services it provides. As a result of this process, there may be changes in the future to the services outlined here.

EFFECTS ON COMMUNITY WELL-BEING

Hamilton's Community Outcomes identify the aspects of well-being that are important for the city. Council monitors the effects that its Activities have on community well-being by focusing on the Community Outcomes that have been identified as being the most important for Hamilton.

The City Safety Activities primarily contribute to the 'Healthy and Happy' Community Outcome, in particular to the following:

SAFETY AND COMMUNITY SPIRIT

"A safe, friendly city where all people feel connected and valued"

Hamilton people want a city that:

- Builds socially engaged, responsive communities.
- Has safe roads and low crime rates, where people can feel secure at all times.

COMMUNITY OUTCOMES PROGRESS INDICATORS

Progress towards Hamilton's Community Outcomes is monitored through a selection of indicators. Indicators provide ways in which to measure, directly or indirectly, changes to social, environmental, economic and cultural well-being over time.

The following progress indicators are used to monitor the effect that the City Safety Activities have on progressing the Community Outcomes.

KEY:

M	= Moderate contribution		= Improving/favourable
S	= Significant contribution		= Uncertain/no trend
O	= Council is the only provider		= Declining/unfavourable

REPORTING ON PROGRESS INDICATORS					
COMMUNITY OUTCOMES PROGRESS INDICATORS		LATEST RESULTS			TREND
S	Residents' perceptions of safety in the CBD (satisfaction score). Source: <i>Hamilton City Council Residents Survey</i>	2009 61.4	2010 63.3	2011 63.6	
S	Residents' perceptions of safety in their neighbourhood (satisfaction score). Source: <i>Hamilton City Council Residents Survey</i>	2009 79.5	2010 79.3	2011 79.7	
M	Residents' perception of neighbourhood noise (index). Source: <i>Hamilton City Council Residents Survey</i>	2009 70.2	2010 72.9	2011 74.0	
S	Number of contaminated sites investigated (as at 30 June). Source: <i>Hamilton City Council</i> NB: The figures reported cover all sites that have been fully investigated by Council. Sites are assigned one of the following categories; Never Contaminated, Low Risk, Managed, or Remediated.	2009 185	2010 186	2011 203	 The increase in the number of sites from 2010 to 2011 reflects the level of activity in Building or Planning consent applications that relate to contaminated sites. Investigation of the site is required before an activity can go ahead.
M	Crime, including dwelling burglaries, theft from motor vehicles, unlawful theft and taking of motor vehicles, violent offences, family violence, sexual offences, and dishonesty offences (recorded crime per 10,000 population). Source: <i>New Zealand Police</i>	2008 1,245	2009 1,242	2010 1,360	
M	Residents who felt a sense of community within their local neighbourhood (percentage who agreed or strongly agreed). Source: <i>Quality of Life Survey</i>	2006 50%	2008 49%	2010 54%	
M	Residents' agreeing that it is important to feel a sense of community with others in their local neighbourhood (percentage who agreed or strongly agreed). Source: <i>Quality of Life Survey</i>	2006 63%	2008 60%	2010 67%	

MONITORING NEGATIVE EFFECTS

Although the City Safety Activities provide many vital and important benefits to the community in terms of protecting and promoting public health and safety, there are potential negative effects that could arise from the activities, which Council must manage and mitigate.

For example, adverse reactions from city centre revellers if confronted regarding a breach of the Liquor Control Bylaw, or potential financial and health impacts on owners of contaminated land if remediation or active management is required.

Council's 2009-19 LTCCP identifies the significant existing or potential negative effects for the City Safety Activities.

During 2010/11 no significant instances of these negative effects occurred.

COST OF SERVICE STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

COST OF SERVICE STATEMENT FOR THE YEAR ENDED 30 JUNE 2011			
	ACTUAL 2010/11 (\$000)	BUDGET 2010/11 (\$000)	ACTUAL 2009/10 (\$000)
GROUP OF ACTIVITY - OPERATING STATEMENT			
OPERATING REVENUE			
Activity revenue - user charges and fees	1,604	1,610	1,548
Activity revenue - subsidy for operating expenditure	85	58	69
General rates	2,214	2,209	2,071
Other general sources	-	-	-
Total operating revenue	3,903	3,877	3,688
OPERATING EXPENDITURE			
Emergency Management	552	495	507
Animal Care and Control	1,362	1,336	1,340
Central City Safety	1,079	962	810
Environmental Health	1,157	1,112	1,141
Total operating expenditure	4,150	3,905	3,798
Operating surplus/(deficit)	(247)	(28)	(110)
GROUP OF ACTIVITY - CAPITAL AND RESERVES FUNDING STATEMENT			
CAPITAL EXPENDITURE			
Growth	-	-	-
Increased level of service	78	73	328
Renewal	133	107	133
Total capital expenditure	211	180	461
Loan repayments	-	-	1
Transfers to reserves	33	34	33
Operating deficit	247	28	110
Total funding required	491	242	605
Funded by:			
Operating surplus	-	-	-
Funding from non-cash expenses	93	67	27
Loans raised	80	-	42
Proceeds from sale of assets	-	-	-
Transfers from reserves	4	2	3
Total funding applied	177	69	72
Funding surplus/(deficit)	(314)	(173)	(533)

3.3 COMMUNITY SERVICES AND AMENITIES

HE RATONGA TIKANGA-A-IWI

Council's Community Services and Amenities activity includes:

- Cemeteries and Crematorium
- Community Development
- Community Centres and Halls
- Hamilton City Libraries
- Housing for Older People
- Public Toilets

2010/11 HIGHLIGHTS

Garden of Remembrance and the 'Chestnut' Burial Lawn at Hamilton Park Cemetery

Work on the four new ash interment gardens and installation of a new granite Columbarium Wall at Hamilton Park Cemetery has progressed during 2010/11 and is nearly complete. The Wall is made up of 60 cylindrical recesses in which ashes in a special urn are placed. Following interment each recess is sealed with a bronze plaque memorial.

Development works on the Chestnut burial lawn have continued throughout 2010/11, with plots expected to be available from October 2011. The Chestnut lawn is designed to offer a more affordable and alternative option to traditional upright or desktop headstones. The lawn consists of sloping concrete beams in which a granite or bronze plaque can be installed for memorialisation. The area is characterised by chestnut trees creating a defining border from the surrounding memorial and lawn plaque areas of the cemetery.

Community Max and Employment Outcomes

Council continued to be involved with the Ministry of Social Development's 'Community Max' programme during 2010/11. This programme provides a wage subsidy for six months for young people to work on community-based projects, with a focus on preparing the participants for future opportunities in the workforce. During 2010/11, Council engaged 50 Community Max trainees on the programme. The trainees worked across a range of Council activities including Waikato Stadium, Hamilton Theatres, the Museum, Claudelands, Hamilton Gardens Nursery and Tagbusters. Approximately 52% of trainees successfully gained employment, both within Council and at external organisations.

This funding, allocated through the Community Max programme administered by the Ministry of Social Development (MSD) ended in June 2011. Council is currently negotiating a Taskforce Green contract with the MSD to replace the Community Max scheme.

Tagbusters Graffiti Removal Team Evolution

As a result of graffiti removal challenges this year, Tagbusters, Council's graffiti removal team, has undergone a review and subsequent phase of evolution. The city has been divided into four areas, and the Tagbusters painting team has been restructured to include four permanent painters that have been allocated to the four areas. The Tagbuster vehicles have been recently upgraded as part of the fleet renewal. New 'StopTags' software has also been adopted that will enable enhanced reporting, which will inform further local level proactive solutions to apprehend taggers.

New Libraries Computer System in Place

In October 2010, Hamilton City libraries went live with a new computer system, Spydus 8. A popular feature is email notification, which informs customers when new books arrive matching their favourite authors or topics, or when their borrowed items are due to be returned.

At the same time the Libraries website www.hamiltonlibraries.co.nz was revamped and new functionality was introduced via the online catalogue, such as virtual browsing through the Libraries' collections, and also suggestions for further reading. These interfaces will serve as a platform for future customer-driven services.

Redevelopment of Sullivan Crescent Housing for Older People Complex Completed

The construction phase of the redeveloped housing complex at Sullivan Crescent was completed in June 2011. The \$2.6 million project involved the construction of 19 new energy efficient units that were designed to better meet the needs of customers by providing healthy, affordable, and quality housing. Tenanted of the 19 new units for older people also started in June 2011.

New Toilet Facilities at Chartwell Park

A new exeloo was installed at Chartwell Park after Council identified a need for public conveniences at this location. The exeloo is a low maintenance system which is automated to open in the morning and close at night.

CEMETERIES AND CREMATORIUM

This activity aims to ensure that the community is able to access cemeteries and crematorium facilities as and when required.

SERVICE DELIVERY PERFORMANCE

Performance against 2010/11 Targets


This activity reports against the following performance measure, which appraises key stakeholders' satisfaction with the overall service provided by Hamilton Park Cemetery and Crematorium. Key stakeholders for this activity are funeral directors and the Monumental Masons Association.

Results from the key stakeholders' survey show that satisfaction has increased from 89.6 in 2009/10 to 90.5 in 2010/11, which reflects an exceptional level of performance.

CEMETERIES AND CREMATORIUM (Key service attribute: quality)				
PERFORMANCE MEASURES	2010/11 TARGETS	2010/11 RESULTS	2009/10 RESULTS	ADDITIONAL INFORMATION
LEVEL OF SERVICE: cemetery and crematorium facilities are provided to an appropriate level, are well-maintained and provide a quality service.				
Key stakeholders' satisfaction with the overall service provided by Hamilton Park Cemetery and Crematorium.	Satisfaction score of 79 or above.	Satisfaction score of 90.5. 	Satisfaction score of 89.6.	Measured through an annual Customer Satisfaction Survey. A target and result of 79 or above indicates 'exceptional performance' for a 'no customer choice' service.

 = target achieved

 = within 5% of target

 = target not achieved

Additional Key Areas of Performance

In order to comply with its resource consent conditions for the crematorium, the cemetery is required to conduct annual testing of the Mangaone stream. Soil testing is also required every five years in four locations surrounding the crematorium to ensure leachate complies with Australia and New Zealand Guidelines for Fresh and Marine Water Quality levels. The cemetery is currently assessed as having a high level of compliance with these conditions.

LOOKING AHEAD — FUTURE PRIORITIES

The major priorities for the Cemeteries and Crematorium Service in the future include:

- Reviewing the Cemeteries and Crematorium bylaw within the next 12 months
- The development of a 10-year Cemetery Management Plan
- Planning and development of a natural burial area.

As part of the process to develop the 10-Year Plan 2012-22, Council will be carrying out a complete review of the services it provides. As a result of this process, there may be changes in the future to the services outlined here.

COMMUNITY DEVELOPMENT AND COMMUNITY CENTRES AND HALLS






Council owns and manages three community centres — Enderley Park Community Centre, the Celebrating Age Centre and Te Rapa Sportsdrome.

SERVICE DELIVERY PERFORMANCE

Performance against 2010/11 Targets

Community Development and Community Centres and Halls report against the following five performance

measures. These measures focus on the employment opportunities programme, Council's graffiti removal service, and stakeholders' satisfaction with the Community Development Team, Community Centres and Fairfield Hall.

COMMUNITY DEVELOPMENT (Key service attributes: quality, responsiveness and community engagement)				
PERFORMANCE MEASURES	2010/11 TARGETS	2010/11 RESULTS	2009/10 RESULTS	ADDITIONAL INFORMATION
LEVEL OF SERVICE: employment opportunities are provided through the transition-to-work programme.				
Percentage of long-term unemployed, who complete the transition-to-work programme, placed in employment.	25% placed in employment.	52% placed in employment or further training. 	35% placed in employment or further training.	The Community Max programme has run successfully during 2010/11. 50 trainees were enrolled in the programme and gained valuable work experience across a range of business areas within Council including Waikato Stadium, Hamilton Theatres, the Museum, Claudelands, Hamilton Gardens Nursery and Tagbusters. Of the 50 trainees, 26 transitioned into full-time employment, with nine gaining employment within Council. This particular round of the Community Max programme finished on 15 July 2011. The percentage reported includes all trainees who completed the programme and then transitioned to full-time employment.
LEVEL OF SERVICE: graffiti is removed promptly.				
Percentage of requests for graffiti removal responded to within 2 working days.	85% - 95%	72% 	85%	An increase in graffiti during January to June 2011, combined with unexpected vacancies within the Tagbusters painting team, resulted in more removals of graffiti taking longer than 2 working days.
Residents' satisfaction with Council's graffiti clean-up programme.	Satisfaction score of 68 - 72	Satisfaction score of 78.4 	Satisfaction score of 78.2	Measured through Council's Residents Survey. The 2010/11 result of 78.4 indicates 'excellent performance' for a 'no customer choice' service. The target was for a score of 68 - 72, which indicates 'good performance, with potential for improvement'.
LEVEL OF SERVICE: social well-being outcomes are improved through work with key community stakeholders.				
Stakeholders' satisfaction with the service provided by the Community Development Team.	Satisfaction score of 77 - 78	Satisfaction score of 79.2 	Satisfaction score of 77.0	Measured through the Community Development Stakeholder Survey. The 2010/11 result of 79.2 indicates 'exceptional performance' for a 'no customer choice' service. The target was for a score of 77-78, which indicates 'excellent performance'.
LEVEL OF SERVICE: community centres and halls are fit for purpose.				
Stakeholders' satisfaction with Community Centres and Fairfield Hall.	Satisfaction score of 77 - 78	Satisfaction score of 75.0 	Satisfaction score of 77.2	Measured through the Community Development Stakeholder Survey. The 2010/11 result of 75.0 indicates 'very good performance' for a 'no customer choice' service. The target was for a score of 77-78, which indicates 'excellent performance'.

 = target achieved

 = within 5% of target

 = target not achieved

Additional Key Areas of Performance

In addition to the performance measures, Council staff also use other information to provide a complete picture of the performance of the activities and services provided by Community Development and Community Centres and Halls. This has traditionally been a difficult area to set specific quantitative measures and targets, so qualitative descriptions and examples of successful project outcomes also show value to the community.

Key priorities during 2010/11 included:

- Youth initiatives, such as:
 - Youth Leadership and Participation - an annual youth leadership camp was held with a focus on teamwork, volunteering, positive participation and leadership.
 - Annual Youth Council Forum 'FYI' was held at Wintec with over 100 young people registered. The purpose of the forum was to engage with young people on city issues and solutions.
- Capacity building of ethnic communities continues to be a priority with a number of successful events held such as the Ethnic Soccer festival, Indigo festival, annual listening forum and monthly Citizenship Ceremonies.
- Continued collaborative work with relevant government and community agencies on social issues including family violence, homelessness and bullying in areas of high socio-economic deprivation.

LOOKING AHEAD — FUTURE PRIORITIES

The major priority for these activities for the future is the continued promotion and implementation of Social and Cultural well-being activities in collaboration with communities and key stakeholders in Hamilton.

As part of the process to develop the 10-Year Plan 2012-22, Council will be carrying out a complete review of the services it provides. As a result of this process, there may be changes in the future to the services outlined here.

HAMILTON CITY LIBRARIES




Hamilton City Libraries provide a diverse range of services across the city through the Garden Place library located in the CBD and five community libraries at Chartwell, St Andrews, Dinsdale, Hillcrest and Glenview; and through the Libraries website www.hamiltonlibraries.co.nz




SERVICE DELIVERY PERFORMANCE

Performance against 2010/11 Targets

Hamilton City Libraries report against the following six performance measures. These targets focus around ensuring that relevant and up-to-date resources are provided, that the libraries provide a good quality experience for customers, and that libraries and their resources are accessible to the community.

HAMILTON CITY LIBRARIES (Key service attribute: quality and accessibility)

PERFORMANCE MEASURES	2010/11 TARGETS	2010/11 RESULTS	2009/10 RESULTS	ADDITIONAL INFORMATION
LEVEL OF SERVICE: up-to-date relevant library resources are provided to meet customer needs.				
Number of items held in the collection per capita.	2.49 items per capita	2.54 items per capita 	2.56 items per capita	There was a net increase in the number of items held in the collection because fewer items were removed from the collection than in the previous 12 month period. The collection assessment programme was altered to accommodate the library management system implementation.
Number of items in the collection renewed each year per capita.	0.34 items renewed per capita	0.34 items per capita 	0.33 items renewed per capita	
LEVEL OF SERVICE: libraries provide a good quality experience for customers.				
Customers' satisfaction with the library services overall.	Satisfaction score of 84 or above	Satisfaction score of 90.9. 	Satisfaction score of 90.0	Measured through an annual survey of library visitors. A score of 84 or above indicates 'exceptional performance' for a 'customer choice' service.

PERFORMANCE MEASURES	2010/11 TARGETS	2010/11 RESULTS	2009/10 RESULTS	ADDITIONAL INFORMATION
LEVEL OF SERVICE: a range of library services and resources are provided and customers are aware of how to access them.				
Number of visits to the Libraries' website per annum.	Greater than 235,000 web visits	338,184 web visits 	291,177 web visits	The revamped website and enhanced catalogue functionality have resulted in the libraries exceeding its web visits target.
Number of physical visits to the Libraries per annum.	Greater than 1 million physical visits	1,217,236 physical visits 	1,245,211 physical visits	The current economic recession and continuing popularity of free internet were key contributors to physical visits exceeding the target set.
Percentage of city residents who are active registered library borrowers.	Between 47% - 50%	48.8% 	50%	'Active registered library borrowers' refers to a borrower who has used their library card within the previous two years.

 = target achieved = within 5% of target = target not achieved

Additional Key Areas of Performance

The main areas of focus for the 2010/11 year for Hamilton City Libraries has been the delivery of a number of successful events in Garden Place, investigating the introduction of e-books, embarking on a two-year programme of digitisation of the oral history collection, and the settling in of the new supplier of shelf-ready material for the lending, reference and heritage collections.

LOOKING AHEAD - FUTURE PRIORITIES

The enhanced library management system, catalogue and revamped website platforms will continue to be developed to deliver customer-driven services. Libraries will continue to investigate new ways of offering services through emerging technologies, for example the introduction of 10 new e-readers into the Garden Place library (each pre-loaded with over 1,000 paperbacks).

The development of a new Libraries' strategic plan, in consultation with the community, will be crucial to the future development of the library service.

As part of the process to develop the 10-Year Plan 2012-22, Council will be carrying out a complete review of the services it provides. As a result of this process, there may be changes in the future to the services outlined here.




HOUSING FOR OLDER PEOPLE


Healthy, affordable, secure housing is provided to people over 60 years of age with limited income and assets, who meet a set of eligibility criteria. There are currently 396 units in 24 complexes throughout the city

SERVICE DELIVERY PERFORMANCE

Performance against 2010/11 Targets

The Housing for Older People activity plays a landlord role in providing housing for the target market. The following three performance measures are used to assess housing tenants' satisfaction with the services and housing accommodation they are provided, and to monitor the occupancy rate of the housing units.

HOUSING FOR OLDER PEOPLE (Key service attributes: quality and affordability)				
PERFORMANCE MEASURES	2010/11 TARGETS	2010/11 RESULTS	2009/10 RESULTS	ADDITIONAL INFORMATION
LEVEL OF SERVICE: housing units are maintained to an appropriate level.				
Housing tenants' overall satisfaction with the housing units and service provision.	Satisfaction score of 82-83	Satisfaction score of 90.4. 	Survey not undertaken in 2009/10.	Measured through the Customer Satisfaction Survey of housing tenants. Surveys are undertaken every two years. A score of 84 or above indicates 'exceptional performance' for a 'customer choice' service. The target was for a satisfaction score of 82-83, which indicates 'excellent performance' for a 'customer choice' service.
Occupancy rate of housing units.	Minimum of 90% occupancy rate.	Occupancy rate of 94% achieved. 	Occupancy rate of 93% achieved.	There is generally around 10% of housing units unoccupied at any one time, due to changes of tenants and upgrade work.
LEVEL OF SERVICE: housing units are provided at an affordable level.				
Housing tenants' satisfaction with the value for money of their rental unit.	Satisfaction score of 84 or above.	Satisfaction score of 92.0 for value for money. 	Survey not undertaken in 2009/10.	Measured through the Customer Satisfaction Survey of housing tenants. Surveys are undertaken every two years. A score of 84 or above indicates 'exceptional performance' for a 'customer choice' service.

 = target achieved = within 5% of target = target not achieved

Additional Key Areas of Performance

In addition to the formal performance measures, Council staff also monitor the management of rental arrears, consistently achieving well below the target debt level of less than 1% of income.

The main focus for 2010/11 has been to maintain a high occupancy level for housing units (above 90%), review the Service Level Agreement for gardening, successfully manage all tenancy issues (including rentals) and build networks with relevant social agencies.

LOOKING AHEAD — FUTURE PRIORITIES

The major priorities for the Housing for Older People activity include:

- Continuing to aim for the highest occupancy levels possible to offset the service operational costs
- Review Council's existing Housing for Older Persons policy in 2012
- In line with current policy, calculate future rental rates based on moving towards a 100% cost recovery model. The next rental rise is due to take effect from July 2012
- Manage demand for housing by monitoring application numbers and considering whether the eligibility age criteria needs to increase to address the anticipated increased demand on current stock available.

As part of the process to develop the 10-Year Plan 2012-22, Council will be carrying out a complete review of the services it provides. As a result of this process, there may be changes in the future to the services outlined here.

PUBLIC TOILETS

Council provides public toilets in areas where people are likely to visit and gather. Seventy one public toilets are provided in total throughout the city, with 37 in sports areas and 34 in other locations.


SERVICE DELIVERY PERFORMANCE

Performance against 2010/11 Targets

This activity reports against the following performance measure, which tracks residents' satisfaction with public toilets in the city.


Traditionally, residents' satisfaction with public toilet facilities rates relatively low when compared with other survey results. However, the target set for 2010/11 has been exceeded, equating to 'good performance' on the survey's rating scale, as opposed to the target to achieve 'fair performance'.

PUBLIC TOILETS (Key service attribute: quality)

PERFORMANCE MEASURES	2010/11 TARGETS	2010/11 RESULTS	2009/10 RESULTS	ADDITIONAL INFORMATION
LEVEL OF SERVICE: public toilets are maintained to an appropriate level.				
Residents' satisfaction with public toilets in the city.	Satisfaction score of 62 - 67.	Satisfaction score of 70.3 	Satisfaction score of 69.6.	Measured through Council's Residents Survey. The 2010/11 result of 70.3 indicates 'good performance with potential for improvement' for a 'no customer choice' service. The target was for a score of 62 - 67, which indicates 'fair performance, needing improvement'.

 = target achieved

 = within 5% of target

 = target not achieved

LOOKING AHEAD — FUTURE PRIORITIES

The public toilets programme of works over the coming years aims to provide and maintain public toilets in parks and commercial areas in accordance with Council's Public Toilet Facilities and Service Policy. To meet the Policy requirements, a new toilet is planned for installation at Days Park in 2011/12 and a new facility proposed for Vickery Park in 2012/13.

As part of the process to develop the 10-Year Plan 2012-22, Council will be carrying out a complete review of the services it provides. As a result of this process, there may be changes in the future to the services outlined here.

EFFECTS ON COMMUNITY WELL-BEING

Hamilton's Community Outcomes identify the aspects of well-being that are important for the city. Council monitors the effects that its Activities have on community well-being by focusing on the Community Outcomes that have been identified as being the most important for Hamilton.

The Community Services and Amenities Activities primarily contribute to the 'Safety and Community Spirit' and 'Healthy and Happy' Community Outcomes, in particular to the following:

SAFETY AND COMMUNITY SPIRIT

"A safe, friendly city where people feel connected and valued"

Hamilton people want a city that:

- Promotes awareness and involvement in community activities and events.
- Addresses social issues and values volunteers.
- Building socially engaged, responsive communities.

HEALTHY AND HAPPY

"Active and healthy people with access to affordable facilities and services"

Hamilton people want a city that:

- Provides access for all people to a range of healthy, affordable, quality housing.

COMMUNITY OUTCOMES PROGRESS INDICATORS

Progress towards Hamilton's Community Outcomes is monitored through a selection of indicators. Indicators provide ways in which to measure, directly or indirectly, changes to social, environmental, economic and cultural well-being over time.

The following progress indicators are used to monitor the effect that the Community Services and Amenities Activities have on progressing the Community Outcomes.

KEY:

M	= Moderate contribution		= Improving/favourable
S	= Significant contribution		= Uncertain/no trend
O	= Council is the only provider		= Declining/unfavourable

REPORTING ON PROGRESS INDICATORS

COMMUNITY OUTCOMES PROGRESS INDICATORS		LATEST RESULTS			TREND
M	Residents' perception of the effect of increased diversity of lifestyle and cultures on the community (percentage of people stating that Hamilton is a better or much better place to live). <i>Source: Quality of Life Survey</i>	2006 56%	2008 50%	2010 53%	
M	Residents who felt a sense of community within their local neighbourhood (percentage of people who agreed or strongly agreed). <i>Source: Quality of Life Survey</i>	2006 50%	2008 49%	2010 54%	
M	Residents' agreement that it is important to feel a sense of community with others in their neighbourhood (percentage of people who agreed or strongly agreed). <i>Source: Quality of Life Survey</i>	2006 63%	2008 60%	2010 67%	
S	Residents' rating of graffiti as a problem in the city (satisfaction score). <i>Source: Quality of Life Survey</i>	2006 66%	2008 80%	2010 74%	
O	Residents' use of Council's arts and culture facilities (usage of any library). <i>Source: Hamilton City Council Residents Survey</i>	2009 70.2%	2010 74.1%	2011 65.4%	
M	Residents' frequency of feeling isolated (percentage who never or rarely felt isolated or lonely). <i>Source: Quality of Life Survey</i>	2006 82%	2008 81%	2010 84%	

MONITORING NEGATIVE EFFECTS

Council's Community Services and Amenities Activities provide many important benefits to the community. However, the provision of community services and facilities can have some negative effects, which Council must manage and mitigate.

Council's 2009-19 LTCCP identifies the significant existing or potential negative effects for the Community Services and Amenities Activities.

During 2010/11 there were no instances of negative effects from Council's Community Services and Amenities activity that were considered significant.

SIGNIFICANT ACQUISITIONS OR REPLACEMENTS OF ASSETS

SIGNIFICANT ACQUISITIONS OR REPLACEMENTS OF ASSETS				
	PROJECT REFERENCE NUMBER (SAP #)	ACTUAL 2010/11 (\$000)	BUDGET 2010/11 (\$000)	REASON
HAMILTON CITY LIBRARIES				
Library Book Purchases	106	1,392	1,556	Renewal of the Libraries collection to ensure it remains up to date and relevant to the community. Collections include books, audio-visual material, heritage and digital resources. Budget was reduced due to contract savings negotiated with new major supplier.

COST OF SERVICE STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

COST OF SERVICE STATEMENT FOR THE YEAR ENDED 30 JUNE 2011			
	ACTUAL 2010/11 (\$000)	BUDGET 2010/11 (\$000)	ACTUAL 2009/10 (\$000)
GROUP OF ACTIVITY - OPERATING STATEMENT			
OPERATING REVENUE			
Activity revenue - user charges and fees	3,853	3,865	3,855
Activity revenue - subsidy for operating expenditure	661	249	430
General rates	15,049	15,015	13,756
Other general sources	8	5	137
Total operating revenue	19,571	19,134	18,178
OPERATING EXPENDITURE			
Community Development	4,414	4,468	4,413
Hamilton City Libraries	9,045	9,185	8,697
Community Centres and Halls	1,172	1,083	2,121
Housing for Older People	1,900	1,804	1,590
Cemeteries and Crematorium	1,359	1,379	1,337
Public Toilets	794	727	686
Total operating expenditure	18,684	18,646	18,844
Operating surplus/(deficit)	887	188	(666)
GROUP OF ACTIVITY - CAPITAL AND RESERVES FUNDING STATEMENT			
CAPITAL EXPENDITURE			
Growth	51	45	25
Increased level of service	3,374	3,660	2,112
Renewal	2,137	2,072	2,603
Total capital expenditure	5,562	5,777	4,740
Loan repayments	96	118	40
Transfers to reserves	223	223	2,873
Operating deficit	-	-	666
Total funding required	5,881	6,118	8,319
Funded by:			
Operating surplus	887	448	-
Funding from non-cash expenses	2,366	1,466	2,044
Loans raised	651	284	524
Proceeds from sale of assets	-	-	2,672
Transfers from reserves	2,658	2,952	14
Total funding applied	6,562	5,190	5,254
Funding surplus/(deficit)	681	(928)	(3,065)

3.4 DEMOCRACY

TAA TE NUINGA I WHAKATAU AI

Council's Democracy Activities includes:

- Representation and Civic Affairs
- Partnership with Maaori

2010/11 HIGHLIGHTS

Local Authority Elections

Triennial elections for elected members of all local authorities throughout New Zealand were held by postal vote on Saturday 9 October 2010.

Elections were required for the following positions on Hamilton City Council, Waikato Regional Council and the Waikato District Health Board:

- Hamilton City Council:
 - Mayor (elected 'at large')
 - Councillors (East Ward (6); West Ward (6))
- Waikato Regional Council Members (4 members elected 'at-large')
- Waikato District Health Board Members (7 members elected 'at-large').

The elections were conducted under the provisions of the Local Electoral Act 2001, the Local Electoral Regulations 2001 and the Local Government Act 2002.

See Section 5.0 of this report for details of the new Council.

Mayor in the Square

Hamilton City Council launched 'Mayor in the Square' in February 2011. This regular public chat with Mayor Julie Hardaker aims to encourage more public participation in the running of the city. Anyone is welcome and the topic is left deliberately open in order for people to steer the discussion toward things that are of interest to them. There have been 10 'Mayor in the Square' sessions up to August 2011. Around 80 individuals or groups have met with Mayor Hardaker and discussed subjects ranging from suggestions on solar lighting for the city to ideas about how to reduce tagging.

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 Hamilton and/or Council's operations. This is seen as an important mechanism to raise the profile of Hamilton, protect the city's interests and ensure that the views of Council and Hamilton's residents are advocated at a city, regional and national level.

A total of 32 submissions were made to a range of organisations in 2010/11. These included submissions to various draft strategy documents of territorial local authorities and discussion documents, Bills and legislative reviews from central government ministries, including:

- Waikato Regional Council's Proposed Regional Policy Statement
- National Environmental Standards for Air Quality
- The Ministry for the Environment's document 'Building Competitive Cities: Reform of the Urban and Infrastructure Planning System'
- Inquiry into the 2010 Local Authority Elections
- Alcohol Reform Bill
- Building Amendment Bill (No. 3) 2010
- The Auckland Spatial Plan Discussion Document 'Auckland Unleashed'.

Council's 2011/12 Annual Plan

Between 21 March and 21 April 2011 the community was invited to make submissions to Council's Proposed 2011/12 Annual Plan. A total of 1,605 submissions were received, with 208 submitters requesting to be heard in support of their written submission at the hearings, which were held on 10-13 May 2011.

Council considered and made decisions on all submissions on 1 June 2011 and adopted the final 2011/12 Annual Plan on 30 June 2011. Many of the requests and information provided in submissions will be considered and/or form an input to the development of Council's 2012-22 Long-Term Plan.

The main issues raised by submitters included:

- Funding for the proposed Cycling Velodrome
- The proposed Passenger Rail Service between Hamilton and Auckland
- Fluoridation of Hamilton's Water Supply
- Rates and Financial Issues.

Continuation of the Kaitakawaenga Role

In May 2010 Council established a Kaitakawaenga (Strategic Advisor - Maaori Relationships) position. The role is designed to provide high level strategic advice and relationship brokering in regard to matters that have a Maaori focus. Council has relationships with a number of Maaori organisations, groups and individuals.

These contacts and relationships often work independently of each other. The function of the Kaitakawaenga role is also to explore how these relationships with Council could be enhanced through greater coordination of advice.

REPRESENTATION AND CIVIC AFFAIRS

Representation and Civic Affairs ensure that the people of Hamilton are provided with opportunities to be involved in democratic and decision-making processes. This activity provides for the costs of elected members' remuneration, meetings, public consultation and communication and civic functions. Funding provision is also made for conducting elections and maintaining the electoral roll.





Hamilton's Council of Elders and the Youth Council are both key representative partners. The Council of Elders act as an advisory/kaumatua to Hamilton City Council. Comprising 15 people aged over 60, they are nominated by Hamilton residents and are a voice for both young and old on current issues and future objectives. Their aim is to help shape positive outcomes for the city.




The Youth Council is made up of 15 young people aged between 15 and 25 years of age. Their role is to be the link between youth and Council to ensure the youth voice is heard. Their focus is promoting and representing Hamilton youth in a positive way to make Hamilton more youth friendly.

SERVICE DELIVERY PERFORMANCE

Performance against 2010/11 Targets


Council's Representation and Civic Affairs activity reports against the following seven performance measures. These measures focus around meeting statutory requirements for Council's key democratic processes, providing accurate and timely information and also include residents' satisfaction ratings.

REPRESENTATION AND CIVIC AFFAIRS (Key service attributes: quality, accessibility and reliability/responsiveness)				
PERFORMANCE MEASURES	2010/11 TARGETS	2010/11 RESULTS	2009/10 RESULTS	ADDITIONAL INFORMATION
LEVEL OF SERVICE: robust and transparent decision-making processes are used.				
Residents' satisfaction with processes used for Council decision-making.	Satisfaction score of 68 - 72	Satisfaction score of 73.3 	Satisfaction score of 62.9	Measured through Council's Residents Survey. The 2010/11 result indicates 'very good performance' for a 'no customer choice' service. The target was for a score of 68 — 72, which indicates 'good performance, with potential for improvement'.
LEVEL OF SERVICE: legislative requirements are met.				
Legislative requirements for the LTCCP, Annual Plan and Annual Report are met and Council receives an unqualified audit.	Unqualified audit opinions received.	Unqualified audit opinions received. 	Unqualified audit opinions received.	Audit New Zealand issued an unqualified audit opinion for the 2009/10 Annual Report and the proposed 2011/12 Amendments to the 2009-19 LTCCP (as part of the 2011/12 Annual Plan). Audit New Zealand also issued an Audit Statement for the final 2011/12 Amendments which were incorporated as part of their original opinion on Council's 2009-19 LTCCP.
Council committee and subcommittee meetings are held in accordance with the provisions of the Local Government Official Information and Meetings Act 1987.	No successful challenges.	No successful challenges to meeting records. 	No successful challenges to meeting records.	All meeting minutes were confirmed as accurate by Council and signed by the Chairperson of the committee.
LEVEL OF SERVICE: opportunities are provided for community involvement in council decision-making.				
Residents' satisfaction with opportunities provides for community involvement in decision-making.	Satisfaction score of 62 - 67	Satisfaction score of 59.9 	Satisfaction score of 62.8	Measured through Council's Residents Survey. The 2010/11 result of 59.9 indicates 'needs significant improvement' for a 'no customer choice' service. The target was for a score of 62 — 67, which indicates 'fair performance, needs improvement'. A number of respondents to the Residents Survey gave comments as to why they were not satisfied with opportunities that Council provides for involvement in decision-making. These comments included perceptions about involvement such as not being informed of opportunities, not enough opportunities provided, and the ease of getting involved.

LEVEL OF SERVICE: official information requests are responded to in a timely manner with accurate information.				
All Official Information requests are responded to within the statutory timeframe (20 working days).	All requests responded to within 20 working days	All requests responded to within 20 working days		All requests responded to within 20 working days
No complaints are upheld that are received under the Local Government Official Information and Meetings Act 1987.	No complaints upheld.	One complaint was upheld and was resolved through the Office of the Ombudsman		No complaints upheld. In 2010/11, Council received an official information request concerning the release of salary details for senior staff in bands of \$10,000. It was agreed through the Office of the Ombudsman that the information be released subject to no actual job titles being associated with each salary range.
LEVEL OF SERVICE: the community are informed about triennial election results in a timely manner.				
Timeframes for confirmation of triennial election results.	Preliminary results declared on polling night. Final results (including special votes) declared on the Wednesday following the election.	Preliminary results were declared on polling night. Final results were declared on Thursday 15 October 2010.		Not applicable. No election during 2009/10. The official results of the 2010 triennial election were officially declared on Thursday 15 October 2010. This was aligned to the Registrar of Electors validating the special votes received.

 = target achieved

 = within 5% of target

 = target not achieved

LOOKING AHEAD — FUTURE PRIORITIES

Council must develop a new Long Term Plan (LTP) by 30 June 2012. The LTP must outline what Council proposes to do over the plan's 10 year period, the activities it proposes to carry out, the cost of those activities and how they will be paid for, and the contribution these activities will have on the area's community outcomes and well-being.

The LTP process has been broadly split into four key phases:

- Direction setting (up to end of June 2010)
- Evaluating and analysis (July to October 2010)
- Drafting (October 2010 to February 2012)
- Consulting and adopting (March to end of June 2012).

The phases throughout 2011 will include communication and engagement with residents and key stakeholders on aspects of the plan's development. A formal consultation process will be carried out in the first half of 2012, once a draft plan has been developed.

PARTNERSHIP WITH MAAORI

Council maintains a relationship with the Waikato-Tainui Te Kauhanganui Incorporated as the Iwi Authority representing the views of Waikato-Tainui across the Waikato Region. Council recognises Tainui's guardianship role over the Waikato River, which it shares with Hamilton City Council. The vision is for a future where a healthy Waikato River sustains abundant life and prosperous communities who, in turn, are all responsible for restoring and protecting the health and well-being of the Waikato

River. Council continues to work with Waikato-Tainui to consider ways to realise this vision.

Council also has partnerships and service contracts with Ngaa Mana Toopu o Kirikiriroa (NaMTOK) and Te Runanga o Kirikiriroa (TeROK), who assist Council in ensuring Hamilton is a city where people from different cultures work together and respect each other's views, heritages, culture and strengths.




Council currently recognises NaMTOK as the representative hapu (mana whenua) for the Kirikiriroa/Hamilton area. NaMTOK works with Council on natural and physical resource management issues under the Resource Management Act 1991 and contributes to resource consent and planning processes, including the current review of Hamilton's District Plan.

The partnership with TeROK ensures Maaori views, including maata waka (urban Maaori who are not descendants of Waikato-Tainui) are represented in decisions about the city, its community capacity and natural and physical resources. TeROK provide a range of services, support, advice and technical expertise to assist Council to better meet the needs of the Maaori community in Hamilton.

SERVICE DELIVERY PERFORMANCE

Performance against 2010/11 Targets

This activity reports against the following three performance measures, which include monitoring opportunities for Maaori involvement in resource management matters and City Strategy leadership; and access to funding through the Maori/Pacific Project Fund.

PARTNERSHIP WITH MAAORI (Key service attribute: accessibility)				
PERFORMANCE MEASURES	2010/11 TARGETS	2010/11 RESULTS	2009/10 RESULTS	ADDITIONAL INFORMATION
LEVEL OF SERVICE: opportunities are provided for community involvement in council decision-making.				
Advice is sought from tangata whenua on all notified resource consent applications.	100%	100% 	100%	<p>Advice was sought from tangata whenua on 36 notified resource consents.</p> <p>In 2009/10, there were seven notified resource consents that required advice from tangata whenua, compared with 36 in 2010/11.</p> <p>The increase in notified resource consents can be partially accounted for by a change to the District Plan (Variation 18). Under the amended District Plan, Council requires a separate consent for certain activities, which previously were included under a single consent. As a result of these changes, an applicant was required to lodge 20 individual resource consents for industrial activities, which all required advice from tangata whenua.</p>
Representation of Maaori organisations on City Strategy leadership forums.	Minimum of one Maaori organisation represented on each leadership forum.	There are five City Strategy Leadership Forums in total. Three of these forums include representation by at least one Maaori organisation. 	There are five City Strategy Leadership Forums in total. Three of these forums include representation by at least one Maaori organisation.	<p>Council requested Maaori representation on the five City Strategy Leadership Forums. However, Maaori participation in leadership forum meetings has been affected in 2010/11 due to the lack of availability of staff from Waikato-Tainui.</p> <p>During 2010/11, two strategies were without representation (the Creativity and Identity Strategy and the Active Communities Strategy).</p> <p>Leadership forums were held from July to October 2010, but were placed on hold between November 2010 and June 2011, due to the Strategic Framework being reviewed by Council.</p>
LEVEL OF SERVICE: access to funding is provided through the maaori/pacific projects fund.				
Percentage of projects allocated Maaori/Pacific project funding that align with the principles and objectives of the Social Well-being Strategy.	100%	100% 	100%	<p>Maaori Pacific Project Funding Allocation Committee was established by community nomination and all funds were allocated in 2010/11.</p> <p>The funding criteria is aligned with the Social Well-being Strategy principles.</p>

 = target achieved = within 5% of target = target not achieved

LOOKING AHEAD — FUTURE PRIORITIES

Council's Consultation Policy

Council's Consultation Policy aims to ensure that the community has meaningful input into the development, consideration, and decision-making of any significant project, process, plan or policy undertaken by Council. During 2011/12, Council will continue to make improvements to its consultation processes. The focus will be on developing best practice consultation procedures, particularly around encouraging online engagement opportunities and establishing staff training.

Partnership with Maaori

Council will explore opportunities to build capacity within the organisation around partnership with Maaori.

As part of the process to develop the 10-Year Plan 2012-22, Council will be carrying out a complete review of the services it provides. As a result of this process, there may be changes in the future to the services outlined here.

EFFECTS ON COMMUNITY WELL-BEING

Hamilton's Community Outcomes identify the aspects of well-being that are important for the city. Council monitors the effects that its Activities have on community well-being by focusing on the Community Outcomes that have been identified as being the most important for Hamilton.

The Democracy Activities primarily contribute to the 'Working Together' Community Outcomes, in particular to the following:

WORKING TOGETHER

"Collaborative decision-making and planning are common place"

Hamilton people want a city that:

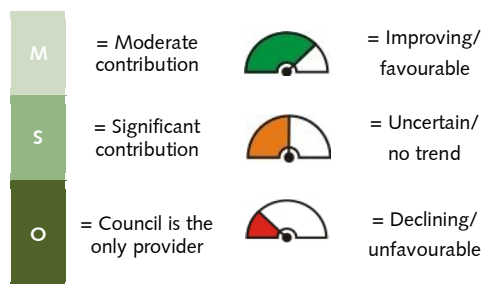
- Engages all local communities in planning and developing the city's future.
- Ensures Maaori are respected as a partner in decision-making and have a voice on issues that affect the city.

COMMUNITY OUTCOMES PROGRESS INDICATORS

Progress towards Hamilton's Community Outcomes is monitored through a selection of indicators. Indicators provide ways in which to measure, directly or indirectly, changes to social, environmental, economic and cultural well-being over time.

The following progress indicators are used to monitor the effect that the Democracy Activities have on progressing the Community Outcomes.

KEY:



REPORTING ON PROGRESS INDICATORS

COMMUNITY OUTCOMES PROGRESS INDICATORS	LATEST RESULTS			TREND
O Community satisfaction with Council's provisions of opportunities for community involvement in decision-making (satisfaction score). <i>Source: Hamilton City Council Residents' Survey</i>	2009 60.5	2010 62.8	2011 59.9	
S Residents' rating of the extent of public influence on Council decision-making (% of people who said a large influence or some influence). <i>Source: Quality of Life Survey</i>	2006 67%	2008 66%	2010 62%	
O Residents' agreement that decisions made by their council are in the best interest of the city (% of people who agreed or strongly agreed). <i>Source: Quality of Life Survey</i>	2006 67%	2008 57%	2010 51%	
M Percentage of voter turnout at general/local authority elections. <i>Source: Hamilton City Council</i>	Hamilton City Council elections:			
	2004 45.1%	2007 35.5%	2010 37.5%	
O Maaori residents' agreement that decisions made by Council are in the best interest of the city (% of people who agreed or strongly agreed). <i>Source: Quality Of Life Survey</i>	2006 66%	2008 56%	2010 56%	

MONITORING NEGATIVE EFFECTS

Council's Democracy Activities provide important benefits to the community. However, the provision of this activity can have negative effects, which Council must manage and mitigate.

Council's 2009-19 LTCCP identifies the significant existing or potential negative effects for the Democracy Activities.

During 2010/11 there were no instances of negative effects that were considered significant.

COST OF SERVICE STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

COST OF SERVICE STATEMENT FOR THE YEAR ENDED 30 JUNE 2011			
	ACTUAL 2010/11 (\$000)	BUDGET 2010/11 (\$000)	ACTUAL 2009/10 (\$000)
GROUP OF ACTIVITY - OPERATING STATEMENT			
OPERATING REVENUE			
Activity revenue - user charges and fees	266	229	33
General rates	5,466	5,454	4,812
Other general sources	-	-	-
Total operating revenue	5,732	5,683	4,845
OPERATING EXPENDITURE			
Representation and Civic Affairs	5,779	5,611	5,161
Partnership with Maaori	267	265	269
Total operating expenditure	6,046	5,876	5,430
Operating surplus/(deficit)	(314)	(193)	(585)
GROUP OF ACTIVITY - CAPITAL AND RESERVES FUNDING STATEMENT			
CAPITAL EXPENDITURE			
Growth	-	-	-
Increased level of service	180	181	671
Renewal	219	214	273
Total capital expenditure	399	395	944
Loan repayments	-	-	-
Transfers to reserves	75	81	74
Operating deficit	314	193	585
Total funding required	788	669	1,603
Funded by:			
Operating surplus	-	-	-
Funding from non-cash expenses	2	11	2
Loans raised	108	-	-
Proceeds from sale of assets	-	-	-
Transfers from reserves	6	3	4
Total funding applied	116	14	6
Funding surplus/(deficit)	(672)	(655)	(1,597)

3.5 EVENT AND CULTURAL VENUES

TAIWHANGA TIKANGA-A-IWI

Council's Event and Cultural Activities includes:

- Claudelands Events Centre
- Waikato Stadium
- Seddon Park
- Hamilton City Theatres
- Waikato Museum

2010/11 HIGHLIGHTS

Claudelands Redevelopment

The construction of the new \$68.86 million Claudelands arena continued throughout 2010/11. Claudelands now has a new 1,200 delegate conference facility and a new 5,000 capacity indoor arena.

The conference facilities were completed in mid April 2011 with the first booking being a 700 delegate corporate conference in May 2011. The conference facilities will provide opportunities for large meetings and conferences with up to 1,200 delegates also, functions and banquets with up to 750 people.

The arena was completed in mid June 2011 with a community open day being held on 18 June with just under 12,000 people attending the day.

The arena will provide opportunities to host music concerts (such as Edgetravaganza, an all day music festival), live performances and major sporting events for up to 5,000 spectators (such as the NZ Breakers basketball games).

The new exhibition halls and plaza (which were completed in 2009/10) was fully operational while the conference facilities and arena were constructed.

During 2010/11 a range of national and local events continued to be held at Claudelands. These events included the Dunkley's Great NZ Craft Show, Waikato Home and Garden Show, Sir Colin Meads Tribute dinner, Campercare Motorhome and Caravan Show, Womens Lifestyle Expo, NZ International Tattoo and Art Expo, and the Waikato A&P Show.

Waikato Stadium

Waikato Stadium will host three Rugby World Cup games in September and October 2011, with the planning phase for these games being carried out during 2010/11. Planning has included both process improvements as well as physical asset checks. During these checks the floodlights were identified as being underspecified and funding was required to upgrade the intensity of the lights from 1,200 lux to 1,500 lux. This work started in May 2011 and will be completed in time for the Rugby World Cup games in September 2011. The cost of the project has

been split over two years, with \$60,000 spent in 2010/11 and \$350,000 spent in 2011/12.

The Stadium showed its versatility in July 2010 by hosting three events in four days with a preseason ITM Cup rugby game, followed by the preseason Wellington Phoenix vs Brisbane Roar football game, then three Gwyne Shield rugby games.

Construction of the Beetham Park changing rooms and carpark was completed in December 2010. This was the final construction phase of Stadium training facilities at this location.

Nitro Circus (extreme motorbike event) was held in February 2011, with 24,500 spectators coming to the event. There were also five Super Rugby games held at Waikato Stadium from February through to May 2011.

Seddon Park

Domestic Cricket started in December 2010 with the Northern Knights vs Central Stags game. International Cricket also started in December with the Black Caps vs Pakistan Twenty20 game.

The New Zealand Women's Cricket Team played the Australian Women's Cricket Team in December 2010 at Seddon Park.

Pakistan was the only country to tour New Zealand this season due to the One Day International Cricket World Cup being held in India. A NZ vs Pakistan Test match was played in January 2011, with a NZ vs Pakistan One Day International held in February 2011.

Two concerts were held over the ITM400 Hamilton V8 Street race event. These were ZZ Top (17,700 attendees) held on Saturday 16 April and Good Charlotte (13,000 attendees) on Sunday 17 April.

Hamilton Theatres

Key events hosted at Founders during 2010/11 included:

- 'Miss Saigon' by Hamilton Musical Theatre
- The Smokefree Rockquest national finals
- National Barber Shop Convention Chorus and Quartet competition
- The Imperial Russian Ballet
- NZ Symphony Orchestra.

Clarence Street has also performed well this season with event highlights including:

- 'The Gruffalo' - a childrens production
- Joeseeph and the Amazing Technicolour Dreamcoat by Hamilton Operatic Society
- Wintec International Students Variety Show

- Brooke Fraser
- Comedy Convoy.

The Meteor Theatre hosted a number of events including:

- Indian Ink 'Guru of Chai'
- Young Farmers Ball
- Indigo festival
- Death of a Salesman by the Hamilton Performing Arts Trust.

Waikato Museum

Ngaa Pou Whenua exhibition

The Museum opened a major semi-permanent exhibition 'Ngaa Pou Whenua: Pillars of the Land', which is a modern story of the four iwi of Tainui — Waikato, Pare Hauraki, Raukawa and Maniapoto. The Museum worked in partnership with iwi to develop the exhibition, which was generously supported by both private sector and Trust groups. A part-time gallery host was appointed to provide special tours and guide visitors through the show. The exhibition has received positive feedback from visitors and there has been an increase in visitor numbers since the show opened in November 2010.

Dinosaurs exhibition

'Hatching the Past: Dinosaur eggs and babies' is the second successful blockbuster exhibition that the Museum has brought to Hamilton. Scheduled over a usually quiet time of the year (December to February), the exhibition brought significant numbers through the Museum to enjoy this highly interactive and popular exhibition.

Children's Day 2011

Over the past four years the Children's Day celebration at the Waikato Museum has developed significantly, with 3,000 visitors enjoying the many activities and games provided throughout the Museum and along the bank of the Waikato River.



CLAUDELANDS EVENTS CENTRE

Claudlands is a versatile complex that caters for a variety of events and functions ranging from indoor and outdoor exhibitions, to cultural shows and festivals. Situated on 12 hectares of Claudlands Park, Claudlands is located close to Hamilton's CBD, near major accommodation, restaurants and entertainment.

SERVICE DELIVERY PERFORMANCE

Performance against 2010/11 Targets

Claudlands reports against the following three performance measures. The priority for this activity for 2010/11 has been the ongoing redevelopment of Claudlands Events Centre.

CLAUDELANDS EVENTS CENTRE (Key service attributes: quality accessibility and sustainability)				
PERFORMANCE MEASURES	2010/11 TARGETS	2010/11 RESULTS	2009/10 RESULTS	ADDITIONAL INFORMATION
LEVEL OF SERVICE: the venues provide a quality experience for customers/patrons.				
Customer satisfaction with Claudlands.	No survey undertaken this year due to Claudlands redevelopment	No survey was planned to be undertaken this year due to Claudlands redevelopment	Survey not undertaken this year.	The customer satisfaction survey was not being conducted due to the Claudlands redevelopment. Surveys are planned for 2011/12.
LEVEL OF SERVICE: the venues provide for a wide range of events and interests.				
Number of international events/shows held at Claudlands.	1 event	2 events 	2 events	Two international events were held in 2010/11 - Craft and Quilt Fair (August 2010) and the NZ International Tattoo Expo (February 2011).
Number of national/local events/shows held at Claudlands.	30 events	42 events 	32 events	The latter part of the year showed an increase in events at the venue with the Conference Centre opening, with a number of large conferences.
LEVEL OF SERVICE: the Claudlands redevelopment will incorporate sustainable design features.				
Equivalent Green Star rating for the upgraded facilities at Claudlands.	No target for 2010/11 (Construction still occurring in this year)	No target for 2010/11 (Construction still occurring in this year)	No results for 2009/10 (Construction occurring in this year).	Claudlands building design has been developed to the equivalent of a 4 star Green Star rating. This represents 'best practice' in building standards, with particular emphasis placed on environmental measures. This will be measured from 2011/12.

 = target achieved

 = within 5% of target

 = target not achieved

Additional Key Areas of Performance

Total Activities

During the redevelopment, customer satisfaction surveys have been put on hold. However, Council also uses internally reported measures such as total number of activities taking place in the venue, and weighing up the community benefits with the commercial returns when considering the range of events held at Claudelands.

The total number of activities for 2010/11 was 121. This includes events, functions and meetings taking place at the venue.

Throughout the redevelopment, many facilities at Claudelands have remained open in order to host as many existing activities as possible. Most of this existing business is in the exhibition and show industries. Due to the large amount of land available at Claudelands, most events have been able to continue at the venue during the redevelopment.

Green Star Rating

The Office Green Star equivalent rating of 4 Stars is being targeted for the Claudelands Events Centre when fully redeveloped.

The 4 Star rating covers both the construction phase and the operational management of the facility. In order to receive the rating, the construction, and once finished the operation, of Claudelands Events Centre is rated against a number of measures including energy and CO² reduction, water usage/savings, materials used, land use and ecological measures, emissions, transport and connectivity, indoor environmental quality and management measures.

Some of the construction and infrastructure initiatives include:

- The crushing of concrete on-site to reuse for base builds of the exhibition plaza and internal roading
- Establishment of a holding pond to manage stormwater and runoff on-site, with the added benefits of being able to filter the water into the local bush land, which required additional groundwater

- Retention of water from the roof of the arena into a visible holding tank for reuse in toilet flushing to minimise incoming treated water demands
- Use of the latest generation LED street and pedestrian lighting technologies. LED technology has advantages in terms of longer lamp life, zero mercury content and energy savings
- To date the final sign off for the equivalent 4 star rating has yet to be completed.

LOOKING AHEAD — FUTURE PRIORITIES

The major priorities for Claudelands over the next two years will be to continue to secure a range of events, to maximise utilisation and meet financial targets.

Improvements to operating efficiencies and customer service will also be a focus, to ensure clients and customers have a good experience and bring back repeat business.

As part of the process to develop the 10-Year Plan 2012-22, Council will be carrying out a complete review of the services it provides. As a result of this process, there may be changes in the future to the services outlined here.

WAIKATO STADIUM




Waikato Stadium hosts a range of events including international rugby and rugby league, music concerts, cultural festivals and other sporting and cultural events.

The Stadium has a spectator capacity of 25,800 (including 10,000 covered seats) with the ability to add 5,000 temporary additional seats. The stadium also has a number of lounges for corporate functions, private banquets, seminars, product launches and receptions.

SERVICE DELIVERY PERFORMANCE

Performance against 2010/11 Targets

Waikato Stadium reports against the following three performance measures, which assess customer satisfaction with Waikato Stadium and the number of local, national and international events held at the stadium.

WAIKATO STADIUM (Key service attribute: quality)				
PERFORMANCE MEASURES	2010/11 TARGETS	2010/11 RESULTS	2009/10 RESULTS	ADDITIONAL INFORMATION
LEVEL OF SERVICE: the venues provide a quality experience for customers/patrons.				
Customer satisfaction with Waikato Stadium.	Satisfaction score of 84 or above.	Satisfaction score of 84.8 	Satisfaction score of 83.9	Measured through the Customer Satisfaction survey of venue patrons. The result of a score of 84.8 indicates an 'Excellent performance'.
LEVEL OF SERVICE: the venues provide for a wide range of events and interests.				
Number of international events/shows held at Waikato Stadium/Seddon Park.	10 events.	17 events (11 events at Waikato Stadium) 	19 events (14 events at Waikato Stadium)	The international events target was met despite the stadium not hosting a test match or preseason rugby league fixture in 2010/11, due to the extended format of Super Rugby.
Number of national/local events/shows held at Waikato Stadium.	25 events	22 events (11 events at Waikato Stadium) 	26 events (16 events at Waikato Stadium)	The target number of local / national events was not met due to a decrease in the number of ITM Cup games (with the reduction of the top division from 14 to 10 teams) and the Club Finals being played as the curtain raiser to an ITM Cup round robin game.

 = target achieved

 = within 5% of target

 = target not achieved

Additional Key Areas of Performance

Although the Waikato Stadium is mainly associated with large events such as rugby matches, a significant number of other activities take place in the venue such as functions, seminars, and workshops. Total activities (including events and functions) for 2010/11 were 350.

Although the number of functions at Waikato Stadium continue to be consistent, there has been a drop in spending from clients.

LOOKING AHEAD — FUTURE PRIORITIES

The major priority for Waikato Stadium over the next two years will be continuing to secure a variety of events across sporting codes (Rugby Union, Football and Rugby League), Live Action Sport, and live music events.

Three Rugby World Cup games will be held in September and October 2011. After this event, the venue will start planning for the FIFA Mens Under 20 World Cup in 2015.

The game of rugby is facing tough times with lower crowd numbers expected to continue for the next few years (subject to Rugby World Cup results). The focus will be on reducing unnecessary costs and ensuring better financial yields. Negotiations are currently underway with both the Waikato Rugby Union and the Chiefs franchise, which may result in Waikato Stadium taking a share of the gate revenue.

As part of the process to develop the 10-Year Plan 2012-22, Council will be carrying out a complete review of the services it provides. As a result of this process, there may be changes in the future to the services outlined here.

SEDDON PARK




Seddon Park is a purpose-built international standard cricket facility, with a spectator capacity of 10,500. Seddon Park is home for Northern Districts Cricket and their flagship team the State Northern Knights. Although the venue is predominantly used for cricket, it has also been used for other sports events during the cricket off-season. Within the pavilion, there are two lounges suitable for private and corporate functions.

SERVICE DELIVERY PERFORMANCE

Performance against 2010/11 Targets

Seddon Park reports against the following three performance measures, which assess customer satisfaction and the number of local, national and international events held at Seddon Park.

SEDDON PARK (Key service attributes: quality and accessibility)

PERFORMANCE MEASURES	2010/11 TARGETS	2010/11 RESULTS	2009/10 RESULTS	ADDITIONAL INFORMATION
LEVEL OF SERVICE: the venues provide a quality experience of customers/patrons.				
Customer satisfaction with Seddon Park.	Satisfaction score of 67 - 72	Satisfaction score of 79.0 	Satisfaction score of 79.8	Measured through the Customer Satisfaction Survey of venue patrons. A score of 79.0 indicates 'Very good performance' for a 'customer choice' service.. The target was for a score of 67-72, which indicates 'fair, needs improvement' for a 'customer choice' service.
LEVEL OF SERVICE: the venues provide for a wide range of events and interests.				
Number of international events/shows held at Waikato Stadium/ Seddon Park.	10 events.	17 events  (6 events at Seddon Park)	19 events. (5 events at Seddon Park)	There was only one international touring cricket team that visited New Zealand in 2010/11, due to the Cricket World Cup that was held in India. The number of international events was boosted by the two concerts held as part of the ITM400 Hamilton V8 Street race event and a Masters cricket game between NZ and Australia.
Number of national/local events/shows held at Waikato Stadium/ Seddon Park.	25 events	22 events  (11 events at Seddon Park)	26 events. (10 events at Seddon Park)	The target number of local / national events was not met due to a decrease in the number of ITM Cup games (with the reduction of the top division from 14 to 10 teams) and the Club Finals being played as the curtain raiser to an ITM Cup round robin game.

 = target achieved = within 5% of target = target not achieved**Additional Key Areas of Performance**

As Seddon Park is a purpose built cricket ground, there are limited opportunities for other sporting codes to use this facility, however in April 2011 the park was used as the venue for two international music concerts as part of the ITM400 Hamilton V8 Street car race event.

The venue also hosts a small number of other activities such as team building workshops. Total activities (including events and functions) for 2010/11 were 37.

LOOKING AHEAD — FUTURE PRIORITIES

The major priorities for Seddon Park over the next two years include continuing to secure domestic and international cricket fixtures and continuing to make improvements to the venue. An increase in the number of competitive cricket grounds across the country means that Seddon Park needs to continue to look at physical improvements to the park as well as ensuring higher game yields for NZ Cricket. Planning will also begin on the 2015 One Day International World Cup event.

As part of the process to develop the 10-Year Plan 2012-22, Council will be carrying out a complete review of the services it provides. As a result of this process, there may be changes in the future to the services outlined here.




HAMILTON CITY THEATRES

Hamilton City Theatres provide professional venues and event management at three theatrical venues in Hamilton: Founders Theatre (medium scale theatre with 1,249 capacity), Clarence St Theatre (smaller theatre with 550 capacity that can also be configured as a showroom with reduced capacity) and The Meteor (a black box venue able to be configured in many ways with a capacity ranging from 100-500 patrons).

These three venues are managed as a single operation and are designed for live performing arts and entertainment events, conferences, seminars and social functions. Each is complemented with gallery/exhibition spaces and some rehearsal spaces.

SERVICE DELIVERY PERFORMANCE**Performance against 2010/11 Targets**

Hamilton City Theatres report against the following three performance targets, which assess customer satisfaction and the number of local, national and international events held at the theatres.

HAMILTON CITY THEATRES (Key service attributes: quality and accessibility)				
PERFORMANCE MEASURES	2010/11 TARGETS	2010/11 RESULTS	2009/10 RESULTS	ADDITIONAL INFORMATION
LEVEL OF SERVICE: the venues provide a quality experience for customers/patrons.				
Customer satisfaction with Hamilton City Theatres.	Satisfaction score of 78 - 81	Satisfaction score of 82.9 	Satisfaction score of 86.2	Measured through the Theatre Patrons survey. A score of 82.9 indicates 'Excellent Performance' for a 'customer choice' service. The target was for a score of 78-81, which indicates 'very good performance' for a 'customer choice' service.
LEVEL OF SERVICE: the venues provide for a wide range of events and interests.				
Number of international events/shows held at Hamilton City Theatres.	10 events.	30 events 	22 events.	The high number of international events/shows is most likely attributed to the high exchange rate of the New Zealand Dollar this year compared to previous years. This has meant that it is cheaper for international events to travel to New Zealand.
Number of national/local events/shows held at Hamilton City Theatres.	150 events.	122 events 	170 events.	When the target of 150 events was set in 2009, it included all activities (events, functions and meetings). However with the introduction of a new booking reservations system in 2010/11, the reporting of events at the Theatres was brought into line with the other venues and now does not include functions, meetings etc in the result. This has affected the result against the target. The total number of all activities held in 2010/11 was 171.

 = target achieved

 = within 5% of target

 = target not achieved

Additional Key Areas of Performance

As well as holding organised productions (events) at the theatres, they are also used for a number of other activities, including dance classes, church services, wedding functions, educational training sessions, private business launches and expo's. Total activities (including events) for 2010/11 were 171.

There are a number of events which occur each year, representing around 30% of all bookings. The rest of the bookings are made up of one-off or new productions and are subject to touring dates.

LOOKING AHEAD — FUTURE PRIORITIES

Hamilton City Theatres will continue to develop programmes across Founders Theatre, Clarence Street Theatre, and the Meteor.

The three theatres will continue to provide professional venue and event management so that events such as concerts, drama, dance and social events can be held at the venues.

As part of the process to develop the 10-Year Plan 2012-22, Council will be carrying out a complete review of the services it provides. As a result of this process, there may be changes in the future to the services outlined here.

WAIKATO MUSEUM








The Waikato Museum (Te Whare Taonga o Waikato), is a showcase for the cultural, artistic, heritage and scientific stories of the people of Hamilton and the Waikato Region. The Museum's collections cover the four key areas of social history, visual arts, tangata whenua and sciences, constituting a major resource and asset for the city and region.

SERVICE DELIVERY PERFORMANCE

Performance against 2010/11 Targets

The Museum reports against the following six performance measures, which assess customer satisfaction, the number and type of exhibitions held, the number of visitors and progress towards digitisation of the Museum's collection.

WAIKATO MUSEUM (Key service attributes: quality and accessibility)

PERFORMANCE MEASURES	2010/11 TARGETS	2010/11 RESULTS	2009/10 RESULTS	ADDITIONAL INFORMATION
LEVEL OF SERVICE: the venues provide a quality experience for customers/patrons.				
Customer satisfaction with Waikato Museum exhibitions.	Satisfaction score of 78 - 81	Satisfaction score of 84.4 	Satisfaction score of 81.7	Measured through the Waikato Museum Visitors Survey. A score of 84.4 indicates 'exceptional performance' for a 'customer choice' service. The target was for a score of 78-81, which indicates 'very good performance' for a 'customer choice' service.
LEVEL OF SERVICE: ArtsPost provides a channel to facilitate the promotion and development of local artists.				
Number of exhibitions by local artists in the ArtsPost galleries per annum.	Greater than 30 exhibitions.	25 exhibitions 	30 exhibitions	Of the total number of exhibitions held at ArtsPost, 89% were group shows by local artists (25 out of 28 exhibitions). Two major exhibitions occupied all three galleries this year, which impacted on the ability to reach the target of 30 exhibitions. The two exhibitions were the very popular Waikato Society of Arts (WSA) members exhibition featuring all local artists, and the Fieldays No. 8 Wire National Art Award, featuring a number of local finalists.
LEVEL OF SERVICE: the venues provide for a wide range of events and interests.				
Equal percentage of Waikato Museum exhibitions for each of the following categories: Visual arts Social history Tanagata Whenua Sciences.	25% balance for each category.	28% Visual arts  17% Social history 27% Tanagata Whenua 35% Sciences	33% Visual arts 12% Social history 26% Tanagata Whenua 29% Sciences	The high percentage allocated to Sciences is as a result of the blockbuster exhibition 'Hatching the Past: Dinosaur Eggs and Babies', which proved to be immensely popular over the six months that it occupied the Museum's premier gallery space. A key priority for the Museum is to provide an equal balance of exhibitions for each of the four categories of Visual Arts, Social History, Tanagata Whenua, and Sciences. In the past, the category of Social History has been under-represented. However, the development of the semi-permanent social history exhibition 'Never a dull moment' has addressed this to some extent, with the need to ensure that the touring galleries (11&12) include a strong mix of history going forward.
Number of visitors to Waikato Museum and ArtsPost.	Waikato Museum: Minimum of 110,000 visitors.	160,075 visitors 	114,094 visitors	The target was exceeded, due to the success of the blockbuster exhibition this year 'Hatching the Past: Dinosaur Eggs and Babies'.
	ArtsPost: Minimum of 38,000 visitors.	48,786 visitors 	43,747 visitors	The target was exceeded, with an increase in numbers from the previous year. The increase could be attributed to a number of factors including a wide range of programmes on offer, effective marketing of ArtsPost and good publicity as a result of reaching the finals of the Top Shop Awards. Increased visitor numbers at the Museum may also have had a flow on effect to ArtsPost.
LEVEL OF SERVICE: the Waikato Museum collection is accessible to the community.				
Percentage of high value items in the collection digitised.	100%	100% 	100%	"Digitisation" refers to the process of moving from paper based record-keeping to recording information in an electronic database.
Percentage of items in the total collection digitised.	52%	55% 	52.7%	A total of 3,089 records were catalogued in 2010/2011.

 = target achieved = within 5% of target = target not achieved

Additional Key Areas of Performance

The Museum is committed to better environmental management practice and has carried out a review of its operations to assess better environmental sustainability practice. This work has contributed to the development of a major semi-permanent exhibition 'ECOTRONS' that will explore environmental change and management in Hamilton and the Waikato Region.

The Museum became a Qualmark endorsed visitor activity in 2010 and also received an enviro- bronze Qualmark accreditation.

The Museum is committed towards improving access for visitors with disabilities. This involved carrying out an audit of the facility to identify areas for improvement and incorporating Braille signage into exhibition spaces where possible.

Museum staff undertook Treaty of Waitangi training during the year and bi-lingual text has started to be incorporated throughout the gallery spaces and in key communication tools such as the website and quarterly brochures.

LOOKING AHEAD — FUTURE PRIORITIES

The Museum is committed towards developing public spaces and galleries that are engaging, interactive and appealing to all visitors. The choice of exhibitions aims to provide the community with the opportunity to experience top quality international touring shows, as well as semi-permanent exhibitions about the city and region, and a wide variety of smaller exhibitions.

The Museum is committed towards collaborating with community groups, iwi, key stakeholders and other areas of Council to continue to ensure the community are represented. Private sector partnerships are also a high priority, as they support the development and delivery of top quality experiences for visitors.

As part of the process to develop the 10-Year Plan 2012-22, Council will be carrying out a complete review of the services it provides. As a result of this process, there may be changes in the future to the services outlined here.

EFFECTS ON COMMUNITY WELL-BEING

Hamilton's Community Outcomes identify the aspects of well-being that are important for the city. Council monitors the effects that its Activities have on community well-being by focusing on the Community Outcomes that have been identified as being the most important for Hamilton.

The Event and Cultural Activities primarily contribute to the 'Unique Identity' and 'Intelligent and Progressive City' Community Outcomes, in particular to the following:

VIBRANT AND CREATIVE COMMUNITY OUTCOME

"A city that encourages creativity for a vibrant lifestyle"

Hamilton people want a city that:

Is recognised for its wide range of events, activities and entertainment for everyone, including iconic events.

Has a vibrant arts and music scene and supports and celebrates its artists, festivals and facilities.

Acknowledges and celebrates the creativity of Maaori arts and culture.

Values and protects heritage sites, buildings and landmarks.

INTELLIGENT AND PROGRESSIVE CITY COMMUNITY OUTCOME

"Business growth that is in harmony with the city's identity and community spirit"

Hamilton people want a city that:

Is progressive and cosmopolitan, creating an environment for business success.

Attracts and retains people and investment and grows great ideas.

COMMUNITY OUTCOMES PROGRESS INDICATORS

Progress towards Hamilton's Community Outcomes is monitored through a selection of indicators. Indicators provide ways in which to measure, directly or indirectly, changes to social, environmental, economic and cultural well-being over time.

The following progress indicators are used to monitor the effect that the Event and Cultural Activities have on progressing the Community Outcomes.

REPORTING ON PROGRESS INDICATORS					
COMMUNITY OUTCOMES PROGRESS INDICATORS		LATEST RESULTS			TREND
O	Residents' use of Council's arts and culture facilities:	2009	2010	2011	
	• Founders Theatre				
	• Clarence Street Theatre	54.2%	50.6%	48.5%	
	• The Meteor	29.0%	30.5%	29.8%	
	• Waikato Museum	7.3%	12.3%	14.0%	
	• ArtsPost	49.8%	46.2%	50.8%	
	Source: Hamilton City Council Residents Survey	26.7%	21.7%	26.9%	
S	Residents' perception that their city is a place that has a culturally rich and diverse arts scene.	2006	2008	2010	
	Source: Quality of Life Survey	59%	57%	53%	
O	Residents' use of Council's sports and recreational facilities:	2009	2010	2011	
	• Waikato Stadium		39.4%	41.7%	
	• Seddon Park	45.2%	18.6%	21.6%	
	• Claudelands Events Centre	23.3%	50.5%	50.1%	
	Source: Hamilton City Council Residents Survey	61.6%			
O	Residents' satisfaction with Councils sports and recreational facilities (sports areas).	2009	2010	2011	
	Source: Hamilton City Council Residents Survey	70.7	70.9	71.4	

KEY:

M	= Moderate contribution		= Improving/favourable
S	= Significant contribution		= Uncertain/no trend
O	= Council is the only provider		= Declining/unfavourable

MONITORING NEGATIVE EFFECTS

Council's Event and Cultural Venues Activities provide many important benefits to the community and in some cases also contribute significantly to tourism and the local economy. However, the provision of events facilities can have some negative effects, which Council must manage and mitigate.

Council's 2009-19 LTCCP identifies the significant existing or potential negative effects for the Event and Cultural Venues Activities. During 2010/11 no significant instances of these negative effects occurred.

SIGNIFICANT ACQUISITIONS OR REPLACEMENTS OF ASSETS

SIGNIFICANT ACQUISITIONS OR REPLACEMENTS OF ASSETS				
	PROJECT REFERENCE NUMBER (SAP #)	ACTUAL 2010/11 (\$000)	BUDGET 2010/11 (\$000)	REASON
CLAUDELANDS EVENTS CENTRE				
Claudeland Events Centre	524	27,750	23,140	This project involved the design and construction of an indoor stadium at Claudelands Events Centre and the upgrade to the existing facilities for events, exhibitions and conferences. There was budget carried forward from 2009/10. The project is due for completion in August 2011.

COST OF SERVICE STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

COST OF SERVICE STATEMENT FOR THE YEAR ENDED 30 JUNE 2011				
	NOTE	ACTUAL 2010/11 (\$000)	BUDGET 2010/11 (\$000)	ACTUAL 2009/10 (\$000)
GROUP OF ACTIVITY - OPERATING STATEMENT				
OPERATING REVENUE				
Activity revenue - user charges and fees		6,904	7,546	6,073
General rates		13,594	13,563	12,066
Other general sources		247	16	199
Total operating revenue		20,745	21,125	18,338
OPERATING EXPENDITURE				
Waikato Stadium		7,662	7,883	6,866
Claudeland Event Centre		3,769	3,223	5,020
Hamilton City Theatres		3,631	3,370	3,406
Seddon Park		1,460	1,428	1,418
Waikato Museum	1	6,172	5,296	5,291
Total operating expenditure		22,694	21,200	22,001
Operating surplus/(deficit)		(1,949)	(75)	(3,663)
GROUP OF ACTIVITY - CAPITAL AND RESERVES FUNDING STATEMENT				
CAPITAL EXPENDITURE				
Growth			1,620	6,197
Increased level of service	2	28,609	22,160	28,586
Renewal		1,070	1,068	2,069
Total capital expenditure		29,679	24,848	36,852
Loan repayments		353	430	146
Transfers to reserves		274	236	273
Operating deficit		1,949	75	3,663
Total funding required		32,255	25,589	40,934
Funded by:				
Operating surplus		-	-	-
Funding from non-cash expenses		1,103	904	859
Loans raised	3	27,812	23,403	33,746
Proceeds from sale of assets		-	-	-
Transfers from reserves		74	9	88
Total funding applied		28,989	24,316	34,693
Funding surplus/(deficit)		(3,266)	(1,273)	(6,241)

Notes to the Cost of Service Statements:

1. Increased exhibition costs.
2. Increased expenditure due to the timing of the Claudelands Arena Project being carried over from the 2009/2010 year.
3. Loans raised in relation to Claudelands of \$27.8m.

3.6 RECREATION

HAAKINAKINA

Council's Recreation Activity Group includes:

- Parks and Gardens
- Sports Areas
- Hamilton Zoo
- Swimming Facilities

2010/11 HIGHLIGHTS

Ongoing Development of Hamilton Gardens

Te Parapara Garden was officially opened in December 2010. This has been a joint project with Nga Mana Toopu O Kirikiriroa and other sponsors. Staff are now working with the Hamilton Gardens Development Trust to develop three of the Fantasy Gardens over a seven year period. The Tudor Garden is due to open in 2014, the Tropical Garden in 2016 and the Surrealist Garden in 2017. Completion of these three gardens will finally link all of the central high profile gardens together.

Waiwhakareke Management Plan Adopted

During 2010/11 Council adopted the Waiwhakareke Natural Heritage Park Management Plan. The Management Plan sets out Council's intentions for the use, development, maintenance, protection and preservation of Waiwhakareke, through a series of objectives and policies, and was written in consultation with the community.

Arbor Day

Council celebrated Arbor Day with a planting at Waiwhakareke Natural Heritage Park in June 2011. Over 1,300 volunteers planted 30,000 trees over a three hectare area. The day was successful with many schools, businesses, community groups and individuals helping with the planting.

Hamilton Zoo gains record attendance

Hamilton Zoo has set a new record for visitor numbers in the 2010/11 year. The zoo welcomed nearly 140,000 visitors, over 24,000 more than for 2009/10. Zoo staff have attributed this growth to:

- The launch of annual visitor passes
- New attractions such as the Ubuntu baby rhinoceros (nicknamed Bunty), which featured on the Wild Vets TV series
- The new meerkat exhibit, which opened in December 2010
- The Weka Walk exhibit (Whiikoinga Weka), which opened in September 2010.

Hamilton Zoo gains Exhibit Award

The Weka walk gained industry acclaim when it won the Zoo and Aquarium Association Exhibit Award (Large Institution, Small Scale Development Category) in June 2011. The Weka Walk leads into the Free Flight Aviary and encompasses several enclosures featuring native species. These include Antipodes Island parakeet, kaka, banded rail, Hochstetter's frog, native lizards, owls, brown teal, kakariki and kea.

Stanley Island Tuatara return to Hamilton Zoo

Four juvenile Stanley Island tuatara arrived back at Hamilton Zoo in November 2010 after leaving the facility nine months earlier as eggs. The eggs were the first to be laid at Hamilton Zoo since 2001. The tuatara are on display in the reptile house and are expected to remain there for about six years, until they are big enough to be released onto Stanley Island.

Construction of the Hydrotherapy Pool at Waterworld

Work started on the new hydrotherapy pool at Waterworld with a ground breaking ceremony on 25 February 2010. Construction of the much anticipated hydrotherapy pool has continued during the 2010/11 and was opened in July 2011. This facility uses heated water therapy to provide benefits to a wide range of users, including people with disabilities, those rehabilitating after injury or accidents, and those doing a variety of exercise programmes. The \$2.5 million pool was jointly funded by Council and the Hydrotherapy Pool Trust, with the Trust contributing just over a third of the projects' total cost.

PARKS AND GARDENS








Provides recreation open space, ranging from small neighbourhood parks to key city parks such as Hamilton Gardens, Hamilton Lake Domain and Claudelands Park. Parks and gardens enhance Hamilton's urban ecology through the development of a green network.

This activity also provides for city beautification by maintaining planting within open spaces, parks, streets and traffic islands, trees and fountains; and develops and maintains playgrounds in many parks.

SERVICE DELIVERY PERFORMANCE

Performance against 2010/11 Targets

Council's Parks and Gardens Activity reports against the following seven performance measures. These measures focus on the accessibility and quality of facilities, with a particular emphasis on residents' satisfaction ratings, which are determined through Council's Residents Survey.

PARKS AND GARDENS (Key service attributes: accessibility and quality)				
PERFORMANCE MEASURES	2010/11 TARGETS	2010/11 RESULTS	2009/10 RESULTS	ADDITIONAL INFORMATION
LEVEL OF SERVICE: recreation facilities are accessible to everyone.				
Provide one neighbourhood playground within 500m of every home.	90% of homes within 500m of a playground	74% of homes within 500m of a playground 	81% of homes within 500m of a playground	<p>The cost of under-surfacing for playground equipment (which is a health and safety requirement) has increased significantly over the last few years. These increased costs are impacting on Council's ability to provide the planned playground programme.</p> <p>Council decided, as part of the 2010/11 Annual Plan process, to review the current playgrounds programme, in order to increase the number of new playgrounds. Staff will report to Council in 2011/12 as part of the 10-Year Plan 2012-22 on options for the playgrounds programme.</p> <p>In addition, the method for calculating the number of homes within 500m of a playground has been improved. This has resulted in a more accurate result for this measure; however it is below the target set for 2010/11.</p>
Percentage of residents who use walkways per year.	70%	80.4% 	77.8%	Measured through Council's Residents Survey. The percentage of residents using the walkways in 2010/11 has exceeded the target, and also shows an increase compared to the result for 2009/10.
LEVEL OF SERVICE: provide attractive and well-maintained parks, gardens and walkways.				
Residents' satisfaction with Hamilton Gardens.	Satisfaction score of 84 or above	Satisfaction score of 88.2 	Satisfaction score of 88.0	Measured through Council's Residents Survey. The 2010/11 target and result of a satisfaction score of 84 or above indicates 'exceptional performance' for a 'customer choice' service.
Residents' satisfaction with Parks and Gardens.	Satisfaction score of 79 or above	Satisfaction score of 77.9 	Satisfaction score of 78.9	<p>Measured through Council's Residents Survey. The 2010/11 result of 77.9 indicates 'excellent performance' for a 'no customer choice' service.</p> <p>The target was for a score of 79 or above, which indicates 'exceptional performance' for a 'no customer choice' service.</p> <p>The continuous wet weather and storm events experienced into early spring had an effect on the appearance and usability of all park areas, which may account for the lower satisfaction score.</p>
Residents' satisfaction with walkways.	Satisfaction score of 78 - 81	Satisfaction score of 79.2 	Satisfaction score of 78.7	Measured through Council's Residents Survey. The 2010/11 target and result of a satisfaction score of 78 — 81 indicates 'very good performance' for a 'customer choice' service.
Residents' satisfaction with Hamilton Lake Domain.	Satisfaction score of 78 - 81	Satisfaction score of 81.3 	Satisfaction score of 80.4	Measured through Council's Residents Survey. The 2010/11 target and result of a satisfaction score of 78 — 81 indicates 'very good performance' for a 'customer choice' service.
LEVEL OF SERVICE: playground equipment is fit for purpose.				
Residents' satisfaction with playground equipment.	Satisfaction score of 67 - 72	Satisfaction score of 68.3 	Satisfaction score of 68.8	Measured through Council's Residents Survey. The 2010/11 target and result of a satisfaction score of 67 — 72 indicates 'fair performance, needing improvement' for a 'customer choice' service.

 = target achieved = within 5% of target = target not achieved

Additional Key Areas of Performance

The provision of a shared space for both dog exercise and general park use has been identified as an ongoing issue. Currently, Council provides designated off-leash dog exercise areas at 13 parks in Hamilton. These areas are identified through signs and publicity material, and where possible follow boundaries defined by topography, vegetation or the shape of the park. Council has been trialling having four parks completely available for dog exercise. Days Park and Till's Lookout are available full-time, while Porritt Stadium and Resthills Park are available at hours outside the times those parks are used for sport. The trial ended in July 2011. Results will provide Council with more information about the use and public perception of dog exercise areas.

LOOKING AHEAD — FUTURE PRIORITIES

The major priority for Parks and Gardens is to implement the new playground policy to better align with community expectations and the changing demographics of the city.

As part of the 2011/12 Annual Plan consultation process, Council received a 615 signature petition requesting an upgrade to Ashurst Park playground. Council decided that the playground will be refurbished in 2011/12 in consultation with Te Rapa School and the community.

As part of the process to develop the 10-Year Plan 2012-22, Council will be carrying out a complete review of the services it provides. As a result of this process, there may be changes in the future to the services outlined here.

SPORTS AREAS

Sports areas provide developed open spaces with facilities for specific active leisure and general public use. They cover three broad areas:


- National level venues such as Waikato Stadium and Seddon Park (refer to the Event and Cultural Venues Activity Group - Section 3.5)
- Senior sporting code headquarters parks
- Community parks, which cater predominantly for lower grade and junior sport.

Council's sports areas are complemented by participant and public facilities, such as grandstands, clubrooms, changing rooms and public toilets.

SERVICE DELIVERY PERFORMANCE

Performance against 2010/11 Targets

This activity reports against the following performance measure, which assesses residents' satisfaction with sports areas.

SPORTS AREAS (Key service attribute: quality)				
PERFORMANCE MEASURES	2010/11 TARGETS	2010/11 RESULTS	2009/10 RESULTS	ADDITIONAL INFORMATION
LEVEL OF SERVICE: sports areas are fit for purpose.				
Residents' satisfaction with sports areas.	Satisfaction score of 67 - 72	Satisfaction score of 71.4 	Satisfaction score of 70.9	Measured through Council's Residents Survey. The 2010/11 target and result of a satisfaction score of 67 - 72 indicates 'fair performance, needs improvement' for a 'customer choice' service.

 = target achieved

 = within 5% of target

 = target not achieved

LOOKING AHEAD — FUTURE PRIORITIES

The major priorities for Sports Areas include:

- An assessment of the community's sport facility needs and the way in which Council can provide those facilities
- Improving the current sporting playing surfaces on peat sports fields.

As part of the process to develop the 10-Year Plan 2012-22, Council will be carrying out a complete review of the services it provides. As a result of this process, there may be changes in the future to the services outlined here.

HAMILTON ZOO

Focuses on the delivery and development of a modern zoo that works to conserve wildlife in a natural environment and provide a recreational resource for local residents and visitors. The Zoo aims to fulfil this purpose through customer service, animal husbandry and education




programmes, as well as by supporting appropriate scientific study and minimising the impact on the local environment.

Hamilton Zoo is situated within 20 hectares of landscaped grounds and is home to more than 600 exotic and native New Zealand animals. As well as being a tourism and recreational park, Hamilton Zoo is a contributor to international breeding and rehabilitation programmes for endangered species of animals. It works to conserve wildlife in its natural environment.

SERVICE DELIVERY PERFORMANCE

Performance against 2010/11 Targets

Hamilton Zoo reports against the following three performance measures, which assess how successful the Zoo was in attracting visitors, residents' satisfaction with the Zoo and compliance with the Ministry of Agriculture and Fisheries (MAF) Zoo License Standards.

HAMILTON ZOO (Key service attributes: accessibility, quality and safety)				
PERFORMANCE MEASURES	2010/11 TARGETS	2010/11 RESULTS	2009/10 RESULTS	ADDITIONAL INFORMATION
LEVEL OF SERVICE: recreation facilities are accessible to everyone.				
Number of customer visits to Hamilton Zoo per year.	110,000 visits.	139,697 	115,153 visits	Hamilton Zoo has set a new record for visitor numbers in the 2010/11 year. The Zoo has welcomed over 24,000 more visitors than for the 2009/10 year. The increase in visitor numbers has been attributed to: <ul style="list-style-type: none"> • The launch of annual visitor passes • New attractions such as the Ubuntu baby rhinoceros (nicknamed Bunt), which featured on the Wild Vets TV series • The new meerkat exhibit, which opened in December 2010 • The Weka Walk exhibit (Whiikoinga Weka), which opened in September 2010.
LEVEL OF SERVICE: Hamilton zoo provides a quality experience for customers/patrons.				
Residents' satisfaction with Hamilton Zoo.	Satisfaction score of 82 - 83	Satisfaction score of 85.6 	Satisfaction score of 84.0	Measured through Council's Residents Survey. The 2010/11 result of 85.6 indicates 'exceptional performance' for a 'customer choice' service. The target was for a score of 82 - 83, which indicates 'excellent performance'.
LEVEL OF SERVICE: facilities comply with safety standards.				
Zoo operations comply with MAF Zoo License standards.	Standards met.	Standards met. Continued approval to operate issued in August 2011. 	All standards complied with. Zoo License re-issued in March 2010.	The Zoo can only open to the public when approved as operating in compliance with the MAF Biosecurity Standard for Containment Facilities for Zoo Animals, which is audited annually (this standard has superseded the previous MAF Zoo License standard). The standard requires the facility to have correct procedures and containment standards for the housing of animals.

 = target achieved

 = within 5% of target

 = target not achieved

Additional Key Areas of Performance

Hamilton Zoo has a strong focus on conservation as well as recreation. As part of the conservation programme, in 2010/11 Hamilton Zoo bred 12 brown teal (pateke) that were released into the wild. Hamilton Zoo has hatched a total of 129 of this species over the last 10 years that have been released into the wild.

In July 2002 Hamilton Zoo gained ISO 14001 accreditation for its environmental management systems and processes. Objectives and targets for the environmental management system have been established that are measurable and consistent with the organisation's relevant policies. In October 2010 Telarc undertook its annual review of the Zoo's environmental management systems, which confirmed that the Zoo has maintained its compliance with the standard.

Hamilton Zoo has secured a 3-year contract with the Ministry of Education for the delivery of Learning Experiences Outside the Classroom (LEOTC) for the social sciences. This programme started during 2010/11.

LOOKING AHEAD — FUTURE PRIORITIES

The major priorities for Hamilton Zoo for 2011/12 will be:

- The construction of a new Siamang gibbon exhibit

- Improvements to the Sumatran tiger enclosure to enable the Zoo to house a breeding pair
- Construction of a new white rhino shelter to provide access to cover when held in the display enclosure and also allow staff to provide our visitors with Face2Face encounters. This has been funded through a public campaign known as Project Bunt named after the Zoo's latest rhino calf.

As part of the process to develop the 10-Year Plan 2012-22, Council will be carrying out a complete review of the services it provides. As a result of this process, there may be changes in the future to the services outlined here.

SWIMMING FACILITIES

Council provides swimming facilities that cater to the needs of the community, clubs, sporting groups and schools. Council's two swimming complexes are Waterworld in the north of the city and Gallagher Aquatic Centre (a full indoor facility) in the south.

In addition, Council's Municipal Pool at the south end of Victoria Street was operated in 2010/11 under contract to the Hamilton Amateur Swimming Club. From 4 July 2011, Council took over operational responsibilities for the Municipal Pools, following the voluntary liquidation of the Hamilton Amateur Swimming Club.

Partner pool grants are also provided to the University of Waikato campus pool, Hillcrest Normal School, Te Rapa Primary School and Fairfield College.

SERVICE DELIVERY PERFORMANCE

Performance against 2010/11 Targets

Swimming Facilities report against the following four performance measures. These measures assess the activity's success in attracting visitors to Waterworld and Gallagher Aquatic Centre; residents' satisfaction with these facilities; and the pools' compliance with Pool Safe Accreditation Standards.





Swimming Facilities are accredited to operate Pool Safe facilities and programmes. Pool Safe is a Water Safety New Zealand programme incorporating a range of initiatives

aimed at reducing the number of water related injuries in and around New Zealand pools.

As part of complying with Pool Safe Accreditation, swimming pool staff test the water in the pools every three hours for 'Free Available Chlorine' (which tells them how much active disinfectant is available to destroy micro-organisms, organic and inorganic matter) and also 'Combined Available Chlorine' (staff need to make sure this doesn't get too high as it could cause odour at the facility and eye irritation for patrons). The water is also tested monthly for microbiological matter.

The standard for Pool Safe Accreditation states that water test records must meet standard requirements 85% of the time. Currently Council's swimming pools meet the standard requirements 96% of the time.

SWIMMING FACILITIES (Key service attributes: accessibility, quality and safety)

PERFORMANCE MEASURES	2010/11 TARGETS	2010/11 RESULTS	2009/10 RESULTS	ADDITIONAL INFORMATION
LEVEL OF SERVICE: recreation facilities are accessible to everyone.				
Number of customer visits to Council owned and operated swimming pools each year.	600,000 - 630,000 visits	633,579 visits 	552,551 visits	The number of visitors in 2010/11 exceeded the target set. There was an increase of over 80,000 visitors from the 2009/10 year. This increase can be partially attributed to pool closures for planned upgrades at both Waterworld and Gallagher Aquatic Centre during 2009/10.
LEVEL OF SERVICE: swimming facilities provide a quality experience for customers/patrons.				
Residents' satisfaction with Waterworld.	Satisfaction score of 73 - 77	Satisfaction score of 76.2 	Satisfaction score of 77.8	Measured through Council's Residents Survey. The 2010/11 target and result of 76.2 indicates 'good performance, with potential for improvement' for a 'customer choice' service.
Residents' satisfaction with Gallagher Aquatic Centre.	Satisfaction score of 67 - 72	Satisfaction score of 76.5 	Satisfaction score of 76.2	Measured through Council's Residents Survey. The 2010/11 result of 76.5 indicates 'good performance, with potential for improvement' for a 'customer choice' service. The target was for a score of 67 - 72, which indicates 'fair performance, needs improvement'.
LEVEL OF SERVICE: facilities comply with safety standards.				
Council owned and operated swimming pools meet Pool Safe Accreditation standards.	Standards met.	Standards met 	Standards met	Pool Safe Accreditation is an industry based standard for all pools that are open to the public. The standard includes water quality, supervision and health and safety standards.

 = target achieved

 = within 5% of target

 = target not achieved

Additional Key Areas of Performance

Construction of the new hydrotherapy pool at Waterworld was completed in June 2011. This facility uses heated water therapy to provide benefits to a wide range of users, including people with disabilities, rehabilitating after injury or accidents, and those doing a variety of exercise programmes. The \$2.5 million pool was jointly funded by Council and the Hydrotherapy Pool Trust, with the Trust contributing just over a third of the project's total cost.

LOOKING AHEAD — FUTURE PRIORITIES

The major priorities for Swimming Facilities in the future include:

- Continuing to run a Swim Safe programme at Waterworld and Gallagher Aquatic Centre, which teaches water survival techniques to approximately 40,000 children every year
- Investigate options for the future operation of the Municipal Pool.

As part of the process to develop the 10-Year Plan 2012-22, Council will be carrying out a complete review of the services it provides. As a result of this process, there may be changes in the future to the services outlined here.

EFFECTS ON COMMUNITY WELL-BEING

Hamilton's Community Outcomes identify the aspects of well-being that are important for the city. Council monitors the effects that its Activities have on community well-being by focusing on the Community Outcomes that have been identified as being the most important for Hamilton.

The Recreation Activities primarily contribute to the 'Healthy and Happy' Community Outcome, in particular to the following:

HEALTHY AND HAPPY

"Active and healthy people with access to affordable facilities and services"

Hamilton people want a city that:




- Provides opportunities for people of all ages and abilities to participate in sport and leisure activities that meet their diverse needs.
- Provides affordable, responsive and accessible activities and health care for people of all ages and abilities.
- Is an ideal place for family and whanau, with lots of activities and places for tamariki and rangatahi to enjoy.

COMMUNITY OUTCOMES PROGRESS INDICATORS

















Progress towards Hamilton's Community Outcomes is monitored through a selection of indicators. Indicators provide ways in which to measure, directly or indirectly, changes to social, environmental, economic and cultural well-being over time.



The following progress indicators are used to monitor the effect that the Recreation Activities have on progressing the Community Outcomes.

KEY:

M	= Moderate contribution		= Improving/favourable
S	= Significant contribution		= Uncertain/no trend
O	= Council is the only provider		= Declining/unfavourable

REPORTING ON PROGRESS INDICATORS

COMMUNITY OUTCOMES PROGRESS INDICATORS		LATEST RESULTS			TREND
	Area of green space (parks and gardens only) in the city per resident. Source: Hamilton City Council	2009 4.6 ha / 1,000 residents	2010 4.4 ha / 1,000 residents	2011 4.4 ha / 1,000 residents	
	Area of green space (sports areas only) in the city per resident. Source: Hamilton City Council	2009 3.1 ha / 1,000 residents	2010 3.1 ha / 1,000 residents	2011 3.1 ha / 1,000 residents	
	Residents' use of Council's sports and recreational facilities (Sports areas). Source: Hamilton City Council Residents Survey	2009 33.3%	2010 38.9%	2011 39.1%	
	Residents' use of Council's sports and recreational facilities (Waterworld). Source: Hamilton City Council Residents Survey	2009 51.2%	2010 54.1%	2011 53.5%	
	Residents' use of Council's sports and recreational facilities (Gallagher Aquatic Centre). Source: Hamilton City Council Residents Survey	2009 16.1%	2010 18.8%	2011 19.6%	
	Residents' use of Council's sports and recreational facilities (Hamilton Zoo). Source: Hamilton City Council Residents Survey	2009 54.0%	2010 53.3%	2011 51.5%	
	Total number of street trees in the city (as at 30 June). Source: Hamilton City Council	2008/09 28,051	2009/10 29,956	2010/11 30,223	
	Residents' satisfaction with Council provided walkways. (Satisfaction Score) Source: Hamilton City Council Residents Survey	2009 78.6	2010 78.7	2011 79.2	

COMMUNITY OUTCOMES PROGRESS INDICATORS		LATEST RESULTS			TREND
O	Residents' satisfaction with Council provided cycling facilities. (Satisfaction Score) Source: Hamilton City Council Residents Survey	2009 66.5	2010 62.6	2011 68.5	
	Residents' rating of sense of pride in the way their city looks and feels (% of people who agreed or strongly agreed). Source: Quality of Life Survey	2006 69%	2008 68%	2010/11 60%	

MONITORING NEGATIVE EFFECTS

Council's Recreation Activities provide many important benefits to the community and in some cases, such as Hamilton Gardens, also contribute significantly to tourism and the local economy. However, the provision of recreation and leisure facilities can have some negative effects, which Council must manage and mitigate. Council's 2009-19 LTCCP identifies the significant existing or potential negative effects for the Recreation Activities.

During 2010/11 no significant instances of these negative effects occurred.

SIGNIFICANT ACQUISITIONS OR REPLACEMENTS OF ASSETS

SIGNIFICANT ACQUISITIONS OR REPLACEMENTS OF ASSETS				
	PROJECT REFERENCE NUMBER (SAP #)	ACTUAL 2010/11 (\$000)	BUDGET 2010/11 (\$000)	REASON
PARKS AND GARDENS				
Land Purchased for Reserves in Infill Areas	800	19	1,117	This land is purchased to provide reserves for active recreation, neighbourhood parks, and other purpose reserves in order to meet the structure plan objective contained in the district plan. Opportunities to purchase land have been less than anticipated. Budget was carried forward to future financial years.
Swimming Facilities				
Hydrotherapy Pool	714	1,672	1,430	The hydrotherapy pool has been built to service the needs of disabled and rehabilitation users. Total project cost is expected to cost \$2.2 million, with Council contributing \$1.430 million, with Community groups funding the remainder.

COST OF SERVICE STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

COST OF SERVICE STATEMENT FOR THE YEAR ENDED 30 JUNE 2011				
	NOTE	ACTUAL 2010/11 (\$000)	BUDGET 2010/11 (\$000)	ACTUAL 2009/10 (\$000)
GROUP OF ACTIVITY - OPERATING STATEMENT				
OPERATING REVENUE				
Activity revenue - user charges and fees		4,904	4,469	4,518
Activity revenue - subsidy for operating expenditure		363	86	500
Development and financial contributions	1	1,505	2,638	1,250
General rates		24,607	24,552	20,704
Other general sources		1,872	1,569	1,927
Total operating revenue		33,251	33,314	28,899
OPERATING EXPENDITURE				
Parks and Gardens		14,569	14,177	14,402
Sports Areas		5,468	5,351	4,867
Hamilton Zoo		3,261	3,182	3,044
Swimming Facilities		6,825	6,655	6,433
Total operating expenditure		30,123	29,365	28,746
Operating surplus/(deficit)		3,128	3,949	153
GROUP OF ACTIVITY - CAPITAL AND RESERVES FUNDING STATEMENT				
CAPITAL EXPENDITURE				
Growth		775	278	1,030
Increased level of service		4,243	4,367	9,979
Renewal		1,995	2,200	2,041
Total capital expenditure		7,013	6,845	13,050
Loan repayments		3,688	4,488	1,520
Transfers to reserves		3,624	4,607	3,700
Operating deficit		-	-	-
Total funding required		14,325	15,940	18,270
Funded by:				
Operating surplus		3,128	3,949	153
Funding from non-cash expenses		2,655	2,307	2,713
Loans raised		4,204	3,334	6,719
Proceeds from sale of assets		-	-	16
Transfers from reserves		1,812	4,212	6,100
Total funding applied		11,799	13,802	15,701
Funding surplus/(deficit)		(2,526)	(2,138)	(2,569)

Notes to the Cost of Service Statements:

1. Reduction in Development Contributions received due to reduced growth.

3.7 TRANSPORTATION

HARIA I NGAA WAKA

Council's Transportation Activity Group includes:

- Transportation Network
- Parking Enforcement

2010/11 HIGHLIGHTS

Access Hamilton Strategy

The updated transport strategy 'Access Hamilton' was approved in 2009/10 and it is now being implemented. All projects carried out fit within the requirements of the strategy.

The purpose of the strategy is to meet the changing travel demands of the city by providing an affordable, safe, responsive and sustainable transport system that contributes to Hamilton's strategic vision and is aligned with national and regional legislative and strategic directions. The Strategy's approach is to fully integrate transport options allowing consideration and understanding of how walking, cycling, passenger transport, cars and freight interact with each other.

Transportation Model for Hamilton and the Region

The Waikato Regional Transportation Model (WRTM) is being used to consider the impact of current and predicted traffic flows on existing routes and for major projects such as the Waikato Expressway and the Te Rapa Bypass. The WRTM also enables testing of land use policy (e.g. structure plans and major resource consents), and the assessment of roading schemes (e.g. Ring Road extension) and new bus services.

The WRTM is usually updated with results from the Census of Population and Dwellings. This work did not occur this year due to the deferral of the 2011 Census, however updated settlement pattern information from Future Proof has been carried across into the WRTM.

The WRTM is a Local Authority Shared Services Ltd (LASS) project. LASS is a Council Controlled Organisation whose objective is to provide local authorities in the Waikato Region with shared services. The service is led by Council, Waikato Regional Council, and the New Zealand Transport Agency, with contributions from the Waikato, Waipa, Matamata-Piako, Taupo and Thames-Coromandel district councils.

Continued Development of the City Ring Road

A construction contract was awarded for the widening of Wairere Drive between Pukete Road and Resolution Drive to four lanes and for the Ring Road extension from Crosby Road/Gordonton Road to Ruakura Road.

Physical work is well underway and progress is good following a dry summer period. The budget for the entire project has been approved at \$70.4 million.

The new roundabout linking Wairere Drive, Hukanui Road and Tramway Road was completed on time and on budget. This new road extension will become part of the 'Ring Road' infrastructure and form part of the greater Wairere Drive corridor. The road was opened to the public by the Mayor, Councillors and key partners in December 2010.

Rotokauri Transport Corridor designations to get underway

Council will start the investigation and designation work for the key arterial transport corridors and floodway corridors in the Rotokauri Structure Plan area. This work is necessary to further identify, refine and protect the transport and floodway corridors alignments while at the same time allowing planned development to take place. A large part of the project includes an assessment of environmental effects and option assessment. This work will continue during 2011/12 with a final decision to designate being made once the investigation is complete.

Waikato Expressway Development and the Te Rapa Bypass

Council is continuing to work with the New Zealand Transport Agency to deliver the Te Rapa Bypass. The Te Rapa section of the Waikato Expressway begins in Avalon Drive in the north-west of Hamilton and extends into Waikato District. It will connect with the existing SH1 and the future Ngaruawahia section in Horotiu.

When completed, the Waikato Expressway will be a key transport corridor, connecting Auckland to the agricultural and business centres of Waikato and Bay of Plenty. The Expressway will improve economic growth and productivity through more efficient movement of people and freight.

Work on the Bypass is progressing well and Council components are either constructed or committed for construction. The approved budget for Council's roading component has been set at \$14 million.

Investigation and Designation Phases of Southern Links

A joint contract is in place between Council and the New Zealand Transport Agency for the investigation and designation of the Southern Links Corridors. The Southern Links project involves around 32 kilometres of possible future transport network, including two new crossings of the Waikato River, 21 kilometres of state highway and 11 kilometres of urban arterial roads in the city's Peacocke structure plan area.

The long-term aim of the project is to develop an effective network of well connected state highway and urban arterial routes.

Work is well underway and a number of public communications, public open days and consultation has taken place. This project will continue during 2011/12. Council has committed \$2.4 million to these designation costs.

Parking in Central City Study

Council carried out studies and trials into improving the city centre parking. A number of trials were carried out throughout the year and a report was presented to Council on the findings. Council confirmed new parking initiatives, particularly relating to time limits for on-street parking and weekend parking surveillance.

Data from the parking surveys assisted Council in identifying the areas of high demand, the length of time vehicles are parked for and at what times of the day vehicle numbers in the city centre are at their highest. This has provided Council with a better understanding of the city's parking situation and will assist in planning for future parking requirements and regulations.

As a result of the parking survey, Council developed a parking model for the city centre. A number of options were tested and based on this work, Council approved a new parking trial on 11 August 2010. The trial provided Council with further information on how pricing in particular influences parking behaviour. In June 2011, Council decided to align and simplify central city parking restrictions, by increasing the time limit for all on-street metered parks and pay-and-display parks in the central city to 120 minutes, and setting the fee at \$2 per hour from Mondays to Saturdays.

TRANSPORTATION NETWORK


Focuses on providing and efficiently managing a safe, effective and sustainable transport system that integrates freight and private vehicles with other forms of transport such as buses, walking and cycling.

Services include the day-to-day operation and maintenance of the existing traffic network (carriageways, footpaths, traffic signals, verges, street lights, bus stops, etc.), planning for future development and growth of the network, developing and delivering network improvements and raising public awareness of the options and effects of travel behaviour and travel choices.

SERVICE DELIVERY PERFORMANCE

Performance against 2010/11 Targets

The provision of transport infrastructure and services is a primary responsibility for Council. Nearly all of the Transportation Network performance targets for 2010/11 were achieved, with the exception of the targets relating to travel times for selected cross city trips where the average speed for the trip was below the previous year's figures. This is mainly a measure of traffic congestion.


TRANSPORTATION NETWORK (Key service attributes: quality, safety, accessibility and reliability)				
PERFORMANCE MEASURES	2010/11 TARGETS	2010/11 RESULTS	2009/10 RESULTS	ADDITIONAL INFORMATION
LEVEL OF SERVICE: the road network is in good condition and it fit for purpose.				
The percentage of roads defined as smooth by the New Zealand Transport Agency (NZTA).	No target for 2010/11 as survey not programmed for this year	90.4% 	84.2%	<p>The general public perception of a good road is one that provides a smooth ride. A road roughness survey is carried out every two years using the NZTA methodology. In the 2009-19 LTCCP, the survey was not due to be carried out until 2011/12. However Council's Transportation Unit carried out the survey slightly earlier than the schedule (in May 2011) so that the results could be used during the development of the 2012-22 10-Year Plan.</p> <p>The survey measures the contour of the road and how even it is (rather than the type of seal used on the road). The result is the percentage of the distance driven that is on smooth roads. High volume roads require a lower roughness to qualify as smooth than low volume roads.</p> <p>This measure is also a good indicator of the effectiveness of the road maintenance and reseal programmes. If maintenance and reseals are kept up to date, there will be fewer potholes and irregularities in the road and it will be in better condition.</p> <p>The result of 90.4% for 2010/11 is an improvement on the 2009 survey partly due</p>

PERFORMANCE MEASURES	2010/11 TARGETS	2010/11 RESULTS	2009/10 RESULTS	ADDITIONAL INFORMATION
				to some irregularities in the calculation of the 2009 result and also to renewal works on a number of high volume roads. The assessment is carried out across all road groups (major/ minor arterials, collector roads and local roads) and is a broad indicator of the rate of deterioration of the road due to traffic and environment loading along with aging of the surface compared with the rate of road resurfacing and renewal works.
Residents' satisfaction with streets in the city in general.	Satisfaction score of 68 — 72.	Satisfaction score of 73.7 	Satisfaction score of 73.4	Measured through Council's Residents Survey. The 2010/11 result of 73.7 indicates 'very good performance' for a 'no customer choice' service. The target was for a score of 68 - 72, which indicates 'good performance, with potential for improvement'.
Residents' satisfaction with cycling facilities.	Satisfaction score of 68- 72	Satisfaction score of 68.5 	Satisfaction score of 62.6	Measured through Council's Residents Survey. The 2010/11 target and result indicate 'good performance, with potential for improvement' for a 'no customer choice' service.
Residents' satisfaction with pedestrian areas and facilities.	Satisfaction score of 68 — 72	Satisfaction score of 76.3 	Satisfaction score of 77.3	Measured through Council's Residents Survey. The 2010/11 result of 76.3 indicates 'very good performance' for a 'no customer choice' service. The target was for a score of 68 - 72, which indicates 'good performance, with potential for improvement'.
LEVEL OF SERVICE: the pedestrian network feels safe to use.				
Residents' satisfaction with the safety of pedestrian areas.	Satisfaction score of 68 — 72	Satisfaction score of 74.5 	Satisfaction score of 75.4	Measured through Council's Residents Survey. The 2010/11 result of 74.5 indicates 'very good performance' for a 'no customer choice' service. The target was for a score of 68 - 72, which indicates 'good performance, with potential for improvement'.
LEVEL OF SERVICE: traffic signs and markings are easy to see and understand.				
Residents' satisfaction with traffic management (e.g. road markings, lights, signs and traffic islands).	Satisfaction score of 73 — 76	Satisfaction score of 74.7 	Satisfaction score of 74.8	Measured through Council's Residents Survey. The 2010/11 target and result indicate 'very good performance' for a 'no customer choice' service.
LEVEL OF SERVICE: lighting is provided to enhance safety for all road users and to aid navigation and security.				
Residents' satisfaction with street lighting in general.	Satisfaction score of 73 — 76	Satisfaction score of 77.1 	Satisfaction score of 77.7	Measured through Council's Residents Survey. The 2010/11 result of 77.1 indicates 'excellent performance' for a 'no customer choice' service. The target was for a score of 73 - 76, which indicates 'very good performance'.
LEVEL OF SERVICE: city streets and footpaths are easy to use and promote cycling and walking.				
Residents' satisfaction with the convenience of the location of pedestrian crossings, paths, accessways.	Satisfaction score of 68 — 72	Satisfaction score of 75.6 	Satisfaction score of 77.1	Measured through Council's Residents Survey. The 2010/11 result of 75.6 indicates 'very good performance' for a 'no customer choice' service. The target was for a score of 68 - 72, which indicates 'good performance, with potential for improvement'.
Kilometres of cycle lanes on existing city roads.	98.6 km	116km 	114.3 km (target for 2009/10 was 94.8km)	In 2009/10 the length of new cycle lanes was 19.5km above the target. This was due to opportunities for Council to develop cycle lanes at the same time as other roading works. The target of 98.6 km for 2010/11 is lower than the actual result achieved in 2010/11 (116km km of cycle ways). This is because targets were set as part of the 2009-19 LTCCP based on 2007/08 baseline figures (the most recent figures available at the time), and in subsequent years Council has been able to achieve more than was originally anticipated when the targets were set.

PERFORMANCE MEASURES	2010/11 TARGETS	2010/11 RESULTS	2009/10 RESULTS	ADDITIONAL INFORMATION
LEVEL OF SERVICE: MOTOR VEHICLE TIMES ARE PREDICTABLE.				
Average travel speed on five key routes.	Peak AM — 24 km per hour Peak PM — 24 km per hour Non-peak — 35 km per hour	21.2 km per hour 22.2 km per hour 33.4 km per hour	23.3 km per hour 22.8 km per hour 35.9 km per hour	<p>Travel speed is measured on five selected main arterial routes throughout the city in March and November each year. Surveys are carried out during week days in three time periods (peak am, peak pm, non-peak) in each direction of the route. The five routes are:</p> <ul style="list-style-type: none"> • Route 1 - Horsham Downs Road to Gate 1, Knighton Road. • Route 2 - Knox Street Carpark to Gate 1, Knighton Road. • Route 3 - Dominion Road to Radnor Street. • Route 4 - Tramway Road to Mill Street. • Route 5 - Mill Street to Whatawhata Road. <p>The three average travel speed results for 2010/11 (peak am, peak pm and non-peak) are satisfactory given the continued increase in both the city's population and number of motor vehicles. Between 2006 and 2010 Hamilton's population increased from 134,400 to 143,000 (a 6% increase) and motor vehicles from 70,000 to 80,000 (a 14.3% increase).</p> <p>In 2010/11, the peak am travel speed and non-peak travel speed both decreased over the 2009/10 result. Travel times increased on most routes compared to the 2009/10 results. Most significant is the decrease in the off peak travel speed which was consistent over all routes. The am and pm peak results were variable indicating that a small holdup (e.g. a road traffic accident) can have a big influence on travel time.</p>
Residents' satisfaction with getting around in peak and non-peak traffic.	Peak traffic: satisfaction score of 45 — 61 Non-peak traffic: satisfaction score of 73 — 76	Satisfaction score of 57.7 Satisfaction score of 80.8	Satisfaction score of 55.7 Satisfaction score of 81.7	<p>Peak traffic: Measured through Council's Residents Survey. A satisfaction score of 61 or lower indicates 'needing significant improvement' for a 'no customer choice' service. Residents' satisfaction with peak traffic traditionally scores low. These perception measures are also balanced with the previous measure of travel times on key routes.</p> <p>Non-peak traffic: The 2010/11 result of 80.8 for non-peak traffic indicates 'exceptional performance' for a 'no customer choice' service. The target was for a score of 73 - 76, which indicates 'very good performance'.</p> <p>As noted in the previous measure of travel speed on five key routes, the average travel speed for non-peak traffic decreased between 2009/10 (35.9 km per hour) and 2010/11 (33.4 km per hour).</p>

 = target achieved

 = within 5% of target

 = target not achieved

Additional Key Areas of Performance

Important areas of focus for the Transportation Network Activity in addition to the performance measures are road safety, travel planning and supporting public transport.

Safer Roads

Road safety has been identified by the government as a national priority, and it is also a priority for Hamilton. Council is responsible for promoting and implementing road safety. This ensures that decisions around construction, maintenance and management of the city's road network consider safety and assist in achieving the relevant targets and goals identified in Safer Journeys (the national road safety strategy) and the Access Hamilton strategy.

One of the key means of ensuring safer roads is through the use of integrated planning. This approach is reflected through the Access Hamilton Strategy and takes account of and connects the planning of transport, urban development and land use to encourage coordination and make the best use of resources.

Council has been carrying out independent investigations into fatal crashes in the city for the past 5 years. Of the 22 deaths that occurred between 2006-2010, investigations have determined that the road condition was not a contributing factor in any fatality, with the main contributing factors being speed or alcohol use.

Road Safety Initiatives

Council provides community road safety programmes in conjunction with other organisations as well as leading its own programmes with schools, business and community groups. Council also provides road improvements to improve the amenity of residential streets and to increase safety mostly through speed reduction measures.

During 2010/11 Council's road safety programme focused on: alcohol, speed, intersections, pedestrian safety, motor cycle skills and cyclist safety; with campaigns around each of these issues.

The road improvement programme included the installation of traffic calming at many junctions and along local streets. Council used a consultation process which involved participation by local residents to make sure the solution fitted the specific location. The focus for 2010/11 was on improvements to Casey Avenue, Ranfurly Avenue, Riverview Terrace and Tamihere Avenue.

Traffic safety projects across the city included traffic signals for pedestrians on Forest Lake Road near the netball courts facility.

Progress has also been made to increase the number of school speed zones. A further six 40 kph speed zones were installed providing coverage for an additional eight schools. There are now 32 zones covering 39 schools (out of 55 schools) across the city.

Road Safety Audits

When maintaining, upgrading or constructing new roads in Hamilton, Council aims to ensure the city has safe roads. Safety audits are carried out at various stages of a roading project to ensure the finished road is as safe as possible.

Travel Planning

Travel Planning is about considering all sustainable travel options. Sustainable travel options include walking, cycling, using the bus, car pooling, park and walk, or any combination of these.

In October 2010, a new webpage was launched - www.hamilton.co.nz/thinkchange.go. The webpage provides information on the different smart transport programmes supported by Council.

Council's approach to road safety includes a range of successful elements:

- School Travel Planning - the plans encourage sustainable transport for students and staff. 24 schools have adopted travel plans, with four currently in development)
- Walking School Bus - a component of School Travel Planning, which encourages a safe way for children to walk to and from school. There are 11 in operation, involving 480 children and over 30 adult volunteers.
- Happy Feet - preschool programme to encourage learning about safety on the roads
- Workplace Travel Planning - providing choices for staff to travel to and from work and encouraging alternative modes of travel
- Active enforcement around schools - including parking teams and Police
- Cycle skills training - 13 schools involved, over 1,300 students trained annually, and demand from a further 10 schools.

Supporting Public Transport

Although the Waikato Regional Council is responsible for providing passenger transport services in Hamilton and the region, Council provides the infrastructure to ensure effective operation of the bus service. This includes the Transport Centre (located on the corner of Bryce and Anglesea Streets), which is the central hub for bus passenger services in Hamilton.

Council also provides Hamilton's bus stops which are an integral part of the city's network of bus routes. During 2010/11, \$50,000 was spent on installing six new bus shelters, bringing the city's bus shelter total to 168 (out of approximately 900 bus stops).

During 2010/11, the total number of passengers who used public transport in Hamilton was 4,550,000, an increase of 34,160 from 2009/10.

LOOKING AHEAD — FUTURE PRIORITIES

The major priorities for Transportation Network for the future include:

- Completion of the Ring Road from Crosby Road to Ruakura Road
- 4-laning Wairere Drive between Pukete Road and Resolution Drive
- Continued work in 2011/12 to improve pedestrian access and safety

- Progressing seven 40kph speed zones in local area streets.
- Improving the existing transport network by looking at issues such as how to improve the coordination and efficiency of the traffic signals.

As part of the process to develop the 10-Year Plan 2012-22, Council will be carrying out a complete review of the services it provides. As a result of this process, there may be changes in the future to the services outlined here.

PARKING ENFORCEMENT

Manages the turnover and availability of on-street and Council operated off-street parking spaces in Hamilton. Parking Officers enforce heavy motor vehicle parking regulations, abandoned vehicles removal, bus lanes and clearways, and give aid and assistance to the public in the course of their duties. This activity also helps to ensure that

vehicles in the city are safe for the roads by monitoring warrants of fitness and vehicle licenses.



SERVICE DELIVERY PERFORMANCE

Performance against 2010/11 Targets

Parking Enforcement reports against the following two performance measures for coverage of Parking Officer patrols and turnover of parking spaces.

In addition to these measures and the regulatory aspects of parking operations, Council also has a broader role in managing parking in the city. Some examples include:

- Managing parking during major events in the city for safety and convenience of the public
- Monitoring of parking at schools for the safety of children
- Assisting with sustainable travel through bus lane monitoring.

PARKING ENFORCEMENT (Key service attribute: accessibility)				
PERFORMANCE MEASURES	2010/11 TARGETS	2010/11 RESULTS	2009/10 RESULTS	ADDITIONAL INFORMATION
LEVEL OF SERVICE: parking spaces are carefully managed to support the economic viability of the city and the promotion of alternative transport modes.				
Coverage of parking officer patrols on a continuous schedule basis through the central city and suburbs.	75% or greater.	85.1% 	85%	Coverage of the Central Business District also includes the monitoring of clearways on weekdays on Anglesea Street from 7.30am - 9.00am and on Bryce, Bridge and Anglesea Streets from 4.00pm - 4.30pm. The bus lanes on Hukanui Road and Anglesea Street are also monitored: Hukanui Road from 7.30am - 9.00am; and Anglesea Street from 4.00pm - 4.30pm. These patrols are carried out to keep the flow of traffic moving at peak times. Patrols of other clearways and schools out in the suburbs are also carried out daily for the safety of school children.
Turnover of parking spaces in the city that is equal to or less than the time limits set for those areas.	75% or greater.	85.1% 	85%	A study showed that the usage of on-street parking varied from street to street, with Barton Street having the highest demand.

 = target achieved

 = within 5% of target

 = target not achieved

LOOKING AHEAD — FUTURE PRIORITIES

School safety patrols will remain a priority, as well as further development of parking initiatives in the central city to promote the vibrancy of this area. Council will also be implementing the Parking Management Plan in 2011/12.

As part of the process to develop the 10-Year Plan 2012-22, Council will be carrying out a complete review of the services it provides. As a result of this process, there may be changes in the future to the services outlined here.

EFFECTS ON COMMUNITY WELL-BEING

Hamilton's Community Outcomes identify the aspects of well-being that are important for the city. Council monitors the effects that its Activities have on community well-being by focusing on the Community Outcomes that have been identified as being the most important for Hamilton.

The Transportation Activities primarily contribute to the 'Sustainable and Well-Planned' Community Outcome, in particular to the following:

SUSTAINABLE AND WELL-PLANNED

"An attractive city that is planned for the well-being of people and nature now and in the future"

Hamilton people want a city that:

- Is easy to get around so everybody can access services and facilities.
- Is safe and enjoyable for walking and cycling, encourages innovative transport options and has quality public transport.
- Has integrated transport systems that connect it to New Zealand and the world.

COMMUNITY OUTCOMES PROGRESS INDICATORS

Progress towards Hamilton's Community Outcomes is monitored through a selection of indicators. Indicators provide ways in which to measure, directly or indirectly, changes to social, environmental, economic and cultural well-being over time.

The following progress indicators are used to monitor the effect that the Transportation Activities have on progressing the Community Outcomes.

KEY:

M	= Moderate contribution		= Improving/favourable
S	= Significant contribution		= Uncertain/no trend
O	= Council is the only provider		= Declining/unfavourable

REPORTING ON PROGRESS INDICATORS

COMMUNITY OUTCOMES PROGRESS INDICATORS		LATEST RESULTS			TREND
M	Total number of passengers using public transport in Hamilton. <i>Source: Waikato Regional Council</i>	2008/09 4,242,416	2009/10 4,515,840	2010/11 4,564,147	
O	Residents' satisfaction with Council provided cycling facilities (satisfaction score). <i>Source: Hamilton City Council Residents Survey</i>	2009 66.5	2010 62.6	2011 68.5	
O	Residents' satisfaction with Council provided footpaths (satisfaction score). <i>Source: Hamilton City Council Residents Survey</i>	2009 75.5	2010 77.1	2011 76.5	
M	Road crashes and casualties — estimated social cost of injuries from crashes on Hamilton's roads <i>Source: Ministry of Transport (Crash Analysis System)</i>	2008 \$66.3m	2009 \$88.7m	2010 \$51.2m	
M	Air pollution — particulate matter and Benzene levels <i>Source: Waikato Regional Council</i>	2008	2009	2010	
	Particulate matter (PM10) — number of days per year exceeding the guideline.	0 days	3 days	0 days	
	Benzene concentration in the air (µg/m³):				
	- Bridge Street	2.52	2.51	2.25	
	- Claudelands Road	2.83	2.40	2.22	
	- Peachgrove Road	1.51	1.60	1.47	
M	Residents' perception of air pollution as a problem. <i>Source: Quality of Life Survey.</i>	2006 13%	2008 13%	2010 12%	

REPORTING ON PROGRESS INDICATORS					
COMMUNITY OUTCOMES PROGRESS INDICATORS		LATEST RESULTS			TREND
M	Residents' perception of dangerous driving as a problem. Source: Quality of Life Survey.	2006 74%	2008 74%	2010 71%	
M	Road traffic volumes - vehicles per day crossing the city boundary cordon. Source: Hamilton City Council	2008 104,600	2009 103,600	2010 103,600	
M	Residents' satisfaction with the Hamilton City bus service (satisfaction score). Source: Hamilton City Council Residents Survey	2009 77.1	2010 81.4	2011 77.1	
M	Residents' perception of traffic congestion when driving on Hamilton roads (satisfaction score). Source: Hamilton City Council Residents Survey	2009	2010	2011	
	During peak traffic.	55.9	55.7	57.7	
	During non-peak traffic.	80.6	81.7	80.8	
S	Number of schools and children using walking school buses. Source: Hamilton City Council	2008/09 Schools = 10 Students = 286	2009/10 Schools = 8 Students = 371	2010/11 Schools = 11 Children = 490	
M	Residents' perceptions of public transport (percentage strongly agree or agree). Source: Quality of Life Survey	2006	2008	2010	
	Affordable.	69%	67%	52%	
	Safe.	82%	80%	86%	
	Easy to get to.	72%	79%	80%	
	Frequent.	Not asked	70%	69%	
	Reliable	Not asked	70%	68%	

MONITORING NEGATIVE EFFECTS

Although the Transportation Activities provide many vital and important benefits to the community and are a fundamental enabler of trade, commerce and personal travel, there are a number of negative effects arising from both the construction and maintenance of the road corridor and its use by motor vehicles. These negative effects can arise from:

- Construction of the road — e.g. noise, dust
- Use of land for roads instead of other activities.
- Noise from vehicles
- Emissions - air and water pollution

- Accident costs, both economic and social
- Roads forming possible barriers between areas of the community.

Council's 2009-19 LTCCP identifies the significant existing or potential negative effects for the Transportation Activities.

During 2010/11 no significant instances of these negative effects occurred.

SIGNIFICANT ACQUISITIONS OR REPLACEMENTS OF ASSETS

SIGNIFICANT ACQUISITIONS OR REPLACEMENTS OF ASSETS				
	PROJECT REFERENCE NUMBER (SAP #)	ACTUAL 2010/11 (\$000)	BUDGET 2010/11 (\$000)	REASON
TRANSPORTATION				
Carriageways				
Kerb & Channel Replacement	40	1,245	1,233	On going programme that allows for the replacement of kerb and channel around the city to ensure the asset is maintained to an acceptable standard. The programme for the year was completed.
Area Wide Treatment	41	1,026	1,094	This programme enables the renewal / reconstruction of a road pavement where there are either high road maintenance costs or significant user costs from roughness. Each job must be justified by either savings in maintenance costs or road user benefits.
Carriageways Reseals	44	2,032	2,381	This is an on-going programme of road resurfacing work required to maintain the existing network in accordance with accepted asset management. Savings were realised this year through a reduction in the programme.
Footpaths, Cycleways and Verges	92	1,626	1,795	Resurfacing and reconstruction of existing footpaths at the end of their economic life. The programme for the year was completed.
Footway & Verge Shape Correction				
Access Hamilton	375	16,553	-	- Construction started in 2010/11. It was originally scheduled to start in 2011/12, but has been brought forward through the New Zealand Transport Agency providing early advance of the subsidy component for this project.
The Ring Rd (E1 Arterial and Wairere Dr)				
Wairere Dr Hukanui to Tramway	544	3,695	-	- This project was for the construction of the Ring Road between Hukanui Road and Tramway Road, this completed the Wairere Drive section right through from Te Rapa Road to Tramway Road. The works were completed during the year with the new section opening in late 2010.
Cycleway Construction ACC Ham	545	253	1,308	This programme provides for the construction of a cycle network across the city, combining both on road and off road routes. Completion of this programme is planned for 2016 in line with commitments made in 2006-2016 LTCCP.
Pedestrian Cycling Improvement Works	1037	480	2,030	This programme also includes localised improvements for pedestrians and all other road users where possible. This is in line with the Access Hamilton transport strategy and Active Travel Action Plan. The programme provides for pedestrians and all other road users where possible. This is in line with the Access Hamilton transport strategy and Active Travel Action Plan.

COST OF SERVICE STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

FORECAST COST OF SERVICE FOR THE YEAR ENDING 30 JUNE 2011				
	NOTE	ACTUAL 2010/11 (\$000)	BUDGET 2010/11 (\$000)	ACTUAL 2009/10 (\$000)
GROUP OF ACTIVITY - OPERATING STATEMENT				
OPERATING REVENUE				
Activity revenue - user charges and fees		7,276	8,244	7,720
Activity revenue - subsidy for operating expenditure		4,451	3,387	4,069
Targeted rates - Access Hamilton		1,206	1,200	2,855
Development and financial contributions	1	1,750	3,522	1,389
Subsidy for capital works	2	24,523	10,392	7,696
General rates		11,965	11,938	16,873
Other general sources		549	250	346
Total operating revenue		51,720	38,933	40,948
OPERATING EXPENDITURE				
Transportation Network	3	38,810	36,604	36,321
Parking Enforcement	4	2,211	3,633	3,281
Total operating expenditure		41,021	40,237	39,602
Operating surplus/(deficit)		10,699	(1,304)	1,346
GROUP OF ACTIVITY - CAPITAL AND RESERVES FUNDING STATEMENT				
CAPITAL EXPENDITURE				
Growth	5	5,411	2,593	4,014
Increased level of service	6	28,413	13,299	17,801
Renewal		7,272	7,502	7,195
Total capital expenditure		41,096	23,394	29,010
Loan repayments		5,272	6,781	2,902
Transfers to reserves		3,642	5,208	5,149
Operating deficit		-	1,304	-
Total funding required		50,010	36,687	37,061
Funded by:				
Operating surplus		10,699	-	1,346
Funding from non-cash expenses		17,714	15,390	12,017
Loans raised	7	19,913	13,791	17,566
Proceeds from sale of assets		496	-	315
Transfers from reserves		5,075	6,697	4,397
Total funding applied		53,897	35,878	35,641
Funding surplus/(deficit)		3,887	(809)	(1,420)

Notes to the Cost of Service Statements:

1. Reduction in Development Contributions received due to reduced growth.
2. Includes an additional subsidy for the Ring Road work and for capital works relating to historic land purchases.
3. Increase in costs relating to bridge maintenance, street, lighting, footpath cleaning and car park.
4. A reduction due to reduced provision of court filing fees of \$1.1m.
5. & 6. Two major approved projects were advanced during the 2010/11 year —Ring Road, and Te Rapa Bypass.
7. Additional loan raised due to advanced timing for the Ring Road project.

3.8 URBAN DEVELOPMENT

TAPU A-TE-TAONE

Council's Urban Development Activities includes:

- Building Control
- City Planning
- Planning Guidance
- Sustainable Environment

2010/11 HIGHLIGHTS

Building Control Unit Receives Re-Accreditation as a Building Control Authority

In June 2011, Council's Building Control Unit accreditation as a Building Control Authority (BCA) was reconfirmed for another two years.

The BCA accreditation and registration scheme is designed to help improve the control of, and encourage better practice and performance in, building design, regulatory building control and building construction.

The BCA scheme requires that any council carrying out building consent, inspection and approval work is accredited by a building consent accreditation organisation (in this case, by IANZ - International Accreditation New Zealand). Councils must also be registered by the Department of Building and Housing.

The accreditation and registration of BCAs helps assure the public of the quality of building controls, promotes consistent, standardised and ongoing good quality practice in building control, and provides incentives for improving performance and raising standards in building control.

Council Building Inspectors assist with the Christchurch Earthquake effort

Five council building inspectors were sent to Christchurch shortly after the February 2011 earthquake to assist with the national emergency effort.

Council's Building Control Manager, Phil Saunders, in his role as president of the Building Officials Institute of New Zealand, was responsible for assisting with the job of sourcing and coordinating over 220 volunteer building inspectors to head to Christchurch. At its peak, 20-30% of all of New Zealand's building inspectors were in Christchurch, working as part of teams on the ground and at times there were over 200 teams deployed on a daily basis. The teams were tasked with working street by street through some of the city's worst damaged areas, to check if homes were structurally safe to live in.

At the start of the response effort, the teams were set a target of 50-60,000 inspections in seven days. At their peak they had completed 17,000 inspections in just one day and by the end of the week-long operation they had completed approximately 78,000 inspections.

'Fast Forward' - Review of the District Plan

'Fast Forward' - the review of Hamilton's District Plan - is one of Council's most significant long-term projects. The District Plan affects all Hamilton residents and organisations, as it sets out the rules and policies for how people can develop and use land in the city.

The existing District Plan is now over ten years old and much has changed in that time. The new District Plan will address issues such as residential intensification, City Heart vitality, character and heritage, social well-being, transportation and accessibility, environmental sustainability, and the Waikato River.

In August 2010, a review document was produced and a summary of this document was distributed to all Hamilton residents. The documents outlined how the city wants to address Hamilton's most pressing issues, and asked residents their opinion about Council's thinking so far. The results of the consultation was considered in February 2011, and provided direction on the options going forward. During 2010/11, a number of workshops have also been held on topics that provide a basis for the new plan. The new District Plan is intended to be formally notified late in 2012.

In order to notify the new District Plan, the existing Proposed District Plan needs to be made operative, which is a requirement of the Resource Management Act 1991. In June 2011, Council resolved to make the Proposed District Plan 'operative in part', which then came into effect in August 2011.

Council Decisions on District Plan Variations

Variation 20 to the existing District Plan was progressed to formal hearings of Council, where final decisions were made about public submissions received. One appeal has been lodged against the decisions and work is now underway to resolve this. *Variation 20: Managing Change and Character in Hamilton East* aims to identify additional heritage items, establish a new Heritage Precinct and a new zone reflecting the general character of development in the Hamilton East neighbourhood.

Council staff have settled all appeals to Variations i.e. 7: *Temple View*; 15: *Subdivision Connectivity, Heritage, Special Provisions in New Growth Areas and Miscellaneous Provisions* and 18: *Rotokauri Structure Plan*; and are actively working to resolve the appeals to *Variations 13: Residential Centres* and 14: *Peacocke Growth Cell*.

Implementation of Future Proof

Formal implementation of the Sub-regional Growth Strategy 'Future Proof' started in 2009/10, with Council being appointed as the administering authority for the first three years.

Future Proof covers the administrative areas of Hamilton City, Waikato and Waipa District Councils and the associated area of Waikato Regional Council. It sets out how these councils will manage growth and land use for the sub-region over the next 50 years.

An Implementation Committee was established in 2009/10. The committee consists of two elected members from each of the partner councils, along with two tangata whenua representatives.

During 2010/11, the Proposed Regional Policy Statement was notified by Waikato Regional Council, which forms the basis for the Future Proof Settlement Pattern. Two studies (Southern Sector Study and Office and Retail study) were completed, and a Residential Intensification Toolkit was also finalised. The Future Proof Business Land Review was completed, a Communication Strategy was adopted and a Sub-Regional Three Waters Strategy was developed.

AJ Seeley Gully

In April 2011 Council, in partnership with the community, removed 24 tonnes of weeds from the AJ Seeley Gully in Hamilton East. The tracks and steps in the gully have been constructed using a low key approach giving it a backyard bushwalk feel and plans are being developed to rebuild bridges. A number of residents with reserve boundaries have been allocated plants and are planting and removing weeds in their private gullies to further enhance the areas. As is in other parts of Hamilton, tui are now regular visitors to this gully.

Enviroschools Programme

Enviroschools, a programme aimed at creating sustainable schools, was launched in Hamilton in 2001. It has now developed into an international programme and is being implemented in schools throughout New Zealand and the world.

Enviroschools is a whole school approach, where staff, students and the wider schools community work together to integrate environmental education into key areas of school life. Each participating school is supported by an Enviroschools facilitator.

Council contributed \$28,000 to the Enviroschools programme in Hamilton in 2010/11, and as at June 2011, 34 of the city's schools (over 60%) continue to participate in the programme. A significant achievement this year was Hukanui School retaining their Green-Gold status. Funding support for Enviroschools is also provided by the Waikato Regional Council and corporate sponsors.

Earth Hour

In 2011, at 8.30pm on March 26, people around the world turned their lights off for one hour - Earth Hour.

Hamilton participated for the third consecutive year with over 130 countries taking part, all joining together to show that it's possible to take action on global warming.

The event was marked in the central city with a pledge tree, entertainment, and an hour's darkness with Hood Street, Victoria Street and Garden Place all switching off their lights. Hamilton Mayor Julie Hardaker also hosted a two-hour Earth Hour radio show.

Hamilton led New Zealand nationally for Earth Hour 2011 recording the highest energy saving rate.

Love NZ Public Space Recycling

In May 2011 the Minister for the Environment Hon. Dr Nick Smith launched the national Love NZ public space recycling programme in Hamilton.

In preparation for the Rugby World Cup 2011, Hamilton now has ten new permanent Love NZ recycling bins located in Frankton, Lake Rotorua, the Transport Centre, Hamilton East Shopping Centre and the central city including Garden Place. Permanent Love NZ recycling bins are also located at Waikato Stadium, Claudelands Event Centre, Seddon Park and Hamilton Theatres.

The Love NZ public place recycling project is managed by the Glass Packaging Forum nationally and has been funded by the Government's Waste Minimisation Fund (\$1.6 million) and the Glass Packaging Forum. The Forum is partnering with councils and private businesses nationally to install and service recycling facilities.

BUILDING CONTROL

Building Control staff work closely with the community in advisory, education, compliance and enforcement roles to ensure that buildings are constructed to meet the requirements of the New Zealand Building Code and achieve acceptable standards for the health and safety of building users.



Council's Building Control Unit is an accredited Building Consent Authority, which is a requirement for any local authority carrying out building consent, inspections and approval work. The Unit also employs a full-time Eco-Design Advisor, who provides information and advice on sustainable design options.

SERVICE DELIVERY PERFORMANCE

Performance against 2010/11 Targets

This activity reports against the following two performance measures, which assess building customers' satisfaction with the services they receive, and performance against statutory processing timeframes for building consents.

Council has a target to issue 100% of building consents within 20 working days of receiving them. In 2010/11, 40 consents went over this timeframe (out of a total of 1,444 consents). Although the result for 2010/11 was still high, with 97.2% of consents processed within 20 working days, the Building Unit is still looking for ways to make improvement. Building Unit staff are presently working with all Council units that have input into the building consent process to improve performance against this target.

BUILDING CONTROL (Key service attributes: quality and responsiveness)				
PERFORMANCE MEASURES	2010/11 TARGETS	2010/11 RESULTS	2009/10 RESULTS	ADDITIONAL INFORMATION
LEVEL OF SERVICE: a high standard of building control services is provided.				
Customer satisfaction with the Building Unit.	No target for 2010/11 as survey not programmed for this year	Satisfaction score of 74.6 	Survey not undertaken in 2009/10	<p>This is a survey of Building Control customers and is scheduled to be carried out every two years. The survey timing, as stated in the 2009-19 LTCCP, was for the survey to be carried out in 2009/10. However, the survey was actually carried out in 2010/11.</p> <p>The satisfaction score of 74.6 recorded in 2010/11 indicates 'very good performance' for a 'no customer choice' service.</p>
LEVEL OF SERVICE: building consents are processed within statutory timeframes.				
Percentage of building consents issued within 20 working days from receipt of the application.	100%	97.2% 	99.5%	<p>This is a requirement of the Building Act 2004. In 2010/11, 40 consents went over the 20 working day timeframe (out of a total of 1,444 building consents).</p> <p>The Unit fell short of achieving 100% for issuing building consents within 20 working days because of process changes that more than trebled the timeframes for processing building consents (from an average processing time of one hour for a dwelling building consent to around five hours under the new process). These were primarily driven by the need to meet changes signalled by International Accreditation New Zealand (IANZ) during re-accreditation as a Building Consent Authority. The introduction of the new processing requirements created a backlog of work, which led to some consents going over the 20 working day processing target.</p> <p>Consent processes are subject to rigorous quality control checks, including a mandatory two-yearly reaccreditation review of processes by IANZ, an annual audit of processes by Telarc, as well as various internal audits. Building Control is also part of the Waikato Building Consent Group (comprising the five councils of Hamilton, Waikato, Waipa, Matamata- Piako and Otorohanga) which is also subject to a number of internal and external quality control checks.</p>

 = target achieved

 = within 5% of target

 = target not achieved

Additional Key Areas of Performance

Under the Building Act 2004, owners of commercial buildings are responsible for keeping their building's safety systems and features in good working order, and to provide councils with an annual Building Warrant of Fitness (BWofF).

Council has a Building Warrant of Fitness policy in place which outlines the approach to auditing premises in Hamilton identified as 'high risk' to public health and safety. Council aims to audit all buildings with a BWofF once each year.

Council has a compliance role based on maximising compliance with the Building Act 2004, which it aims to achieve by undertaking customer focused, best practice administration functions in relation to Building Warrant of Fitness.

Council also carries out enforcement action in accordance with its compliance strategy where non-compliances are evident and without compromising health and safety by:

- Taking a reasonable approach to enforcing Council's legislative responsibilities
- Ensuring the compliance approach aligns with the City's guiding strategies
- Carrying out a continuing education strategy to help achieve compliance with the Act.

LOOKING AHEAD — FUTURE PRIORITIES

Changes to the Building Act will occur beginning with the passing into law of Building Amendment Bill (No.3) which will mean a number of fundamental changes to building consenting and inspection work involving Council. More than ever Council must be prepared to meet these new challenges by ensuring adequate and effective resourcing is maintained and the skill levels of our staff are appropriate.

Staff training and education will therefore be a priority. The Building Act requires that Building Review Officers and Inspectors either have a recognised industry qualification or are working towards a qualification before 2013. The Building Unit will be working to ensure that as many staff as possible meet this requirement, by implementing an education and training programme in conjunction with the Building Officials Institute.

As part of the process to develop the 10-Year Plan 2012-22, Council will be carrying out a complete review of the services it provides. As a result of this process, there may be changes in the future to the services outlined here.

CITY PLANNING

City Planning comprises two teams, the District Plan Review Team and the City Planning Policy Team. These teams provide professional advice and leadership to


Council, the community and the development industry on resource management matters to assist the planned and sustainable growth of the city.

SERVICE DELIVERY PERFORMANCE

Performance against 2010/11 Targets

The review of Hamilton's District Plan is the main priority for City Planning. This activity reports against the following two performance targets, which are focused on making the existing District Plan operative, prior to notifying the new District Plan.

Progress towards the District Plan review is on track. Council is aiming to have the existing District Plan made operative in late 2011. In June 2011, Council resolved to make the Proposed District Plan 'operative in part', which then came into effect in August 2011.

CITY PLANNING (Key service attribute: quality)				
PERFORMANCE MEASURES	2010/11 TARGETS	2010/11 RESULTS	2009/10 RESULTS	ADDITIONAL INFORMATION
LEVEL OF SERVICE: managing urban growth and planning for good outcomes around city planning.				
Existing District Plan made operative.	No target for 2010/11, as the existing District Plan is due to be made operative in 2011/12.	No target for 2010/11 - District Plan to be made operative in 2011/12.	No target for 2009/10.	The existing District Plan needs to be made operative before Council can notify the new plan. The target is to have the existing District Plan made operative in 2011/12. This process is subject to a number of appeals which are currently being processed on track for the project timeframes. In June 2011, Council resolved to make the Proposed District Plan 'operative in part', which then came into effect in August 2011.
Review of Hamilton City District Plan.	Ongoing review of District Plan.	Review progressing as per the approved project plan 	Review commenced in June 2009	The District Plan Review is progressing in accordance with approved project plan.

 = target achieved

 = within 5% of target

 = target not achieved

Additional Key Areas of Performance

Other significant areas of work for City Planning in 2010/11 included:

- A structure plan for the Rototuna area of the city (Variation 12) was notified with the hearing for submissions scheduled for mid-November 2011.
- Council has made submissions and further submissions on the Proposed Regional Policy Statement.
- Continued work on the Future Proof Sub-regional Growth Strategy. This included the Southern Sector Study, Business Land Review and the Intensification toolkit.

LOOKING AHEAD - FUTURE PRIORITIES

Progressing Fast Forward (the District Plan Review)

Work on the District Plan review will continue. The new District Plan will be developed during 2011/12 and is intended to be formally notified in 2012.

In order to notify the new District Plan, the existing Proposed District Plan needs to be made operative, which is a requirement of the Resource Management Act 1991. In June 2011, Council resolved to make the Proposed District Plan 'operative in part', which then came into effect in August 2011.

Developing a Structure Plan for the Ruakura Area

A detailed plan for the Ruakura area of the city is being developed as part of the District Plan review. Investigative work and consultation with key stakeholders has taken place, with further work to take place in 2011/12. The Structure Plan will be publicly notified as part of the new District Plan in 2012.

Continued Implementation of Future Proof

Key projects over the next three years include:

- Implementation of the Communication Strategy to maintain high levels of awareness of growth management issues in the community

- Implementation of the Three Waters Management Plan (refer to Section 3.10 of this document for more information on the Management Plan)
- Central Government Engagement initiatives
- Full review of the Future Proof Strategy and Action Plan.
- Implementing the Requirements of the Waikato-Tainui Raupatu Claims (Waikato River) Settlement Act. Council is actively working with Waikato-Tainui to develop a Joint Management Agreement (JMA), which will provide for iwi involvement in various Resource Management Act processes that relate to the Waikato River, e.g. plan making, resource consenting and monitoring.

The Waikato River Settlement Act 2010 requires the JMA to be in place 18 month after the Act came into force i.e. by July 2012.

As part of the process to develop the 10-Year Plan 2012-22, Council will be carrying out a complete review of the services it provides. As a result of this process, there may be changes in the future to the services outlined here.

PLANNING GUIDANCE

The Planning Guidance Unit provides planning advice and processes applications for resource consents and subdivision consents. The unit also monitors and investigates compliance with resource consent conditions, the Prostitution Bylaw and the Gambling Venue Policies.

As part of CityScope (the urban design strategy), pre-application meetings are held with developers at the pre-design stage to foster greater collaboration between Council and developers, and to promote the principles of good urban design and sustainability.

SERVICE DELIVERY PERFORMANCE

Performance against 2010/11 Targets

This activity reports against the following two performance measures, which assess customer satisfaction and performance against statutory processing timeframes for notified resource consents.

The Customer Satisfaction Survey for the Planning Guidance Unit was carried out at a time when the Unit was facing public and media scrutiny over a number of planning issues. The survey saw decreases in scores over a wide range of areas. These primarily related to staff taking a tougher stance on incomplete applications and requiring a higher level of legal scrutiny. This has had an impact on the customer satisfaction scores. This is a priority area for the new unit management to address in the coming year.


During 2010/11 two resource consents processed by Planning Guidance were appealed by the applicants. These two appeals have been lodged with the Environment Court and to date have not yet been settled.


Every two years local authorities participate in a Ministry for the Environment survey to examine key aspects of the Resource Management Act (RMA) process. The survey provides information about local authority implementation of the RMA and a measure of comparative performance. In the 2007/08 survey, Council achieved a 99% efficiency rating for processing resource consent applications within statutory time limits.




The next RMA survey will cover the 2010/11 financial year, a year later than originally scheduled. The delay means the Ministry can capture the initial effects of the Resource Management (Simplifying and Streamlining) Amendment Act, which came into effect in 2009.

The survey questionnaire was released to local authorities in June 2010, with the results expected to be available later in 2011.

PLANNING GUIDANCE (Key service attributes: quality and responsiveness)

PERFORMANCE MEASURES	2010/11 TARGETS	2010/11 RESULTS	2009/10 RESULTS	ADDITIONAL INFORMATION
LEVEL OF SERVICE: a high standard of planning guidance services is provided.				
Customer satisfaction with the Planning Guidance Unit.	No target for 2010/11 as survey not programmed for this year	Satisfaction score of 52.9 	Survey not undertaken in 2009/10	<p>This is a survey of Planning Guidance customers and is undertaken every two years. The survey timing, as stated in the 2009-19 LTCCP, was for the survey to be carried out in 2009/10. However, the survey was actually carried out in 2010/11.</p> <p>The satisfaction score of 52.9 recorded for 2010/11 indicates 'needs significant improvement' for a 'no customer choice' service.</p> <p>The customer satisfaction survey results saw a decrease in customer satisfaction scores for the Planning Guidance Unit. This survey was carried out at a time when the Unit was facing both public and media scrutiny over a number of planning issues. These results can also be attributed to staff taking a tougher stance on incomplete applications and requiring a higher level of legal scrutiny. This is a priority area for the new unit management to address in the coming year.</p>

LEVEL OF SERVICE: resource consents are processed within statutory timeframes.				
Percentage of non-notified resource consents issued within 20 working days from receipt of application.	100%	95%		99.9%
<p>This is a requirement of the Resource Management Act 1991 (RMA). If this timeframe is not reached, a discount on administrative charges must be made to the applicant.</p> <p>In 2010/11, 17 consents were not processed within the 20 working day timeframe. In total, 337 non-notified consents were processed in 2010/11, compared to 475 in 2009/10.</p> <p>The delays in processing were due to staffing levels in Planning Guidance and recent changes to the RMA which have resulted in the Section 95 assessments now taking longer to complete. Actions taken to address these issues include the appointment of new staff (including a new Unit Manager). There have also been new processes introduced that will allow staff to make better use of RMA provisions to extend timeframes when appropriate.</p> <p>Strict processes are in place to ensure that the quality of non-notified resource consents issued are of a consistently high standard. This includes use of standardised templates and checklists, review of the application by all relevant Council departments, internal peer review of the applications, and ensuring compliance with relevant provisions of the RMA.</p>				

 = target achieved
  = within 5% of target
  = target not achieved

LOOKING AHEAD — FUTURE PRIORITIES

A review of Council's Planning Guidance Unit has been recently carried out. The review found that substantial changes are required to improve resource consent processes and the service that the Unit provides. Work has started on implementing the recommendations from the review. It is anticipated that the recommended changes will lead to significant improvements to the service and the community's confidence in the Planning Guidance Unit.

As part of the process to develop the 10-Year Plan 2012-22, Council will be carrying out a complete review of the services it provides. As a result of this process, there may be changes in the future to the services outlined here.

SUSTAINABLE ENVIRONMENT

Staff who work as part of this activity provide advice and information within Council and also partner with the

community; creating awareness about urban sustainability and behaviour change programmes.


Work is undertaken with Council staff to ensure they are well informed about current approaches towards environmentally sensitive urban growth and development. Support is also provided to different sectors of the community around sustainable living.

SERVICE DELIVERY PERFORMANCE

Performance against 2010/11 Targets

This activity reports against the following two performance targets for the Gully Restoration Programme and the Envirofund. The performance targets for 2010/11 have been met, with the continued success of both of these initiatives.

SUSTAINABLE ENVIRONMENT (Key service attributes: accessibility and sustainability)				
PERFORMANCE MEASURES	2010/11 TARGETS	2010/11 RESULTS	2009/10 RESULTS	ADDITIONAL INFORMATION
LEVEL OF SERVICE: opportunities are provided for the community to be involved in environmental education initiatives.				
Percentage of gully owners who are involved in the gully restoration programme.	26%	27% 	25%	27% equates to 828 owners involved in the gully restoration programme out of an estimated total of 3,080 private gully land parcels in the city. A campaign is held each year to encourage people to join the programme.

PERFORMANCE MEASURES	2010/11 TARGETS	2010/11 RESULTS	2009/10 RESULTS	ADDITIONAL INFORMATION
LEVEL OF SERVICE: funding support is provided for projects that benefit the environment.				
Provide annual funding of environmental projects through the Envirofund.	Funding allocated.	Funding was allocated to 23 projects 	Funding was allocated to 22 projects	37 applications were received with a total of \$167,833 being requested. The fund had \$45,000 to allocate for 2010/11 with \$5,000 previously allocated for Earth Hour by way of Council resolution. Projects allocated funding in 2010/11 covered several theme areas: 11 involved some form of community gardening, organic composting or permaculture projects; 4 were for native plantings or the restoration of natural areas; 3 focused on waste minimisation; 1 was for green building design; 3 for sustainability education and 1 for monitoring long-tailed bats in the city.

 = target achieved

 = within 5% of target

 = target not achieved

Additional Key Areas of Performance

A key focus for this area is to continue supporting progress on a number of flagship projects identified in the Environmental Sustainability Strategy. Examples include:

- Input to the District Plan review project to ensure alignment with the theme of environmentally sensitive urban growth
- Providing funding and event management for the Earth Hour project
- Support for the WEL Energy Trust's Healthier Homes Programme, which aims to improve air-quality within the Hamilton airshed by retrofitting low income, pre 2000 homes with insulation and clean air devices
- Providing funding and support for a study into an option for dealing with organic waste, through a process known as pyrolysis (converting sludge into other useable products such as oil and gas). The project was awarded Waste Levy Funding from Ministry for the Environment's contestable fund.

A report is also being prepared by the Centre for Biodiversity and Ecology Research to understand the impacts the 'Plants for Gullies' programme has had on the restoration of Hamilton gullies. The report will help inform the future direction of the programme as well as providing some data on areas being restored and the quality of those restorations.

LOOKING AHEAD — FUTURE PRIORITIES

Key priorities for the Sustainable Environment activity include developing a sustainability plan for Council, which will cover aspects such as waste, energy, water use and 'green buildings'.

The major priorities for Gullies in the future include:

- Selecting two gully areas in Hamilton each year, one next to a Council reserve and one entirely privately owned. In these areas support will be given to help form community groups focussed on removing and controlling weeds and improving natural biodiversity
- Developing policy relating to riparian planting on privately owned gullies in partnership with the Waikato Regional Council.

As part of the process to develop the 10-Year Plan 2012-22, Council will be carrying out a complete review of the services it provides. As a result of this process, there may be changes in the future to the services outlined here.

EFFECTS ON COMMUNITY WELL-BEING

Hamilton's Community Outcomes identify the aspects of well-being that are important for the city. Council monitors the effects that its Activities have on community well-being by focusing on the Community Outcomes that have been identified as being the most important for Hamilton.

The Urban Development Activities primarily contribute to the 'Sustainable and Well-planned' Community Outcome, in particular to the following:

SUSTAINABLE AND WELL-PLANNED

"An attractive city that is planned for the well-being of people and nature, now and in the future"

Hamilton people want a city that:




- Uses processes of sustainable urban design that enhance neighbourhood communities.
- Protects and enhances its green spaces and natural environments for people to value and enjoy.
- Sustainably manages resources such as water and energy.

















COMMUNITY OUTCOMES PROGRESS INDICATORS

Progress towards Hamilton's Community Outcomes is monitored through a selection of indicators. Indicators provide ways in which to measure, directly or indirectly, changes to social, environmental, economic and cultural well-being over time.

The following progress indicators are used to monitor the effect that the Urban Development Activities have on progressing the Community Outcomes.

KEY:

M	= Moderate contribution		= Improving/favourable
S	= Significant contribution		= Uncertain/no trend
O	= Council is the only provider		= Declining/unfavourable

REPORTING ON PROGRESS INDICATORS					
COMMUNITY OUTCOMES PROGRESS INDICATORS		LATEST RESULTS			TREND
	Area of green space in the city per resident (parks and gardens areas only, as at June) <i>Source: Hamilton City Council</i>	2009 4.6 ha / 1,000 residents	2010 4.4 ha / 1,000 residents	2011 4.4ha / 1,000 residents	
	Area of green space in the city per resident (sports areas only, as at June) <i>Source: Hamilton City Council</i>	2009 3.1 ha / 1,000 residents	2010 3.1 ha / 1,000 residents	2011 3.1 ha / 1,000 residents	
	Percentage of Greenfield and infill development (as at March). <ul style="list-style-type: none">• Greenfield• Infill <i>Source: Hamilton City Council</i>	2008/09 35% 65%	2009/10 66% 34%	2010/11 57% 43%	
	Residents' rating of sense of pride in the way their city looks and feels (percentage of people who agreed or strongly agreed). <i>Source: Quality of Life Survey</i>	2006 69%	2008 68%	2010 60%	
	Number of built heritage and sites of archaeological, historical and cultural significance in the current District Plan. <i>Source: Hamilton City Council.</i>	2009 105	2010 132	2011 127	 The reduction in the number relates to the removal of a number of heritage items through the hearing of Variation 20 (Hamilton East Character area).
	Number of schools participating in the Hamilton Enviroschools programme. <i>Source: Hamilton City Council</i>	2008/09 33	2009/10 34	2010/11 34	
	Residents' perceptions of safety in their neighbourhood (satisfaction score). <i>Source: Hamilton City Council Residents Survey</i>	2009 79.5	2010 79.3	2011 79.7	
	Residents' rating of feeling safe in Hamilton's central city at night. <i>Source: Hamilton City Council Residents Survey</i>	2009 61.4	2010 63.3	2011 63.6	

MONITORING NEGATIVE EFFECTS

Existing or potential negative effects on the current and future well-being of the community are an important consideration for Council when planning and carrying out its activities. Council's 2009-19 LTCCP identifies the significant existing or potential negative effects for the Urban Development Activities, and how Council manages and mitigates these effects.

Negative effects often occur when there are competing priorities or objectives and high demand for resources. It is sometimes the case that activities permitted in Hamilton's District Plan are viewed as being incompatible with local

surroundings; or alternatively, that the District Plan is considered too restrictive in what it allows.

One of the key issues faced by Council is ensuring that the District Plan sets the appropriate framework for achieving a balance between individual property rights, city growth and development; versus the need to protect the city's character and the environment.

Council also takes a proactive approach to the issuing of resource consents through the extensive use of pre-application meetings. People looking to make a resource consent application to Council are encouraged to attend pre-application meetings with Council staff from various

Departments. These meetings are designed to assist the potential applicants in complying with and providing the appropriate information as part of their formal written consent application

COST OF SERVICE STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

COST OF SERVICE STATEMENT FOR THE YEAR ENDED 30 JUNE 2011			
	ACTUAL 2010/11 (\$000)	BUDGET 2010/11 (\$000)	ACTUAL 2009/10 (\$000)
GROUP OF ACTIVITY - OPERATING STATEMENT			
OPERATING REVENUE			
Activity revenue - user charges and fees	4,649	5,051	5,616
General rates	4,449	4,438	4,545
Other general sources	-	-	-
Total operating revenue	9,098	9,489	10,161
OPERATING EXPENDITURE			
City Planning	3,479	2,961	3,601
Planning Guidance	2,413	2,001	1,995
Building Control	4,243	4,159	4,283
Sustainable Environment	478	725	638
Total operating expenditure	10,613	9,846	10,517
Operating surplus/(deficit)	(1,515)	(357)	(356)
GROUP OF ACTIVITY - CAPITAL AND RESERVES FUNDING STATEMENT			
CAPITAL EXPENDITURE			
Growth	-	-	-
Increased level of service	170	147	634
Renewal	207	174	258
Total capital expenditure	377	321	892
Loan repayments	-	-	-
Transfers to reserves	73	68	72
Operating deficit	1,515	357	356
Total funding required	1,965	746	1,320
Funded by:			
Operating surplus	-	-	-
Funding from non-cash expenses	125	1	2
Loans raised	201	810	-
Proceeds from sale of assets	-	-	-
Transfers from reserves	11	19	8
Total funding applied	337	830	10
Funding surplus/(deficit)	(1,628)	84	(1,310)

3.9 WASTE MINIMISATION

HE PARAWHAKAKINO

Refuse and Recycling is the only activity in this Activity Group.

2010/11 HIGHLIGHTS

Rototuna Closed Landfill

Over the last 10 years, Council has been carrying out investigations on the environmental effects of this closed landfill (located in Tauhara Park). Over this time Council has installed gas management infrastructure and improved stormwater pipes to minimise leachate effects. Ongoing monitoring of the site continues to demonstrate that the site presents no more than a minor effect on the surrounding environment. Public consultation has been carried out and a resource consent application for ongoing discharges has now been lodged with the Waikato Regional Council. Council expects to receive this consent by the end of 2011.

Willoughby Closed Landfill

During 2009/10 Council installed a new gas curtain at the Willoughby closed landfill to ensure compliance with resource consent conditions. Monitoring during 2010/11 has confirmed that this barrier is effective at minimising potential negative effects of landfill gas emissions. Leachate control works have also been completed. The effectiveness of these works will be assessed over 2011/12.

Consents for the Hamilton Organic Centre

Council has been granted a 15-year resource consent for the operation of the Hamilton Organic Centre (HOC). This allows Council's contractor to continue to provide a site for greenwaste diversion from the landfill. Since gaining the consent, improved methodology at the site has meant that previous odour issues have decreased significantly.

Safety Improvements at Waste Facilities

Safety improvements to Council's Hamilton Organic Centre and the Refuse Transfer Station made in 2010/11 include:

- An improved drop-off wall at the Hamilton Organic Centre to prevent vehicles going beyond the boundary of the waste unloading area.
- Progress has been made on carrying out recommendations of a hazard assessment report at the Refuse Transfer Station.

A new footpath at the Refuse Transfer Station will increase the safety of pedestrians, as there is often a high level of traffic movement.

Waste Minimisation Initiatives

Council has identified opportunities for minimising waste to landfill by reviewing alternative options for sewage sludge disposal from the wastewater treatment plant. There is the potential to divert 11,000 tonnes of waste per year from landfill, and during 2011, a study to identify suitable options has been progressed.

Council has funded several trials of alternative disposal of the sewage sludge and potential uses for the end-product. A worm composting trial was carried out, with the sewage sludge mixed with other products to make a soil conditioner. Another trial is underway with a variety of partners including other Councils and industry, on a process known as pyrolysis, which can convert sludge into other useable products such as oil and gas. This project is part of the Council's Back to Earth initiative.

Council also provides support, both financially and in staff resources, to other waste minimisation initiatives including:

- Sustainabiz, a resource provided by the Waikato Regional Council that works with businesses to minimise waste
- The Regional Waste Exchange, which was recently relaunched and will enable the free exchange of unwanted items
- E-day, a nationally organised event held annually in November to enable residents to dispose of e-waste free of charge.

REFUSE AND RECYCLING

Council provides a weekly refuse and recycling service to over 50,000 residential properties within the city (this service is not provided to inner city apartments or the commercial and industrial sector). Refuse is disposed of outside the city boundaries at a landfill in Hampton Downs. Recyclable materials are also collected at Hamilton's Refuse Transfer Station.

While the Refuse Transfer Station, Recycling Centre and the green waste composting facilities at the Hamilton Organic Centre are all owned by Council, operations of these three facilities continue to be contracted to privately-owned business. Recyclable materials collected from the kerbside are on-sold in the world market by Council's contractor to help offset the cost of the service.






Information is readily available (including leaflets at the various centres and information on Council's website) to the public about ways in which they can reduce the waste they produce, re-use, recycle, and recover solid waste.

SERVICE DELIVERY PERFORMANCE

Performance against 2010/11 Targets

This activity reports against the following five performance measures, which assess residents' satisfaction with

household refuse and recycling collections; response times for requests for service; and compliance with closed landfill resource consent conditions.

REFUSE AND RECYCLING (Key service attribute: quality, responsiveness and sustainability)				
PERFORMANCE MEASURES	2010/11 TARGETS	2010/11 RESULTS	2009/10 RESULTS	ADDITIONAL INFORMATION
LEVEL OF SERVICE: household refuse and recycling collections are reliable.				
Residents' satisfaction with the household recycling collection.	Satisfaction score of 79 or above	Satisfaction score of 85.5 	Satisfaction score of 84.6	Measured through Council's Residents Survey. The 2010/11 target and result indicate 'exceptional performance' for a 'no customer choice' service.
Residents' satisfaction with the household refuse collection.	Satisfaction score of 79 or above	Satisfaction score of 86.5 	Satisfaction score of 87.1	Measured through Council's Residents Survey. The 2010/11 target and result indicate 'exceptional performance' for a 'no customer choice' service.
LEVEL OF SERVICE: requests for service are responded to promptly.				
Percentage of requests relating to non-collection of household refuse are resolved within 24 hours.	95%	99% 	100%	These measures are important as the non-collection of refuse and recyclables may pose a health risk and be unsightly.
Percentage of requests relating to non-collection of household recyclables resolved within 24 hours.	90%	99% 	98.8%	These measures are important as the non-collection of refuse and recyclables may pose a health risk and be unsightly.
LEVEL OF SERVICE: adverse effects of waste on the environment are managed.				
High level of compliance with resource consent conditions (closed landfills).	High level of compliance	High level of compliance achieved 	High level of compliance achieved	<p>The level of compliance is measured annually by the Waikato Regional Council. A high level of compliance means that there has only been a low priority non-compliance, and/or there have been several minor technical non-compliances.</p> <p>There are 4 closed landfills being provided with aftercare management. Horotiu Landfill consent compliance is being assessed by Hamilton City Council at the time of this report. This annual assessment of compliance will then be submitted for review to the Waikato Regional Council to determine the level of compliance with the resource consent conditions.</p>

 = target achieved

 = within 5% of target

 = target not achieved

Additional Key Areas of Performance

Waste Minimisation

Council aims to minimise waste and is investigating ways of better monitoring waste production, recycling and reuse in order to evaluate the success of waste initiatives and services. Council continues to assess waste streams and ways in which waste minimisation can be implemented by residents and city businesses.

Waste Education

Council employs an Environmental Advisor whose key tasks are to educate community groups and schools on waste minimisation.

Council also delivers waste education to the community through its sustainable living programme 'Know It? Live It!' and supports the Waikato Regional Council's 'Sustainabiz' programme. This programme supports local small businesses to work towards a sustainable business model, including waste minimisation.

Waste education is also delivered to schools through the 'Enviroschools' programme which Council supports, and to the general community through sponsorship of the annual 'ReStyle' event which showcases waste minimisation issues and initiatives. Education has also been delivered around energy efficient light bulb recycling and e-waste. The 2010 E-day event (held in November 2010) collected 20 tonnes of E-waste in Hamilton, with over 900 tonnes of e-waste collected nationally.

LOOKING AHEAD — FUTURE PRIORITIES

The major priorities for refuse and recycling over the next year are to complete the review of Council's Waste Management and Waste Minimisation Plan.

To ensure best practice is being applied, and as required by the Waste Minimisation Act 2008, Council is required to prepare a new Waste Management and Minimisation Plan. This is currently being prepared and will be publicly consulted on in late 2011. This document will set the broad strategic direction for Council to manage waste efficiently and minimise any harmful effects of waste.

Council is responsible for ensuring that closed landfill sites at Rototuna, Cobham Drive, Willoughby and Horotiu are managed to mitigate adverse effects on the environment and public health.

Council has applied for resource consents for the Rototuna Closed Landfill for air and groundwater discharges and will focus on securing these consents and moving ahead to a monitoring phase.

Assessment and improvement of closed landfill cap surfaces to ensure compliance with resource consents will be carried out. Improving data collection will also assist in determining cap integrity and potential for leachate minimisation at the Horotiu Closed Landfill.

As part of the process to develop the 10-Year Plan 2012-22, Council will be carrying out a complete review of the services it provides. As a result of this process, there may be changes in the future to the services outlined here.

EFFECTS ON COMMUNITY WELL-BEING

Hamilton's Community Outcomes identify the aspects of well-being that are important for the city. Council monitors the effects that its Activities have on community well-

being by focusing on the Community Outcomes that have been identified as being the most important for Hamilton.

The Waste Minimisation Activity primarily contributes to the 'Sustainable and Well-Planned' Community Outcome, in particular to the following:

SUSTAINABLE AND WELL-PLANNED

"An attractive city that is planned for the well-being of people and nature now and in the future"

Hamilton people want a city that:

- Encourages and enables people to recycle and minimise waste.
- Protects and enhances its green spaces and natural environments for people to value and enjoy.

COMMUNITY OUTCOMES PROGRESS INDICATORS

Progress towards Hamilton's Community Outcomes is monitored through a selection of indicators. Indicators provide ways in which to measure, directly or indirectly, changes to social, environmental, economic and cultural well-being over time.

The following progress indicators are used to monitor the effect that the Waste Minimisation Activity has on progressing the Community Outcomes.

KEY:

M	= Moderate contribution		= Improving/favourable
S	= Significant contribution		= Uncertain/no trend
O	= Council is the only provider		= Declining/unfavourable

REPORTING ON PROGRESS INDICATORS

COMMUNITY OUTCOMES PROGRESS INDICATORS		LATEST RESULTS			TREND
S	Waste per person from the household kerbside collection. Source: Hamilton City Council	2008/09 141.8 kg/year	2009/10 144.5 kg/year	2010/11 144.3kg/year	
S	Recyclables per person from the household kerbside collection. Source: Hamilton City Council	2008/09 72.2 kg/year	2010 71.25 kg/year	2011 65.9kg/year	
M	Materials collected for re-use/recycling at Hamilton's Refuse Transfer Station. Source: Hamilton City Council	2008/09 4,227.0 tonnes	2009/10 4,425.8 tonnes	2010/11 4,536.0 tonnes	
M	Waste diverted from landfill via the Hamilton Organic Centre. Source: Hamilton City Council	2008/09 158.19 kg per person	2009/10 109.75 kg per person	2010/11 71.5kg per person	

The decrease in volume of household kerbside recycling in 2010/11 will be monitored to establish the causes.

The decrease in the amount of waste diverted from landfill via the Hamilton Organic Centre can be partially attributed

to a change in the method used to establish tipping fees. Waste is now measured by weight rather than by volume.

Lack of promotion of this facility will also impact on optimum waste diversion.

MONITORING NEGATIVE EFFECTS

While uncollected refuse and recycling can have adverse effects on the community through being unsightly and potentially a health hazard, Council works to mitigate these effects by providing a high quality service, and resolves issues with uncollected waste promptly.

Council's 2009-19 LTCCP identifies the significant existing or potential negative effects for the Refuse and Recycling Activity. During 2010/11 no significant instances of these negative effects occurred although leachate management will require further improvement.

COST OF SERVICE STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

COST OF SERVICE STATEMENT FOR THE YEAR ENDED 30 JUNE 2011			
	ACTUAL 2010/11 (\$000)	BUDGET 2010/11 (\$000)	ACTUAL 2009/10 (\$000)
GROUP OF ACTIVITY - OPERATING STATEMENT			
OPERATING REVENUE			
Activity revenue - user charges and fees	470	933	672
General rates	4,861	4,850	4,449
Other general sources	302	530	306
Total operating revenue	5,633	6,313	5,427
OPERATING EXPENDITURE			
Refuse and Recycling	6,024	6,226	5,946
Total operating expenditure	6,024	6,226	5,946
Operating surplus/(deficit)	(391)	87	(519)
GROUP OF ACTIVITY - CAPITAL AND RESERVES FUNDING STATEMENT			
CAPITAL EXPENDITURE			
Growth	-	-	-
Increased level of service	456	503	695
Renewal	327	262	1,167
Total capital expenditure	783	765	1,862
Loan repayments	319	389	132
Transfers to reserves	366	588	369
Operating deficit	391	0	519
Total funding required	1,859	1,742	2,882
Funded by:			
Operating surplus	-	87	-
Funding from non-cash expenses	309	327	300
Loans raised	444	407	1,128
Proceeds from sale of assets	-	-	-
Transfers from reserves	279	452	308
Total funding applied	1,032	1,273	1,736
Funding surplus/(deficit)	(827)	(469)	(1,146)

3.10 WATER MANAGEMENT

WHAKAHAERE-WAI

Council's Water Management Activities includes:

- **Water Supply**
- **Wastewater**
- **Stormwater**

2010/11 HIGHLIGHTS

Water Infrastructure Projects

The slowing of growth in the city has resulted in the reassessment of planned capacity upgrades at the Water Treatment Plant. However, improvements and installation of infrastructure to service new areas of the city are in progress. In conjunction with the major roading works, bulk main upgrades and extensions (totalling 2.1 km in length) to supply water on the eastern side of the city are now complete.

Maintaining High Quality Water for Hamilton

Council has maintained the Ministry of Health's 'Aa' water grading for many years. Water supplies that receive an Aa grading are described by the Ministry of Health as 'completely satisfactory with an extremely low level of risk'. The ability to achieve this has been supported by an approved Public Health Risk Management Plan and a 10-year programme of capital, renewal and maintenance works. These works aim to improve the reliability, security and effective operation of the existing Water Treatment Station and reticulation network.

During 2010/11 the Plant distribution network renewal work totalling approximately \$1 million (over 2.8 km) was carried out throughout the city. This program continues into future years to ensure quality and efficiency in service to customers.

Council has also signed off on a new backflow prevention policy. This policy will ensure that the risk of water contamination will be minimised.

Improved Water Data Management

Capturing electronic data relating to the water supply network and displaying it on a GIS system has allowed an improved management of water assets and a more flexible use of water asset data. This allows Council's customers to have direct access to the location of the water services which Council provides.

Improvements to Wastewater Infrastructure

The 2010/11 year has seen a significant amount of wastewater infrastructure projects completed or underway to cater for new growth or improved service. This includes a pumpstation upgrade in the Templeview area and the installation of 2.3km wastewater interceptor under the Te Rapa bypass in preparation for development of Stage 1 of

the Rotokauri growth cell. The wastewater interceptor works were completed by the New Zealand Transport Agency's contractor with an approved budget of \$9.6 million.

The new clarifier and aeration basin at the Wastewater Treatment Plant has been completed and will further allow Council to manage resource consents more effectively and cater for city growth.

Stormwater Discharge Consent Application

Council was granted a Comprehensive Stormwater Discharge Resource Consent application by Waikato Regional Council during 2010/11. The resource consent, which allows stormwater discharge from over 600 outlets in the city, has amalgamated all existing consents into a single consent making it easier to manage.

Protecting the City's Waterways

In a joint management approach with the Waikato Regional Council (WRC), a spill response plan continues to operate effectively. Both Council and WRC responded to and investigated 23 spill related incidents. Three significant spills were attended (these related to two diesel discharges and a biosolids spill from a truck). These spills resulted in only minor impacts on the receiving environment.

Catchment Management Plans (CMPs) are being progressively developed to provide a guide for developers on how Council expects development to occur in greenfield areas and what considerations must be taken into account to protect existing natural habitats. The initial stages of the development of CMP's for Peacocke, Rotokauri and Rototuna growth cells are underway.

In 2010/11, two significant bank stability and erosion remediation projects totalling \$63,000 were carried out in Te Anau Stream and Wymer Terrace. In addition, three pipe renewal projects totalling \$240,000 were carried out in order to reduce and remedy flooding.

WATER SUPPLY






Hamilton's water treatment, distribution and management systems ensure that when water reaches consumers it is safe to drink. Raw water is drawn from the Waikato River into the Water Treatment Plant, where it is treated to provide a high standard of drinking water (Ministry of Health Aa grade).






Every second of every day, the Water Treatment Station produces an average of 2,385 glasses of high quality water to over 50,000 homes and commercial/industrial premises. Only a very small percentage of this is used for drinking, with the rest used for bathing, toilet flushing, watering gardens, swimming pools, and multiple other uses.

SERVICE DELIVERY PERFORMANCE

Performance against 2010/11 Targets

The provision of water is a primary responsibility of Council and 90% of the performance targets for 2010/11 have been achieved. Residents Survey results are indicating a high level of satisfaction with the quality and reliability of Hamilton's water supply.

WATER SUPPLY (Key service attributes: quality, reliability/responsiveness, sustainability)				
PERFORMANCE MEASURES	2010/11 TARGETS	2010/11 RESULTS	2009/10 RESULTS	ADDITIONAL INFORMATION
LEVEL OF SERVICE: a high quality water supply is provided.				
Achieve a high rating from the Ministry of Health for the city's water supply.	Hamilton Zone: Aa grading Temple View Zone: Aa grading	Aa grading  Aa grading	Aa grading Aa grading	Water grades range from Aa to Ee. 'A' = the quality of the water treatment and 'a' = the quality of the pipe network. Water supplies that receive an Aa grading are described by the Ministry of Health as 'completely satisfactory with an extremely low level of risk'. Grading of Hamilton and Temple View water supplies was not carried out in the year 2010/2011 (the Waikato District Health Board determines when water grading is to be carried out). This means that the Aa grading given in 2009/10 is carried through to 2010/11. More information about water grading can found at www.drinkingwater.co.nz
Residents' satisfaction with the taste and odour of the water supply.	Satisfaction score of 73 — 76	Satisfaction score of 77.7 	Satisfaction score of 79.4	Measured through Council's Residents Survey. The 2010/11 result of 77.7 indicates 'excellent performance' for a 'no customer choice' service. The target was for a score of 73 - 76, which indicates 'very good performance'.
Residents' satisfaction with clarity of the water supply.	Satisfaction score of 79 or above	Satisfaction score of 85.3 	Satisfaction score of 84.9	Measured through Council's Residents Survey. The 2010/11 target and result indicates 'exceptional performance' for a 'no customer choice' service.
LEVEL OF SERVICE: water pressure is appropriate for its intended use.				
Percentage of water flow and pressure tests that comply with set standards.	95% compliance	Pressure test - 100% compliance  Flow test - 96.5% compliance	100% compliance	Flow and pressure standards are technical standards that are described in the Hamilton City Development Manual. There are 6,207 hydrants in Hamilton. In 2010/2011, 694 hydrants were tested for flow and pressure. Of the hydrants tested, all passed the pressure tests, with 96.5% meeting flow standards.
Residents' satisfaction with water pressure.	Satisfaction score of 79 or above	Satisfaction score of 85.7 	Satisfaction score or 85.3	Measured through Council's Residents Survey. The 2010/11 target and result indicates 'exceptional performance' for a 'no customer choice' service.

PERFORMANCE MEASURES	2010/11 TARGETS	2010/11 RESULTS	2009/10 RESULTS	ADDITIONAL INFORMATION
LEVEL OF SERVICE: a reliable water supply network is provided.				
Average time for unplanned shutdowns per customer, per year.	Average of 7 minutes per customer connection	Average of 5 minutes per customer connection 	Average of 5 minutes per customer connection	In 2010/11 there were a total of 401 unplanned shutdowns. This compares to a total of 429 unplanned shutdowns in 2009/10.
Percentage of planned shutdowns within 4 hours.	90% of planned shutdowns completed within 4 hours	96% of planned shutdowns completed within 4 hours 	96.1% of planned shutdowns completed within 4 hours	In 2010/11, there were a total of 196 planned shutdowns. Eight of these exceeded 4 hours. This compares to a total of 180 planned shutdowns in 2009/10, with 7 of these exceeding 4 hours.
Residents' satisfaction with continuity of the water supply.	Satisfaction score of 79 or above	Satisfaction score of 89.5 	Satisfaction score of 88.5	Measured through Council's Residents Survey. The 2010/11 target and result indicates 'exceptional performance' for a 'no customer choice' service.
LEVEL OF SERVICE: water resources are used efficiently and sustainably.				
Level of compliance for the Water Treatment Plant's resource consents.	Achieve a high level of compliance	High level of compliance expected. 	High level of compliance expected	The Water Treatment Plant operates under resource consents issued by Waikato Regional Council (WRC). These consents are required to extract water from the Waikato River. The level of compliance is measured by WRC and is audited and reported annually. A high level of compliance means that there have only been a small number of non-significant non-compliances. Based on the quarterly and annual report provided to WRC (annual report submitted in July of each year), a minimum of a high level of compliance is expected to be achieved. This was confirmed by WRC in their draft compliance audit report that was sent to Council in September 2011.
Hamilton's maximum daily water take is within consented limits.	Maximum water take less than 105,000m ³ per day	Maximum water take in any one day was 91,490 m ³ 	Maximum water take in any one day was 79,620m ³	The target is based on the Water Treatment Plant's resource consent to extract water from the Waikato River. The maximum daily water take in 2010/11 occurred on 30 November 2010, requiring an earlier than usual implementation of water alert levels. In 2008/09 and 2009/10, the highest takes occurred in the month of February.

 = target achieved

 = within 5% of target

 = target not achieved

Additional Key Areas of Performance

In order to comply with consents and manage water demand, water conservation and demand management initiatives such as communication of water alert levels, sprinkler monitors and increased public awareness continue to make a significant impact on reducing water use in Hamilton during summer. Using local newspapers, radio stations, signage and Council's website the region-wide Smart Water Use campaign continues to strengthen people's perceptions of water being a limited and precious resource.

For the 2010/11 year, despite warmer than usual weather early in November, Alert Level 2 did not need to be escalated to Alert Level 3. This shows that Hamilton residents responded to the messages to reduce water use.

As a result of the focus on water allocation to all users in the region and the need to comply with Council's Water Take resource consent, new or existing industry that wishes to take more than 15m³ per day from the city network is required to apply for regional council resource

consent. There have been 2 successful resource consent applications to date. For identified 'high water users' individual key customer agreements are nearly complete and in place. This will allow an understanding and integration of Hamilton's water supply with private business needs while complying with consent requirements and ensuring resource use is efficient and effective.

Council continues to achieve a high rate of compliance with its resource consent conditions, which limits the Council's water take to 105,000m³ per day.

WASTEWATER




Wastewater is the liquid that drains from showers and baths, sinks, washing machines, toilets and commercial/ industrial premises to the reticulation network. In Hamilton, wastewater is transported through a network of pipes to the Wastewater Treatment Plant, where it is treated to a high standard prior to being discharged into

the Waikato River. An average of 40 million litres of wastewater is treated and discharged on a daily basis.

SERVICE DELIVERY PERFORMANCE


Performance against 2010/11 Targets

This activity reports against the following three performance measures. Residents' satisfaction with the wastewater network is tracking well. An improved method of measuring the number of blockages has resulted in a higher number of wastewater blockages being reported in the database, however this higher than usual number is not reflected in the satisfaction results through the Residents Satisfaction Survey.

WASTEWATER (Key service attributes: reliability/responsiveness, health and safety)				
PERFORMANCE MEASURES	2010/11 TARGETS	2010/11 RESULTS	2009/10 RESULTS	ADDITIONAL INFORMATION
LEVEL OF SERVICE: a reliable wastewater network is provided.				
Annual number of wastewater blockages per 100km of the network.	No more than 60 blockages per 100km	68 blockages per 100km 	53 blockages per 100km	<p>Council primarily manages wastewater network blockages through an ongoing programme of renewal works and through its Trade Waste Bylaw. If blockages are recurring in a particular section of pipe that cannot be attributed to poor management at source, that pipe is prioritised for renewal.</p> <p>A higher than normal number of blockages in 2010/11 can be attributed to a number of factors. These include:</p> <ul style="list-style-type: none"> An increased build-up of materials such as cooking fat in the wastewater system, and Stormwater overflows following heavy rainfall events. <p>The increase in number of blockages recorded in 2010/11 can also be attributed to an improved method of capturing this information in Council's database.</p>
Residents' satisfaction with the wastewater network.	Satisfaction score of 79 or above	Satisfaction score of 84.7 	Satisfaction score of 82.2	Measured through Council's Residents Survey. The 2010/11 target and result indicates 'exceptional performance' for a 'no customer choice' service.
LEVEL OF SERVICE: wastewater is managed without risk to public health.				
Level of compliance for the Wastewater Treatment Plant's resource consents.	Achieve a high level of compliance	High level of compliance expected 	High level of compliance expected	<p>The Wastewater Treatment Plant operates under resource consents issued by the Waikato Regional Council (WRC). These consents require monitoring of the wastewater treatment discharge to ensure there is no detrimental impact on the Waikato River.</p> <p>The level of compliance is measured by WRC and is audited and reported annually. A high level of compliance means that there have only been a small number of non-significant non-compliances.</p> <p>Council's report for 2010/11 will be submitted to the WRC for auditing in September 2011. Based on the monthly reports provided to the WRC during 2010/11 and the monitoring of resource consent compliance completed by Council's City Waters Compliance Team, a high level of compliance is expected to be achieved. This was confirmed by WRC in their draft compliance audit report that was sent to Council in September 2011.</p>

 = target achieved

 = within 5% of target

 = target not achieved

Additional Key Areas of Performance

In addition to these performance measures for the wastewater area, Council is also working with private businesses where their stormwater is considered to be contaminated and should be classified as 'wastewater' instead. In cases where the discharges from a site do not meet the criteria of 'stormwater', the businesses are required to discharge to wastewater under a tradewaste permit.

Pump Station overflows remain a concern for Council. Overflows can be caused by several different factors including rain events, mechanical failures, blockages, and electrical faults. These events are minimised by monitoring and responding to alarms, anticipating weather events, preventative maintenance and investigating trending anomalies. Council is also looking into pump station power usage, storage facilities, greater public awareness of pump station blockages and inflow/infiltration programs.

Council's 2009-19 LTCCP includes funding of \$3 million from 2012/13 - 2018/19 for a dedicated programme of works to increase pump station storage in key areas across the city, which will further minimise the risk of wastewater overflows. The timing and budget provided for this work will be reviewed as part of the 2012-22 10-Year Plan.



STORMWATER

Urban development, such as roads, buildings, car parks and recreation facilities create large areas of hard surfaces that rainwater cannot penetrate. The water that collects and runs off these surfaces is called stormwater. The stormwater network drains stormwater runoff from the roadways, private and public land through pipes and open watercourses to the city's streams, lakes and the Waikato River.

SERVICE DELIVERY PERFORMANCE

Performance against 2010/11 Targets

This activity reports against the following two performance measures. Council has met its residents' satisfaction and resource consent compliance targets for stormwater in 2010/11.

STORMWATER (Key service attributes: reliability/responsiveness and sustainability)				
PERFORMANCE MEASURES	2010/11 TARGETS	2010/11 RESULTS	2009/10 RESULTS	ADDITIONAL INFORMATION
LEVEL OF SERVICE: a reliable stormwater network is provided.				
Residents' satisfaction with the stormwater network	Satisfaction score of 73 — 76	Satisfaction score of 76.5 	Customer satisfaction score of 77.7	Measured through Council's Residents Survey. The 2010/11 result of 76.5 indicates 'excellent performance' for a 'no customer choice' service. The target was for a score of 73 - 76, which indicates 'very good performance'.
LEVEL OF SERVICE: effects on the natural environment are minimised.				
Level of compliance for the Stormwater Resource Consents.	Achieve a high level of compliance	High level of compliance expected 	High level of compliance expected	Council operates under resource consents issued by the Waikato Regional Council (WRC). These consents promote the discharge of the best quality of stormwater possible into the Waikato River, to protect the environment. The level of compliance is measured by the WRC and is audited annually. A high level of compliance means that there have only been a small number of non-significant non-compliances. Council has not been advised by the WRC of any non-compliance with resource consent conditions. Based on performance throughout 2010/11, a high level of compliance is expected to be achieved. In 2011/12 a 'citywide stormwater consent' takes effect. An annual report collated by Hamilton City Waters team will be sent to the WRC in order for them to assess compliance with the resource consent conditions.

 = target achieved

 = within 5% of target

 = target not achieved

Additional Key Areas of Performance

Flooding and erosion issues are also managed as part of the Stormwater Activity. Council becomes aware of flooding and erosion via a proactive condition assessment programme and customer complaints. When erosion or flooding occurs, an operational investigation is undertaken and actions taken to remedy the issue.

Erosion prevention devices are being investigated in the Te Awa O Katipaki Stream which discharges to Waikato River in the northern part of Hamilton. Whilst stream flow is affecting the banks of the stream, the reasons for erosion in this area are still unclear, however, together with Waikato District Council, mitigation works are programmed for 2011/12 to address this issue.

LOOKING AHEAD — FUTURE PRIORITIES FOR THE 'THREE WATERS'

Council continues to progress the development of a Three Waters Management Plan to provide an overall framework for integrated delivery of water supply, stormwater and wastewater activities.

The outcomes of the Land and Water Forum have resulted in recommendations to central government for the sustainable management of water in New Zealand. This forum comprises a range of primary industry groups, environmental and recreational NGOs, iwi and other organisations with an interest in freshwater and land management. Some of these recommendations will filter through to National and Regional Policies. The business impact of these future policies and the recently released National Policy Statement for Freshwater Management, especially in terms of water allocation, will be monitored and the delivery of water, stormwater and wastewater services adjusted as required. Council will also ensure the ongoing effective and efficient use of water, through the Water Demand and Conservation Plan and Activity Management Plans.

Finalising and implementing a Joint Management Agreement with Waikato-Tainui for co-management of the Waikato River will be an important step towards meeting the objectives of the Waikato-Tainui Raupatu Claims (Waikato River) Settlement Act.

Hamilton's Stormwater Management Plan will be further developed to encompass methodologies and programmes for stream channel works, fish passage and water monitoring.

Hamilton's District Plan is currently being reviewed and is planned to be publicly notified in 2012. Council will ensure that water activities are embedded into this review and will meet the needs of the city for growth as well as align with national and regional strategies.

Council has embarked on a comprehensive 5 year modelling programme for 3 waters. The creation of a computerised model will assist Council to:

- Optimise operations of the networks
- Solve operational problems such as overflows and flooding
- Manage growth through assessment of network capacity; and allow future planning.

The identification of rapid flood hazard areas is complete and the next phases of the programme will be continued.

Improvement of water supply to the eastern part of the city will be achieved with the construction of the Rototuna Reservoir in the future. This 24 megalitre reservoir will primarily service growth in the northern city and provide water to approximately 36,000 people. Planning and design is underway and construction will start in time to meet growth demand. Improving and providing trunk infrastructure in Rototuna will also ensure appropriate water supply to this area.

Continuing the \$25 million upgrade programme of the Wastewater Treatment Plant (scheduled for completion in June 2012) will involve the installation of new technologies to enhance solids quality, minimise solids volume and increase gas production for use in the onsite electrical generation facility. Managing and preventing wastewater pump station overflows to the city's waterways and surrounding properties through ongoing renewal and preventative maintenance programmes continues to remain a priority.

Remediation of major erosion where the Kirikiriroa Stream meets the Waikato River by Pukete Bridge will be carried out in stages with a desired completion period of 2 years. Design finalisation is in progress and resource consent applications for these works will be prepared in 2011/2012.

As part of the process to develop the 10-Year Plan 2012-22, Council will be carrying out a complete review of the services it provides. As a result of this process, there may be changes in the future to the services outlined here.

EFFECTS ON COMMUNITY WELL-BEING

Hamilton's Community Outcomes identify the aspects of well-being that are important for the city. Council monitors the effects that its Activities have on community well-being by focusing on the Community Outcomes that have been identified as being the most important for Hamilton.

The Water Management Activities primarily contribute to the 'Sustainable and Well-planned' Community Outcome, in particular to the following:

SUSTAINABLE AND WELL-PLANNED

"An attractive city that is planned for the well-being of people and nature now and in the future"

Hamilton people want a city that:

- Protects and enhances its green spaces and natural environments for people to value and enjoy.
- Sustainably manages resources such as water and energy.

COMMUNITY OUTCOMES PROGRESS INDICATORS

Progress towards Hamilton's Community Outcomes is monitored through a selection of indicators. Indicators provide ways in which to measure, directly or indirectly, changes to social, environmental, economic and cultural well-being over time.

The following progress indicators are used to monitor the effect that the Water Management Activities have on progressing the Community Outcomes.

KEY:

M	= Moderate contribution		= Improving/favourable
S	= Significant contribution		= Uncertain/no trend
O	= Council is the only provider		= Declining/unfavourable

REPORTING ON PROGRESS INDICATORS

COMMUNITY OUTCOMES PROGRESS INDICATORS		LATEST RESULTS			TREND
O	Drinking water standards. Source: <i>Environmental Science and Research</i>	2008/09 Hamilton City: Aa Temple View Ab	2009/10 Hamilton City: Aa Temple View Aa	2010/11 Hamilton City: Aa Temple View Aa	
M	Average daily water usage per person. Source: <i>Hamilton City Council</i>	2008/09 224.4 litres	2009/10 224.9 litres	2010/11 225.8 litres	
M	Ecological health of Lake Rotorua (Trophic Level Index (TLI), June to May). Source: <i>Waikato Regional Council</i>	2008/09 4.66 TLI	2009/10 4.48 TLI	2010/11 4.64 TLI	
S	Ecological and recreational health of the Waikato River Source: <i>Waikato Regional Council</i>				

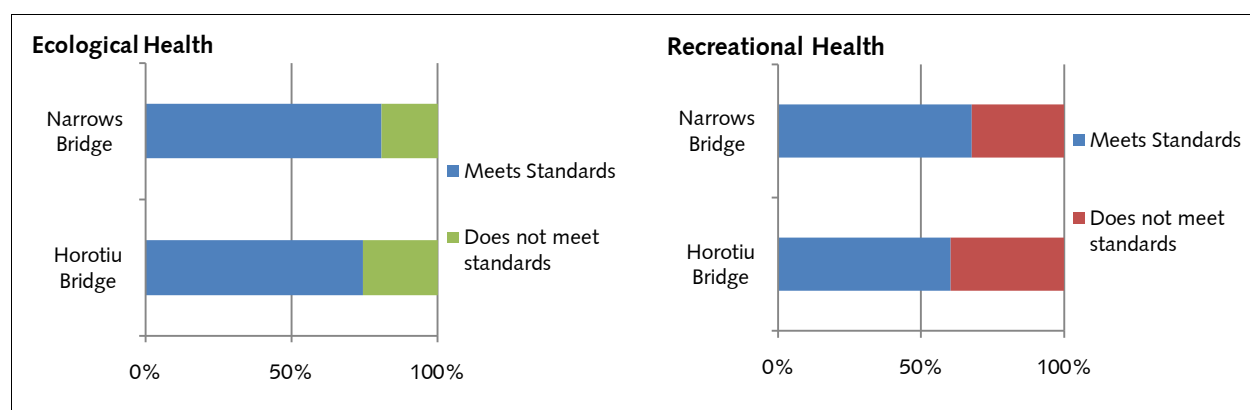
Waikato Regional Council (WRC) measures water quality every month at ten sites along the length of the Waikato River, including two sites that are indicative of the stretch of water running through Hamilton. These sites are Narrows Bridge at the southern end of the city, and Horotiu Bridge at the northern end. Water quality trends along the entire stretch of the Waikato River can be found on WRC's website.

Water quality at each site is assessed against national standards for both human uses (such as swimming) and ecological health (for plants and animals living in the river). Overall, there has been no marked change in the Waikato River's ecological health and suitability for recreation activities throughout the 1990-2010 period, with the river still being generally suitable for contact recreation. Influences on the river between the Narrows Bridge and Horotiu Bridge sampling sites include the City's wastewater and stormwater discharges, outer city industrial discharges and general run-off from land, pasture and roads.

The graphs below show the ecological and recreational health of these two sites on the Waikato River. The graphs show that the ecological and recreational health of the Waikato River is generally good. However, for both indicators, there has been a small decline in water quality between Narrows Bridge and Horotiu Bridge over the period 2006-2010.

Graph data is based on samples collected by WRC during the period 2006-2010.

WATER QUALITY TRENDS IN THE WAIKATO RIVER BETWEEN 2006 AND 2010



Source: Waikato Regional Council and Hamilton City Council's City Waters Team

MONITORING NEGATIVE EFFECTS

Existing or potential negative effects on the current and future well-being of the community are an important consideration for Council when planning and carrying out its activities.

The extraction and treatment of water and the disposal of stormwater and treated wastewater are vital for community well-being and provide a significant public good. However, there are existing and potential negative effects that need to be managed or mitigated. Some of these negative effects are beyond the control of Council such as stormwater contaminants from road users or accidental spills, but in many cases measures can be taken to try to alleviate effects or manage at source.

Council's 2009-19 LTCCP identifies the significant existing or potential negative effects for the Water Management Activities, and how Council manages and mitigates these effects.

Council will continue to deal with issues of wastewater overflows and spills through preventative maintenance and an ongoing relationship with the Waikato Regional Council to manage spills within Hamilton.

Three significant storm events in 2010/2011 exceeded the stormwater reticulation design capacity resulting in significant flooding in various parts of the city. Part of this flooding was attributed to stormwater entering the network through pipe joins. This resulted in pipelines becoming full and surfacing through manhole lids and backing up through homeowners gully traps. Inflow through illegal connections and gully traps below ground level also contribute to property flooding. Both inflow and infiltration will be investigated in 2011/12 through the use of monitoring devices, CCTV surveys, inspections and smoke testing.

SIGNIFICANT ACQUISITIONS OR REPLACEMENTS OF ASSETS

SIGNIFICANT ACQUISITIONS OR REPLACEMENTS OF ASSETS				
	PROJECT REFERENCE NUMBER (SAP #)	ACTUAL 2010/11 (\$000)	BUDGET 2010/11 (\$000)	REASON
WATER MANAGEMENT				
Water Reticulation				
Water Network Mains Renewal	269	1,024	1,518	The purpose of this programme is to maintain and operate the water supply network by replacing existing "at risk" mains. The programme was completed for the year.
Wastewater Reticulation				
Wastewater renewals	877	788	1,549	This project covers renewal of the wastewater pipe network and rehabilitation of wastewater trunk and interceptor mains. Undertake annual programme of works as determined by risk assessment and criticality. The programme was reduced by Council during the year by \$750,000 and the balance of work relates to completion of the Kahikatea trunk main.
Rotokauri Trunk Wastewater	547	8,759	1,693	This programme provides for the extension of trunk wastewater services into the growth cell of Rotokauri, to accommodate urban development. It also provides for extension of the 'Far Western Wastewater Interceptor' through the Rotokauri growth cell. The work undertaken this year was the construction of the deep sewer along the alignment of the Waikato Expressway construction (referred to as the Te Rapa section). The work had been planned to happen in future years over stages, but has been brought forward to take advantage of this wider roading project.
Wastewater Treatment Plant				
Pukete Wastewater Secondary Treatment	238	1,872	6,471	This project will ensure compliance with HCC resource consents for discharging to air, water and land. The project also includes a capacity increase to accommodate future growth in the city. The project started later than was originally reported in the LTCCP. The unspent budget will be carried over into the 2011/12 financial year.
Stormwater Reticulation				
Rotokauri Stormwater Pipe Network	548	51	3,599	This project provides for the construction of stormwater trunkmains and wetland floodways to enable urban growth in Rotokauri. The construction has slowed to match the growth demand.

COST OF SERVICE STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

COST OF SERVICE STATEMENT FOR THE YEAR ENDED 30 JUNE 2011				
	NOTE	ACTUAL 2010/11 (\$000)	BUDGET 2010/11 (\$000)	ACTUAL 2009/10 (\$000)
GROUP OF ACTIVITY - OPERATING STATEMENT				
OPERATING REVENUE				
Activity revenue - user charges and fees		3,559	3,442	3,050
Targeted rates - water by meter		6,602	6,655	5,933
Development and financial contributions	1	3,118	7,681	3,077
General rates		21,095	21,047	18,596
Other general sources		1,271	1,656	1,300
Total operating revenue		35,645	40,481	31,956
OPERATING EXPENDITURE				
Water Supply		17,957	15,609	15,525
Wastewater		19,971	18,448	17,285
Stormwater		8,934	7,816	7,359
Total operating expenditure	2	46,862	41,873	40,169
Operating surplus/(deficit)		(11,217)	(1,392)	(8,213)
GROUP OF ACTIVITY - CAPITAL AND RESERVES FUNDING STATEMENT				
CAPITAL EXPENDITURE				
Growth		13,392	17,999	5,511
Increased level of service		3,468	7,156	8,797
Renewal		6,522	7,553	6,350
Total capital expenditure	3	23,382	32,708	20,658
Loan repayments		7,958	9,686	3,329
Transfers to reserves		4,196	8,382	3,989
Operating deficit		11,217	1,392	8,213
Total funding required		46,753	52,168	36,189
Funded by:				
Operating surplus		-	-	-
Funding from non-cash expenses		16,445	16,141	10,296
Loans raised	4	18,222	25,248	19,146
Proceeds from sale of assets		-	-	-
Transfers from reserves		4,264	8,369	3,690
Total funding applied		38,931	49,758	33,132
Funding surplus/(deficit)		(7,822)	(2,410)	(3,057)

Notes to the Cost of Service Statements:

1. Reduction in Development Contributions received due to reduced growth.
2. Losses on disposal of assets of \$4.6M not budgeted.
3. Deferred expenditure -Wastewater Treatment Plant \$4.6M, and Rotokauri Stormwater works of \$3.5M.
4. Loans raised were also deferred as a direct result of note 3 above.

4.0 FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

HE PURONGO PUTEA MO TE MUTUNGA O TE TAU 30 O HUNE 2011

FINANCIAL OVERVIEW

Council and its group of entities has reported a deficit after tax of \$24,000 for the 2010/11 financial year (2009/10 \$20.9m deficit).

The significant variances to the financial result for 2010/11 included:

- net rates revenue was \$113.5m, an increase of \$5.0m over last year (2009/10 \$108.5m).
- other revenue was \$93m, an increase of \$22.8m over last year (2009/10 \$70.2m). This was mainly due to additional capital subsidies of \$16.8m on roading works and due to a higher value of assets being vested to Council compared to the previous year.
- total financing costs increased in 2010/11 by \$2.4m to \$20.5m due to Council's increased level of debt funding.

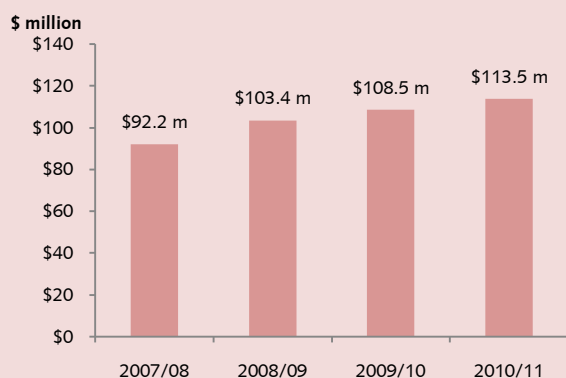
Overall debt (which includes internal borrowing) increased from \$338.5m in 2009/10 to \$427m in 2010/11 due to further loan funded capital expenditure.

Capital expenditure for the 2010/11 financial year was \$111.4m (2009/10 \$109.1m). A number of significant projects were undertaken during the 2010/11 financial year. These include work associated with housing upgrade programme (\$2.6m), Claudelands Events Centre (\$28m), Ring Road including four laning (\$16.6m), Wairere Drive stage 3 (\$3.7m), roading northern growth corridor (\$7.5m), Rotokauri wastewater trunk (\$8.8m), Pukete wastewater secondary treatment (\$1.9m) and project phoenix IT systems upgrade (\$2.3m).

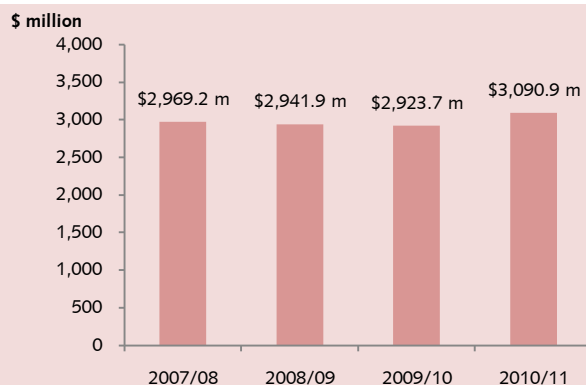
FINANCIAL SUMMARY

The financial summary of key items from June 2007/08 to June 2010/11 is shown as follows:

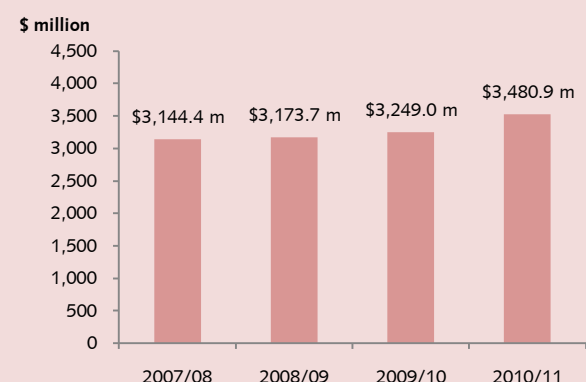
TOTAL RATING INCOME



RATEPAYERS EQUITY



TOTAL FIXED ASSETS (INCLUDES INVESTMENT PROPERTIES)



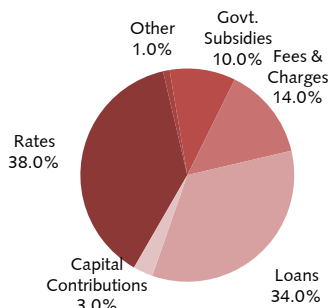
CAPITAL EXPENDITURE



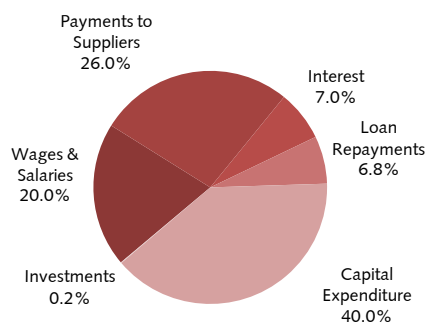
CASH FLOW

The sources and uses of cash for the year ended 30 June 2011 is summarised as follows:

SOURCES OF CASH (\$297M)



USES OF CASH (\$274M)



CITY DEBT

Rather than sourcing all of its borrowing externally, Council utilises funds from reserves and working capital cash to reduce external borrowing. Internal interest is charged on these funds, which is then added to the reserves.

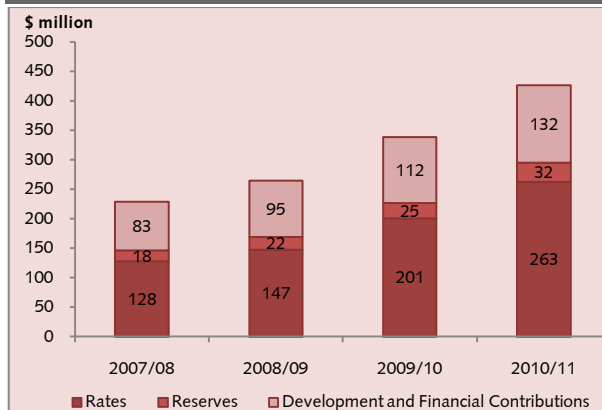
Council introduced a policy of development and financial contributions from 1 July 2005, which provides a dedicated funding stream to support urban growth. In line with the introduction of this policy, Council has analysed the overall net debt based on sources of funding used to repay the principal and interest costs for subsequent years.

Overall debt (which includes internal borrowing) increased from \$338.5 million in 2009/10 to \$427 million in 2010/11 due to further loan funded capital expenditure.

At 30 June 2011, Council had short-term investments of \$31.940 million which partially offsets the debt of \$427 million. The interest cost incurred in servicing debt (excluding internal borrowing interest) increased to \$19.7 million (2009/10 \$17.1 million).

The following graph shows the debt levels (including internal borrowing) from 2007/08 to 2010/11 and how it is funded.

DEBT FUNDING SOURCES



DEBT SERVICING PERFORMANCE TARGETS

POLICY LIMITS - COUNCIL DEBT (EXCLUDING DC 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 2011 was \$12.5m, compared with rating income (inclusive of targeted rates) of \$113.5m.

■ The target has been met at 11%

2. **Debt (Council) shall not exceed 180% of total income (excluding total DCL contributions received per annum in income).**

Council's debt as at 30 June 2011 was \$295m, compared with total income of \$189.7m.

■ The target has been met at 155.5%.

3. **Debt (Council) per capita shall not exceed \$2,000 (expressed in 2009 \$).**

Council's debt as at 30 June 2011 was \$295m (\$283.5m in 2009 \$), compared with the estimated population of Hamilton of 146,579.

■ The target has been met at \$1,934.

POLICY LIMITS - TOTAL DEBT

1. **Debt shall not exceed 25% of total assets.**

Total debt as at 30 June 2011 was \$427m, compared with total assets of \$3,575.9m.

■ The target has been met at 11.9%.

2. **Debt shall not exceed 250% of total income (including total DCL contributions received per annum in income).**

Total debt as at 30 June 2011 was \$427m, compared with total income of \$196.1m.

■ The target has been met at 217.7%.

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 2011 was \$19.7m, compared with total income of \$196.1m.

■ The target has been met at 10%.

4. **Liquidity (on total debt and working capital) will be at least 110%.**

■ The target has been met at 116.2%.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011						
	NOTE	COUNCIL			GROUP	
		ACTUAL 2010/11 \$000	BUDGET 2010/11 \$000	ACTUAL 2009/10 \$000	ACTUAL 2010/11 \$000	ACTUAL 2009/10 \$000
INCOME						
Rates revenue	2	113,494	113,298	108,462	113,494	108,462
Other revenue	3	92,984	86,295	70,187	92,984	70,187
Other gains	4	-	-	1,109	-	1,109
Total operating revenue		206,478	199,593	179,758	206,478	179,758
EXPENDITURE						
Personnel expenses	5	54,019	54,809	53,494	54,019	53,494
Depreciation and amortisation	14/15	49,070	48,009	47,067	49,070	47,067
Other expenses	6	72,033	60,413	65,508	71,680	65,508
Finance costs	7	20,470	23,378	18,139	20,470	18,139
Other losses	4	11,657	-	11,629	11,657	11,629
Total operating expenditure		207,249	186,609	195,837	206,896	195,837
Share of associate's surplus/(deficit)	17	-	-	-	394	(4,857)
Surplus/(deficit) before tax		(771)	12,984	(16,079)	(24)	(20,936)
Income tax expense	8	-	-	-	-	-
Surplus/(deficit) after tax		(771)	12,984	(16,079)	(24)	(20,936)
Surplus/(deficit) attributable to:						
Hamilton City Council		(771)	12,984	(16,079)	(24)	(20,936)
Other Comprehensive Income						
Gain on property revaluations	22	168,092	49,574	18,087	168,092	18,087
Financial assets at fair value through other comprehensive income	22	(154)	-	8	(154)	8
Share of associate's other comprehensive income	17	-	-	-	105	(3,785)
Total other comprehensive income		167,938	49,574	18,095	168,043	14,310
Total comprehensive income		167,167	62,558	2,016	168,019	(6,626)
Total comprehensive income attributed to:						
Hamilton City Council		167,167	62,558	2,016	168,019	(6,626)

Explanations of major variances against budget are provided in note 32.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2011						
	NOTE	COUNCIL			GROUP	
		ACTUAL 2010/11 \$000	BUDGET 2010/11 \$000	ACTUAL 2009/10 \$000	ACTUAL 2010/11 \$000	ACTUAL 2009/10 \$000
Balance at 1 July		2,923,703	3,015,662	2,921,687	2,948,341	2,954,967
Total comprehensive income previously reported		167,167	62,558	2,016	168,019	(6,626)
Total comprehensive income as restated		167,167	62,558	2,016	168,019	(6,626)
Balance at 30 June	22	3,090,870	3,078,220	2,923,703	3,116,360	2,948,341
<i>Total comprehensive income attributable to:</i>						
Hamilton City Council		167,167	62,558	2,016	168,019	(6,626)
Total comprehensive income		167,167	62,558	2,016	168,019	(6,626)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011						
	NOTE	COUNCIL			GROUP	
		ACTUAL 2010/11 \$000	BUDGET 2010/11 \$000	ACTUAL 2009/10 \$000	ACTUAL 2010/11 \$000	ACTUAL 2009/10 \$000
ASSETS						
Current assets						
Cash and cash equivalents	9	31,972	250	8,901	31,972	8,901
Debtors and other receivables	10	18,461	13,195	17,836	18,461	17,836
Inventory	11	351	609	584	351	584
Investment in associates	17	902	-	-	902	-
Other financial assets	12	624	-	600	624	600
Derivative financial instruments	13	-	-	117	-	117
Total current assets		52,310	14,054	28,038	52,310	28,038
Non-current assets						
Property, plant and equipment	14	3,422,004	3,430,958	3,192,375	3,422,004	3,192,375
Intangible assets	15	8,128	10,517	5,906	8,128	5,906
Investment property	16	50,819	55,206	50,780	50,819	50,780
Investment in associates	17	13,430	13,697	14,884	38,921	39,523
Other financial assets	12	3,661	4,747	5,609	3,660	5,608
Total non-current assets		3,498,042	3,515,125	3,269,554	3,523,532	3,294,192
Total assets		3,550,352	3,529,179	3,297,592	3,575,842	3,322,230
LIABILITIES						
Current liabilities						
Creditors and other payables	18	30,203	25,375	31,502	30,203	31,502
Provisions	19	1,875	454	2,175	1,875	2,175
Employee entitlements	20	5,865	5,075	5,810	5,865	5,810
Borrowings	21	169,318	102,966	83,321	169,318	83,321
Derivative financial instruments	13	90	-	-	90	-
Total current liabilities		207,351	133,870	122,808	207,351	122,808
Non-current liabilities						
Provisions	19	7,943	7,328	7,842	7,943	7,842
Employee entitlements	20	1,804	1,523	1,701	1,804	1,701
Borrowings	21	224,758	308,238	229,210	224,758	229,210
Derivative financial instruments	13	17,626	-	12,328	17,626	12,328
Total non-current liabilities		252,131	317,089	251,081	252,131	251,081
Total liabilities		459,482	450,959	373,889	459,482	373,889
Net assets		3,090,870	3,078,220	2,923,703	3,116,360	2,948,341
EQUITY						
Accumulated funds	22	1,573,977	1,594,602	1,568,671	1,585,504	1,579,451
Other reserves	22	1,516,893	1,483,618	1,355,032	1,530,856	1,368,890
Total equity attributed to Hamilton City Council		3,090,870	3,078,220	2,923,703	3,116,360	2,948,341
Non-controlling interest						
Total equity		3,090,870	3,078,220	2,923,703	3,116,360	2,948,341

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2011						
	NOTE	COUNCIL			GROUP	
		ACTUAL 2010/11 \$000	BUDGET 2010/11 \$000	ACTUAL 2009/10 \$000	ACTUAL 2010/11 \$000	ACTUAL 2009/10 \$000
CASH FLOW FROM OPERATING ACTIVITIES						
Cash was provided from:						
Rates revenue		112,847	113,298	107,976	112,847	107,976
Fees, rents and charges		40,865	42,803	40,740	40,865	40,740
Government operating subsidies and grants		5,026	3,564	4,706	5,026	4,706
Government capital subsidies and grants		25,398	10,392	7,696	25,398	7,696
Other capital contributions		10,032	17,606	9,472	10,032	9,472
Interest received		24	-	638	24	638
Dividends received		-	250	15	-	15
Net GST received		881	-	-	881	-
Sundry revenue		-	515	-	-	-
		195,073	188,428	171,243	195,073	171,243
Cash was applied to:						
Salaries and wages		53,861	54,809	53,271	53,861	53,271
Payments for supplies and services		71,324	58,590	62,193	71,324	62,193
Interest paid		19,825	23,378	17,045	19,825	17,045
Net GST paid		-	1,823	1,611	-	1,611
		145,010	138,600	134,120	145,010	134,120
Net cash from operating activities	23	50,063	49,828	37,123	50,063	37,123
CASH FLOW FROM INVESTING ACTIVITIES						
Cash was provided from:						
Proceeds from sale of investment property		-	-	371	-	371
Proceeds from sale of property, plant and equipment		1,228	-	6,968	1,228	6,968
Proceeds from sale of investments		600	-	827	600	827
		1,828	-	8,166	1,828	8,166
Cash was applied to:						
Acquisition of investments		193	-	6,152	193	6,152
Purchase of investment property		252	-	37	252	37
Purchase of intangible assets		3,477	-	1,371	3,477	1,371
Purchase of property, plant and equipment		107,324	118,660	101,509	107,324	101,509
		111,246	118,660	109,069	111,246	109,069
Net cash from investing activities		(109,418)	(118,660)	(100,903)	(109,418)	(100,903)
CASH FLOWS FROM FINANCING ACTIVITIES						
Cash was provided from:						
Loan raised		98,599	91,392	83,871	98,599	83,871
Finance leases raised		1,253	-	643	1,253	643
		99,852	91,392	84,514	99,852	84,514
Cash was applied to:						
Loan repayments		17,099	22,560	11,100	17,099	11,100
Finance lease repayments		1,018	-	1,211	1,018	1,211
		18,117	22,560	12,311	18,117	12,311
Net cash from financing activities		81,735	68,832	72,203	81,735	72,203
Net increase/(decrease) in cash held		22,380	-	8,423	22,380	8,423
Opening cash and cash equivalents balance		8,901	250	478	8,901	478
Closing cash and cash equivalents balance	9	31,281	250	8,901	31,281	8,901

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

Hamilton City Council (the Council) is a territorial local authority governed by the Local Government Act 2002 and is domiciled in New Zealand.

The primary objective of Council is to provide goods or services for the community or social benefit rather than making a financial return.

Accordingly, the Council has designated itself and the group as a public benefit entities as defined under New Zealand International Financial Reporting Standards (NZ IFRS).

The group consists of the ultimate parent, Council, and its subsidiary, Hamilton Properties Ltd (100% owned). The following associates Waikato Regional Airport Ltd, Hamilton Riverview Hotel Ltd and Hamilton Fibre Network Ltd are equity accounted.

The financial statements of the Council and group are for the year ended 30 June 2011. The financial statements were authorised for issue by Council on the 29 September 2011.

Basis of Preparation

Statement of Compliance

The financial statements of the Council and group have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 98 and Part 3 of Schedule 10, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

Measurement Base

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, certain infrastructure assets, investment property and financial instruments (including derivative instruments).

Functional and Presentation Currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000). The functional currency of the Council and its subsidiary and associates is New Zealand dollars.

Changes in Accounting Policies

There have been no changes in accounting policies during the financial year.

Early adopted amendments and revisions to standards

The following amendments to standards have early adopted:

- NZ IFRS 7 Financial Instruments: Disclosure- The effect of early adopting these amendments is the following information is no longer disclosed: the carrying amount

of the financial assets that would otherwise be past due or impaired whose term have been renegotiated; and the maximum exposure to credit risk by class of financial if the maximum credit risk exposure is best represented by their carrying amount in the statement of financial position.

- NZ IAS 24 Related Party Disclosures (Revised 2009)- The effect of early adopting this revised standard is: more information is required to be disclosed about transactions between Council and related parties; and commitments with related parties require disclosure.

Standards, amendments, and Interpretation issued that are not yet effective and have not been early adopted

Standards, amendments, and interpretations issued but not yet effective and have not been early adopted, and which are relevant to the Council and group, are:

- NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following three main phases: Phase 1 Classification and Measurement, Phase 2 Impairment methodology, and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised costs or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard is required to be adopted for the year ended 30 June 2014. Council has not yet assessed the effect of the new standard and expects it will not be early adopted.
- FRS-44 New Zealand Additional Disclosures and Amendments to NZ IFRS to harmonise with IFRS and Australian accounting Standards (Harmonisation Amendments)- These were issued in May 2011 with the purpose of harmonising Australia and New Zealand's accounting standards with source IFRS and to eliminate many of the differences between the accounting standards in each jurisdiction. The amendment must be first adopted for the year ended 30 June 2012. Council has not yet assessed the effects of FRS-44 and the Harmonisation Amendments.

Significant Accounting Policies

Basis of Consolidation

Subsidiaries

Subsidiaries are those entities in which Council has control. Hamilton Properties Ltd is Council's only subsidiary, has been exempted as a Council Controlled Organisation and is a non active entity in terms of the Financial Reporting Act 1993.

The parent financial statements show the investment in this subsidiary at cost.

Associate Companies

These are entities which the Council has significant influence, but not control, over operating and financial policies.

The results of Waikato Regional Airport Ltd, Hamilton Riverview Hotel Ltd, and Hamilton Fibre Network Ltd have been reflected in the group financial statements on an equity accounting basis. The method shows the share of surplus/deficits in the group financial statement of comprehensive income and the original investment updated for the share of post-acquisition changes in net assets of associates in the group statement of financial position.

Revenue

Revenue is measured at the fair value of consideration received or receivable.

Rates Revenue

Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when payable.

Water billing revenue is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year-end, is accrued on an average usage basis.

Other Revenue

Traffic and parking infringements are recognised when tickets are issued.

New Zealand Transport Agency roading subsidies are recognised as revenue upon entitlement, which is when conditions pertaining to eligible expenditure have been fulfilled.

Other grants and bequests, and assets vested in Council (with or without conditions) are recognised as revenue when control over the assets is obtained.

Interest income is recognised as it accrues, using the effective interest method. The effective interest rate exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this rate to the principal outstanding to determine interest income each period.

Dividend income is recognised when the right to receive payment is established.

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

Borrowing Costs

The Council and group have elected to defer the adoption of NZ IAS 23 Borrowing Costs (revised 2007) in accordance with its transitional provisions that are applicable to public benefit entities.

Consequently, all borrowing costs are recognised as an expense in the period in which they are incurred.

Grant Expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of Council's decision.

Foreign Currency Transactions

Foreign currency transactions (including those for which foreign exchange contract are held) are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the surplus/deficit.

Goods and Services Tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Income Tax

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantially enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the

transaction, affects neither accounting profit nor taxable profit.

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, using tax rates that have been enacted or substantially enacted by balance date.

Current tax and deferred tax is recognised against the surplus or deficit for the period, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

Property, Plant and Equipment

Property, plant and equipment consist of:

Operational Assets

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

Zoo Animals

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

Restricted Assets

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

Heritage Assets

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

Infrastructure Assets

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

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

Additions

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

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported in the net surplus or deficit. When revalued assets are sold, the

amounts included in asset revaluation reserves in respect of those assets are transferred to accumulative funds.

Subsequent Costs

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

Valuation

Unless stated, valuations are carried out or reviewed by independent qualified valuers and are carried out with sufficient regularity to ensure that the carrying value does not differ materially from that which would be determined using fair value at balance date.

Revaluation increases and decreases relating to individual assets within a class of assets are offset. Revaluation increases and decreases in respect of assets in different classes are not offset.

The net revaluation results are credited or debited to other comprehensive income and are accumulated to an asset revaluation reserve in equity for that class of asset. Where the result is a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive income but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive income.

Depreciation

Depreciation is provided on a straight-line basis at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

ASSETS	USEFUL LIFE	DEPRECIATION RATE
Buildings - structure/fit out/services	40-100yrs	1%-2.5%
Plant and Vehicles	3-15 yrs	6.6%-33.3%
Furniture, Fittings and Equipment	5-10 yrs	10%-20%
Library Books	14 yrs	7.1%
Zoo Animal (acquisition costs)	10 yrs	10%
Roads and Traffic Network:		
• Top surface (seal)	6 - 18 yrs	5.5% - 16.6%
• Pavement (basecourse)	25 - 50 yrs	2% - 4%
• Catchpits	50 yrs	2%
• Culverts	60 - 80 yrs	1.25% - 1.6%
• Footpaths	50 - 70 yrs	1.4% - 2%
• Kerbs and traffic islands	70 yrs	1.4%
• Signs	12 yrs	8.3%
• Street lights	25 yrs	4%
• Bridges	150 yrs	0.6%
• Traffic signals	15 yrs	6.6%
• Barriers	25 - 40 yrs	2.5% - 4%
• Bus shelters and parking meters	4 - 10 yrs	10% - 25%
• Verge, embankment and retaining walls	60 yrs	1.6%
Wastewater Reticulation:		
• Pipes	60 - 100 yrs	1% - 1.6%
• Manholes	75 years	1.3%
• Treatment Plant	5 - 100 yrs	1% - 20%
• Bridges	75 - 100 yrs	1% - 1.3%
• Pump stations	15 - 100 yrs	1% - 6.6%
Stormwater System:		
• Pipes	100 yrs	1%
• Manholes, cesspits	100 yrs	1%
• Service connections and outlets	30 - 100 yrs	1% - 3.3%
Water Reticulation:		
• Pipes	60 - 80 yrs	1.25% - 1.6%
• Butterfly valves	50 - 75 yrs	1.3% - 2%
• Treatment plant	10 - 120 yrs	0.8% - 10%
• Meters	20 yrs	5%
• Hydrants	50 yrs	2%
• Reservoirs	30 - 80 yrs	1.25% - 3.3%

Heritage assets are depreciated by a nominal amount to reflect their extremely long life and heritage value.

Depreciation is not provided in these statements on the following assets:

- Land

- Formation costs associated with roading
- Investment properties
- Non-current asset held for resale
- Work in progress and assets under construction

Any work undertaken on infrastructure assets to reinstate (termed 'renewal') or add to the service potential is capitalised.

Investment Properties

Investment properties, which are held to earn rental income and/or for capital appreciation, are stated at fair value. These assets consist of investment properties owned by Council, funded either from Corporate Funds, the Domain Sales Endowment Fund or the Municipal Crown Endowment Fund.

Gains or losses arising from changes in the fair value of investment property are included in the surplus/deficit for the period in which they arise.

Non-Current Assets Held for Sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Intangible Assets

Intangible assets comprise:

Computer software licences are capitalised at historic cost and are amortised on a straight-line basis over their estimated useful lives (5 years). Costs associated with maintaining computer software are recognised as an expense when incurred.

Resource consents which are not attributed to a specific asset They are capitalised at historic cost and are amortised on a straight-line basis over their estimated useful lives (7 to 35 years).

Impairment of Non-Financial Assets

The carrying amount of the Council's assets, other than investment property and inventories are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Council estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where the future economic benefits of an asset are not primarily dependant on the asset's ability to generate net cash flows, and where the Council would, if deprived of the asset, replace its remaining future economic benefits, value in use shall be determined as the depreciated replacement cost of the asset.

Where the Council accounts for revaluations of property, plant and equipment on a class of asset basis, an impairment loss on a revalued asset is recognised directly against any revaluation reserve in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation reserve for that same class of asset.

Where the Council accounts for revaluations of property, plant and equipment on a class of asset basis, a reversal of an impairment loss on a revalued asset is credited directly to the revaluation reserve. However, to the extent that an impairment loss on the same class of asset was previously recognised in the surplus or deficit, a reversal of that impairment loss is also recognised in the surplus or deficit.

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less any estimated costs of completion and selling expenses.

The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

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

Financial Instruments

Financial assets and liabilities are recognised on the Council's statement of financial position when the Council becomes a party to the contractual provisions of the instrument.

Financial Assets

- *Debtors and Other Receivables*

Debtors and other receivables are measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

- *Investments*

The Council classifies its investments in the following categories:

Loans and Receivables

Loans and receivables, such as general and community loans, mortgages, deposits and term deposits, are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are measured at initial recognition, at fair value, and subsequently carried at amortised cost less impairment losses.

Held-to-Maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity. They are measured at initial recognition at fair value, and subsequently carried at amortised cost less impairment losses.

The Council does not have any financial assets in this category

Other Investments

Investments other than held-to-maturity are classed as either investments held-for-trading or for fair value through comprehensive income are stated at cost less the annual test for impairment. For assets designated as held-for-trading, any resultant gain or loss from changes in the value are recognised in the surplus or deficit. For assets designated as fair value through comprehensive income which are measured at fair value, any resultant gain or loss from changes in the fair value is recognised in other comprehensive income e.g. shares in Local Authority Shared Services Ltd and NZ Local Government Insurance Co Ltd.

- *Cash and Cash Equivalents*

Cash and cash equivalents includes cash on hand, deposits held at call with banks, and other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

- *Impairment of Financial Assets*

Financial assets are assessed for objective evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

Loans and other receivables, and held-to-maturity investments.

Impairment is established when there is objective evidence that Council and group will not be able to collect amounts due according to the original terms of the debt. Significant financial difficulties of the debtor, probability that the debtors will enter into bankruptcy, and default payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount the of the loss is recognised in the surplus or deficit. When the receivable is uncollectable, it is written-off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).

Financial assets at fair value through other comprehensive income.

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

For debt instruments, significant financial difficulties of the debtor, probability that the debtor will enter into

bankruptcy, and default in payments are considered objective indicators that the asset is impaired.

If impairment evidence exists for investments at fair value through the other comprehensive income, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive income is reclassified from equity to the surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

If in a subsequent period the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

Financial Liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Council after deducting all of its liabilities.

- **Bank Borrowings**

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Finance charges, premiums payable on settlement or redemption and direct costs are accounted for on an accrual basis to the surplus or deficit using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

- **Debt**

Debt is categorised as follows:

Total Debt includes all external and internal borrowing

Net Debt is equal to total debt less internal borrowing

Total Council Debt is equal to total debt less debt funded by development contributions

Note that internal borrowing is eliminated in the financial statements.

- **Creditors and Other Payables**

Creditors and other payables are initially measured at fair value, and where appropriate are subsequently measured at amortised cost, using the effective interest rate method.

- **Derivative Financial Instruments**

The Council's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. Council uses foreign exchange forward contracts and interest rate swaps to manage their

foreign currency and interest rate exposure. Derivative financial instruments are recognised initially at fair value. The Council has elected not to hedge account for these derivative financial instruments.

Changes in the fair value of the derivative financial instruments are recognised in the surplus/deficit.

Employee Benefits

Provision is made in respect of the liability for annual leave, retirement gratuities and short-term compensated absences.

The provision for annual leave and long service leave has been calculated on an actual entitlement basis at current rates of pay.

The provision for retirement gratuities has been calculated on an actuarial basis bringing to account what is likely to be payable in the future in respect of service that employees have accumulated up until twelve months after balance date.

Payments to defined contribution superannuation schemes are recognised as an expense in the financial statements as incurred.

The provision for short-term compensated absences (e.g. sick leave) has been measured as the amount of unused entitlement accumulated at the pay period ending immediately prior to the balance date that the entity anticipates employees will use in future periods, in excess of the days that they will be entitled to in each of those periods.

Superannuation Schemes

Defined contribution schemes

Obligations for contributions to defined contribution schemes are recognised as an expense in the surplus or deficit as incurred.

Leases

Leases consist of:

Finance Leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, Council recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether Council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating Leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Provisions

Council recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs".

Landfill Post-Closure Costs

Council, as operator of the Horotiu landfill, which was closed on 31 December 2006, has a legal obligation under the resource consent to provide ongoing maintenance and monitoring services at the landfill site after closure. A provision for post-closure costs is recognised as a liability when the obligation for post-closure arises.

The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including legal requirements and known improvements in technology. The provision includes all costs associated with landfill post-closure.

Amounts provided for landfill post-closure are capitalised to the landfill asset where they give rise to future economic benefits to be obtained. Components of the capitalised landfill asset are depreciated over their useful lives.

The discount rate used is a rate that reflects current market assessments of the time value of money and the risks specific to Council.

All subsequent changes in the liability shall be recognised in the surplus /deficit and the periodic unwinding of the discount will also be recognised in the surplus/deficit as a finance cost as it occurs.

Equity

Equity is the community's interest in Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

The components of equity are:

- *Accumulated funds*
- *Revaluation reserves*
- *Restricted reserves*
- *Council created reserves*

Accumulated funds comprise accumulated surpluses over the years.

Revaluation reserves comprise accumulated revaluation increments/decrements.

Restricted reserves are those funds subject to external restrictions accepted as binding by Council, which may not

be revised by Council without reference to the Courts or a third party.

Council created reserves are formally imposed designations of public equity that indicate Council's intention to use a certain level of resources for a special purpose.

Contingent Assets and Contingent Liabilities

Contingent assets and contingent liabilities are recorded at the point at which the contingency is evident and if the possibility that they will materialise is not remote.

Contingent assets are disclosed if it is probable that the benefits will be realised.

Statement of Cash Flows

Cash comprises cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which Council invests as part of its day-to-day cash management.

Operating activities include cash received from all income sources of Council and cash payments made for goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in debt capital structure of Council.

Cost of Service Statements

The cost of service statements report the costs and revenues relating to the significant activities of Council.

Expenditure includes an allocation of support services and an allocation of interest.

- Support services are those activities, which are not considered to be direct services to the public and are allocated across the significant activities on a basis, which reflects usage of the support services. Included in the allocation for support services is an allocation of the business unit surpluses/deficits. These are allocated where possible on a usage basis.
- Interest is allocated to the outcome area on the basis of the book value of land and buildings employed for each item in the cost of service statements except for water, wastewater, stormwater, refuse, transport centre, outdoor stadium, community assistance grants, economic development grants, property improvements and any other specific projects where the interest on the value of loans appropriated for those activities are allocated entirely to the outcome area.

Critical Accounting Estimates and Assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumption may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk if causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Infrastructural assets

Note 14, provides information about the estimates and assumptions applied in determining the fair value of infrastructural assets.

Landfill aftercare provision

Note 19, provides information about the estimates and assumptions surrounding the landfill aftercare provision.

Critical Judgement in Applying Accounting Policies

Management has exercised the following critical judgements in applying accounting policies for the year ended 30 June 2011:

Classification of property

The Council owns a number of properties held to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding them. The properties are held for service delivery objectives as part of the Council's social housing policy. The properties are accounted for as property, plant and equipment.

Budget Figures

The budget figures are those approved by the Council in its 2010-2011 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

NOTE 2: RATES REVENUE

	COUNCIL		GROUP	
	2010/11 \$000	2009/10 \$000	2010/11 \$000	2009/10 \$000
General rates	104,828	99,041	104,828	99,041
Targeted rates attributed to activities:				
Access Hamilton	1,206	2,855	1,206	2,855
Water by meter	6,602	5,933	6,602	5,933
100% non-rateable land	807	784	807	784
50% non-rateable land	102	107	102	107
Business improvement district	200	198	200	198
Total general and targeted rates	113,745	108,918	113,745	108,918
Rates penalties	745	740	745	740
Less rates remissions				
Hardship	(178)	(184)	(178)	(184)
Special values	(98)	(178)	(98)	(178)
Less rates charges to Council properties	(720)	(834)	(720)	(834)
Total rates revenue	113,494	108,462	113,494	108,462

Rates Remission

Rates revenue is shown net of rates remissions. The Council's rates remission policy allows rates to be remitted on condition of a ratepayer's extreme financial hardship, and land protected for historical or cultural purposes. Commercial and residential properties in rural areas where services are not available are also covered under the rates remission policy.

Non-rateable land

Under the Local Government (Rating) Act 2002 certain properties cannot be rated for general rates. These properties include schools, places of religious worship, public gardens and reserves. These non-rateable properties may be subject to targeted rates in respect of sewage, water, refuse and sanitation. Non-rateable land does not constitute a remission under the Council's rates remission policy.

NOTE 3: OTHER REVENUE

	COUNCIL		GROUP	
	2010/11 \$000	2009/10 \$000	2010/11 \$000	2009/10 \$000
Revenue				
City profile	9,615	7,790	9,615	7,790
City safety	1,689	1,617	1,689	1,617
Community development and amenities	4,514	4,285	4,514	4,285
Democracy	266	33	266	33
Event and cultural venues	6,904	6,073	6,904	6,073
Recreation	5,267	5,018	5,267	5,018
Transportation	11,727	11,789	11,727	11,789
Urban development	4,649	5,616	4,649	5,616
Waste minimisation	470	672	470	672
Water management	3,559	3,050	3,559	3,050
	48,660*	45,943	48,660*	45,943
Less internal revenue	(1,523)	(1,456)	(1,523)	(1,456)
	47,137	44,487	47,137	44,487
Capital contributions				
Capital subsidies	24,523	7,696	24,523	7,696
Vested assets	10,363	7,892	10,363	7,892
Contributed to project watershed reserve	657	657	657	657
Contribution to development contribution reserves	6,373	5,716	6,373	5,716
Contribution for bus shelter (adshel) reserve	52	15	52	15
Other contributions/grants	2,950	3,084	2,950	3,084
Total capital contributions	44,918	25,060	44,918	25,060
Sundry revenue				
Dividends	207	15	207	15
Investment income	24	215	24	215
Other sundry revenue	698	410	698	410
Total sundry revenue	929	640	929	640
Total other revenue	92,984	70,187	92,984	70,187

*Refer to Cost of Service Statements in Section 3.1 - 3.10

Revenue items included in the Cost of Service Statements are noted below:

	COUNCIL		GROUP	
	2010/11 \$000	2009/10 \$000	2010/11 \$000	2009/10 \$000
User charges	23,927	20,462	23,927	20,462
Infringements and fines	2,455	2,783	2,455	2,783
Rental income from investment properties	4,647	4,761	4,647	4,761
Other rental income	3,636	3,790	3,636	3,790
Internal revenue	1,523	1,456	1,523	1,456
Other	12,472	12,691	12,472	12,691
	48,660	45,943	48,660	45,943

NOTE 4: OTHER GAINS/(LOSSES)

	COUNCIL		GROUP	
	2010/11 \$000	2009/10 \$000	2010/11 \$000	2009/10 \$000
Loss on disposal of property, plant and equipment	(5,939)	(4,805)	(5,939)	(4,805)
Loss in changes in fair value of investment properties	(213)	(963)	(213)	(963)
Loss in changes in fair value of interest rate swaps	(5,505)	(5,861)	(5,505)	(5,861)
Total losses	(11,657)	(11,629)	(11,657)	(11,629)
Gain recognised on reversal of prior years revaluation of property, plant and equipment (note 14)	-	1,109	-	1,109
Total other gains/(losses)	(11,657)	(10,520)	(11,657)	(10,520)

NOTE 5: PERSONNEL COSTS

	COUNCIL		GROUP	
	2010/11 \$000	2009/10 \$000	2010/11 \$000	2009/10 \$000
Salaries and wages	53,352	52,759	53,455	52,759
Defined contribution plan employer contributions*	509	414	509	414
Increase/(decrease) in employee benefits liabilities	158	321	55	321
Total employee benefit expenses	54,019	53,494	54,019	53,494

*Employer contributions to defined contribution plans include contributions to Kiwisaver and the DBP Contributions Scheme.

NOTE 6: OTHER EXPENSES

	COUNCIL		GROUP	
	2010/11 \$000	2009/10 \$000	2010/11 \$000	2009/10 \$000
City profile*	16,300	16,815	16,300	16,815
City safety*	4,150	3,798	4,150	3,798
Community development and amenities*	18,684	18,844	18,684	18,844
Democracy*	6,046	5,430	6,046	5,430
Event and cultural venues*	22,697	22,001	22,697	22,001
Recreation*	30,123	28,746	30,123	28,746
Transportation*	41,021	39,602	41,021	39,602
Urban development*	10,613	10,517	10,613	10,517
Waste minimisation*	6,024	5,946	6,024	5,946
Water management*	46,862	40,169	46,862	40,169
	202,520	191,868	202,520	191,868
Less internal expenses	(1,523)	(1,456)	(1,523)	(1,456)
Less rates charges to Council properties	(720)	(834)	(720)	(834)
Less (loss)/gain on disposal of property, plant and equipment	(5,939)	(4,805)	(5,939)	(4,805)
Less interest on internal borrowing	(808)	(920)	(808)	(920)
	193,530	183,853	193,530	183,853
Impairment of other financial assets (note 12) & (note 17)	1,915		1,562	
Sundry expenditure	28	(26)	28	(26)
	195,473	183,827	195,120	183,827
Less personnel expenses	(54,019)	(53,494)	(54,019)	(53,494)
Less depreciation and amortisation	(49,070)	(47,067)	(49,070)	(47,067)
Less finance expenses	(20,351)	(17,758)	(20,351)	(17,758)
Total other expenses	72,033	65,508	71,680	65,508

*Refer to Cost of Service Statements in Section 3.1 — 3.10

Items included in other expenses are noted below:

	COUNCIL		GROUP	
	2010/11 \$000	2009/10 \$000	2010/11 \$000	2009/10 \$000
Fees to principal auditor:				
Audit fees for annual report	162	156	162	156
Audit fees for Council's amendment to the LTCCP	6	9	6	9
Fees for assurance services*	85	9	85	9
ACC partnership programme	570	425	570	425
Inventories	701	562	701	562
Impairment of receivables (note 10)	-	2,452	-	2,452
Impairment of other financial assets (note 12) & (note 17)	1,915	-	1,562	-
Minimum lease payments under operating leases	714	699	714	699
Insurance premiums	939	926	939	926
Other operating expenses	66,941	60,270	66,941	60,270
Total other expenses	72,033	65,508	71,680	65,508

*Fees for assurance services were for a review of the decision making process for the V8 supercar event and quality assurance services in relation to Project Phoenix. Fees for the 2010 year were for quality assurance services in relation to Project Phoenix.

NOTE 7: FINANCE COSTS

	COUNCIL		GROUP	
	2010/11 \$000	2009/10 \$000	2010/11 \$000	2009/10 \$000
Interest expense				
Interest on bank borrowings	19,663	17,051	19,663	17,051
Interest on leased assets	105	129	105	129
Provision - discount unwinding (note 19)	583	578	583	578
Total interest expense	20,351	17,758	20,351	17,758
Fair value losses/(gains)				
Fair value adjusted for bank borrowings	119	381	119	381
Total fair value losses/(gains)	119	381	119	381
Total finance costs	20,470	18,139	20,470	18,139

NOTE 8: TAX

COMPONENTS OF TAX EXPENSE	COUNCIL		GROUP	
	2010/11 \$000	2009/10 \$000	2010/11 \$000	2009/10 \$000
Current tax expense	-	-	-	-
Deferred tax expense	-	-	-	-
Income tax expense	-	-	-	-

RELATIONSHIP BETWEEN TAX EXPENSE AND ACCOUNTING PROFIT	COUNCIL		GROUP	
	2010/11 \$000	2009/10 \$000	2010/11 \$000	2009/10 \$000
Surplus/(deficit) before tax	(771)	(16,079)	(24)	(20,936)
Tax at 30%	(231)	(4,824)	(7)	(5,050)
Effect of tax exempt income	230	4,823	124	4,957
Taxation loss not recognised	1	1	1	12
Equity accounted earnings of associates (less dividends)	-	-	(51)	81
Deferred tax adjustments	-	-	(67)	-
Tax expense	-	-	-	-

Income tax recognised directly in equity

The amount of current and deferred tax charges or credited to equity during the period was \$nil (2010 \$nil).

Unrecognised deferred tax liabilities

As at 30 June 2011 Council had an unrecognised deferred tax liability of \$nil (2010 \$nil).

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	COUNCIL		GROUP	
	2010/11 \$000	2009/10 \$000	2010/11 \$000	2009/10 \$000
Tax losses - Council	33	34	33	34
Tax losses - Hamilton Properties Limited	-	-	134	144
	33	34	167	178

Under current income tax legislation the tax losses do not expire.

Deferred tax assets have not been recognised in respect of these items, as it is not probable that future taxable profits will be available against which the benefit of the losses can be utilised.

MOVEMENT IN UNRECOGNISED DEFERRED TAX ASSETS AND LIABILITIES DURING THE YEAR	TAX LOSSES \$000
Balance as at 1 July 2009	177
Prior period adjustment	-
Additions/(reductions) during the year	1
Recognised during the year	-
Balance as at 30 June 2010	178
Additions/(reductions) during the year	(11)
Recognised during the year	-
Balance as at 30 June 2011	167

NOTE 9: CASH AND CASH EQUIVALENTS

	COUNCIL		GROUP	
	2010/11 \$000	2009/10 \$000	2010/11 \$000	2009/10 \$000
Cash at bank and in hand	32	776	32	776
Term deposit maturing 3 months or less from date of acquisition	31,940	8,125	31,940	8,125
Total cash and cash equivalents	31,972	8,901	31,972	8,901

Council has a bank overdraft facility on the daily trading account that is secured by way of debenture trust deed over general rates. The facility totals \$500,000. At 30 June 2011 the interest rate on the facility was 6.0 per cent per annum, (2010, 6.5 per cent per annum).

Council has a bank overdraft facility on the direct fees account that is also secured by way of debenture trust deed over general rates. The facility totals \$10,000. At 30 June 2011 the interest rate was 6.0 per cent per annum, (2010, 6.5 percent per annum).

The carrying value of cash at bank and term deposits with maturities less than three months approximate their fair value.

Total cash and cash equivalents include cash at bank and in hand along with term deposits with maturities less than three months.

Cash, cash equivalents, and bank overdraft includes the following for the purposes of the Statement of Cash Flows:

	COUNCIL		GROUP	
	2010/11 \$000	2009/10 \$000	2010/11 \$000	2009/10 \$000
Cash at bank and in hand	32	776	32	776
Call/Term Investment maturing 3 months or less from date of acquisition	31,940	8,125	31,940	8,125
Bank Overdraft (note 21)	(691)	-	(691)	-
Total	31,281	8,901	31,281	8,901

NOTE 10: DEBTORS AND OTHER RECEIVABLES

	COUNCIL		GROUP	
	2010/11 \$000	2009/10 \$000	2010/11 \$000	2009/10 \$000
Rates receivables	3,044	3,077	3,044	3,077
New Zealand Transport Agency	1,312	2,187	1,312	2,187
Water by meter	2,074	1,204	2,074	1,204
GST refund due	1,842	2,983	1,842	2,983
Sundry debtors	13,742	13,684	13,742	13,684
Prepayments	551	588	551	588
Gross debtors and other receivables	22,565	23,723	22,565	23,723
Less provision for impairment of receivables	(4,104)	(5,887)	(4,104)	(5,887)
Total debtors and other receivables	18,461	17,836	18,461	17,836

Fair Value

Debtors and other receivables are non-interest bearing and receipt is normally on 30 day terms, therefore the carrying value of debtors and other receivables approximates their fair value.

There is no concentration of credit risk with respect to receivables outside the group, as the group has a large number of customers.

Impairment

Council does not provide for any impairment on rates receivables as it have various powers under the Local Government (Rating) Act 2002 to recover outstanding debts. These powers allow Council to commence legal proceedings to recover any rates that remain unpaid 4 months after the due date for payment. If payment has not been made within 3 months of the Court's judgement, then Council can apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit.

The provision for impairment of receivables includes \$3,773,410 for parking fines being recovered through the Courts (2010 \$3,985,114). Recovery of these debts is not certain and if recoverable may take several years to collect.

The age of rates receivable overdue, whose payment terms have been renegotiated, but not impaired are as follows:

	COUNCIL		GROUP	
	2010/11 \$000	2009/10 \$000	2010/11 \$000	2009/10 \$000
0 to 3 months	1,587	2,008	1,587	2,008
3 to 6 months	703	432	703	432
6 to 9 months	430	315	430	315
9 to 12 months	295	305	295	305
> 12 months	29	17	29	17
Carrying amount	3,044	3,077	3,044	3,077

As at 30 June 2011 and 2010, all overdue receivables, except for rates receivable, have been assessed for impairment and appropriate provisions applied. Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

The impairment provision has been calculated based on expected losses for Council's pool of debtors. Expected losses have been determined based on an analysis of Council's losses in previous periods, and review of specific debtors as detailed below:

	COUNCIL		GROUP	
	2010/11 \$000	2009/10 \$000	2010/11 \$000	2009/10 \$000
Individual impairment	272	1,843	272	1,843
Collective impairment	3,832	4,044	3,832	4,044
Total provision for impairment	4,104	5,887	4,104	5,887

Individually impaired receivables have been determined to be impaired because of the significant financial difficulties being experienced by the debtor. An analysis of these individually impaired debtors are as follows:

	COUNCIL		GROUP	
	2010/11 \$000	2009/10 \$000	2010/11 \$000	2009/10 \$000
0 to 3 months	5	-	5	-
3 to 6 months	13	63	13	63
6 to 9 months	20	25	20	25
9 to 12 months	11	9	11	9
> 12 months	223	1,746	223	1,746
Total individual impairment	272	1,843	272	1,843

Movements in the provision for impairment of receivables are as follows:

	COUNCIL		GROUP	
	2010/11 \$000	2009/10 \$000	2010/11 \$000	2009/10 \$000
At 1 July	5,887	3,435	5,887	3,435
Additional provisions made during the year	-	2,465	-	2,465
Provisions reversed during the year	(1,715)	-	(1,715)	-
Receivables written off during the period	(68)	(13)	(68)	(13)
At 30 June	4,104	5,887	4,104	5,887

The aging profile of receivables at year end is detailed below:

	2011			2010		
	GROSS \$000	IMPAIRMENT \$000	NET \$000	GROSS \$000	IMPAIRMENT \$000	NET \$000
Council						
Not past due	15,052	(321)	14,731	14,637	(3,690)	10,947
Past due 1-60 days	1,759	(96)	1,663	4,829	(105)	4,724
Past due 61-120 days	1,430	(274)	1,156	2,218	(287)	1,931
Past due > 120 days	4,324	(3,413)	911	2,039	(1,805)	234
Total	22,565	(4,104)	18,461	23,723	(5,887)	17,836
Group						
Not past due	15,052	(321)	14,731	14,637	(3,690)	10,947
Past due 1-60 days	1,759	(96)	1,663	4,829	(105)	4,724
Past due 61-120 days	1,430	(274)	1,156	2,218	(287)	1,931
Past due > 120 days	4,324	(3,413)	911	2,039	(1,805)	234
Total	22,565	(4,104)	18,461	23,723	(5,887)	17,836

NOTE 11: INVENTORY

	COUNCIL		GROUP	
	2010/11 \$000	2009/10 \$000	2010/11 \$000	2009/10 \$000
Held for distribution inventory:				
Nursery	300	324	300	324
Utilities	25	176	25	176
Other	26	84	26	84
Total inventory	351	584	351	584

No inventories are pledged as security for liabilities for 2011. (2010 \$nil).

Held for distribution inventory

The carrying amount of inventory held for distribution that are measured at current replacement cost as at 30 June 2011 amounted to \$nil. (2010 \$nil).

The write-down of inventories held for distribution amounted to \$nil (2010 \$85,735). There were no reversals of write-downs. (2010 \$nil).

NOTE 12: OTHER FINANCIAL ASSETS

	COUNCIL		GROUP	
	2010/11 \$000	2009/10 \$000	2010/11 \$000	2009/10 \$000
Current portion:				
Loans and receivables				
Loan to CTC Aviation Training (NZ) Ltd (CTC)	624	600	624	600
Total current portion	624	600	624	600
Non-current portion:				
Loans and receivables				
Loan to CTC Aviation Training (NZ) Ltd	208	832	208	832
Loan to Hamilton Fibre Network Ltd (HFN)	-	1,030	-	1,030
Loan to Innovation Waikato Ltd (IWL)	-	2,400	-	2,400
Shares in subsidiary				
Hamilton Properties Ltd	1	1	-	-
Fair value through other comprehensive income				
Unlisted shares in Innovation Waikato Ltd	2,400	-	2,400	-
Unlisted shares in Local Authority Shared Services Ltd (LASS)	728	728	728	728
Unlisted shares in NZ Local Government Insurance Co Ltd (NZIG)	324	618	324	618
Total non-current portion	3,661	5,609	3,660	5,608
Total other financial assets	4,285	6,209	4,284	6,208

There were no impairment provisions for other financial assets, except as noted below for Hamilton Fibre Network Ltd and NZ Local Government Insurance Co. Ltd.

The carrying amount of other financial assets approximates their fair value.

Council has a 100% shareholding in its subsidiary in Hamilton Properties Ltd and comprises 1,000 shares.

Investments in unlisted shares are initially recognised at cost with any movements in fair value recognised directly in other comprehensive income.

The details of unlisted shares are summarised as follows:

UNLISTED SHARES	NUMBER OF SHARES	% HOLDING	COUNCIL		GROUP	
			2010/11 \$000	2009/10 \$000	2010/11 \$000	2009/10 \$000
Innovation Waikato Ltd	247	19.80	2400	-	2400	-
Local Authority Shared Service Ltd						
• Ordinary	1	7.69	1	1	1	1
• Shared Valuation Data	220,514	13.72	221	221	221	221
• Waikato Regional Transport Model	50,625	37.50	506	506	506	506
NZ Local Government Insurance Co Ltd	202,729	3.17	324	618	324	618
Total unlisted shares			3,452	1,346	3,452	1,346

The weighted average interest rates for financial assets (current and non-current) were as follows:

	COUNCIL		GROUP	
	2009/10 \$000	2008/09 \$000	2009/10 \$000	2008/09 \$000
Loans to CTC Aviation Training (NZ) Ltd	6.07%	6.38%	6.07%	6.38%

Movements in loans are summarised as follows:

2011	COUNCIL AND GROUP \$000			
	CTC	HFN	IWL	TOTAL
Opening balance	1,432	1,030	2,400	4,862
Additional balance	-	193	-	193
Repayment of loan	(600)	-	-	(600)
Conversion of loans to shares (note 17)	-	(883)	(2,400)	(3,283)
Impairment of loan	-	(340)	-	(340)
Closing balance	832	-	-	832

2010	COUNCIL AND GROUP \$000			
	CTC	HFN	IWL	TOTAL
Opening balance	2,259	1,884	2,400	6,543
Additional balance	-	152	-	152
Repayment of loan	(827)	-	-	(827)
Conversion of loans to shares (note 17)	-	(1,006)	-	(1,006)
Impairment of loan	-	-	-	-
Closing balance	1,432	1,030	2,400	4,862

Council has an outstanding amount of \$832,000 loaned to CTC Training (NZ) Ltd as at 30 June 2011. The loan is secured by a first mortgage over the building including fixtures, partitions and fittings included in the original construction. During the 12 months to 30 June 2011, CTC repaid \$600,000 of the principal balance. The loan will be fully repaid by October 2012.

Council loaned Innovation Waikato Ltd \$2,400,000 in March 2009 as a contribution towards a new building at Ruakura that was completed in September 2009. This loan was converted into 247 shares in Waikato Innovation Ltd on the 24 August 2010.

Council's non-current loan to Hamilton Fibre Network Ltd has increased by \$192,652 during the year to \$1,223,095 and was written down by \$339,992 to reflect it's fair value of the loan \$883,104. This loan balance of \$883,104 was converted to shares at 30 June 2011. Refer note 17 Investments in Associates.

Movements in unlisted shares are summarised as follows:

2011	COUNCIL AND GROUP \$000			
	IWL	LASS	NZGI	TOTAL
Opening balance	-	728	618	1,346
Conversion of loans to shares	2,400	-	-	2,400
Fair value loss on shares (Comprehensive Income)	-	-	(154)	(154)
Fair value loss on shares (Statement of Financial Performance)	-	-	(140)	(140)
Closing balance	2,400	728	324	3,452

2010	COUNCIL AND GROUP \$000			
	IWL	LASS	NZGI	TOTAL
Opening balance	-	728	610	1,338
Appreciation/(Impairment) of shares (Other Comprehensive Income)	-	-	8	8
Closing balance	-	728	618	1,346

Councils share of the net deficit of NZ Local Government Insurance Co Ltd (NZLGI) for the 12 months to 31 December 2010 was \$ 127,719 (31 December 2009 net surplus \$8,109). This movement has been reflected through other comprehensive income as an impairment. In addition a further impairment adjustment of \$166,238 was made to reflect the results of NZLGI for the 6 months to 30 June 2011. The writedown is mainly due to the impact of the February 2011 Christchurch Earthquake claims.

NOTE 13: DERIVATIVE FINANCIAL INSTRUMENTS

	COUNCIL		GROUP	
	2010/11 \$000	2009/10 \$000	2010/11 \$000	2009/10 \$000
Current asset portion				
Interest rate swaps - fair value hedge	-	114	-	114
Foreign currency forward exchange contracts	-	3	-	3
Total current asset portion	-	117	-	117
Current liability portion				
Interest rate swaps - fair value hedge	90	-	90	-
Total current liability portion	90	-	90	-
Non-current liability portion				
Interest rate swaps - fair value hedge	17,626	12,328	17,626	12,328
Total non-current liability portion	17,626	12,328	17,626	12,328

Fair value*Interest rate swaps*

The fair values of the interest rate swaps at the reporting date is determined by discounting the future cash flows using the yield curves at the reporting date.

Forward foreign exchange contracts

The fair values of forward foreign exchange contracts have been determined using a discounted cash flows valuation technique based on the quoted market prices.

Interest rate swaps

The revaluation of interest rate swaps held by Council shows an unrealised mark-to-market revaluation loss for 2011 of \$5,502,000 (2010 loss \$5,864,000). This non-cash revaluation loss is brought about by comparison of the swap fixed rate with the interest yield curve and is recognised in the surplus/(deficit).

The notional principal amounts of outstanding interest rate swap contracts at 30 June 2011 were \$362,500,000 (2010 \$302,500,000). This includes \$20,000,000 (2010 \$nil) of forward start swaps, leaving \$342,500,000 (2010 \$302,500,000) in actual committed swaps at 30 June 2011.

This is shown as follows:

	COUNCIL		GROUP	
	2010/11 \$000	2009/10 \$000	2010/11 \$000	2009/10 \$000
Payable no later than one year	60,000	15,000	60,000	15,000
Later than one, not later than five years	139,500	133,500	139,500	133,500
Later than five years	163,000	154,000	163,000	154,000
Total interest rate swaps	362,500	302,500	362,500	302,500

Foreign currency forward exchange contracts

Council held \$nil foreign currency forward exchange contracts at 30 June 2011 (2010 \$89,000).

NOTE 14: PROPERTY, PLANT AND EQUIPMENT

Council and Group 2011 (\$'000)

	COST/ REVALUATION 1-JUL-10	ACCUMULATED DEPRECIATION & IMPAIRMENT CHARGES 1-JUL-10	CARRYING AMOUNT 1-JUL-10	COST TRANSFERS / RECLASSIFICATIONS	ACCUMULATED DEPRECIATION TRANSFERS / RECLASSIFICATIONS	GAIN/(LOSS) ON REVALUATIONS	CURRENT YEAR ADDITIONS	CURRENT YEAR DISPOSALS AT COST	CURRENT YEAR IMPAIRMENT CHARGES OR WRITE OFFS	ACCUMULATED DEPRECIATION CARRIED FORWARD	CURRENT YEAR DEPRECIATION	ACCUMULATED DEPRECIATION REVERSED ON DISPOSAL	OTHER ADJUSTMENTS	COST/ REVALUATION 30-JUN-11	ACCUMULATED DEPRECIATION & IMPAIRMENT CHARGES 30-JUN-11	CARRYING AMOUNT 30-JUN-11
Operational Assets																
Land	58,675	-	58,675	-	-	-	-	-	-	-	-	-	2	58,677	-	58,677
Buildings	234,232	(30,762)	203,470	849	(88)	-	72,037	(3,345)	-	-	(8,779)	1,000	-	303,773	(38,629)	265,144
Land - parks & gardens	668,658	-	668,658	-	-	-	865	(150)	-	-	-	-	-	669,373	-	669,373
Improvements -parks & gardens	44,587	(6,690)	37,897	(2,787)	507	8,917	4,468	(80)	(308)	(151)	(1,785)	23	-	48,614	(1,913)	46,701
Plant and equipment	35,453	(17,080)	18,373	(42)	-	-	7,602	(315)	(5)	-	(3,102)	267	-	42,693	(19,915)	22,778
Vehicles	6,245	(3,341)	2,904	42)	-	-	738	(421)	-	-	(586)	338	-	6,604	(3,589)	3,015
Library books	15,669	(7,688)	7,981	-	-	-	1,583	-	-	-	(1,154)	-	-	17,252	(8,842)	8,410
Zoo animals	1,088	(885)	203	-	-	-	33	-	-	-	(133)	-	-	1,121	(1,018)	103
Finance lease	4,949	(3,720)	1,229	-	-	-	1,459	-	-	-	(1,045)	-	-	6,408	(4,765)	1,643
Leasehold	-	-	-	1,938	(419)	-	100	-	-	-	(355)	-	-	2,038	(774)	1,264
Improvements																
Total operating assets	1,069,556	(70,166)	999,390	-	-	8,917	88,885	(4,311)	(313)	(151)	(16,939)	1,628	2	1,156,553	(79,445)	1,077,108
Restricted assets																
Land	27,062	-	27,062	-	-	-	25	(661)	-	-	-	-	-	26,426	-	26,426
Heritage assets																
Museum and library	28,862	-	28,862	-	-	-	159	-	-	-	(1)	-	-	29,021	(1)	29,020
Infrastructure assets																
Land	20,695	-	20,695	-	-	-	-	-	-	-	-	-	-	20,695	-	20,695
Refuse	53,773	(458)	53,315	-	-	-	1,379	(75)	-	-	(189)	55	-	55,077	(592)	54,485
Roads and traffic network	1,232,800	(14,441)	1,218,359	25	(1)	14,637	28,592	(1,736)	-	(134)	(13,419)	-	-	1,259,876	(13,553)	1,246,323
Stormwater system	276,489	(12,037)	264,452	(25)	1	87,436	3,014	(93)	-	(34)	(5,374)	-	-	354,785	(5,408)	349,377
Wastewater system	196,081	(12,215)	183,866	-	-	15,813	5,955	(526)	-	(63)	(4,521)	7	-	205,108	(4,577)	200,531
Wastewater treatment plant	44,594	(1,678)	42,916	-	-	-	1,410	-	-	-	(1,719)	-	-	46,004	(3,397)	42,607
Water system	202,568	(13,233)	189,335	-	-	41,596	8,284	(936)	-	(81)	(5,194)	-	-	238,279	(5,275)	233,004
Water treatment station	55,588	(1,232)	54,356	-	-	-	1,711	-	-	-	(1,376)	-	-	57,299	(2,608)	54,691
Total infrastructure assets	2,082,588	(55,294)	2,027,294	-	-	159,482	50,345	(3,366)	-	(312)	(31,792)	62	-	2,237,123	(35,410)	2,201,713
Work in progress	109,767	-	109,767	-	-	-	119,187	(141,217)	-	-	-	-	-	87,737	-	87,737
Total property, plant and equipment	3,317,835	(125,460)	3,192,375	-	-	168,399	258,601	(149,555)	(313)	(463)	(48,732)	1,690	2	3,536,860	(114,856)	3,422,004

Council and Group 2010 (\$'000)

	COST/ REVALUATION 1-JUL-09	ACCUMULATED DEPRECIATION & IMPAIRMENT CHARGES 1-JUL-09	CARRYING AMOUNT 1-JUL-09	COST TRANSFERS / RECLASSIFICATIONS	ACCUMULATED DEPRECIATION TRANSFERS / RECLASSIFICATIONS	GAIN/(LOSS) ON REVALUATIONS	CURRENT YEAR ADDITIONS	CURRENT YEAR DISPOSALS AT COST	CURRENT YEAR IMPAIRMENT CHARGES OR WRITE OFFS	ACCUMULATED DEPRECIATION CARRIED FORWARD	CURRENT YEAR DEPRECIATION	ACCUMULATED DEPRECIATION REVERSED ON DISPOSAL	OTHER ADJUSTMENTS	COST/ REVALUATION 30-JUN-10	ACCUMULATED DEPRECIATION & IMPAIRMENT CHARGES 30-JUN-10	CARRYING AMOUNT 30-JUN-10
Operational Assets																
Land	63,489	-	63,489	-	-	-	21	(4,835)	-	-	-	-	-	58,675	-	58,675
Buildings	224,130	(23,397)	200,733	(436)	-	-	17,820	(7,282)	-	-	(8,458)	1,093	-	234,232	(30,762)	203,470
Land - parks & gardens	663,574	-	663,574	-	-	-	5,084	-	-	-	-	-	-	668,658	-	668,658
Improvements -parks & gardens	38,972	(4,884)	34,088	436	-	-	5,208	(29)	-	-	(1,815)	9	-	44,587	(6,690)	37,897
Plant and equipment	33,934	(14,275)	19,659	53	(33)	-	2,553	(1,087)	-	-	(3,114)	342	-	35,453	(17,080)	18,373
Vehicles	5,893	(3,152)	2,741	-	-	-	841	(489)	-	-	(587)	398	-	6,245	(3,341)	2,904
Library books	14,172	(6,641)	7,531	-	-	-	1,497	-	-	-	(1,047)	-	-	15,669	(7,688)	7,981
Zoo animals	1,092	(776)	316	-	-	-	-	(4)	-	-	(110)	1	-	1,088	(885)	203
Finance lease	4,288	(2,637)	1,651	-	-	-	661	-	-	-	(1,083)	-	-	4,949	(3,720)	1,229
Total operating assets	1,049,544	(55,762)	993,782	53	(33)	-	33,685	(13,726)	-	-	(16,214)	1,843	-	1,069,556	(70,166)	999,390
Restricted assets																
Land	26,255	-	26,255	-	-	-	807	-	-	-	-	-	-	27,062	-	27,062
Heritage assets																
Museum and library	28,433	(122)	28,311	-	-	-	429	-	-	-	122	-	-	28,862	-	28,862
Infrastructure assets																
Land	17,695	-	17,695	-	-	-	3,000	-	-	-	-	-	-	20,695	-	20,695
Refuse	52,955	(251)	52,704	-	-	-	829	(11)	-	-	(207)	-	-	53,773	(458)	53,315
Roads and traffic network	1,201,867	(24,645)	1,177,222	83	(55)	15,371	40,331	(152)	-	-	(14,441)	-	-	1,232,800	(14,441)	1,218,359
Stormwater system	267,690	(7,869)	259,821	-	-	-	8,916	(117)	-	-	(4,172)	4	-	276,489	(12,037)	264,452
Wastewater system	188,521	(8100)	180,421	-	-	-	7,989	(429)	-	-	(4,208)	93	-	196,081	(12,215)	183,866
Wastewater treatment plant	52,016	(4,234)	47,782	(73)	42	(4,179)	1,666	(644)	-	-	(1,761)	83	-	44,594	(1,678)	42,916
Water system	192,237	(8,786)	183,451	-	-	-	10,887	(556)	-	-	(4,514)	67	-	202,568	(13,233)	189,335
Water treatment station	49,402	(3,468)	45,934	(63)	46	8,444	1,227	-	-	-	(1,232)	-	-	55,588	(1,232)	54,356
Total infrastructure assets	2,022,383	(57,353)	1,965,030	(53)	33	19,636	74,845	(1,909)	-	-	(30,535)	247	-	2,082,588	(55,294)	2,027,294
Work in progress	103,332	-	103,332				116,597	(110,162)	-	-	-	-	-	109,767	-	109,767
Total property, plant and equipment	3,229,947	(113,237)	3,116,710	-	-	19,636	226,363	(125,797)	-	-	(46,627)	2,090	-	3,317,835	(125,460)	3,192,375

Valuation

Land (Operational, Restricted, Infrastructural and Parks and Gardens)

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Adjustments have been made to the "unencumbered" land value where there is a designation against the land or the use of the land is restricted because of reserve or endowment status. These adjustments are intended to reflect the negative effect on the value of the land where an owner is unable to use the land more intensively.

The most recent valuation was performed by K Stewart Val Prof Urb, PG Dip Eng Audit, MBA, of Quotable Value Ltd, and the valuation was effective as at 1 July 2006.

Buildings (Operational)

Specialised buildings are valued at fair value using depreciated replacement cost because no reliable market data is available for such buildings.

Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions include:

- The replacement asset is based on the reproduction cost of the specific assets with adjustments where appropriate for obsolescence due to over-design or surplus capacity.
- The replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information.
- The remaining useful life of assets is estimated.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non-specialised buildings (for example residential buildings) are valued at fair value using market-based evidence. Market rents and capitalisation rates were applied to reflect fair value.

The most recent valuation was performed by G Petersen B Com Ag (VFM) of SPM Consultants Ltd and K Stewart Val Prof of Quotable Value Ltd, and the valuation was effective as at 1 July 2006.

Heritage Assets

Library Heritage collection (Central Library Reference Collection) is valued at fair value. Major collection items have been valued separately or by formulae based on quantity measurements. Determining the values to be assigned to individual items has largely been undertaken by the Libraries' own staff using in-house records, published values and judgement of specialist staff. Some guidelines have been taken from procedures adopted by Auckland City Libraries (who drew on methodologies used at the Alexander Turnbull and Hocken Libraries.)

The most recent valuation for the Library Reference Collection was performed by the Collections Leader, J Downs, and the Heritage Manager, M Caunter, and are subject to an independent review by Dr R J Watt. The last revaluation was effective as at 1 July 2006.

Museum Heritage Collection is valued at fair value using various methods as follows:

1. Current market values: For items which appear on the open market there are a number of authoritative references that provide guides to current market values. Reference was made to price guides such as Carter's Price Guide to Antiques in Australasia and for direct New Zealand reference, the realised sales lists of auction houses such as Peter Webb's (Auckland) and Dunbar Sloane's (Wellington and Auckland). Fine Arts values were based on realised sales of items in auction catalogues such as those of Peter Webb (Auckland) and Dunbar Sloane (Wellington and Auckland) together with the Australian Art Auction Records and Australian Sales Digest and the internet.
2. Known values: When an established value exists, it can be used as the basis for a current value.
3. Local dealer values: A number of items (silver) were valued with reference to a local licensed dealer.
4. Sampling: Given the large number of items in any moderately sized museum, it would be an unwarranted expense of time and money to try and value each individual collection item. This fact is recognised by the New Zealand Auditor General's office and it is deemed appropriate to sample for valuation provided that (a) all items in each group sampled were of a similar type, and (b) the values arrived at were a fair reflection of all the other items in the sampled group. Large numbers of items such as books, photographs, toki and mahe lend themselves to this method of valuation.
5. Replacement value: For items which are modern a replacement value can often be calculated. Replacement values can also be used for items which have no intrinsic value in themselves e.g. audio-cassette tapes. Collection items, such as the latter, are often museum initiated, specifically collected as part of local history, and are most unlikely to reach the open market. However, like other archival material they form an important part of many museums' collections.
6. Comparative values: In some cases it is not always possible to obtain an exact correspondence between a certain item and a catalogue value. When this occurs the value of a similar item, made about the same time and of similar materials, is used to help estimate a comparative value.
7. Comparative institutional values: In a few instances when it was not possible to identify any current market value or a replacement value, reference was made to the valuations of the National Library of New Zealand, The New Zealand National Archive and the Museum of New Zealand Te Papa Tongarewa. These institutions, by statute, must also value their collections for Government audit purposes. Once the New Zealand Auditor General's office has accepted the collection values presented by these institutions, it was deemed acceptable that other museums in New Zealand could apply the same valuation method, where appropriate, to their own holdings. Items such as bound volumes of old newspapers and shelves of books and archives were valued in this way.

8. Archaeological Material: The Waikato Museum of Art and History holds in its care one of the most important of the earlier archaeological excavations in New Zealand. This excavation, at Kauri Point, resulted in a wealth of important prehistoric material. It was valued on the basis of archaeologically excavated material held and valued by the Museum of New Zealand Te Papa Tongarewa. The most recent valuation for the Museum Heritage Collection was performed by Dr R J Watt MA (First Class Hons) PhD of RJ Watt & Associates, and the valuation was effective from 1 July 2006.

Parks and Gardens Improvements

Parks and gardens improvements are valued at fair value using depreciated replacement cost because no reliable market data is available for such assets.

Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions include:

- The replacement asset is based on the reproduction cost of the specific assets with adjustments where appropriate for obsolescence due to over-design or surplus capacity.
- In arriving at the value, it is assumed that modern construction techniques and modern equivalent materials are used, but that the physical asset replaces the asset as it exists.
- The replacement cost is derived from recent construction contracts of similar assets and Rawlinsons (2006) unit rate information.
- The remaining useful life of assets is estimated.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

The most recent valuation was performed by C McCormack BE (Natural Resources), of MWH New Zealand Ltd, and the valuation was effective as at 1 July 2010.

Infrastructural Asset Classes: Water Reticulation, Wastewater Reticulation and Pump Stations, Stormwater, Refuse, Water and Wastewater Treatment Plants, Water Reservoirs and Roding Assets (excluding Land)

Water reticulation, wastewater reticulation and pump stations, stormwater, refuse, water and wastewater treatment plants, water reservoirs and roding assets (excluding land) are valued at fair value using depreciated replacement cost.

There are a number of estimates and assumptions exercised when valuing infrastructural assets using the depreciated replacement cost method. These include:

Estimating any obsolescence or surplus capacity of the asset.

Estimating the replacement cost of the asset. The replacement cost is derived from recent construction contracts in the region for similar assets.

Estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected by the local conditions, for example weather patterns, soil types and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then HCC could be over- or under-estimating the annual depreciation charge recognised as an expense in the statement of comprehensive income. To minimise this risk, infrastructural asset lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition-modelling are also carried out regularly as part of asset management planning activities, which provides further assurance over useful life estimates.

The most recent valuation for water reticulation, wastewater reticulation and pump stations and stormwater was performed by C McCormack BE (Natural Resources), of MWH New Zealand Ltd, and the valuation was effective as at 1 July 2010.

The most recent valuation for refuse assets (excluding land) was performed by E Botje MBA, Btech Env Ag, of MWH New Zealand Ltd, and the valuation was effective as at 1 July 2006.

The most recent valuation for water and wastewater treatment plants, water reservoirs and minor roding assets (excluding land) was performed by C McCormack BE (Natural Resources), of MWH New Zealand Ltd, and the valuation was effective as at 1 July 2010.

The most recent valuation for major roding assets (excluding land) was performed by M Clough BE (Engineering), of Beca Valuation Ltd (New Zealand), and the valuation was effective as at 1 July 2010.

Operational Plant and Equipment, Zoo Animals, and Land Under Roads

These asset classes were last revalued effective 1 July 2001. On transition to NZ IFRS Council elected to use the fair value of these assets as deemed cost.

Operational Vehicles, Library Books and Assets held under Finance Leases

These asset classes are not revalued, and are held at cost.

Total value of property, plant and equipment valued by each valuer:

	COUNCIL		GROUP	
	2010/11 \$000	2009/10 \$000	2010/11 \$000	2009/10 \$000
C McCormack of MWH New Zealand Ltd	882,889	163,510	882,889	163,510
M Clough of Beca Valuations Ltd (New Zealand)	538,662	506,334	538,662	506,334
Sanger Aw of Hamilton City Council	623	-	623	-

Impairment

Impairment losses totalling \$312,798 (2010 \$nil) have been recognised for plant and equipment.

Of this, \$5,117 relates to theatre equipment requiring earlier replacement than originally planned, and this impairment has been recognised in the surplus or deficit. The recoverable amount of the plant and equipment was its value in use, which was calculated as being 67% of the carrying amount of the asset at balance date.

The remaining \$307,681 comprises of \$181,624 relating to specialised sporting surfaces that also requires early replacement (the recoverable amount calculated as being 50% of the carrying amount of the asset at balance date), and \$126,057 relating to assets suffering from erosion (the recoverable amount calculated as being on average 41.6% of the carrying amount of the asset at balance date). As these impaired assets are carried at their revalued amount (after deduction of accumulated depreciation subsequent to its revaluation as at 30 June 2010), the \$307,681 impairment losses have been treated as a revaluation decrease.

NOTE 15: INTANGIBLE ASSETS

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

None of these intangible assets have been internally generated.

	COUNCIL AND GROUP		
	COMPUTER SOFTWARE \$000	RESOURCE CONSENTS \$000	TOTAL \$000
Cost			
Balance as at 1 July 2010	4,493	5,654	10,147
Additions	2,407	1,070	3,477
Disposals	(164)	-	(164)
Change in WIP	(229)	(688)	(917)
Balance as at 30 June 2011	6,507	6,036	12,543
Balance as at 1 July 2009	3,345	5,431	8,776
Additions	200	584	784
Disposals	-	-	-
Change in WIP	948	(361)	587
Balance as at 30 June 2010	4,493	5,654	10,147
Accumulated amortisation and impairment			
Balance as at 1 July 2010	(3,296)	(945)	(4,241)
Amortisation charge	(77)	(261)	(338)
Amortisation Reversed on Disposal	164	-	164
Balance as at 30 June 2011	(3,209)	(1,206)	(4,415)
Balance as at 1 July 2009	(3,131)	(670)	(3,801)
Amortisation charge	(165)	(275)	(440)
Balance as at 30 June 2010	(3,296)	(945)	(4,241)
Carrying amounts			
Balance as at 1 July 2009	214	4,761	4,975
Balance as at 30 June and 1 July 2010	1,197	4,709	5,906
Balance as at 30 June 2011	3,298	4,830	8,128

Restrictions over Title

There are no restrictions over the title of intangible assets. No assets are pledged for security for liabilities.

Impairment

There are no impairment losses for 2011 (2010 \$nil).

NOTE 16: INVESTMENT PROPERTY

	COUNCIL		GROUP	
	2010/11 \$000	2009/10 \$000	2010/11 \$000	2009/10 \$000
Balance at 1 July	50,780	52,081	50,780	52,081
Additions	252	37	252	37
Disposals	-	(375)	-	(375)
Fair value gains/(losses) on valuation (note 4)	(213)	(963)	(213)	(963)
Balance at 30 June	50,819	50,780	50,819	50,780

Investment properties are valued annually at fair value effective 30 June. All investment properties were valued based on open market evidence. The valuations were performed by Telfer Young (Waikato) Ltd and Darroch Valuations, registered valuers and property consultants. Both Telfer Young (Waikato) Ltd and Darroch Valuations are experienced valuers with extensive market knowledge in the types and locations of investment properties owned by HCC.

The methodology for determining the fair value of investment property is as follows:

Commercial and Industrial Investment Properties — have been determined using the capitalisation of net income and discounted cash flow methods. These methods are based upon assumptions including future rental income, anticipated maintenance costs and appropriate discount rates.

Commercial Leasehold Land and Residential Leasehold Land — have been determined using the direct comparison approach, which has regard to sales of other vacant sites. This method makes allowances for factors such as the size of holdings, its position, zoning, surrounding values and the type of the surrounding development.

	COUNCIL		GROUP	
	2010/11 \$000	2009/10 \$000	2010/11 \$000	2009/10 \$000
Rental income	4,647	4,761	4,647	4,761
Expenses from investment property generating income	782	943	782	943
Expenses from investment property not generating income	-	-	-	-
Contractual obligations for capital expenditure	-	-	-	-
Contractual obligations for operating expenditure	-	-	-	-

NOTE 17: INVESTMENT IN ASSOCIATES

Movements in cost of investments in associates:

COUNCIL	HAMILTON FIBRE NETWORK \$000	HAMILTON RIVERVIEW HOTEL \$000	WAIKATO REGIONAL AIRPORT \$000	TOTAL \$000
2011				
Balance at 1 July 2010	1,454	6,000	7,430	14,884
Conversion of loans to shares	883	-	-	883
Impairment	(1,435)	-	-	(1,435)
Balance at 30 June 2011	902	6,000	7,430	14,332
Current	902	-	-	902
Non Current	-	6,000	7,430	13,430
Balance at 30 June 2011	902	6,000	7,430	14,332

2010	HAMILTON FIBRE NETWORK \$000	HAMILTON RIVERVIEW HOTEL \$000	WAIKATO REGIONAL AIRPORT \$000	TOTAL \$000
Balance at 1 July 2009	267	6000	7,430	13,697
Acquisition of shares	1,187	-	-	1,187
Balance at 30 June 2010	1,454	6,000	7,430	14,884
Current	-	-	-	-
Non Current	1,454	6,000	7,430	14,884
Balance at 30 June 2010	1,454	6,000	7,430	14,884

Group

Movements in the carrying amount of investments in associates:

2011	HAMILTON FIBRE NETWORK \$000	HAMILTON RIVERVIEW HOTEL \$000	WAIKATO REGIONAL AIRPORT \$000	TOTAL \$000
Balance at 1 July 2010	1,101	9,191	29,231	39,523
Conversion of loans to shares	883	-	-	883
Share of surplus/(deficit)	-	323	56	379
Deferred tax credit/(expense) adjustment	-	222	-	222
Proposed dividend	-	(207)	-	(207)
Impairment	(1,082)	-	-	(1,082)
Share of increase/(decrease) in asset revaluation reserve	-	-	105	105
Balance at 30 June 2011	902	9,529	29,392	39,823
Current	902	-	-	902
Non current	-	9,529	29,392	38,921
Balance at 30 June 2011	902	9,529	29,392	39,823

Group

2010	HAMILTON FIBRE NETWORK \$000	HAMILTON RIVERVIEW HOTEL \$000	WAIKATO REGIONAL AIRPORT \$000	TOTAL \$000
Balance at 1 July 2009	57	11,103	35,818	46,978
Acquisition of shares	1,187	-	-	1,187
Share of surplus/(deficit)	(143)	196	(793)	(740)
Deferred tax adjustment	-	(2,108)	(2,009)	(4,117)
Share of increase/(decrease) in asset revaluation reserve	-	-	(3,785)	(3,785)
Balance at 30 June 2010	1,101	9,191	29,231	39,523
Current	-	-	-	-
Non current	1,101	9,191	29,231	39,523
Balance at 30 June 2010	1,101	9,191	29,231	39,523

The shareholders of Hamilton Fibre Network Ltd have signed an agreement to sell their shares to Ultra Fast Broadband Ltd subsequent to balance date. Based on Council's expected proceeds from the sale of shares in Hamilton Fibre Network Ltd (HFN), an adjustment is required to reflect the impairment in the investment in HFN, in both the parent and group results for the year ended 30 June 2011.

Hamilton Riverview Hotel has a balance date different to that of Council of more than three months. In order to comply with NZ IAS 28, Council has included the interim financial results of Hamilton Riverview Hotel for the six months to 30 June 2011 (which have been reviewed but not audited) and the annual audited results for the year to 31 December 2010 adjusted to reflect only the final six months of the year.

Summary financial information of associate companies presented on a gross basis:

2011	HAMILTON FIBRE NETWORK \$000	HAMILTON RIVERVIEW HOTEL \$000	WAIKATO REGIONAL AIRPORT \$000
Assets	5,758	48,616	78,201
Liabilities	95	25,588	19,418
Revenue	477	14,886	7,087
Surplus/(deficit)	(155)	780	111
Deferred tax credit/(expense) adjustment	-	536	-
Group's interest	33.80%	41.38%	50.00%
Number of shares	33,798	6,000,000	2,486,802
Balance date	30 June	31 Dec	30 June

2010	HAMILTON FIBRE NETWORK \$000	HAMILTON RIVERVIEW HOTEL \$000	WAIKATO REGIONAL AIRPORT \$000
Assets	5,704	48,350	78,610
Liabilities	2,498	26,139	20,148
Revenue	87	14,054	6,654
Surplus/(deficit)	(414)	473	(1,586)
Deferred tax credit/(expense) adjustment	-	(5,092)	(4,022)
Group's interest	34.67%	41.38%	50.00%
Number of shares	6,975	6,000,000	2,486,802
Balance date	30 June	31 Dec	30 June

Associates contingencies

Detail of any contingent liabilities arising from the group's involvement in an associate are disclosed separately in note 25.

NOTE 18: CREDITORS AND OTHER PAYABLES

	COUNCIL		GROUP	
	2010/11 \$000	2009/10 \$000	2010/11 \$000	2009/10 \$000
Trade payables	13,116	10,252	13,116	10,252
Deposits and bonds	584	819	584	819
Accrued expenses	13,369	17,048	13,369	17,048
Agency funds	43	46	43	46
Income in advance	3,073	3,265	3,073	3,265
Amounts due to related parties	18	72	18	72
Total trade and other payables	30,203	31,502	30,203	31,502

Creditors and other payables are non interest bearing and are normally settled on 30 day terms, therefore the carrying value of creditors and other payables approximates their fair value.

NOTE 19: PROVISIONS

	COUNCIL		GROUP	
	2010/11 \$000	2009/10 \$000	2010/11 \$000	2009/10 \$000
Current provisions				
ACC Partnership programme	408	358	408	358
Weathertight homes resolution services claims	1,021	1,332	1,021	1,332
Landfill aftercare	446	485	446	485
Total current provisions	1,875	2,175	1,875	2,175
Non-current provisions				
Landfill aftercare	7,943	7,842	7,943	7,842
Total non-current provisions	7,943	7,842	7,943	7,842
Total provisions	9,818	10,017	9,818	10,017

Weathertight homes resolution services claims provision

At 30 June 2011 there are 17 claims (2010, 24 claims), lodged with the Weathertight Homes Resolution Service outstanding with an estimated exposure of \$775,000, (2010 \$1,175,000) being a decrease of \$400,000 for the year. The insurer (RiskPool) will pay out a maximum of \$500,000 in anyone year. Only claims notified to RiskPool before 1 July 2009 are covered. Claims after this date are not.

An additional provision of \$246,007 for the 2011/12 year has been included for the Call from RiskPool for contributions to the shortfall in the mutual pool's funds, predominantly caused by WHRS claims. This was paid in July 2011.

STATEMENT OF MOVEMENTS IN WEATHERTIGHT HOMES RESOLUTION SERVICE PROVISION	COUNCIL		GROUP	
	2010/11 \$000	2009/10 \$000	2010/11 \$000	2009/10 \$000
Opening balance	1,332	1,108	1,332	1,108
Additional provision made	250	175	250	175
Additional provision for RiskPool Call	246	138	246	138
Amounts resolved	(807)	(89)	(807)	(89)
Closing balance	1,021	1,332	1,021	1,332

Landfill aftercare provision

Hamilton City Council was granted resource consent in October 1985 to operate the Horotiu landfill. Council has the responsibility under the resource consent to provide ongoing maintenance and monitoring of the landfill after the site was closed on 31 December 2006. There are post-closure responsibilities such as the following:

- treatment and monitoring of leachate
- groundwater and surface monitoring
- gas monitoring and recovery
- implementation of remedial measures such as needed for cover, and control systems
- ongoing site maintenance for drainage systems, final cover and control

The cash outflows for the landfill post closure are expected to occur between 2007 and 2056. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred.

The following significant assumptions have been made in calculating the provision:

- a discount rate of 7.0% (2010:7.0%);
- the estimated remaining life is 45 years;

STATEMENT OF MOVEMENTS IN LANDFILL AFTERCARE PROVISION	COUNCIL		GROUP	
	2010/11 \$000	2009/10 \$000	2010/11 \$000	2009/10 \$000
Opening balance	8,327	8,260	8,327	8,260
Actual closure and aftercare costs	(446)	(430)	(446)	(430)
Increase/(decrease) due to aftercare cost assumption	(75)	(81)	(75)	(81)
Discount unwinding (note 7)	583	578	583	578
Closing balance	8,389	8,327	8,389	8,327

ACC partnership programme

Hamilton City Council belongs to the ACC Employer Reimbursement Agreement whereby Council accepts the financial responsibility of work related illnesses and accidents of employees. Under this Agreement Council is effectively providing accident insurance to employees for work related accidents equal to 80% of the first week of absence from work. No provision has been made for any outstanding liability at balanced date as the liability is not material for Council's financial statements based on payments made in prior years.

Council manages its exposure arising from the programme by promoting a safe and healthy working environment by:

- Implementing and monitoring health and safety policies
- Induction training on health and safety
- Actively managing injuries to ensure employees return to work as soon as practical
- Recording and monitoring work place injuries and near misses to identify risk areas and implementing.

NOTE 20: EMPLOYEE ENTITLEMENTS

	COUNCIL		GROUP	
	2010/11 \$000	2009/10 \$000	2010/11 \$000	2009/10 \$000
Current employee entitlements				
Accrued pay	1,645	1,585	1,645	1,585
Annual leave	4,045	4,015	4,045	4,015
Retiring gratuities	111	146	111	146
Sick leave	64	64	64	64
Total current employee entitlements	5,865	5,810	5,865	5,810
Non-current employee entitlements				
Retiring gratuities	1,804	1,701	1,804	1,701
Total non-current employee entitlements	1,804	1,701	1,804	1,701
Total employee entitlements	7,669	7,511	7,669	7,511

NOTE 21: BORROWINGS

	COUNCIL		GROUP	
	2010/11 \$000	2009/10 \$000	2010/11 \$000	2009/10 \$000
Current				
Bank overdraft	691	-	691	-
Secured loans	167,749	82,215	167,749	82,215
Lease liabilities	878	1,106	878	1,106
Total current borrowings	169,318	83,321	169,318	83,321
Non-current				
Secured loans	223,806	228,721	223,806	228,721
Lease liabilities	952	489	952	489
Total non-current borrowings	224,758	229,210	224,758	229,210
Total borrowings	394,076	312,531	394,076	312,531
Less lease liabilities	(1,830)	(1,595)	(1,830)	(1,595)
Total borrowings (excluding lease liabilities)	392,246	310,936	392,246	310,936
Borrowing Facility limits				
Overdraft facility	500	500	500	500
Total borrowing facility limits	500	500	500	500

Fixed rate debt

Council has \$40,851,000 of its total secured debt of \$391,555,000 issued at fixed rates of interest (2010 \$45,723,000 of \$310,936,000).

Floating rate debt

The remainder of Council's secured debt, \$350,704,000 (2010 \$265,204,000), is at a floating interest rate. Council uses synthetic instruments (swaps and FRAs) to manage its interest rate risk profile based on independent professional advice (Refer note 13).

Interest Rate Swaps

The interest rate swaps as at 30 June 2011, excluding forward start swaps \$20,000,000 (2010 \$nil), totalled \$342,500,000 (2010 \$302,500,000).

Weighted average interest rate

The weighted average interest rate for secured loans (including hedges and margin) as at 30 June 2011 is 6.05% (2010 5.66%).

Security

Council's secured loans have been issued in accordance with the Local Government Act 2002. The loans are secured through the debenture trust deed over all rates with two exceptions. The \$5,204,000 loan used to purchase Claudelands Park is secured by way of mortgage over the Claudelands Park property. The \$1,000,000 loan used to purchase Victoria on the River Property is secured by first registered mortgage over the property.

Finance lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

Fair value

Adjustments have been made to increase current secured loans by \$34,000 (2010 decrease \$215,000) and increase non-current secured loans by \$85,000 (2010 increase \$166,000) to reflect the fair value of the loans (refer note 7).

The fair values are based on cash flows discounted using a rate based on the borrowing rates ranging from 5.15% to 5.99% (2010 5.15% to 6.86%)

	CARRYING AMOUNTS		FAIR VALUE	
	2010/11 \$000	2009/10 \$000	2010/11 \$000	2009/10 \$000
Secured loans - current	167,500	82,000	167,500	82,000
Secured loans - non-current	223,204	228,204	223,204	228,204
Total secured loans	390,704	310,204	390,704	310,204
Fair value debt adjustments	851	732	851	732
Total loans	391,555	310,936	391,555	310,936

Under the Local Government Act 2002, Section 98(1), there have been no significant variations or material departures from Council's liability management policy.

Council reduces its financing costs by utilising an internal borrowing programme. Rather than sourcing all its borrowings externally, Council utilises funds from reserves and working capital cash to reduce external borrowing and charges an internal interest rate on these funds. Provision for the repayment of internal borrowing is covered via committed external bank funding facilities and forward funding arrangements.

Internal borrowing from cash held for special funds and working capital as at 30 June 2011 is \$35,198,000 (2010 \$27,566,000). If this is added to Council's debt of \$391,555,000 (2010 \$310,936,000) the overall total debt at 30 June 2011 is \$426,753,000 (2010 \$338,502,000).

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 debt based on the sources of funding used to repay the principal and interest cost for subsequent financial years as outlined below:

	COUNCIL		GROUP	
	2010/11 \$000	2009/10 \$000	2010/11 \$000	2009/10 \$000
Total borrowings (excluding lease liabilities)	391,555	310,936	391,555	310,936
Debt (excluding internal borrowings)	391,555	310,936	391,555	310,936
Add internal borrowings	35,198	27,566	35,198	27,566
Debt (including internal borrowing)	426,753	338,502	426,753	338,502
Overall debt will be funded in subsequent years as follows:				
Rates	262,719	201,270	262,719	201,270
Reserves	32,240	25,126	32,240	25,126
Development and financial contributions	131,794	112,106	131,794	112,106
Debt (including internal borrowing)	426,753	338,502	426,753	338,502

The statement of Comprehensive income, reflects a net off of internal borrowing interest of \$808,000 (2010 \$920,000) to eliminate the internal interest charged to the groups of activities.

At 30 June 2011, Council had short-term investments of \$31.940 million which partially offsets the overall debt of \$426,753,000.

ANALYSIS OF LEASE LIABILITIES	COUNCIL		GROUP	
	2010/11 \$000	2009/10 \$000	2010/11 \$000	2009/10 \$000
Total minimum finance lease payments are payable:				
Not later than one year	964	905	964	905
Later than one, not later than five years	998	835	998	835
Later than five years	-	-	-	-
Total minimum finance lease payments	1,962	1,740	1,962	1,740
Future finance charges	(132)	(145)	(132)	(145)
Present value of minimum finance lease payments	1,830	1,595	1,830	1,595
Present value of minimum finance lease payments are payable:				
Not later than one year	878	823	878	823
Later than one, not later than five years	952	772	952	772
Later than five year	-	-	-	-
Total minimum finance lease payments	1,830	1,595	1,830	1,595
Current portion	878	1,106	878	1,106
Non-current portion	952	489	952	489
Total finance lease liability	1,830	1,595	1,830	1,595

Interest rate

The interest rates applying to lease liabilities for 2011 range from 5.10% to 5.70% (2010 range from 5.50% to 6.70%).

Description of material leasing arrangements

Council has entered into finance leases for various plant and equipment. The net carrying amount of leased items within each class of property, plant and equipment is included in the numbers disclosed in note 14.

The finance leases can be renewed at Council's option, with rents set by reference to current market rates for items of equivalent age and condition. Council does have the option to purchase the asset at the end of the lease term.

There are no restrictions placed on Council by any of the finance leasing agreements.

NOTE 22: EQUITY

	COUNCIL		GROUP	
	2010/11 \$000	2009/10 \$000	2010/11 \$000	2009/10 \$000
Accumulated funds				
Balance 1 July	1,568,671	1,581,254	1,579,451	1,596,891
Surplus/(deficit) for the year	(771)	(16,079)	(24)	(20,936)
Transfer from property revaluation reserve on disposal	2,829	4,673	2,829	4,673
Transfers from restricted and Council created reserves	17,901	17,244	17,901	17,244
Transfers to restricted and Council created reserves	(14,653)	(18,421)	(14,653)	(18,421)
Balance at 30 June	1,573,977	1,568,671	1,585,504	1,579,451
Property revaluation reserve				
Balance at 1 July	1,339,622	1,326,208	1,353,480	1,343,851
Transfer to accumulated funds on disposal of assets	(2,829)	(4,673)	(2,829)	(4,673)
Impairment (note 14)	(308)	-	(308)	-
Revaluation gains - property, plant and equipment	168,400	18,087	168,400	18,087
Revaluation gains/(losses) - shareholdings	-	-	105	(3,785)
Balance at 30 June	1,504,885	1,339,622	1,518,848	1,353,480
Operational assets				
Buildings	71,458	73,088	71,458	73,088
Heritage assets	6,336	6,336	6,336	6,336
Land	33,458	33,458	33,458	33,458
Parks and gardens improvement	13,364	4,856	13,364	4,856
Parks and gardens land	534,177	534,312	534,177	534,312
Restricted assets				
Land	18,336	18,954	18,336	18,954
Infrastructure assets				
Land	14,772	14,772	14,772	14,772
Refuse	40,399	40,416	40,399	40,416
Roads and streets	296,307	281,057	296,307	281,057
Stormwater	206,490	119,091	206,490	119,091
Wastewater	116,952	101,538	116,952	101,538
Wastewater treatment station	11,966	11,966	11,966	11,966
Water treatment station	7,335	7,335	7,335	7,335
Water supply	133,535	92,443	133,535	92,443
Share of associates' reserves	-	-	13,963	13,858
Total revaluation reserves	1,504,885	1,339,622	1,518,848	1,353,480
Restricted reserves				
Cemetery plot maintenance in perpetuity	1,962	1,851	1,962	1,851
Domain sales endowment reserve	2,813	2,813	2,813	2,813
Municipal crown endowment reserve	671	765	671	765
Waikato art gallery endowment reserve	7	7	7	7
Balance at 30 June	5,453	5,436	5,453	5,436

	COUNCIL		GROUP	
	2010/11 \$000	2009/10 \$000	2010/11 \$000	2009/10 \$000
Council created reserves				
Access Hamilton reserve	4,381	5,987	4,381	5,987
Asset renewal reserve	3,175	1,539	3,175	1,539
Berm levy reserve	115	76	115	76
Bus shelter (Adshel) reserve	134	51	134	51
Dame Hilda Ross library memorial	1	1	1	1
Disaster recovery fund	5,533	5,089	5,533	5,089
Development contributions	*(244)	(111)	(244)	(111)
EECA loans	18	17	18	17
Housing upgrade reserve	271	2,785	271	2,785
Museum collection reserve	213	196	213	196
Municipal Camping Ground	47	44	47	44
Project watershed - Waikato Regional Council	1,377	1,077	1,377	1,077
Public art reserve	79	51	79	51
Reserve contributions fund	3,156	2,328	3,156	2,328
Retirement Gratuity Reserve	372	467	372	467
Roman catholic schools library fund	2	2	2	2
Rotokauri land sale reserve	1,850	1,334	1,850	1,334
Septic tank reserve	57	14	57	14
Storm damage reserve	97	54	97	54
V8 Reserve	** (14,322)	(10,967)	(14,322)	(10,967)
Waikato Stadium Events Reserve	57	54	57	54
Waste Minimisation Reserve	31	-	31	-
Water reticulation reserve	13	13	13	13
WRAL capital reserve	-	(400)	-	(400)
Zoo animal purchases reserve	142	119	142	119
Balance at 30 June	6,555	9,820	6,555	9,820
Total restricted and Council created reserves	12,008	15,256	12,008	15,256
Fair value through equity reserve				
Balance at 1 July	154	146	154	146
Net revaluation gains/(losses)	(154)	8	(154)	8
Balance at 30 June	-	154	-	154
Total other reserves	1,516,893	1,355,032	1,530,856	1,368,890
Total equity	3,090,870	2,923,703	3,116,360	2,948,341

* The deficit in the Development Contributions Reserve will be addressed through the 2011/12 development contributions and then also through the 10-Year Plan together with the overall funding regime for growth projects.

** Council note that a deficit V8 reserve exists to the value of approximately \$14.3 million. The V8 reserve has been used to fund infrastructure costs associated with establishing the V8 circuit prior to the first event in 2008 (including the track and pitlane assets that are put up and taken down for each event). There have been further transitional costs in relation to the V8's from the previous event promoter relating to the payment of the balance of the previous promoters creditors, coupled with increased event operating costs which have also been funded from this reserve. The V8 reserve has a negative balance as it has "pre-funded" these costs; effectively the cash has been spent and it is an internal loan. Other costs of the event have been funded from other sources such as the event sponsorship fund, loans and rates.

Council note that having a negative reserve is unsustainable, and while the ITM400 Hamilton V8 Street race generates lease income that is transferred to the reserve to partially offset interest costs, this is not sufficient to meet all the interest costs or make any reduction in the deficit principal balance. The original intention when this deficit reserve was established prior to the first V8 event was that the income payable to Council from the event would be sufficient to pay off the interest and principal. This income received has not been as high as originally anticipated, and under the current contract with V8 Supercars will continue to be insufficient causing the balance of the reserve to increase due to compounding interest costs.

Council note that the 2012-22 10-Year Plan will need to address the financial treatment of this negative reserve. It is anticipated that the balance will need to be transferred and funded as part of Council's debt, with a combination of V8 event revenue and rates to fund the financing costs associated with this debt.

In March 2011, Council commissioned Audit New Zealand to carry out an assurance review of the systems, processes and controls that Council applied to decisions on the V8 Supercar event contract originally entered into in 2006 and subsequently moved to the Australian company V8 Supercars Australia Pty in 2010 when the original promoter experienced financial difficulties. The report is anticipated to be released later in 2011.

NOTE 23: RECONCILIATION OF NET SURPLUS/(DEFICIT) AFTER TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES

	COUNCIL		GROUP	
	2010/11 \$000	2009/10 \$000	2010/11 \$000	2009/10 \$000
Net surplus/(deficit) after tax	(771)	(16,079)	(24)	(20,936)
Add/(less) non-cash items:				
(Gains)/losses in fair value of investment properties	213	963	213	963
Gains)/losses in fair value on bank borrowings	119	381	119	381
(Gains)/losses in fair value on forward exchange contracts	3	(3)	3	(3)
(Gains)/losses in fair value on interest swaps	5,502	5,861	5,502	5,861
Depreciation and amortisation	49,070	47,067	49,070	47,067
Impairment of other financial assets	1,915	-	1,562	-
Landfill aftercare interest	583	578	583	578
Landfill aftercare provision	(73)	511	(73)	511
Share of associates deficit/(surplus)	-	-	(394)	4,857
Vested assets	(10,363)	(7,892)	(10,363)	(7,892)
Weathertight homes resolution services claims provision	(311)	313	(311)	313
Total non-cash items	46,658	47,779	45,911	52,636
Add/(less) items classified as investing or financing activities:				
Change in capital expenditure accruals	(280)	(5,753)	(280)	(5,753)
(Gains)/losses on disposal of property, plant and equipment	5,939	4,805	5,939	4,805
(Gains)/losses recognised on prior years revaluation	-	(1,109)	-	(1,109)
Total items classified as investing or financing activities	5,659	(2,057)	5,659	(2,057)
Add/(less) movements in working capital				
Trade debtors and other receivables	(625)	(2,225)	(625)	(2,225)
Inventory	233	277	233	277
Trade creditors and other payables	(1,299)	9,294	(1,299)	9,294
Employee entitlements	158	223	158	223
ACC provision	50	(89)	50	(89)
Total movements in working capital	(1,483)	7,480	(1,483)	7,480
Net cash inflows from operating activities	50,063	37,123	50,063	37,123

NOTE 24: CAPITAL COMMITMENTS AND OPERATING LEASES

	COUNCIL		GROUP	
	2010/11 \$000	2009/10 \$000	2010/11 \$000	2009/10 \$000
Capital commitments				
Approved and committed	84,926	54,391	84,926	54,391
Total commitments	84,926	54,391	84,926	54,391

Capital commitment movements

The commencement of various roading projects during the year has contributed towards an overall increase of \$30.5m over 2010. Major contracts commenced 2011 include the Hamilton ring road \$58.1m and the Te Rapa section of the Waikato expressway \$6.8m. This was offset by work completed during 2010 on the Claudelands conference centre, arena, (\$25m), City Heart revitalisation (\$5.9m).

Refer to note 16 for capital commitments for investment properties.

Operating leases as lessee

Council leases property, plant and equipment in the normal course of its business. The majority of these leases have a non-cancellable term of 36 months. The future aggregate minimum lease payments to be made under non-cancellable operating leases are as follows:

	COUNCIL		GROUP	
	2010/11 \$000	2009/10 \$000	2010/11 \$000	2009/10 \$000
Not later than one year	698	570	698	570
Later than one year and not later than five years	1,227	1,229	1,227	1,229
Later than five years	88	126	88	126
Total non-cancellable operating lease commitments	2,013	1,925	2,013	1,925

The total minimum future sublease payments expected to be received under subleases at balance date is \$663,000 (2010 \$694,000).

Leases can be renewed at Council's option, with rents set by reference to current market rates for items of equivalent age and condition. Council has the option to purchase the asset at the end of the lease term except where Council is leasing land or buildings. There are no restrictions places on Council by any of the leasing arrangements.

Operating leases as lessor

Council leases its investment property under operating leases.

The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	COUNCIL		GROUP	
	2010/11 \$000	2009/10 \$000	2010/11 \$000	2009/10 \$000
Not later than one year	2,758	3,954	2,758	3,954
Later than one year and not later than five years	9,296	11,469	9,296	11,469
Later than five years	8,796	11,975	8,796	11,975
Total non-cancellable operating leases as a lessor	20,850	27,398	20,850	27,398

No contingent rents have been recognised in the statement of comprehensive income during the period.

NOTE 25: CONTINGENCIES

Contingent liabilities

Financial guarantees

Council is at times requested to act as guarantor to loans raised by community organisations and sports clubs to construct facilities on Council reserve land. These structures form part of the reserve but are not included in the fixed asset figures. No provision has been made because Council do not consider it likely that these loans will require settlement. Council's potential liability under the guarantees is as follows:

	COUNCIL		GROUP	
	2010/11 \$000	2009/10 \$000	2010/11 \$000	2009/10 \$000
Lending institution:				
ASB Bank	77	94	77	94
Bank of New Zealand	371	-	371	-
Westpac	77	130	77	130
Total loans guaranteed	525	224	525	224

Insurance and liability claims

Council was involved as defendant in various public liability and professional indemnity claims at 30 June 2011. Council's potential liability, if at all, would be its insurance excess. Council has also estimated its other liability claims.

	COUNCIL		GROUP	
	2010/11 \$000	2009/10 \$000	2010/11 \$000	2009/10 \$000
Insurance claim excess	458	587	458	587
Other liability claims	230	1,150	230	1,150
Total insurance and liability claims	688	1,737	688	1,737

Unqualified claims

The Council is also exposed to potential future claims which have not yet been advised until the statutory limitation period expires. The amount of potential future claims are not able to be reliably measured and is therefore unquantifiable.

Uncalled capital or loans

During May 2004, the shareholders of Waikato Regional Airport Ltd (WRAL) of which Hamilton City Council has a 50% shareholding, authorised the company issuing further shares totalling \$21.6m to existing shareholders. This capital restructure was part of the WRAL airport development and allowed WRAL to borrow at commercially favourable interest rates. At that time there

was no plan to call up the capital, so Council recognised a contingent liability of \$10.8m for uncalled capital.

With the loss of Air New Zealand as the international carrier during 2009, there was a significant impact on operating revenues, and the requirement to meet banking covenants, WRAL made a call for a portion of this uncalled capital in May 2009, with payments made in July 2009 from all five shareholders. Hamilton City Council's share of this call was \$6m with the contingent liability reduced to \$4.8 million at 30 June 2009.

The five shareholders may consider in the future a partial investment by a third party organisation to the airport company to assist with future capital funding and expansion of the airport, and return some capital to the five shareholders.

	COUNCIL		GROUP	
	2010/11 \$000	2009/10 \$000	2010/11 \$000	2009/10 \$000
Uncalled capital - Waikato Regional Airport Ltd	4,800	4,800	4,800	4,800
Total uncalled capital or loans	4,800	4,800	4,800	4,800

Associate's contingencies

There are no contingent liabilities arising from Council's involvement in its associates for 2011. For 2010 WRAL disclosed a contingent liability of \$369,075 in respect of a dispute of charges from New Zealand Customs for passenger clearance services.

Weathertight homes resolution services claims

A provision for potential liability for the 17 claims that are outstanding with the weathertight homes resolution service has been made per note 19. There may be further claims in future, but there are unable to be quantified at this point in time.

Defined benefit superannuation schemes

Hamilton City Council is a participating employer in the DBP Contributions Scheme ('the Scheme') which is a multi-employer defined scheme. If the other participating employers cease to participate in the Scheme, Council could be responsible for the entire deficit of the scheme. Similarly, if a number of employers ceased to participate in the Scheme, Hamilton City Council could be responsible for an increase share of the deficit.

Insufficient information is available to use defined accounting as it is not possible to determine from the terms of the Scheme the extent to which the deficit will affect future contributions by employers, as there is no prescribed basis for allocation.

As at 31 March 2011, The Actuary has estimated the funding level of the Scheme to be 120%. The investment return (after tax and expenses) earned by the Scheme for the year ended 31 March 2011 was 4.28%. Based on the latest review, completed as at 31 March 2010, The Actuary recommended the employer contributions to the Scheme be suspended with effect from 1 April 2011. The recommendation to suspend the employer contribution was endorsed by the Board.

Contingent assets - WEL Energy Trust

Council is a 63 % capital beneficiary of the WEL Energy Trust. The life of the Trust ends in 2073 unless terminated earlier if its purpose is completed. Given the uncertainties surrounding the life of the Trust, Council is unable to accurately establish the appropriate value of its 63 per cent share.

NOTE 26: RELATED PARTY TRANSACTIONS

Council's wholly owned subsidiary, Hamilton Properties Ltd which previously managed Council's property portfolio and received most of its income from management fees, ceased trading as at 31 October 1998. As a result, there are no related party transactions between the two entities included in these accounts. Hamilton City Council has significant influence over Waikato Regional Airport Ltd, Hamilton Riverview Hotel Ltd (Novotel) and Hamilton Fibre Network Ltd as associates.

The following transactions were carried out with related parties:

	2010/11 \$000	2009/10 \$000
Waikato Regional Airport Ltd		
Services provided by Council	225	-
Services provided to Council	36	27
Hamilton Riverview Hotel Ltd (Novotel)		
Services provided to Council	2	2
Services provided by Council	42	49
Rates paid to Council	111	105
Accounts payable to Council - current	2	2
Hamilton Fibre Network Ltd		
Service provided by Council	16	334
Accounts receivable from Council	17	71
Accounts payable to Council - current	-	54
Accounts payable to Council - non-current	-	1,030

Key management personnel

During the year Councillors and key management, as part of a normal customer relationship, were involved in minor transactions with Council (such as payment of rates, use of Council facilities, etc).

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties.

KEY MANAGEMENT PERSONNEL COMPENSATION	2010/11 \$000	2009/10 \$000
Salaries and other short term employee benefits	2,422	2,306
Post employment benefits	-	-
Other long term benefits	-	-
Termination benefits	-	-
Total key management personnel compensation	2,422	2,306

Key management personnel include the Mayor, Councillors, Chief Executive and other senior management personnel.

Barry Harris (CEO) is a Director of:

- Local Authority Shared Service Ltd (LASS), and Council made total payments of \$109,821 to this entity for the year,
- Hamilton Riverview Hotel (HRH) and transactions between Council and HRH for the year are noted above.

Peter Bos (Councillor) is Director of:

- Hamilton Riverview Hotel Ltd (HRH) and transactions between Council and HRH for the year are noted above.

Gordon Chesterman (Deputy Mayor) is the Chair at Wintec and Council made total payments of \$11,131 to this entity for the year.

Martin Gallagher (Councillor) has declared an interest in:

- Waikato Community Broadcasting, and Council made total payments of \$7,467 to this entity for the year,

David Macpherson (Councillor) has declared an interest in:

- Waikato Community Broadcasting, and Council made total payments of \$7,467 to this entity for the year,
- Waikato Regional Volleyball Association, and Council made total payments of \$950 to this entity for the year and,
- Western Community Centre, and Council made total payments of \$121,165 to this entity for the year.

Bob Simcock (Mayor to the 14 October 2010) is a Director of Karapiro 2010 Ltd and Council made total payments of \$50,000 to this entity to 14 October 2010.

Maria Westphal (Councillor) is a Trustee of:

- The Hamilton Tulip Festival Trust, and Council made total payments of \$5,000 to this entity for the year.

NOTE 27: REMUNERATION OF MAYOR, COUNCILLORS AND CHIEF EXECUTIVE**Mayor and Councillors**

The following people held office as elected members of Council during the year ended 30 June 2011. The total remuneration received by elected members during the year totalled \$1,019,736 (2010 \$1,021,928) which includes statutory meeting allowances, motor vehicle allowances and other taxable allowances.

The remuneration amount, after excluding taxable allowances, of \$1,013,017 was within the allowable remuneration pool determined by the Remuneration Authority for the year ended 30 June 2011

The triennial elections were held in October 2011. The following elected members completed their 3 year term in office on 14 October 2010: Bob Simcock, Joe Di Maio, Kay Gregory, and Glenda Saunders. The following new elected members commenced on 15 October 2010: Julie Hardaker, Margaret Forsyth, Martin Gallagher and Ewan Wilson.

	COUNCIL		GROUP	
	2010/11 \$000	2009/10 \$000	2010/11 \$000	2009/10 \$000
Mayor				
Julie Hardaker				
Salary	95,859	-	95,859	-
Motor Vehicle	3,087	-	3,087	-
Bob Simcock				
Salary	36,789	127,363	36,789	127,363
Motor vehicle	1,664	5,193	1,664	5,193
Councillors				
Daphne Bell	72,875	77,541	72,875	77,541
Peter Bos	70,715	71,001	70,715	71,001
Gordon Chesterman	75,561	70,202	75,561	70,202
Joe Di Maio	20,278	70,202	20,278	70,202
Margaret Forsyth	50,436	-	50,436	-
Martin Gallagher	54,959	-	54,959	-
John Gower	77,257	78,286	77,257	78,286
Kay Gregory	20,278	70,538	20,278	70,538
Roger Hennebry	71,046	70,883	71,046	70,883
Dave Macpherson	78,506	78,807	78,506	78,807
Pippa Mahood	72,734	77,627	72,734	77,627
Angela O'Leary	70,791	71,228	70,791	71,228
Glenda Saunders	22,479	78,658	22,479	78,658
Maria Westphal	73,986	74,399	73,986	74,399
Ewan Wilson	50,436	-	50,436	-
Total Mayor and Councillors remuneration	1,019,736	1,021,928	1,019,736	1,021,928

Councillor Peter Bos is a Director of Hamilton Riverview Hotel for which he received Directors fees of \$7,000 (2010 \$7,000). Directors fees have been excluded from the above table.

Chief Executive

Michael Redman resigned as Chief Executive on 29 October 2010. The total cost of the remuneration package received by Michael Redman to 29 October 2010 (including annual leave entitlements was \$152,187 (2010 \$299,250).

Michael Redman was also a Director of Hamilton Riverview Hotel Limited until he resigned on 29 October 2010 Hamilton City Council received Directors fees of \$ 10,500 (2010 \$12,600) for Michael Redman's role as Director.

Blair Bowcott was appointed as acting Chief Executive for the period from 1 November 2010 to 1 April 2011. His remuneration package received during this period was \$120,741.

Barry Harris was appointed Chief Executive under section 42(1) of the Local Government Act 2002 and commenced on the 4 April 2011. The total cost of the remuneration package received by Barry Harris to 30 June 2011 was \$80,900.

Barry Harris was also a Director of Hamilton Riverview Hotel Limited (appointed by Hamilton City Council on the 18 May 2011). Hamilton City Council received Directors fees of \$2,100 for Barry Harris's role as Director.

KEY MANAGEMENT PERSONNEL COMPENSATION	2010/11 \$000	2009/10 \$000
Michael Redman		
Salary	145,917	280,598
Motor Vehicle	6,270	18,652
Blair Bowcott		
Salary	111,908	-
Motor Vehicle	8,833	-
Barry Harris		
Salary	78,458	-
Motor Vehicle	2,442	-
Total Chief Executive remuneration	353,828	299,250

NOTE 28: SEVERANCE PAYMENTS

For the year ended 30 June 2011 the Council made severance payments to five employees totalling \$52,007 (2010: seven employees \$120,866).

The value of each of the severance payments was \$20,007, \$20,000, \$5,000, \$ 4,000, and \$ 3,000.

NOTE 29: EVENTS AFTER BALANCE DATE

Subsequent to balance date, Council's shareholding in Hamilton Fibre Network Ltd (together with all other shareholders) was sold to Ultrafast Fibre Ltd on the 26th August 2011. A portion of the sale proceeds has been retained and held in a Trust Account with Norris Ward Mckinnon to meet any warranty claims for up to 12 months, in accordance with the sale and purchase agreement.

NOTE 30: FINANCIAL INSTRUMENTS

FINANCIAL INSTRUMENTS CATEGORIES	COUNCIL		GROUP	
	2010/11 \$000	2009/10 \$000	2010/11 \$000	2009/10 \$000
Financial assets				
Fair value through profit and loss				
Derivative financial instrument assets	-	117	-	117
Loans and receivables				
Cash and cash equivalents	31,972	8,901	31,972	8,901
Debtors and other receivables	18,461	17,836	18,461	17,836
Other financial assets:				
Community loans	832	1,432	832	1,432
Loans to related parties	-	3,430	-	-
Total loans and receivables	51,265	31,599	51,265	28,169
Fair value through other comprehensive income				
Other financial assets:				
Unlisted shares	3,452	1,346	3,452	1,346
Total fair value through other comprehensive income	3,452	1,346	3,452	1,346
Financial liabilities				
Fair value through profit loss				
Derivative financial instrument liabilities	17,716	12,328	17,716	12,328
Financial liabilities amortised cost				
Creditors and other payables	30,203	31,502	30,203	31,502
Borrowings:				
Secured loans	691	310,936	691	310,936
EECA loans	391,555	-	391,555	-
Total financial liabilities at amortised cost	422,449	342,438	422,449	342,438

Fair Value Hierarchy Disclosures

For those instruments recognised at fair value in the statement of financial position, fair value are determined according to the following hierarchy:

Quoted market price (level 1) - Financial instruments with quoted process for identical instruments in active markets.

Valuation technique using observable inputs (level 2) - Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Valuation techniques with significant non-observable inputs (level 3) - Financial instruments valued using models where one or more significant inputs are not observable.

The following table analysis the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position.

	TOTAL \$000	QUOTED MARKET PRICE INPUTS \$000	VALUATION TECHNIQUE OBSERVABLE INPUTS \$000	SIGNIFICANT NON- OBSERVABLE INPUTS \$000
30 June 2011 - Council				
Financial assets				
Shares	3,453	-	-	3,453
Financial liabilities				
Derivatives	17,716	-	17,716	-
Total	21,169	-	17,716	3,453

	TOTAL \$000	QUOTED MARKET PRICE INPUTS \$000	VALUATION TECHNIQUE OBSERVABLE INPUTS \$000	SIGNIFICANT NON- OBSERVABLE INPUTS \$000
30 June 2011 — Group				
Financial assets				
Shares	3,452	-	-	3,452
Financial liabilities				
Derivatives	17,716	-	17,716	-
Total	21,168	-	17,176	3,452

	TOTAL \$000	QUOTED MARKET PRICE INPUTS \$000	VALUATION TECHNIQUE OBSERVABLE INPUTS \$000	SIGNIFICANT NON- OBSERVABLE INPUTS \$000
30 June 2010 — Council				
Financial assets				
Derivatives	117	-	117	-
Shares	1,347	-	-	1,347
Financial liabilities				
Derivatives	12,328	-	12,328	-
Total	13,792	-	12,445	1,347

	TOTAL \$000	QUOTED MARKET PRICE INPUTS \$000	VALUATION TECHNIQUE OBSERVABLE INPUTS \$000	SIGNIFICANT NON- OBSERVABLE INPUTS \$000
30 June 2010 — Group				
Financial assets				
Derivatives	117	-	117	-
Shares	1,346	-	-	1,346
Financial liabilities				
Derivatives	12,328	-	12,328	-
Total	13,791	-	12,445	1,346

There were no transfers between the different levels of the fair value hierarchy.

Valuation techniques with significant non-observable inputs (level 3). The table below provided a reconciliation from the opening balance to the closing balance for the level 3 fair value measurements:

	2010/11 \$000	2010/09 \$000
Balance at 1 July	1,346	1,338
Gain and losses recognised in the surplus or deficit	(140)	-
Gain and losses recognised in other comprehensive income	(154)	8
Purchases	2,400	-
Sales	-	-
Transfers into level 3	-	-
Transfers out of level 3	-	-
Balance at 30 June	3,452	1,346

Financial Instrument Risks

Hamilton City Council has a series of policies to manage risks associated with financial instruments. Council is risk averse and seeks to minimise exposure from its treasury activities. Council has established Council approved liability management and investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Market risk

Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result changes in market prices. Equity securities price risk arises on listed share investments, which are classified as financial assets held at fair value through other comprehensive income. This price risk arises due to market movements in listed shares.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Council uses foreign currency forward exchange contracts to manage its foreign currency exposure. Council's policy is that foreign currency exposure of amounts greater than \$25,000 are to be covered by way of forward exchange contracts (refer note 13).

Interest rate risk

The interest rates on Council's investment are disclosed in note 9, and on borrowings in note 21.

Fair value interest rate risk

Fair value interest rate risk is that risks that the value of a financial instrument will fluctuate due to changes in

market interest rates. Borrowing issued at fixed rates expose Hamilton City Council to fair value interest rate risk. Council's Liability Management policy outlines the level of borrowing that is to be secured using fixed interest rate instruments.

In addition, investments at fixed interest rates expose Council to fair value rate risk.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowing and Investments issues at variable interest rates expose Council to cash flow interest rate risk.

Council manages its cash flow interest rate risk on borrowings by using floating-to-fixed interest rate swaps. Such interest rate swaps have the effect of converting borrowings at floating rates and swaps them into fixed rates that are known and therefore assist with forecasting future interest costs. Under the interest rate swaps, Council agrees with other parties to exchange, at specific intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

Fixed to floating interest rate swaps are entered into to hedge the fair value interest rate risk where Council has borrowed at fixed rates.

Credit risk

Credit risk is the risk that a third party will default on its obligation to Hamilton City Council, causing Council to incur a loss. Council has no significant concentrations of credit risk, as it has a large number of credit customers, mainly ratepayers, and Council has powers under the Local

Government (Rating) Act 2002 to recover debts from ratepayers.

Council invests funds in mortgages, short term deposits with registered banks, a loan to CTC Aviation Training NZ Ltd.

Mortgages are secured by charges over property, the CTC loan is secured by a charge over assets.

Council may by specific resolution, make investments (or sell or dispose of such investments) in accordance with the provisions outlined in 4.2.7 of Council's Investment Policy.

Maximum exposure to credit risk

Council's maximum exposure to credit risk for each class of financial instrument is as follows:

	COUNCIL		GROUP	
	2010/11 \$000	2009/10 \$000	2010/11 \$000	2009/10 \$000
Cash and cash equivalents	31,972	8,901	31,972	8,901
Debtors and other receivables	18,461	17,836	18,461	17,836
Community and related party loans and mortgages	832	4,862	832	4,862
Derivative financial instrument assets	-	117	-	117
Derivative financial instrument liabilities	17,716	12,328	17,716	12,328
Total credit risk	68,981	44,044	68,981	44,044

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to credit ratings (if available) or to historical information about counterparty default rates:

	RATING	COUNCIL		GROUP	
		2010/11 \$000	2009/10 \$000	2010/11 \$000	2009/10 \$000
Counterparties with credit ratings					
Cash and cash equivalents	AA	31,972	8,901	31,972	8,901
Derivative financial instrument assets	AA	-	117	-	117
Counterparties without credit ratings					
Community and related party loans and mortgages					
Existing counterparty with no defaults in the past		832	4,862	832	4,862

Settlement Risk

Settlement risk is the risk that a counterparty fails to transfer funds or equities as agreed in a borrowing or investment contract. To manage this risk Council has become an associate member of Austraclear (a Reserve Bank operated facility to ensure simultaneous transfer of cash and securities at settlement) and only uses counterparties on the approved counterparty list disclosed in Council's Liability Management Policy.

Liquidity risk

Liquidity risk is the risk that Hamilton City Council will encounter difficulty liquid funds to meet commitments as they fall due. Prudent liquidity management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Council aims to maintain flexibility in funding by keeping credit lines available.

Council manages its borrowings in accordance with its funding and financial policies, which includes a liability management policy. These policies have been adopted as part of Council's Long Term Council Community Plan.

Council has a maximum amount that can be drawn down against its overdraft facility of \$500,000 (2010 \$500,000). These are no restrictions on the use of this facility. Council also has \$445,704,000 of committed borrowing facilities, with available headroom of \$86,940,000 at balance date.

Contractual maturity analysis of financial liabilities

The table below analysis Council's financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. Future interest payments on floating rate debt is based on the floating rate on the instrument at balance date. The amounts disclosed are the contractual undiscounted cash flows.

	CARRYING AMOUNT \$000	CONTRACTUAL CASH FLOWS \$000	LESS THAN 1 YEAR \$000	1-5 YEARS \$000	MORE THAN 5 YEARS \$000
Council 2011					
Creditors and other payables	30,203	30,203	30,203	-	-
Bank Overdraft	691	691	691	-	-
Secured loans	391,555	431,248	179,631	177,043	74,574
Finance leases	1,830	1,962	964	998	-
Derivative financial instrument liabilities	17,716	17,716	90	5,911	11,715
Total	441,995	481,820	211,579	183,952	86,289

	CARRYING AMOUNT \$000	CONTRACTUAL CASH FLOWS \$000	LESS THAN 1 YEAR \$000	1-5 YEARS \$000	MORE THAN 5 YEARS \$000
Group 2011					
Creditors and other payables	30,203	30,203	30,203	-	-
Bank Overdraft	691	691	691	-	-
Secured loans	391,555	431,248	179,631	177,043	74,574
Finance leases	1,830	1,962	964	998	-
Derivative financial instrument liabilities	17,716	17,716	90	5,911	11,715
Total	441,995	481,820	211,579	183,952	86,289

	CARRYING AMOUNT \$000	CONTRACTUAL CASH FLOWS \$000	LESS THAN 1 YEAR \$000	1-5 YEARS \$000	MORE THAN 5 YEARS \$000
Council 2010					
Creditors and other payables	31,502	31,502	31,502	-	-
Secured loans	310,936	361,870	95,404	188,535	77,931
Finance leases	1,595	1,740	905	835	-
Derivative financial instrument liabilities	12,328	12,328	-	4,436	7,892
Total	356,361	407,440	127,811	193,806	85,823

	CARRYING AMOUNT \$000	CONTRACTUAL CASH FLOWS \$000	LESS THAN 1 YEAR \$000	1-5 YEARS \$000	MORE THAN 5 YEARS \$000
Group 2010					
Creditors and other payables	31,502	31,502	31,502	-	-
Secured loans	310,936	361,870	95,404	188,535	77,931
Finance leases	1,595	1,740	905	835	-
Derivative financial instrument liabilities	12,328	12,328	-	4,436	7,892
Total	356,361	407,440	127,811	193,806	85,823

Contractual maturity analysis of financial assets

The table below analyses Council's financial assets into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date.

	CARRYING AMOUNT \$000	CONTRACTUAL CASH FLOWS \$000	LESS THAN 1 YEAR \$000	1-5 YEARS \$000	MORE THAN 5 YEARS \$000
Council 2011					
Cash and cash equivalents	31,972	31,972	31,972	-	-
Debtors and other receivables	18,461	18,461	18,461	-	-
Community and related party loans	832	868	657	211	-
Total	51,265	51,301	51,090	211	-

	CARRYING AMOUNT \$000	CONTRACTUAL CASH FLOWS \$000	LESS THAN 1 YEAR \$000	1-5 YEARS \$000	MORE THAN 5 YEARS \$000
Group 2011					
Cash and cash equivalents	31,972	31,972	31,972	-	-
Debtors and other receivables	18,461	18,461	18,461	-	-
Community and related party loans	832	868	657	211	-
Total	51,265	51,301	51,090	211	-

	CARRYING AMOUNT \$000	CONTRACTUAL CASH FLOWS \$000	LESS THAN 1 YEAR \$000	1-5 YEARS \$000	MORE THAN 5 YEARS \$000
Council 2010					
Cash and cash equivalents	8,901	8,901	8,901	-	-
Debtors and other receivables	17,836	17,836	17,836	-	-
Community and related party loans	4,862	4,973	3,073	870	1,030
Net settled derivate assets	117	117	117	-	-
Total	31,716	31,827	29,927	870	1,030

	CARRYING AMOUNT \$000	CONTRACTUAL CASH FLOWS \$000	LESS THAN 1 YEAR \$000	1-5 YEARS \$000	MORE THAN 5 YEARS \$000
Group 2010					
Cash and cash equivalents	8,901	8,901	8,901	-	-
Debtors and other receivables	17,836	17,836	17,836	-	-
Community and related party loans	3,832	3,943	3,073	870	-
Net settled derivate assets	117	117	117	-	-
Total	30,686	30,797	29,927	870	-

Sensitivity analysis

The table below illustrates the potential profile and loss and equity (excluding retained earnings) impact for reasonably possible market movements, with all other variables held constant, based on Council's financial instrument exposures at balance date. We have determined that a 100 basis point (bps) movement is reasonably possible.

INTEREST RATE RISK	NOTE	-100 BPS		+100 BPS	
		PROFIT/ (LOSS) \$000	EQUITY \$000	PROFIT/ (LOSS) \$000	EQUITY \$000
Council 2011					
Financial Assets					
Cash and cash equivalents	1	(320)	-	320	-
Financial Liabilities					
Bank Overdraft	2	6	-	(6)	-
Borrowings - secured loans	3	282	-	(282)	-
Derivative financial instruments	4	14,987	-	(14,039)	-
Total sensitivity to interest rate risk		14,955	-	(14,007)	-

INTEREST RATE RISK	NOTE	-100 BPS		+100 BPS	
		PROFIT/ (LOSS) \$000	EQUITY \$000	PROFIT/ (LOSS) \$000	EQUITY \$000
Group 2011					
Financial Assets					
Cash and cash equivalents	1	(320)	-	320	-
Financial Liabilities					
Bank Overdraft	2	6	-	(6)	-
Borrowings - secured loans	3	282	-	(282)	-
Derivative financial instruments	4	14,987	-	(14,039)	-
Total sensitivity to interest rate risk		14,955	-	(14,007)	-

INTEREST RATE RISK	NOTE	-100 BPS		+100 BPS	
		PROFIT/ (LOSS) \$000	EQUITY \$000	PROFIT/ (LOSS) \$000	EQUITY \$000
Council 2010					
Financial Assets					
Cash and cash equivalents		(89)	-	89	-
Financial Liabilities					
Borrowings - secured loans		77	-	(77)	-
Derivative financial instruments		11,747	-	(10,971)	-
Total sensitivity to interest rate risk		11,735	-	(10,959)	-

INTEREST RATE RISK	NOTE	-100 BPS		+100 BPS	
		PROFIT/ (LOSS) \$000	EQUITY \$000	PROFIT/ (LOSS) \$000	EQUITY \$000
Group 2010					
Financial Assets					
Cash and cash equivalents		(89)	-	89	-
Financial Liabilities					
Borrowings - secured loans		77	-	(77)	-
Derivative financial instruments		11,747	-	(10,971)	-
Total sensitivity to interest rate risk		11,735	-	(10,959)	-

Explanation of sensitivity analysis:

1. Cash and cash equivalents include bank balances at call totalling \$31,972,000 (2010 \$8,901,000) which are at floating rates. A movement in interest rates of plus or minus 100bps (1%) has an effect on interest expense of \$320,000 (2010 \$89,010).
2. The Bank Overdraft includes the main bank balance at call totalling \$691,000 (2010 \$nil) which are at floating rates. A movement in interest rates of plus or minus 100bps (1%) has an effect on \$6,910 interest expense of (2010 \$nil).
3. Council has floating rate debt which is not hedged against a derivative financial instrument with a principal amount totalling \$28,204,000 (2010 \$7,704,000). A movement in interest rates of plus or minus 100bp has an effect on interest on the floating rate debt of \$282,000 (2010 \$77,000). The borrowings of secured loans are hedged against derivative financial instruments and when doing a sensitivity analysis it should be represented in this year's figures.
4. Derivative financial instruments liabilities include interest rate swaps with a fair value totalling \$17,716,000 (2010 \$12,214,000). A movement in interest rates of plus 100bps an effect on the unrealised value of the derivative of \$14,039,000 (2010 \$10,971,000). A movement in interest rates of minus 100bps has an effect on the unrealised value of the derivative of \$14,987,000 (2010 \$11,747,000).

NOTE 31: CAPITAL MANAGEMENT

The Council's capital is its equity (or ratepayers' funds), which comprise accumulated funds and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires Council to manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principal promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the cost of utilising the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long Term Council Community Plan (LTCCP) and its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The Act also sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTCCP.

Hamilton City Council has the following Council created reserves:

- reserves for different areas of benefit;
- self-insurance reserves;
- trust and bequest reserves; and
- other reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from the general rate. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.

Self-insurance reserves are built up annually from general rates and are made available for particular unforeseen events. The release of these funds generally can only be approved by Council.

Trust and bequest reserves are set up where Council has been donated funds that are restricted for particular purposes. Deductions are made where funds have been used for the purpose they were donated.

Other reserves are created to set aside funding from general rates for future expenditure on specific projects or activities as approved by Council.

Council uses funds from reserves to reduce external borrowing requirements and reduce financing costs. An internal interest rate is paid to all reserves and provision for the repayment of internal borrowing is covered via committed external bank funding facilities.

NOTE 32: EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Explanations for major variances from Council's estimated figures in the 2010/11 Annual Plan are as follows.

Statement of comprehensive income

The Council result of a net deficit of \$0.771m is a variance of \$13.75m below the budgeted net surplus of \$13m.

Major unfavourable variances were: other expenses of \$11.6m greater than budget due to additional expenditure. Refer to the Cost of Service Statements in section 3.0 of the report for detailed variance analysis.

Unbudgeted items included losses on disposal of assets of \$5.9m and revaluation losses on investment properties of \$0.2m and fair value losses on interest rate swaps of \$5.5m.

Offsetting these unfavourable variances were finance costs of \$2.9m less than budget due to delayed timing of borrowings required for various capital projects, and the deferral for some projects.

Statement of changes in equity

The level of equity as at 30 June 2011 was \$12.6m more than budget. This was mainly due to a favourable net surplus in comprehensive income for the year consisting of property revaluation of \$168m compared to budget of \$49.5m.

Statement of financial position

Total assets as at 30 June 2011 were \$21.2m more than budgeted. There was an unfavourable variance for property, plant and equipment of \$8.9m, as a result of disposals not anticipated and \$4.3m for investment property as a result of planned purchases not eventuating.

Total liabilities as at 30 June 2011 were \$8.5m higher than budget.

Statement of cash flows

The overall movement in cash held was \$31.0m more than budget..

Net cash inflows from operating activities was \$0.235m more than budget. There were favourable variances for interest paid due to lower borrowings, of \$7.2m and other capital contributions which includes development contributions received that were less than budget due to a slow down in city growth. Government subsidies and grants were unfavourable and lower than budgeted of \$15m.

Net cash outflows from investing activities was \$9.2m favourable to budget. This was due to some capital expenditure for the 2010/11 year being deferred to future financial years.

Net cash inflows from financing activities was \$12.9m higher than budget mainly due to lower loan repayments of \$5.4m and associated lower interest costs of \$2.9m for the year.

INFORMATION ON COUNCIL CONTROLLED ORGANISATIONS AND COUNCIL ORGANISATIONS

Council has an interest in four Council Controlled Organisations (CCOs), these being Hamilton Properties Ltd, Local Authority Shared Services Ltd, Waikato Regional Airport Ltd, and Vibrant Hamilton Trust.

Council also has interests in Council Organisations (CO's) including a shareholding in Hamilton Fibre Network Ltd, Hamilton Riverview Hotel Ltd, Innovation Waikato Ltd, and a minor shareholding in NZ Local Government Insurance Co. Ltd (Civic Assurance). Civic Assurance and Hamilton Properties Ltd are organisations that have been specifically exempted as a CCO in accordance with section 6(4) (f) of the Local Government Act 2002.

The following explains what these organisations do and their performance. The reported net surplus or deficit for each entity refers to after tax figures.

Hamilton Properties LTD

Hamilton Properties Ltd is no longer trading and is 100% owned by Council. Council has retained Hamilton Properties Ltd as a non-operating company, with the view to utilising its tax losses in the future.

For more information on the activities of Hamilton Properties Ltd, contact Blair Bowcott, Deputy Chief Executive, Hamilton City Council, Private Bag 3010, Hamilton.

Local Authority Shared Services Ltd

Council became a shareholder, along with all other local authorities within the Waikato Region, in a CCO called Local Authority Shared Services Ltd, to provide local authorities within the region with shared services. The first shared initiative of this company has been the establishment and operation of a Shared Valuation Database Service (SVDS).

Council holds 7.69% of the ordinary shares in Local Authority Shared Services Ltd. The remaining shares are owned by Environment Waikato, Franklin, Hauraki, Matamata-Piako, Otorohanga, Rotorua, South Waikato, Taupo, Thames-Coromandel, Waikato, Waipa, and Waitomo District Councils.

Council has contributed \$220,500 of capital (by way of its contribution to the capital cost development of SVDS), which represents 13.72% of the services shares in the SVDS.

Council has contributed \$506,250 of capital for services shares in Waikato Regional Transport Model (WRTM), which represents 37.5% of the service shares in WRTM.

Local Authority Shared Services Ltd reported a net deficit of \$476,824 for the year ended 30 June 2011 (2010 net surplus \$1,260).

Refer to Note 12 of the financial statements for investment details.

For more information on the activities of Local Authority Shared Services Ltd, contact Blair Bowcott, Deputy Chief Executive, Hamilton City Council, Private Bag 3010, Hamilton.

Waikato Regional Airport Ltd

Waikato Regional Airport Ltd replaced the Airport Authority in 1989, which previously ran Hamilton Airport (and in which Council had a shareholding).

The objective of the airport company is to operate a successful commercial business, providing safe, appropriate and efficient services for the transportation of people and freight in and out of the port of Hamilton.

Council holds 50% of the airport company's shares. The remaining shares are owned by Matamata-Piako, Otorohanga, Waikato and Waipa District Councils.

Waikato Regional Airport Ltd reported a net surplus of \$111,227 for the year ended 30 June 2011 (2010 net deficit of \$5,608,000).

No dividend was paid in 2011 (2010 nil).

Refer to Note 17 of the financial statements for investment details.

A comparison of the company's financial and performance measures for the year ended 30 June 2011 is shown below:

	ACTUAL TO 30 JUNE 2011	STATEMENT OF CORPORATE INTENT TARGETS FOR 2010/2011
Net surplus after tax	111,227	340,451
Net surplus after tax to average shareholders' funds	0.19%	0.50%
Net surplus after tax to total assets	0.14%	0.41%
Percentage of non-landing charges revenue to total revenue	81.84%	80.77%
Earnings before interest, taxation, depreciation & amortisation	2,434,417	2,140,328
Total liabilities/shareholders funds- debt/equity ratio	25:75	18:32
Interest rate cover (parent only & calculated on basis of interest from Titanium Park Ltd & revaluation being excluded)	2.54:1	2.26:1

For more information on the activities of the Waikato Regional Airport Ltd, contact: Chris Doak, Chief Executive, Airport Road, RD2, Hamilton.

VIBRANT HAMILTON TRUST

Vibrant Hamilton Trust was established on 24 August 2010 in order for Council to utilise its share of the fund from the proposed disestablishment of the Waikato Foundation Trust. Vibrant Hamilton Trust constitutes a CCO and was registered with the Charities Commission on 1 November 2010 to give it charitable status.

The funding for Vibrant Hamilton Trust will primarily be used to assist the delivery of the flagship projects from eight city strategies (those currently unfunded in the 2009-2019 LTCCP), as well as new projects that are promoted or identified by the community from time to time and adopted by Council.

As at 30 June 2011 the proposed transfer of Council's share of Waikato Foundation Trust funding had not occurred. As Vibrant Hamilton Trust is inactive entity from inception to 30 June 2011, Council approved a resolution to exempt Vibrant Hamilton Trust from preparing a statement of intent and annual financial statement and having these audited for the period to 30 June 2011. The exemption is under section 7(3) of the Local Government Act 2002

For more information on the activities of Vibrant Hamilton Trust, contact Blair Bowcott, Deputy Chief Executive, Hamilton City Council, Private Bag 3010, Hamilton.

HAMILTON FIBRE NETWORK LTD

Hamilton Fibre Network Ltd commenced 28 March 2008. The company controls a high speed urban broadband network which is currently under development.

Council held 33.80% of the shares in Hamilton Fibre Network Ltd, The remaining shares are owned by Environment Waikato, University of Waikato, Waikato Institute of Technology, Velocity Infrastructure Ltd and Communication Infrastructure Ltd

Hamilton Fibre Network Ltd has forecasted a net deficit of \$155,000 for the year ending 30 June 2011 (2010 net deficit of \$413,965). The financial statements for the year ending 30 June 2011 are expected to be completed and audited during October 2011.

It is noted that Hamilton Fibre Network Ltd was sold on 26 August 2011 to Ultrafast Fibre Ltd, and Council has recognised an impairment it's investment in Hamilton Fibre Network Ltd for the year ended 30 June 2011.

Refer to Note 12 and 17 of the financial statements for investment details.

For more information on the activities of Hamilton Fibre Network Ltd, contact Blair Bowcott, Deputy Chief Executive, Hamilton City Council, Private Bag 3010, Hamilton.

HAMILTON RIVERVIEW HOTEL LTD

In May 1998, Council entered into a joint venture agreement for the purpose of developing a Hotel and C

Council holds 41.38% of the shares in the Hamilton Riverview Hotel Ltd. Tainui Development Ltd and AAPC NZ PTY Ltd hold the remaining shares.

Hamilton Riverview Hotel has a balance date of 31 December, which is different to that of Council of more than three months. In order to comply with NZ IAS 28, Council has included the interim financial results for the 6 months to 30 June 2011, and the annual results for the 12 months to 31 December 2010 for Hamilton Riverview Hotel (adjusted to reflect only the last six months to 31 December 2010).

Hamilton Riverview Hotel Ltd reported a net surplus of \$736,377 for the year ended 31 December 2010 (2009 net surplus \$914,164), and a net surplus of \$326,744 for the six months ended 30 June 2011 (2010 net surplus \$282,922). These results exclude deferred tax.

When equity accounting for Hamilton Riverview Hotel Ltd, Council is required to recognise a deferred tax adjustment to ensure that Hamilton Riverview Hotel Ltd's accounting policies conform to those of Council. Council's deferred tax adjustment reflected a tax credit of \$222,000 to 30 June 2011 (2010 tax expense of \$2.107 million).

For the year ended 30 June 2011, Council did not receive any dividends from the Hamilton Riverview Hotel Ltd (2010 nil). As the Board of Hamilton Riverview Hotel Ltd declared a dividend on 30 June 2011, Council had accrued a dividend income of \$206,896 which is due to be received in October 2011.

Refer to Note 17 of the financial statements for investment details.

For more information on the activities of Hamilton Riverview Hotel Ltd, contact Blair Bowcott, Deputy Chief Executive, Hamilton City Council, Private Bag 3010, Hamilton.

INNOVATION WAIKATO LTD

Waikato Innovation Park is New Zealand's growth hub for Ag-Biotech businesses. The park is located on 17 hectares of land next to the Ruakura Research Centre, home to AgResearch, HortResearch, Landcare and Dexcel. It is also in close proximity to the University of Waikato Campus.

Council has invested \$2.4 million in Innovation Waikato Ltd in March 2009 to enable development of a new building on the site which was completed in August 2009. This investment is also supported by funding contributions from the Ministry of Economic Development's Enterprise Partnership Fund (\$2m towards the new building and \$2m towards operating expenditure) as well as debt funding from Innovation Waikato Ltd. The total investment injection will mean that the Park will increase its economic contribution to Hamilton and the national economy. The increased significance of the Park may in turn attract businesses on a global scale.

Council's investment in Innovation Waikato Ltd was converted from a \$2.4 million loan to 19.8% equity on 24 August 2010. Based on the audited financial statements for Innovation Waikato Ltd for the year ended 30 June 2010, there is no evidence of impairment in Council's investment.

Refer to Note 12 of the financial statements for investment details.

For more information on the activities of Innovation Waikato Ltd, contact Blair Bowcott, Deputy Chief Executive, Hamilton City Council, Private Bag 3010, Hamilton.

NZ LOCAL GOVERNMENT INSURANCE CO. LTD (CIVIC ASSURANCE)

Civic Assurance prime objective is to ensure the long-term provision of stable and cost effective risk financing products for local government in New Zealand.

Council holds 3.17% of the shares in Civic Assurance. The remaining shares are held by other Councils in New Zealand.

Civic Assurance reported a net deficit of \$4,011,651 the year ended 31 December 2010 (2009 net surplus of \$737,276). Based on the unaudited results of Civic Assurance for six months to 30 June 2011, Council has recognised an impairment in its investment in Civic Assurance.

For the year ended 30 June 2011, Council did not receive any dividend (2010 \$15,407).

Refer to Note 12 of the financial statements for investment details.

For more information on the activities of NZ Local Government Insurance Co. Ltd, contact Blair Bowcott, Deputy Chief Executive, Hamilton City Council, Private Bag 3010, Hamilton.

REPORT ON FUNDING AND FINANCIAL POLICIES

Introduction

Each local authority is required to prepare and adopt a Revenue and Financing Policy, Funding Impact Statement, Investment Policy, and Liability Management Policy as part of its Long-Term Council Community Plan (LTCCP).

Schedule 10 of the Local Government Act 2002 specifies that every local authority must provide in its annual report sufficient information about each of the documents listed above to enable an informed assessment of the extent to which the objectives and provisions of the strategy and policies have been met during that year.

The information required should include an explanation of any significant variation between:

- the objectives and policies of the Funding and Financial Policy set out in the LTCCP for the financial year, and
- the actual achievement of those objectives and policies.

Overview

During 2010/11 Council made significant progress towards the achievement of objectives and policies for the year as set out in the Funding and Financing Policy of the LTCCP relating to its Revenue and Financing Policy, Funding Impact Statement, Investment Policy and Liability Management Policy.

Details of achievement against the objectives and policy are set out below.

1. REVENUE AND FINANCING POLICY

Background

The Long-Term Council Community Plan (LTCCP) identifies significant activities of Council and provides for the associated estimated future expenses, revenues, cashflows and other movements in the Statement of Comprehensive Income and Statement of Financial Position. The general aim of the LTCCP is to ensure that Council has adequately considered and accounted for its future operations in accordance with the following six principles:

- prudent management of Council activities in the interest of the city and its inhabitants
- adequate provision for expenditure needs of Council
- adequate consideration and assessment of benefits and costs of different options
- lawful funding mechanisms that on reasonable grounds can be considered as appropriate
- maintaining prudent levels of debt in accordance with the Liability Management Policy, and
- operating revenue to cover all projected operating expenses

Overall Performance

The net deficit for the 2010/11 year was \$0.771m, which is \$15.87m less than the surplus outlined in the LTCCP of \$15.10m.

Major variations to year 2 of the 2009-19 LTCCP are noted below:

- Other Revenue - \$5.04m above LTCCP. This mainly consisted of higher capital subsidies.
- Rates Income - \$1.46m below LTCCP due to general rates been lower than anticipated.
- Other losses - \$11.66m above LTCCP. This included the loss on disposal on Investment Properties \$0.21m, a loss on Property Plant & Equipment disposals of \$5.94m and fair value loss on interest rate swaps of \$5.51m.
- Other Expenditure - \$9.35m above LTCCP (due to city profile, event and cultural venues and water management related costs in the cost of services statements).
- Finance Costs - \$2.68m below LTCCP, due to debt levels being less than budgeted and lower interest rates.

Specific Objectives and Targets

OBJECTIVE	2010/11 TARGETS	PERFORMANCE	SIGNIFICANT VARIATIONS, COMMENTS
To maintain the direction specified in the LTCCP	Achieve the budgeted figures specified in the LTCCP	Not Achieved. Net deficit of \$0.77m against a LTCCP net surplus of \$15.10m	Refer to comments noted above for explanation of major variances
To manage the level of contingencies	Total contingencies do not exceed 2% of the general rate levied or the preceding financial year, (noting that for loan guarantees to only include the total annual contingent loan servicing charges of the loans, not the full value of the loan guarantees).	Achieved. Current contingencies are 1.07% of the general rate levied for the 2010/11 financial year. This figure is based on the total annual contingent loan servicing charges on loans Council has guaranteed, plus any insurance claim excess and other liability claims, as disclosed in note 25 of the financial statements.	No significant variation
To maintain a mix of funding mechanisms to meet the total funding requirements of the city	Fees and charges comprise at least 20% of total revenue	Achieved. Fees and charges comprised 23.57% of total revenue	No significant variation
	Differentials on property sectors maintained to achieve the rate recovery specified in the LTCCP	Achieved	No significant variation

2. FUNDING IMPACT STATEMENT

Background

The Revenue and Financing Policy, as outlined in the LTCCP, is designed to ensure that the allocation of costs by function is met by the people or groups benefiting from the function. The Funding Impact Statement disclosed in the LTCCP outlines the funding and rating mechanisms of Council for the following year, in accordance with the policies outlined in the Revenue and Financing Policy.

Overall Performance

Council has generally achieved the planned mix of funding and rating.

The actual allocation of the costs of Council's functions is not significantly changed from the LTCCP.

3. INVESTMENT POLICY

Background

Council delegates responsibility for management, monitoring and reporting of Council's investments and activities to its Finance and Audit Committee, and its Finance Unit.

The investment policy document sets out the parameters for the operation of the Finance Unit, and the volume of investments that Council will be involved with. The mix of investments between current and non-current is determined according to Council's working capital needs. Refer to the LTCCP for detailed outline of the policy.

Overall Performance

There are no significant variations or material departures from Council's Investment Policy as reported in the LTCCP or as revised by Council during the year.

Specific Objectives and Targets

OBJECTIVE	2009/10 TARGETS	PERFORMANCE	SIGNIFICANT VARIATIONS, COMMENTS
To manage risks associated with the investments	Investment policy Section 4.3 complied with	Council has been a net borrower during the reporting period. Any operating cashflow surpluses have been managed on a prudent cash management basis.	No significant variation
To use the proceeds from the sale of assets to reduce the overall level of public debt	Investment policy Section 4.7 complied with	Proceeds from the sale of assets have been used to reduce the overall debt of Council	No significant variation

4. LIABILITY MANAGEMENT POLICY

Background

Council delegates responsibility for the management, monitoring and reporting of Council's debt and associated risks to its Finance and Audit Committee and its Finance Unit.

The main function of the Liability Management Policy is to ensure that Council's debt and its associated risks are maintained at prudent levels. Refer to the LTCCP for a detailed outline of the policy.

Overall Performance

There are no significant variations or material departures from Council's Liability Management Policy as reported in the LTCCP or as revised by Council during the year.

Specific Objectives and Targets

OBJECTIVE	2010/11 TARGETS	PERFORMANCE	SIGNIFICANT VARIATIONS, COMMENTS
To manage interest rate risk exposure.	Minimum (50%) and maximum (95%) levels of fixed borrowing is not exceeded.	Achieved	No significant variations
To maintain debt within specified limits and ensure adequate provision for repayments to maintain adequate liquidity.	<p>For: Council Debt Net debt interest payments on Council debt (excluding interest on DCL debt) do not exceed 20% of the total rating income for the year.</p> <hr/> <p>Net debt (Council) does not exceed 180% of total income (excluding total DCL contributions received p.a. in income) for the year.</p> <hr/> <p>For: Total Net Debt Net debt does not exceed 25% of total assets</p> <hr/> <p>Net debt does not exceed 250% of total income for the year.</p> <hr/> <p>Net debt interest payments on total debt do not exceed 20% of the total income for the year (including total DCL contributions received p.a. in income).</p> <hr/> <p>Liquidity ratio to exceed 110%. Liquidity ratio defined as: Term debt and committed borrowing facilities is not less than 110% of the existing net debt, including working capital requirements.</p>	<p>Achieved: 11%</p> <p>Achieved: 155.5%</p> <p>Achieved: 11.9%</p> <p>Achieved: 217.7%</p> <p>Achieved: 10%.</p> <p>Achieved. 116.2%.</p>	To maintain debt within specified limits and ensure adequate provision for repayments to maintain adequate liquidity.
To report annually Council net debt against the population of the city	<p>For: Council Net Debt Net debt (Council) does not exceed \$2,000 per capita.</p>	Achieved - \$1,934 per capita	
To maintain security for public debt by way of a charge over rates through the Debenture Trust Deed, or registered mortgage over specific assets	Security documentation is reviewed to ensure compliance.	Achieved	
To ensure that transactions involving foreign currency exceeding \$25,000 in value are hedged by way of forward cover contracts	Compliance with this policy is monitored by reviewing payments in foreign currency	Achieved. All known foreign currency payments hedged.	

STATEMENT OF COMPLIANCE

COMPLIANCE

The Council of Hamilton City Council confirms that all statutory requirements in relation to the annual report, as outlined in the Local Government Act 2002, have been complied with:

RESPONSIBILITY

Council and management of Hamilton City Council accept responsibility for the preparation of the financial statements in accordance with generally accepted accounting practice and International Financial Reporting Standards.

Council and management of Hamilton City Council considers that the financial statements have been prepared using appropriate accounting policies, which have been consistently applied and adequately disclosed and supported by reasonable judgements and estimates, and that all relevant financial reporting and accounting standards have been followed and non financial reporting.

Council and management of Hamilton City Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of Council and management of Hamilton City Council, the financial statements fairly reflect the financial position of Council and the group as at 30 June 2011, and the results of its operations and cash flows and the service performance achievements for the year ended on that date.



Julie Hardaker
MAYOR

29 September 2011



Barry Harris
CHIEF EXECUTIVE

29 September 2011

5.0 COUNCIL'S GOVERNANCE AND MANAGEMENT

KO TE KAUNIHERA POARI WHAKAHAERE ME TA ROOPU WHAKAHAERE

GOVERNANCE STRUCTURE

Local authority elections throughout New Zealand were held on Saturday 9 October 2010. Hamilton voters elected a new mayor and three new councillors, and re-elected nine councillors to the Hamilton City Council.

Hamilton's Mayor Julie Hardaker and the 12 Hamilton City Councillors are members of the community who have been elected by the city's residents and given responsibility for the overall governance of Hamilton. This includes planning and deciding on Hamilton's long-term direction

and ensuring that Council acts in the best interests of the community.

With the Mayor elected 'at large' from across the city, six councillors represent the West Ward and six councillors represent the East Ward, with the two wards divided by the Waikato River.

The following table shows the elected members and which Council committees and subcommittees they sit on.

ELECTED MEMBERS			
MAYOR		KEY TO COUNCIL COMMITTEES	
	JULIE HARDAKER Phone: 838 6976 Mobile: 021 284 8618 Email: mayor@hcc.govt.nz Council Committees/ Subcommittees: Her Worship the Mayor is an ex-officio member of all committees. She is specifically appointed to Subcommittee 15 (Chief Executive's Performance Assessment Panel).	1. City Planning and Development Committee 2. Community Development Committee 3. Statutory Management Committee 4. Finance and Audit Committee 5. Funding Application Subcommittee 6. Event Sponsorship Subcommittee 7. Applications Subcommittee 8. Civil Defence Sub Committee 9. Community Well-Being Grant Allocation Subcommittee 10. Maori and Pacific Project Fun Allocation Subcommittee	11. Infrastructure Subcommittee 12. Sustainability Subcommittee 13. Envirofund Allocation Subcommittee 14. CEO Performance Assessment Panel <ul style="list-style-type: none"> Committees 1, 2 meet every six weeks Committee 3 meets as required Committee 4 meets quarterly <ul style="list-style-type: none"> Subcommittees meet as and when required (C) = Chairperson (DC) = Deputy Chairperson
WEST WARD COUNCILLORS			
	MARTIN GALLAGHER Phone: 838 6699 Home: 838 1135 Mobile: 0212 418 434 Email: martin.gallagher@council.hcc.govt.nz Council Committees/ Subcommittees: 1, 2(C), 4, 8, 9(C), 10(C), 11		JOHN GOWER Phone 838 6450 Home: 847 7465 Mobile: 021 318 789 Email: john.gower@council.hcc.govt.nz Council Committees/ Subcommittees: 1, 2, 3(C), 4, 7, 8
	DAVE MACPHERSON Phone: 838 6438 Home: 824 5992 Mobile: 021 477 388 Email: dave.macpherson@council.hcc.govt.nz Council Committees/ Subcommittees: 1(C), 2, 4		
	ANGELA O'LEARY Phone: 838 5981 Mobile: 021 343 774 Email: angela.oleary@council.hcc.govt.nz Council Committees/ Subcommittees: 1(DC), 2, 4, 6(C)		MARIA WESTPHAL Phone: 838 6657 Home: 849 6803 Mobile: 021 341 782 Email: maria.westphal@council.hcc.govt.nz Council Committees/ Subcommittees: 1, 3, 4(C), 5, 11(C), 12, 14
	EWAN WILSON Phone: 838 6982 Home: 838 9027 Mobile: 021 276 6644 Email: ewan.wilson@council.hcc.govt.nz Council Committees/ Subcommittees: 1, 3, 4		
EAST WARD COUNCILLORS			
	DAPHNE BELL Phone: 838 6859 Home: 854 5555 Mobile: 021 341 767 Email: daphne.bell@council.hcc.govt.nz Council Committees/ Subcommittees: 1, 2(DC), 3, 9(DC), 11, 12(C), 13		PETER BOS Phone: 838 6986 Home: 854 0621 Mobile: 021 2857019 Email: peter.bos@council.hcc.govt.nz Council Committees/ Subcommittees: 2, 4(DC), 6, 12
	MARGARET FORSYTH Phone: 838 6653 Mobile: 021 616 562 Email: margaret.forsyth@council.hcc.govt.nz Council Committees/ Subcommittees: 1, 2(DC), 3(DC), 8, 11		ROGER HENNEBRY Phone: 838 6519 Home: 854 0223 Mobile: 021 318 439 Email: roger.hennebry@council.hcc.govt.nz Council Committees/ Subcommittees: 1, 3, 4, 14,
	GORDON CHESTERMAN Phone: 959 9028 Home: 854 9851 Mobile: 021 922 927 Email: gordon.chesterman@council.hcc.govt.nz Council Committees/ Subcommittees: DEPUTY MAYOR, 1, 2, 14, 15		PIPPA MAHOOD Phone: 838 6662 Home: 856 3218 Mobile: 021 809 964 Email: pippa.mahood@council.hcc.govt.nz Council Committees/ Subcommittees: 1, 2, 3, 8, 12

COUNCIL COMMITTEES FOR 2010/11

During 2010/11, Council's committees and their roles were as outlined below. From 1 August 2011, a new committee structure was adopted.

Please see www.hamilton.co.nz/representation for further details on Council's committees and subcommittees, as well as elected member representation on external organisations, joint committees, Council Controlled Organisations and Council Organisations.

COUNCIL COMMITTEES	
COMMITTEE	ROLE
1. City Planning and Development Committee	Considers and recommends policy to Council on all matters that are of relevant strategic nature or that relate to the economic development of the city.
2. Community Development Committee	Considers and recommends policy to Council and monitors the effective and efficient implementation of that policy for the community and environmental fields of the activity.
3. Statutory Management Committee	Hears and considers applications and objections to applications under various Acts and Bylaws. Considers and makes recommendations to Council on regulatory matters.
4. Finance and Audit Committee	Monitors the financial performance of Council against the LTCCP and Annual Plan. Monitors the non-financial performance measures and significant projects specified by Council.

COUNCIL SUBCOMMITTEES	
SUBCOMMITTEE	ROLE
6. Applications Subcommittee	Reports to the Statutory Management Committee. Considers and resolves minor planning matters.
7. Chief Executive's Performance Assessment Panel	Reports to Council. Maintains an overview of the performance of the Chief Executive.
8. Community Well-being Grant Allocation Subcommittee	Reports to the Community and Environment Committee. Disburses community well-being grants on behalf of Council.

SUBCOMMITTEE	ROLE
9. Contracts Subcommittee	Reports to the Finance and Audit Committee. Approves contracts for supply and services and revenue generating contracts in excess of the \$500,000 (GST excluded) and when the amount of work involved in a decision not to go to tender exceeds \$100,000 (GST excluded).
10. Events Sponsorship Subcommittee	Reports to the City Development Committee. Evaluates and makes decisions on which events should receive Event Sponsorship Funding and to what value.
11. Passenger Transport Subcommittee	Reports to the Transport Committee and makes recommendations on: <ul style="list-style-type: none"> • New and altered Hamilton passenger transport routes, timetables and related issues. • Passenger transport infrastructure provision, promotional campaigns, and policy issues. • Makes recommendations following comments and complaints received about Hamilton passenger transport. • Advocacy of the Hamilton passenger transport strategy.
12. Parking Management Subcommittee	Reports to the Transport Committee and makes recommendations to the Committee and Council on parking management issues.
13. Active Transport Subcommittee	Reports to the Transport Committee. Examines the ways in which cycling and walking can be promoted as travel choices within Hamilton.
14. Transport Safety Subcommittee	Reports to the Transport Committee. Recommends policy relating to speed limits, traffic calming measures and other road safety matters.
15. Te Runanga o Kirikiriroa (TeRok) Subcommittee	Reports to the Community and Environment Committee. Promotes the partnership between Council and TeRok and oversees administration of the Maaori and Pacific Project Fund. Receives reports relating to the service contract between the two organisations and works to promote the wellbeing of Maaori and Pacific people in Hamilton.

COUNCIL'S STRATEGY MANAGEMENT TEAM TO 30 JUNE 2011

In 2010/11, Council was supported by a corporate organisation, led by Chief Executive Barry Harris and six General Managers that comprised the Strategy Management Team.

During this financial year the previous Chief Executive, Michael Redman, left the organisation. Blair Bowcott was Acting Chief Executive from October 2010 to April 2011, with Barry Harris starting in the role as Chief Executive on 4 April 2011.

COUNCIL'S OPERATIONAL GROUPS FOR 2010/11

GROUP	GENERAL MANAGER
City Planning and Environmental Services	Brian Croad
Community Services	Lance Vervoort (Acting)
People and Performance	Sue Duignan
Programme and Finance	Blair Bowcott (Deputy Chief Executive)
Public Affairs	Philip Burton
Works and Services	Chris Allen

COUNCIL'S NEW STRUCTURE POST 1 JULY 2011

In 2011/12 the Chief Executive introduced a new organisational structure comprising seven groups. The Chief Executive and the General Managers of the seven groups comprise the Senior Leadership Team.

This structure took effect from 8 August 2011 and is outlined in the following table.

COUNCIL'S OPERATIONAL GROUPS FOR 2011/12

GROUP	GENERAL MANAGER
Performance	Blair Bowcott (Deputy Chief Executive)
Customer Relationships	Vacant (Acting: Blair Bowcott)
Organisational Development	Vacant (Acting: Chris Sidwell)
Events and Economic Development	Vacant (Acting: Lance Vervoort)
City Planning	Brian Croad
Community	Lance Vervoort
City Infrastructure	Chris Allen

For more details on Council's organisational structure, refer to the website www.hamilton.co.nz/leadershipteam

RELATIONSHIP OF THE SENIOR LEADERSHIP TEAM TO THE ELECTED MEMBERS

The Senior Leadership Team manages organisation-wide issues and liaises between the elected members and staff. They are responsible for monitoring operational performance, giving policy advice, implementing policy, strategic planning and service delivery. By working collaboratively, the Senior Leadership Team ensures that actions undertaken within the various operational groups are consistent with Council's vision, mission, values and the City Strategic Framework (including the Long-Term Council Community Plan and the Annual Plan).

Council's elected members and management and staff work together at different levels to decide what activities should be undertaken to enable progress towards Council's vision for the city, and to plan how these activities can best be delivered. This takes place within a framework of consultation with the community and affected parties, competing priorities, timeframes, resources, affordability and decisions of Council. It occurs within the overall framework of growing and developing the city in a way that enhances its social, economic, environmental and cultural well-being.

6.0 PROFILE OF HAMILTON

HE WHAKAATURANGA MO TE TAAONE NUI O KIRIKIRIROA

PROFILE OF HAMILTON

The table below provides a selection of comparisons as at 30 June.

PROFILE OF HAMILTON			
GENERAL	2009	2010	2011
Population ¹	141,288	143,886	146,579
City Area ²	9,860 hectares	9,860 hectares	11,080 hectares
Businesses ³	2008 = 13,258	2009 = 13,319	2010 = 13,086
Employees ⁴	2008 = 77,730	2009 = 75,530	2010 = 73,060
ENVIRONMENT			
Number/area of parks and gardens ⁵	145 (636.4 ha)	145 (630.3 ha)	144 (626.3ha)
Number/area of sports areas ^{6,7}	63 (446.4 ha)	64 (446.7 ha)	63 (442.1ha)
Number of play areas	95	95	91
Number of swimming pools ⁸	3	3	3
Walkways in parks and reserves	58.8 km	58.8 km	63.3km
Number of street trees	28,051	29,956	30,223
INFRASTRUCTURE			
Traffic bridges over the Waikato River	6	6	6
Number of bridges ⁹	59	59	74
Length of streets (road centreline length)	605.3 km	606.4 km	611.4 km
Length of footpaths	919.9 km	937.4 km	951 km
Length of cycleways ¹⁰	96.6 km	114.3 km	116 km
Length of wastewater pipes	778 km	780 km	785 km
Length of stormwater pipes	635 km	640 km	644 km
Length of open stormwater drains and natural water courses	90 km	90 km	90 km
Length of water pipes	1,065 km	1,075 km	1,091 km
REFUSE DISPOSAL			
Hamilton's residential and industrial/commercial waste sent to landfill	20,063 tonnes (kerbside)	20,343 tonnes (kerbside)	20,889 tonnes (kerbside)
	11,292 tonnes (Wastewater Treatment Plant biosolids)	12,319 tonnes (Wastewater Treatment Plant biosolids)	11,982 tonnes (Wastewater Treatment Plant biosolids)
Waste recycled through kerbside recycling, recycling centre operations and greenwaste composting at the Hamilton Organic Centre ¹¹	36,353 tonnes	29,892 tonnes	25,627 tonnes
RATING DATA			
Rating system	Land value	Land value	Land value
Rateable properties (all excluding not-rated)	52,228	52,749	53,287
Rateable land value (all excluding not-rated)	\$10,124m	\$10,175m	\$9,817m
Rateable capital value (all excluding not-rated)	\$21,773m	\$22,055m	\$21,495m
Date of city revaluation	1 Sept 2006	1 Sept 2006	1 Sept 2009
Years of rate revenue to repay city debt	2.6 years	3.1 years	3.8 years
Rates revenue (net)	\$103.5m	\$108.5m	\$113.5m
Net city debt (including internal borrowing)	\$264m	\$338m	\$427m

¹ University of Waikato Population Studies Centre Projections.

² Includes 1,220 hectares which were included as a result of boundary changes as at 1 July 2011

³ Statistics New Zealand (Business Frame Survey).

⁴ Employee count includes all part-time and full-time workers.

⁵ Parks and Gardens — areas are defined as being available wholly/principally as recreational public open space.

⁶ Sports Area — areas are defined as providing a sports venue for the public.

⁷ The methodology for measuring both the number and area of parks and sports areas has changed in 2010/11. As a result there has been a slight reduction in the number and area of parks as against previous years

⁸ In addition, Council has partner pool relationships and provides funding to the University of Waikato Campus Pool, Hillcrest Normal School, Te Rapa Primary School and Fairfield College.

⁹ Includes traffic bridges, large culverts, and pedestrian bridges/underpasses.

¹⁰ Includes on-road cycle lanes and off-road cycle paths.

¹¹ Since February 2010, green waste received at the Hamilton Organic Centre has decreased. This decrease is primarily due to operational changes at the Centre resulting in commercial operators sourcing alternative disposal facilities.

7.0 AUDIT REPORT**TE RIPOATA OOTITATANGA****AUDIT NEW ZEALAND**

Mana Arotake Aotearoa

**Independent Auditor's Report
To the readers of
Hamilton City Council and group's
Annual report
For the year ended 30 June 2011**

The Auditor-General is the auditor of Hamilton City Council (the City Council) and group. The Auditor-General has appointed me, Karen MacKenzie, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements, service provision information and other information required by schedule 10 of the Local Government Act 2002 (other information) of the City Council and group on her behalf.

We have audited:

- the financial statements of the City Council and group on pages 107 to 159, that comprise the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies, explanatory information and other information required by schedule 10 of the Local Government Act 2002; and
- the service provision information of the City Council and group on pages 17 to 106 that includes other information required by schedule 10 of the Local Government Act 2002.

Opinion on the financial statements, the service provision information and the other information

In our opinion:

- The financial statements of the City Council and group on pages 107 to 159:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the City Council and group's financial position as at 30 June 2011; and
 - the results of its operations and cash flows for the year ended on that date.
- The service provision information of the City Council and group on pages 17 to 106:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the City Council and group's levels of service for the year ended 30 June 2011, including:

- the levels of service as measured against the intended levels of service adopted in the long-term council community plan; and
 - the reasons for any significant variances between the actual service and the expected service.
- The other information of the City Council and group contained in the financial statements and the service provision information, complies with the requirements of Schedule 10 of the Local Government Act 2002 applicable to the annual report and fairly reflects the required information.

Our audit was completed on 29 September 2011. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements, service provision information and other information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements, service provision information and other information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements, service provision information and other information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, service provision information and other information whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the City Council and group's financial statements, service provision information and other information that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City Council and group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of all disclosures in the financial statements, service provision information and other information;
- determining the appropriateness of the reported service provision information within the Council's framework for reporting performance; and

- the overall presentation of the financial statements, service provision information and other information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, service provision information and other information. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and service provision information that:
 - comply with generally accepted accounting practice in New Zealand;
 - fairly reflect the City Council and group's financial position, financial performance and cash flows;
 - fairly reflect its service performance, including achievements compared to forecast; and
- other information in accordance with Schedule 10 of the Local Government Act 2002 that fairly reflects the required information.

The Council is responsible for such internal control as it determines is necessary to enable the preparation of financial statements, service provision information and other information that are free from material misstatement, whether due to fraud or error.

The Council's responsibilities arise from the Local Government Act 2002.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements, service provision information and other information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

In addition to the audit we have carried out assignments to provide quality assurance over the City Council's system replacement project (Project Phoenix), review the decision making processes for the V8 Supercar Event and have conducted the audit of the Long Term Council Community Plan and subsequent amendments to this Plan, which are compatible with those independence requirements.

Other than the audit and these assignments, we have no relationship with or interests in the City Council or any of its subsidiaries.



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